

Bank Owner

Bank Holding Company Association Magazine

Fall Seminar Coverage



President's Column: Four Lessons Learned



Also in this issue:

**Changes to the BHC Act
Iowa HC list**

**Down to Business:
2019 Events**

The following companies are Associate Members of the BHCA:

Abdo, Eick & Meyers
Edina, Minn.
Karen Post
952-449-6228

Ballard Spahr, LLP
Minneapolis
Scott Coleman
612-371-2428

New!
See pg. 18

BancList
Overland Park, Kan.
Charles L. Perry, Jr.
603-363-8100

Barack Ferrazzano, LLP
Chicago/Minneapolis
Joseph Ceithaml
312-629-5143
952-500-9991

BFS Group
Edina, Minn.
Mark Blake
800-931-7782

New!
See pg. 18

BKD CPAs & Advisors
Kansas City, Mo.
Michael Flaxbeard
816-221-6300

Boardman & Clark LLP
Madison, Wis.
John Knight
608-283-1764

Brady, Martz & Assoc.
Grand Forks, N.D.
Ryan Bakke
701-420-6856

Business Credit Reports
Gallatin, Tenn.
Debbie Golbach
615-989-7005

CASE
Anoka, Minn.
Troy Case
763-323-1048

CBIZ
Minneapolis
Kris St. Martin
763-549-2267

CliftonLarsonAllen, LLP
Minneapolis
Neil Falken
612-376-4532

Country Club Bank
Eden Prairie, Minn.
Josh Kiefer
612-851-0310

D.A. Davidson & Co.
Chicago
Steve Nelson
312-525-2769

David R. Peltz & Co., P.C.
Minneapolis
David R. Peltz
952-525-0336

Dorsey & Whitney LLP
Minneapolis
Jay Kim
612-492-6144

Dougherty Funding LLC
Minneapolis
Greg Bolin
612-317-2000

Eckberg Lammers, P.C.
Stillwater, Minn.
Nick Vivian
651-379-3080

Edelman & Co., Ltd.
Milwaukee
Robert Edelman
414-228-9314

Eide Bailly LLP
Fargo, N.D.
Gary Smith
303-586-8510

Enhanced Capital
New York
Peter Neumeier
612-963-1109

Equias Alliance
Prior Lake, Minn.
Eric Hilgenberg
952-435-7737

**Federal Home Loan
Bank of Des Moines**
Johnston, Iowa
Mike Farrell
515-471-4008

Felhaber Larson
Minneapolis
Jacob Hendricks
612-373-8575

Fiserv
Minneapolis
Brett Scholder
651-270-1189

Fortress Partners
Hartland, Wis.
Jon Bruss
262-369-1095

Fredrikson & Byron P.A.
Minneapolis
Karen L. Grandstrand
612-492-7153

Gislason & Hunter LLP
New Ulm, Minn.
Michael Dove
507-354-3111

Gray Plant Mooty
Minneapolis
Sally Stolen Grossman
612-632-3007

Hovde Group LLC
Chicago
Kirk Hovde
312-436-0779

Howard & Howard
Royal Oak, Mich.
Michael M. Bell
248-723-0493

HTG Architects
Eden Prairie, Minn.
Jeff Pflipsen
952-278-8880

Insurance Strategies, Inc.
Elm Grove, Wis.
Deb Forsaith
800-236-6866

**J.J. Swanson
Advisory Group**
Minnetonka, Minn.
Joe Swanson
952-277-4259

**JPMorgan Chase
Bank N.A.**
Milwaukee
Doug Gallun
414-977-6724

J.T. Miller Company, Inc.
Hamel, Minn.
Daniel D. Miller
763-512-1950

Malzahn Strategic
Maple Grove, Minn.
Marci Malzahn
612-242-4021

Modern Banking Systems
Ralston, Neb.
Robert E. Neville
800-592-7500

Morgan Stanley
Bloomington, Minn.
James Lannan
952-841-6454

Northern State Univ.
Aberdeen, S.D.
Robert Preston
605-626-7964

Oak Ridge Financial
Minneapolis
Craig Mueller
763-923-2205

Olson & Burns, P.C.
Minot, N.D.
Richard Olson
701-839-1740

**OneBeacon Financial
Services**
Plymouth, Minn.
Craig Collins
952-852-2434

**Performance Trust
Capital Partners**
Chicago
Michael Ritter
312-521-1459

Piper Jaffray
Minneapolis
JoAnn Hinnenthal
612-303-2157

**Promontory
Interfinancial Network**
Des Moines, Iowa
Steve Davis
515-240-5451

Raymond James
Memphis
John Fisher
901-579-2602

**Reinhart Boerner
Van Deuren s.c.**
Milwaukee
John T. Reichert
414-298-8445

Roach Law Office, P.A.
Minneapolis
Joe Roach
612-819-0209

RSM US LLP
Minneapolis
Hank Donatell
612-629-9670

Sandler O'Neill + Partners
Chicago
Chris Hopkins
312-281-3472

Bank Owner

Winter 2018

SDN Communications
Sioux Falls, S.D.
Ryan Dutton
800-247-1442

SHAZAM
Johnston, Iowa
Patrick Dix
800-537-5427

Sheshunoff & Co.
Austin, Texas
Curtis Carpenter
512-703-1578

Stinson Leonard Street
Minneapolis
Adam Maier
612-335-1412

Sycorr
Fargo, N.D.
Jeremy Neuharth
855-212-1155

**UMB Bank n.a.
Investment Banking**
Kansas City, Mo.
Stephen DuMont
816-860-8707

UMACHA
Brooklyn Park, Minn.
Rhonda Whittaker
763-201-9609

Vanman Architects
Plymouth, Minn.
Adam Holmes
763-541-9552

Winthrop & Weinstine, P.A.
Minneapolis
Edward J. Drenttel
612-604-6400

Wipfli, LLP
Minneapolis
Maureen Fassbinder
651-766-2853

**ZRent,
a div. of Leader Bank**
Arlington, Mass.
Jessica Dawn Santana
781-641-8691

CONTENTS

Columns:

President's Observations:

The year as your BHCA president brought many lessons4
By Brenda L. Johnson

Down to Business:

2018 will be remembered for a great Fall Seminar and other successful events5
By Tom Bengtson

Fall Seminar Coverage:

Experts offer insights to successful deals6

Your next successful deal may be for a branch8

Minority shareholders can be source of unpredictable issues9

Healthy industry and strong M&A market9

Scenes from the Seminar 10

Photos by Ellen D. Photography

Departments:

Fed Notes:

Asset size thresholds for supervision of holding companies 12
By Leanne Kelly

Holding company transaction report 13

Holding company list:

Iowa 14

Fall Seminar sponsor thank you 19

2019 Seminar Dates 20

Bank Holding Company Association

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 *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 website, theBHCA.org. Managing Director Tom Bengtson serves as editor. Contact him at (952) 835-2248 or 1-800-813-4754 or email us at info@theBHCA.org.

The year as your BHCA president brought many lessons

My year serving as your president of the Bank Holding Company Association for 2018 is coming to a close; I can't believe how quickly the year has gone! It has been an excellent year at the BHCA, and it truly has been a privilege to serve you and the rest of the industry through this association leadership position. I have learned a few things from this vantage point, which I am happy to share in this concluding column of my term:

No. 1: *There is tremendous value in discussing issues with colleagues across the industry.* My favorite part of our BHCA board meetings were the "blue sky" discussions about all manner of industry issues. This was the part of the agenda where we would go around the table and board members would talk about what is going on in their market, how they were doing, and what things might make good topics for seminar speakers and magazine articles. It was fascinating to hear what was going on around the region, the differences between the banks located in rural areas and those located in urban areas, the differences between the family-owned holding companies and those owned publicly by shareholders. I found that hearing about other peoples' issues made me much more attuned to my own issues. It was reassuring to know others were dealing with the same thing, or that others had moved on from an issue that was just now beginning to affect my own organization. If you ever get the opportunity to serve on a board made up of industry participants from across the region, I highly encourage it; the discussions are like nothing you will have anywhere else.

No. 2: *Bankers have excellent insights into how to improve a seminar.* The BHCA asks attendees to fill out evaluation forms at the end of its seminars, and we examine the results as part of the process of planning for the future. We often get suggestions about speakers for future events, and sometimes we get comments about the quality of the food or the size of the hotel facilities, but sometimes you give suggestions that surprise us – like comments about the availability of parking at the seminar hotel, or the timing of the seminar because it conflicts with the fishing opener, or the selection of music played between sessions. In some cases we can implement a suggestion right away; in other cases practical considerations prevent us from making a change. But either way, the suggestions get us thinking and are much more helpful than I would have imagined.

No. 3: *Associate members play a very important role in the Bank Holding Company Association and at our seminars.* In the past I have tended to focus on my fellow bankers at BHCA events, but in the last year, I have come to understand better what a significant contribution our associate members make to our association. Our Fall M&A seminar is successful because of the tremendous M&A experts we are able to tap from the ranks of our associate members. And most of the presenters at that seminar, and other BHCA seminars, stick around for the entire seminar so you can visit with them during the receptions or during one of the meals. When they say something interesting in their presentation, you can follow up with them during the remainder of the seminar. This might not sound like much, but consider that in many cases it would cost you hundreds of dollars to consult with many of these associate members for even one hour. When you are at one of our seminars, you get that access without the billable hours. Also, being on the board, you get a close look at the budget for these seminars, and you see the importance of sponsorship support from the associate members. Many of them make great contributions to our events, and I am very grateful. I won't ever again take a sponsorship for granted.

No. 4: *Every banker has a story.* Now, I know this sounds obvious, but in the last year, this point was really driven home for me by the many bankers who participated in panels during one of the seminars, or by the



By Brenda L. Johnson
Charter Bankshares, Inc.
Eau Claire, Wis.

2018 BHCA Board of Directors:

President

Brenda L. Johnson
Charter Bankshares, Inc.
Eau Claire, Wis.

Vice President

Rick Wall
Highland Bancshares, Inc.
Minnetonka, Minn.

Treasurer

Mary Jayne Crocker
Bridgewater Bancshares, Inc.
Bloomington, Minn.

Past President

Chad Bergan
Dacotah Banks, Inc.
Aberdeen, S.D.

