

BRUNING STATE BANK

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Somewhere Between Happiness And Tears. . .

The unusual remark in the title was made to my mother-in-law at a family reunion long ago. It was spoken to her by an older fellow that had such a good time. I believe it came from his reflecting on the good and bad things that life hands out. It may apply to everyone, but when I think of all the mothers, past, present, and future, it probably applies mostly to women, who may have a tendency to show more swings in emotion, as their feelings are often very much connected to family, marriage, and their responses to raising a family, experiencing success or failure in the above, as well as a sense of happiness or sadness when the kids leave home. Men on the other hand try to be more stoic and hide their feelings.

When we look back, most of us probably wish we could have brought a little more happiness to our mother, and fewer tears.

I know that some of my thoughts are "out in left field". But when I hear or read a one-line comment like the title of this article, I try to imagine how the saying fits into everyday life. Maybe at the end of one year and the beginning of another is a good time to stop and consider just what IS between happiness and tears.

I wish that every school kid, those entering marriage, and people entering farming and business could recognize early on that life is a mixture of Happiness and Tears. We should condition ourselves and those around us to react more appropriately to times of tears so we can spend more time enjoying the "happiness" period. Marriages would be stronger, experiences in business and farming would go a lot smoother, and possibly yield more successes. Those in agriculture have been fortunate to have really "cut a wide swath" the last few years. One fellow remarked, "Maybe it's time to slow down and ask directions so we can appreciate what we have" which is somewhere between "Happiness and Tears."

*Banker Frank – Frank L. Bruning
Chairman of the Board*

I am more and more convinced that our happiness or unhappiness depends far more on the way we meet the events of life, than on the nature of those events themselves. - Wilhelm von Humboldt

Peer Pressure Debt . . .

Debt is like cholesterol; there is a good kind and a bad kind. Knowing the difference and managing both is a key to financial success.

Good debt is the money borrowed to buy an asset like a home or a farm. Student loans are too, because they are an investment in the future. Good debt is what you can pay for now and in the future.

Bad debt is money borrowed to buy a depreciating asset or to finance a "want" rather than a "need". A car depreciates fast and credit card debt used to pay for vacations, shopping, etc. is bad debt.

The idea is to try to live with good debt and avoid the bad.

According to Money Magazine "social, contagious or peer pressure" also affects your financial life. If parents invest in the stock market, the children are 83% more likely to own stock themselves when they grow up. On the other side, 19% of people in debt blame peer pressure as the cause of their bad spending habits. Duke University studies confirm that people around you affect how you approach everything, including your financial decisions.

A money manager promotes the idea of "social networking" to their clients. They advise them to simply start hanging out with people who have better money habits and learn from them. These Money Buddies can be through your existing friendships. You can still have your debt-loving friends, but you may not want to go shopping with them. It is like going to a bar with an alcoholic. Money habits of friends rub off on you and vice versa, yours on them.

Personal responsibility on minding your money and your debt is not too much to ask of yourself or your children. Sometimes we don't get involved with our family members' fiscal outlook until it is too late. Teaching and living good financial decision making is harder to do than one thinks. Take time to have this conversation with your spouse and your family, especially during this economic cycle.

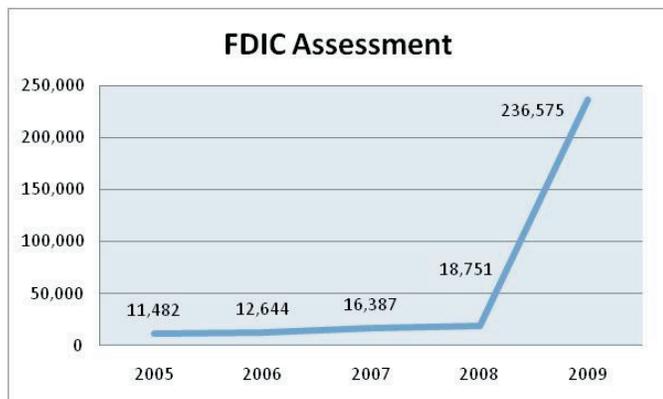
*Fred D. Bruning –
President*

People are living longer than ever before, a phenomenon undoubtedly made necessary by the 30 year mortgage. – Doug Larson

Federal Deposit Insurance Corporation (FDIC) Insurance Assessment . . .

What's up with that?

The graph below gives an excellent visual of "What's up with that?."



