



Business Connections

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Introducing American Business Connections

Welcome to the premiere edition of American Business Connections. As president of American Bank Center, I'm proud to work with a group of banking professionals who are dedicated to providing you with a wide variety of traditional business, personal, and mortgage banking products.

This is an interesting time to be in the banking business. Lately, there has been much discussion about our nation's economic climate and the bailout of big banks deemed "too big to fail." While some would argue the Treasury and Federal Reserve should not intervene, the absence of a rescue deal for these banks and other financial institutions is not an option. If credit availability for businesses is reduced or eliminated due to fear of failure of the financial system, the economy cannot function properly. In addition, if banks don't lend to one another because of fear of a major bank collapse, dollars stop circulating – again the economy cannot function properly. Help is needed to prevent this from occurring; the type of help continues to be debated and will be for the foreseeable future.

As you may have read, some banks are participating in the government sponsored Troubled Asset Relief Program (TARP). This program purchases assets and takes a preferred equity position in financial institutions with a goal of strengthening our nation's financial sector. Banks are using TARP money so they can continue to have adequate capital and credit available to customers. Under this program, the preferred shareholders (the government) get a return on the investment before the common shareholders.

American Bank Center has no plans to

participate in this program. Currently, we have a 67 percent loan-to-asset ratio, indicating the bank has the ability to lend normally. The bank's capital ratio is near ten percent, almost **twice** the level required to be considered well capitalized.

Moreover, throughout the years, our lending philosophy has remained consistent, providing a reliable source of capital to our customers when they need it. In short, American Bank Center will continue to lend and has the financial strength and liquidity to do so.

We are proud to be an employee-owned, community bank. Our comprehensive business banking model consists of flexible loan products, cash management, deposit, and electronic banking solutions. In addition, our subsidiaries, American Insurance Center and American Trust Center, can provide the risk management, retirement planning, and estate planning solutions your business needs. Ask us how we can help.

I know you will find the content of our quarterly newsletter to be beneficial both professionally and personally. As always, I value your input and welcome your feedback. Best wishes for continued success.



Greg Vetter, President American Bank Center, Bismarck

Go Green!

If you would prefer to go green and receive your copy of American Business Connections delivered electronically, please send your email address to Julie Jeske at jjeske@weareamerican.com



IN THE SPOTLIGHT

What Credit Crunch?

Recent economic conditions have sparked a number of conversations bankers have not had to have with clients for quite some time. The main question pertains to the availability of credit and a tightening of underwriting standards required in order to be granted credit, commonly referred to as "The Credit Crunch."

As our president stated in his previous article, liquidity is not a problem at American Bank Center. Moreover, our nation's current economic downturn has not substantively changed our credit underwriting standards. Essentially, American Bank Center maintained its credit standards when others loosened theirs and we maintain those standards today while others have had to tighten their credit requirements. It is this consistency in our business practices that "Makes Life Easier" for our clients.

At American Bank Center, we established a level of risk we could tolerate and have not deviated from it even when some in our industry left for the "easy credit" party. By sticking to the basics and looking for prudent lending requirements in our loans, our financial statement is strong and our delinquency levels are tremendously low. For the most part, we look at three main things when analyzing our credit risk. The first is capacity, and is in regards to the borrower's ability to repay the debt. The second is collateral or the borrower's level of equity in the project and the underlying assets backing the debt. The final is management.

Management is where we look at the character of the individuals and the credit history we have with them. The higher the risk in each category, the higher the rate the bank needs to charge to be compensated for the risk. If the risk is too high, we may decide to present some other alternatives to the customer.

Adhering to these basic lending principals is what makes us a strong business partner for our customers. In essence, we are functioning as we have always functioned.

We fund our loans with local deposits, lend to local people, and maintain the same credit standards we have been comfortable with for years. For American Bank Center, there is no credit crunch.

We continue to lend money the way we always have; to the people we know and trust.

David can be reached by telephone at (701) 221-4705 or by email dmason@weareamerican.com



David Mason
Business Banking Officer

FDIC Insurance

In its seventh decade, federal deposit insurance remains an integral part of the nation's financial system. Recently, our economy has harshly tested the FDIC's deposit insurance. And on October 3, 2008, FDIC temporarily increased the amount of coverage per bank depositor from \$100,000 to \$250,000. This increase will remain in effect through December 31, 2009.

In addition, FDIC has implemented a temporary liquidity guarantee program which guarantees certain transaction accounts above \$250,000 until December 31, 2009. Accounts which qualify for the expanded coverage include transaction accounts paying no interest or interest of 50 basis points or less.

What does this mean? Any non-interest bearing transaction accounts or accounts earning interest of 50 basis points or less, are fully guaranteed by FDIC insurance through December 31, 2009. All interest bearing accounts earning interest over 50 basis points are insured up to the \$250,000 limit per depositor through the end of 2009.

If you have questions, or would like to review your FDIC insurance limits with a business banker, please contact us at (701) 258-2611. You can also visit the FDIC website at <https://www2.fdic.gov/edie/index.html>. This informative site provides an interactive application which will help you learn more and calculate the insurance coverage of your accounts.

Remember, FDIC deposit insurance is backed by the full faith and credit of the United States government. Since the FDIC was established, no depositor has ever lost a single penny of FDIC-insured funds. American Bank Center is proud to provide its depositors with this level of protection.