Directors:

Michael J. Finley
Janesville Holding Company
Janesville, Minn.

Paul Means
Great River Holding Company
Baxter, Minn.

Randy Newman
Alerus Financial Corporation
Grand Forks, N.D.

Michael Segner
WCF Bancorp.
Webster City, Iowa

Timothy Siegle
First Holding Co. of Cavalier, Inc.
Cavalier, N.D.

Harry Wahlquist
Midwest Bancorporation, Inc.
Eden Prairie, Minn.

Toll Free
(800) 813-4754

Twin Cities
(952) 835-2248

www.theBHCA.org



President's Observations, Continued on page 17

2018 will be remembered for a great Fall Seminar and other successful events

The 2018 Fall Seminar was a major success for the BHCA due to your participation and support. Thank you very much. A lot of work goes into presenting any of our seminars, but I think our efforts really paid off this fall. An additional reason for the success is the large number of firms we have located in the Midwest that are national leaders in community bank M&A. They know this stuff better than anyone else in the country and they are willing to support the BHCA, present at our seminars, and share their expertise. This makes a big difference.

You might be interested to know that 36 companies chose to sponsor the Fall Seminar; that's a record show of support, certainly since I've been involved with the association and possibly since the organization began hosting seminars more than 35 years ago. Our seminars end up being our greatest membership recruiting tool as 11 organizations joined the BHCA when they registered for the Fall Seminar. We had 311 total attendees, 261 of whom attended both days of the event.

Most of our Fall Seminar attendees came from Minnesota, with North Dakota being home to the second largest contingent and Wisconsin coming in third. We had a good group of attendees from Iowa at this year's Fall Seminar, which is gratifying. There are many wonderful community banking organizations in Iowa, a state which historically has not been very involved with the BHCA. But that is obviously changing. More Iowans are noticing the BHCA and making the trek to the Twin Cities to check out our events. It used to be that the borders of the 9th Federal Reserve District proved to be an obstacle to attendance, but that is clearly no longer the case.

We always look at the evaluations closely following an event such as the Fall Seminar. Ninety-five percent of the people who filled out evaluation forms rated the seminar 4, 4.5 or 5 on a 1-to-5 scale with 5 being the best rating. We view this result to be a true validation of our efforts.

Next year's events

In 2019, our Spring Seminar will be devoted to "Innovation and Performance." Innovation is an essential part of successful performance these days, and we will bring together speakers who can provide some guidance about how to make it all work. Our Fall Seminar next year will be devoted again to the M&A arena. This will be our third year in a row offering this kind of education. I understand our challenge is to avoid repetition from previous seminars, but I think the topic is so dynamic that I am confident about our ability to deliver another "must-attend" event that will truly make our members better bank owners and senior managers.

Perhaps the most gratifying fact for the BHCA has been

our steady growth in membership. In 2018, we expect to end the year with 11 more members than we had at the end of 2017. We actually have welcomed 24 new members this year, but with a few that did not renew their memberships this year, the net gain was 11. In 2018, we welcomed 13 new holding companies to our membership ranks and 11 associate members. I like to think of the increase as the continuation of a trend. In 2016, we experienced net growth of 15 members. We are thrilled when organizations make the commitment to join the BHCA. We know we are fortunate to be a regional association where our potential pool of new members remains sizeable despite a general trend toward industry consolidation.



By Tom Bengtson
BHCA Managing Director

Board changes

Every year, board members conclude their three-year terms of service, as new bankers prepare to join the board. This year, Randy Newman of Alerus Financial Corp., Grand Forks, N.D., and Chad Bergan of Dacotah Banks, Inc., Aberdeen, S.D., both conclude their second term on our board. Our bylaws allow members to serve two consecutive terms, should they choose. I am really going to miss both Randy and Chad, as both made outstanding contributions to the BHCA and its board of directors. Getting to know bankers through board service is one of the true blessings of my job as managing director. I sincerely appreciate the support that I have received from Randy and Chad (as well as our other directors) over the years. Thank you!

At the BHCA annual meeting in October, two bankers were elected to join our board on Jan. 1, 2019. They are Jeff Weldon of Farmers State Corporation, Mankato, Minn., and Denise Bunbury of State Bankshares, Inc. (Bell Bank), Fargo, N.D. Denise is active in Wisconsin. I am very excited at the prospect of both these respected bankers joining our board. Denise has a long history of supporting the BHCA, including helping arrange a member recruiting luncheon in Madison a couple of years ago. I know both bankers will bring fresh ideas and energy to our board.

Strategic planning

As we move into the new year, I will have completed eight

Experts offer insights to successful deals at Fall Seminar

A successful merger, purchase or sale doesn't just happen all by itself; experts who spoke at the Bank Holding Company Association's Fall Seminar, conducted Oct. 1-2 at the Hyatt Regency Bloomington-Minneapolis, said a lot of planning goes into any successful M&A transaction. Smooth execution requires engaged bankers and experienced professional advisors, who are likely to come from an accounting firm, law firm and investment banking firm.

Neil Falken, principal at CliftonLarsonAllen, said one of the best transac-



Neil Falken said savvy bank buyers know what they are looking for.

tions he ever participated in involved the buyer visiting the target to describe exactly how they wanted to proceed.

Falken said it is important to know what you want out of a transaction and to be able to describe it clearly to the target. Falken said too many bankers look at potential targets with no idea of what they are really looking for. The best banks, he said, plan ahead and describe in writing the elements that make a deal appealing for their bank.

These are some of the common reasons banks seek a merger partner:

- Increase geographic presence
- Offer new services
- Increase market share
- Gain technology
- Gain talent

Investors frequently expect accretion from M&A transactions almost immediately. Falken said in situations where one bank buys another, a rule of thumb has the acquiring bank taking out about

35 percent of the operating expense of the acquired entity. Often, this is handled through layoffs. "If you can't fix the expense side, then you better have some great additional loan opportunities or fee opportunities so you can fix the revenue side," Falken commented. He added that accretion does not happen as quickly when the improved performance is revenue-based.

One common scenario for deals today, Falken said, involves a bank that is highly loaned up—say to 110 percent of deposits—that goes after a bank with a loan-to-deposit ratio of under 50 percent. "That's the transaction that everyone is looking for today," he said, pointing out the balance sheet complementarity of two such organizations.

While there are financial ratios standard across the industry which might provide some direction about an appropriate price for an acquisition, there are no guarantees. Falken said data surrounding private deals is not readily available. Public deals are more transparent but not necessarily useful as models for private deals. "It often comes down to gut feel," Falken said about the right bid price. In some cases, he said, it can be defensive in the sense that a buyer fears the target will be purchased by a competing bank.

Many factors affect sale price, with indemnifications becoming an increasingly important part of many transactions. The amount of indemnification can affect the sale price, Falken noted. While buyers will want all the indemnifications they can get, sellers are often reluctant to provide much because they want deals to actually be completed at closing.

Craig Mueller and David Stieber commented that prices for banks, particu-

larly in attractive areas, are impressive, although Mueller attributed strong prices to a strong economy. He quickly added that "we are due for a correction," noting the historic length of the current economic growth stretch. Mueller called the current situation a seller's market. Mueller and Stieber are principals at the Minneapolis investment banking firm of Oak Ridge Financial.



Stieber said there is no rule of thumb for determining the price of a bank, and that many factors affect the price. Often, banks that generate assets demand higher prices.

Unsolicited offers do come from time to time, commented Tony Moch of the Minneapolis-based Winthrop & Weinstein law firm — especially for banks located in attractive metro areas. He urged bankers to consider the following when evaluating an offer:

1) *Confidentiality.* Everyone involved needs to sign non-disclosure agreements at the very beginning of the process. People in your organization may figure out that something is going on so provide information as appropriate. Furthermore, discuss confidentiality with people on your team, especially as you bring them in during the due diligence phase.

2) *Negotiations may not go as smoothly as hoped.* It helps if you know the other party and have some idea of what to expect. Understand that the best deals involve both parties making compromises.

3) *Understand the possibility that the deal might terminate before consummation.* Sometimes unexpected and insurmountable impediments arise

at different points during the process. Written agreements should address the possibility that the deal might not go through.

4) *Deals take time*, sometimes so much time that it poses a significant opportunity cost in terms of lost productivity. Resolve issues early and whenever considering new transaction details weigh them against the risk posed and the true necessity of addressing them.

5) *Consider the employees*. Be clear about who is going to cover severance packages. Be clear on employment agreements that retain employees for a certain amount of time. Think about how you will handle requests for salary adjustments

6) *Look carefully at non-traditional sources of revenue* that may come with an acquisition. What is the role of an insurance agency or brokerage agreement in the deal? Has the target bank entered into a fintech relationship that an acquirer would be expected to honor?

7) *Benefit programs*. Parties should be clear on who is funding what. The buyer and seller should understand the differences in their policies regarding personal time off. If the selling bank allows employees to bank PTO indefinitely and the buying bank limits it to two weeks, employees at the acquired institution could be in for a real shock, which could affect the workplace culture.

8) *Cultural compatibility*. The deal doesn't end at the closing table. Much of the real work takes place during the integration of the two entities. Culture must be considered as new employees are welcomed to the surviving entity.

9) *Post-closing legal issues*. Carefully thought-through indemnities are essential to a successful merger. There must be a practical way to address surprises that may turn up at the buyer's shop due to some-

thing acquired through the purchase.

10) *Future plans*. Are you clear about why you are doing this transaction? Do you have realistic goals for it? Are you clear on how you will evaluate the success of the transaction and integration immediately after closing, six months after closing, a year later and even two years later?

The biggest impediment to getting many deals done is the contract with the core provider. Often, conversions have to be scheduled months in advance and they don't always match up with the scheduled closing date. Falken said in some cases merged banks continue to run separately until the core provider facilitates the conversion. The transition, often overly-dependent on Excel spreadsheets or other improvised remedies, can be inefficient.

And finally, Falken encouraged bankers to decide early what criteria they will use to determine whether a transaction is a success. Sometimes it takes months or years after the close to know how successful a deal was. Deals often look good up front, but the true impact of any deal is not known until all the write-offs, goodwill and other important factors have run their course. Sometimes, a deal that seemed positive on the surface, in fact, did not advance the acquiring organization's prospects as much as shareholders had hoped it would.