As you can see, the peak of the mountain (we hope) has been found. The trend line took a huge jump in 2009. The years through 2005 to 2008 were relative to the growth in deposits. As Bruning State Bank saw a gradual growth in our deposits, we saw a gradual increase in our insurance premiums or, in the banking industry, we call it assessment.

Our assessment rate is based on many factors and they can get complicated, so I'll leave that to the FDIC to set. Our assessment rate is .1059 cents per hundred dollars of deposits. The rate is applied to our historical deposit balances for the past quarter. For example, we pay the assessment for the third quarter of the year by the end of the 4th quarter of the year. This information is taken from the Report of Condition and Report of Income we file with the FDIC each and every calendar quarter; the banking industry name for that report is the "Call Report." This report can be found on the FDIC website, www.fdic.gov and is available anytime you want to look at it. Bruning State Bank has 30 days to file this report from the end of each quarter and the FDIC reviews and performs an audit on it, and then makes it available to the public within a couple of weeks.

Now you know how to find the Call Report and what we paid in 2009 to provide insurance, not just to our customers, but to cover the deposits in other FDIC insured institutions across the United States. In 2009, federal and state regulators closed a total of 140 banks. That is the highest number since 1992 when 181 banks failed. But that tally is far from 1989's record high of 534 closures which took place during the savings and loan crisis. Because the FDIC sets aside part of the reserve fund each time a bank is placed on the problem bank list, it moves funds from the general reserve fund into a contingency fund that holds the funds there until the bank fails or turns itself around by selling assets, capital increase or profits. Not every bank that it placed on the problem bank list fails, according to my reading on the

FDIC news release section on their website. Once the funds move to the contingency fund from the general reserve fund, the FDIC must by law increase the general reserve fund back to the stated reserve requirements as determined by the total dollars on deposit. In order to do this, they required us to expense and pay to them the \$236,575.49 by December 30, 2009. We completed that on time as required.

Bruning State Bank and most other banks were also required to prefund or prepay our projected insurance premium or assessment for the next three years to assist in building back the general reserve fund. That amount we booked as a prepaid expense and will amortize or take off our income statement over the next three years. The total assessment Bruning State Bank prepaid was \$547,716.03 on December 30, 2009. Bruning State Bank sent to the FDIC \$784,291.03 in 2009. I think the total collected and sent to the FDIC on December 30, 2009 from insured institutions was around \$45 billion dollars.

Additionally, the FDIC by law can require all insured institutions to pay an additional five cents per hundred based on total assets anytime in 2010. They also have the ability and structure set-up to borrow \$100 billion from the US Treasury and, in an emergency, up to \$500 billion. I hope they never have to do that.

So far, no taxpayer funds have been used in the payout to depositors of the \$250,000.00 per ownership category and no insured depositor has lost any funds when a bank failed.

Now you know "What's up with that?."

Please don't hesitate to contact me if you have any questions.

Jerry Catlett –
C F O

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Communicate With Your Creditors . . .

Many people find it difficult to meet their financial obligations after the holidays and this year is no different. Add layoffs, unemployment, illness, and high heating bills to this problem, and more individuals and families will have a difficult time meeting their financial obligations.

You know how health problems generally get worse when you ignore them? The same thing happens with past due financial obligations. The sooner you contact creditors and work out a mutually agreeable payment plan, the easier it is to get relief. Most creditors will negotiate with people who are having trouble paying bills. These negotiations can result in reduced payments, waived late fees and extended due dates.

It is important to talk to creditors as soon as you have financial difficulty. It becomes more difficult after you've started to receive calls or letters demanding payment. The longer you procrastinate and pretend that a debt problem will go away, the less cooperative creditors are likely to be. Here are 10 tips for communicating with creditors:

1. Call creditors as soon as you realize you can't pay your bills. Explain the situation -- often it's divorce, disability or unemployment -- that is causing financial difficulty.
2. Explain any encouraging financial developments, such as a pending divorce settlement, disability benefits or a new job. Creditors may be more inclined to work with you if you'll have future income.
3. Propose an affordable alternate payment plan -- for example, half of the required minimum payment for three months with no late fees.
4. Keep a log of the dates and times of phone calls to creditors, the name of the customer service representative you talked with and terms of the agreement.
5. Follow up calls with a letter that restates the agreed-upon terms. Send the letter by certified mail with a return receipt requested and include the following information:

First paragraph: Account number and current interest rate and required payment.

