

**The Banc Funds Company, L.L.C.
20 North Wacker Drive
Suite 3300
Chicago, Illinois 60606**

March 30, 2012

**Mr. Charles J. Moore
President
312-855-6202**

This brochure provides information about the qualifications and business practices of The Banc Funds Company, L.L.C. (or the "Registrant"). If you have any questions about the contents of this brochure, please contact us at 312.855.6202. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about The Banc Funds Company, L.L.C. also is available on the SEC's website at www.adviserinfo.sec.gov.

The Banc Funds Company is a registered investment adviser. This registration does not imply a certain level of skill or training.

MATERIAL CHANGES (Item 2)

The Banc Funds Company is providing this information as part of our annual updating amendment, which does not contain material changes from our last annual update. This section contains no material changes since the last annual update, filed on March 30, 2011.

The Securities and Exchange Commission adopted amendments to Form ADV, including Part 2, which became effective in October, 2010. The newly revised Part 2 consists of Part 2A (the "Brochure") and Part 2B (the "Brochure Supplement"). Each update of the Brochure must now include a summary of all material changes since the last annual update, which summary will appear here in future years.

This Brochure, dated March 30, 2012, is not materially different in structure from our previous brochure, and contains no new information that our previous brochure required. There are no material changes within the Company.

The Brochure for The Banc Funds Company is available by contacting:

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ADVISORY BUSINESS (Item 4)

The Banc Funds Company, L.L.C. was founded by Charles J. Moore, its President, in 1986. Mr. Moore is the principal owner of the Registrant. The Registrant provides investment advisory services on a discretionary basis to Banc Fund VI L.P. ("Fund VI"). The general partner of Fund VI is an affiliate of the Registrant. The Registrant advises Fund VI through the Registrant's role and position as the general partner of its affiliate associated with Fund VI. The Registrant provides investment advisory services on a discretionary basis to Banc Fund VII L.P. ("Fund VII"). The general partner of Fund VII is an affiliate of the Registrant. The Registrant advises Fund VII through the Registrant's role and position as the general partner of its affiliate associated with Fund VII. Additionally, the Registrant provides investment advisory services on a discretionary basis to Banc Fund VIII L.P. ("Fund VIII"). The general partner of Fund VIII is an affiliate of the Registrant. The Registrant advises Fund VIII through the Registrant's role and position as the general partner of its affiliate associated with Fund VIII. Collectively, the previous entities will be referred to as "the Funds".

Information is delivered in conjunction with each Fund's offering documents, Limited Partnership Agreement, and Subscription Agreement. The information contained herein is only intended to be a summary of the documents applicable to the Funds, and does not contain all of the terms and conditions in such documents.

The primary investment objective of each Fund is to invest in the financial services industry through investments in subregional banks, thrifts, and other companies offering financial services. As of December 31, 2011 The Banc Funds Company had \$684,000,000.00 of discretionary assets under management.

FEES AND COMPENSATION (Item 5)

Management fees for Fund VI, Fund VII, and Fund VIII are based upon the paid-in capital in each of the Funds. These fees are billed and payable in arrears on a monthly basis, subject to reconciliation at the end of each fiscal year. In addition, each Fund is charged a Performance Fee which is based upon the performance of the assets under management. Management and Performance Fees are computed and charged according to the following:

Fund VI:

Management Fee: 5% of the first \$20 million of actual paid-in capital, 1.79% of the next \$280 million of actual paid-in capital, and 2.00% of actual paid-in capital in excess of \$300 million. After the fiscal date at which the aggregate amount of unreturned paid-in capital contributions of the Fund's partners, plus any undistributed balances allocable to the general partner, total an amount which is less than 40% of the total paid-in capital, the Management Fee shall be reduced to 70% of the amount payable pursuant to the formula above. Such reduction will be effective for fiscal years subsequent to the year in which such threshold was achieved. Thereafter, upon the fiscal date at which the aggregate amount of unreturned paid-in capital contributions of the Fund's partners, plus any undistributed balances allocable to the general partner, total an amount which is less than 20% of the paid-in capital contributions, the Management Fee shall be reduced to 50% of the amount payable pursuant to the formula above. Such reduction will be effective for fiscal years subsequent to the year in which such threshold was achieved.

Following the final calculation of the management fee at the end of each fiscal year, Registrant is paid any management fee to which it is entitled in excess of the monthly payments received, or Registrant refunds any excess payment it received in monthly management fees which exceed the final management fee.

Performance Fee: The performance fee accrued to Registrant in each fiscal year of Fund VI is equal to 20% of (1) the excess (if any) of the cumulative total of realized capital gains since the inception of Fund VI through the end of the

fiscal year in question over the cumulative total of realized capital losses since the inception of Fund VI, minus (2) the excess (if any) of any realized depreciation of Fund VI at the end of the fiscal year in question over any unrealized appreciation of Fund VI at the end of the fiscal year in question.