Stieber said many factors go into a successful deal. Buyers should make sure their bank is clean from a regulatory perspective. Also, an acquirer should be certain it has the funds to execute the deal. Sometimes a buyer thinks they have access to financing that isn't really available to them.

"Buyers get reputations," Stieber noted, "so don't get involved in deals that don't interest you. If you are an acquirer,

you want a reputation as being serious."

Upon identifying a bank for sale, do all the research you can to learn about the opportunity, they advised. Stieber said it is appropriate to visit with management. Consider the cultural fit between the organizations. Consider what cost savings the deal would offer. Stieber and Mueller said they are likely to consider offers from engaged buyers more seriously than distant buyers. "We view more positively banks that are active, doing



David Stieber

their due diligence, seeking meetings with management," Mueller said.

Stieber said an initial offer should be as detailed as possible. He said he has seen initial offers scribbled on napkins, but the best are detailed memos, often including financial tables. The best deals are focused on the core assets of the target; brokered deposits or certificates of deposit generally do not add to the value of the target, he noted.

Both experts stressed the importance of thorough due diligence. They said a buyer should hire consultants if necessary.

Stieber said it is important to hire attorneys who are experienced in bank transactions. With good counsel, the pair said it takes 30 to 45 days, typically, to draft a definitive agreement.

Sellers ideally want multiple potential buyers. Stieber and Mueller said competition in the final round of bids is a good thing for the seller.

Both urged buyers and sellers to put together a team to represent your interests in a transaction, including an accountant, attorney and investment banker. The more the team members are "in sync" the smoother the transaction is likely to go. ■

Your next successful deal may be for a branch

Whether a bank should change its branches—that is, buy, sell or close one—is best determined according to the situation. That’s according to a discussion led by Bob Edelman of Edelman & Co., Ltd., at the BHCA Fall Seminar. Edelman moderated a panel with Tim Kotnour of State Bank Financial, La Crosse, Wis., and Mike Daniels of Nicolet National Bank, Green Bay, Wis.



Bob Edelman

Most branch deals don’t come with the same social issues that whole-bank deals bring, Edelman said. They aren’t career-ending sales which affect upper management; usually most employees keep their jobs with

the new owner. The branch typically comes with deposits, customers and some loans. Public data on branch deals is slim, he said, but the price has risen in recent years along with the growing need for deposits, which appears to be the largest driver of deals.

For context, Edelman offered that the median loan-to-deposit ratio at Wisconsin-headquartered banks had risen to 88 percent from 80 percent over the last four years. In Minnesota, that number rose to 83 percent from 73 percent. In those two states combined, there are 92 banks with a loan-to-deposit ratio greater than 100 percent, nearly double the number four years ago. Deposit premiums in the mid-to-high-single digit percent of deposits are typical, and 10 percent is not unheard of.

Generally, buyers in branch deals are motivated by four things, Edelman said: consolidating buyer and seller locations, expanding their markets, finding needed space for administration purposes or for housing revenue generators such as lenders, and deploying excess capital. On the flip side, sellers frequently are looking to shed unwanted offices or pare their networks prior to a sale. They’re also looking for increased efficiencies and extra cash from a sale, he said.

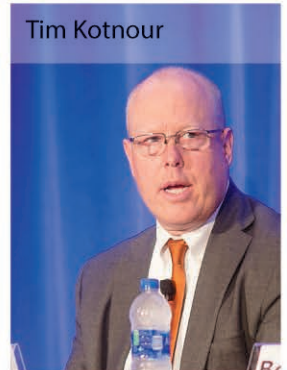
If a bank is looking to downsize, just closing it may be the most profitable if it’s the right move, Daniels said. However, he cited an instance in which the bank had an underperforming branch in a county seat. “It wouldn’t have been a very popular move to close that branch,” he said, so selling the branch to a local bank was the right choice.

A big roadblock for branch sales is data processing and core conversions, Kotnour said. “You have to sell the branch when Jack Henry or Fiserv tells you you can.” An electronic data transfer might take a \$30,000 check to the core processor, so manual transfer—resources and time permitting—might be more attractive, if more labor-intensive.

In a new market expansion, one of the key concerns is finding talent and recruiting. Sometimes finding bankers at a larger bank who want to move to a different environment is a fruitful strategy, Kotnour said. “If you’re *de novo*, you’ve got to find a way to matter,” Daniels added. “If you don’t have people who care, you’re dead in the water.”

Edelman closed the session by asking what the branch of the future will look like. “This is a branch,” Daniels responded, holding up his smartphone. Banks won’t move completely out of the physical realm though, even if they become increasingly reliant on technology in their branch planning, he said.

“Unless you’re from a bigger metro area, nobody thinks tech-only is sexy,” Daniels said. Kotnour agreed, saying he expected to see offices more spread out and having a smaller physical footprint, but still very much playing an important role in community banking. ■



Tim Kotnour



Mike Daniels



Panelists acknowledge that a branch deal may make more sense than a whole bank transaction.

By Mara Gawarecki

Minority shareholders can be source of unpredictability

Even banks that are primarily held by members of one family may deal with speed bumps related to minority shareholders, said Adam Maier and Bob Monroe, attorneys with the law firm Stinson Leonard Street at the BHCA 2018 Fall Seminar.

“Any time you do anything with your minority shareholders, they’re going to scream,” Maier said. Activist investors top the list of concerns. Maier cited the case of the \$270 million Cardinal Bankshares, and its subsidiary Bank of Floyd, Va. Cardinal faced a challenge from activist investor Schaller Equity Partners, which owned 9.8 percent of its stock—just under the 10 percent bank holding company cutoff. The 14-month battle led to Cardinal’s sale in 2016.



Adam Maier explained the disruption that can be caused by activist investors.

That case may be an extreme, but about 8 percent of banks experience an activist event each year, Maier said, and up to one-third of publicly traded banks will experience such an event. Those activist

investors usually aren’t happy with the return on their initial investment and push for a bank sale. “They’re looking for a quick buck,” Maier said. “They’re not in it to see the community bank do well. They want to force a sale.”

They might also push for increased returns through additional, riskier loans, or added business lines where a bank lacks expertise, Maier said. In valuation issues, the discount of minority shares also can cause problems with capital raises.

“Why buy minority interests?” Monroe asked, rhetorically. If a family doesn’t have a next generation in position to take over the bank but still has a connection to the bank, it may want to hold a minority interest. Also, for investment purposes, bank holding companies may buy stock in other holding companies or banks. They don’t necessarily want to be in control, but they want the returns. If the bank owns more than 4.9 percent, it will want to sign a passivity commitment and avoid being on the hook if the bank needs to raise capital.

Another consideration is when non-profit organizations end up with bank stock, usually from being named

a beneficiary in a will. The Fed doesn’t like foundations to have bank holding company stock because they can’t raise funds for the banks, Monroe said.



Bob Monroe said minority stakes can be attractive.

Considerations around filing under Reg Y also affect how much stock individuals purchase, Monroe said. Under 10 percent, they don’t have to form a bank holding company, but other thresholds exist below the red-letter 10 percent cutoff that minority shareholders need to keep in mind, such as individual buyers vs. acting in concert, or buying stock in public vs. private companies.

Asked what majority owners can do in reverse stock split situations, in which majority owners might want to push minority owners out, Monroe presented a practical approach. “You have to have a good business reason,” he said. “You can’t just say you want to get rid of them.” ■

Grandstrand comments industry is strong, M&A market healthy

The banking industry is generally healthy, commented Karen Grandstrand, an attorney from the Minneapolis-based law firm to Fredrikson & Byron, who opened the BHCA Fall Seminar on Oct. 1. The Midwest arena is particularly strong, especially in the Midwest among smaller institutions, she said.

“My prediction is that bigger players will be doing more deals. Why? Because of the SIFI definition,” she said. The threshold for being classified as a systemically important financial institutions she said, is increasing, which means more banks can grow by acquisition without triggering additional regulatory

obligations. “Also, too-big-to-fail is not top of mind; there is more appetite by regulators to permit these deals,” she said. “These players have been on the sidelines and will enter the market again.”

Grandstrand also said consolidation is being fueled by everything from a lack of succession planning, to IT, to compliance costs, to funding pressure, to shareholder value. And, the regulatory relief legislation passed in the spring will positively affect M&A, she said, with regulator approvals coming a little easier. ■





#BuySellerHold2018
Scenes from our
2018 Fall M&A Seminar, Oct. 1-2
Hyatt Regency | Bloomington, Minn.





By Leanne Kelly

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

The Bank Holding Company Act, originally enacted in 1956, provides a framework for the supervision and regulation of all domestic and foreign companies that control a bank and the subsidiaries of such companies. Supervision and regulation of these entities has changed over time, and more changes are forthcoming as the Board of Governors implements the requirements of the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA) of May 2018.

Capital planning and adequacy

Regardless of holding company size, the Federal Reserve expects its supervised institutions to implement adequate capital planning processes and ensure capital adequacy. The principal capital regulations for Federal Reserve–regulated institutions are the Small Bank Holding Company Policy Statement (Appendix C of Regulation Y, 12 C.F.R. 225), Regulation Q Capital Adequacy requirements (12 C.F.R. 217), Regulation YY Enhanced Prudential Standards (12 C.F.R. 252), and Regulation Y capital plan rules (12 C.F.R. 225.8).

On August 28, 2018, the Board issued an interim final rule, which raises the asset threshold for holding companies subject to the Small Bank Holding Company Policy Statement from \$1 billion to \$3 billion. This change provides corresponding relief from comprehensive consolidated financial regulatory reports. This policy statement applies only to holding companies with consolidated assets of less than \$3 billion that meet certain qualitative requirements, including those pertaining to nonbanking activities, off-balance-sheet activities, and publicly registered debt and equity. The policy statement exempts companies that meet these specifications from the Board’s minimum capital requirements (Regulation Q).

EGRRCPA also resulted in changing the thresholds of certain enhanced prudential standards of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Upon enactment, EGRRCPA exempted holding companies under \$100 billion in assets from the requirements that Dodd-Frank originally mandated relating to certain enhanced prudential standards for holding companies with assets greater than \$50 billion and the Dodd-Frank mandated company-run stress tests for firms with greater than \$10 billion in assets.

