

Bank Owner

The magazine of the Bank Holding Company Association



Fall Seminar Coverage



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Mission Statement:

The Bank Holding Company Association, the premier national organization for bank holding company owners, directors and senior managers, 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. The magazine 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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Thanks for helping to make Fall Seminar a memorable event

The Fall Seminar Oct. 2-3 was a success all the way around. With 340 registrants, it was one of the biggest events we have hosted in a very long time. Attendance at the 2017 event represented an increase of 50 percent over 2016 Fall Seminar attendance. Clearly the topic, mergers and acquisitions, piqued the interest of a lot of bankers — including non-members. The Fall Seminar attracted 60 non-members; typically our attendance is made up almost entirely of members with only less than a dozen or so non-members. It's great to get non-members to come to the seminar because I believe that once someone experiences one of our events, they will want to become a member.

Also, five bankers applied to become new BHCA members upon registering for the Fall Seminar, including two from bank holding companies in Illinois. There are a lot of community banks and holding companies in Illinois, and we have been encouraging bankers in the Land of Lincoln to become part of the BHCA. We had nine bankers from Illinois attend our Fall Seminar and as they spread the word about their experience, my hope is we will see an increase in participation by bankers from Illinois at future events.

I also want to thank our sponsors, as they provided a record level of support for a BHCA event. We had 28 total sponsors, including 11 companies that chose to sponsor at the highest level. We have always enjoyed excellent support from our Associate Members and they came through in a big way on our Fall Seminar. Thank you very much!

Furthermore, we had a record group participate in the à la carte dinner and theater night Oct. 3. We had a group of 41 people enjoy dinner at The Capital Grille, and then walk across the street to the historic Orpheum Theater to see the Broadway touring production of Aladdin. What a fantastic show!

Of course, the purpose of the seminar was education, and we offered more of it than ever. We experimented with a new format where we started the seminar at 9 a.m. on Monday, rather than our typical starting time of mid-afternoon. This gave us an entire day to take in eight presentations. It was a tightly-packed schedule but I am convinced that we delivered more subject matter expertise in one day than many people will get elsewhere in a month. The presenters were all true professionals... nationally recognized leaders in their field. In fact, I was thinking that you could easily spend more than the seminar registration fee in two hours of consultation with any of these experts. The BHCA has really emerged as the best forum for receiving top quality expertise in a ridiculously economical manner.

The board met shortly after the seminar and we made some decisions about our programming for 2018. We will devote our Spring Seminar (May 7-8) to bank performance. The presentations will focus on strategies for making the most of your franchise, for identifying new revenue sources and for creating higher margins. This seminar will go back to the standard format of starting at 3 p.m. on Monday and concluding mid-afternoon on Tuesday. Our Fall Seminar for 2018 (Oct. 1-2) will again focus on M&A issues. Both seminars will take place at the Hyatt Regency near the Mall of America in Bloomington, Minn.

With the year coming to a close, I will be concluding my year as President of the Bank Holding Company Association. I have appreciated the opportunity to lead this group. We have some real momentum building and I truly enjoy being involved with the BHCA. Let me in particular thank the other board members; it has been a pleasure to serve with you, and I look forward to continuing that service in 2018 when I will be the immediate-past president.



By Chad Bergan
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Regulatory pendulum may be swinging back to the center

As we close out 2017, there is a real sense that the pendulum may finally be swinging back toward the center on bank regulation. A leadership change at the Consumer Financial Protection Bureau is imminent as Director Richard Cordray has announced his resignation. The nomination of Fed Gov. Jerome Powell as chairman of the Federal Reserve and the confirmation of Trump appointee Randal Quarels as a Federal Reserve Board member and vice chairman for supervision are positive developments for community bankers. Powell and Quarels seem to understand the impact of the regulatory burden and understand the role that community banks play in our nation's economy.

Also, based on what I glean from the various experts, it appears there is a consensus in Washington about the need for regulatory relief for community banks. ICBA's Camden Fine recently told a group of bankers he has never felt better about getting reg relief legislation through Congress. I think we can be hopeful that if Congress passes tax relief by the end of the year, it will turn its attention to additional issues, including reg relief for community banks. Certainly the agreement reached in the Senate is promising. If Congress acts on reg relief for banks, it will likely be by Memorial Day 2018, because after that lawmakers will turn their attention to the fall elections.

Of course, it is not a given that Congress will pass tax relief. The schedule for getting such legislation passed yet this year is aggressive, and swift action would be a departure from any patterns established by Congress earlier this year. As I write this column, it appears there is important work remaining to iron out all the fairness issues related to taxation of subchapter S organizations. This is an extremely important issue for a large number of sub S banks across the country. About a third of all banks in the country are incorporated under subchapter S rules. This is a very popular incorporation format for banks in the Upper Midwest: 222 Minnesota banks are sub S; there are 173 in Illinois and 68 in Wisconsin.

There is also some expectation that Joseph Otting, recently confirmed Comptroller of the Currency, will be sensitive to the need for reg relief. Other important regulatory leadership roles will change in 2018, including the chairman of the FDIC. President Trump has called regulatory relief a priority so it is reasonable to expect the new leaders of these agencies will bring an understanding of the impact of excessive reg burden on banking.

I recently had an opportunity to visit with Linda McMahon, administrator of the Small Business Administration, and she noted that President Trump is "very supportive of the community banking sector." She said he is serious about improving the regulatory environment for all businesses, including banks. The

SBA, she said, is doing all it can to make it easier for banks to use its programs in order to help more small businesses.

Value of holding company structure

A recent *Wall Street Journal* article suggested that some bankers are considering dropping their holding company structure. A similar article ran last summer in the *American Banker*. Although all situations are unique and have their particular circumstances, in general the holding company structure remains beneficial to many bankers, particularly if their bank has less than \$1 billion in assets. I read an excellent memo addressing the value of holding companies for community banks written last summer by the law firm of Gerrish Smith Tuck. It pointed out the holding company structure gives shareholders additional rights, gives bank owners additional capital raising options, helps the organization provide liquidity to shareholders, and even gives directors options for serving the banking organization.

If you have questions about the value of the holding company structure, I encourage you to contact any of the many law firms or accounting firms that are Associate Members of the Bank Holding Company Association.

Reality of consolidation

The banking industry is undergoing change as a variety of pressures result in the consolidation of institutions. At year-end 2012, there were 6,096 commercial banks in the country; at June 30, 2017, there were 5,011. I have long advocated that the country is better off with as many credit allocation points as possible, but the trend is going against that. Fortunately, the reduction in the number of charters does not necessarily mean a reduction in service, as consumers and business owners still have many banking options, and the numbers of people employed in the banking industry is actually growing.

The number of whole bank M&A transactions has declined slightly, although the number is still significant. Eide Bailly, a BHCA Associate Member, recently shared information from SNL Financial at its annual bankers' seminar. That data showed that in 2014, for example, there were 266 bank deals; in 2015 there were 260, and in 2016 there were 220; with 156 deals done through



By Tom Bengtson
BHCA Managing Director

Culture, capital and caution all necessary before sale or acquisition

Neil Falken has learned firsthand the importance of matching cultures. In doing so, the principal at CliftonLarsonAllen, Minneapolis, also learned how nearly-impossible it is to do just that.

When CliftonLarsonAllen entered a merger about five years ago, both CEOs addressed the group, claiming the cultures were remarkably similar, even exactly alike. Soon after, Falken spoke with a colleague at an industry event who cautioned combining any cultures would take five years.

“He wasn’t far off,” Falken said at the 2017 BHCA Fall Seminar held at the Hyatt Regency, Bloomington, Minn., Oct. 2-3. “Because of the cultures, because everyone puffs out their chest and wants to get in position, that culture thing is as big and as real as you can potentially think.

“That takes some time, unless you know the organization. Many times you don’t know that organization and know those people and that leadership style. It takes some time doing your due diligence to figure that out.”