The performance fee may not be paid until after the limited partners of Fund VI have received distributions from Fund VI equal to 100% of their total contributions to Fund VI. The amount of the performance fee paid, if this contingency is satisfied prior to the termination of Fund VI, is limited to 75% of the total calculated performance fee until immediately prior to, or at, the termination of Fund VI. At that time, the 25% balance of the performance fee, if applicable, is payable.

Fund VII:

Management Fee: 5% of the first \$20 million of actual paid-in capital, 1.79% of the next \$280 million of actual paid-in capital, and 2.00% of actual paid-in capital in excess of \$300 million. After the later of December 31, 2012, or the fiscal date at which the aggregate amount of unreturned paid-in capital contributions of the Fund's partners, plus any undistributed balances allocable to the general partner, total an amount which is less than 40% of the total paid-in capital, the Management Fee shall be reduced to 70% of the amount payable pursuant to the formula above. Such reduction will be effective for fiscal years subsequent to the year in which such threshold was achieved. Thereafter, upon the fiscal date at which the aggregate amount of unreturned paid-in capital contributions of the Fund's partners, plus any undistributed balances allocable to the general partner, total an amount which is less than 20% of the paid-in capital contributions, the Management Fee shall be reduced to 50% of the amount payable pursuant to the formula above. Such reduction will be effective for fiscal years subsequent to the year in which such threshold was achieved.

Following the final calculation of the management fee at the end of each fiscal year, Registrant is paid any management fee to which it is entitled in excess of the monthly payments received, or Registrant refunds any excess payment it received in monthly management fees which exceed the final management fee.

Performance Fee: The performance fee accrued to Registrant in each fiscal year of Fund VII is equal to 20% of (1) the excess (if any) of the cumulative total of realized capital gains since the inception of Fund VII through the end of the fiscal year in question over the cumulative total of realized capital losses since the inception of Fund VII, minus (2) the excess (if any) of any realized depreciation of Fund VII at the end of the fiscal year in question over any unrealized appreciation of Fund VII at the end of the fiscal year in question.

The performance fee may not be paid until after December 31, 2012, and only after the limited partners of Fund VII have received distributions from Fund VII equal to 100% of their total contributions to Fund VII. The amount of the performance fee paid, if this contingency is satisfied prior to the termination of Fund VII, is limited to 75% of the total calculated performance fee until immediately prior to, or at, the termination of Fund VII. At that time, the 25% balance of the performance fee, if applicable, is payable.

Fund VIII:

Management Fee: 5% of the first \$20 million of actual paid-in capital, 1.79% of the next \$280 million of actual paid-in capital, and 2.00% of actual paid-in capital in excess of \$300 million. After the later of December 31, 2015, or the fiscal date at which the aggregate amount of unreturned paid-in capital contributions of the Fund's partners, plus any undistributed balances allocable to the general partner, total an amount which is less than 40% of the total paid-in capital, the Management Fee shall be reduced to 70% of the amount payable pursuant to the formula above. Such reduction will be effective for fiscal years subsequent to the year in which such threshold was achieved. Thereafter, upon the fiscal date at which the aggregate amount of unreturned paid-in capital contributions of the Fund's partners, plus any undistributed balances allocable to the general partner, total an amount which is less than 20% of the paid-in capital contributions, the Management Fee shall be reduced to 50% of the amount payable pursuant to the formula above. Such reduction will be effective for fiscal years subsequent to the year in which such threshold was achieved.

Following the final calculation of the management fee at the end of each fiscal year, Registrant is paid any management fee to which it is entitled in excess of the monthly payments received, or Registrant refunds any excess payment it received in monthly management fees which exceed the final management fee.

Performance Fee: The performance fee accrued to Registrant in each fiscal year of Fund VIII is equal to 20% of (1) the excess (if any) of the cumulative total of realized capital gains since the inception of Fund VIII through the end of the fiscal year in question over the cumulative total of realized capital losses since the inception of Fund VIII, minus (2) the excess (if any) of any realized depreciation of Fund VIII at the end of the fiscal year in question over any unrealized appreciation of Fund VIII at the end of the fiscal year in question.

The performance fee may not be paid until after December 31, 2015, and only after the limited partners of Fund VIII have received distributions from Fund VIII equal to 100% of their total contributions to Fund VIII. The amount of the performance fee paid, if this contingency is satisfied prior to the termination of Fund VIII, is limited to 75% of the total calculated performance fee until immediately prior to, or at, the termination of Fund VIII. At that time, the 25% balance of the performance fee, if applicable, is payable.

Fee Billing

Fees are deducted from Fund assets monthly, subject to end-of-year reconciliation, as discussed above.