Audit committee

As mentioned in my Fed Notes article in the summer 2017 edition of *Bank Owner* magazine, section 36 of the FDI Act provides clarification for those depository institutions that elect to use the audit committee of the parent holding company to satisfy the depository institution’s audit committee requirements. The level of independence and expertise of the audit committee increases as the size of the institution increases, with threshold triggers at \$500 million, \$1 billion, \$3 billion, and \$5 billion. In addition, for public companies (including those that are banks and bank holding companies) section 301 of the Sarbanes-Oxley Act requires the audit committee to be composed entirely of independent directors (see 15 U.S.C. 78j-1).

Inspections

The Federal Reserve tailors its supervision and regulation of holding companies based on the size and complexity of the organization as well as the degree of systemic risk the company poses to the U.S. financial system and the economy, including the Deposit Insurance Fund. The Federal Reserve generally segments its portfolios by size into community banking organizations (up to \$10 billion in assets), regional banking organizations (\$10 billion to \$100 billion), large banking organizations (\$100 billion or more), and LISCC portfolio firms (i.e., the largest, most systemically important financial institutions in the U.S.). The inspection frequency and

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.

- ▷ First Mid-Illinois Bancshares, Inc., Mattoon, Ill., authorized to acquire SCB Bancorp, Inc., Decatur, Ill., and thereby acquire Soy Capital Bank and Trust Company.
- ▷ WNB Holding Company, Winona, Minn., authorized to acquire First State Bank of Wabasha, Minn., and First State Insurance of Wabasha, Inc., and thereby engage in general insurance agency activities.
- ▷ Application filed by TEB, MHC and TEB Bancorp, Inc., both of Wauwatosa, Wis., to become a mutual bank holding company and mid-tier stock bank holding company, respectively, by acquiring the outstanding capital stock of The Equitable Bank, S.S.B., Wauwatosa, in connection with the conversion of The Equitable Bank, S.S.B. from mutual to stock form and a minority stock issuance by the mid-tier holding company.
- ▷ First Busey Corporation, Champaign, Ill., filed to acquire via merger The Banc Ed Corp., Edwardsville, Ill., and thereby acquire The Bank of Edwardsville, Ill.
- ▷ West Michigan Community Bank, Hudsonville, Mich., filed to become a member of the Federal Reserve System.
- ▷ Notice filed by Stephen B. Clark, Pittsburg, Ill., to gain control of Main Street Bancshares, Inc., Harrisburg, Ill.
- ▷ Brian Solsrud and others filed to acquire 25 percent or more of Augusta Financial Corporation and gain control of Unity Bank, both of Augusta, Wis.
- ▷ Brian Solsrud and others filed to acquire 25 percent of Caprice Corporation, Augusta, Wis., and thereby gain control of Unity Bank North, Red Lake Falls, Minn.
- ▷ GNI, LLC, New York, N.Y., filed to become a bank holding company by acquiring Wall Street Holding Company, Hamilton, N.D., and thereby acquire Bank of Hamilton.
- ▷ Farrar Beresford Bancorporation Inc., Irrevocable Trust, Britton, S.D., and Beresford Bancorporation, Inc., (BBI) authorized (1) to engage in making loans and selling insurance in association with extensions of credit through Lloyd's Plan S.D., Inc., a *de novo*, wholly-owned consumer finance company, and (2) for BBI to extend credit.
- ▷ Holata Micco, LLC, and Bowlegs Creek, LLC, both of Naples, Fla., elect to become bank holding companies with respect to The Leaders Bank, Oak Brook, Ill.
- ▷ Breck C. Collingsworth, Lincoln, Neb., filed to acquire shares of TCM Company, Crete, Neb., and thereby acquire City Bank & Trust Co., Lincoln. In addition, Collingsworth and Susan Chrastil, Crete, filed to be approved as a group acting in concert to control TCM Company.
- ▷ Resource Bancshares, Inc., DeKalb, Ill., has elected to become a financial holding company.
- ▷ WCF Bancorp, Inc., Webster City, Iowa, elects to become a bank holding company with respect to WCF Financial Bank, Webster City, Iowa.
- ▷ Kimberly Leasing Corporation, Augusta, Wis., filed to merge with Augusta Financial Corporation and Caprice Corporation, both of Augusta, Wis., and thereby acquire, Unity Bank, Augusta, and Unity Bank North, Red Lake Falls, Minn., respectively
- ▷ Citizens Bank of Kansas, Kingman, filed to merge with Verus Bank, Derby, Kan., and to establish several branches.
- ▷ Equitable Financial Corp., Grand Island, Neb., filed to become a bank holding company through the acquisition of Equitable Bank, Grand Island.
- ▷ Security Trust & Savings Bank, Storm Lake, Iowa, authorized to purchase the assets and assume the liabilities of First National Bank of Rembrandt, Iowa, and to establish a branch.
- ▷ First York Ban Corp, York, Neb., filed to acquire through its subsidiary, Cornerstone Bank, Franklin State Bancshares, Inc., Franklin, Neb.; and for Cornerstone Bank to merge with Franklin State Bank and thereby establish a branch.
- ▷ AJJ Bancorp, Inc., Elkader, Iowa, filed to acquire via merger Swisher Bankshares, Inc., Swisher, Iowa. In addition, AJJ Bancorp, Inc.'s subsidiary bank, Central State Bank, Elkader, filed to merge with Swisher Trust & Savings Bank, Swisher.
- ▷ Change in control notice filed by Matthew Moran, Seattle, and others acting in concert to acquire control of Ceylon Bancorporation, Inc., and thereby acquire control of the State Bank of Ceylon, both of Ceylon, Minn.
- ▷ Change in control notice filed by the Belva H. Rasmussen 2018-A, Irrevocable Trust and others to acquire control of Northeast Securities Corporation, Minneapolis (NSC), and thereby gain control of Northeast Bank, Minneapolis. In addition, Chris R. Fitzmorris, as a trustee, filed to acquire control of NSC and thereby gain control of Northeast Bank.
- ▷ First State Bank Nebraska, Lincoln, Neb., filed to merge with The Nehawka Bank, Nehawka, Neb., and to establish two branches.
- ▷ 1895 Bancorp of Wisconsin, MHC, Greenfield, Wis., authorized to become a mutual savings and loan holding company and for 1895 Bancorp of Wisconsin, Inc., Greenfield, to become a stock savings and loan holding company that will control a new savings association, PyraMax Bank, FSB.
- ▷ Glenwood State Bank, Glenwood, Iowa, filed to merge with its sister bank, Frontier Savings Bank, Council Bluffs, Iowa. As a result of the merger, Glenwood State Bank will establish a branch in Council Bluffs.
- ▷ Lance E. Skov, Albert Lea, Minn., filed to become trustee of the Lake Bank Shares, Inc., ESOP, Albert Lea, and thereby acquire control of Lake Bank Shares, Inc., which owns Security Bank Minnesota, both of Albert Lea.
- ▷ Opportunity Bank of Montana, Helena, filed to merge with State Bank of Townsend, Mont., and to establish branches.
- ▷ Foote Financial Shares, LLC, Hoxie, Kan., filed to become a bank holding company through the acquisition of Peoples State Bank, Manhattan.
- ▷ Orvet, Inc. Minneapolis, and Silver Springs Financial Corp, Minneapolis, filed to acquire Lake Country Community Bank, Morrystown, Minn.
- ▷ Fidelity Company, Dubuque, Iowa, filed to acquire 100 percent of the outstanding shares of State Bank, New Hampton, Iowa.
- ▷ Heartland Bancorp, Inc., Bloomington, Ill., filed to acquire via merger Lincoln S.B. Corp., and thereby acquire State Bank of Lincoln, both of Lincoln, Ill.
- ▷ Providence Financial Corporation, South Holland, Ill., filed to acquire Urban Partnership Bank, Chicago.
- ▷ Geneva State Company, Geneva, Neb., filed to acquire First National Fairbury Corporation, and thereby acquire First National Bank of Fairbury, both of Fairbury, Neb.
- ▷ Geneva State Company, Geneva, Neb., filed to acquire Jefferson County Bancshares, Inc., and thereby acquire Jefferson County Bank, both of Daykin, Neb.
- ▷ Stifel Bank, Clayton, Mo., authorized to become a member of the Federal Reserve System.
- ▷ Ameriprise Financial Inc., Minneapolis, filed to become a savings and loan holding company as a result of the proposed conversion of its subsidiary, Ameriprise National Trust Bank, Minneapolis, into a full-service federal savings bank to be named Ameriprise Bank, FSB.
- ▷ Redwood Financial, Inc., Redwood Falls, Minn., filed to become a bank holding company by acquiring HomeTown Bank, Redwood Falls, upon its conversion to a bank.