With that in mind, Falken urged the 300-plus attendees to focus on knowing their merger-and-acquisition partners. If a buyer does not know a potential target, he urged bankers to change that well before the time to make a deal arrives. The success rate then is much higher than if Falken simply places calls to 30 banks looking for a seller. He said he would fully expect at least 29 of those answers to quickly involve hang-ups.

Eight bankers taking that proactive approach helped Falken facilitate a recent sale after an unsolicited term sheet prompted a banker to wonder if it was indeed time to sell. Falken presumed

the process would involve either a “shotgun” sale, an auction, or a “rifle,” approaching only one or two prospective buyers.

“He said, ‘I’ve got this notebook,’ and he took out this tattered and ratty notebook, and he said, ‘I’ve got eight people who have called me during the last 20 years and they said if I was ever interested, they wanted to talk with me,’” Falken said.

“Guess who we called? Neil Falken Those are the people who got the chance to bid on that bank.”

The seller had kept an eye on those banks and learned about their cultures ever since those conversations. He may not have known them initially, and he may not have known them otherwise, but thanks to those expressions of interest, he knew to whom he could entrust his bank’s future.

“For all the suggestions I brought to this seller, he said, ‘I have my eight,’” Falken said. ““They were interested in my bank. I want to talk to them.””

Falken’s client did not sell to the potential buyer with an unexpected offer sheet. He didn’t even sell to any of the recent entries in that notebook. He sold to the very first name written down based off a conversation held nearly two decades ago.

It was fortunate for Falken’s client that buyer was ready to make a deal. Some banks identify a target, express interest when convenient and are then caught unprepared when an opportunity finally presents itself.



Neil Falken

“I just talked to somebody in Iowa a couple of months ago, and they said the bank that they’ve been waiting on for 15 years finally came to them and said, we’re ready to sell,” Falken said. “They didn’t make an offer on it because they didn’t think they were ready.

“Now they regret it.”

Thus, Falken touted a phrase many have heard but few generally heed: “Raise capital when you don’t need it.”

Waiting to raise capital when it is needed for a purchase or to counteract an adverse economy becomes more difficult both in convenience and in price. That bank in Iowa had done as much legwork as was feasible in finding a culturally-compatible acquisition partner, but it had not prepared as necessary in terms of capital.

Even if it had, Falken would have advised it take one more step of cautionary preparation before entering any deal.

No one necessarily saw the recession or its depths coming. Falken certainly didn’t, but he did at least anticipate life getting more difficult for bankers when compared to the late 1990s or early 2000s. He encouraged bankers to consider worst-case scenarios when putting together pro formas. Oftentimes those words fell on deaf ears. That seems natural — who wants to consider the possibility of an economic collapse if they don’t absolutely need to?

The last decade makes those

Culture, capital,
Continued on page 18

Broad strategies more important than the multiples to any acquisition

Lynn Fuller is familiar with acquisitions. About a month after the BHCA's Fall Seminar, in fact, the president and CEO of Heartland Financial, Dubuque, Iowa, announced his 20th purchase since 1994 — Signature Bank, Minnetonka, Minn.

Through the acquisitions, Heartland has grown from less than \$200 million in assets to \$8.2 billion in about 30 years. Fuller's urge to grow so consistently and drastically stemmed from a meeting at the Federal Reserve Bank of Chicago in the early 1980s. The Fed predicted dramatic consolidation. Those projections may have been a bit extreme, roughly equating to only 4,250 banks making it through the 1990s, but the spirit of the message has held merit.

"I said to my father, 'We better giddy up or get out,'" Fuller said during a panel hosted by Jay Kim, partner at Dorsey & Whitney, Minneapolis. "Our goal back then was to get into the top 100 banks. Today, we're somewhere between No. 90 and 80, depending on how our positions go. .. Starting from less than \$200 million, you can imagine that was a long haul."

Heartland's acquisition process began with small deals, relying nearly entirely on cash. Fuller took the holding company public in 1994, gaining a listing on the Nasdaq Stock Exchange in 2003. In that interim, a cash focus continued in an effort to prevent dilution of stock value. Maintaining that liquidity allowed Fuller to keep effective, if not mathematical, control even as the ownership percentages did eventually begin to dilute.

Fuller's bit-by-bit approach resulted in more deals and more growth than

most bankers would anticipate or achieve, but the general strategy is one fitting with many of the suggestions offered during the two-day seminar themed "Buy, Sell or Hold: Strategies for Success."

Fuller routinely looks at dozens of possible deals before deciding to pursue one. Craig Mueller, senior vice president at Oak Ridge Financial, Minneapolis, has to frequently remind clients to practice similar patience after their boards of directors declare intentions to grow.

"It's only been a year," Mueller will reassure them. "In most cases it can take up to five years to get a deal. The professional buyers are probably looking at 40 or 50 deals a year, at least.

"You're not a loser if you haven't done a deal in a year."

Mueller sees more clients work their way into a new market gradually, at first partnering with local banks before spreading their wings entirely. One Oak Ridge client wanted to purchase a bank in Wisconsin dependent on agriculture lending, but the possible acquirer didn't have any ag lending experience. Without anyone with ag lending experience in-house, the purchaser pressed the brakes, to the approval of Oak Ridge managing director David Stieber.

"If you're going to move into Wisconsin, a lot of the banks there have some concentration in ag," Stieber told the client. "Maybe you should talk to some of the larger ones, see if you can start participating in some of their loans, step into learning that part of the lending industry. Decide whether that is something you would consider acquiring.

"That allows him to try that product on for size and ultimately make the decision easier, whether they consider buying a bank with such a high concentration in an industry they really don't know anything about."

Mueller has had similar conversations with rural bankers looking to enter metropolitan markets. They have the experience in their small communities, but it is not unilaterally-applicable to big cities.

When Fuller and Heartland head to a new area, he takes a similarly gradual approach, albeit at a bit larger scale than most.

Spending that time building a foundation and learning the area is another way of establishing value. United Bankers' Bank Vice President Ed Usalis, Bloomington, Minn., brings nearly every conversation back to that vague concept of value.

"It's not necessarily what you can do this week or this month to get your valuation up," Usalis said.

Instead, Usalis points to three factors in determining fair market value: cash flow, risk and growth. Each of them can alter a transaction when neither party is compelled to make a sale, the only occasion in which Usalis sees the definition of "fair market value" as genuinely applicable.

"Fair market value, in my world, is defined as the price at which property would change hands between a willing buyer and a willing seller when the former is not under any compulsion to buy and the latter is not under any compulsion to sell," he said. "Both parties have roughly equal information."

Acquisition strategies,
Continued on page 17

True differentiators needed in this market

It's simple math, really. If the economy is ticking upward, then the funds available to community banks are at least remaining steady, if not also likely ticking upward. Meanwhile, bank consolidation continues at a persistently strong pace. Thus, fewer banks are chasing more deposits and more loans, meaning to just keep pace with the market, a bank must be growing.

Roxanne Emmerich laid out this logic during a Tuesday-morning presentation at the BHCA's Fall Seminar. The CEO of the Emmerich Group, Inc., and a consultant specializing in community



Roxanne Emmerich

bank strategies, Emmerich knows the challenges presented by mergers and acquisitions, with 87 percent of them failing to meet financial expectations.

"That's not the way it needs to be," she insisted, pointing out the opportunity presented by what she expects to be a day in the not-too-distant future with only 2,000 banks in the country, down from the current figure of around 5,000.

"The only way we stay ahead is by challenging the conventional wisdom," Emmerich said. "If you watch to see what other bankers are doing and you do the opposite, you're usually going

"The only way we stay ahead is by challenging the conventional wisdom. If you watch to see what other bankers are doing and you do the opposite, you're usually going in the right direction."

- Roxanne Emmerich

in the right direction."

Emmerich worked her way through many tried-and-true methods to pursue growth, disagreeing with their general approaches.

