

PROVINCIAL BANK



September 1, 2016

Dear Valued Business Customer:

New and exciting things are happening at Provincial Bank. Effective October 24, 2016, Provincial Bank will merge into Frandsen Bank & Trust. Frandsen Bank & Trust is an affiliate bank with whom we presently share common ownership. We are excited about this merger because it will allow us to serve you better. As always, our goal is to provide you with a full range of competitive products to meet your financial needs along with the outstanding service you have grown accustomed to from a community bank.

Important Details of this Merger

- Conversion of Accounts:** We will be updating our business checking and savings products effective with the merger on October 22, 2016. See the chart below for the account conversions. Please refer to your statement for the name of your current business checking and savings product. If you would prefer to be converted to a different account than indicated in the tables below, please contact our customer service representatives to discuss your options. ***Please review the enclosed Business Banking Solutions booklet for further details on each of these accounts.***

Business Checking Accounts

| | | | | | |
|----------------------------------|----------------------------------|----------------------------|---------------------------------------|------------------------------------|------------------------------------|
| If you currently have: | Corporate or Commercial Checking | Small Business Interest | Small Business (with earnings credit) | Non Profit Business or Association | Business Money Market Check Access |
| Your account will become: | Business Checking | Business Interest Checking | Small Business Checking | Community Groups Checking | Money Market Account |

Business Savings Accounts

| | | |
|----------------------------------|----------------------------|--|
| If you currently have: | Business Savings | Business Money Market Savings ² |
| Your account will become: | Business Statement Savings | Money Market Account |

²Money Market Savings Account: After the merger this account will become a checking account to provide easier access to your account. All of the features of your account today will still apply plus the additional ability to write checks or use a Check Card. If you are interested in checks or a Check Card, please contact our customer service department. ***If you currently have electronic payments or direct deposits on this account, you will need to contact the originator to specify it is now a checking account.*** Withdrawal limitations apply. Refer to the Business Banking Solutions booklet for details.

- Conversion Statement:** We will be generating statements for ALL checking and savings accounts on Friday, October 21, 2016. We will pay the accrued interest and service charges will be applied to checking accounts. We will pay the accrued interest and there will be no service charge assessed on savings accounts.

Following the October 21st statement cycle, future statements will generate as indicated below:



20280 Iberia Avenue • Lakeville, MN 55044
Phone 952.469.2265

- **Business Checking Accounts:** Your statement will generate on the last day of the month beginning October 31, 2016 (service charges will not be assessed for this cycle).
 - **Business Savings Accounts:** Your statement will generate at the end of each quarter beginning December 31, 2016.
 - **Business Money Market Accounts:** Your statement will generate at the end of each month beginning November 30, 2016.
- **NOW Account Classification:** All interest bearing checking accounts will be changed from a “NOW Account” classification to an “Interest Bearing Demand Deposit Account” classification. This will eliminate our right to require seven days advance notice in writing before any withdrawal. Since we did not use the advance notice provision, this change has no impact on your account.
- **Additional Terms and Conditions of your account:**
 - **Payment Order of Items:** When processing items drawn on your account, our general policy is to pay electronic items (such as ACH, ATM, or debit card transactions) first followed by items (such as checks or drafts) in numerical sequence with the lower item numbers paid first. On your account statement we do not necessarily report debits and credits in the order that we posted them to your account.
 - **Funds Availability:** Effective October 22, 2016, we will make funds from your check deposits and mobile check deposits available to you on the first business day after the day we receive your deposit. Electronic direct deposits and cash deposits will be available on the day we receive the deposit. Once the funds are available, you can withdraw them in cash and we will use the funds to pay checks that you have written. In the event the available balance in your account is not sufficient to cover an item, we will either authorize and pay the item and overdraw your account (Overdraft item), or we will decline and return the item unpaid (NSF item).