Second paragraph: Cause of financial difficulty (brief description).

Third paragraph: Specify a reduced payment proposal (such as, "We request that you accept \$50 a month through June, report our account as current, and waive any penalties.".)

Fourth paragraph: Request for a response, stating that you will assume the creditor agrees to the terms unless you hear otherwise.

Contact information: Address, daytime and evening phone numbers and email address.
6. Resist pressure to pay more than you can afford. Neither you nor the creditor will benefit from an agreement that is doomed from the start.

7. Request that creditors remove negative information, such as late payments and re-age your account. (That means that it is reported positively as long as negotiated payments are made.)

8. If creditors resist your efforts to negotiate a reduced payment, call a Consumer Credit Counseling Service office. Often, creditors waive late fees and reduce minimum payments for people receiving counseling. For more information about credit counseling, call 1-800-388-2227 or visit the National Foundation for Credit Counseling online.

9. Keep creditors informed about continuing changes in your financial situation, such as prolonged illness or prolonged unemployment. If necessary, negotiate another extended repayment plan.

10. When all else fails, send creditors a small monthly payment, even if it is only \$5 or \$10. This shows that you're not ignoring your debts, and you'll avoid those computer-generated letters that automatically get mailed when no payment is made.

*Craig Pope –
Hebron Branch President*



Farmers & Ranchers College Schedule

The mission of the Farmers & Ranchers College is to provide high-quality continuing education to farmers and ranchers in a rapidly changing global agricultural environment.

The final program this year is:

March 9, 2010 – “Managing Crop Revenue Risk” featuring Steve Johnson, ISU Extension and “Beyond the Bend in the Road: Analyzing Trends in Farm Financial Ratios” with Tim Lemmons, UNL Extension. There is no charge for this program and it will be held at the Fillmore County Fairgrounds, Geneva, NE from 9:00 am – 3:00 pm.

Howdy Buckaroos!

Mom and Dad, do you know someone who is 12 years old or younger? If so, they should consider joining the Buckaroo Club! When they do, they will receive:

- **a birthday card and gift from Buck
- **special newsletters and activities throughout the year
- **and for every \$100 they save, the Bank will add \$1.00!

Buckaroos, did you know that if you started your Buckaroo savings account with just one dollar and every week, added one more dollar, in 10 years you would have about \$500 saved! Wow!
Keep Saving!

Buck



Christmas 2009. . .

This will be a Christmas to remember, but for many of us in a different way. We lost our electricity off and on during the 24th (sometimes more off than on) and then for good until the afternoon of the 27th. I know some of you were out for longer than that. Christmas Eve church services were cancelled for only the second time I can remember in my lifetime, the first being in 1983. We did manage to have some hot soup and our gift exchange with our kids before the lights went out for good. We stayed in the house that night and piled on extra blankets hoping for the best. Well, the best didn't come. Christmas morning we made coffee with a torch, an old pan, and a drip coffee filter. It wasn't the best, but it was warm. It's amazing what one can come up with if having caffeine withdrawal.

We decided to abandon ship and took off for town with our 4-wheel drive pickup and our cell phones. Christmas dinner with extended family was cancelled due to lack of power. We postponed until Sunday. Still no power! My turkey had been thawed so we took the turkey and some thawed out rolls and borrowed my mom's oven for the turkey and my daughter-in-law's oven to bake the rolls. I then refroze the turkey and the rolls so I could salvage them for whenever we would have our dinner. After two postponements we ate heartily on January 10th.

We spent a good share of the time at our son's house and our ten month old grandson looked like he wondered why we were still there every time he woke up from a nap or in the mornings. I think we spoiled him good for mom and dad. Our daughter, who also lives in town, made it over on Christmas Day so we were able to spend the day together. We played Wii, cards and just enjoyed being all together.

I'm sure winter is not over yet, even if it has warmed up some. It will have to stay warm for quite a while to melt the drifts in our front yard. It's like looking out of an igloo from our living room.

You know we have a backup plan for emergencies (like power outages) at the Bank. Just like I could save my turkey, we save all our information through daily backups here and off the premises. None of your information about your accounts will ever be lost. We can guarantee you that. We also have a disaster recovery plan in place, so you never have to worry.

We hope you all had an enjoyable holiday season despite the weather. It's definitely one my family will remember.

*Janice Fintel, Pam Lemke
& Carm Hinrichs –
Bookkeeping Department*

Crop Insurance - Important Changes. . .

