

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2012 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2012 or fiscal plan year beginning <u>01/01/2012</u> and ending <u>12/31/2012</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information			
1a Name of plan	NORTHERN STATES FINANCIAL CORPORATION PROFIT SHARING TRUST		1b Three-digit plan number (PN) ▶	001
			1c Effective date of plan 08/10/1971	
2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan)	NORTHERN STATES FINANCIAL CORPORATION 1601 NORTH LEWIS AVENUE WAUKEGAN, IL 60085		2b Employer Identification Number (EIN)	36-3449727
			2c Sponsor's telephone number	847-244-6000
			2d Business code (see instructions)	522110

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/15/2013	KERRY BIEGAY
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/15/2013	KERRY BIEGAY
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE
Preparer's name (including firm name, if applicable) and address; include room or suite number. (optional)			Preparer's telephone number (optional)

3a Plan administrator's name and address ☒ Same as Plan Sponsor Name ☐ Same as Plan Sponsor Address		3b Administrator's EIN
		3c Administrator's telephone number
4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name		4b EIN 4c PN
5 Total number of participants at the beginning of the plan year		5 138
6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a 114	
b Retired or separated participants receiving benefits.....	6b	
c Other retired or separated participants entitled to future benefits.....	6c 15	
d Subtotal. Add lines 6a , 6b , and 6c	6d 129	
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	
f Total. Add lines 6d and 6e	6f 129	
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g 112	
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h 0	
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)		7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2E 2F 2G 2J 2R 2T 3D		
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:		
9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor		9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)		
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary		b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ A (Insurance Information) (4) ☐ C (Service Provider Information) (5) ☐ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2012 This Form is Open to Public Inspection
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For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012		
A Name of plan NORTHERN STATES FINANCIAL CORPORATION PROFIT SHARING TRUST	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 NORTHERN STATES FINANCIAL CORPORATION	D Employer Identification Number (EIN) 36-3449727	

Part I	Asset and Liability Statement
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1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		5917
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)		75
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities.....	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		598238
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts.....	1c(9)		
(10) Value of interest in pooled separate accounts.....	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	4504847	5092972
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)	641900	

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)	77550	82123
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	5224297	5779325

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		1643
k Total liabilities (add all amounts in lines 1g through 1j)	1k		1643

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	5224297	5777682
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income**a Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)		
(B) Participants	2a(1)(B)	269314	
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		269314

b Earnings on investments:**(1) Interest:**

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	1	
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		1

(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)	23524	
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	92736	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		116260

(3) Rents	2b(3)		
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(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	64571	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	59548	
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		5023

(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)	11973	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		11973

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		449614
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		852185

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	293021	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		293021
f Corrective distributions (see instructions)	2f		1916
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)	3775	
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	88	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		3863
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		298800

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		553385
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)?

☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: PLANTE & MORAN, PLLC

(2) EIN: 38-1357951

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....

b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....

	Yes	No	Amount
4a		X	
4b		X	

	Yes	No	Amount
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		5000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
 If "Yes," enter the amount of any plan assets that reverted to the employer this year..... ☐ Yes ☒ No Amount:

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)

5b(2) EIN(s)	5b(3) PN(s)

Part V Trust Information (optional)

6a Name of trust

6b Trust's EIN

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2012 This Form is Open to Public Inspection.
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For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan <u>NORTHERN STATES FINANCIAL CORPORATION PROFIT SHARING TRUST</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>NORTHERN STATES FINANCIAL CORPORATION</u>	D Employer Identification Number (EIN) <u>36-3449727</u>

Part I	Distributions
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All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>27-4411131</u>	
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.	
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
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4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☐ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☐ N/A

Part III	Amendments
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9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
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Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
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10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.).....	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

- 19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

- a** Enter the percentage of plan assets held as:

Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

- b** Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

- c** What duration measure was used to calculate line 19(b)?

☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

**Northern States Financial Corporation
Employees' Profit Sharing Trust**

**Financial Report
December 31, 2012**

Northern States Financial Corporation Employees' Profit Sharing Trust

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Independent Auditor's Report

To the Plan Administrator
Northern States Financial Corporation
Employees' Profit Sharing Trust

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Northern States Financial Corporation Employees' Profit Sharing Trust (the "Plan"), which comprise the statement of net assets available for benefits as of December 31, 2012 and 2011 and the related statement of changes in net assets available for benefits for the year ended December 31, 2012, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audits in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the *Basis for Disclaimer of Opinion* paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA), the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by Verisight Trust Company and TD Ameritrade Trust Company (the "Custodians"), except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the Custodians hold the Plan's investment assets and execute related transactions. The plan administrator has obtained a certification from the Custodians as of December 31, 2012 and 2011 and for the year ended December 31, 2012 that the information provided to the plan administrator by the Custodians is complete and accurate.

To the Plan Administrator
Northern States Financial Corporation
Employees' Profit Sharing Trust

Disclaimer of Opinion

Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we have not been able to obtain sufficient appropriate evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter

The supplemental schedule of assets held at end of year as of December 31, 2012 is required by the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under ERISA and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we do not express an opinion on this supplemental schedule.

Report on Form and Content in Compliance with DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the Custodians, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

Plante & Moran, PLLC

Chicago, Illinois
September 30, 2013

Northern States Financial Corporation Employees' Profit Sharing Trust

Statement of Net Assets Available for Benefits

	December 31, 2012	December 31, 2011
Assets - Participant-directed investments		
Mutual funds	\$ 4,976,928	\$ 4,504,847
Northern States Financial Corporation common stock	65,821	77,550
Self-directed brokerage account investments	734,933	641,900
Net Assets Available for Benefits	\$ 5,777,682	\$ 5,224,297

Northern States Financial Corporation

Employees' Profit Sharing Trust

Statement of Changes in Net Assets Available for Benefits

Year Ended December 31, 2012

Additions to Net Assets

Employee contributions	\$ 269,314
Investment income:	
Interest and dividends	166,403
Net realized and unrealized gains (losses) on investments:	
Mutual funds	401,013
Northern States Financial Corporation common stock	(11,194)
Self-directed brokerage account investments	26,649
Net realized and unrealized gains	416,468
Total investment income	
	582,871
Total additions	852,185

Deductions from Net Assets

Benefits paid directly to participants or beneficiaries	294,937
Administrative expenses	3,863
Total deductions	298,800

Net Increase	553,385
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Net Assets Available for Benefits

Beginning of year	
	5,224,297
End of year	
	\$ 5,777,682

Northern States Financial Corporation

Employees' Profit Sharing Trust

Notes to Financial Statements December 31, 2012 and 2011

Note 1 - Plan Description

The following description of Northern States Financial Corporation Employees' Profit Sharing Trust (the "Plan") provides only general information. Participants should refer to the plan agreement for a more complete description of the Plan's provisions.

General - The Plan is a defined contribution plan covering all full time employees of Northern States Financial Corporation and all subsidiaries (the "Company") who are 18 years or older. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions - The Plan provides for employee salary 401(k) contributions up to a maximum of 100 percent of the annual compensation subject to maximum tax deferred limitations established by the Internal Revenue Code. Effective August 1, 2011, the Plan allows participants to contribute on an after-tax basis. Participants may also make contributions to the Plan in the form of a rollover of funds from another qualified plan.

At the discretion of the Company's board of directors, the Company may make matching or profit sharing contributions to the Plan which are allocated to the participant accounts. There were no employer contributions made during the year ended December 31, 2012.

Participant Accounts - Each participant's account is credited with the participant's contribution, allocation of the Company's contribution, and plan earnings, and charged with an allocation of administrative expenses. Allocations are based on participants' compensation or account balances, as defined in the plan agreement. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting - Participants are immediately 100 percent vested in employee, rollover, and employer contributions plus any earnings thereon.

Benefit Payments - Distributions are payable upon the retirement, death, disability, termination of employment, or the attainment of the age of 59½. The participant's account may also be distributed on account of hardship. All distributions are in the form of a lump-sum amount equal to the vested balance of a participant's account.

Administration - The Company is the sponsor of the Plan. Certain employees of the Company provide administrative and custodian services to the Plan. These employees do not receive any compensation from the Plan for their services. In addition, certain auditing and administration fees are paid by the Company.

