BHCA

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Bank Owner

BANK HOLDING COMPANY ASSOCIATION MAGAZINE

Creating Value:
Building for the Future
FALL SEMINAR PREVIEW

PLUS

BHCA CO-SPONSORS KANSAS CITY SEMINAR

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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 ext. 101 or email us at Tom@thebhca.org.

ON THE COVER:
2026 Fall Seminar Preview

BHCA

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WWW.THEBHCA.ORG

Bank Owner

FALL 2026

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NEW TO BHCA

The BHCA is pleased to welcome:

Payroc
Tinley Park, Ill.

Bob Balogh
Vice President, Financial Institutions

Founded in 2003, Payroc WorldAccess, LLC, is a global payments ecosystem that helps businesses accept payments and optimize commerce. Payroc ranks among the top merchant acquirers in North America, processing more than $125 billion in volume annually and operating across 50 regions with direct connections to the major card networks. Its proprietary full-stack technology supports vertically tailored card-present, card-not-present and omnichannel solutions for software providers, financial institutions and merchants of all sizes. With a focus on innovation, scalability and award-winning support, Payroc makes payments seamless and drives growth for partners worldwide.

The BHCA Fall Seminar will deliver relevant information on timely topics

BY KELLY RACHEL
North Star Holding Company
Jamestown, N.D..

I urge you to register for the upcoming BHCA Fall Seminar, set for Oct. 5-6 at the Westin Galleria Hotel in Edina, Minn., if you haven't already done so. The theme is "Creating Value: Building for the Future," with presenters addressing bank-fintech partnerships, the economy, strategic M&A deals, capital strategies, stablecoins, tokenized deposits and more.

I am looking forward to every session, from Monday's opener, "From the Classroom to the Boardroom: What Graduate Banking Students are Saying about the Future," to Tuesday's closer, "Beyond Resilient: How to be Future Ready in an Age of AI and Constant Change."

Michael Stevens, president of the Graduate School of Banking-Colorado, presents the opener. His information is largely based on research and study projects by the mid-career banking professionals who attend GSB-Colorado. Rather than relying on anonymous survey results, Michael is reviewing anecdotes and case studies from bankers working at institutions across the Midwest.

The closing session is presented by Simon Anderson, who was mentored by Jack Uldrich, a futurist who addressed a BHCA seminar in 2019. Simon likes to say, "you can't predict the future but you can prepare for it." He encourages people to be "future ready" before change arrives and see opportunities others miss.

The breakout sessions also look compelling. On Monday, Mika Moser will preview the leadership development accelerator she is developing for the BHCA with "Why Leadership Pipelines Break Down." Other breakouts examine ERM programs designed to facilitate M&A transactions, tax issues affecting M&A deals, and what the Federal Reserve Bank of Minneapolis is seeing in recent exams.

Tuesday's breakouts address stablecoins and tokenized deposits, balance sheet strategies for maintaining independence, using artificial intelligence for due diligence, and why some banks consistently outperform their peers.

Let me call your attention to two other first-time presenters. Phil Goldfelder heads the American Fintech Council and is an expert on the many ways tech companies are partnering with community banks. He will share stories about what works and perhaps what doesn't.

We also welcome former community banker Kurt Knutson, who was part of a *de novo* group in Kansas that sold a bank a few years ago. He wrote about the experience in "The Art of Selling Your Bank: Optimize Your Value, Avoid Costly Mistakes, Master the Process." I always like hearing from other bankers.

We are delighted to welcome back Lindsey Piegza, chief economist at Stifel Financial, who last presented at the Fall Seminar in 2012. I look forward to her comments as it is difficult to make sense of this K-shaped economy, where some are doing well while others are struggling.

Our regulars include TruStar Advisor co-founders Craig Mueller and David Stieber, with John Antolik of My Private Shares, discussing capital strategies. Paul Ouweneel and Michael Carlson of Wipfli will offer a CPA's view of M&A deals, while Blake Crow and Aric Radmacher of Eide Bailly will focus on deals for closely held community banks.

We always pack a lot of information into a relatively short time. Just as important, the networking at these meetings is exceptional.

In addition to registering yourself, please consider your board members and management team. There is so much on this agenda that many people from your organization might like to attend. You might even host your next bank board meeting at the Westin during the seminar. ■

Strategic planning helps board members see where the organization is going

BY TOM BENGTSON
BHCA Managing Director

You might know the name Florence Chadwick. In 1952, she attempted to swim 26 miles, from the Southern California coastline to Catalina Island. Chadwick was an accomplished swimmer, and she set out from a beach not far from Los Angeles but as she swam a dense fog rolled in. She swam for hours and the fog got so thick that she could not see in front of her even a few yards. Disoriented, cold and exhausted, she decided she could not continue and ceased her effort, accepting assistance from a small boat that had accompanied her along the way. When she got into the boat and reoriented herself, she realized she was only about a mile away from Catalina Island. She quit just a short distance from her goal.

Two months later, Chadwick tried a second time. Once again, a thick fog set in. But this time she had a mental image of the shoreline in her mind as she pushed herself along. And not only did she succeed but Chadwick ended up making the swim an additional two times.

The story demonstrates how difficult it is to accomplish a goal when you cannot see it, when you are uncertain how far you are from it. Even if you have the energy and strength to go the distance, you are unlikely to make it if you're not sure where you are going and unfamiliar with the route. But if you have a clear vision of where you are going, what the path might look like, you are much more likely to make it.