IOWA BANK HOLDING COMPANIES

HOLDING COMPANY, LOCATION Subsidiary Bank, Location	CONSOLIDATED ASSETS*	SUBSIDIARY ASSETS*	HOLDING COMPANY, LOCATION Subsidiary Bank, Location	CONSOLIDATED ASSETS*	SUBSIDIARY ASSETS*
1.HEARTLAND FINANCIAL USA, INC., DUBUQUE	11,301,920		25.RIGLER INVESTMENT COMPANY, NEW HAMPTON	723,090	
ARIZONA BANK & TRUST, PHOENIX, AZ		653,596	STATE BANK, NEW HAMPTON		377,523
CITYWIDE BANKS, DENVER, CO		2,295,261	GREEN CIRCLE INVESTMENTS, INC., CLIVE	345,519	
DUBUQUE BANK AND TRUST COMPANY, DUBUQUE		1,500,108	PEOPLES BANK, CLIVE		345,140
FIRST BANK & TRUST, LUBBOCK, TX		1,123,162	26.FIDELITY BAN CORPORATION, INDEPENDENCE	655,272	
ILLINOIS BANK & TRUST, ROCKFORD, IL		822,089	BANKIOWA, CEDAR RAPIDS		654,733
MINNESOTA BANK & TRUST, EDINA, MN		660,469	27.PILOT BANCORP, INC., PILOT GROVE	585,644	
MORRILL AND JANES BANK AND TRUST COMPANY, MERRIAM, KS		602,630	PILOT GROVE SAVINGS BANK, PILOT GROVE		585,750
NEW MEXICO BANK & TRUST, ALBUQUERQUE, NM		1,466,311	28.VOGEL BANCSHARES, INC., ORANGE CITY	580,239	
PREMIER VALLEY BANK, FRESNO, CA		846,215	IOWA STATE BANK, HULL		576,533
ROCKY MOUNTAIN BANK, BILLINGS, MT		504,243	29.DUNN INVESTMENT CO., MANCHESTER	572,934	
WISCONSIN BANK AND TRUST, MADISON, WI		1,034,075	FARMERS & MERCHANTS SAVINGS BANK, MANCHESTER		571,814
2.BTC FINANCIAL CORPORATION, DES MOINES	4,434,833		30.GNB BANCORPORATION, GRUNDY CENTER	542,983	
BANKERS TRUST COMPANY, DES MOINES		4,421,748	GNB BANK, GRUNDY CENTER		537,888
3.MIDWESTONE FINANCIAL GROUP, INC., IOWA CITY	3,276,277		31.HOW-WIN DEVELOPMENT CO., CRESCO	538,093	
MIDWESTONE BANK, IOWA CITY		3,269,401	CUSB BANK, CRESCO		466,662
4.HILLS BANCORPORATION, HILLS	3,002,956		32.TS CONTRARIAN BANCSHARES, INC., TREYNOR	531,539	
HILLS BANK AND TRUST COMPANY, HILLS		3,001,373	BANK OF TIOGA, TIOGA, ND		351,392
5.WEST BANCORP, INC., WEST DES MOINES	2,197,166		FIRST NATIONAL BANK AND TRUST COMPANY, CLINTON, IL		166,590
WEST BANK, WEST DES MOINES		2,195,357	33.PREMIER HOLDINGS, LTD., ROCK VALLEY	516,932	
6.NORTHWEST FINANCIAL CORP., ARNOLDS PARK	1,823,203		PREMIER BANK, ROCK VALLEY		516,947
FIRST NATIONAL BANK IN CRESTON		251,769	34.PEOPLES BANCORP, ROCK VALLEY	495,757	
NORTHWEST BANK, SPENCER		1,568,552	PEOPLES BANK, ROCK VALLEY		492,254
7.IDA GROVE BANCSHARES, INC., IDA GROVE	1,514,495		35.VISIONBANCSHARES, INC., BOONE	493,461	
UNITED BANK OF IOWA, IDA GROVE		1,513,485	VISIONBANK OF IOWA, AMES		492,917
8.ATBANCORP, DUBUQUE	1,369,052		36.CEDAR VALLEY BKSHRS, LTD., CHARLES CITY	481,843	
AMERICAN BANK & TRUST WISCONSIN, CUBA CITY, WI		167,897	FIRST SECURITY BANK AND TRUST COMPANY, CHARLES CITY		482,306
AMERICAN TRUST & SAVINGS BANK, DUBUQUE		1,201,942	37.IOWA FIRST BANCSHARES CORP., MUSCATINE	475,965	
9.AMES NATIONAL CORPORATION, AMES	1,362,092		FIRST NATIONAL BANK IN FAIRFIELD		159,223
BOONE BANK & TRUST CO., BOONE		127,141	FIRST NATIONAL BANK OF MUSCATINE		316,079
FIRST NATIONAL BANK, AMES		746,873	38.GREEN BELT BANCORPORATION, IOWA FALLS	475,714	
RELIANCE STATE BANK, STORY CITY		220,445	GREEN BELT BANK & TRUST, IOWA FALLS		475,776
STATE BANK & TRUST CO., NEVADA		164,485	39.LARCH BANCORPORATION, INC., LARCHWOOD	448,966	
UNITED BANK & TRUST N.A., MARSHALLTOWN		110,556	EXCHANGE STATE BANK, LUVERNE, MN		220,157
10.BANK IOWA CORPORATION, WEST DES MOINES	1,282,020		SECURITY SAVINGS BANK, CANTON, SD		228,232
BANK IOWA, WEST DES MOINES		1,278,577	40.SECURITY AGENCY, INCORPORATED, DECORAH	448,965	
11.FIRST CITIZENS FINANCIAL CORP., MASON CITY	1,260,954		DECORAH BANK AND TRUST COMPANY, DECORAH		448,965
FIRST CITIZENS BANK, MASON CITY		1,257,085	41.GREENE INVESTMENT CO., JEFFERSON	444,732	
12.AMBANK COMPANY, INC., SIOUX CENTER	1,189,471		HOME STATE BANK, JEFFERSON		252,103
AMERICAN BANK, N.A., LE MARS		286,901	SOUTH STORY BANK & TRUST, SLATER		191,621
AMERICAN STATE BANK, SIOUX CENTER		889,661	42.VAN DIEST INVESTMENT CO., WEBSTER CITY	437,939	
13.LINCOLN BANCORP, REINBECK	1,176,132		FIRST STATE BANK, WEBSTER CITY		437,420
LINCOLN SAVINGS BANK, CEDAR FALLS		1,161,105	43.COMMUNITY FINANCIAL CORP., EDGEWOOD	426,207	
14.OHNWARD BANCSHARES, INC., MAQUOKETA	1,161,062		COMMUNITY SAVINGS BANK, EDGEWOOD		426,331
FIRST CENTRAL STATE BANK, DE WITT		397,415	44.PRIMEBANK, INC., LE MARS	424,575	
GATEWAY STATE BANK, CLINTON		165,481	PRIMEBANK, LE MARS		424,293
MAQUOKETA STATE BANK, MAQUOKETA		323,842	45.EASTER ENTERPRISES, INC., SPENCER	420,429	
OHNWARD BANK & TRUST, CASCADE		269,518	FARMERS TRUST AND SAVINGS BANK, SPENCER		420,372
15.LUANA BANCORPORATION, LUANA	1,051,981		46.CORNERSTONE FIN. SVS GROUP, INC., OTTUMWA	417,736	
LUANA SAVINGS BANK, LUANA		1,051,981	SOUTH OTTUMWA SAVINGS BANK, OTTUMWA		416,769
16.FSB FINANCIAL SERVICES, INC., WATERLOO	1,002,243		47.*TREYNOR BANCSHARES, INC., TREYNOR	415,510	
FARMERS STATE BANK, WATERLOO		1,001,374	TREYNOR STATE BANK, TREYNOR		397,209
17.STARK BANK GROUP, LTD., FORT DODGE	952,506		48.ALBRECHT FINANCIAL SERVICES, INC., NORWALK	408,326	
FIRST AMERICAN BANK, FORT DODGE		951,196	CITY STATE BANK, NORWALK		405,177
18.FIDELITY COMPANY, DUBUQUE	935,040		49.ARNESON BANCSHARES, INC., CLEAR LAKE	404,235	
COMMUNITY STATE BANK, TIPTON		117,965	CLEAR LAKE BANK AND TRUST COMPANY, CLEAR LAKE		403,495
FIDELITY BANK & TRUST, DUBUQUE		811,338	50.HERKY HAWK FINANCIAL CORP., MONTICELLO	401,908	
19.CENTRAL BANCSHARES, INC., MUSCATINE	887,413		CITIZENS STATE BANK, MONTICELLO		391,014
CBI BANK & TRUST, MUSCATINE		524,976	51.LIBERTY FINANCIAL SERVICES, INC., SIOUX CITY	400,716	
FARMERS AND MECHANICS BANK, GALESBURG, IL		378,849	LIBERTY NATIONAL BANK, SIOUX CITY		400,018
20.CARROLL COUNTY BANCSHARES, INC., CARROLL	860,323		52.MIDSTATES BANCSHARES, INC., HARLAN	396,606	
AVAILA BANK, CARROLL		676,653	MIDSTATES BANK, N.A., COUNCIL BLUFFS		388,788
COMMUNITY BANK, NEVADA		216,761	53.PSB CORPORATION, WELLSBURG	381,859	
21.GOODENOW BANCORPORATION, OKOBOJI	859,588		DENVER SAVINGS BANK, DENVER		178,012
BANK MIDWEST, SPIRIT LAKE		859,274	FIRST STATE BANK, SUMNER		106,491
22.COMMERCIAL FINANCIAL CORP., STORM LAKE	845,616		PEOPLES SAVINGS BANK, WELLSBURG		96,988
CENTRAL BANK, STORM LAKE		845,437	54.IOWA STATE BANK HC, DES MOINES	379,995	
23.TWO RIVERS FIN. GROUP, INC., BURLINGTON	837,544		IOWA STATE BANK, DES MOINES		379,422
TWO RIVERS BANK & TRUST, BURLINGTON		828,999	55.W. J. YOUNG & CO., CLINTON	379,977	
24.NEIGHBOR INSURANCE AGENCY, INC., MARION	767,968		CLINTON NATIONAL BANK, CLINTON		380,042
FARMERS STATE BANK, MARION		767,771			

Source: Regulatory financial reports filed by bank holding companies and banks, data as of June 30, 2018. *Dollar amounts in thousands

* Owns a minority interest in TS Contrarian Bancshares, Inc. (#32)

