

# BRUNING STATE BANK

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www.bruningbank.com

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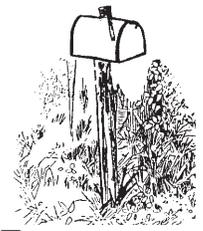
Bank of Broken Bow 308-872-2757 or 1-877-872-2757

A Branch of Bruning State Bank • Broken Bow, NE

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**YOUR  
COUNTRY  
BANK**



## Leave Something Behind...

This is a take-off on an old saying I read somewhere "What you take with you doesn't count for much; what you leave behind does." My wife Mary and daughter Jane flew to California where Mary's brother, Dr. Walter Reiss, was honored. Walt has been a doctor in Lodi, California for over 40 years. Walt was born and raised in Belvidere, Nebraska.

It was an exciting day for Dr. Reiss when the Lodi Memorial Hospital's "free outreach clinic for the uninsured" moved from its 14-year home in Lodi, CA's Salvation Army headquarters to a bigger and better facility and was renamed the Walter E. Reiss Outreach Clinic (WEROC). Dr. Reiss is a family practitioner who, during his off-hours, provided free care for many years to the homeless and poor of the community, first in a tiny room at the Salvation Army office, and then in the LMH clinic, which was also at the Salvation Army. He was instrumental in persuading fellow physicians to join him in volunteering their time in the clinic as well. More than 150 people were on hand for the dedication of the new health center, but honoring Dr. Reiss is only part of the story. Establishing this clinic demonstrates not only Dr. Reiss's selflessness and concern for others; he "left something behind" for those who needed the help and were unable to help themselves.

Walt is not the only one doing volunteer work. Each community that survives and grows has many unselfish volunteers. Some who come to mind include the fire department, churches, clubs and organizations whose only goal is to help provide a better life for folks and neighbors in need. In rural areas, some of the responsibility goes out to the farmers and ranchers who share in the best interest of the community and surrounding areas.

Looking back over my 84 years, I feel a little guilty of perhaps being a little selfish, or not giving of my time and talents to my fellow man. Maybe the good Lord expects me to perform a little better and do a little more. My old friend Simon Oswald once remarked, "Frank, I never have seen a u-haul behind a hearse, have you?"

To those who have contributed so much over the years, I say "Thank you!" For myself and others, I say "Let's help our fellow man. LEAVE SOMETHING BEHIND!"

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

*Mother's Day quote: "You never get over being a child as long as you have a mother to go to."*

## Culture...

I am reading the book Small Giants that Roger Allmand from Holdrege gave us. His company, Allmand Brothers, is a family owned company that manufactures portable lights, etc. His company and our Bank have similar philosophies of what we are all about. The book is about how "Companies choose to be Great instead of Big." The book also tells what companies do to generate "Mojo." Mojo is described as "You got that engine running baby, and the sky is the limit."

Some common threads that great companies have are as follows:

1. They questioned the usual definitions of success in business and imagined possibilities other than the ones all of us are familiar with.
2. They charted their own course and built the kind of business they wanted to live with, rather than being shaped by outside forces.
3. The companies had an intimate relationship with the local city, town or community in which they do business – a relationship that went beyond the usual concept of "giving back."
4. They cultivated intimate relationships with customers and suppliers, based on personal contact, one – on – one interaction and mutual commitment to delivering on promises.
5. The companies had unusually intimate workplaces that strove to address a broad range of their employees' needs as human beings – creative, emotional, spiritual and social needs, as well as economic ones. (Southwest Airline's Herb Kellenher once observed that his company's famously vibrant culture was built around the principle of "caring for people in the totality of their lives." Employees are treated with respect, dignity, integrity, fairness, kindness and generosity.)
6. Closely held companies have the freedom to develop their own management systems and practices.
7. Finally, successful companies have "Mojo", the leaders have passion for what the company does and that is how Bruning, Hebron, Broken Bow and Holdrege employees, I feel, leads their Bank locations.

Our family's philosophy and culture is built around stewardship: taking what we have and making it better for the next generation. This is what we are trying to do as a Bank, having "Mojo": being good stewards to our customers and shareholders and taking bank products and services to the next level, with intimate relationships with our customers, employees and suppliers and even our regulators. We view the people around us as partners to help our customers "Build and Maintain Wealth", our Bank's mission statement.

*Fred D. Bruning – President*

*"People are attracted to Berkshire because of its culture. What happened here was kind of an accident – treating shareholders like family and sticking with it." - Charlie Munger, Berkshire Hathaway*

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# Attention: Ag and Commercial Borrowers!!!