This story was shared with the BHCA Board of Directors recently by Sam Smith of the Prouty Project, a management consulting firm that assisted the BHCA with its strategic planning process in early August. It demonstrates the value of defining your goals. With a clear understanding of your goals, you are much more likely to accomplish them.

So the board members met in a sunny conference room for a full day of brainstorming, discussions, and conversation about what the BHCA needs to do to remain relevant, grow, and serve the banking industry well into the future. A lot of ideas were discussed, but ultimately the group settled on four priorities:

1. A growing, thriving membership
2. Widely recognized brand awareness
3. Clear leadership success plan
4. Deep, active membership participation

Membership growth is important in any organization, but especially challenging in an industry that is experiencing 2 to 3 percent attrition every year. We currently have members in seven states (Iowa, Minn., S.D., N.D., Wis., Neb., and Kan.). Those states collectively have 881 holding companies. Only about 15 percent are members, so that leaves many prospects in our region who need to hear the BHCA story and experience a seminar. That may be all it takes to earn their membership. While we welcome members from all over the country, we can make a lot of progress, essentially right in our own back yard.

Brand awareness is an important part of our effort to tell our story. While the BHCA has been around since 1981, I know there are still many many bankers who have not heard of us. We need to spread the message by word of mouth, but also by digital means, especially social media. We already are working with a digital marketing firm, and we expect to continue to reach out to bankers through social media channels.

NFR Communications has been managing the BHCA since 2011. I am nearing traditional retirement age and some members want to know what that means for the long-term management of the BHCA. NFR is absolutely committed to serving the BHCA and we have already built provisions into our working agreement that provide for planning, transparency and staffing in appropriately-paced transition.

And finally, we already have laid plans for offering more services to you, our members. You will get previews of two of them at the Fall Seminar. The first is our executive peer advisory circle. This will be a facilitated forum designed for bank owners and senior managers who want to get together periodically to discuss shared issues and concerns. There is a real need for this kind of practical discussion among bank owners. Groups may be organized around geographic region, asset size and/or service emphasis. As we have seen at our seminars, oftentimes the best sources of information are the other bankers.

The second is a mid-career leadership accelerator, designed for the rising stars in your bank – the ones who may be running the place in a few years. We have a sequence in the works that will start with the calendar year and conclude with our spring seminar. Four or five meetings are likely, involving both virtual and in-person sessions. Key management, ownership and board level topics are likely to be covered, preparing these future leaders like no other professional development program.

Both sessions are being coordinated and led by Mika Moser, the former president of *Bank Director* magazine, the organization that annually hosts the Acquired or Be Acquired seminar in Phoenix. Mika's company, "At C-Level" is teaming with the BHCA on these unique and important programs, which we

Down to Business, *Continued on page 15*

Federal Reserve seeks comments on proposal to update Reg. O

From Federal Reserve memo and press release

In late July, the Federal Reserve Board requested comment on a proposal to modernize its rule governing the extension of credit to bank "insiders"—bank executives, board members and major shareholders who could potentially influence a bank's lending decisions. The proposal updates outdated thresholds while maintaining safeguards against preferential treatment.

Regulation O has not been comprehensively updated since 1979. The rule addresses a unique challenge for community banks, where board members and executives are often local business owners and civic leaders who provide valuable perspective and expertise to bank governance and information on the local economy.

The proposal updates dollar-based thresholds and indexes them to economic growth. It addresses unnecessary applications of the rule to passive interests in companies held by investment funds, codifies other statutory requirements, incorporates long-standing regulatory interpretations, and simplifies the application of the rule.

The "proposal modernizes Regulation O by updating outdated dollar-based thresholds and ensuring their future relevance, while preserving necessary safeguards," said Vice Chair for Supervision Michelle W. Bowman. "Community banks often face challenges recruiting experienced business leaders to serve as members of bank boards and as bank executives. Many potential board members are business owners whose expertise is invaluable. This rule recognizes that value by providing clearer, more straightforward standards that protect against potential conflicts of interest while supporting effective governance."

The proposed rule would update Regulation O's dollar-based thresholds based on nominal GDP measured from 1994, the last time the Federal Reserve Board adjusted any of the thresholds. Going forward, the thresholds would be updated every five years based on changes in nominal GDP. Specifically, the proposed rule would increase and index the following limits:

- For the amount of certain credit card debt that is exempt from the definition of "extension of credit," from $15,000 to $60,000.
- For the amount of indebtedness arising from certain interest-bearing overdrafts associated with preauthorized credit plans that are exempt from the definition of "extension of credit," from $5,000 to $20,000.
- For the exception from the prohibition against paying an overdraft to an executive officer or director for certain inadvertent overdrafts, from $1,000 to $4,000.
- For the "other purpose" exception for unsecured lending to executive officers, from $100,000 to $400,000.
- For the size of an extension of credit that requires prior approval by a bank's board of directors, from $500,000 to $2 million.
- For the threshold for public disclosure of loans to executive officers and principal shareholders, from $500,000 to $2 million.

The proposed rule would update Regulation O to address an unintended and unnecessarily burdensome evolution in its scope. Over recent decades, investment funds have substantially increased their ownership in public companies, including banks. Bank lending to certain companies has become subject to Regulation O solely because the companies are held by a fund group that also holds a stake in the bank. Under the proposed rule, if a fund group meets certain criteria that constrain its influence over the bank's lending decisions, Regulation O would not apply to the bank's lending to the fund group's portfolio companies.