"It's being taught that if you want to get more deposits, then you do some certificate of deposit specials paying out more," she said. "I can't think of a worse solution to solve a deposit situation.

"It's also taught that if you're going to have more loans, then you're going to have to take more risk or price up for the risk.

Who made up that stupid rule? Those are the kinds

of things that if we believe, we will not remain in business."

Rather than fold multiple positions into one universal banker — a banker who probably wants to be out of the bank lobby pursuing business in the community, anyway — Emmerich argued the most successful banks reinvest in their staffs. Her numbers indicate the top 10 percent of banks have non-interest expenses 50 percent higher than the bottom 90 percent. Their personnel expenses drive that difference.

"The banks that are the most prosperous are the ones that are investing

in their people, investing in what's possible," Emmerich said. "They've altered the game. They are investing in what most matters to make it happen."

An engaged and proactive staff is not enough to set a bank apart from its competition, though. This is where Emmerich tries to truly drive home her point. Banks altering certificate of deposit rates to entice customers are not differentiating themselves from the bank down the block. Offering reduced closing fees on a loan is not much of a change compared to a customer's previous banking experience. Everyone claims their staff is special, including the vast majority of the 250 people in attendance by a show of hands.

If everyone feels that way, Emmerich argued good customer service and understanding staff are not differentiators at all. Rather, they just might be the norm.

"Some of these banks spend hundreds of thousands on branding, and this is the best they can come up with," Emmerich said.

Instead, she encourages her clients to create a variety of "unique selling propositions" or USPs. With two dozen USPs as a starting point, banks should bring their best customers through them progressively, eventually landing at "level four" USPs, offers so alluring that a lending team will not think twice about offering a higher interest rate alongside them.

Or, to use Emmerich's preferred analogy, a bank should kiss its 100 best customers "on the lips until they chap."

With that unique approach, Emmerich insists a bank does not need to lose 30 percent of its customers in an acquisition, as some feel is the norm.

By Douglas Farmer

Credit unions continue to buy banks, but could the inverse soon occur?

There continues to be much talk of credit unions buying banks, and for good reason. Since 2011, there have been 16 such acquisitions, according to Jim Sheriff, senior partner at Reinhart Boerner Van Deuren in Milwaukee. Sheriff hosted a panel on the trend during the BHCA's Fall Seminar.

Bankers point to credit unions' tax-exempt status as allowing them to pay more in those bids, forcing the selling institution's hand out of a fiduciary duty to its shareholders. Kevin Janke, one of Sheriff's panelists and a partner at Wipfli in Wausau, Wis., argued the sale price is rarely that simple.

"The fact that a credit union pays no tax allows them to pay more, but in the same regard, depending on the structure, it might require them to pay more due to the fact that based upon the structure, it needs to be a certain dollar amount to put apples and apples together," Janke said. "Depending on the structure, it's one thing to talk about the top number, in terms of what the deal price is. The important number is what goes into your pocket after paying various taxes."

Janke detailed the five types of bank acquisitions, varied by the sales of bank stocks or assets in either subchapter S corporations or C-Corps. Credit unions can partake in deals only done via the sale of bank assets. It is within those details where a deal may have a higher price on paper only to also have greater expenses affecting the exact profits finding shareholders' pockets.

At this point of the panel, one of the bankers in attendance turned the tables, asking if a community bank can buy a credit union. John Reichert, also



James Sheriff of Reinhart Boerner Van Deuren, Milwaukee, led a discussion about inter-industry deals involving banks and credit unions. Above, from left, are: Sheriff, Traci Hollister, Wipfli, John Reichert and Melissa York, Reinhart Boerner Van Deuren, and (right) Kevin Janke, Wipfli.

of Reinhart Boerner Van Deuren, quickly replied with an affirmative before his colleague Melissa York encouraged him to add a caveat.

"It depends," Reichert clarified. "Everything depends."

To the panel's memory, the last such transaction occurred in 2008, but they have heard of recent inquiries and are looking into the process anew.

"The [National Credit Union Administration] does have a regulation that provides a road map and a path by which this can happen," Reichert said. "Basically, in a nutshell — it's pages and pages long — but the credit union would need to get an analysis done of

its fair value because not having shareholders, the NCUA is going to want to make sure that whatever value is given to the credit union members is fair and represents the equity of that credit union.

"A little complicated, but they have occurred in the past."

In that situation, the credit union members could either get paid out quickly or a mutual institution may emerge and their membership interest would continue there.

"Very, very rare, but they have happened," Reichert said. "I think they may happen again in the near future."

By Douglas Farmer

2018 Key Dates:

April 17 Bank Ownership Seminar, Kansas City, Mo.

May 7-8 "High Performance Banking" Spring Seminar, Hyatt Regency, Bloomington, Minn.

Oct. 1-2 "Mergers and Acquisitions" Fall Seminar, Hyatt Regency, Bloomington, Minn.

Mid-November (Date TBD)

Bank Ownership Seminar, Columbus, Ohio

See www.theBHCA.org for dates of Associate Member-sponsored webinars.

SNAPSHOTS

Scenes from the 2017 BHCA Fall Seminar





New to BHCA

The Bank Holding Company Association welcomes these new Members:

Tom Mork, president
Lakeview Bancorporation, Inc.
Lakeville, Minn.
Lakeview Bank

John Seidel, CEO/president
Ameri Financial Group, Inc.
Stillwater, Minn.
Eagle Valley Bank, Stillwater;
First Resource Bank, Lino Lakes, Minn.

Jerry Sullivan, president/chairman
Flint Creek Holding Company
Butte, Mont.
Granite Mountain Bank

Jeff Ellis, CEO/president
LSBancorp, Inc., La Salle, Ill.
La Salle State Bank

Jay Abdo, president
Rivers Ridge Holding Company
Edina, Minn.
BankVista, Sartell,
Mankato and Chaska, Minn.

David Fink, president
SB Bancorp, Inc.
Windsor, Wis.
Settlers Bank

Paul McCarthy, chairman,
Marquette National Corporation
Orland Park, Ill.
Marquette Bank

Greg Evans, CEO/president
Merchants Financial Group, Inc.
Winona, Minn.
Merchants Bank

Jim Dingman, chairman,
Matt Bollinger, president
Orion Bancorporation, Inc.
Orion, Ill.
BankOrion

Bradley Krehbiel, CEO/president
HMN Financial
Rochester, Minn.
Home Federal Savings Bank

David Wolsky, president
Cando Holding Company, Inc.
Cando, N.D.
First State Bank of Cando

The Bank Holding Company Association also is pleased to welcome the following new Associate Members:

Sandler O'Neill + Partners, L.P.
Kevin Young, vice president
New York, N.Y.

Sandler O'Neill + Partners, L.P. is a full-service investment banking firm and broker-dealer focused on the financial services sector. Clients include a wide variety of financial firms nationwide, and increasingly, around the globe. It provides the full suite of investment banking services, including merger and acquisition advisory, capital markets, fixed income and equity trading and sales, equity research, balance sheet management, mortgage finance, and consulting services to financial institutions and their investors.

Sandler O'Neill is a partnership and different by design. Since the firm's founding in 1988, its partners have sought to provide banks, thrifts and other financial services companies with an alternative to large Wall Street banking firms. Its focus has always been to enhance the franchise value of their clients. Sandler O'Neill provides clients a wealth of experience and knowledge more critical to them today than ever.

D.A. Davidson & Co.
Steve Nelson, managing director,
Thomas Hayes, director,
Investment Banking
Chicago

D.A. Davidson Companies is an employee-owned financial services firm offering a range of financial services and advice to individuals, corporations, institutions and municipalities nationwide. Founded in 1935 and headquartered in Montana, with corporate offices in Denver, Los Angeles, Portland and Seattle, the company has more than 1,300 employees and offices in 24 states.

A subsidiary of D.A. Davidson Companies, D.A. Davidson & Co., is the company's largest full-service investment firm headquartered in the Northwest, providing wealth management, investment banking, equity and fixed income capital markets services and advice.