What does the Federal Emergency Management Administration (FEMA) and the National Flood Insurance Program (NFIP) have to do with you and your operation or business? They don't want you to buy or build something that lies within a special flood hazard area. They especially don't like it when a federally insured depository institution takes improved property as collateral that is in one of the special flood hazard areas. Matter of fact, it is illegal for the Bruning State Bank or any other federally regulated lender to do so, unless flood insurance is purchased to cover a flood related loss.

I'm sure you'll respond the same way that the staff does here at the Bank when the compliance officer mentions that we need to carefully review our practices that may cause conflict with government mandated regulations. I don't blame you if you're asking, "What is this guy talking about?" Flood insurance law and regulations have been on the books for a long time. Recently the flood insurance issue has come into focus with all the natural disasters that have taken place over the last two to three years that have caused severe damage due to flooding.

In the last few years, the counties, cities, towns and villages where Bruning State Bank, Hebron Branch, Bank of Broken Bow and Holdrege Branch do the majority of our business have elected to become participating communities in the NFIP, sponsored by FEMA (an agency of our federal government.) Like I said, flood insurance has been around a long time and we have adhered to this strict law, with the goal of 100% compliance.

Where we have made loans on homes, commercial buildings, farm buildings, farm storage bins and almost any structure, we always checked to see if the improved property was located in a flood zone. If it was, we were only allowed to take it as collateral when the borrower purchased flood insurance to cover the loan amount. We had very few loans that fell into those areas. So for us, it was not a difficult task to comply with.

Things have now changed with the availability of additional maps and the availability of flood insurance to more parts of the state. We are now checking any and all loans (new and existing) secured by real estate with any improvements. A portion of the law, S 339 – Page 2663 of the flood manual:

- (1) For any loan made, increased, extended, (modified) or renewed and secured by improved real estate or a mobile home, the bank must determine whether the property is or will be located in a flood hazard area using the latest FEMA flood map.
- (2) Whether or not the improved property is located in a Special Flood Hazard Area – Zone A or V – the bank must complete a standard flood determination form.

These are just two of the requirements that we must follow and you may hear from a grumbling loan officer or the Bank's compliance officer that some portion or all the improved property you have pledged as security is in a special flood hazard area. If that happens we'll need to discuss this with you. This column is not long enough for all of the factors under consideration.

Compliance officers don't like to be the bad news messenger. Yet with the high penalties that could be levied against Bruning State

Bank, we will comply with the law. If this affects you and your business, we'll communicate in a timely and professional manner and we'll get the problem solved. I don't think we'll have a high occurrence of issues. You need to know that this law is the same for all banks and federally regulated lenders.

If you have an interest to learn more about this, check out [www.fema.gov/fema/csb.shtm](http://www.fema.gov/fema/csb.shtm) for a map of your area or call FEMA at 1-800-358-9616. I'll also be available for questions, comments and concerns.

*Jerry Catlett –  
Compliance Officer*

## Yes, We Offer Home Loans Too...

Did you know that your "Country Bank," which offers checking and savings accounts, CODs, online banking, and business, personal and commercial loans, can also assist you with your mortgage needs? Currently, we have six mortgage loan specialists on staff throughout our four branch locations, making it convenient for our customers wherever they live. As homeowners ourselves, we share the excitement that's felt once the decision has been made to purchase a home. We also understand the complexity of purchasing or refinancing a home and we strive to make the process as uncomplicated as possible. We are available to answer any questions you may have, run scenarios on various terms and rates, and walk with you through the entire home loan process.

We are extremely confident in the solidity of our mortgage program. Our rates are very competitive, even when compared to the "big" banks and online lenders. The vast majority of our home loans are retained and serviced directly within Bruning State Bank, meaning your loan will not be sold to a mortgage company. Your payments will be made directly to Bruning State Bank and, if you choose to escrow your real estate taxes and homeowner's insurance, our Bank will maintain the escrow account for you. If ever you have a question about your home loan, we have staff readily available to visit with you, in person, by phone or by email. As an alternative and in the event an in-house loan does not meet your needs, we do also offer secondary market loans, which are funded and serviced outside of our Bank. This option is valuable to those who may have limited down-payment resources or a lower credit score.

Please keep us in mind if a purchase or refinance is in your future. Our lending territory extends beyond the boundaries of Nebraska, so we are also able to serve friends and family who live throughout the United States.

Our mortgage lending staff includes: Jeff Hammer, Lori Utemark and Ryne Philippi in Bruning, Shari Fischer in Hebron, Janice Nozicka in Broken Bow and Nancy Hoeck in Holdrege.