Party-in-interest Transactions - The Plan's investments include stock of the Company. These transactions qualify as party-in-interest transactions.

Northern States Financial Corporation

Employees' Profit Sharing Trust

Notes to Financial Statements

December 31, 2012 and 2011

Note 1 - Plan Description (Continued)

Termination - While it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in the plan agreement and ERISA. Upon termination of the Plan, participants become 100 percent vested in their account balances.

Note 2 - Summary of Significant Accounting Policies

Investment Valuation - The Plan's investments are stated at fair value.

The Plan allows participants to invest in self-directed brokerage accounts. The self-directed brokerage accounts include various investments in publicly traded securities, which are stated at fair value based on quoted market prices. All other investments are valued based on quoted market prices. See Note 5 for additional information.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Benefit Payments - Benefits are recorded when paid.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

Risks and Uncertainties - The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

Subsequent Events - The financial statements and related disclosures include evaluation of events up through and including September 30, 2013, which is the date the financial statements were available to be issued.

Northern States Financial Corporation

Employees' Profit Sharing Trust

Notes to Financial Statements

December 31, 2012 and 2011

Note 3 - Unaudited Information

Verisight Trust Company and TD Ameritrade Trust Company (collectively, the "Custodians") hold the Plan's investments and execute all investment transactions. The investment balances and related investment income and losses included in the accompanying financial statements and supplemental schedule of assets held at end of year are based solely on information provided by the Custodians.

Investments that exceed 5 percent of end of year net assets are as follows:

	2012	2011
Mutual funds:		
Vanguard Prime Money Market	\$ 299,239	\$ 306,476
Vanguard Target Retirement 2010 Fund	559,554	551,216
Vanguard Target Retirement 2015 Fund	348,183	366,672
Vanguard Target Retirement 2020 Fund	519,395	581,130
Vanguard Target Retirement 2025 Fund	511,112	461,671

Note 4 - Tax Status

The Plan is a prototype plan. The prototype plan has received a favorable opinion letter from the Internal Revenue Service (IRS) that the Plan, as designed, is qualified for federal income tax-exempt status. The Plan has not individually sought its own determination letter.

In accordance with guidance on accounting for uncertainty in income taxes, management evaluated the Plan's tax position and does not believe the Plan has any uncertain tax positions that require disclosure or adjustment to the financial statements. The plan administrator believes the Plan is no longer subject to tax examinations for years prior to 2009.

Note 5 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Plan's assets measured at fair value on a recurring basis at December 31, 2012 and 2011 and the valuation techniques used by the Plan to determine those fair values.

Level 1 - Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Plan has the ability to access.

Northern States Financial Corporation

Employees' Profit Sharing Trust

Notes to Financial Statements December 31, 2012 and 2011

Note 5 - Fair Value Measurements (Continued)

Level 2 - Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 - Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Plan's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Assets Measured at Fair Value on a Recurring Basis at December 31, 2012

	Level 1	Level 2	Level 3	Balance at December 31, 2012
Mutual funds:				
Domestic equity	\$ 1,217,078	\$ -	\$ -	\$ 1,217,078
Foreign equity	128,749	-	-	128,749
Balanced	2,938,300	-	-	2,938,300
Fixed income	393,562	-	-	393,562
Money market	299,239	-	-	299,239
Northern States Financial Corporation common stock	65,821	-	-	65,821
Self-directed brokerage accounts	734,933	-	-	734,933
Total	<u>\$ 5,777,682</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,777,682</u>

Northern States Financial Corporation

Employees' Profit Sharing Trust

Notes to Financial Statements December 31, 2012 and 2011

Note 5 - Fair Value Measurements (Continued)

Assets Measured at Fair Value on a Recurring Basis at December 31, 2011

	Level 1	Level 2	Level 3	Balance at December 31, 2011
Mutual funds:				
Domestic equity	\$ 931,189	\$ -	\$ -	\$ 931,189
Foreign equity	50,576	-	-	50,576
Balanced	2,934,648	-	-	2,934,648
Fixed income	204,408	-	-	204,408
Money market	384,026	-	-	384,026
Northern States Financial Corporation common stock	77,550	-	-	77,550
Self-directed brokerage accounts	641,900	-	-	641,900
Total	<u>\$ 5,224,297</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,224,297</u>

The Plan's policy is to recognize transfers between levels of the fair value hierarchy as of the actual date of the event of change in circumstances that caused the transfer. There were no transfers between levels during 2012 or 2011.