For all of your business banking needs, contact Tina at (701) 221-4757 or tvaleu@weareamerican.com



Tina Valeu
Business Banking Specialist

Cash Management

American Bank Center offers a complete line of cash management services designed to help you manage the inflows and outflows of cash from your business in order to reduce costs and increase profits.

From collections to disbursements and reporting services, American Bank Center has the tools to help you manage your cash efficiently.

Cash Management Services Include:

- Deposit Gathering
- Disbursement and Payments
- Business Internet Banking

Look for more information on cash management and additional electronic banking products/services in the next edition of American Business Connections.



We've Got You Covered

In today's competitive marketplace, it is essential employers do all they can to attract and retain high-quality employees. Because a majority of Americans obtain health insurance through their employers, attractive group health insurance coverage is one way to stand out from other businesses. This is particularly true for smaller firms, since less than 50 percent of small businesses with three to nine employees offer health insurance to their employees.

However, the growing cost of health coverage continues to outpace wages and other business-related expenses, which can lead to an erosion of profitability. This, in turn, has many businesses looking for affordable health and medical insurance benefit packages. Fortunately, American Insurance Center offers comprehensive group plans, which are right for your employees and your budget.

Our insurance providers are a part of a large health care provider network. In addition, each policy has some very attractive features, which include: paid co-pay amounts applying toward the deductible and out of pocket maximum, coverage for contraceptives, and all office visit related charges being covered under the co-pay (excluding lab work and x-rays). This is not true with other well-known North Dakota providers. So, if you are looking for medical, dental, vision, disability, accident, hospitalization, or cancer insurance, we can customize a plan to fit your needs.

Whether you are looking for an alternative to your current coverage or are considering obtaining coverage for your employees, let the experienced staff at American Insurance Center provide you with a quick initial quote. We can show you a side-by-side comparison of multiple coverage options to ensure we find the right group benefit package at a price you can afford.

Call Jeff or Sara at (701) 222-3303 or (877) 557-2444 for your free quote today.

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Insurance products are not a deposit, not FDIC insured, not insured by any Federal Government Agency, not guaranteed by the bank.



Jeff Evink
Insurance Agent

Estate Taxes: More Good News Than Bad In 2009

Among the numerous taxes levied on U.S. citizens, the federal estate tax is one of the most reviled. This is especially true among many business owners, farmers and ranchers who view it as double-taxation. The businesses they have worked their entire lives to build with income that has already been taxed, will be subject to tax again upon their death. Thus, the ominously coined term "death tax."

The estate tax is a tax on asset transfers at death. It applies to all assets the decedent owned, received income from or controlled the use or enjoyment of during life. The tax is levied on the decedent's estate, not the beneficiaries. However, the tax must be paid (or payment plan agreed to) before any estate funds can be distributed to the beneficiaries.

The good news in 2009 is the estate tax exemption for each individual goes up to \$3.5 million from \$2 million in 2008. This means someone dying in 2009 can pass up to \$3.5 million to his or her heirs estate tax free. The even better news is under current law the estate tax is scheduled to be repealed in 2010. Bill Gates could die in 2010 and pay no estate taxes! The top tax rate in 2009 is 45 percent, unchanged from 2008.

The bad news is if nothing changes, the estate tax is scheduled to come back in 2011 with a \$1 million exemption and top rate of 55 percent. The conventional wisdom is that Congress will pass a law before 2010 freezing things somewhere close to where we are at now in 2009. However, with the recent significant changes in both the presidency and

Congress, there is much uncertainty in this area making long-term planning quite challenging.

Some common strategies used to reduce estate taxes are as follows:

Married couples can use a trust planning technique which allows each spouse to fully utilize their estate tax exemption. If done properly, married couples can exempt up to \$7 million dollars from estate taxes. Charitable trusts can be used to benefit your favorite charities while achieving estate tax deductions. Life insurance trusts can provide liquid cash that is not subject to estate taxes but can be used to help pay estate taxes. Finally, making gifts to charities and/or family members can reduce your taxable estate.

There are many estate strategies ranging from simple to complex. A trust officer can help you determine what is right for you. For more information call American Trust Center at (701) 355-4820.



Joseph Heringer, JD
Trust Officer



Estate Tax Phase Out (And Return)

Year	Top Rate	Exemption
2005	47%	\$1,500,000
2006	46%	\$2,000,000
2007	45%	\$2,000,000
2008	45%	\$2,000,000
2009	45%	\$3,500,000
2010	repeal	n/a
2011	55%	\$1,000,000



320 North 4th St.
Bismarck, ND 58501

Strength and Security

Whether you are looking for personal checking account options, business capital or home financing, insurance services, ways to better manage your money or funding retirement, we have a friendly, knowledgeable and professional team committed to meeting your needs.

American is an independently owned financial services company in North Dakota. With office locations throughout Western and Central North Dakota, we are committed and involved in our local communities. The experience and integrity of the American team provide a unique experience to make life easier.

Bismarck Locations

Downtown

701-258-2611
320 North 4th St.

North

701-221-4722
1101 East Interstate Ave

Central Market

701-221-4755
1190 West Turnpike

Washington Center

701-221-4747
325 West Arbor Ave

Federal Plaza

701-221-4726
324 North 3rd Street