theBHCA.org — Summer 2022

Bank Owner

Bank Holding Company Association Magazine

Family Insight & Tales of Tech

Spring Seminar brings it all together

Comptroller shares thoughts on CRA reform, more

What to expect from the Fed on confidentiality, privacy

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The Bank Holding Company Association exists to provide education and business connections critical to the vitality of bank holding companies.

Founded in 1981, the BHCA 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 at 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.

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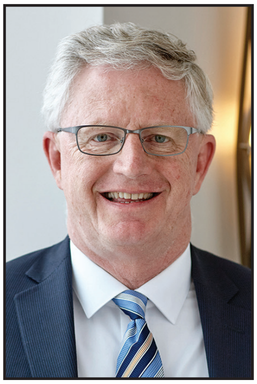
Participants in the BHCA Spring Seminar Tech Showcase, from left: Cindy Verity, Innovation Refunds; Korey Miller, Innovation Refunds; Brandon Oliver, BankTech Ventures; David Wexler, ModusBox; Charles Colt, Modus Box; and Alana Levine, Fintel Connect.

Seminars showcase the best of the BHCA



By Tim Siegle
Ameri Financial Group, Inc.
Lino Lakes, Minn.

If you were able to attend our Spring Seminar May 5-6, you saw the value of your membership in action. It was a tremendous event, well-attended, highly informative, and it took place at a spectacular facility. The BHCA consistently hosts excellent events but I really think this past seminar was one of the best events I've ever attended as a BHCA member.

In particular, I want to thank Rick Wall, Douglas Farmer, and David Johnson for sharing their personal stories during our panel on family-bank ownership. Every bank has its own story, and these three gentlemen talked about their family ownership, providing details that show every situation is unique, to some degree. While there are often stories in the press about bank stock prices, and shareholder groups seeking to buy and sell, I am really impressed by the family-owned institution and the devotion family-based shareholders so often have for banks. These are institutions that play an absolutely essential role in their communities. Rick and David shared their stories about getting into bank ownership through their fathers. Douglas and David talked about passing ownership onto their sons. None of this is easy in an environment when there are so many other investment and career options for young professionals these days. You can read more about these three bankers in the seminar coverage found in this edition.

All of the sessions were informative and compelling. I really appreciated the structure of the meeting with family-owned bank issues addressed on the first day, and technology issues addressed the second day. I thought the tech showcase was a unique way to learn about several companies in a short amount of time. Their information broke new ground, at least for me, but it wasn't so technical as to be incomprehensible! And while we have all heard several presentations by now on cryptocurrencies, I know I need to keep listening to the experts who are immersed in these things if I ever hope to understand them enough to consider building them into my organization. Ultimately, of course, it is the customer who will drive the extent of the banking industry's involvement with these new types of currency.

In addition, I want to thank our associate members who were involved in making presentations, whether in a general session or a breakout session. Furthermore, the support of our sponsors went a long way toward ensuring the success of this event. I am always impressed by the way our associate members and sponsors step up to make these seminars so successful.

The seminar experience was enhanced substantially by the fabulous Omni Viking Lakes Hotel. This was the first time we presented a seminar at this location and I really think it was a hit. It was a spacious, new and very stylized hotel that offered us a real change of pace. On Thursday evening, when the sun was shining, it was really nice to step out on the terrace to be outside during the reception.

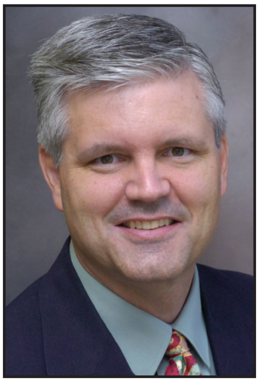
Of course, we don't rest on our laurels for very long at the BHCA. Planning is already well underway for the Fall Seminar, which is set for Oct. 2-3, 2022 at the J.W. Marriott Hotel in Bloomington, Minn., near the Mall of America. The event opens Sunday evening with a very special 40th anniversary celebration of the BHCA. We'll open with a welcome reception, a dinner, and evening speaker.

While the BHCA is actually 41 years old in 2022, we missed an opportunity to celebrate due to the covid pandemic so we are taking time this fall to celebrate and acknowledge an important milestone in the history of the organization. Even if you can't make the entire seminar, I urge you to join us Sunday night, Oct. 2 for this special event.

The educational portion of the Fall Seminar will take place Monday, Oct. 3. The day will be devoted to trends in community bank mergers and acquisitions. This will be our fifth year in a row of

President's Observations, *Continued on page 14*

Credit risk, CRA reform, climate change and crypto all issues for Comptroller



By Tom Bengtson
BHCA Managing Director

I recently had an opportunity to sit in on an interview that a banking association executive conducted with Michael Hsu, the interim Comptroller of the Currency. He spoke about credit risk, CRA reform, climate change risk and crypto currencies. I thought some of his comments would be of interest to our membership.

Chris Furlow, the head of the Texas Bankers Association asked Hsu during the TBA annual convention in May whether he was concerned about credit risk. He said the Federal Reserve had recently identified it as a potential trouble spot for the industry.