Northern States Financial Corporation

Employees' Profit Sharing Trust

Schedule of Assets Held at End of Year Form 5500, Schedule H, Line 4i EIN 36-3449727, Plan No. 001 December 31, 2012

(a)(b) Identity of Issuer	(c) Description of Investment	(d) Cost	(e) Current Value
Mutual funds:			
Dimensional Fund Advisors	DFA Emerging Markets Core Equity Portfolio	*	\$ 67,788
Dimensional Fund Advisors	DFA U.S. Targeted Value Portfolio	*	22,302
Fidelity Investments	Fidelity Contrafund	*	254,717
First Eagle	First Eagle Global Fund Class A	*	176,700
PIMCO	PIMCO Real Return Fund	*	219,586
PIMCO	PIMCO Total Return Fund	*	107,788
Sentinel	Sentinel Small Company Fund Class I	*	57,688
Vanguard	Vanguard 500 Index Fund Signal Shares	*	75,026
Vanguard	Vanguard Equity Income Fund Admiral Shares	*	161,428
Vanguard	Vanguard Intermediate Term Bond Index Fund Signal	*	66,188
Vanguard	Vanguard Mid Cap Growth Fund Investor Shares	*	245,659
Vanguard	Vanguard Mid Cap Index Fund Signal Shares	*	87,255
Vanguard	Vanguard Prime Money Market	*	299,239
Vanguard	Vanguard Selected Value Fund Investor Shares	*	132,591
Vanguard	Vanguard Small Cap Index Fund Signal Shares	*	180,412
Vanguard	Vanguard Target Retirement 2010 Fund	*	559,554
Vanguard	Vanguard Target Retirement 2015 Fund	*	348,183
Vanguard	Vanguard Target Retirement 2020 Fund	*	519,395
Vanguard	Vanguard Target Retirement 2025 Fund	*	511,112
Vanguard	Vanguard Target Retirement 2030 Fund	*	154,487
Vanguard	Vanguard Target Retirement 2035 Fund	*	139,798
Vanguard	Vanguard Target Retirement 2040 Fund	*	67,988
Vanguard	Vanguard Target Retirement 2045 Fund	*	11,791
Vanguard	Vanguard Target Retirement 2050 Fund	*	2,447
Vanguard	Vanguard Target Retirement 2055 Fund	*	14,194
Vanguard	Vanguard Target Retirement Income Fund	*	18,374
Vanguard	Vanguard Total International Stock Index Fund	*	60,961
Vanguard	Vanguard Wellesley Income Fund Admiral Shares	*	171,309
Vanguard	Vanguard Wellington Fund Admiral Shares	*	242,968
Northern States Financial Corporation	Common stock	*	65,821
TD Ameritrade	Self-directed brokerage account investments	*	734,933
Total			\$ 5,777,682

* Cost information not required

Schedule H, line 4i

Schedule of Assets (Held At End of Year)