The 2010 Spring crop insurance season will be here before you know it! There are some changes that you need to be aware of so you are prepared for the March 15, 2010 sales closing date.

•Some of you have taken advantage of the Enterprise Unit discounts in the past. Some changes have been made in determining if you are eligible for Enterprise Units. If the new requirements are not met, then you will lose the discount for the current year. Be sure to check with your agent to learn about the new requirements.

The Enterprise Unit discount is a continuous endorsement and carries over from year to year unless changed by sales closing. So...be sure you contact your agent BEFORE the 3-15-2010 deadline.

•Changes have been made in the initial and final plant dates for both Nebraska and Kansas. Crops cannot be planted prior to the initial plant date and planting needs to be completed by the final plant date. Please make a note of these dates for 2010. Be sure to contact us if you need dates for other counties.

NEBRASKA (Fillmore, Jefferson, Nuckolls, Saline, and Thayer counties)	
CORN	Initial plant date – 04/10 Final plant date – 05/25 <i>The late plant period is now 20 days after the final plant date.</i>
GSORG	Initial plant date – 04/16 Final plant date – 06/15
SBEAN	Initial plant date – 04/25 Final plant date – 06/10

KANSAS (Republic and Washington counties)	
CORN	Initial plant date – 04/05 Final plant date – 05/25 <i>The late plant period is now 20 days after the final plant date.</i>
GSORG	Initial plant date – 04/26 Final plant date – 06/25
SBEAN	Initial plant date – 04/26 Final plant date – 06/15

A couple of new products will be available to Great American crop insurance customers. Be sure to ask your agent if you are interested in...

- F-PAD (Farmers Profits Answered Daily): A software program to assist in grain merchandising.
- Weatherbill: A new (unsubsidized) insurance product that provides coverage on crops for specific weather related perils.

Remember: the final date to sign-up for, change, or cancel your 2010 Spring Multi-Peril Crop insurance coverage is March 15, 2010.

Be sure to contact us with ANY questions or if you need additional information.

*Jeff Hammer, Kathy Roberts,
Craig Pope, Shari Fischer
Janet Germer, Ryne Philippi
& Fred Kobza –
Crop Insurance Agents**

*Not FDIC Insured *Not a guarantee of the Bank *Not a deposit of the Bank *Not insured by any federal government agency *May go down in value

AND...The Forecast Is Calling For SNOW!

It appears that Mother Nature is providing us with an overabundance of ice and snow this winter! While the snow and frost can be pretty, it does create some problems. Therefore, we wanted to mention a couple things for you to consider.

- Do you have coverage on your farm buildings if they collapse from the weight of ice, snow, or sleet? This peril is not automatically included on most farm policies, so coverage needs to be added if desired.

- Do you have coverage if you use your 4-wheeler, ATV, tractor, pickup or other equipment to remove snow for others? Probably NOT! Most personal lines policies do NOT provide either liability or physical damage coverage when removing snow for others! In most cases, coverage would be excluded. Therefore, this increased liability needs to be covered on a commercial policy.

- Do you have coverage if your cattle freeze or smother in a blizzard or snowstorm? Most farm policies do not provide this coverage, but coverage is available by special endorsement.

The farmers almanac is predicting more snow in the upcoming months, so be prepared! Some cold weather reminders:

- Keep thermostats set at 55-65 degrees minimum to help prevent water pipes from freezing and bursting.
- Allow heat to reach areas where pipes are exposed to the cold temperatures.
- If you will be gone for an extended time: Turn off water supply, maintain heat, and have a trusted individual check your home on a daily basis.
- Remove snow from dwelling and building roofs to prevent damage from collapse and/or water leaks.
- Check portable heaters often to avoid risk of fire.
- Have your furnace checked regularly for maximum performance and to avoid problems later.

Be careful and safe this winter season, and be sure to contact us to discuss your insurance in more detail.

*Fred Kobza, Kathy Roberts
& Kristen Monteforte –
Insurance Department**

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Separating The Men From The Boys . . .