"Credit risk is always a concern I have," he said via video teleconference. "Bad loans are usually made in good times." While many of the traditional markers of the economy were positive through the pandemic, he said many regulators are adopting a kind of "healthy paranoia" with respect to lending, particularly lending backed by commercial real estate.

Furlow asked for Hsu's take on a recently released proposal to reform the Community Reinvestment Act. "At a high level, we are trying to expand access to credit, investment and banking services in low and moderate income communities," Hsu said. "So basically, we are trying to fulfill the purpose of the CRA. That is an underlying objective. It is really important for us to provide clarity, consistency and transparency. With respect to assessment areas, you'll see there are updates to reflect how banking is done today. That includes the internet."

Richard Hunt, who was in the Texas Bankers Association audience, later told the group that his trade group, the Consumer Bankers Association (which represents retail services at the nation's largest banks) is adopting the CRA reform proposal as a top priority. Hunt is adamant that regulators need to clarify how they want CRA lending to work. "When you invest in CRA activities, it is not clear if it is going to 'count,'" Hunt commented. He said the industry annually spends billions of dollars on CRA initiatives without any assurance they are meeting regulatory expectations. He also complained that many fintechs make loans and they are not subject to any aspects of the CRA.

Furlow encouraged bankers to review the nearly 700-page proposal and submit comments by the August 5 deadline.

Furlow then shifted to climate change, which has emerged as a risk area for federal bank regulators. Emphasis is currently placed on the nation's largest banks, but many community bankers fear it is only a matter of time before regulators are asking smaller banks to take climate into account when assessing creditworthiness.

"At the OCC we are not going to be coming to any banks under $100 billion any time soon," Hsu said regarding climate change. "You've got lots of time, and my advice is use the time wisely."

Hsu said he does not expect policies aimed at the largest banks to eventually be applied to smaller banks.

"The thing I hear every time I talk to community bankers is that they worry that things trickle down … that policy made for the largest banks gets dropped on them. I don't want to do that. I really don't think it makes sense," he said.

"I think community bank level issues are very different," Hsu elaborated. "In community banking, issues are very local. What you have to do in a community bank in Texas is very different from what you have to do in Illinois or in Washington or Maine, so it doesn't make sense to have an elaborate one-size-fits-all solution.

"But what does it mean? What are we exposed to?" Hsu asked. "That's why I say use your time wisely. You are going to have several years to think that through."

When the dialogue turned to cryptocurrency, Hsu warned that it is a "highly volatile asset." He said there needs to be more regulation applied to the crypto arena, adding that he fears some of the largest crypto players are attempting to drive the public policy development.

"We say crypto has to be safe, sound and fair before we would allow banks to be a part of it," Hsu said.

Risk of computer hack heightened

Another topic of conversation was computer hacking as a form of terrorism. Charles Cooper, the chief regulator of state banks in Texas, warned bankers that many experts fear Russian-sponsored hackers will attempt to get into American computer networks and cause havoc. "While it's hard for an old credit guy to say it, but the risks around computer hacking are actually greater than they are around lending," Cooper said.

Furlow and Cooper noted that foreign-based hackers already have shown the ability to take over websites through

Down to Business, *Continued on page 13*

Economist: Limited recession likely

Economist Elliot Eisenberg said the United States will likely enter a recession. He expects the downturn to last less than a year, however, and not be as severe as the Great Recession.

Eisenberg spoke May 6 during the Bank Holding Company Association's Spring Seminar at the Omni Viking Lakes Hotel. His comments came approximately one week after Goldman Sachs said there are 15 percent odds of a recession in the next 12 months and 35 percent within 24 months.

Eisenberg said the current state of the U.S. housing market is much stronger than it was when the Great Recession struck, spawning a foreclosure crisis.

"It should be easier to reduce the jobs-workers gap during this cycle than in the past because the employment market is still normalizing after Covid disruption, which Goldman Sachs research expects will add as many as 1.5 million workers to the economy in excess of normal population growth," the firm stated.

Eisenberg cited numerous positive economic indicators: The current 3.6 percent unemployment rate is nearly the same as before the pandemic struck. To Eisenberg, Covid-19 has shifted from a pandemic to an endemic, with high levels of herd immunity within the United States. He compared the severity of the current Covid-19 variant to something along the lines of an Avian Flu season. U.S. coronavirus deaths remain at their lowest point since the pandemic began.

Elliot Eisenberg

Still, inflation persists: May's Consumer Price Index jumped 8.3 percent year-over-year. Eisenberg said China's current "Zero Covid" strategy will only worsen existing domestic supply chain challenges that are already driving up inflation. Labor force participation is down significantly — there are 11 million open jobs but only 6.5 million unemployed Americans as many older workers retired during the pandemic, parents stayed home to take care of their children, and more people started their own businesses. ■

Leaders of family-held banks discuss operations in roundtable discussions

Three longtime bankers discussed issues common to family-held banks during a panel presentation at the BHCA Spring Seminar in Eagan, Minn.

Rick Wall, CEO of St. Paul, Minn.-based Highland Bank; Douglas Farmer, president of Holmen, Wis.-based Park Bank; and David Johnson, chair of Reliabank Dakota, Estelline, S.D., shared their thoughts on the general session stage before some 150 bankers.