Other Fees

The Funds also pay fees for custodial and professional services including annual audit expenses, tax return preparation and legal fees associated with its investment activities.

Fees are not paid in advance.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT (Item 6)

As stated in The Banc Funds Company's response to Item 5, The Banc Funds Company, L.L.C., receives the same type of performance-based fee from all of the Funds. Since all of the Funds provide the opportunity for the Registrant to receive performance-based fees, the Registrant does not have an incentive to favor one Fund over another Fund as a result of differing fee structures.

TYPES OF CLIENTS (Item 7)

The Funds are the Registrant's only direct clients. Each Fund is a privately-offered fund organized as an Illinois limited partnership.

Description

Each Fund has a minimum dollar value for admission as a beneficiary or limited partner. Individual clients advised by Registrant must be eligible investors under Regulation D of the Securities Act of 1933, and "qualified clients" under the Investment Advisers Act of 1940. Current investors include high net worth individuals, pension and profit sharing plans, charitable organizations, state or municipal government entities, pooled investment vehicles, as well as other corporations or businesses.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS (Item 8)

The Funds invest in small, U.S.-based, subregional financial service companies. The Registrant defines "small" as the smallest companies in each industry segment, "subregional" as operating locally, not across a state or an entire region, and "financial service company" as a commercial bank, savings & loan, securities broker, or any company that has finance as its principle business. While the Funds have

invested broadly in financial services, over 90% of the Funds' invested capital has gone to depository companies.

The Registrant endeavors to control risk, analyze companies, and select investments through investigation of a prospective investment's balance sheet, business strategy, performance history, and by monitoring other factors such as competition, the level of interest rates, the shape of the yield curve, and the strength of the local and regional economy.

The Registrant's due diligence focuses on the loan portfolio, the lending function, asset-liability management, corporate management, franchise value, and market position of potential investments. One or more of the Registrant's analysts, assisted and supported by one or more of the Registrant's managers, conducts due diligence on each potential Fund investment. The core of our due diligence has remained constant, in part because we have had limited turnover in portfolio and management personnel.

As equity investors in smaller companies, there are risks from changes in local economies. The securities which the Funds purchase have limited liquidity.

An investment in the Funds is subject to many of the risks that one encounters in any private equity fund, including the investor's limited ability to sell, transfer, or liquidate the investment; the limited rights of investors with respect to management control or investment strategy; the reliance upon Fund Management for virtually all investment and management decisions; the risks inherent in the types of permissible investments, including restricted or thinly traded securities, derivative securities and non-traditional investments; and the lack of registration under the Securities Act of 1933, the Investment Company Act of 1940, and any applicable state securities laws.

In addition, the Funds investment returns will depend upon a number of factors, including: the profitability of various financial service industries; the ability of Fund Management to perform successful due diligence, to identify value for Fund investments, and to exit those investments; risks inherent to smaller capitalized issues, including typically more limited business operations and financial resources; the ability of portfolio company managers to execute their

business plans; the robustness of the industry consolidation; competition in the financial services industry; corporate governance and internal control issues, and fraud relating to portfolio companies which may affect financial service companies.

As the Funds will invest primarily in U.S.-based financial service companies, it will encounter risks specific to that industry, including regulators who may impose new or different rules; the application of FASB ASC 820 and ASC 825; shifts or volatility in interest rates; interest rates that are extremely high or low; a flat or inverted yield curve that hurts operating earnings, or volatile housing and mortgage markets. The concentration of the Funds investing in this sector may magnify the above-mentioned risks.

The financial services industry is not a monolith. Companies in each segment are subject to different pressures and different opportunities. Some of the types of businesses in which predecessor Banc Funds have invested, and in which current Funds may invest, are commercial banking, savings & loan associations, savings banks, insurance, security brokerage, commercial finance, consumer finance, investment banking, and asset management.

While The Banc Funds generally invest in small subregional companies, portfolio valuations can suffer when larger financial service companies experience pronounced valuation volatility; when other financial service businesses experience operating difficulties, or when there is a global credit crunch. The summer of 2007 is a good example of these risks. While The Banc Funds did not have investments in large or medium-sized banks, nor did they invest in subprime mortgages or in mortgage banking companies, the valuation of Banc Fund portfolio companies declined along with these other financial service companies.

DISCIPLINARY INFORMATION (Item 9)

Registrant has not been involved in any legal or disciplinary events that are material to a *client's* or prospective *client's* evaluation of its advisory business or the integrity of its managements.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS (Item 10)

No employee of The Banc Funds Company, L.L.C is actively engaged in business as a broker-dealer, a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities. Registrant does not have any relationship or arrangement with any of the following entities: broker-dealer, municipal securities dealer, or government securities dealer or broker, investment company or, except for the Funds, any other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), other investment adviser or financial planner, futures commission merchant, commodity pool operator, or commodity trading advisor, banking or thrift institution, accountant or accounting firm, lawyer or law firm, insurance company or agency, pension consultant, real estate broker or dealer, or sponsor or syndicator of limited partnerships.