Boardman & Clark
John Knight, attorney
Patrick Neuman, attorney
Madison, Wis.

Boardman & Clark serves individuals, businesses and public sector clients. While having strong Madison roots, the firm's practice has broader regional, national and global reach. Boardman & Clark is grounded by founding principles that guide all of its client relationships. It knows that the best advocacy starts with an uncompromising ethical backbone, and that trust is not given lightly and must be earned every day. Boardman & Clark knows people don't just need someone who will tell them what they want to hear. People need candor: thoughtful, unvarnished, balanced counsel at every turn.

Alston & Bird
Mark Kanaly, partner
Atlanta, Ga.

Alston & Bird's financial services team is among the most recognized in the country, and routinely ranks near the top of the league tables for capital raising, M&A and other transactional work. With a deep team that includes lawyers with meaningful bank regulatory proficiency, consumer finance and compliance experience, and payment systems prowess, Alston & Bird can handle a host of complex transactions and day-to-day needs for all players in the financial services arena. Please visit www.alston.com for more information.

Hovde Group
Kirk Hovde, managing director
Chicago

Hovde GroupSM is a leading U.S. financial advisory group that provides a full-service suite of investment banking, capital markets, and financial advisory services focused exclusively on the banking and thrift industry. As a leading specialist in the banking sector for nearly 30 years, Hovde Group consistently ranks among the top firms in mergers and acquisitions and capital markets transactions for U.S.-based bank and thrift institutions. Experienced professionals provide clients across all 50 states with the expertise, resources and focus necessary to structure, negotiate and successfully close strategic transactions.

Fed Notes is provided through a partnership the Bank Holding Company Association shares with the Federal Reserve Bank of Minneapolis.

Use E-Apps to submit applications electronically to the Federal Reserve

By Julie Randall

Electronic Applications, or E-Apps, is a free, online system that institutions regulated by the Federal Reserve System can use to submit regulatory filings requiring FRS approval. E-Apps provides a secure, direct transmission of documents that reduces the risk of lost or stolen sensitive information, which can result from third-party delivery of paper copies. E-Apps is also much faster than a paper application or notice. What can take days when sent through the Post Office takes minutes with E-Apps. Another consideration is that E-Apps is a greener, less expensive delivery option than printing and shipping multiple paper copies.

The FRS places a premium on security so we use digital certificates to facilitate access to E-Apps. To obtain these certificates, financial institutions and consulting firms complete and submit certain forms, which, in addition to identifying the employees who should receive the certificates, confirm to the FRS that the filings transmitted through E-Apps are valid, authentic submissions. Once the necessary forms are completed, they are submitted via email to the FRS's Customer Contact Center (CCC) through the Sign Up for E-Apps page on the FRS's public website. The CCC reviews the forms for completeness and accuracy, and once the review is finished, they issue the certificates via email with instructions on how to download them. Certificates are valid for three years.

Once an employee has received and downloaded the certificate, the institution (or consulting firm) can access E-Apps and begin uploading documents. The system accepts documents in a variety of formats, and accepts large documents as well (up to 50MB). When first uploading application documents, employees must identify whether the filing is a new (or initial) filing or pre-filing. They must also provide brief profiling information for each document being uploaded (i.e., the type of documents as well as whether the document contains confidential information). When the filing is uploaded and transmitted, the system sends a notification to the employee confirming that the filing has been submitted.

While financial institutions and consulting firms may continue to submit paper copies of filings, the FRS prefers the use of E-Apps. Electronic submission of the documents is not only more secure and timely, but it also streamlines applications processing which ultimately benefits the institution. Particularly for those applications and notices reviewed by Board of Governors staff, submission through E-Apps provides virtually instantaneous notification to Board attorneys and analysts of a document's receipt and easy access to that document.

It can take a few business days to receive a digital certificate, so financial institutions and consulting firms should plan ahead as they typically will not be able to transmit documents through E-Apps the same day they send the access forms to the CCC. If you anticipate filing with the Minneapolis Reserve Bank in the near future, we encourage you to get access to E-Apps now. Digital certificate request forms ("Credential Request Forms"), other necessary access forms, and a helpful FAQ and Quick Reference Guide for working with E-Apps are available at https://www.federalreserve.gov/supervisionreg/afi/eapps_sign_up.htm. Each Reserve Bank also has an E-Apps expert who can answer questions about E-Apps, the sign-up forms, and the process for submitting applications and notices electronically. I am the E-Apps expert for the Minneapolis Reserve Bank and can be reached at (612) 204-5202. I am happy to walk you through each step of the process. ■

Julie Randall is the E-Apps expert at the Federal Reserve Bank of Minneapolis.

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.