To serve you better we are extending our daily cut off time to close of business to allow more time for you to make your deposits and loan payments at our office. All transactions received after the bank closes will be credited the next business day. Every day is considered a business day except Saturdays, Sundays and federal holidays.
 - **Accrual of Interest:** Interest will begin to accrue on the first business day after the banking day you deposit noncash items (for example, checks) into your account.
 - **Checks, Deposit Tickets, Direct Deposit and Electronic Payments:** Your account number will not change unless you have been notified directly. You may continue to use your current supply of checks and deposit tickets. Our routing number will change to **091901202** effective October 24, 2016. Originators of direct deposits and/or electronic payments will receive an electronic notification of this change and you may be contacted by the originator for verification. We will continue to process any direct deposits or electronic payments received with our old routing number (091916815). ***When you order new checks or set up new direct deposits and/or electronic payments, please use our new routing number.***
 - **Additional Information:** Please see the enclosed Business Banking Fees and FDIC Insurance letter.
 - **Check Cards & ATM Cards** We will be reissuing all Check cards prior to October 21, 2016. Your Provincial Bank card will be closed on Monday morning, October 24th at approximately 3:00 am. Your new Frandsen Bank & Trust card can be activated and a PIN established prior to October 24th; you can start using your new Frandsen Bank & Trust card beginning Monday morning, October 24th. If you use your Check card for automatic payments from your account (i.e. gym membership, association fees, etc.), you must provide your new card number to those businesses. Your daily limit will be controlled by the lesser of your available balance or the maximum limit assigned to your card.

- **Free Collection Service on Returned Checks:** Frandsen Bank partners with Checkmarc USA to provide this no cost service to your business with no contracts or equipment to purchase. You receive 100% face value of bad check transactions recovered. All business checking account customers are eligible and will be automatically enrolled in this service. A Welcome Packet will be sent via email shortly after October 24th. If you choose to opt-out of this service, please contact our customer service department.
- **Convenience Line (Telebank):** Effective October 24th you may obtain balances, transfer money between accounts, track cleared transactions and make loan payments through our 24-Hour Convenience Line **1-877-689-1469**. Your Personal Identification Number (PIN) will initially be the last four digits of your social security number.
- **Website:** Our website address will be redirected to **www.frandsenbank.com**. Beginning October 24, 2016, you will be able to see the new and improved look of our website.
- **Online Banking, Bill Pay, eStatements, and Mobile Banking:** Access to your current online banking will be for inquiries only beginning at 3:00 pm on Friday, October 21st. Access to the new system will be available beginning October 24th. We will be offering a new online banking product designed specifically for you. You will be contacted directly to get started.

Recommendation: If you currently use Bill Pay, we recommend printing out any history you would like to retain and a list of payees (prior to October 21st) so you may easily add these payees into our new system.

Recommendation: If you currently receive an eStatements, we recommend saving or printing your previous eStatements for retention prior to October 20th as they will no longer be available after October 21st.

We offer Business Mobile Banking to our Business Online Banking clients. Make deposits, transfer money, pay bills, approve transactions, monitor balances, and much more with the convenience of your smartphone. Download Frandsen Business Mobiliti™ from the Apple Store or Google Play and contact a customer service representative to get connected.

- **Loan Advance Notices:** We are going Green! With Online Banking and Convenience Line your account information can be accessed 24/7 eliminating the need to mail out advance notices.
- **Notice Regarding All Checking Accounts:** We are making a regulatory and internal accounting change to all checking accounts. This will have **NO EFFECT** on the current features of your account including your account number, the use of your account, the amount of interest (if any) paid on your account, the fees for your account (if any), your monthly statement or FDIC Insurance coverage.

This change will result in the creation of two sub-accounts; a checking sub-account and a savings sub-account. The bank may periodically transfer funds between these two sub-accounts. On the sixth transfer during a calendar month, any funds in the savings sub-account will be transferred back to the checking sub-account. This reallocation will occur solely on our books, will be transparent to you, and have **NO EFFECT** on the daily use of your account.

We appreciate your patience and understanding as we make this transition. If you need assistance, please contact our customer service department.

Sincerely,



Pat Arling, President
Provincial Bank



Mike Lebens, President
Valley Lake Market



Troy Weathers, President
Hastings Market

Enclosures: Business Banking Solutions, Business Banking Fees, FDIC Insurance Letter, Privacy Notice

FRANDSEN BANK & TRUST



frandsenbank.com
Member FDIC

BUSINESS BANKING FEES

Business Online Services

Business Online Banking

Includes access to Mobile Banking, Mobile Deposit, eStatements, Account Alerts, Transaction Monitoring, and Internal Transfers for no monthly charge

Online Bill Payment

Available to Business Online Banking customers for no monthly charge as long as it is used once every 30 days. If not used during a 30 day period an Online Bill Payment Billing Fee of \$6.95 will be imposed. The bill pay processor may assess additional fees for photocopy requests, returned items, and stop payments.