Federal Reserve staff do not believe that the insider lending restrictions in the Federal Reserve Act were intended to apply to extensions of credit by a bank to portfolio companies presumed to be controlled by these large fund groups. Index funds were not a prominent feature of the investment landscape when Congress adopted the insider lending restrictions of the Federal Reserve Act in 1933 and 1978, respectively. In contrast to an actively managed fund or other types of corporate shareholder, an index fund purchases and sells shares to mirror the risk and return characteristics of a stock index. Index funds generally pose less of a risk of self-dealing than other principal shareholders of banks because the funds have little discretion in their stock sales and purchases and because they vote their shares according to broad policy objectives around long-term shareholder value.

In December 2019, the Board, FDIC, and OCC issued a joint statement to allow banks that were passively held by these fund group principal shareholders to continue to lend to certain fund group-controlled portfolio companies while the Board considered how to amend Regulation O to address this issue on a permanent basis.

This temporary relief has been extended annually since then and is currently scheduled to expire at the end of 2026 if not renewed.

In light of these considerations, the proposal would modify the presumption of control in Regulation O in a narrow way to exclude certain portfolio companies of a fund group from being considered an insider under Regulation O. Under the exclusion, a fund group that is a principal shareholder of a bank would itself continue to be an insider of the bank, but a portfolio company of the fund group would not be an insider of the bank so long as

Continued on page 15

BHCA Fall Seminar Oct 5-6, 2026, set to inform, affirm and inspire

Deepen your understanding of the current industry landscape as you prepare to make the most of what's next. The challenges facing today's community bankers have never been more complex, but the Bank Holding Company Association's Fall Seminar will help you to assess the present and take on the future with confidence. "Creating Value: Building for the Future," takes place Monday-Tuesday, Oct. 5-6, 2026 at the Westin Galleria Hotel in Edina, Minn. If you are serious about maximizing the opportunities afforded by today's banking industry, make plans now to attend one of the best conferences of the year for bank owners, holding company officers, directors and senior bank officials.

Our agenda blends essential information for understanding the value of your bank while considering your options for growth, whether organic or acquired. It further offers leading-edge insight into technology and fintech partnerships that may help you maximize the value of your franchise. We leverage the expertise of familiar experts as well as welcome several first-time BHCA presenters. With nearly 20 presenters during a two-day format, no other community banking event delivers so much specialized intelligence in such a compact schedule.

This seminar will offer unique perspectives, including research based on the observations of mid-career bankers studying at the Graduate School of Banking in Colorado. Phil Goldfelder, the president of the America Fintech Council, will explain the benefits bankers and tech experts can create for American consumers looking for new and better ways to do their banking. Lindsey Piegza, Chief Economist for Stiefel Financial, will describe the economy in detail, with a focus on the impact to bankers. And, Simon Anderson, an internationally known futurist, identifies the most telling developments of our time, explaining what it might mean for your business and our world.

The seminar offers panel discussions featuring bankers and consultants who have transacted recent deals. And, in any of our eight breakout sessions, learn what regulators are looking for in exams these days, what you need to know about tax obligations, where AI fits into deal due diligence, and ideas for how to manage your capital, plus much more.

The Fall Seminar is also your opportunity to get a preview of two new BHCA offerings. During a special pre-seminar session, participate in an Executive Peer Advisory Circle. This is a small-group experience designed for bankers looking to share discussion with similarly-situated, non-competing bankers on challenges such as talent acquisition, leadership and growth. The session will be led by Mika Moser who has extensive experience working with community bank leaders.

Mosher is also leading a Leadership Succession breakout session where you can get a preview of the BHCA's new Emerging Leadership Accelerator, a program set to launch in early 2027. This is a program for emerging high-potential talent that just needs a little more support to become the best version of themselves for the benefit of customers and your bank, not to mention their own fulfillment.

Register today for the BHCA Fall Seminar. The seminar is again set for the beautiful Westin Galleria Hotel in Edina, Minn., where the meeting facilities are first rate, the rooms are exceedingly comfortable, and the surroundings—with all the dining, shopping and entertainment—are exceptional.

MONDAY, OCTOBER 5, 2026

Pre-seminar bonus session
This members-only session requires a separate registration fee.

9:30 - 11:30 am
Executive Peer Advisory Circle
*Facilitated by **Mika Moser***

This session, limited to 15 participants, is offered as a confidential forum for senior bank leaders to discuss leadership, talent, succession, growth and organizational challenges with peers. Facilitated by Mika Moser, this stand-alone session is designed as a pilot for a new ongoing BHCA service, periodically bringing together senior executives. Moser, who has extensive experience bringing together C-suite executives, is founder and president of At C Level Consulting Group, which helps banks navigate issues related to talent management and leadership development.

11:30 - 1:00 pm
Registration & Buffet lunch

12:50 - 1:35
From the Classroom to the Boardroom: What Graduate Banking Students are Saying About the Future
***Michael Stevens**, President of the Graduate School of Banking at Colorado*

Drawing on research and strategic projects from the Graduate School of Banking at Colorado, this presentation examines industry trends, merger activity, regulatory developments, technology, and broad-based succession planning. Stevens offers insights into how emerging leaders view the opportunities and challenges facing community banks, including the role of technology in strengthening relationship banking.