When I announced that I was coming back to Bruning State Bank almost three years ago, it was pretty unanimous that I was coming back to an organization that is well respected and has a reputation for being conservatively managed and filled with great bankers. But when they said conservative they made it seem like it was a bad thing. My Grandfather always says that we are caretakers of the Bank and that it is here to serve the com-

munities we call home, not to serve our family. Because of this, we stood by that conservative management style while others mocked us for not moving to the eastern slope of Colorado, Las Vegas or other “hot” areas for banking. By not moving into these areas, it has allowed our organization to grow internally. We have continued that internal growth with the addition of branches in Hebron and Broken Bow and most recently adding a team of great individuals in Holdrege that already had the reputation as a top-notch group of bankers. Bottom line is, we are expanding in a time when most banks are contracting or not willing to take on an investment like this.

In the past three weeks, I have sat in on several meetings and/or conference calls where we were told we were in the enviable position of having a strong capital base and profits this year. Can you believe that? Being envious of profits? After hearing that, I needed to do a little more research.

Most of the banks in Nebraska are still doing well, but there is an ever increasing number of community banks across the country that are seeing their balance sheets deteriorate. The end of the third quarter saw the number of banks on the FDIC’s list of “Problem” Institutions at 416 up from 305 at the end of March with the number expected to increase through the end of the year. Also, through the end of the third quarter there have been 124 bank closings since 2008 and a more recent note from the FDIC claims there may be another 100-200 that close in the next 18 months.

The number of bank closings is not as big a problem as the size of those closings. In the 80s, the majority of the bank closings were small Ag-related banks and/or Savings and Loans. This time around there are some pretty big banks that have been closed, i.e. Washington Mutual, Corus Bank and Guaranty Bank (that name is a little ironic!) to name a few. This has resulted in FDIC “special assessments,” premium pre-payments and other ways to increase the FDIC fund up to a level that is acceptable based on the level of risk that is still out there. While your deposits are still insured up to \$250,000, now is the time to “separate the men from the boys.”

Adversity brings opportunity and by “manning-up” and sticking to our guns, we are not over-leveraged, our balance sheet is not filled with past-due loans and because of that we are positioned to assist you in taking advantage of the opportunities that present themselves. Choosing who you decide to bank with may never be more important.

In closing, my Grandfather has a saying on the back of his business cards, “The greatest tribute you can give someone is the opportunity to do business with them.” Thank you for your continued trust as we build the foundation for future generations.

*Chris Tonniges –
Vice President
Registered Representative**

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Christopher J. Tonniges, Registered Representative. Advisory Services offered through Securities America Advisors, Inc. Christopher J. Tonniges, Investment Advisor Representative. Bruning State Bank and Securities America companies are not affiliated. Securities America companies and Bruning State Bank are not affiliated with LIFE. *May lose value *Not FDIC insured *No Bank guarantee

Checks Taking a Final Bounce?

Will checks be following the fate of landline phones and VCRs? Since it doesn't directly affect us, you might have missed the news blurb a few weeks ago announcing the country of Britain will no longer be using or accepting checks. The UK Payments Council voted to officially phase out paper checks by 2018.

While the use of checks has fallen significantly over the last decade, could we Americans really live without them entirely? It is true there are so many new and more efficient ways to make payments in the 21st century – credit and debit cards, mobile banking, Internet transfers, automatic debits, etc. Check payments are nearly obsolete in a growing list of countries, including Norway, Sweden, and Japan. Even here in the US, a number of merchants won't accept personal checks anymore, especially in more urban areas.

I have read columns and blogs by people who challenged themselves to stop writing checks and make all of their payments using an automatic or electronic form. By most accounts, they ran into very few issues. However, it is important to note that even though they may have avoided writing a personal check by using their bank's bill payment service, the payment method was likely still a check. This is because many banks, including ours, make the majority of "automatic" payments for customers by sending those good, old-fashioned checks by snail mail.

Opposition to abolishing checks understandably comes from groups like the elderly and small, rural businesses. Many older customers just don't trust electronic payment methods enough to give up their checkbooks, and it isn't safe to keep large amounts of cash on them or in their homes. It would be unfair to take away checks when that is their main method of payment. It would also be unfair to small businesses that would actually rather accept a check than a credit card because it costs them a processing fee to accept credit card payments.

Of course, we at Bruning State Bank want you to use whatever payment method you are comfortable with, but we also encourage you to try new things, like a debit card if you don't already have one. It's free! Or sign up for online bill payment to pay a few of your monthly bills. That's free, too!

We think you'll like the convenience of these electronic payment methods, but we also know that a check is still the best option in many places like our hometown cafes and flower shops. If you're like me, you're having a difficult time picturing your grandmother at the beauty shop getting ready to pay by pulling out her Smartphone and logging into Paypal. Rest assured that checks will be around for a few generations yet. After all, I think our Federal Reserve has enough other things to worry about right now.