Cash Management

| | |
|---|----------------------|
| Online Wire Origination | |
| Domestic Transfer | \$15.00 |
| Foreign Transfer | \$50.00 |
| ACH Origination | |
| File Fee | \$7.00 |
| Per Item Fee..... | \$0.07 |
| Single Funds Transfer | \$0.50 |
| ACH Unauthorized Return Item Fee, per item..... | \$5.00 ³ |
| <i>ACH File Fee and Per Item Fee is per submission of new, change, delete, or reversal of files according to our system</i> | |
| Initial Tokens, first two | No charge |
| Additional Tokens, each (non-refundable)..... | \$20.00 ³ |
| Replacement Tokens, each (non-refundable) | \$35.00 ³ |

Remote Deposit Capture *safely and easily deposit checks from your office at your convenience*

CheckMarc *FREE collection service on returned checks*

CoCard Merchant Card Processing *Cost effective way to accept card and mobile payments*

VISA® Business Credit Cards *We have the card that is the right fit for your business*

Small Business Checking Online Services Packages

Special packages created for our customers with a Small Business checking account

| Package A – Online Account Management | No Monthly Charge |
|---|-------------------|
| <ul style="list-style-type: none"> • Business Online Banking • Mobile Banking • Mobile Deposit • eStatements • Online Bill Payment (<i>Must be used once every 30 days or an Online Bill Payment Billing Fee of \$6.95 will be imposed</i>) <i>The bill pay processor may assess additional fees for photocopy requests, returned items, and stop payment.</i> • Account Alerts • Internal Transfers • Transaction Monitoring (<i>including check images</i>) | |
| Package B – Cash Management | \$25.00 per month |
| <ul style="list-style-type: none"> • Includes all services in Package A • ACH Origination (³<i>additional fees may apply</i>) • Online Wire Origination • Two employee tokens | |
| Package C – Remote Deposit Capture | \$40.00 per month |
| <ul style="list-style-type: none"> • Includes all services in Package A • Includes small scanner lease and software (<i>\$60.00 per month for large scanner lease and software</i>) | |
| Package D – Cash Management and Remote Deposit Capture | \$60.00 per month |
| <ul style="list-style-type: none"> • Includes all services in Package A • Includes all services in Package B • Includes all services in Package C (<i>\$80.00 per month for large scanner lease and software</i>) | |

Check and Card Fees

| | |
|---|-----------|
| MasterCard® Check Card | no charge |
| Replacement Card | \$10.00 |
| Check Printing | varies |
| Cashier's Checks, per check | \$5.00 |
| Money Orders, per money order | \$3.00 |
| ¹ Certified Checks | \$10.00 |
| Gift Cards, per Card | \$3.00 |
| ¹ Travel Cards, per Card | \$6.00 |
| ¹ Travel Card Reload Fee | \$3.00 |

Account Fees

| | |
|---|----------------------|
| Returned Deposit Item or Cashed Check Fee, per item | \$4.00 |
| Returned Deposit Item Representation Fee, per item | \$8.00 |
| Returned Deposit Item Special Instruction Fee, monthly | \$10.00 |
| Stop Payments, per item | \$32.00 |
| Stop Payments (<i>initiated through Online Banking</i>), per item | \$16.00 |
| Account Closure Fee (<i>if account is closed within 6 months of opening</i>) | \$25.00 |
| NSF Return Fee, per item | \$32.00 ² |
| Overdraft Fee, balance overdrawn \$0.00 to \$20.00 | \$16.00 ² |
| Overdraft Fee, balance overdrawn more than \$20.00 | \$32.00 ² |
| Continuous Overdraft Fee, per day | \$10.00 |
| <i>(Imposed on the 4th business day of a continuously overdrawn balance and continuing every business day, the account balance remains below \$0.00)</i> | |
| Daily Overdraft Fee Maximum, per day | No Limit |
| Balance Reserve Transfer Fee, per transfer | \$3.00 |

Wires

| | |
|---------------------------------------|---------|
| Wire Transfer, incoming | \$10.00 |
| Wire Transfer, outgoing | \$20.00 |
| Wire Transfer, foreign incoming | \$30.00 |
| Wire Transfer, foreign outgoing | \$50.00 |