Two of Johnson's sons are involved with the bank: Reid as the marketing director and Ethan as the manager of the bank's approximately $200 million bond portfolio. David, his wife, Jan, and the two sons own the bank holding company. Shareholders can voice their opinions about the board of directors, share needed updates, and provide other necessary information. Johnson, who plans to retire in 2025, said he can retire with the assurance that his sons will retain their ownership.

All three leaders have decades of experience at their banks.

Wall's father, Fred Wall, a Boston native, initially moved to Minnesota to sell seeds but eventually embarked on a successful real estate career. He and fellow investors bought a St. Michael-based bank, and Fred bought out his partners in 1976. That site remains the Highland Bank charter location today. Rick, a graduate of the University of Colorado, Boulder, joined Highland Bank in 1994 after spending seven years at Prudential Insurance Co., Newark, N.J. He was elected bank CEO in 2000 and board chair in 2014.

From the early 2000s to 2012, bank ownership transitioned from Fred to Rick and his two siblings. The three shareholders have weekly phone calls, a tradition that started during the Great Recession as they navigated the impact of the downturn on the bank's mortgage holdings.

Johnson was only 23 when he became CEO of Reliabank, following the death of his father, Warren. The early years of his tenure came in the midst of the 1980s farm foreclosure crisis. In 2003, Johnson's immediate family purchased the remaining bank stocks from his sister. David, his wife, Jan; and their two sons own Big Sioux Financial.

Today, the $750 million, 10-location Reliabank remains ag-focused. The bank originates approximately 500 mortgages per year, mainly in Sioux Falls.

Farmer joined Park Bank in 1981 to run the bank as its youngest employee. Four decades ago, there were 150 Wisconsin-based banks with fewer assets than the then-$10 million bank. Today, only seven are smaller than $70 million Park Bank, which Farmer deemed "a tragedy of epic proportions."

Farmer bought the bank from Clark Nixon in 1986 and assumed the role of executive vice president. Originally an ag bank, Farmer noted the bank has since transitioned into focusing on real estate and shifted from being a rural financial institution to suburban. Park Bank has three locations in the Coulee Region of western Wisconsin, including in La Crosse, Sparta, and Holmen.

Of the four Farmer boys, three worked for the bank. Farmer has turned over management of Park Bank to his son, Executive Vice President Morgan Farmer. Morgan and Doug, who live near each other, visit every morning to discuss the business.

Farmer, Johnson and Wall discussed the varying approaches they take to employee ownership. Farmer is wary of implementing an Employee Stock Ownership Plan, because employees participating in an ESOP would face the potential double-blow of losing their jobs and retirement in the event the bank gets in trouble. At Park Bank, each of Doug Farmer's four sons eventually will get one-quarter of what he and his wife own.

David Johnson

Wall said Highland Bank allows shareholders seeking immediate liquidity to buy or sell shares at pre-set prices, which are adjusted annually. He noted that Highland Bank has bank performance incentives for key staff members but not actual stock. He deemed it "unlikely" that his company would pursue an ESOP in the near-future. Johnson noted that Reliabank Dakota has phantom stock for three non-family members, including the IT director and two market presidents. ■

Rick Wall

Douglas Farmer

Consultant: Bank growth tied to expanding customer base

Rather than cutting expenses, banks can best improve performance by growing their customer base, said industry consultant Sean Payant during his presentation at the Bank Holding Company Association Spring Seminar at the Omni Viking Lakes Hotel.

Payant, chief strategy officer and senior executive officer with the Lincoln, Neb.-based consulting firm Haberfeld, noted that the 76 banks that have been in the top 5 percent of return on equity for five straight years outspent their industry peers as a whole by 31 percent. "They don't save their way to prosperity," he said of how those banks earn high ROE. "It's a revenue gain. Your job is to create more revenue."

Payant said banks must grow their number of primary financial institution customers, noting that up to 68 percent of new consumer relationships begin by opening a retail or business checking account. Fifty-two percent of business accounts begin with a retail checking account. Payant urged bankers to start customers with a checking account before offering other product and service solutions. Payant said banks should especially look to attract younger customers, because they are more likely to lead to more non-interest income opportunities for financial institutions.

Sean Payant

Payant said community bank marketing work should prioritize digital and print advertising, which has been shown to provide banks with the best return on investment. Such marketing should take place every six to seven weeks and be targeted to within five miles of a branch, where 84 percent of new customers originate.

Payant said banks must also adopt a customer-first approach to growing their operation. Financial institutions that tell customers who prefer online account opening to instead come into a branch, or only hand out brochures to customers who inquire about opening an account, will lose customers in the process. Payant suggested banks remove unnecessary hurdles to account openings, including requiring physical proofs of address and Social Security cards. "We create too many barriers," he said. ■

Executive: Employee Retention Credit still available, offers millions in benefits

Banks and their business customers that have not yet utilized the Employee Retention Credit can still do so and open up millions of dollars in new revenue opportunities in the process, according to Cindy Verity, executive vice president of the firm Innovation Refunds.