*Angela Kuhlmann –
Project Coordinator*

2009 Is Now In The Rear View Mirror . . .

I attended a seminar of Ag West Commodities recently at the Country Club in Broken Bow. There was a fairly large group of farmers in attendance. The presentation showed pictures of the 2009 crop growing season. We had excess moisture during planting, a cool summer when the crops didn't mature like normal, and an early frost. Wasn't that enough for one year? No, there were pictures of snow drifts in standing corn fields. What a challenge 2009 was...and everyone seems to be ready and hopeful for 2010.

We do know from experience that 2010 will probably have a new set of challenges. So what should we do? Probably the best advice is to anticipate a fairly normal year. Don't overreact to circumstances. One item of certainty seems to be volatility in price. Know what your costs of production are. Our cash flows are showing that 2010 could be a very good year...if we can raise a crop. At present market prices, we should be locking in some of the profits. The production risk can be protected in part through insurance products. So don't let the current markets pass you by, waiting for another few pennies per bushel; there is opportunity today.

*Dan Jelinek –
Bank of Broken Bow
Branch President*

Individual Retirement Accounts . . .

When it comes to investing for your retirement years, an Individual Retirement Account (IRA) is often an excellent choice. The benefit of an IRA is that (If you are eligible) you are able to reduce your tax burden, AND, most importantly, every dollar you invest today will work for you until that wonderful day when you are able to retire!

So, what's the difference between a traditional IRA and a Roth IRA? In a nutshell, it can boil down to whether or not you need to save on taxes now (traditional IRA) or when you retire (Roth IRA). While there are certain limitations on deductions and contributions, many people are able to deduct from their taxes the contributions they make to a traditional IRA, while contributions to a Roth IRA are never tax deductible. However, the main advantage that a Roth has over a traditional IRA is that the investment grows tax FREE, rather than tax DEFERRED, so distributions from the account are not taxed!

As with any long-term investment vehicle, it's important to begin investing as early as possible. So, please give us a call and set up a time to discuss the options that are available.

Customer Service Department

Thoughts On Sharing Equipment . . .

One of the efficiency strategies we see more and more of our customers using is sharing machinery with a neighbor or a family member. It makes good sense, with the cost of machinery as high as it is, to try to work with someone else, so you can spread the cost of high-priced machinery over more acres.

While we do encourage our customers to use this strategy, there are some complications you need to look out for. As your Banker, we do not encourage customers to buy undivided half-interests in any equipment. We would rather see you own all of specific pieces of equipment and allow your neighbor to use your pieces of equipment in exchange for letting you use some of his equipment. An example would be your neighbor owns the combine you both use to harvest your crops. In exchange you own the trucks, trailers, and grain cart.

If one owner in the above example has some adversity, and has to quit farming, you may have to find a different combine to harvest with, if you own half-interest in it. Or you will have to figure out how much the equipment you own together is worth, and try to come to terms to buy it. Who knows if you can come to an agreement? Another reason for not owning an undivided share interest in machinery is, for the most part, it is an unacceptable source of security for your lender as they cannot perfect a lien on property without having both owners pledge the equipment to the lender. Further, if it's pledged to one lender, then it can't be considered by the neighbor's lender since it's already pledged to the first lender.

This sharing of equipment revolves around you and your neighbor's ability to get along and work together. Sharing equipment is likely not going to work out for either of you, if both of you are not somewhat flexible. Obviously, you can't always have your crops harvested first and then harvest your neighbor's after your harvest is completed. Your neighbor may like to work longer or shorter hours than you do. You may want to move on to harvest beans before you are done with corn, but your neighbor wants to stick with getting all of the corn out first. These are just a few examples; I'm sure there are many more.

Sharing equipment does have its merits for the small to mid-sized farmer. You just have to make sure you are compatible with your potential machinery partner and realize you may have to give up some of your independence in harvesting decisions to create more efficiency for yourself.

*Darrell Raum –
Senior Vice President
Credit Supervisor*

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Full Service Bank. . .