IOWA BANK HOLDING COMPANIES

HOLDING COMPANY, LOCATION Subsidiary Bank, Location	CONSOLIDATED ASSETS*	SUBSIDIARY ASSETS*	HOLDING COMPANY, LOCATION Subsidiary Bank, Location	CONSOLIDATED ASSETS*	SUBSIDIARY ASSETS*
56. FIRST OF WAVERLY CORPORATION, WAVERLY FIRST NATIONAL BANK, WAVERLY	376,837	376,552	85. HTB, INC., OSAGE HOME TRUST & SAVINGS BANK, OSAGE	243,790	245,340
57. COUNTRY BANCORPORATION, CRAWFORDSVILLE CENTER POINT BANK AND TRUST COMPANY, CENTER POINT EXCHANGE STATE BANK, SPRINGVILLE HIAWATHA BANK & TRUST COMPANY, HIAWATHA PEOPLES SAVINGS BANK, CRAWFORDSVILLE PEOPLES TRUST AND SAVINGS BANK, RIVERSIDE WALKER STATE BANK, WALKER WHITE STATE BANK, SOUTH ENGLISH	369,226	34,557 46,076 57,289 34,881 29,612 41,201 36,993	86. FNC., INC., STORM LAKE CITIZENS FIRST NATIONAL BANK, STORM LAKE	242,670	202,571
LONE TREE SERVICE COMPANY, LONE TREE FARMERS & MERCHANTS SAVINGS BANK, IOWA CITY	87,083	86,928	87. WHITMORE COMPANY, INC., CLARINDA PCSB BANK, CLARINDA	229,372	227,777
58. GRINNELL BANCSHARES, INC., GRINNELL GRINNELL STATE BANK, GRINNELL	366,092	310,022	88. FIRST COMM. BANCSHARES CORP., ANAMOSA CITIZENS SAVINGS BANK, ANAMOSA FIRST COMMUNITY BANK, MILTON, WI	225,162	124,749 100,413
59. CLARKEL, INC., KESLEY IOWA STATE BANK, CLARKSVILLE	365,674	363,629	89. WHITNEY CORPORATION OF IOWA, ATLANTIC FIRST WHITNEY BANK AND TRUST, ATLANTIC	221,899	212,000
60. DENTEL BANCORPORATION, AMES CORYDON STATE BANK, CORYDON FIRST STATE BANK, COLFAX MAXWELL STATE BANK, MAXWELL POCAHONTAS STATE BANK, POCAHONTAS	350,943	119,723 68,542 27,853 99,428	90. MILFORD BANCORPORATION, MILFORD UNITED COMMUNITY BANK, MILFORD	215,102	214,852
61. VILLAGE INVESTMENT COMPANY, FAIRFIELD LIBERTYVILLE SAVINGS BANK, FAIRFIELD	347,735	346,150	91. OSCEOLA BANCORPORATION, OSCEOLA AMERICAN STATE BANK, OSCEOLA	213,111	213,109
62. OAKLAND FINANCIAL SERVICES, INC., OAKLAND ARBOR BANK, NEBRASKA CITY, NE	346,621	315,701	92. GLENWOOD BANCORPORATION, GLENWOOD FRONTIER SAVINGS BANK, COUNCIL BLUFFS GLENWOOD STATE BANK, GLENWOOD	209,159	39,291 169,462
63. AMBANK HOLDINGS, INC., DAVENPORT AMERICAN BANK AND TRUST COMPANY, N.A., DAVENPORT	344,112	350,137	93. IOWA COMMUNITY BANCORP, INC., CRESTON IOWA STATE SAVINGS BANK, CRESTON	208,066	207,744
64. MBT CORP., FOREST CITY MANUFACTURERS BANK & TRUST COMPANY, FOREST CITY	343,775	343,539	94. MARJON BANCORPORATION, INC., COLESBURG FARMERS SAVINGS BANK, COLESBURG	203,745	200,827
65. MID-IOWA BANCSHARES CO., ALGONA IOWA STATE BANK, ALGONA	314,398	314,127	95. HARDIN COUNTY BANCORPORATION, ELDORA HARDIN COUNTY SAVINGS BANK, ELDORA	203,660	202,050
66. W.S.B., INC., WASHINGTON WASHINGTON STATE BANK, WASHINGTON	313,619	313,617	96. COMMUNITY STATE BANCORPORATION, SPENCER COMMUNITY STATE BANK, SPENCER	202,112	200,971
67. PREMIER FINANCIAL CORP., DUBUQUE PREMIER BANK, DUBUQUE	311,727	311,108	97. COMMUNITY GRAIN CO., CARROLL IOWA SAVINGS BANK, CARROLL	201,299	201,989
68. PELLA FINANCIAL GROUP, INC., PELLA MARION COUNTY STATE BANK, PELLA	307,286	307,286	98. CFB HOLDING COMPANY, CLINTON CITIZENS FIRST BANK, CLINTON	200,822	200,822
69. EMMETSBURG BANK SHARES, INC., EMMETSBURG IOWA TRUST & SAVINGS BANK, EMMETSBURG PANORA STATE BANK, PANORA	299,418	232,040 64,999	99. NORTHWOOD FIN. SVCS. CORP., NORTHWOOD NSB BANK, MASON CITY	200,706	200,706
70. COMMUNITY BANCSHARES CORP., INDIANOLA TRUBANK, INDIANOLA	295,305	294,694	100. LEE CAPITAL CORP., FORT MADISON LEE COUNTY BANK, FORT MADISON	200,410	175,198
71. ANITA BANCORPORATION, ATLANTIC ROLLING HILLS BANK & TRUST, ATLANTIC	285,708	284,630	101. CAPITAL BANCSHARES, INC., PRIMGHAR SAVINGS BANK, PRIMGHAR	198,224	198,223
72. KERNDT BANK SERVICES, INC., LANSING KERNDT BROTHERS SAVINGS BANK, LANSING	282,832	282,094	102. FIRST FONTANELLE BANCORP., FONTANELLE FNB BANK, FONTANELLE	196,752	196,685
73. FORT MADISON FIN. COMPANY, FORT MADISON CONNECTION BANK, FORT MADISON	278,309	278,309	103. IOWA RIVER BANCORP, INC., MARSHALLTOWN PINNACLE BANK, MARSHALLTOWN	196,529	196,437
74. AJJ BANCORP, INC., ELKADER CENTRAL STATE BANK, ELKADER	275,117	275,056	104. STORM LAKE SECURITY BANCORP., STORM LAKE SECURITY TRUST & SAVINGS BANK, STORM LAKE	193,646	193,010
75. VAN BUREN BANCORPORATION, KEOSAUQUA FIRST IOWA STATE BANK, ALBIA FIRST IOWA STATE BANK, KEOSAUQUA	273,806	139,197 133,127	105. FIRST STATE ASSOCIATES, INC., HAWARDEN RIVERS EDGE BANK, MARION, SD	193,197	192,233
76. LEROY C. DARBY, INC., ELKADER FREEDOMBANK, ELKADER	272,714	272,025	106. KINGSLEY BANC CORP, KINGSLEY KINGSLEY STATE BANK, KINGSLEY	192,424	192,424
77. STATE CENTER FINANCIAL, INC., STATE CENTER CENTRAL STATE BANK, STATE CENTER	269,367	265,339	107. FREEDOM HC, WEST DES MOINES FREEDOM FINANCIAL BANK, WEST DES MOINES	191,638	191,115
78. PERRY INVESTMENT COMPANY, PERRY RACCOON VALLEY BANK, PERRY	266,529	266,128	108. GARRETT BANCSHARES, LTD., BLOOMFIELD SUCCESS BANK, BLOOMFIELD	191,506	186,112
79. WFC, INC., WAUKON WAUKON STATE BANK, WAUKON	266,482	266,482	109. FARMERS STATE BNCSHRS., INC., MASON CITY FARMERS STATE BANK, NORTHWOOD	186,935	186,899
80. CENTRAL SOUTH BANCORP., INC., INDIANOLA PEOPLES SAVINGS BANK, INDIANOLA	265,798	265,798	110. F&M BANKSHARES., INC., BURLINGTON FARMERS & MERCHANTS BANK & TRUST, BURLINGTON	185,868	185,536
81. NXT BANCORPORATION, INC., CENTRAL CITY NXT BANK, CENTRAL CITY	262,929	262,929	111. NORTHSTAR BANCSHARES, INC., ESTHERVILLE NORTHSTAR BANK, ESTHERVILLE	183,117	183,098
82. INDEPENDENCE BNCSHRS., INC., INDEPENDENCE NORTHEAST SECURITY BANK, SUMNER	258,962	258,064	112. FARMERS & MERCHANTS BANCORP, WINTerset FARMERS & MERCHANTS STATE BANK, WINTerset	182,172	186,452
83. KOSS-WINN BANCSHARES, INC., BUFFALO CTR. FARMERS TRUST & SAVINGS BANK, BUFFALO CENTER	256,256	256,123	113. FIRST STATE BANK HC, LYNNVILLE FIRST STATE BANK, LYNNVILLE	179,408	179,252
84. C-B-G, INC., WEST LIBERTY COMMUNITY BANK & TRUST COMPANY, MUSCATINE	249,943	249,357	114. COMMERCIAL BAN CORP., CARROLL COMMERCIAL SAVINGS BANK, CARROLL	177,673	177,673
			115. BRADLEY BANCORP, INC., CENTERVILLE IOWA TRUST AND SAVINGS BANK, CENTERVILLE	176,574	176,627
			116. PIONEER DEVELOPMENT CO., SERGEANT BLUFF PIONEER BANK, SERGEANT BLUFF	175,249	174,086
			117. WHEATLAND BANCORPORATION, WHEATLAND FIRST TRUST AND SAVINGS BANK, WHEATLAND	174,162	174,137
			118. LEIGHTON INVESTMENT COMPANY, PELLA LEIGHTON STATE BANK, PELLA	174,057	173,683

Source: Regulatory financial reports filed by bank holding companies and banks, data as of June 30, 2018. *Dollar amounts in thousands