In a 20-minute presentation at the Bank Holding Company Association Spring Seminar, Verity explained the West Des Moines-based Innovation Refunds assists small and medium-sized businesses receive cash incentives from state and federal government agencies.

Verity noted that employers can receive $26,000 per employee through the credit — $5,000 for the 2020 tax year and, after eligibility was expanded for 2021, $21,000 from the following year. Verity noted that Innovation Refund clients receive an average of $380,000, which allows businesses to repay loans or expand, while allowing banks to attract and retain customers while gaining a revenue source.


Cindy Verity

The Employee Retention Credit, passed as part of the same bill that created the Paycheck Protection Program, "is a refundable tax credit against certain employment taxes equal to half of the qualified wages an eligible employer paid to employees" between 2020 and the third quarter of 2021, according to the IRS. The credit covers businesses with up to 500 employees whose overall revenue dropped during that time or were "more than nominally impacted by Covid-19," Verity added. This could include an employer not being able to meet with customers, or having to completely suspend operations.

The program will end third quarter of 2024. ■

Bank strategic planning must broaden for long-term survival

Community banks must broaden their strategic planning beyond focusing on growing loans and deposits to ensure their long-term survival, said CliftonLarsonAllen Principal David Heneke at the Bank Holding Company Association's Spring Seminar.

Heneke said those strategic planning discussions could include how fintechs can play into a bank's long-term strategy, and whether they should bring in an outside facilitator to take a fresh perspective. He said bank leaders must include different areas of their institution in the process, including operations, IT, and credit and deposit.

"It's never a bad idea to step back, look at that process and say, 'Is there a way we can break it? Is there a way we can break it to where it can become more efficient or more valuable as a part of giving us the tools that we need to make good decisions regarding what we want the bank to be and where we want to deploy our capital.' And diversifying perspectives can be a great component of that," he said.

That strategy can include identifying a niche, said fellow CLA Principal Joshua Juergensen — for instance, one bank has opted to focus on becoming an elite dairy lender, he noted. Juergensen advised banks to discuss modernizing technology processes with their core providers to ensure they have access to the most up-to-date products and services.


David Heneke

Juergensen said some institutions that have rapidly grown recently did not institute the necessary infrastructure as they grew. This can pose risks: Heneke noted that embezzlement and fraudulent loans, though not always directly the fault of the bank, eventually trace back to a failure of a control or process. To combat that risk, Heneke urged banks to properly train employees and ensure they are in the right roles.


Josh Juergensen

Juergensen urged banks to properly utilize annual security tests and avoid allowing the reviews to become a "check-the-box exercise." Heneke suggested, banks consider charging different fees to commercial customers based on whether they have a firewall because of the operational risks posed by not having one. ■

Bankers embrace crypto as industry continues growth

Bankers should only consider entering the crypto market after properly understanding the industry's risks and undertaking necessary due diligence, according to a May 6 presentation from Wipfli LLP Principal Marcie Bomberg-Montoya and NYDIG Relationships Manager Tammy Bangs during the BHCA Spring Seminar.

Bomberg-Montoya said banks currently looking to enter the crypto world should not consider locking in their own server wallet or implementing non-fungible tokens, which are cryptographic assets on a blockchain with unique ID codes and metadata that distinguishes them from each other. She stressed the importance of banks undertaking proper risk assessments, preparing a business case, and keeping the FDIC abreast of any developments before unveiling any crypto program.

Crypto is rapidly growing into a major player in finance. The market capitalization of all cryptocurrencies reached a record $2.6 trillion last year. In January 2021, Anchorage Digital Bank became the first federally-chartered digital-asset bank. JPMorgan Chase, Morgan Stanley and Goldman Sachs have dedicated groups for cryptocurrency and its underlying blockchain technology. JPMorgan has more than 200 employees working in its Onyx division. The JPM Coin digital currency is already being used commercially to send payments across the globe, CNBC reported.

Nearly 37 percent of banks in a recent survey said they are more likely to offer a crypto-related service over the next 12-18 months, Montoya noted. Fifty-four percent say they are not. Nearly all central banks are exploring central bank digital currencies. Bangs expects bitcoin will eventually be used as loan collateral at many traditional banks. Until then, she said banks can leverage their interest income and make money on non-interest income from transaction fees.

Marcie Bomberg-Montoya

To Bangs, bitcoin is the most-settled digital currency technology because it has been classified as an asset. She expects the SEC will likely deem more than 90 percent of cryptocurrencies other than bitcoin to be declared as securities, which will lead to a substantial regulatory framework.

Tammy Bangs

Bangs said the banks that have shown the most success in the crypto market have focused on educating their boards, teams and clients that the market is not insured by the FDIC. Though bitcoin is historically seen as being used by bad actors, Bomberg-Montoya said regulatory agencies have caught up in making the industry safer. Regulatory uncertainty still remains, however. The rapid growth of the industry, along with the lack of customer protections, led the Financial Stability Board earlier this year to deem the market as possibly threatening global financial security. In one day, a massive sell-off recently erased more than $200 billion from the crypto market. The federal government is discussing whether to create a regulatory agency or only issue individual regulations to ease the current volatility in the crypto-asset space. ■

Modern approach needed to combat fraud

Fredrikson & Byron attorney Caitlin Houlton Kuntz said bankers should be aware of the latest fraud trends, and train and encourage their employees to adopt a "see something, say something" approach to preventing fraud.