- ▷ Tradition Bancshares, Inc., Edina, Minn., authorized to engage in investment advisory services through the acquisition of shares of Rock Creek Advisors, LLC, Rapid City, S.D., a registered investment advisor.
- ▷ Associated Banc-Corp, Green Bay, Wis., filed to acquire Bank Mutual Corporation, Milwaukee and thereby acquire Bank Mutual, Milwaukee, and operate a savings association.
- ▷ Bank Street Capital Corp filed to become a bank holding company through the acquisition of Waukesha State Bank, both of Waukesha, Wis. In addition, Bank Street Capital Corp elects to become a financial holding company.
- ▷ CBC Financial, Inc., Westmont, Ill., filed to become a bank holding company through acquisition of Citizens Bank of Chatsworth, Ill.
- ▷ Notice filed by Jeffrey A. Graves, Durant, Iowa, for approval to acquire more than 25 percent of DeWitt Bancorp, Inc., and thereby control DeWitt Bank & Trust Co., both of DeWitt, Iowa.
- ▷ Huron Community Bank, East Tawas, Mich., filed to purchase a branch of First Federal of Northern Michigan, Alpena, Mich.
- ▷ Treynor Bancshares, Inc., and TS Contrarian Bancshares, Inc., both of Treynor, Iowa, filed to acquire City Bank and Trust Company, Guymon, Okla.
- ▷ Notice filed by David L. Schultz, Luana, Iowa, to acquire 26.67 percent of WFC, Inc., and thereby acquire control of Waukon State Bank, both of Waukon, Iowa.
- ▷ Southern Missouri Bancorp, Inc., Poplar Bluff, Mo., filed to merge with Southern Missouri Bancshares, Inc., Marshfield, Mo., and thereby acquire Southern Missouri Bank of Marshfield. Also Southern Bank, Poplar Bluff, filed to merge with Southern Missouri Bank of Marshfield and to retain the acquired facilities as branches.
- ▷ Dakota Financial, Inc., Marietta, Minn., filed to acquire 63.23 percent of Milan Agency, Inc., Milan, Minn., and thereby acquire Prairie Sun Bank, Milan.
- ▷ Eagle Bancorp Montana, Inc., Helena, Mont., filed to acquire TwinCo, Inc., Twin Bridges, Mont. In addition, Opportunity Bank of Montana, Helena, filed to merge with Ruby Valley Bank, Twin Bridges and establish branches.
- ▷ Change in control notice filed by Edward Masee and Andrew Schmidt, Appleton, Minn., to acquire shares of MPS Investment Co., Appleton, and thereby control Farmers & Merchants State Bank, Appleton.
- ▷ Susan Schardt, Kearney, Neb., filed to acquire shares of Exchange Company, Kearney, and thereby acquire shares of Exchange Bank, Gibbon, Neb.
- ▷ Reliable Community Bancshares, Inc., Perryville, Mo., and MAB Acquisition Corp., authorized to acquire Mid America Banking Corp, Rolla, Mo., and thereby acquire Mid America Bank & Trust Co, Dixo, Mo.
- ▷ First American Bank Corp, Elk Grove Village, Ill., authorized to acquire via merger Southport Financial Corp, Kenosha, Wis., and thereby acquire Southport Bank.
- ▷ First Savings Financial Group, Inc., Clarksville, Ind., authorized to acquire Dearmin Bancorp, Inc., Odon, and thereby acquire The First National Bank of Odon; and for First Savings Bank, Clarksville, to merge with The First National Bank of Odon, and to retain the acquired facilities as branches.
- ▷ Full Service Insurance Agency, Inc., Buxton, N.D., filed to acquire The First and Farmers Bank Holding Co., Portland, N.D., and thereby acquire The First and Farmers Bank.
- ▷ Paramount Financial Group, LLC, St. Louis, authorized to become a bank holding company by acquiring Superior Bank, Hazelwood, Mo., and to acquire Paramount Bond & Mortgage Co., Inc., St. Louis, and thereby engage in mortgage activities.
- ▷ Rigler Investment Company, New Hampton, Iowa filed to acquire Green Circle Investments, Inc., Clive, Iowa, and thereby acquire Peoples Trust and Savings Bank, Clive.
- ▷ Timothy Derwin Murphy, Atwood, Ill., filed to join Boulevard Financial, L.P., a qualified limited family partnership, as a general partner and thereby control 25 percent or more of TNB Bancorp, Inc., and indirectly control TNB Bank, both of Tuscola, Ill.
- ▷ First Holding Company of Cavalier, Inc., Cavalier, N.D., filed to acquire First National Bank Mahnomen Twin Valley, Mahnomen, Minn.
- ▷ NATCOM Bancshares, Inc., Superior, Wis., filed to acquire 49 percent of Republic Bancshares, Inc., Duluth, Minn., and thereby acquire Republic Bank, Inc., Duluth.
- ▷ TIG Bancorp, Inc., Durango, Colo., and TIG Merger Sub, Inc., authorized to become bank holding companies by acquiring Custer Bancorp, Denver, and thereby acquiring First State Bank of Colorado, Hotchkiss.
- ▷ Westbrand, Inc., Minot, N.D. has elected to become a financial holding company.
- ▷ CBC Financial, Inc., Westmont, Ill., filed to become a bank holding company through the acquisition of Citizens Bank of Chatsworth, Ill.
- ▷ Central Bancshares, Inc., Cambridge, Neb., authorized to acquire, through its subsidiaries, CBI Midco, Inc., Cambridge, and CBI Merger Sub, Inc., shares of Republic Corporation, Omaha, Neb., parent of United Republic Bank, both of Omaha.
- ▷ Lincoln County Bancshares, Inc., filed through its subsidiary, NFB Acquisitions, Inc., both of Troy, Mo., to acquire 51.39 percent of New Frontier Bancshares, Inc., St. Charles, Mo., and thereby acquire New Frontier Bank, St. Charles. Also, NFB Acquisitions, Inc., Troy, filed to become a bank holding company by acquiring 51.39 percent of New Frontier Bancshares, Inc., St. Charles, and thereby acquire New Frontier Bank, St. Charles.
- ▷ First National Bank of Elkhart (to be known as Heartland Tri-State Bank), Elkhart, Kan., filed to retain its membership in the Federal Reserve System following its conversion from a national to a state charter.
- ▷ Notice filed by Catherine Rottinghaus, Charles City, Iowa; Janet Rydberg, Des Moines, Iowa, and Julie Woodhouse, Carroll, Iowa, to each acquire 10 percent or more of Community Grain Company, Carroll, and thereby acquire Iowa Savings Bank, Carroll, and join the existing Hess Family Control Group.
- ▷ Border Bancshares, Inc., Greenbush, Minn., authorized to acquire First State Bank of Clearbrook, Minn.
- ▷ Stockmens Financial Corp, Rapid City, S.D., and Stockmens