PERSONAL ATTENTION  
COMPETITIVE RATES  
LOCAL COMMUNITY BANK

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# How to Dispute Credit Report Errors...

I discovered recently a \$130,000+ mortgage loan on one of my customer's credit reports that wasn't his. The mortgage loan began in June 2007 but didn't show on his 2008 and 2009 credit reports. Fortunately, the payments have been made on time so it didn't hurt my customer's credit score too much. But what if it had? How does a person get the loan removed from their credit report?

Under the Fair Credit Reporting Act (FCRA), both the credit reporting company and the information provider (that is, the person, company, or organization that provides information about you to a credit reporting company) are responsible for correcting inaccurate or incomplete information in your report. To take advantage of all your rights under this law, contact the credit reporting company and the information provider.

## Step One

Tell the credit reporting company, in writing, what information you think is inaccurate. Include copies (NOT originals) of documents that support your position. In addition to providing your complete name and address, your letter should clearly identify each item in your report you dispute, state the facts and explain why you dispute the information, and request that it be removed or corrected. You may want to enclose a copy of your report with the items in question circled. Send your letter by certified mail, "return receipt requested," so you can document what the credit reporting company received. Keep copies of your dispute letter and enclosures.

Credit reporting companies must investigate the items in question — usually within 30 days — unless they consider your dispute frivolous. They also must forward all the relevant data you provide about the inaccuracy to the organization that provided the information. After the information provider receives notice of a dispute from the credit reporting company, it must investigate, review the relevant information, and report the results back to the credit reporting company. If the information provider finds the disputed information is inaccurate, it must notify all three nationwide credit reporting companies so they can correct the information in your file.

When the investigation is complete, the credit reporting company must give you the results in writing and a free copy of your report if the dispute results in a change. This free report does not count as your annual free report. If an item is changed or deleted, the credit reporting company cannot put the disputed information back in your file unless the information provider verifies that it is accurate and complete. The credit reporting company also must send you written notice that includes the name, address, and phone number of the information provider.

If you ask, the credit reporting company must send notices of any corrections to anyone who received your report in the past six months. You can have a corrected copy of your report sent to anyone who received a copy during the past two years for employment purposes. If an investigation doesn't resolve your dispute with the credit reporting company, you can ask that a statement of the dispute be included in your file and in future reports. You also can ask the credit reporting company to provide your statement to anyone who received a copy of your report in

the recent past. You can expect to pay a fee for this service.

## Step Two

Tell the creditor or other information provider, in writing, that you dispute an item. Be sure to include copies (NOT originals) of documents that support your position. Many providers specify an address for disputes. If the provider reports the item to a credit reporting company, it must include a notice of your dispute. And if you are correct — that is, if the information is found to be inaccurate — the information provider may not report it again.

The Federal Trade Commission (FTC) works to prevent fraudulent, deceptive and unfair business practices in the marketplace and to provide information to help consumers spot, stop and avoid them. To file a complaint or get free information on consumer issues, visit [ftc.gov](http://ftc.gov) or call toll-free, 1-877-FTC-HELP (1-877-382-4357); TTY: 1-866-653-4261. Watch a new video, How to File a Complaint, at [ftc.gov/video](http://ftc.gov/video) to learn more. The FTC enters consumer complaints into the Consumer Sentinel Network, a secure online database and investigative tool used by hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.

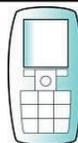
Contact Information: To File On-Line Disputes

Experian-1-888-397-3742  
[www.experian.com/disputes](http://www.experian.com/disputes)  
[www.experian.com](http://www.experian.com)  
PO Box 2002, Allen, TX 75013

TransUnion-1-800-916-8800  
[www.transunion.com/corporate/personal/creditDisputes.page](http://www.transunion.com/corporate/personal/creditDisputes.page)  
[www.transunion.com](http://www.transunion.com)  
TransUnion Consumer Solutions  
P.O. Box 2000  
Chester, PA 19022-2000

Equifax-1-800-685-1111  
[www.equifax.com/CreditInvestigation/jsp/ECC\\_Dispute\\_Login.jsp](http://www.equifax.com/CreditInvestigation/jsp/ECC_Dispute_Login.jsp)  
[www.equifax.com](http://www.equifax.com)  
Equifax Credit Information Services, Inc  
P.O. Box 740241  
Atlanta, GA 30374

*Craig Pope –  
Hebron Branch President*



## Messenger Now Available!

If you would like to receive emails or texts about your account activity and account balances, go to our web site today to learn more. You can decide which messages to set up, and it only costs \$0.25 for each email or text that you receive!