During her May 6 presentation at the Bank Holding Company Association's Spring Seminar in Eagan, Minn., Houlton Kuntz said banks must understand the fine details of their cash management agreements and ensure they have implemented multi-factor authentication, transaction limits, call-back procedures, and dual, address and IP controls, which allow customers to authorize one computer where online banking can take place. Transactions that do not originate from that computer don't go through. Houlton Kuntz said as standards/best practices evolve, bankers should regularly review agreements with management and legal counsel.

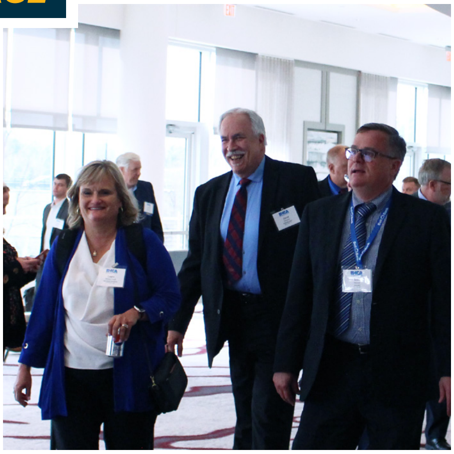
She also called on banks to fully grasp their cash management agreements, from indemnification, limitation of liability, and disclaimers and acknowledgements. If fraud occurs, Houlton Kuntz said banks should lock down the accounts and verify details, gather affidavits, contact the receiving banks, and notify the FBI and bond carriers. If fraud occurs, banks can avoid much of the liability "if commercially reasonable security procedures" were taken to prevent fraud, she noted. To her, bankers should know what's on file for their customers, require photo ID, and document security procedures. She called on banks to document any customer refusal to implement those procedures.

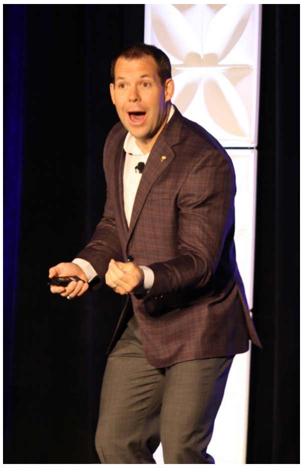
Caitlin Houlton Kuntz

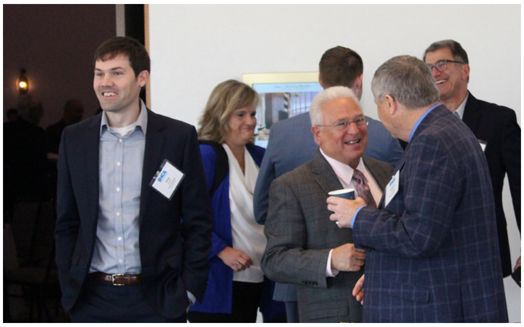
Houlton Kuntz called Positive Pay, an automated cash-management service financial institutions use to deter check fraud, "one of the absolute best fraud prevention tools" for commercial cash management customers. Any check considered suspect under the system is sent back to the issuer for examination.

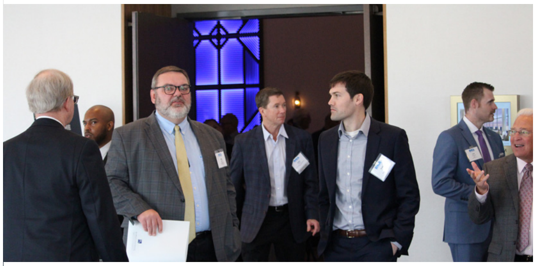
According to the FBI, Americans lose nearly $7 billion every year to wire fraud. Nearly $2.5 billion was reported lost to business email compromises in 2021. ■