For the plan year beginning 01/01/2012 and ending 12/31/2012

Name of plan

NORTHERN STATES FINANCIAL CORPORATION PROFIT SHARING TRUST

Employer Identification Number

36-3449727

Three-digit
plan number

001

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current value
	Apollo Group Inc	Class A Stock		4,184
	Arcelormittal NY Registry	Class A Stock		270
	Berkshire Hathaway Inc	Class B Stock		6,279
	BGC Partners	Common Stock		3,906
	Cardinal Health Inc	Common Stock		4,118
	CareFusion Corp	Common Stock		1,429
	Chevron Corp	Common Stock		4,326
	Cisco Systems Inc	Common Stock		19,649
	Copano Energy LLC	Common Stock		6,931
	Crexus Invest Corp	Common Stock		7,048
	Currency Shares Aus Dollar Tr	Common Stock		5,340
	Du Pont E I De Nemours & Co	Common Stock		67,468
	E M C Corp Mass	Common Stock		7,590
	Energy Transfer Equity LP	Common Stock		4,825
	Energy Transfer Partners LP	Common Stock		23,445
	Frontier Communications	Common Stock		12
	Gap Inc	Common Stock		3,104
	General Electric Co	Common Stock		33,812
	Green Dot Corp	Class A Stock		512
	Hospira Inc	Common Stock		1,250
	Ishares Silver Trust	Common Stock		11,748
	JDS Uniphase Corp	Common Stock		8,438
	Kinder Morgan Energy Partners	Common Stock		17,181
	Kroger Co	Common Stock		2,602
	McEwen Mining Inc	Common Stock		2,627
	Moduslink Global Solutions Inc	Common Stock		58
	Morgan Stanley	Common Stock		5,794
	Motorola Inc	Common Stock		3,953
	Newell Rubbermaid Inc	Common Stock		13,362
	Newmont Mining Corp	Common Stock		4,825
	Nike Inc	Class B Stock		51,600
	Nordic American Tankers	Common Stock		8,750
	Novartis Ag Adr	Common Stock		19,720
	Petroleo Brasileiro SA	Common Stock		3,949
	Plum Creek Timber Co Inc	Common Stock		9,256
	Potash Corp Sask Inc	Common Stock		49
	Prudential Financial Inc	Common Stock		10,666
	Sanofi Adr	Common Stock		14,709
	Sherwin Williams Co	Common Stock		19,689

Schedule H, line 4i

Schedule of Assets (Held At End of Year)

For the plan year beginning 01/01/2012 and ending 12/31/2012

Name of plan

NORTHERN STATES FINANCIAL CORPORATION PROFIT SHARING TRUST

Employer Identification Number

36-3449727

Three-digit
plan number

001

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current value
	DFA	Emerging Markets Core Equity I		67,788
	DFA	US Targeted Value I		22,302
	Fidelity	ContraFund		254,717
	First Eagle	Global Fund Class A		176,700
	Northern States Fin Corp	Common Stock		82,123
	PIMCO	Real Return Fund Institutional		219,586
	PIMCO	Total Return Institutional		107,788
	Sentinal	Small Company Class I		57,688
	TD Bank USA	Cash Account		5,917
	Vanguard	500 Index Signal Shares		75,026
	Vanguard	Equity Income Fund Adm Shrs		161,428
	Vanguard	Intermediate Term Index Signal		66,188
	Vanguard	Mid Cap Growth		245,659
	Vanguard	Mid Cap Index Fund Signal Shrs		87,255
	Vanguard	Prime Money Market		299,239
	Vanguard	Selected Value Fund		132,591
	Vanguard	Small Cap Index Fd Signal Shrs		180,412
	Vanguard	Target Retirement 2010 Fund		559,554
	Vanguard	Target Retirement 2015 Fund		348,183
	Vanguard	Target Retirement 2020 Fund		519,395
	Vanguard	Target Retirement 2025 Fund		511,112
	Vanguard	Target Retirement 2030 Fund		154,487
	Vanguard	Target Retirement 2035 Fund		139,798
	Vanguard	Target Retirement 2040 Fund		67,988
	Vanguard	Target Retirement 2045 Fund		11,791
	Vanguard	Target Retirement 2050 Fund		2,447
	Vanguard	Target Retirement 2055 Fund		14,194
	Vanguard	Target Retirement Income Fund		18,374
	Vanguard	Total International Stock Indx		60,961
	Vanguard	Wellesley Income Fund Adm Shrs		171,309
	Vanguard	Wellington Fund Adm Shrs		242,968
	Prudential Funds	Jennison Utility A		5,941
	TDA	Money Market Portfolio		82,584
	Vanguard	Dividend Growth Fund		15,751
	Vanguard	Emerging Market Pt		5,518
	Vanguard	Healthcare Investor		6,253
	Abbott Labs	Common Stock		126,364
	Anglogold Ashanti Ltd Adr	Common Stock		3,986
	AOL Inc	Common Stock		30

[illegible]