Transaction Report
Continued on page 17

HOLDING COMPANY, LOCATION Subsidiary Bank, Location	CONSOLIDATED ASSETS*	SUBSIDIARY ASSETS*	HOLDING COMPANY, LOCATION Subsidiary Bank, Location	CONSOLIDATED ASSETS*	SUBSIDIARY ASSETS*
203.NBP FINANCIAL SERVICES, INC., PETERSBURG NATIONAL BANK OF PETERSBURG	143,611	143,611	235.KAMPSVILLE BANCSHARES INC., KAMPSVILLE BANK OF KAMPSVILLE	106,777	106,628
204.PREMIER COMMERCE BANCORP, INC., WHEATON GRAND RIDGE NATIONAL BANK, GRAND RIDGE	142,644	142,472	236.CAMPBELL HILL BANCSHARES, INC. FIRST STATE BANK OF CAMPBELL HILL	106,141	106,119
205.RAYMOND BANCORP, INC., RAYMOND FIRST NATIONAL BANK OF RAYMOND	142,442	142,442	237.S & H HOLDINGS, INC., IROQUOIS IROQUOIS FARMERS STATE BANK, IROQUOIS	104,708	104,707
206.SCHAUMBURG BANCSHARES, INC. HERITAGE BANK OF SCHAUMBURG	140,898	140,898	238.FNB BARRY BANCORP, INC., BARRY FIRST NATIONAL BANK OF BARRY	104,340	104,340
207.FIRST DWIGHT CORP., DWIGHT FIRST NATIONAL BANK OF DWIGHT	137,239	137,234	239.WSB FINANCIAL LTD., WILLIAMSVILLE WILLIAMSVILLE STATE BANK AND TRUST, WILLIAMSVILLE	100,508	100,500
208.FIRST ALGONQUIN CO., ALGONQUIN ALGONQUIN STATE BANK, ALGONQUIN	135,480	135,475	240.NBE BANCSHARES, INC., EARLVILLE PIONEER STATE BANK, EARLVILLE	100,233	100,583
209.LSBANCORP, INC., LASALLE LASALLE STATE BANK, LASALLE	135,079	135,079	241.LANARK BANCSHARES, INC., LANARK EXCHANGE STATE BANK, LANARK	99,515	99,406
210.CLAY CITY BANK SHARES, INC., CLAY CITY CLAY CITY BANKING CO., CLAY CITY	134,962	134,959	242.RUSHVILLE BANCSHARES, INC., RUSHVILLE STATE BANK, RUSHVILLE	98,690	102,576
211.CLAYTON BANCSHARES, INC., PLEASANT HILL CENTRAL STATE BANK, CLAYTON	132,986	132,930	243.HBANCORP, INC., LAWRENCEVILLE HERITAGE STATE BANK, LAWRENCEVILLE	97,961	97,961
212.WB BANCORP, INC., NEW BERLIN WARREN-BOYNTON STATE BANK, NEW BERLIN	131,292	131,172	244.LITCHFIELD BANCSHARES CO., LITCHFIELD LITCHFIELD NATIONAL BANK, LITCHFIELD	93,855	93,445
MC BANCORP, INC., MODESTO BANK OF MODESTO	48,982	48,979	245.CHESTER BANCORP, INC., CHESTER CHESTER NATIONAL BANK, CHESTER	93,446	93,172
213.ARTHUR BANCSHARES CORP., ARTHUR STATE BANK OF ARTHUR	129,905	129,877	246.GENEVA BANCSHARES, INC., GENEVA STATE BANK OF GENEVA	93,446	86,013
214.PUTNAM COUNTY BANCORP, INC., HENNEPIN NORTH CENTRAL BANK, HENNEPIN	128,134	128,134	247.ALLIED FIRST BANCORP, INC., OSWEGO ALLIED FIRST BANK, OSWEGO	93,097	93,524
215.ALPHA BANCO, INC., ALPHA FARMERS STATE BANK OF WESTERN ILLINOIS, ALPHA	127,821	127,655	248.DURAND BANCORP, INC., DURAND DURAND STATE BANK, DURAND	92,829	92,086
216.ATHENS BANCORP, INC., ATHENS ATHENS STATE BANK, ATHENS	126,538	126,538	249.FIRST EQUITY CORP., SKOKIE 1ST EQUITY BANK, SKOKIE	92,280	92,091
217.MILLEDGEVILLE BANCORP, INC., MILLEDGEVILLE MILLEDGEVILLE STATE BANK, MILLEDGEVILLE	125,106	125,106	250.ROCHESTER STATE BANKSHARES, INC. ROCHESTER STATE BANK, ROCHESTER	91,040	90,816
218.BEMENT BANCSHARES, INC., BEMENT STATE BANK OF BEMENT STATE BANK OF CERRO GORDO	125,026	85,456 27,102	251.FBL BANCSHARES, INC., LIBERTY FARMERS BANK OF LIBERTY	90,889	90,77
219.WHITTINGTON BANCORP, INC., BENTON STATE BANK OF WHITTINGTON, BENTON	124,739	124,739	252.FIRST COMM. BANC HOLDING CO., HILLSBORO FIRST COMMUNITY BANK OF HILLSBORO	90,127	90,131
220.PIPER BANKSHARES, INC., PIPER CITY VERMILION VALLEY BANK, PIPER CITY	123,981	123,968	253.YANKEE RIDGE, INC., ALLERTON PHILO EXCHANGE BANK, PHILO	89,491	89,207
221.BURLING BANCORP, INC., CHICAGO BURLING BANK, CHICAGO	120,628	120,603	254.IUKA BANCSHARES INC., SALEM IUKA STATE BANK, IUKA	89,372	89,372
222.BRICKYARD BANCORP, INC., LINCOLNWOOD BRICKYARD BANK, LINCOLNWOOD	117,167	117,167	255.FIRST PERRY BANCORP, INC., PINCKNEYVILLE FIRST NATIONAL BANK IN PINCKNEYVILLE	88,516	87,516
223.MARENGO BANCSHARES, INC., MARENGO PRAIRIE COMMUNITY BANK, MARENGO	117,080	116,633	256.UNITED COMM. BANCSHARES, INC., NORTHBROOK CENTRUST BANK, N.A., NORTHBROOK	87,522	89,320
224.ISB BANCORP, INC., TONICA ILLINI STATE BANK, OGLESBY	117,065	116,847	257.CHERRY BANCORP, INC., CHERRY STATE BANK OF CHERRY	87,286	87,273
225.TREMONT BANCORP, INC., TREMONT FIRST NATIONAL BANK IN TREMONT	116,633	116,737	258.MOUNT STERLING BANCORP, INC. FARMERS STATE BANK & TRUST CO., MOUNT STERLING	86,993	87,183
226.FM BANCORP, INC., PAXTON FARMERS-MERCHANTS NATIONAL BANK OF PAXTON	115,290	115,239	259.COMMUNITY BANCSHARES, INC., IRVINGTON COMMUNITY TRUST BANK, IRVINGTON	86,762	86,012
227.FISHER BANCORP, INC., FISHER FISHER NATIONAL BANK, FISHER	114,893	114,893	260.ADMIRAL FAMILY BANKS, INC., ALSIP FEDERATED BANK, ONARGA	86,722	81,759
228.MASCOUTEN BANCORP, INC., BEARDSTOWN FIRST NATIONAL BANK OF BEARDSTOWN	114,733	114,408	261.GATEWAY BANC CORP., ROSCOE GATEWAY COMMUNITY BANK, ROSCOE	85,813	85,832
229.ISB BANCSHARES, INC., LEWISTOWN IPAFA STATE BANK, IPAFA	114,015	114,016	262.MILLENNIUM BANCORP, INC., DES PLAINES MILLENNIUM BANK, DES PLAINES	85,545	85,545
230.MURPHY-WALL BANCORP, INC., PINCKNEYVILLE MURPHY-WALL STATE BANK AND TRUST CO., PINCKNEYVILLE	113,502	13,092	263.MGB BANCSHARES, INC., MATTOON FIRST NATIONAL BANK, MATTOON	85,162	85,069
231.GOODFIELD FINANCIAL CORP., GOODFIELD GOODFIELD STATE BANK, GOODFIELD	113,119	113,119	264.GRIGGSVILLE BANCSHARES, INC., GRIGGSVILLE FARMERS NATIONAL BANK OF GRIGGSVILLE	84,285	84,284
232.SAVANNA-THOMSON INVESTMENT, INC., SAVANNA SAVANNA-THOMSON STATE BANK, THOMSON	111,776	98,734	265.COMMUNITY HOLDINGS CORP., PALOS HILLS FIRST SECURE BANK AND TRUST CO., PALOS HILLS	83,497	83,444
233.FIRST MONTGOMERY BANCORP, INC., LITCHFIELD FIRST NATIONAL BANK OF LITCHFIELD	108,275	107,799	266.GRANVILLE BANCSHARES, INC., GRANVILLE GRANVILLE NATIONAL BANK, GRANVILLE	83,477	83,460
234.PERRY COUNTY BANCORP INC., DU QUOIN DU QUOIN STATE BANK, DU QUOIN	106,880	105,935	267.MACKINAW VALLEY FINANCIAL SERVICES, INC. FIRST SECURITY BANK, MACKINAW	83,227	82,574

Source: Regulatory financial reports filed by bank holding companies and banks, data as of December 31, 2016. *Dollar amounts in thousands