1:40 - 2:25 pm
Who Needs Who? Redefining the Bank-Fintech Relationship
***Phil Goldfelder**, CEO, American Fintech Council*

Banks and fintechs were once seen as rivals. That story is over, and the institutions that recognized it earliest are already pulling ahead on payments, lending and customer experience. The future of financial services will be shaped by institutions that effectively combine the trust and stability of traditional banking with the speed and innovation of fintech. AFC CEO Phil Goldfeder maps the current partnership landscape, cuts through the noise on what's actually working, and provides a practical framework for evaluating fintech relationships. He'll also break down the policy and legislative developments every bank leader needs to understand.

2:30 - 3:15 pm
Building a Coveted Community Bank: Stepping out of urgency to see what counts.
***Kurt Knutson**, Consultant, former community bank owner/president*

Community bank CEOs spend much of their lives making decisions under the pressure of responsibility. This session invites leaders to step out of urgency and examine what counts. In doing so, they may discover they can no longer see their institution in quite the same way. Whether the future includes growth, succession, continued independence, or acquisition, the institutions that become truly coveted are built long before those moments arrive

3:20 - 4:15 pm
Breakout Sessions

Why Leadership Pipelines Break Down
***Mika Moser**, At C Level Consulting Group*

The Fed's Approach to Regulating in the Current Environment
***Erik Beishir**, Federal Reserve Bank of Minneapolis*

De-Risking the Deal: How a Complete ERM Program Powers Smarter M&A.
***Marcia Malzahn**, Malzahn Strategic*

Tax Issues to Understand Before You Enter a Deal
***Paul Sirek and Brock Thaemlitz**, CPAs, Eide Bailly*

4:25 - 5:10 pm
Inside the Deal: M&A Insights for Closely Held Financial Institutions
***Blake Crow and Aric Radmacher**, CPA partners at Eide Bailly*

Get a strategic overview of the M&A process, designed explicitly for closely held financial institutions. Key topics include identifying and evaluating potential partners, marketing a bank for sale, assessing value and pricing, navigating legal and tax structuring, preparing regulatory applications, understanding acquisition accounting and managing post-deal capital impact.

5:15 - 6:30 pm
Reception

TUESDAY, OCTOBER 6, 2026

7:30 - 8:30 am
Buffet Breakfast

7:45 - 7:55 am
BHCA Annual Meeting
***Kelly Rachel**, BHCA President, North Star Holding Company Jamestown, N.D.*

8:05 - 8:55 am
Economic Outlook
***Lindsey Piegza**, Chief Economist, Stiefel Financial*

This survey of the current economy will offer insight into potential for growth, interest rates changes and monetary policy developments. Renowned economist Lindsey Piegza covers macro-economic trends in consumer spending and investment, in addition to new monetary and fiscal policy initiatives. This session, which also will examine the changing global and political environment, provides intelligence that you can use to enhance board meetings and senior management level discussions at your bank.

9:00 - 9:45 am
Strategy First, Transaction Second: Deciding Whether to Buy, Sell or Hold
***Paul Ouweneel and Michael Carlson,** CPAs, Wipfli*

The most important M&A decision isn't finding a buyer or identifying a target—it's determining what role a transaction should play in your institution's long-term strategy. In this candid discussion, community bank executives and advisors will explore the strategic factors that influence whether a bank should pursue acquisition, seek a merger partner, or continue operating independently. Learn how ownership goals, succession planning, growth opportunities and time horizon considerations can help create a roadmap that encourages an institution's leadership to act with purpose when opportunities arise.

9:50 - 10:35 am
Capital Strategy, Shareholder Liquidity, and Long-Term Value Creation
***Craig Mueller and David Stieber,** TruStar Advisors and **John Antolik,** My Private Shares*

Shaping more than a bank's balance sheet, capital decisions shape ownership, governance, and long-term strategic flexibility. This panel will cover today's capital environment, valuation, and M&A activity, then the ownership questions that follow as shareholder bases grow and disperse. Presenters will offer practical approaches for improving shareholder liquidity, reducing the operational risk of manual processes, and introducing new shareholders to the company, creating a more deliberate ownership strategy that strengthens franchise value and supports future growth.

10:35 - 11:00 am
Break

11:00 - Noon
Breakout Sessions

Stablecoin and Tokenized Deposits: Transformational Technology or Flash In the Pan?
***Michael Flaxbeard,** Forvis Mazars*

The Antidote to Activism: Building a Fortress, Not a Target
***By Gary Svec,** Performance Trust*

Levering AI in Legal Diligence and Negotiation
***Beau Hurtig**, Attorney, Ballard Spahr*

Why Some Banks Consistently Outperform their Peers
***Scott Baranowski and David Danielson**, CPAs, Wolf & Co.*

Noon - 12:45 pm
Lunch

12:50 - 2:00 pm
Beyond Resilient: How to Be Future Ready in an Age of AI and Constant Change
***Simon Anderson**, International Futurist*

Being resilient is no longer enough. Today's leaders need to see what's coming while there is still time to do something about it. Simon Anderson translates complex advancements into simple, usable strategies executives can implement immediately. Anderson's "Future Ready Framework" shows executives how to spot challenges and opportunities early and turn rapid change into competitive advantage.

