

PROVINCIAL BANK



September 1, 2016

Dear Valued 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 personal 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 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 Personal Banking Solutions booklet for further details on each of these accounts.**

Personal Checking Accounts

If you currently have:	Free Checking	<i>New Product Available</i>	Preferred or Classic Checking	Pro 55 +	Money Market Savings ²
Your account will become:	Free Checking	Classic Checking	Classic Plus Checking	Gold Star Checking	Money Market Account

Personal Savings Accounts

If you currently have:	Thrift Savings ¹	Minor Thrift or Provincial Savings	IRA Savings	Health Savings	Money Market Savings ²
Your account will become:	Basic Savings	Statement Savings	IRA Savings	Health Savings	Money Market Account

¹Thrift Savings: If your current year-to-date balance is equal to or greater than \$200, your Thrift savings account will become a Statement Savings 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 Personal Banking Solutions booklet for details.

- **Conversion Statement:** We will be generating statements for ALL checking and savings accounts on Friday, October 21, 2016 and will pay the accrued interest. **Note:** If you have an Xtra-Credit account, please see the Xtra-Credit information below for billing and payment schedules.

Following the October 21, 2016 statement cycle, future personal account statements will generate as indicated below:

- If your current statement generates on the 5th, 15th or the 25th of the month, your statement will generate on the 8th of the month beginning November 8, 2016.
- If your current statement generates on the 20th of the month, your statement will generate on the 30th of the month beginning October 30, 2016.



Member FDIC

20280 Iberia Avenue • Lakeville, MN 55044
Phone 952.469.2265

- If your current statement generates on the last day of the month, your statement will continue to generate on the last day of the month.
- **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 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).

We are extending our daily cut off time to close of business to allow you more time to make your deposits and loan payments at our offices. 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 Consumer Banking Fees, FDIC Insurance letter and Privacy Notice.
- **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.
- **Xtra-Credit Customers:** Your Xtra-Credit account will now be called Ready Reserve (Overdraft Line of Credit). Following are the changes:
 - Payment changes: Your payments will be 5% of the loan account balance on the last day of the billing cycle with a minimum of \$25.00.
 - Billing changes: Interest will be billed through the billing date and your principal and interest payment will split as billed on your payment date.
 - Payment date changes:

- If your Xtra-Credit billing statement generates on October 5th or October 15th, your payment will be due as usual. Due to the merger, you will receive a billing statement on October 21st; however, no additional payment is required.
 - Beginning in November, your Ready Reserve billing statement will generate the 8th of each month with your payment due on the 1st of the following month.
 - Late Charges: All Ready Reserve accounts are subject to a late fee of 5% of the late amount with a minimum of \$7.28 if more than 10 days late. This amount may then increase so as to always be the maximum amount allowed by law under Minnesota Statute Section 47.59.
 - Annual Fee: **Effective November 1, 2017 we will implement an annual fee of \$50.** Your loan account will be automatically charged this fee annually and it will be deducted from your checking account as part of the normal Ready Reserve billing process.
 - 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.
- **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 current website address will be redirected to **www.frandsenbank.com**. Beginning October 24th, you will be able to see the new and improved look of our website.
 - **Online Banking, Bill Pay, eStatements, Mobile Banking, and Mobile Deposit:** Access to our current online banking system will be for inquiries only beginning at 3:00 pm on Friday, October 21st. You will need to enroll in our new online banking system, which will be available beginning October 24th at **www.frandsenbank.com**. If you are currently receiving an eStatement; you will need to re-enroll in online banking prior to your next statement date (see statement dates on page one) in order to continue to receive your eStatement without interruption of service.

PLEASE SEE THE BACK OF THIS PAGE FOR DETAILED INSTRUCTIONS ON THE ENROLLMENT PROCESS FOR ALL OF OUR CONVENIENT EBANKING SERVICES

- **Loan Advance Notices and Ready Reserve Advance Notices:** We are going green! You will no longer receive loan advance notices in the mail. You can review loan advances through Convenience Line and Online Banking.
- **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. Please do not hesitate to contact our customer service department with any questions or concerns.

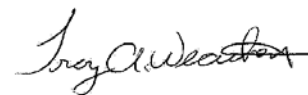
Sincerely,



Pat Arling, President
Provincial Bank



Mike Lebens, President
Valley Lake Market



Troy Weathers, President
Hastings Market

PLEASE RETAIN THESE EBANKING INSTRUCTIONS FOR FUTURE REFERENCE

******ONLINE BANKING INSTRUCTIONS******

Beginning Monday, October 24, 2016, you will be able to access our new website www.frandsenbank.com. **YOU WILL NEED TO ENROLL IN OUR NEW ONLINE BANKING PROGRAM.**

- Click ONLINE LOG IN and then select ENROLL IN PERSONAL ONLINE BANKING from the drop down menu.
- This will take you to the FIRST TIME LOGIN screen.
- Enter the information requested.
- Your temporary password is the last four digits of your own social security number. If you established a PIN while setting up access to our 24-hour Convenience Line, this will become your temporary password in Online Banking. You will then be directed to enter a new Access ID and a new password. The Access ID must be at least six digits long and can be alpha, numeric or both. The password you choose must be between 6-17 digits long and have at least one alpha, one numeric, and one special character. Both the User ID and Password are case sensitive.
- After reading the disclosure, click ACCEPT. You will now be able to view your accounts.