HOLDING COMPANY, LOCATION Subsidiary Bank, Location	CONSOLIDATED ASSETS*	SUBSIDIARY ASSETS*	HOLDING COMPANY, LOCATION Subsidiary Bank, Location	CONSOLIDATED ASSETS*	SUBSIDIARY ASSETS*
268.VILLAGE BANCSHARES, INC., SAINT LIBORY VILLAGE BANK, SAINT LIBORY	82,577	82,577	231.LEMONT BANCORP, INC., LEMONT LEMONT NATIONAL BANK, LEMONT	57,184	58,077
269.ANDERSON BANCORP, INC., ONEIDA ANDERSON STATE BANK, ONEIDA	81,402	81,40	232.SCOTT MORGAN BANCORP, INC., BLUFFS BANK OF BLUFFS	57,086	57,076
270.TNB BANCORP, INC., TUSCOLA TUSCOLA NATIONAL BANK, TUSCOLA	81,235	81,022	233.H.F. GEHANT BANCORP, INC., WEST BROOKLYN H. F. GEHANT BANKING CO., WEST BROOKLYN	56,785	56,785
271.SOUTHERN COLORADO CORP., INVERNESS CITIZENS BANK OF PAGOSA SPRINGS	80,555	80,452	234.BUTLER POINT, INC., CATLIN CATLIN BANK, CATLIN	54,395	54,395
272.CBT BANCORP, INC., TRENTON COMMUNITY BANK OF TRENTON	80,341	80,341	235.MIDLAND BANCSHARES, INC., KINCAID MIDLAND COMMUNITY BANK, KINCAID	53,658	53,658
273.GERBER BANCSHARES, INC., ARGENTA GERBER STATE BANK, ARGENTA	78,738	78,738	236.ELMWOOD BANCSHARES, INC., ELMWOOD FARMERS STATE BANK, ELMWOOD	51,743	51,743
274.VILLA GROVE BANCSHARES, INC., VILLA GROVE VILLA GROVE STATE BANK, VILLA GROVE	78,296	70,759	237.PREFERRED BANCORP, INC., CASEY PREFERRED BANK, CASEY	51,698	51,601
275.CLAY CTY. STATE BANCSHARES, INC., LOUISVILLE CLAY COUNTY STATE BANK, LOUISVILLE	78,283	78,283	238.PEARL CITY BANCORP, INC., PEARL CITY STATE BANK OF PEARL CITY, PEARL CITY	50,942	50,942
276.FIRST BANCORP OF SPARTA, LTD., SPARTA FIRST NATIONAL BANK OF SPARTA	77,840	77,835	239.SOUTHERNTRUST BANCSHARES, INC., GOREVILLE SOUTHERN TRUST BANK, GOREVILLE	50,595	50,595
277.ARENVILLE BANCORP, INC., ARENVILLE FIRST NATIONAL BANK OF ARENVILLE	77,264	77,148	240.ST. ANNE BANCORP, INC., MANTENO NATIONAL BANK OF ST. ANNE	49,009	49,013
278.ASB MANAGEMENT CORP, ANNA ANNA STATE BANK, ANNA	76,519	76,519	241.COWDEN BANCORP, INC., SPRINGFIELD COMMUNITY BANKS OF SHELBY COUNTY, COWDEN	48,666	48,658
279.MAIN STREET BANCORP, INC., PRINCEVILLE PRINCEVILLE STATE BANK, PRINCEVILLE	76,416	76,416	242.CITIZENS BANCSHARES, INC., WALNUT CITIZENS FIRST STATE BANK OF WALNUT	48,415	48,416
280.FIRST BANCORP, INC., YATES CITY BANK OF YATES CITY	75,513	69,683	243.FSBO HOLDINGS INC., OLMSTED FIRST STATE BANK OF OLMSTED	47,498	47,498
281.FIRST OF MURPHYSBORO CORP., MURPHYSBORO FIRST BANK AND TRUST CO. OF MURPHYSBORO	72,570	72,570	244.COLUMBIA BANCSHARES, INC., COLUMBIA COLUMBIA NATIONAL BANK, COLUMBIA	47,258	47,258
282.TRI-COUNTY BANCSHARES, INC., BEECHER CITY FIRST STATE BANK OF BEECHER CITY	71,385	71,385	245.GREAT RIVER BANCSHARES, INC., QUINCY HILL-DODGE BANKING CO., WARSAW	45,353	45,330
283.SOUTH PORTE FINANCIAL INC., MARION SOUTH PORTE BANK, MARION	70,712	70,712	246.SOUTH CENTRAL BANCORP, INC., KINMUNDY KINMUNDY BANK, KINMUNDY	45,268	45,152
284.MASON CITY BANCORP, INC., MASON CITY MASON CITY NATIONAL BANK, MASON CITY	70,216	70,216	247.FIRST SANDOVAL BANCORP, INC., SANDOVAL FIRST NATIONAL BANK OF SANDOVAL	44,524	44,524
285.ILLINOIS HOLDING CO., MOLINE 1ST COMMUNITY BANK, SHERRARD	70,098	65,907	248.BUCKLEY BANCORP, INC., BUCKLEY BUCKLEY STATE BANK, BUCKLEY	44,282	44,275
286.ARTHUR R. MURRAY, INC., MILFORD CITIZENS STATE BANK OF MILFORD DEWEY BANK, DEWEY	69,838	46,811 21,785	249.BLUESTEM DEVELOPMENT CORP., JOY JOY STATE BANK, JOY	43,820	43,819
287.PRAIRIELAND BANCORP, INC., BUSHNELL FARMERS AND MERCHANTS STATE BANK OF BUSHNELL	68,316	67,387	250.TG BANCSHARES, INC., TABLE GROVE TABLE GROVE STATE BANK, TABLE GROVE	43,807	43,798
288.BCC BANCSHARES, INC., HARDIN BANK OF CALHOUN COUNTY, HARDIN	67,290	67,151	251.MONTGOMERY BANCSHARES, INC., MONTGOMERY BANK OF MONTGOMERY	43,665	43,664
289.OKAWVILLE BANCSHARES, INC., OKAWVILLE EXCHANGE NATIONAL BANK OF OKAWVILLE	66,990	66,863	252.VAN ORIN BANCORP, INC., VAN ORIN FIRST STATE BANK OF VAN ORIN	41,209	41,209
290.MAIN STREET BANCSHARES, INC., HARRISBURG GRAND RIVERS COMMUNITY BANK, GRAND CHAIN	66,791	64,659	253.FIRST COMMUNITY BANCSHARES, XENIA FIRST COMMUNITY BANK XENIA-FLORA, XENIA	41,143	41,142
291.CLAY BANCSHARES, INC., FLORA FLORA BANK & TRUST, FLORA	66,494	66,489	254.HUTSONVILLE BANC CORP., HUTSONVILLE FARMERS & MERCHANTS BANK OF HUTSONVILLE	40,792	40,792
292.HEADQUARTERS HOLDING CO., AVA FIRST NATIONAL BANK OF AVA	65,179	65,076	255.WATERMAN BANCSHARES, INC., WATERMAN WATERMAN STATE BANK, WATERMAN	38,674	38,507
293.AMERICAN METRO BANCORP, INC., CHICAGO AMERICAN METRO BANK, CHICAGO	63,432	63,432	256.FIRST BROWNSTOWN BANCORP, INC. FIRST NATIONAL BANK OF BROWNSTOWN	37,093	37,093
294.FIRST LACON CORP., LACON FIRST NATIONAL BANK OF LACON	62,440	62,439	257.NORTHWEST EQUITY CORP., BUFFALO GROVE 1ST EQUITY BANK NORTHWEST, BUFFALO GROVE	35,538	35,537
295.PRAIRIE STATE BANCORP, INC., DANFORTH FARMERS STATE BANK OF DANFORTH	61,880	61,679	258.NORTH ADAMS BANCSHARES, INC., URSA NORTH ADAMS STATE BANK, URSA	35,438	34,381
296.SULLIVAN BANCSHARES, INC., SULLIVAN FIRST COMMUNITY BANK OF MOULTRIE COUNTY, SULLIVAN	61,787	61,787	259.PEOPLES FINANCIAL CORP., COLFAX PEOPLES STATE BANK OF COLFAX	35,324	35,324
297.ST. JACOB BANCSHARES, INC., SAINT JACOB STATE BANK OF ST. JACOB	58,661	58,661	260.BARKER BROTHERS, INC., SPRINGFIELD MIDDLETOWN STATE BANK, MIDDLETOWN	33,769	33,186
298.R & B MANAGEMENT CORP., WASHINGTON WASHINGTON STATE BANK, WASHINGTON	58,441	58,550	261.WENONA BANCORP, INC., WENONA WENONA STATE BANK, WENONA	33,641	33,959
299.MARSEILLES BANCORP, INC., MARSEILLES MARSEILLES BANK, MARSEILLES	58,286	58,285	262.EASTON BANCSHARES, INC., EASTON COMMUNITY BANK OF EASTON	32,700	32,674
230.ANB BANCORP, INC., ATLANTA ATLANTA NATIONAL BANK, ATLANTA	57,583	57,565	263.ST. PETER BANCSHARES, INC., SAINT PETER FIRST STATE BANK OF ST. PETER	27,986	27,986

Source: Regulatory financial reports filed by bank holding companies and banks, data as of December 31, 2016. *Dollar amounts in thousands

HOLDING COMPANY, LOCATION Subsidiary Bank, Location	CONSOLIDATED ASSETS*	SUBSIDIARY ASSETS*	HOLDING COMPANY, LOCATION Subsidiary Bank, Location	CONSOLIDATED ASSETS*	SUBSIDIARY ASSETS*
264.FIRSTSTATE BANCORP, INC., MASON CITY 1ST STATE BANK OF MASON CITY	27,195	27,195	267.CAMP GROVE BANCORP, INC., CAMP GROVE CAMP GROVE STATE BANK, CAMP GROVE	19,264	19,264
265.TRI-COUNTY HOLDINGS, INC., DONGOLA FIRST STATE BANK OF DONGOLA	23,375	23,375	268.ANCHOR BANCORP., INC., ANCHOR ANCHOR STATE BANK, ANCHOR	16,492	16,465
266.CB EDINBURG HOLDINGS, INC., EDINBURG CITIZENS BANK OF EDINBURG	23,122	23,122	269.TEXICO BANCSHARES CORP., TEXICO TEXICO STATE BANK, TEXICO	7,929	7,930

Source: Regulatory financial reports filed by bank holding companies and banks, data as of December 31, 2016. *Dollar amounts in thousands

Transaction Report,

Continued from page 14

Limited Partnership authorized to engage in investment advisory services through the acquisition of shares of Rock Creek Advisors, LLC, Rapid City, a registered investment advisor.

