

CORPORATE PROFILE: YEAR END 2016

FRANDSEN BANK & TRUST

Your Bridge to Financial Success for Life

ABOUT FRANDSEN BANK & TRUST

Frandsen Bank & Trust was founded in 1982 with the purchase of one bank by entrepreneur Dennis Frandsen. Today we have over thirty locations throughout Minnesota and border communities in Wisconsin and North Dakota. Our community-focused, business-savvy bankers are committed to determining needs, developing relationships, and delivering solutions for businesses of any size.

We offer the perfect mix of outstanding personal service and high-tech banking features. Our customers have told us that we are big enough to meet all their needs but small enough to care. We think that says it all.

WE OFFER A FULL RANGE OF BANKING SERVICES

- Business and ag lending, including SBA and Farmer Mac
- Commercial and farm real estate lending
- Full suite of treasury management products
- Online banking, remote deposit, and ACH payroll
- Credit/debit card and electronic payment processing
- Business and consumer mobile banking and deposits
- Consumer banking services
- Residential real estate lending
- Wealth Management & Trust services (not FDIC insured • may lose value • no bank guarantee)
- Plus many more personal and business banking services

LOAN DISTRIBUTION

**TOTAL LOANS AND LEASES
AS OF DECEMBER 31, 2016**
\$979 million

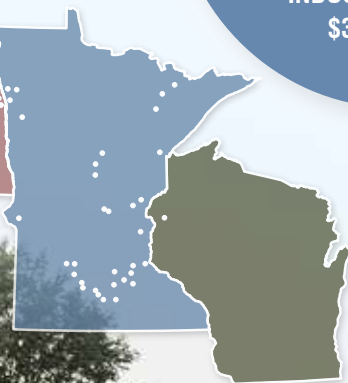
**PERSONAL LOANS,
LEASES, AND OTHER**
\$41 million

**RESIDENTIAL REAL
ESTATE LOANS**
\$384 million

FARM LOANS
\$172 million

**COMMERCIAL/
INDUSTRIAL LOANS**
\$382 million

Over **30**
locations
in three states



Financial information (in thousands)

	12.31.16	12.31.15
Total assets	\$1,717,614	\$1,597,914
Total deposits	1,423,325	1,331,073
Gross loans and leases	978,794	907,496
Total equity capital	206,958	205,293
Tier 1 capital	143,954	138,616
Total capital	156,156	152,131

Capital ratios

	12.31.16	12.31.15
Tier 1 leverage ratio	8.82%	9.14%
Tier 1 risk-based capital ratio	12.00%	12.35%
Total risk-based capital ratio	13.04%	13.56%

Frandsen Bank & Trust is owned by

FRANDSEN FINANCIAL CORPORATION

A multi-bank holding company • Member FDIC

frandsenbank.com frandsencorporation.com



THE DENNIS FRANDSEN STORY

Dennis Frandsen has been an entrepreneur his whole life. He grew up on a small dairy farm outside of Luck, Wisconsin, and attended a country schoolhouse. As a child, he started a cucumber patch and sold cucumbers to the Gedney Pickle Company. The first check he received was for \$3.57. In high school, he earned money by cutting logs on the family farm and selling them to a yo-yo factory in Luck.



After finishing high school in 1951, Dennis decided that he could earn more money logging than going to work for someone else. He already owned the requisite chain saw, and invested in a truck as well. When the family farm ran out of logs, he contracted with neighbors to harvest their trees. Before long, he was earning much more than he could have made working for someone else in corporate America.

In 1953, at the age of 19, Frandsen heard of 200 acres of virgin timber for sale across the border in Rush City, Minnesota. He hopped on a plane (for the first time in his life) and traveled to Chicago (for the first time in his life) to drop in—with no appointment—on the owner. He emerged with an agreement to purchase the land for \$13,000—not that he had anywhere near the capital to fund the deal. Now doing business as Frandsen Lumber Company, Dennis applied for a loan at his local bank in Luck. Upon being turned down, he walked out of the bank and vowed that someday he would own that bank, a prophecy that came true less than thirty years later. He was similarly turned down by a bank in Rush City. But as he drove

home after the second try, fate seemingly guided him to the bank in Grantsburg, Wisconsin, where he met a kindred spirit, banker Walter Jensen. And Jensen decided to fund the lumber venture.

Within five months, Frandsen paid off the note, with half the timber still remaining unharvested—resulting in a very healthy profit on the lumber. When that was sold, he still owned the land and was able to convert that into another level of profit. Dennis relocated to Rush City, where he soon met his wife, Jeanette, a nurse at the local hospital. He then purchased more land than he needed for a home on Rush Lake, started a family, turned his excess land into lakeshore lots, and sold them at a profit.

Ten years after joining forces with Jensen, in 1963 Frandsen once again turned to the banker friend to help finance his purchase of Plastech Research, now Plastech Corporation, which today sells \$50 million a year in plastic parts and is a component of Frandsen Corporation, a holding company that provides support to his many enterprises.



From the late 1960s through the 1980s, Dennis bought and developed thousands of acres of land in Chisago, Pine, and Kanabec counties in Minnesota. He subdivided the land into smaller parcels, built roads and cabins, and sold them as recreational properties—and netted several million dollars.

In 1981, serendipity put Frandsen in touch with another banker friend who informed him that his hometown bank in Luck was for sale—the very bank that turned him down for his first loan. Dennis bought that bank, and started what is now Frandsen Financial Corporation, a multi-bank holding company with more than thirty locations in three states.



And there's more. Frandsen—still the farm boy at heart—purchased Miller Manufacturing Company in 1996. The company has grown, through expansion and acquisitions, to become the world's



FOUNDER AND CHAIRMAN OF THE BOARD, FRANDSEN FINANCIAL CORPORATION



top supplier of livestock products and a leading producer of American-made farm, ranch, and pet supplies. Miller's product line today includes about 1,000 products.

Over sixty years after launching his business career, Dennis Frandsen isn't finished. In 2014 he purchased Kelley Beekeeping Company, one of the world's leading suppliers of bees and beekeeping equipment, with a line of 3,000 items, mostly made in the USA.



Frandsen has surrounded himself with a group of talented business people who are charged with running his companies with the same entrepreneurial spirit. Frandsen entities have a reputation for honesty, fairness, and accountability. Dennis's unique management style holds senior management accountable but allows them freedom to run the businesses. That style has earned him recognition as one of Minnesota's leading entrepreneurs. As his organization continues to grow by expansion and acquisition, Frandsen's uniqueness stands out. He believes that well-run enterprises can benefit employees, shareholders, communities, and clientele. Employees, colleagues, and customers in nearly forty communities continue to benefit from that philosophy.