Legal

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|--|---------|
| Garnishment/Levy processing | \$75.00 |
| Collections, incoming and outgoing | \$20.00 |
| Signature Guarantee or Medallion Signature Guarantee | \$10.00 |

Other Services

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|---|----------|
| Account Research, per hour (<i>1 hour minimum</i>) | \$25.00 |
| Account Research, per copy | \$1.00 |
| Checkbook Reconciling, per hour (<i>1 hour minimum</i>) | \$25.00 |
| Copy of Check/Deposit, per item | \$1.00 |
| Past Statement Copy | \$3.00 |
| Account Activity Printout | \$3.00 |
| Check Reconciliation Positive Pay Service | |
| Maintenance Fee, monthly | \$100.00 |
| Paid Item Fee, per item | \$0.15 |
| Lock Box Services | |
| Maintenance Fee, monthly | \$80.00 |
| Domestic Deposited Item Fee, per item | \$4.00 |
| Foreign Deposited Item Fee, per item | \$3.00 |
| Rolled Coin, per roll | \$0.08 |
| Strapped Currency, per \$1,000 | \$0.75 |
| External Transfer Setup Fee | \$5.00 |

Night Deposit

| | |
|---------------------------|---------|
| Zipper Bag | \$5.00 |
| Commercial Lock Bag | \$20.00 |

¹Services may not be available in all offices

²Fee pertains to checking and savings accounts and applies to each item created by check, in-person withdrawal, ATM withdrawal or other electronic means. In the event the available balance in your account is not sufficient to cover an item, we will either authorize and pay the item and overdraw your account (Overdraft item), or we will decline and return the item unpaid (NSF item) per our Funds Availability Policy.

FRANDSEN BANK & TRUST



116 Central Street West
Lonsdale, MN 55046

To Depositors of Provincial Bank:

This is to advise you that on or after October 22, 2016 Frandsen Bank & Trust, Lonsdale, MN will merge Provincial Bank, which has its main office at 20280 Iberia Avenue, Lakeville, MN 55044.

Bank Name

In this transaction, Frandsen Bank & Trust will operate under the name Frandsen Bank & Trust and establish detached facilities for Provincial Bank located at 20280 Iberia Avenue, Lakeville, MN 55044, 7303 161st Street, Rosemount, MN 55068 and 1309 Vermillion Street, Hastings, MN 55033.

Bank Locations

The main office of the merged bank will be located at 116 Central St. West, Lonsdale, MN 55046. The current offices of Frandsen Bank & Trust are located at: 116 Central Street West, Lonsdale, MN 55046; 2001 West Broadway Avenue, Forest Lake, MN 55025; 125 1st Street South, Montgomery, MN 56069; 341 4th Avenue, Foley, MN 56329; 59 Highway 23 West, Foley, MN 56329; 100 North Minnesota Street, New Ulm, MN 56073; 1823 South Broadway, New Ulm, MN 56073; 715 Stafford Road North, Dundas, MN 55019; 1413 Central Ave NW, East Grand Forks, MN 56721; 1616 South Washington Street, Grand Forks, ND 58201; 2755 10th Ave N, Grand Forks, ND 58203; 410 West 2nd Street, Ada, MN 56510; 212 Main Street, Oslo, MN 56744; 528 North 1st Street, Warren, MN 56762; 24110 Smiley Road, Nisswa, MN 56468; 7429 Excelsior Road, Baxter, MN 56425; 35470 County Road 3, Crosslake, MN 56442; 245 Belgrade Avenue, North Mankato, MN 56003; 1661 Commerce Drive, North Mankato, MN 56003; 1580 Madison Avenue, Mankato, MN 56001; 206 Main Street, Hector, MN 55342; 100 Park Street South, Fairfax, MN 55332; 200 Creek Lane North, Jordan, MN 55352; 320 East Main Street, Waterville, MN 56096; 121 South Main Avenue, Braham, MN 55006; 560 3rd Avenue SE, Pine City, MN 55063; 206 South Main Street, Luck, WI 54853; 501 Chestnut Street, Virginia, MN 55792; 102 East Sheridan Street, Ely, MN 55731; 415 Main Street, Tower, MN 55790; 712 Highway 33 South, Cloquet, MN 55720; 205 South Main Street, Bird Island, MN 55310; 165 Main Street, Clinton, MN 56225 and will continue as offices of the merged bank.