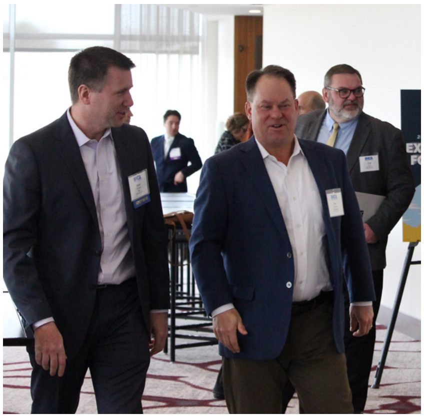
SPRING SEMINAR COVERAGE

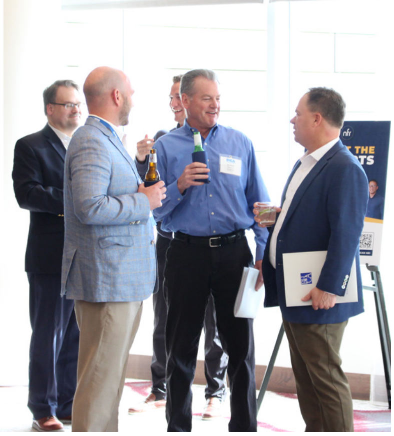












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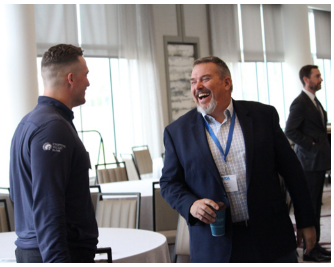
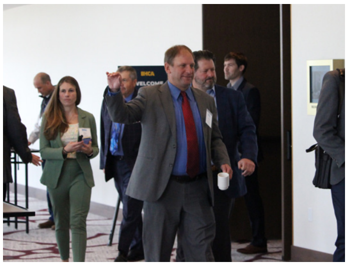
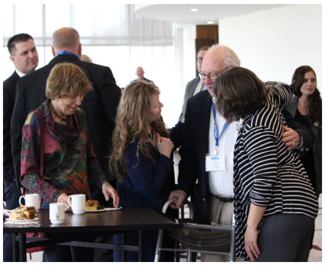
SAVE THE DATE | OCT 2-3, 2022

The live and in-person event kicks off on Sunday evening, October 2.



Stay tuned for more information through *thebhca.org* event page.

By Pablo Gonzalez Castillo and Paul Ljung

Federal Reserve Regulatory Reports: Publication and Confidentiality

Banking organizations submit information to the Federal Reserve using a variety of report forms. Some information may be sensitive, and banking organizations often wish for that information to remain confidential. In this article, we provide an overview of the publication framework for regulatory reports submitted to the Federal Reserve, explain two common justifications for treating information confidentially under the Freedom of Information Act, and provide guidance to institutions that would like to request confidential treatment for data provided to the Federal Reserve.

Publication

Regulatory reports submitted by banking organizations to the Federal Reserve become records of the Board of Governors of the Federal Reserve System. Board records are subject to FOIA, which means that they must generally be disclosed to the public upon request. The Federal Reserve makes regulatory reports available to the public through publication on the National Information Center website and in response to information requests. Information contained in these reports is only withheld if it is deemed confidential per the individual report's instructions or if the submitting institution has requested and been granted confidential treatment for the information.

A submitting institution may request confidential treatment pursuant to the Board's Rules Regarding Availability of Information. The following sections are intended to help institutions formulate appropriate confidential treatment requests.

Confidentiality: Common FOIA Exemptions

Most requests for confidential treatment by institutions assert that information is exempt from disclosure to the public under FOIA Exemption 4 and Exemption 6:

Exemption 4 protects "trade secrets and commercial or financial information obtained from a person [that is] privileged or confidential." In 2019, the U.S. Supreme Court addressed the meaning of the term "confidential" under Exemption 4, indicating that "where commercial or financial information is both customarily and actually treated as private by its owner and provided to the government under an assurance of privacy, the information is confidential within the meaning of Exemption 4."

The *Argus Leader* decision indicated that commercial or financial information is confidential if it is both customarily and actually treated as private by its owner. This part of the decision overturned decades of precedent under which information was considered confidential under Exemption 4 if its disclosure would impair the government's ability to obtain necessary information in the future or cause substantial harm to the competitive position of the submitter of the information. In response, the Board removed all references in the Rules to this "substantial competitive harm" test. Requests for confidential treatment based on Exemption 4 are evaluated under the 2019 standards, even if applicable report forms have not been updated to remove references to the competitive harm test.

With respect to the second prong of the analysis – whether the government provided assurance that the information would be kept private – the United States Department of Justice subsequently issued guidance stating that an assurance of confidentiality by the government "can be either explicit or implicit." The DOJ prepared a step-by-step guide for Exemption 4 analysis, which provides that submitters of confidential information may rely on "express or implied" assurances of confidentiality when submitting commercial or financial information to an agency. To ensure consistent analysis with DOJ Exemption 4 guidance, the Board and Reserve Banks use the DOJ's step-by-step guide when analyzing the application of Exemption 4.

Exemption 6 applies to "personnel and medical records and similar files the disclosure of which would constitute a clearly unwarranted invasion of privacy." Corporations and other business associations do not have protectible privacy interests under Exemption 6. However, personal financial information is generally protected under Exemption 6. Consequently, this exemption is particularly relevant to reports that require the submission of information regarding individuals, such as the FR Y-6. Institutions requesting confidential treatment of information submitted in connection with an FR Y-6 are advised that Board policy strongly favors disclosure of the names, the number, and percentage of voting securities provided in response to Report Item 3 that pertain to securities holders who control 10 percent or more of any class of voting securities of a holding company, bank, or savings association, unless there is shown to be a well-defined present threat to the liberty or personal security of individuals.

Confidentiality: Request Requirements

The preceding sections describe general rules applicable to the Federal Reserve's disclosure of information, and this section is intended to provide practical information to those organizations that may request confidential treatment for data submitted to the Federal Reserve.

An institution may request confidential treatment for the entire report or for specific items on the report. Such requests must meet certain requirements:

- The request must state in reasonable detail the facts supporting the request;
- The request must articulate the legal justification for the request;
- The submitter must use good faith efforts to designate by appropriate markings any portion of the submission for which confidential treatment is requested; and
- The request must include an affirmative statement that the information for which confidentiality is being requested is not available publicly.