On December 1, 2009, the Holdrege Branch of Bruning State Bank entered into yet a new phase. We became a full service Bank, being approved by the Nebraska State Department of Banking and the FDIC. Since August 24, 2009, we had been operating as a Loan Production Office. We are excited about the opportunity to offer full-service banking to the Holdrege and surrounding South Central Nebraska communities. In late November, the staff at Holdrege moved out of the store front Loan Production Office into our new full-service Branch Bank located at 1224 Hill Street, Holdrege, NE. This transition was made easier with help from the Bruning, Hebron and Broken Bow staffs. During the past month, we have been pleased with the progress in growth and the response from our faithful clientele. Our staff includes nine high-level customer service personnel with our latest hire being Diane Ostgren as a part-time teller. The team we have built here at Holdrege has over 140 years of combined experience in the banking industry.

Beyond opening up new deposit and loan accounts, we have been earnestly working on architectural designs for our permanent Bank building. It is our intent to begin construction on the new Bank yet this spring with an estimated completion date of November 2010. This facility will be located on the frontage of Highway 183 with access directly off of Burlington Street as well as the present Hill Street access. It is our desire to provide a Bank of which the entire community can be proud and call home. As we continue with the design phase of this new Bank, we are mindful of what you, our clientele, desire in a Banking facility. We invite you to provide any ideas you might have that can help us serve you better now and well into the future.

Over the past four months it has been evident to the Holdrege staff that relationship banking is vital to our success. The incredible response we experienced at our Christmas Open House was a true testament to the relationships we have developed over the years with our respective customer base. In closing, we invite you to stop in and visit with us about Bruning State Bank, the products (deposit and loans) we can help you with, or simply stop by for conversation and a cup of coffee.

*Kyle Anderson –
Holdrege Branch
Vice President*

MPCI Annual Informational Meeting and Customer Appreciation Luncheon

A presentation will be given by Joe Groen of Great American Insurance regarding current crop insurance issues and any changes in the Federal Crop Insurance Program for the 2010 Crop Year.

**Wednesday, February 24 - 11:00 AM
Belvidere Community Center
Belvidere, NE**

Lunch will be served following the meeting!
EVERYONE IS WELCOME TO ATTEND!
RSVP appreciated to 402-353-2085

BRUNING STATE BANK

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Statement of Condition at Close of Business December 31, 2009

ASSETS	LIABILITIES
CASH.....\$7,043,000.00 (Cash in our vault, plus cash due on demand from other banks where funds are deposited.)	DEPOSITS.....\$141,863,000.00 (Amount of money on deposit by customers of the Bank, in the form of checking accounts, savings accounts and certificates of deposit.)
U. S. BONDS.....\$34,425,000.00 (This is the amount of government bonds owned by the Bank, most of which are due in less than three years.)	BORROWED FUNDS - FHLB AND OTHERS.....\$23,420,000.00
MUNICIPAL BONDS.....\$9,860,000.00 (Investments in high-grade bonds issued by cities, school districts and other municipal government.)	OTHER LIABILITIES.....\$321,000.00 (Accrued interest payable on all interest bearing checking accounts, savings accounts and certificates of deposit, payable at a future date, and income taxes payable during the fiscal year.)
FEDERAL FUNDS SOLD.....\$0.00 (Funds loaned to other banks for daily cash needs, payable on demand.)	TOTAL LIABILITIES.....\$165,604,000.00
TOTAL CASH ASSETS.....\$51,328,000.00 (Total of liquid investments that could be quickly converted to cash or other immediately available funds.)	EQUITY CAPITAL
LOANS AND DISCOUNTS.....\$125,266,000.00 (Amount of money loaned to customers for all types of loans, such as real estate, agriculture, commercial and consumer.)	CAPITAL STOCK.....\$600,000.00 (Par value of 6,000 shares of common stock of the Bank, paid by the people who own the stock.)
BANKING HOUSE, FURNITURE AND FIXTURES.....\$1,592,000.00 (The depreciated value of the Bank, all furniture and equipment.)	SURPLUS.....\$13,800,000.00 (Amount taken from the profits of the Bank to further strengthen the position of the Bank.)
OTHER ASSETS.....\$8,603,000.00 (Accrued interest earned but not collected and other receivables.)	UNDIVIDED PROFITS AND RESERVES.....\$6,785,000.00 (Amount that has accumulated from earnings of the Bank for reserves.)
TOTAL ASSETS.....\$186,789,000.00	TOTAL EQUITY CAPITAL.....\$21,185,000.00
	TOTAL LIABILITIES & EQUITY CAPITAL.....\$186,789,000.00

NOTICE OF YOUR FINANCIAL PRIVACY RIGHTS

Revised.01.01.10

ANNUAL PRIVACY POLICY NOTICE

FACTS

What Does Bruning State Bank Do With Your Personal Information?