IOWA BANK HOLDING COMPANIES

HOLDING COMPANY, LOCATION Subsidiary Bank, Location	CONSOLIDATED ASSETS*	SUBSIDIARY ASSETS*	HOLDING COMPANY, LOCATION Subsidiary Bank, Location	CONSOLIDATED ASSETS*	SUBSIDIARY ASSETS*
119.FAYETTE BANCORPORATION, MARION CITIZENS SAVINGS BANK, HAWKEYE MAYNARD SAVINGS BANK, MAYNARD	173,865	30,502 60,106	150.MOUNT VERNON BANCORP., MOUNT VERNON MOUNT VERNON BANK AND TRUST COMPANY, MOUNT VERNON	122,288	122,288
SHELL ROCK BANCORPORATION, SHELL ROCK SECURITY STATE BANK, WAVERLY	80,942	80,540	151.FNB BANSHARES, INC., WEST UNION BANK 1ST, WEST UNION	121,689	121,476
120.DUCLARKE, INC., KNOXVILLE IOWA STATE SAVINGS BANK, KNOXVILLE	173,845	173,715	152.GUTHRIE CTY. BANCSHARES, INC., GUTHRIE CTR. GUTHRIE COUNTY STATE BANK, PANORA	118,225	117,873
121.TITONKA BANCSHARES, INC., TITONKA TITONKA SAVINGS BANK, TITONKA	171,378	169,994	153.HEARTWAY BANCORPORATION, WAYLAND WAYLAND STATE BANK, MOUNT PLEASANT	117,219	117,219
122.NORTHWEST INVESTMENT CORP., DAVENPORT NORTHWEST BANK & TRUST COMPANY, DAVENPORT	171,214	172,919	154.WASHINGTON BANCORP, WASHINGTON FEDERATION BANK, WASHINGTON	116,096	116,096
123.FIRST BELMOND BANCORPORATION, BELMOND FIRST STATE BANK, BELMOND	168,738	99,767	155.WHITTEMORE BANCSHARES, INC., WHITTEMORE FARMERS STATE BANK, ALGONA	114,783	103,120
BANKOELWEIN, INC., OELWEIN COMMUNITY BANK OF OELWEIN	107,041	107,042	156.F. S. BANCOR, INC., MITCHELLVILLE LEGACY BANK, ALTOONA	113,850	111,765
124.DE WITT BANCORP, INC., DE WITT DE WITT BANK & TRUST CO., DE WITT	167,176	167,176	157.KEYSTONE COMMUNITY BANCORP., KEYSTONE KEYSTONE SAVINGS BANK, KEYSTONE	113,482	102,597
125.TALEN, INC., TRAEER FARMERS SAVINGS BANK & TRUST, TRAEER	165,207	163,065	158.FOSTORIA BANKSHARES, INC., FOSTORIA FARMERS SAVINGS BANK, FOSTORIA	113,054	114,848
126.DIXON BANCSHARES, INC., ROLFE CITIZENS STATE BANK, SHELTON ROLFE STATE BANK, ROLFE	163,176	120,394 41,975	159.BEDFORD BANCORP, INC., BEDFORD STATE SAVINGS BANK, CRESTON	112,702	112,700
127.MEDIAPOLIS BANCORPORATION, MEDIAPOLIS MEDIAPOLIS SAVINGS BANK, MEDIAPOLIS	161,906	161,877	160.TAMA COUNTY ABSTRACT COMPANY, TOLEDO STATE BANK OF TOLEDO, TOLEDO	112,424	111,732
128.JOHNSTON GROWTH CORPORATION, JOHNSTON CHARTER BANK, JOHNSTON	160,464	160,537	161.AUDUBON COUNTY INVESTMENT CO., AUDUBON AUDUBON STATE BANK, AUDUBON	110,873	110,873
129.CHEBELLE CORPORATION, BELLE PLAINE CHELSEA SAVINGS BANK, BELLE PLAINE VICTOR STATE BANK, VICTOR	159,760	115,185 40,167	162.MID AMERICA BANKS, INC., AMES EXCHANGE STATE BANK, COLLINS	110,399	109,787
130.FOUNTAIN VIEW BANCORP, INC., SIGOURNEY COUNTY BANK, SIGOURNEY	159,583	156,443	163.BELLEVUE BANCORPORATION, INC., BELLEVUE BELLEVUE STATE BANK, BELLEVUE	110,100	110,100
131.FIRST STATE BANCSHARES, INC., IDA GROVE FIRST STATE BANK, IDA GROVE	159,147	159,144	164.ST. ANSGAR BANCORPORATION, SAINT ANSGAR ST. ANSGAR STATE BANK, SAINT ANSGAR	109,606	108,561
132.J. E. COONLEY COMPANY, HAMPTON UNITED BANK AND TRUST COMPANY, HAMPTON	155,241	154,987	165.BURT BANCSHARES, INC., BURT SECURITY STATE BANK, ALGONA	106,802	106,778
133.A. M. SAYLOR, INCORPORATED, HAMPTON FIRST BANK HAMPTON	155,087	152,563	166.HALBUR BANCSHARES, INC., WESTSIDE WESTSIDE STATE BANK, WESTSIDE	106,075	105,659
134.LIBERTY BANCORPORATION, DURANT LIBERTY TRUST & SAVINGS BANK, DURANT	151,210	150,760	167.J. CARL H. BANCORPORATION, EARLING FARMERS TRUST & SAVINGS BANK, EARLING	105,372	95,960
135.VANDERBILT HOLDING COMPANY, INC., FAIRFAX FAIRFAX STATE SAVINGS BANK, FAIRFAX	149,903	149,903	168.BEAMAN BANCSHARES, INC., MARSHALLTOWN FARMERS SAVINGS BANK, MARSHALLTOWN	103,110	103,207
136.MALVERN BANCSHARES, INC., MALVERN MALVERN BANK, MALVERN	147,854	144,558	169.SOLON FINANCIAL, INC., SOLON SOLON STATE BANK, SOLON	99,518	99,511
137.SOMERS BANCORPORATION, SOMERS HEARTLAND BANK, SOMERS	147,150	147,150	170.EVANS BANCSHARES, INC., EVANSDALE FIRST SECURITY STATE BANK, EVANSDALE	97,226	97,009
138.DANVILLE BANCSHARES, INC., DANVILLE DANVILLE STATE SAVINGS BANK, NEW LONDON	147,136	147,136	171.DRAKE HOLDING COMPANY, RADCLIFFE SECURITY STATE BANK, RADCLIFFE	95,234	94,959
139.SSB HOLDING CO., INC., WEST DES MOINES STATE SAVINGS BANK, WEST DES MOINES	138,356	138,356	172.MORNING SUN BANK CORP., MORNING SUN BANK, WAPELLO	93,219	90,185
140.WEST BEND BANCORP., WEST BEND WEST IOWA BANK, WEST BEND	135,589	134,711	173.NEWELL BANCSHARES, INC., NEWELL FIRST COMMUNITY BANK, NEWELL	91,935	91,935
141.BARLOW BANKING CORPORATION, IOWA FALLS IOWA FALLS STATE BANK, IOWA FALLS	135,279	135,279	174.DUNLAP IOWA HOLDING CO., DUNLAP COMMUNITY BANK, DUNLAP	91,792	91,288
NORTHFIELD BANCSHARES, INC., NORTHFIELD, MN COMMUNITY RESOURCE BANK, NORTHFIELD, MN	298,062	298,046	175.C.S.B. HOLDING CORPORATION, WYOMING CITIZENS STATE BANK, WYOMING	91,134	91,134
142.FTS FINANCIAL, INC., WILLIAMSBURG FARMERS TRUST AND SAVINGS BANK, WILLIAMSBURG	134,925	134,591	176.CNB CORP, SHENANDOAH CENTURY BANK, SHENANDOAH	90,644	90,611
143.IOWA STATE FIN. SERVICES CORP., FAIRFIELD IOWA STATE BANK AND TRUST COMPANY, FAIRFIELD	132,931	132,931	177.MECHANICSVILLE BKSHRS., INC., MECHANICSVILLE BRIDGE COMMUNITY BANK, MOUNT VERNON	89,044	89,964
144.OLD O'BRIEN BANC SHARES, INC., SUTHERLAND SECURITY STATE BANK, SUTHERLAND	131,513	131,511	178.MAXIMUM BANCSHARES, INC., WEST DES MOINES FIDELITY BANK, WEST DES MOINES	85,409	85,397
145.SWEA CITY BANCORP., INC., ESTHERVILLE BANK PLUS, ESTHERVILLE	130,323	130,017	179.MADISON HOLDING COMPANY, WINTERSET UNION STATE BANK, WINTERSET	85,408	84,744
146.FSB BANCORP, WEVER FARMERS SAVINGS BANK, WEVER	128,537	128,537	180.UNITED IOWA BANCSHARES, INC., NEWTON FNNB BANK, NEWTON	82,504	82,504
147.SAC CITY LIMITED, SAC CITY IOWA STATE BANK, SAC CITY	124,548	124,363	181.EVERLY BANCORPORATION, EVERLY STATE BANK, SPENCER	75,566	67,232
148.SECURITY FINANCIAL, INC., FARNHAMVILLE SECURITY SAVINGS BANK, GOWRIE	124,140	124,140	182.GREENFIELD BANCORP., LTD, GREENFIELD UNION STATE BANK, GREENFIELD	74,737	74,737
149.PEOPLES TRI-COUNTY BANCORPORATION, ALBIA PEOPLES STATE BANK, ALBIA	122,394	122,375	183.STATE BANCO, LTD., SPIRIT LAKE STATE BANK, SPIRIT LAKE	74,404	74,344

Source: Regulatory financial reports filed by bank holding companies and banks, data as of June 30, 2018. *Dollar amounts in thousands