2:05 pm
Adjourn

Name____

Company Name_______________________________________

Address____

City__________________ State_____________ Zip__________

Phone____________________ Email______________________

Guest Name(s) _____________________________________

____

____

*Please indicate dietary restrictions here:*________________________

LOCATION

The Westin Edina Galleria
3201 Galleria, Edina,
Minnesota, USA, 55435

To make your reservations, please contact the hotel directly at 952-567-5000

Book your room today to lock in our special rate! The deadline to book at our special rate is **September 18**.

FULL SEMINAR:			Number	Amount
BHCA Member		$675	______	______
Non-Member		$950	______	______

OPTIONS:			Number	Amount
Full Day Monday Only	*Members*	$385	______	______
	Non-Members	$525	______	______
Full Day Tuesday Only	*Members*	$350	______	______
	Non-Members	$450	______	______
Pre-Seminar Executive Peer Advisory Circle session* **This session is for BHCA members only.*	*Members*	$165	______	______

TOTAL AMOUNT ENCLOSED: $__________________

Mail Registration to:
Bank Holding Company Association
250 Prairie Center Dr., Ste. 300, Eden Prairie, MN 55344
Or Register online at **www.theBHCA.org**. Need more info? Call **952-835-2248 ext. 101**

The cost of the meals, entertainment and breaks included in the registration fee for this event are estimates at $100 on Monday, and $150 on Tuesday. This information is provided for your tax records in keeping with IRS deductibility provisions. By registering, you authorize the BHCA to use your image for promotional purposes. Cancellation Policy: Due to commitments and expenses, all cancellations after Sept. 19 will be subject to a $75 processing fee. We regret that no refunds will be given after Sept. 26, 2026; however, substitutes are welcome anytime. The BHCA assumes no liability for any nonrefundable travel, hotel or related expenses incurred by registrants. Cancellations or substitutions must be made in writing to Paula@NFRcom.com or Susan@NFRcom.com.

BHCA Seeks Bankers for New Leadership Accelerator

The Bank Holding Company is set to launch a Leadership Accelerator program, designed to help mid-career bankers reach new career milestones. The program is a four-month leadership development experience designed to help high-potential leaders make the transition from managing day-to-day responsibilities to thinking and leading at the executive level.

The program is led by Mika Moser, founder and CEO of At C Level Consulting Group, which focuses on executive search, leadership development, coaching and talent consulting. Moser is the former president of *Bank Director*, and was instrumental for years in the production of its Acquire or Be Acquired seminar, and many other events.

The program runs from January through April of 2027, and will serve a cohort of 12 to 15 bankers. The hybrid format features a leadership assessment and development plan, three individual coaching sessions, four cohort learning sessions, peer learning and accountability partners, and more, including a leadership celebration dinner. The program concludes at the 2027 BHCA Spring Seminar. (Seminar registration is included in the program fee.)

The program includes individual coaching, sessions on leading yourself, leading others, leading the business, and leading beyond the bank. At the conclusion of the program, At C Level will provide participating banks with a summary of leadership themes observed throughout the cohort. The confidential report will highlight common strengths, development opportunities, and recommendations for continuing the development of emerging leaders within the organization.

Mika Moser, Founder/CEO, At C Level Consulting Group

"We are very pleased to offer this program," commented BHCA President Kelly Rachel. "We are particularly pleased to partner with At C Level and Mika Moser to bring this program to holding companies in the BHCA. This is a truly unique program that will make a significant positive difference in the lives of several emerging leaders."

For more information, send an email to BHCA Managing Director Tom Bengtson at Tom@theBHCA.org. While registration closes at the end of November, the program is likely to sell out soon, so don't delay if you would like to send a member of your team to this inaugural Leadership Accelerator program. Be sure to check out Moser's Fall Seminar breakout session: "Why Leadership Pipelines Break Down." ■

BHCA co-hosting event in Kansas City, Oct. 26-27

The Bank Holding Company Association is partnering with Forvis Mazars, Olsen Palmer and Stinson to sponsor "Insight to Action: Financial Services Leadership Forum," which will take place Oct. 26-27, 2026 at the Cascade Hotel in Kansas City, Mo. This is the perfect event for bankers, directors and officers who are seeking deep information on the following:

- Bank M&A trends and growth strategies
- Digital assets and stablecoins
- Federal Reserve perspectives
- Governance and succession planning
- Peer-to-peer executive discussions

The forum's emphasis extends beyond presentations and market commentary. Peer-to-peer discussions and executive roundtables provide opportunities for candid dialogue among banking leaders facing many of the same opportunities and challenges. By combining industry perspectives with real-world experience, the event encourages meaningful exchange around what is working, what is changing, and what institutions should be preparing for next.

Among the topics drawing increased attention across the industry are the future role of digital assets in financial services, the pace and outlook of bank M&A activity, the growing importance of governance and board oversight, and the evolving regulatory landscape. Each carries significant implications for community banks seeking to remain competitive while balancing risk, innovation, and long-term strategic objectives.

The forum, which runs Monday, Oct. 26 from 11:45 a.m. to 6:00 p.m. and Tuesday, Oct. 27 from 8:00 a.m. to 12:35 p.m. is taking registrations now. The full registration is only $250 per person.

Ultimately, the value of gatherings such as "Insight to Action" lies in their ability to bridge the gap between awareness and execution. For community bank leaders, understanding emerging issues is only the first step. The greater challenge is determining which developments warrant action, how institutions should respond, and where future opportunities may emerge. As the banking industry continues to evolve, those conversations have become increasingly important to the institutions and communities they serve. ■

For more information, contact Rachel Doctor at Forvis Mazars at rachel.doctor@us.forvismazars.com. The complete agenda and registration information is available by scanning the QR code in the ad on page 13.