Why?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
What?	The types of personal information we collect and share depend on the product or service you have with us. This information can include: <ul style="list-style-type: none"> • Social Security number and income • account balances and payment history • credit history and credit scores
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 their customers' personal information, the reasons Bruning State Bank chooses to share, and whether you can limit this sharing.

Reasons we can share your personal information:	Does Bruning State Bank 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	NO	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	YES	YES
For our affiliates to market to you	YES	YES
For non-affiliates to market to you	NO	YES

To limit our sharing	<p>If you want to limit our sharing of your personal information, please mail the form below or call us at 1-800-403-5889 to opt out.</p> <p>Please note: If you are a <i>new</i> customer, we can begin sharing your information 30 days from the date we sent this notice. When you are <i>no longer</i> our customer, we continue to share your information as described in this notice.</p> <p>However, you can contact us at any time to limit our sharing.</p>
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Questions?	Call us at 1-800-403-5889.
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Mail-In Form (if you choose to opt out)

Mark any/all you want to limit:

- Do not share information about my creditworthiness with your affiliates for their everyday business purposes.
- Do not allow your affiliates to use my personal information to market to me.
- Do not share my personal information with non- affiliates to market their products and services to me.

Name		Mail to: Bruning State Bank PO Box 100 Bruning, NE 68322-0100
Address		
City, State Zip		
Account Number(s)*		

*If you have a joint account, your choice(s) will apply to everyone on your account unless you mark below.
 Apply my choices only to me.

Who we are	
Who is providing this notice?	Bruning State Bank
What we do	
How does Bruning State Bank 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 Bruning State Bank collect my personal information?	We collect your personal information for example, when you <ul style="list-style-type: none"> • Open an account or deposit money • Pay your bills or apply for a loan • Use your credit or debit card We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.
Why can't I limit all sharing?	Federal law gives you the right to limit only: <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.
What happens when I limit sharing for an account I hold jointly with someone else?	Your choices will apply to everyone on your account – unless you tell us otherwise.

Definitions	
Affiliates	Companies related by common ownership or control. They can be financial and nonfinancial companies. <i>(Bruning State Bank's affiliates include: Bruning State Bank Insurance Agency, Bruning State Bank Trust Department, Bruning State Bank Investment Department, Bruning Real Estate Agency, BrunCO, Bruning Farms LLC, Fence Land Inc, Running M LLC, Feedlot Fencing LLC.)</i>
Non-affiliates	Companies not related by common ownership or control. They can be financial and nonfinancial companies. <i>(Bruning State Bank does not share personal information with non-affiliates.)</i>
Joint Marketing	A formal agreement between non- affiliates financial companies that together market financial products or services to you. <i>(Bruning State Bank does not participate in joint marketing with non-affiliates.)</i>

INSURANCE
 Property/Casual
 Crop
 Disability
 Life
 Automobile
 Long Term Care
 Health
Not FDIC Insured
 Not a guarantee of the bank
 Not a deposit of the bank
 May go down in value

PRODUCTS AND SERVICES

AG REAL ESTATE
 Real Estate Sales
 Escrows
 1031 Land Exchange

TRUSTS
 Power of Attorney
 Farm Management
 Estate Management
 Conservatorships
 Living Trust
 Irrevocable Trust
 Testamentary Trust
Not FDIC Insured
 Not a guarantee of the bank
 Not a deposit of the bank
 May go down in value

INVESTMENT
 Retirement Planning Service
 Full-Service Brokerage
 (including Stocks, Bonds & Mutual Funds)
 College Savings Account
 IRAs
 Health Savings Account
Not FDIC Insured
 Not a guarantee of the bank
 Not a deposit of the bank
 May go down in value

LOANS
 Revolving Line of Credit
 Machinery
 Livestock
 Commercial
 Home Mortgages
 Consumer
 Leasing
 Ag Real Estate
 Commercial Real Estate
 Home Equity Lines of Credit

CUSTOMER SERVICE
 Money Market
 Credit/Debit Cards
 ATM Card
 Checking/Savings Account
 Certificate of Deposit
 IRA
 Overdraft Protection
 Internet Banking/Bill Paying

Come See Us For All Your Banking, Insurance And Investment Needs!