Historically, the Federal Reserve has collected data using paper forms, and confidential treatment requests were often attached to those forms. In recent years, we have transitioned to Reporting Central to collect data electronically. This transition has prompted modifications to the practices for submitting and handling confidential treatment requests. Institutions making a confidential treatment request must now comply with the following:

For information submitted on forms **with a confidentiality checkbox** on the cover page:

1. Complete the cover page question and appropriate checkbox; and
2. Submit the written justification with the data submission through Reporting Central. For institutions that do not submit data electronically, written requests for confidentiality may be provided prior to or with the paper submission of the report.

For information submitted on forms **without a confidentiality checkbox** on the cover page:

1. Notify their Reserve Bank of their intent to request confidential treatment in advance of the written request; and
2. Send the written justification and request prior to or with the data submission.

We hope that the information provided here is helpful. Please don't hesitate to contact us if your institution is considering requesting confidential treatment for any part of the reports it submits to the Federal Reserve. The Statistical and Structure Reporting team can be reached at mpls.statistics@mpls.frb.org, (612) 204-6445, or (888) 887-0926. ■

Pablo Gonzalez Castillo is a senior attorney and Paul Ljung is a manager at the Federal Reserve Bank of Minneapolis.

Down to Business, *Continued from page 5*

social media. "They could take over your website and say the bank doesn't have any money and start a run on the bank," they warned.

Events update

I want to alert you to a couple of other important events coming up later this year.

The first is a one-day seminar devoted to community bank mergers and acquisitions which is scheduled for Tuesday, Oct. 25 in Dallas at the Marriott Las Colinas Hotel. The seminar will feature four general session presentations and a panel of bankers who will share insights into recent deals. The day will conclude with a reception. Marketing materials for this event will be available soon. Website registration opens mid-July at www.theBHCA.org.

This is an outreach event, intended to bring BHCA education to a region beyond the typical membership area of the Upper Midwest. You will recall that pre-Covid, we did two seminars in Kansas City. We are pleased to build these other events into the calendar as we share the unique brand of BHCA education with bankers all over the country.

Also, if you are in Wisconsin, I urge you to mark Wednesday, Nov. 16 on your calendar. The BHCA is hosting a luncheon at the Wilderness Resort in the Wisconsin Dells. We will hear from John Reichert of the Reinhart Boerner Van Deuren law firm and from experts at the Baker Tilly accounting/consulting firm. Members are invited to bring non-members free of charge. We can accommodate up to 25 people. Watch for marketing materials in the coming months, and registration at our website. ■

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.

▷ Nicolet Bankshares, Inc., Green Bay, Wis., filed to merge with County Bancorp Inc., Manitowoc, Wis., and thereby acquire Investors Community Bank, Manitowoc.

▷ The Heritage Bancshares Group, Inc., ESOP and Trust filed to become a bank holding company by acquiring 32.6 percent of Heritage Bancshares Group, Inc., and thereby acquiring shares of Heritage Bank, N.A., both of Spicer, Minn. Heritage Bancshares Group, Inc., ESOP and Trust elects to be a financial holding company.

▷ Tri Valley Bancshares, Inc., Talmage, Neb., filed to acquire First State Bank, Scottsbluff, Neb.

▷ Bank Forward ESOP and Trust, Fargo, N.D., authorized to acquire shares of Security State Bank Holding Company, Fargo, and thereby acquire shares of Bank Forward, Hannaford, both of N.D.

▷ Equity Bank, Andover, Kan., authorized to merge with American State Bank & Trust Company, Wichita, Kan., and thereby establish branches.

▷ MidCountry Acquisition Corp., Minneapolis, filed to acquire McGregor Banco, Inc., and thereby acquire Grand Timber Bank, both of McGregor, Minn.

▷ HBT Financial Inc., Bloomington, Ill., filed to acquire NXT Bancorporation, Inc., Central City, Iowa, and thereby acquire NXT Bank, Central City, Iowa.

▷ Readlyn Bancshares, Inc., Saint Paul, Minn., authorized to merge with Tripoli Bancshares, Inc., Saint Paul, and thereby acquire American Savings Bank, Tripoli, Iowa, and to acquire additional shares of Nashua Bancshares, Inc., Saint Paul.

▷ Farmers & Merchants Bancorp, Inc., Hannibal, Mo., authorized to acquire control of Farmers & Merchants Bancorp., Inc., and thereby control F&M Bank and Trust Company, Hannibal, Mo.

▷ The Scott C. Johnson and Jan L. Johnson Trust and others filed to become members of the Johnson Family Control Group, a group acting in concert, to acquire shares of Marine Bancshares, Inc., Marine on St. Croix, Minn., and thereby acquire shares of Security State Bank of Marine, Marine on St. Croix.

▷ First Bancorp of Taylorville, Inc., Taylorville, Ill., authorized to merge with Mackinaw Valley Financial Services, Inc., and thereby acquire First Security Bank, both of Mackinaw, Ill.