Accounting for Acquired Loans Under ASU 2025-08 & CECL

By Michael Flaxbeard

Community bank merger and acquisition activity has spiked in recent years. There were 127 completed community bank mergers in 2025, according to a Federal Reserve Bank of Kansas City report, marking the highest total since 2021. Business combinations can create significant complexity for accounting and finance personnel, particularly for acquired loan portfolios, and this is often an area to consider utilizing a third-party valuation specialist.

Accounting for purchased loans has been a multifaceted, challenging topic since the introduction of the current expected credit loss (CECL) standard, as there is inconsistency in the accounting methodology dependent upon whether a loan has experienced deterioration in credit quality since origination.

In late 2025, FASB released Accounting Standards Update (ASU) 2025-08 that aimed to resolve this inconsistency and allow for more simplicity in the accounting for purchased financial assets.

As such, the following background further unpacks the accounting for purchased loans, including the relationship with CECL and impacts from the recent FASB update.

Accounting for Acquired Loans

Under Accounting Standards Codification (ASC) 805, Business Combinations, acquired loans are recorded at fair value as of the acquisition date. The fair value of acquired loans generally includes two adjustments to historical cost: A yield (or interest rate) adjustment and a credit discount.

The requirements of ASC 805 did not change upon the issuance of ASU 2025-08. While a credit discount can share similar attributes with a CECL estimate, it is conceptually different as it represents the non-performance risk that would be assigned to the loan by a market participant.

Impact of CECL Under Legacy U.S. GAAP

Under ASC 326-20, purchased loans were classified into two groups: Loans with purchased credit deterioration (PCD) and non-PCD loans. The PCD classification is subjective, with banks often considering delinquency history or risk rating status when making the determination. While both PCD and non-PCD loans were accounted for at fair value as of the acquisition date, the accounting for CECL was significantly different based on PCD status.

For PCD loans, credit losses were estimated at the time of acquisition using the acquirer's CECL model. The resulting estimate was carried in the acquirer's allowance for credit loss (ACL). The ACL was added to the amortized cost balance of the loan.

The difference between the loan's amortized cost and book value represented an accretable discount. Under this method, referred to as the "gross-up" approach, there was not a provision expense impacting the acquirer's earnings. Rather, the ACL was established upon acquisition of the loan.

For non-PCD loans, no ACL was recorded at the time of acquisition. The difference between the fair value of the loan and the book balance represented an accretable discount. Following the recording of purchase accounting adjustments, the acquirer estimated an ACL on the amortized cost basis of the acquired loans and recorded a loss provision, which impacted earnings.

Given that loans are marked to fair value through the purchase accounting process (which incorporates a credit discount), this practice was often referred to as a "double-count" related to credit and criticized by many in the banking and accounting industry for adding unnecessary inconsistency and volatility to financial reporting.

An example of the two accounting methods under legacy U.S. GAAP is shown below:

Example:

$100,000	Outstanding principal	$97,700	Fair Value
$15,000	PCD loans identified	$14,500	Fair value of PCD loans
$300	Liquidity discount	$83,200	Fair value of non-PCD loans
$200	Credit discount		
$150	Estimated ACL		
$85,000	Non-PCD loans identified		
$1,000	Yield discount		
$800	Credit discount		
$1,200	Estimated ACL		

PCD Accounting

Loans	$15,000	Par
Discount	(350)	Accretable
CECL	(150)	
	$14,500	(Fair Value)

Non-PCD Accounting

Loans	$85,000	Par
Discount	(1,800)	Accretable
	$83,200	(Fair Value)

Day 1 Impact: $1,200 provision expense to establish non-PCD ACL

Impact of Updated ASU 2025-08

ASU 2025-08 eliminates the inconsistencies in accounting for PCD loans and non-PCD loans by expanding the use of the gross-up approach, which was previously used exclusively for PCD assets. With the accounting update, acquired loans will be referred to as purchased seasoned loans (PSLs).

In practice, most acquired loans will have an allowance for credit loss recorded at the acquisition date with no immediate impact on earnings. While the PCD designation is intact and financial statement disclosures unique to PCD loans remain, the accounting for all acquired loans will follow a consistent model at acquisition. This is expected to improve comparability and eliminate the double-count issues that existed under legacy U.S. GAAP. It is presumed that nearly all loans acquired in a community bank acquisition will be considered PSLs. However, credit card receivables, debt securities, and trade receivables are excluded from the scope of the accounting update.