[^] Owns a minority interest in Northfield Bancshares, Inc., Northfield, MN

IOWA BANK HOLDING COMPANIES

HOLDING COMPANY, LOCATION Subsidiary Bank, Location	CONSOLIDATED ASSETS*	SUBSIDIARY ASSETS*	HOLDING COMPANY, LOCATION Subsidiary Bank, Location	CONSOLIDATED ASSETS*	SUBSIDIARY ASSETS*
184. RAKE BANCORPORATION, RAKE STATE SAVINGS BANK, RAKE	73,838	73,785	203. SWISHER BANKSHARES, INC., SWISHER SWISHER TRUST & SAVINGS BANK, SWISHER	45,254	51,686
185. R & J FINANCIAL CORPORATION, INC., ELMA PEOPLES SAVINGS BANK, ELMA	73,196	72,685	204. BLAIRSTOWN BANCORP, INC., BLAIRSTOWN BENTON COUNTY STATE BANK, BLAIRSTOWN	43,764	43,213
186. MANNING FINANCIAL SERVICES, INC., MANNING FIRST NATIONAL BANK OF MANNING	72,086	69,544	205. FIRST NATIONAL BANCORP, SHENANDOAH FIRST HERITAGE BANK, SHENANDOAH	41,100	41,099
187. BENZ HOLDING COMPANY, MELVIN MELVIN SAVINGS BANK, MELVIN	68,815	68,815	206. LOGAN INVESTMENT CORPORATION, BONAPARTE STATE CENTRAL BANK, BONAPARTE	39,580	39,580
188. LAURENS BANCORP, LTD., LAURENS LAURENS STATE BANK, LAURENS	68,720	68,720	207. ARENDT'S, INC., MONTEZUMA PEOPLES SAVINGS BANK, MONTEZUMA	39,145	38,309
189. WEST IOWA BANC CORP., MARCUS FARMERS STATE BANK, MARCUS	67,870	67,015	208. WAPELLO BANKSHARES, INC., WAPELLO STATE BANK OF WAPELLO	36,944	36,937
190. PRAIRIE VIEW BANKSHARES, INC., BRUNSVILLE IOWA PRAIRIE BANK, BRUNSVILLE	66,554	64,980	209. CHIEF IOWA INVESTMENT CORP., MONTEZUMA MONTEZUMA STATE BANK, MONTEZUMA	36,163	36,105
191. FMSB BANCORP, NEOLA FARMERS & MERCHANTS STATE BANK OF NEOLA	63,476	63,462	210. DELHI BANCSHARES, INC., MARION HERITAGE BANK, MARION	35,729	35,450
192. SAN BANCORP., SANBORN SANBORN SAVINGS BANK, SANBORN	62,322	62,489	211. ROG-LEE, INCORPORATED, MANSON MANSON STATE BANK, MANSON	35,720	35,713
193. VAN FINANCIAL CORPORATION, BREDA BREDA SAVINGS BANK, BREDA	61,943	58,918	212. CENTURY BANCSHARES, INC., SCHALLER STATE BANK OF SCHALLER	35,478	35,464
194. D & D BANCSHARES, INC., LA PORTE CITY CEDAR VALLEY BANK & TRUST, LA PORTE CITY	60,513	60,133	213. EXCHANGE FINANCIAL, INC., ADAIR EXCHANGE STATE BANK, ADAIR	34,729	34,667
195. GILMAN INVESTMENT CO., OSKALOOSA CITIZENS SAVINGS BANK, MARSHALLTOWN	59,328	59,204	214. LOWDEN BANCSHARES, INC., LOWDEN AMERICAN TRUST & SAVINGS BANK, LOWDEN	34,661	34,649
196. SLOAN STATE CORPORATION, SLOAN SLOAN STATE BANK, SLOAN	55,534	55,456	215. JEMS, INC., LAKE VIEW FARMERS STATE BANK, LAKE VIEW	33,026	33,016
197. KENNEDY BANCSHARES, INC., BANCROFT FARMERS & TRADERS SAVINGS BANK, BANCROFT	55,128	55,128	216. BANKERS EQUITY CORPORATION, PALO PALO SAVINGS BANK, PALO	32,743	32,675
198. LOGAN BANCORPORATION, INC., LOGAN LOGAN STATE BANK, LOGAN	54,869	54,760	217. UNION BANCORPORATION, DEFIANCE DEFIANCE STATE BANK, DEFIANCE	32,718	32,688
199. CITIZENS HOLDING COMPANY, SAC CITY CITIZENS BANK, SAC CITY	47,616	48,762	218. KELLONTO BANKSHARES CORP., ELGIN ELGIN STATE BANK, ELGIN	24,022	24,042
200. YALE BANCORPORATION, YALE FARMERS STATE BANK, YALE	46,948	46,924	219. FARMERS AND TRADERS BANCORP, INC., DOUDS FARMERS AND TRADERS SAVINGS BANK, DOUDS	20,436	20,378
201. TWIN CEDARS BANCORP., BUSSEY STATE BANK OF BUSSEY	46,492	46,492	220. SHIELDS AGENCY, INC., ROWLEY ROWLEY SAVINGS BANK, ROWLEY	16,340	16,330
202. ROYAL BANCSHARES, INC., ROYAL HOME STATE BANK, ROYAL	46,154	46,154	221. DYSART BANCSHARES, INC., DYSART DYSART STATE BANK, DYSART	14,146	14,146

Source: Regulatory financial reports filed by bank holding companies and banks, data as of June 30, 2018. *Dollar amounts in thousands

President's Observations, Continued from page 4

bankers I visited with during one of the seminar networking sessions. I found it fascinating to listen to bankers who shared details about an acquisition, or the sale of their bank. I loved the details shared by bankers who described the issues at their bank with succession or technology or governance. These

first-hand accounts make the best education I could get in the banking industry. The BHCA provides the forum for most of that education and I have really appreciated it. As president of the BHCA for the last year, I have had a front-row seat in the most interesting industry classroom I can imagine.

Perhaps you've learned something in the last year. I hope so. And if not, I invite you to attend our seminars in 2019!

As we bring 2018 to a close, I wish you the very best during the remainder of the year, and I wish you and your organization every success in the New Year. ■

Fed Notes, Continued from page 12

scope requirements for community banking organizations vary depending on a holding company's size and whether it has been designated "complex," with more complicated holding companies subject to more frequent and in-depth review (see SR letter 13-21). Holding companies in the larger portfolios receive more in-depth, ongoing or continuous supervision, and are subject to annual full-scope inspections as well as additional limited-scope or targeted inspections.

Regulatory reporting

With the change in the Small Bank Holding Company Policy Statement from \$1 billion to \$3 billion, the Federal Reserve also revised the requirements so that all holding companies of less than \$3 billion in assets (with some exceptions) may begin filing the FR Y-9SP report as of December 31, 2018, and are not required to file the FR Y-9C/LP for the September 30, 2018, as of date. Holding companies with consolidated assets greater than \$3 billion must continue filing the FR Y-9C/LP report.

We encourage firms to contact Safety and Soundness staff at their local Federal Reserve Bank for additional information. ■

New to BHCA

The Bank Holding Company Association welcomes these new Associate Members:

Kerkhoven Bancshares Inc.

Robert Bauman, President
Albertville, Minn.
Financial Security Bank

Midwest Bancshares, Inc.

Thomas Laird, CEO
Tyndall, S.D.
Security State Bank



Don't forget to visit us at:
theBHCA.org!

Traverse County Investment Corp.

Drew Donnelly, President/CEO
Wheaton, Minn.
State Bank of Wheaton

Resource Bancshares, Inc.

Richard Katz, Chairman
DeKalb, Ill.
Resource Bank, N.A.

WCF Bancorp.

Mike Segner, President/CEO
Webster City, Iowa
WCF Financial Bank

BanList.com

Aaron Bowers, Charles Perry, General Counsel
Overland Park, Kan.

BanList.com helps shareholders of privately held financial institutions, communicate with each other via a 24/7 online platform while eliminating the risk faced when engaging in sensitive discussions about shares with some, but not all, stockholders.

BKD CPAs & Advisors

Michael Flaxbeard, Manager
Kansas City, Mo.

Trusted advisors for tax, audit, or consulting advice. Expertise goes well beyond the standard accounting services to include risk management, technology, wealth management and forensic and valuation services. Our clients represent a wide range of industries.

Down to Business, Continued from page 5

years as managing director of the Bank Holding Company Association. I still have a lot to learn, but eight years is enough time to understand how the association works, the needs of its members, and the general fundamentals about what works and what doesn't. So the board has determined that now is a good time to considering conducting some strategic planning. The BHCA board had considered conducting a strategic planning session way back in 2011, but with me brand new to the job, the consensus was to hold off. Now, as time has passed, it appears to be the time for the association to move forward.

The board plans to conduct strategic planning outside its usual board meetings during the first quarter of 2019. We expect to make use of an outside facilitator. Some of the key questions to be considered: What are our growth goals? How do we meet the needs of new members while also respecting the needs of long-time members? Should the association

facilitate a different relationship between holding company members and associate members? What are appropriate expectations for long-term succession planning in terms of association management? These are big picture questions which will require a lot of careful consideration. The board is wise to set aside additional time to take on these association questions.

Conclusion

In conclusion, I thank you for a great 2018! 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 2019. ■

Bank Holding Company Association

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, printed materials and other means, the association supports the vitality of bank holding companies.

Bank Holding Company Association
7400 Metro Blvd., Suite 217
Minneapolis, MN 55439
Tel. (952) 835-2248
Toll Free: (800) 813-4754
www.theBHCA.org



@theBHCA

A BIG THANK YOU

To Our 75th Semi-Annual Seminar Sponsors!

BUY, SELL or HOLD: *More Strategies for Success*

THE **BHCA** IS GRATEFUL FOR ALL THE FALL SEMINAR SPONSORS!

Ballard Spahr
LLP

BARACK FERRAZZANO
Financial Institutions Group

 **CliftonLarsonAllen**

Edelman & Co., Ltd.
ESTABLISHED 1994


CPAs & BUSINESS ADVISORS

Bell Bank

OAK RIDGE FINANCIAL
The Oak Ridge Financial Services Group, Inc.

PERFORMANCE TRUST
CAPITAL PARTNERS

CPAs & BUSINESS ADVISORS

Fredrikson
& BYRON, P.A.

SANDLER O'NEILL + PARTNERS



WINTHROP & WEINSTINE

 **UBB** First for Your Success™

BMO  **Harris Bank**

 **STINSON LEONARD STREET**

 **BUSINESS CREDIT REPORTS**

HTG
architects

Reinhart
Boerner Van Deuren s.c. Attorneys at Law

 **RSM**

 **FHLB**
DES MOINES

BFS GROUP
raising the standard

 **DORSEY**
always ahead

fiserv.

UMB

WIPFLI
CPAs and Consultants

 **ABDO EICK & MEYERS**
Certified Public Accountants & Consultants

BradyMartz

EQUIAS ALLIANCE
BOLI AND BENEFIT ADVISORS
AN BNFP COMPANY

Howard & Howard
law for business™

 **J.T. MILLER COMPANY, INC.**

 **CAPITAL MARKETS GROUP**
COUNTRY CLUB BANK

PiperJaffray

ROACH BUSINESS LAW

 **SDN COMMUNICATIONS.**

WELLS FARGO

Malzahn
Strategic

 **MBS**
MODERN BANKING SYSTEMS

REALIZE THE POWER OF PARTNERSHIP™

Join us for our 2019 Spring and Fall Seminars - May 6-7 & Oct. 7-8!

info@theBHCA.org | 800-813-4754 | theBHCA.org

BANK OWNER

Bank Holding Company Association
7400 Metro Blvd., Ste. #217
Minneapolis, MN 55439

PRESORTED STD
US POSTAGE
PAID
Detroit Lakes, MN
Permit No. 14



**Don't Forget! Mark your calendars now
for the 2019 BHCA seminars:**

April 11, Kansas City, Mo.

**May 6–7, Minneapolis - Spring Seminar
Theme: *Innovation and Performance***

**Oct. 7–8, Minneapolis - Fall M&A Seminar
Theme: *M&A Topics***

Kansas City Seminar Location



Minneapolis Seminar Location