▷ Old National Bancorp, Evansville, Ind., filed to acquire through merger First Midwest Bancorp, Inc., Chicago, and thereby acquire First Midwest Bank, Chicago.

▷ Sarah Elizabeth ("Liza") Rowland Townsend and others of Kansas City, Mo., filed to join the Rowland Family Group, to acquire shares of Lead Financial Group, Inc., and thereby acquire shares of Lead Bank, both of Kansas City, Mo.

▷ Midwest Bank National Association, Pierce, Neb., filed to retain its membership in the Federal Reserve System following its conversion from a national to a state charter.

▷ MidCountry Acquisition Corp., Minneapolis, (MAC), a savings and loan holding company, filed to become a bank holding by merging with J & B Financial Holdings, Inc., Minneapolis, and thereby acquiring 1st United Bank, Faribault, Minn.; First State Bank of Sauk Centre, Minn.; and Red Rock Bank, Sanborn, Minn.; and merging with Northfield Bancshares, Inc., Northfield, Minn., and thereby acquiring Community Resource Bank, Northfield. MAC also filed to retain MidCountry Bank, Bloomington, Minn., and thereby engage in operating a savings association. In addition, MAC elects to become a financial holding company to enable MidCountry Bank to retain its ownership of MidCountry Insurance Services, Inc. and MidCountry Insurance Agency, Inc, both of Bloomington.

▷ Global Innovations Holdings, Inc., Rapid City, S.D., authorized to become a bank holding company by acquiring Global Innovations Bank, Kiester, Minn.

▷ High Point Financial Services, Inc., Forreston, Ill., authorized to acquire Durand Bancorp, Inc., Durand, Wis., and thereby acquire Durand State Bank.

▷ Notice by WaterStone Bank SSB 2015 Amended and Restated ESOP and WaterStone Bank SSB 401(K) Plan to acquire voting shares of WaterStone Financial, Inc., and thereby control WaterStone Bank, both of Wauwatosa, Wis.

▷ Community Capital Bancorp, Inc., Waukesha, Wis., authorized to become a bank holding company by acquiring Collins Bankcorp, Inc., Collins, and thereby indirectly acquire Collins State Bank.

▷ PFB Holding Company, Joliet, Ill., filed to become a bank holding company by acquiring PeopleFirst Bank, Joliet.

New to BHCA

The Bank Holding Company Association welcomes new holding company members:

BNCCORP, Inc.
Michael Vekich, Chair
Daniel Collins, President/CEO
Bismarck, N.D.
BNC National Bank, Inc.,
Bismarck, N.D./Glendale, AZ

PB Bancshares, Inc.
Katie J. Nath, Chair
Sean O. Regan, President
Maplewood, MN
Premier Bank, Maplewood, MN

The Bank Holding Company Association also welcomes a new Associate Member:

Fringe Benefits Design - A BPAS Company
Todd Mathison,
Retirement Trust Officer
Bloomington, MN

Fringe Benefits Design is a full-service retirement plan and investment management organization. We handle 401(k)s, 403(b)s, VEBA, HSA, Cash Balance Plans, Defined Benefit and non-qualified plans.

President's Observations, *Continued from page 4*

devoting the Fall Seminar to M&A issues, which have emerged as a topic of great interest for our members and bank owners across the region. Details are still being firmed up, but watch for the complete agenda and promotional information soon. Registration is expected to be available immediately following the Independence Day holiday.

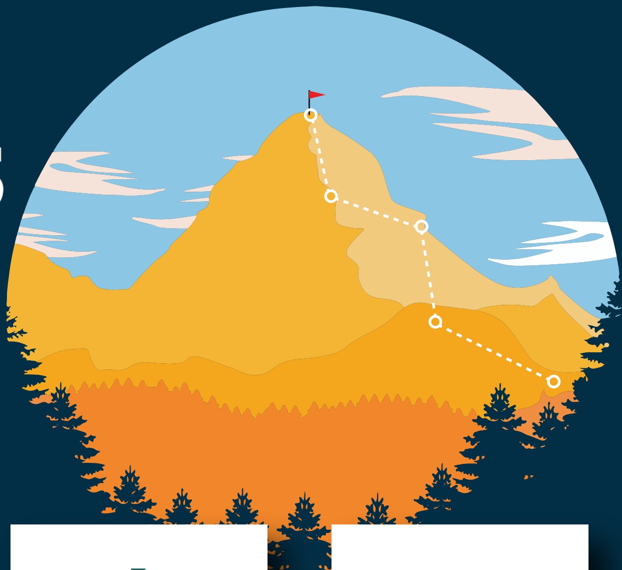
This would be a great opportunity to bring your entire board. In fact, consider hosting your own board meeting at the hotel the day after the seminar. What a great way to enjoy a top-notch hotel and the Mall of America, and make the most of your seminar experience.

Our seminars demonstrate the commitment the BHCA makes to delivering the most value for your membership. We are fortunate to have great members, as well as great associate members who are willing to share their expertise. Please plan to attend the Fall Seminar, and invite some people to come along with you. In the meantime, have a great summer. I look forward to seeing you in the Fall. ■

BHCA

2022 SPRING SEMINAR

EXPECTATIONS FOR SUCCESS



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