[www.bruningbank.com/onlinebanking/messenger.htm](http://www.bruningbank.com/onlinebanking/messenger.htm)

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## Technology Updates...

### The Check's In the Mail

"Instant" messaging, "high-speed" internet, "real-time" data. We expect everything to be a little faster these days. So we are happy to inform you that we will soon be launching a new bill pay service that will – you guessed it – make your payments more quickly!

With our current bill pay process, which is similar to that of many community banks, our bookkeeping department prints, signs, and mails checks on the day you request your bills to be paid. Once they are in the mail, it is then out of our control as to when your bill is actually paid. And we've all seen the newspaper articles when an item is miraculously delivered 40 years after it was mailed. While it doesn't usually take that long, the delivery time can be unpredictable and we certainly don't want our customers' payments to arrive late.

Starting in a few months, our new bill pay service will be provided through a platform called "CheckFree." As the name suggests, most of our bill payments will then be made by ACH rather than check. An ACH transaction is an electronic payment that automatically debits your bank account and credits your biller's account. No waiting for the check in the mail!

The new bill pay service will be accessible through your usual Online Banking access. CheckFree will work seamlessly with our web site for you to make your payments. The new bill pay service will still be very easy to use, but will have expanded features as well, such as e-bill presentment, expedited payments, and extended payment histories. One of the most exciting new features will be the capability to make P2P payments (see definition below).

CheckFree has a 100% guarantee that your payment will be made. As long as you schedule your payments in accordance with the terms and conditions, CheckFree will even bear the responsibility of late-payment related charges (up to \$50) if your payment doesn't arrive on time! We think everyone will love the faster and more reliable payments, but it will be especially advantageous for our business customers when our Business Bill Pay service begins later this summer, too. In our fast-paced, want-it-now world, we strive to give you the financial services you need to keep up!

**Tech Term of the Month – P2P Payments.** That's "Person-to-Person" or "Peer-to-Peer" electronic payments, which can include almost anything you can think of – paying your friend for a football ticket, your kids' allowances, your team dues, or your neighbor for mowing your lawn. If you have used PayPal or Google Checkout before, then you have made a payment similar to P2P. With our new CheckFree bill pay service, you will soon be able to make P2P payments through our Online Banking. While there are many ways to make P2P payments, doing so through your familiar community Bank offers greater convenience, reliability, and security and saves you from having to provide your personal and financial information to yet another web site.

*Corey Swartzendruber, Janet Germer  
& Angela Kuhlmann*

## Welcome To...



The Bruning State Bank staff welcomed Lori Utemark in March. Lori comes to the Bank with twenty-five years bank experience in operations, consumer and mortgage lending and compliance. Lori will be the Customer Service Manager, as well as work with mortgage loan customers and in the investment department. Lori was born and raised in Merna, Nebraska, attended the Univ. of Nebraska –Lincoln where she met her husband, Paul Utemark. Paul serves as the CEO of the Fillmore County Hospital. Upon graduation of their youngest son, Derek, Lori joined Paul and they reside in Geneva. The Utemark's have an older daughter Brindi who resides in Springfield, MO with her husband Joe.



We would like to welcome our newest member to the Bank of Broken Bow staff, Alisha Eberle. Alisha is a native of Broken Bow. She attended high school at Broken Bow and college at the University of Nebraska Lincoln at Kearney. Alisha is married to Dustin Eberle and they reside in Broken Bow. Please stop in and say hi to Alisha.



Bruning State Bank welcomes Cecelia Catlett, the daughter of Jerry and Jill Catlett, and a 2008 graduate of Bruning-Davenport High School. Cecelia earned her Associate of Arts degree at Southeast Community College in Beatrice and plans to attend Saint Mary's College in Omaha this fall majoring in business. Cecelia started working in the Bank in early April, and is learning and helping with a little bit of everything around the Bank including: teller work, auditing, bond pricing, but mostly scanning. She enjoys learning new things and finds areas that spark her interest for her future in the business world.

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## Reinstating Our Overdraft Policy...

A new federal regulation, taking effect on July 1, 2010, will require banks to obtain their customers' consent before charging a fee for overdrafts caused by ATM withdrawals and one-time debit card purchases. Prior to adding our Overdraft Privilege service last year, we did not allow overdrafts from ATM and debit card transactions. We have decided to discontinue that Overdraft Privilege service as of June 15, 2010, and return to our previous policy of:

- denying ATM and debit card transactions that would cause an overdraft, and
- deciding on a case-by-case basis whether to cover your other overdrafts (checks, ACH, bill payments).