******ONLINE BILL PAY AND eSTATEMENT INSTRUCTIONS******

Once you have enrolled in Online Banking you may also enroll in Online Bill Pay and eStatements.

- Online **Bill Pay** allows you to pay bills electronically through your Online Banking session. With Online Bill Pay you create your own payee menu, which allows you to pay your bills electronically and streamline your personal finances. To enroll:
 - Log into your Online Banking session from www.frandsenbank.com
 - Select BILL PAY from the menu bar and follow the prompts to apply
 - Once enrolled in Online Bill Pay, you may use Popmoney to make person-to-person transfers
 - **Recommendation:** If you are currently using 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.
- **eStatements** are the fastest, safest, and most convenient way to receive your monthly bank statement. With a few simple clicks you will be able to retrieve your statements in an electronic format. To enroll:
 - Log into your Online Banking session from www.frandsenbank.com
 - Select MY PROFILE from the top menu bar
 - Scroll to the ESTATEMENT ENROLLMENT banner
 - Follow the prompts to set up your accounts
 - **Recommendation:** If you are currently receiving an eStatement, we recommend saving or printing your previous eStatements for retention prior to October 20th as they will no longer be available after October 21st.

******MOBILE BANKING AND MOBILE DEPOSIT INSTRUCTIONS******

Once you have enrolled in Online Banking you may also enroll in Frandsen Mobiliti™ and Mobile Deposit.

- Download Frandsen Mobiliti from the Apple Store or Google Play and start banking from your smartphone.
- Download Frandsen Mobile Deposit from the Apple Store or Google Play and use the convenience of your smartphone to deposit checks into your Frandsen account anytime, anywhere.

FRANSEN BANK & TRUST



Your Bridge to Financial Success for Life

CONSUMER BANKING FEES

Check and Card Fees

Replace ATM/Check Card	\$10.00
Counter Checks, per check (re-order must be placed)	\$.25
Cashier's Checks, per check	\$5.00 ²
Money Orders, per money order	\$3.00 ²
¹ Certified Checks	\$10.00
Gift Cards, per Card	\$3.00 ²
¹ Travel Cards, per Card	\$6.00 ²
¹ Travel Card Reload Fee	\$3.00

Account Fees

Returned Deposit Item or Cashed Check Fee, per item	\$4.00
Stop Payments, per item	\$32.00
Account Closure Fee (<i>if account is closed within 6 months of opening</i>)	\$25.00
IRA Plan Termination Fee	\$25.00
NSF Return Fee, per item	\$32.00 ³
Overdraft Fee, balance overdrawn less than \$5.00	\$0.00 ³
Overdraft Fee, balance overdrawn \$5.00 to \$20.00	\$16.00 ³
Overdraft Fee, balance overdrawn more than \$20.00	\$32.00 ³
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	5 items
Balance Reserve Transfer Fee, per transfer	\$3.00

Paperless Banking

Online Banking	No Charge
eStatements	No Charge
Loan eStatements	No Charge
Mobile Banking	No Charge
Mobile Deposit	No Charge

Online Bill Payment

Online Bill Payment is available 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 \$4.95 will be imposed. The bill pay processor may assess additional fees for photocopy requests, returned items and stop payments

Wires

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

Legal

Garnishment/Levy processing	\$75.00
Collections, incoming and outgoing	\$20.00
¹ Signature Guarantee-Medallion	\$10.00

Other Services

Account Research, per hour (1 hour minimum)	\$25.00
Account Research, per copy	\$1.00
Checkbook Reconciling, per hour (1 hour minimum)	\$25.00
Copy of Check/Deposit, per item	\$1.00
Past Statement Copy	\$3.00
Account Activity Printout	\$3.00
Foreign Currency, Purchase	\$20.00
Foreign Currency, Exchange	\$15.00
Canadian Currency.....	Current Exchange Rate
Rolled Coin, per roll	\$0.08
Strapped Currency, per \$1,000	\$0.75
Photocopy Service, per page	\$0.25
Fax Machine, incoming and outgoing	
First Page	\$5.00
Each additional page	\$1.00
Bond Coupons	\$15.00
External Transfer Setup Fee.....	\$5.00

Night Deposit

Zipper Bag.....	\$5.00
Lock Bag.....	\$20.00

¹Services may not be available in all offices

²No charge to Gold Star or Ultimate customers

³Fee 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?	<p>The types of personal information we collect and share depend on the product or service you have with us. This information can include:</p> <ul style="list-style-type: none"> ■ Social Security number and transaction history ■ account transactions and overdraft history ■ credit history and payment history <p>When you are <i>no longer</i> our customer, we continue to share your information as described in this notice.</p>
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 .
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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>