An example of the accounting model prescribed by ASU 2025-08 is shown below. Multiple scenarios are included to illustrate how the initial CECL estimate will influence the accretable discount:

Example:	$100,000	outstanding principal
	Discount	$1,800 ($1,000 yield / $800 credit)
	Fair value	= $98,200

Scenario 1 (Assume CECL - $600)			Scenario 2 (Assume CECL - $800)			Scenario 3 (Assume CECL - $1,000)		
FV + CECL = $98,800 (this is new amortized cost)			FV + CECL = $99,000 (this is new amortized cost)			FV + CECL = $99,200 (this is new amortized cost)		
Loan	100,000	Par	Loan	100,000	Par	Loan	100,000	Par
Discount	(1,200)	Accretable	Discount	(1,000)	Accretable	Discount	(800)	Accretable
CECL	(600)		CECL	(800)		CECL	(1,000)	
	$98,200	(Fair value)		**$98,200**	(Fair value)		**$98,200**	(Fair value)

Summary:

If CECL matches credit discount, accretable yield will match liquidity mark

If CECL is less than credit discount, a portion of credit discount is accreted (i.e. accretable portion is higher than liquidity mark)

If CECL is more than the credit discount, only a portion of the FV mark is accreted (i.e. accretable portion is less than liquidity mark)

Transition & Next Steps

ASU 2025-08 is effective for annual reporting periods beginning after December 15, 2026. Early adoption is permitted in an interim or annual reporting period in which financial statements have not yet been issued. Therefore, the simplified guidance can be applied to 2026 transactions. Implementation of the standard will result in only minor changes to existing financial statement disclosure requirements.

Management teams should revisit recent and upcoming acquisitions as soon as feasible to understand the impact that this update will have on acquired loan portfolios. Early adoption may offer significant benefits, such as eliminating the Day 1 credit loss expense and simplifying accounting treatment for eligible loans.

For more information, please reach out to Forvis Mazars with questions on how this accounting change may impact your acquisition. ■

Michael Flaxbeard is a partner in the banking practice at Forvis Mazars, Kansas City, Mo.

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:

▷ Central Bancshares of Kansas City, Inc., Kansas City, Mo., has elected to become a financial holding company.

▷ Hoosier Heartland State Bancorp ESOP and Savings Plan Trust filed to increase its ownership of Hoosier Heartland State Bancorp, both of Crawfordsville, Ind., to 25.93 percent from 25.47 percent, and thereby increase its indirect ownership of Hoosier Heartland State Bank, Crawfordsville.

▷ First Western Bank and Trust, Minot, N.D., filed to establish a branch in Harrisburg, S.D.

▷ PBI Holdings, Inc., Omaha, Neb., filed to become a bank holding company through the acquisition of Premier Bancshares, Inc., Omaha, and thereby acquire Premier Bank N.A., Omaha.

▷ Silver Queen Financial Services, Inc., Greenwood Village, Colo., filed to become a bank holding company by acquiring Colorado Federal Savings Bank, Greenwood Village, to be renamed PF National Bank following its conversion from a federal savings bank to a national bank.

▷ Tri-County Bank, Brown City, Mich., authorized to merge with Mayville State Bank, Mayville, Mich., and thereby establish branches in Mayville and Millington, Mich.

▷ Isabella Bank Corp, Mount Pleasant, Mich., filed to merge with Grand River Commerce, Inc., and thereby acquire Grand River Bank, both of Grandville, Mich. Concurrently, Isabella Bank, Mount Pleasant, filed to merge with Grand River Bank and thereby establish two branches.

▷ Daniel Ray Fulk, Du Quoin, Ill., filed to acquire shares of Perry County Bancorp, Inc., and thereby acquire control of Du Quoin State Bank.

▷ The Judy Harder Irrevocable QSST Trust and others of Minnesota filed to acquire shares of Odin Bancshares, and thereby acquire shares of Odin State Bank, both of Odin, Minn.

▷ Barnes Bancorp, Inc., Mount Vernon, Iowa, authorized to become a bank holding company by acquiring Community State Bank, Paton, Iowa.

▷ Fidelity Ban Corporation, Independence, Iowa, authorized to acquire Welcome State Bank, Welcome, Minn.

▷ Citizens Bancshares, Inc., ESOP filed to acquire up to 47.03 percent of Citizens Bancshares, Inc., and thereby acquire additional shares of The Citizens Bank of Edmond, all of Edmond, Okla.

▷ Gregory A. Dunlap Revocable Trust and others of Milford, Neb., filed to acquire shares of Country Bank Shares, Inc., and thereby acquire shares of Farmers and Merchants Bank, both of Milford.

▷ Edgar County Banc Shares, Inc., Paris, Ill., received a waiver of filing requirement to acquire Preferred Bancorp, Inc., and thereby acquire its subsidiary state nonmember bank, Preferred Bank, both of Casey, Ill., in connection with the merger of Preferred Bank with and into Prospect Bank, Paris.

▷ Lauritzen Corp and First National of Nebraska, Inc., both of Omaha, Neb., received a waiver of filing requirement to acquire Blue Ridge Bancshares, Inc., and its subsidiary state nonmember bank, Blue Ridge Bank and Trust Co., both of Independence, Mo., in connection with the merger of the bank with and into First National Bank of Omaha.

▷ Hawthorn Bancshares, Inc., Jefferson City, Mo., received a waiver of filing requirement to acquire FSC Bancshares, Inc., and thereby acquire its subsidiary state nonmember bank, Farmers State Bank, both of Cameron, Mo., in connection with the merger of Farmers State Bank with and into Hawthorn Bank, Jefferson City.

▷ Hometown Community Bancorp, Inc., and Hometown Community Bancorp, Inc., ESOP and Trust, both of Morton, Ill., authorized to acquire First Bank of Manhattan, Ill.

▷ C.S.B. Co., Cozad, Neb., received a waiver of filing requirement to acquire and merge with First State Bancorp, Inc., and thereby acquire its subsidiary state nonmember bank, First State Bank, both of Randolph, Neb., in connection with the merger of First State Bank with and into Homestead Bank, Cozad.