As a result of this transaction your account(s) at Provincial Bank will automatically become accounts at Frandsen Bank & Trust.

FDIC Insurance

As you may be aware, FDIC insurance generally covers a depositor's account in any bank up to \$250,000. Therefore, if, as a result of the transaction, you will have funds on deposit at Frandsen Bank & Trust in excess of \$250,000, you should pay particular attention to this paragraph.

In accordance with Section 8(q) of the Federal Deposit Insurance Act, in a transaction such as this, where the deposits of one financial institution are transferred to another financial institution, separate insurance on the transferred deposits will continue for six months after the date of transfer or, in the case of time deposits, the earliest maturity date after the expiration of the six month period.

Please contact one of our offices if your deposits at Frandsen Bank & Trust will exceed \$250,000 as a result of the transaction or if you have any questions.

There is no need to replace your check supply because of this merger. You may continue to use your existing checks from Provincial Bank. When you order your new checks, they will have the name Frandsen Bank & Trust.


Bank Hours

We will continue the same hours and availability of bank services in the Lobby and Drive-up as we have in the past. You may conduct transactions at any of the other bank offices located in East Grand Forks, Grand Forks, Ada, Oslo, Warren, Lonsdale, Montgomery, Forest Lake, Foley, New Ulm, Dundas, Nisswa, Baxter, Crosslake, Fairfax, Jordan, Mankato, North Mankato, Hector, Waterville, Braham, Pine City, Luck, Virginia, Ely, Tower, Cloquet, Bird Island, Clinton, Lakeville, Apple Valley, and Hastings.

Sincerely,



Karen Brekke, Chairman
Frandsen Bank & Trust



Pat Arling, President
Provincial Bank



Mike Lebens, President
Provincial Bank, Valley Lake Market



Troy Weathers, President
Provincial Bank, Hastings Market

FACTS

WHAT DOES FRANDSEN BANK & TRUST DO WITH YOUR PERSONAL INFORMATION?

FRANDSEN BANK & TRUST

Your Bridge to Financial Success for Life

Why?

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

What?

The types of personal information we collect and share depend on the product or service you have with us. This information can include:

- Social Security number and transaction history
- account transactions and overdraft history
- credit history and payment history

When you are *no longer* our customer, we continue to share your information as described in this notice.

How?

All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share customers' personal information; the reasons Frandsen Bank & Trust chooses to share; and whether you can limit this sharing.

| Reasons we can share your personal information | Does Frandsen Bank & Trust share? | Can you limit this sharing? |
|--|-----------------------------------|-----------------------------|
| For our everyday business purposes— such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus | Yes | No |
| For our marketing purposes— to offer our products and services to you | Yes | No |
| For joint marketing with other financial companies | Yes | No |
| For our affiliates' everyday business purposes— information about your transactions and experiences | Yes | No |
| For our affiliates' everyday business purposes— information about your creditworthiness | No | We don't share |
| For our affiliates to market to you | No | We don't share |
| For non-affiliates to market to you | No | We don't share |

Questions?

Call us toll-free at 1-800-552-2657 or go to www.frandsenbank.com.

| What we do | |
|--|---|
| How does Frandsen Bank & Trust protect my personal information? | To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings |
| How does Frandsen Bank & Trust collect my personal information? | <p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> ■ open an account or apply for a loan ■ show your government-issued ID or give us your income information ■ make deposits or withdrawals from your account <p>We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.</p> |
| Why can't I limit all sharing? | <p>Federal law gives you the right to limit only</p> <ul style="list-style-type: none"> ■ sharing for affiliates' everyday business purposes—information about your creditworthiness ■ affiliates from using your information to market to you ■ sharing for non-affiliates to market to you ■ State laws and individual companies may give you additional rights to limit sharing. |
| Definitions | |
| Affiliates | <p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> ■ <i>Our affiliate is Frandsen Financial Corporation.</i> |
| Non-affiliates | <p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> ■ <i>Frandsen Bank & Trust does not share with non-affiliates so they can market to you.</i> |
| Joint marketing | <p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"> • <i>Our joint marketing partners may include other banks, insurance companies, and investment and securities companies.</i> |