The Banc Funds Company, L.L.C., does not recommend or select other investment advisers for its clients. No person associated with The Banc Funds Company, L.L.C., has been involved in any disciplinary event relating to the advisory business.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN *CLIENT* TRANSACTIONS AND PERSONAL TRADING (Item 11)

Employees of The Banc Funds Company, L.L.C. must read and follow the company's Code of Ethics, which stipulates that employees may not buy or sell securities of banks and other financial services companies that fall into the Registrant's investable universe without prior approval from the Registrant's Compliance Officer. On a quarterly basis, employees must sign the Quarterly Report of Personal Securities Transactions listing any such transactions or affirming that none took place.

Additionally, the Code of Ethics contains policies regarding receipt of gifts and insider trading.

The Banc Funds Company, L.L.C. will provide a copy of its Code of Ethics to any client or prospective client upon request.

BROKERAGE PRACTICES (Item 12)

The Banc Funds Company, L.L.C. does not select or recommend broker-dealers in exchange for research and other soft dollar benefits nor does the Registrant consider client referrals from a broker-dealer.

Registrant does not recommend, request, require, or permit a client to direct brokerage.

However, because there are a limited number of brokerage firms making markets in securities in which the Funds invest, Registrant has a limited number of brokerage firms with whom it can do business. The Registrant uses its best efforts to seek best execution for its clients within the limited field of brokerage firms making markets in securities in which the Funds invest.

Registrant aggregates the purchase or sale of securities for client accounts when market conditions are liquid enough to permit such aggregation.

On those occasions when liquidity is severely limited, Registrant will allocate a purchase transaction to the Fund that has the greatest amount of uninvested capital in a particular security.

REVIEW OF ACCOUNTS (Item 13)

All of Registrant's accounts are reviewed regularly, but in no case less than monthly, by Charles Moore, the primary portfolio manager.

Each Fund provides a statement of portfolio account status, and the Funds together provide a management letter to their investors. Registrant delivers these written reports to the respective Fund's investors on a quarterly basis, and meets with each Fund's investors annually.

CLIENT REFERRALS AND OTHER COMPENSATION (Item 14)

The Banc Funds Company, L.L.C. does not receive economic benefits from non-clients, and therefore, does not have any related conflicts of interest.

Registrant does not compensate any person for client referrals.

CUSTODY (Item 15)

The Banc Funds Company does not have custody of securities or client funds. No other entity sends account statements directly to the Registrant's clients on the Registrant's behalf.

INVESTMENT DISCRETION (Item 16)

The Banc Funds Company, L.L.C., has discretionary authority to manage securities accounts on behalf of its clients, subject to the following restrictions. Each Fund's Partnership Agreement restricts investments to companies in certain industries as well as the amount of investing in foreign companies, and each Fund's offering letter may discuss certain other investment limitations as well. Further, various securities, tax and other laws, including, but not limited to, the Bank Holding Companies Act of 1956 (as amended) and the rules and regulations thereunder, may place additional restrictions on the types of investments that the Registrant may make on behalf of its clients.

Each Fund investor signs a Subscription Agreement and a Partnership Agreement acknowledging Registrant's discretionary authority with respect to the Fund. Additionally, if a Fund investor is an entity, it also furnishes a corporate resolution or other appropriate documents demonstrating authority to enter into this investment in the Fund.

VOTING CLIENT SECURITIES (Item 17)

The Banc Funds Company, L.L.C., as a matter of policy and as a fiduciary to its clients, has responsibility for voting proxies for portfolio securities consistent with the economic interests of its clients.

As required by SEC Rule 206(4)-6, the Registrant has adopted procedures to implement the firm's proxy voting responsibility. The Registrant periodically reviews its actual proxy voting to ensure the firm's policy is observed and implemented.

Upon a client's request the Registrant will furnish to the requesting client, without charge, (a) a copy of the Proxy Voting Policy and/or (b) information about how the Registrant voted with respect to such client's securities. The Registrant also maintains a summary of the current year's proxy votes.

FINANCIAL INFORMATION (Item 18)

The Banc Funds Company, L.L.C., does not require or solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance.

The Banc Funds Company, L.L.C., has discretionary authority over client securities; however, no financial condition currently exists that the Registrant believes is reasonably likely to impair its ability to meet its contractual commitments to clients.

The Banc Funds Company has never been the subject of a bankruptcy petition.

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REQUIREMENTS FOR STATE-REGISTERED ADVISERS (Item 19)

The Banc Funds Company is not a State-Registered Adviser.