▷ Brookfield Bancshares, Inc., Brookfield, Ill., filed to merge with NSTS Bancorp, Inc., and thereby acquire North Shore Trust and Savings, both of Waukegan, Ill., and thereby operate a savings association.

▷ OppFi, Inc., Chicago, filed to become a bank holding company by acquiring BNCCORP, Inc., Bismarck, N.D., and thereby acquiring BNC National Bank, Glendale, Ariz. In addition, OppFi Inc., elected to become a financial holding company.

▷ Notice filed by the Gerald L. Moon Family Trust, and Shirley M. Moon, both of Effingham, Ill., to acquire shares of Omni Bancorp, Inc., and thereby acquire shares of Crossroads Bank, both of Effingham.

▷ Amy J. Regan, Hastings, Minn., and others filed to acquire shares of PB Bancshares, Inc., and thereby acquire shares of Premier Bank, both of Maplewood, Minn.

▷ Providence Bancshares, Inc., Dakota Dunes, S.D., authorized to become a bank holding company by acquiring Nebraska State Bank, Bristow, Neb., and Nebraska State Bank, Lynch, Neb.

▷ Nebraska Bancshares, Inc., Farnam, Neb., and its subsidiary, First Gothenburg Bancshares, Inc., Gothenburg, Neb., filed to acquire Foundation First Corporation, Omaha, Neb., and thereby acquire Foundation One Bank, Waterloo, Neb.

▷ First State Bancorp Inc., Combined Retirement Benefit Plan and First State Bancorp, Inc., both of Caruthersville, Mo., received a waiver of filing requirement to acquire Senath Bancshares, Inc., and thereby acquire its subsidiary state nonmember bank, Senath State Bank, both of Senath, Mo., in connection with the merger of Senath State Bank with and into First State Bank and Trust Company, Caruthersville.

▷ The Blake Schultz Irrevocable GST Trust and others of Luana, Iowa, permitted to acquire shares of Luana Bancorporation and thereby acquire voting shares of Luana Savings Bank.

▷ The EJH Trust 2021 of Wichita, Kan., and others authorized to acquire shares of Fidelity Financial Corp and thereby acquire shares of Fidelity Bank, N.A., Wichita.

▷ Notice filed by Bradley C. Hanson, Sioux Falls, S.D., to acquire shares of AgCom Holdings, Inc., Maxwell, Iowa, and thereby acquire Maxwell State Bank, Maxwell, Iowa

BHCA Directories provide essential information

The two BHCA directories are now available for 2026.

First, the membership directory for 2026-27 was mailed to each BHCA member earlier this summer. The 64-page booklet features contact information for member holding companies, as well as its four dozen Associate Members. In addition to contact names, emails and phone numbers, many of the Associate Member entries include a company description.

The directory also includes a listing of board members and officers, as well as historical information since the BHCA was founded in 1981. Members who would like additional copies of the directory are welcome to contact the BHCA to request them.

Second, the BHCA has published its seventh annual national holding company directory. This online publication presents a list of holding companies, ranked by asset size, for every state in the country. The list shows subsidiary banks of each holding company.

The online directories can be found by clicking on the "Intelligence" icon at the top of the page at www.theBHCA.org. The link is the first one in the drop-down menu. All seven directories are available at that link, making it easy to compare lists from various years. ■

***Down to Business**, Continued from page 5*

believe will add unprecedented value to your membership.

We talked about these ideas with respect to three- and five-year goals for the BHCA. We have a vibrant board, and a robust membership so we have a magnificent foundation on which to build for the future. Sometimes after a strategic planning session, you wonder whether it was worth it. Perhaps you think it was a waste of time. But I can tell you, this BHCA strategic planning session was worth every minute of time and every ounce of effort. The board members were prepared, they came with opinions and ideas, and we left with a much better sense for where we want to go in the future. And, best of all, we have some ideas about how to get there!

So like Florence Chadwick on her second effort to swim to Catalina Island, we know what we are striving for. We have a vision of it in our heads. We know we have the energy and the wherewithal to complete the journey. And, with our eyes wide open, we won't stop before we reach the goal! ■

***Regulation**, Continued from page 6*

the fund group (i) is not a bank holding company; (ii) does not trigger a presumption of control of the bank under Regulation Y; (iii) does not hold more than 25 percent of the bank; (iv) does not hold more than 10 percent of the bank through a single fund; and (v) does not hold more than 10 percent of the bank through actively managed funds.

The Dodd-Frank Act amended the Federal Reserve Act so that extensions of credit subject to Regulation O include "credit exposures" arising from derivatives and securities financing transactions between a bank and its insiders. The proposal would establish methodologies to determine the amount of these credit exposures. Under the proposal, the credit exposure from a derivative transaction and securities financing transaction generally would be the exposure amount for the transaction calculated using the risk-based capital rule of the bank's appropriate federal banking agency.

The Dodd-Frank Act also introduced requirements for asset purchases and sales between a bank and its insiders. Such transactions must be on market terms and, when sufficiently large, approved in advance by a majority of a bank's board of directors. The proposal would codify these requirements and specify that a transaction is on market terms if the terms and circumstances of the transaction are substantially the same as those offered to third parties. The proposal would also incorporate into Regulation O other existing statutory requirements relating to bank insider lending, such as correspondent bank restrictions, that are not currently reflected in the regulation.

Comments should reference proposal ID R-1896. The comment period ends on Oct. 5, 2026. ■

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