▷ Ramsey Financial Corp, Devils Lake, N.D., and Ramsey Financial Corp and Affiliates Employee Stock Ownership Plan have elected to become financial holding companies.

▷ First American Bank Corp, Elk Grove Village, Ill., filed to acquire via merger Southport Financial Corp and thereby acquire Southport Bank, both of Kenosha, Wis.

▷ Notice filed by First Internet Bancorp, Fishers, Ind., to acquire 9.99 percent of Lendavor, Inc., San Francisco, Calif., and thereby engage in nonbanking activity of ex-

tending credit and servicing loans.

▷ First Capital, Inc., Corydon, Ind., filed to become a bank holding company through the conversion of its subsidiary, First Harrison Bank, Corydon, from a federal savings bank to a state chartered commercial bank. Also, First Capital, Inc., Corydon, elects to become a financial holding company.

▷ First Savings Financial Group, Inc., Clarksville, Ind., filed to acquire, through merger, Dearmin Bancorp, Inc., Odon, Ind., and thereby acquire The First National Bank of Odon. Also First Savings Bank, Clarksville, filed to merge with The First National Bank of Odon and to retain the acquired facilities as branches.

▷ Koda Bancor, Inc. (formerly Drayton Bancor, Inc.),

Drayton, N.D., authorized to merge with Pembina County Bankshares Ltd., Cavalier, N.D., and thereby acquire Citizens State Bank Midwest and Citizens Insurance Agency, Inc., Cavalier, and Walhalla Insurance Agency, LLC, Walhalla, N.D.

▷ GGC, LLP, an Iowa Limited Partnership, Council Bluffs, Iowa, and others have applied to the Federal Reserve Board for permission to retain and obtain 10 percent or more of TS Contrarian Bancshares, Inc., Treynor, Iowa and thereby acquire control of Bank of Tioga, N.D., and First National Bank & Trust Company, Clinton, Ill.

▷ Hometown Community Bancorp, Inc., Morton, Ill., and Hometown Community Bancorp, Inc., ESOP authorized to acquire Arthur Bancshares Corp., Arthur, Ill., and thereby acquire State Bank of Arthur.

▷ Wessington Bankshares, Inc., Wessington, S.D., elects to become a financial holding company.

▷ Notice filed by Aaron T. Boyken and others of Titonka, Iowa to acquire Titonka Bancshares, Inc., Titonka, and thereby control Titonka Savings Bank, Titonka.

▷ Banc Investors, L.L.C., Town and Country, Mo., filed to acquire up to 49.74 percent of 1st Advantage Bancshares, Inc., St. Peters, Mo., and thereby acquire 1st Advantage Bank, St. Peters.

▷ HYS Investments, LLC, filed to acquire additional shares up to 26.48 percent of BOTs, Inc., parent of VisionBank, all of Topeka, Kan. ■

Acquisition strategies, *Continued from page 7*

Although that may be a mouthful, it is more accurate than simply looking at a book value multiple. Deals encompass more than applying a formula to basic capital figures. Fuller's task of narrowing down possibilities would be much simpler if that was all it took. Even the staff at hand and its willingness to continue working at a purchased bank long after the acquisition can affect a price. In those instances, the terms of the deal may include a clause allowing due diligence into the employees.

"That plays into any number of topics that you've heard today from pricing to why are you doing a deal," said Anton Moch, attorney at Winthrop & Weinstine, Minneapolis.

"When an agreement talks through pricing, these are a lot

of the other factors that need to get addressed so both the buyer and the seller understand where the seller is coming from and what the buyer is requiring to do this deal."

These have all played parts in Heartland's growth. Fuller knows the importance and the value of understanding the market, the other party's motivations and its culture, and having the patience to figure all that out rather than simply default to a multiple.

"We are much further ahead with what we've done over that long period of time," Fuller said. "If we sold back in 1980, we might have gotten a buck, a buck and a quarter. Now our stock is at two times that and the acquisitions we have done have clearly been accretive to earnings per share."

By Douglas Farmer

President's Observations,

Continued from page 4

When this year concludes, two board members will leave the board as their terms of service come to an end: Erick Gandrud of Eagle Investment Company, Glenwood, Minn., and Sheila Jilek of Prairie Bancshares, Lester Prairie, Minn. Congratulations to both; I sincerely appreciate the contribution you have made to the board and to the association.

Congratulations to Brenda Johnson of Charter Bankshares, Inc., Eau Claire, Wis., who will become BHCA president for 2018. Rick Wall of Highland Bancshares, Inc., Minnetonka, Minn., will be the BHCA vice president. Mary Jayne Crocker of Bridgewater Bancshares, Inc., Bloomington, Minn., will continue to serve as the association's treasurer.

Also, it is a pleasure to welcome two bankers who will join the board in January to begin three-year terms. They are Harold Wahlquist, Midwest Bancorporation, Inc., Eden Prairie, Minn., and Michael Finley, Janesville Holding Company, Janesville, Minn.

Serving on the board of an industry association is always a time commitment; I have found my time on the BHCA board to be both rewarding and positive. I have always enjoyed my BHCA membership, but I have enjoyed the membership even more as I became more involved in the association. If you have ever thought about taking your membership participation deeper, I encourage you to think about running for a board position. If you would like to explore that possibility, please call the BHCA office at 800-813-4754 and ask for Tom or Kelly.

Best wishes for a successful conclusion to your year. I look forward to reconnecting in 2018! ■

Down to Business,

Continued from page 5

mid-September, we are about on track to come close to matching 2016's numbers in 2017.

Buying or selling a bank is a huge decision, with numerous factors to be taken into consideration. At the BHCA, we know we can perform an important service by providing the information that helps all involved parties make informed M&A decisions. With the *de novo* pipeline essentially closed down to a trickle, consolidation within the industry is going to continue. Given the environment in which we operate, our goal is to inform so that whether you decide to buy, sell or hold, you have the tools to make the best decisions.

Conclusion

Thank you for a great 2017. I consider it a tremendous honor to serve as Managing Director of the Bank Holding Company Association. I want to give you what you need to have a great experience as a BHCA member. Contact me at any time if you have ideas for enhancing the value of BHCA membership. I wish you success in the remainder of the year and many good things throughout 2018. ■

Culture, capital,

Continued from page 6

doomsday projections a bit more feasible in Falken's conversations.

"Many times we'll do it conservatively. It's a conservative pro forma, but look at it, is it really?" he said. "Is it a little bit pie-in-the-sky? Maybe we should do a worst-case scenario."

"It's hard to predict. Projections are about as good as projecting tomorrow, but I think those economic conditions are something to consider."

Making those projections can also help a banker understand his own institution's timeline and, perhaps, his personal outlook. After the struggles of the last decade, many bankers have sworn they will find their way out of the industry if they can first get their bank back to a level alluring enough to warrant a worthwhile asking price.

Falken's clients started to say such in 2013, right when the economy was genuinely starting to turn for the better.

"If I can just get back my losses and get back to even again, this thing's gone," Falken offered as the common refrain. "I'm selling. I'm out. I don't want to be in this industry anymore. I will cut grass at the country club. I will do anything else other than be in banking."

Those bankers are still in banking, even though they could certainly make a profitable sale at the moment. Turning a profit each quarter will have that effect.

"Let's just wait one more quarter. Let's just keep going," Falken said of their thinking. "We have to get our return, and then we'll sell at the right time."

Selling at the right time is harder than it may seem. Falken called it "pure luck." It first entails understanding cultures, finding capital for all situations and preparing for worst-case possibilities. Then, maybe, just maybe, a banker can get lucky, even if it might take 20 years of patience, as well.

By Douglas Farmer

The BHCA is grateful to the following for their sponsorship of this year's Fall Seminar:

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