After June 15, if you attempt to make an ATM withdrawal or Visa debit card purchase when there is not enough money in your account, your transaction will be denied. There will no longer be an \$800 limit for personal accounts or a \$1,500 limit for business accounts. The decision to cover overdrafts, regardless of the amount, will be made by our loan officers based on past overdrafts and repayment ability. The overdraft fee of \$25 will stay the same.

After much consideration, we chose to return to our previous overdraft policy for two reasons. First, our mission is to help our customers to build and maintain wealth. If we are allowing our customers to overdraw their accounts more often and in larger amounts, we don't feel that we are truly helping them build wealth.

Second, we believe in personal responsibility. We, as a Bank, are entrusted with your money and take that responsibility very seriously. In order to protect your money, we do not make risky loans or invest in shady derivatives. So we don't think it is unreasonable to expect our customers to manage their accounts wisely as well.

There are actually several ways you can avoid overdrawing your account and thus avoid overdraft fees. One way is to open a savings account to use as an "emergency fund" and then set up a sweep agreement to transfer funds from that savings account to your checking account only when needed. Or you can apply for a line of credit that could be used to cover occasional cash shortfalls.

Online Banking is another way to prevent overdrafts because you can more closely monitor your account balance 24/7. Our Messenger service through Online Banking is a great way to keep track too. You can receive an email or text message whenever your account gets low. The emails and texts cost only 25 cents each, so a 25-cent message could potentially save you a \$25 overdraft fee.

The media tends to portray banks as the bad guys for charging overdraft fees. We feel that our fee is not excessive and that we are doing our customers a favor by covering their occasional overdrafts. We are reinstating our previous overdraft policy because it fits our Bank's philosophy better and is in our customers' best interest. We are here to help you!

*Angela Kuhlmann –  
Project Coordinator*

## How Safe Is Your Safe Deposit Box?

Have you ever thought about just how safe the contents of your safe deposit box are? We have always felt that they are very safe!

What do you have in your safe deposit box? I'm sure many boxes have deeds, marriage licenses, birth certificates, legal papers, etc. Some of the boxes may contain old coins, paper money and gold and diamond jewelry. Others may have items you cherish that may or may not have monetary value.

Are the items in your box insured? The chances that your valuables would disappear from the Bank vault are very slim, but many people mistakenly believe that even if the worst happens, their property is protected by federal bank insurance. However, the FDIC guarantee of \$250,000 does not extend to safe deposit boxes. Many times, the homeowners' personal insurance policies do not cover the contents either.

Safe deposit boxes offer security not available in most homes, but nothing is failsafe. Many paper documents (birth certificates, legal papers, etc.) can be replaced. However, items such as jewelry, coins, stamp collections, fine arts and other items that have monetary value cannot be. In cases of theft and fire, the contents coverage clause of your homeowner's policy often covers damage regardless of the property's physical location. We recommend that you check with your insurance agent to see if the contents are covered or if you can specifically add your valuables to your homeowner's policy. While the Bank does not anticipate a problem, we want to make sure your valuables are safe!

*Customer Service*

## Upcoming IRA Notices...

If you are over the age of 70½ and own a Traditional Individual Retirement Account (IRA), you may be receiving a notice from us during the month of July. If you have not taken your required minimum distribution by July 1, 2010, federal law requires us to notify you of your withholding rights and responsibilities, including your right to change your withholding election at any time.

If you have not had federal income tax withheld from your IRA in the past and would like to have tax withheld from your upcoming distribution, you will need to complete the form on the bottom of the notice and mail it back to us. The same applies if you have had federal income tax withheld in the past and wish to not have it withheld in the future, you will need to complete the form. The withholding election you previously made will continue to apply to future IRA distributions until you notify us in writing of a change. If you have not withheld in the past and wish to continue with no withholding, nothing more is required -- you will not need to complete and return the form.

If you have any questions, give one of our IRA specialists a call. They will be glad to help!

# Are You Ready For Summer?

YEAH! Summer is just around the corner! No more SNOW and ICE for a while! Time for lots of sunshine and warmer weather with plenty of time to work and play outside!

The nice warm weather lets us get out those motorcycles, ATVs, golf carts, campers, boats and other recreational vehicles. It's time to clean them up, change the oil, and get everything ready for a fun summer! It's also time to make sure you have the liability and physical damage coverage you need on these vehicles. Don't assume these items are covered on your home or auto policy, and don't assume your agent knows you have these items. Give your agent a call to be sure you have the coverage you need!

Warmer weather also brings more thunderstorms with plenty of wind and hail. A lot of companies have one deductible for any claims besides wind and hail, and then have a higher deductible for all wind and hail claims. In addition, you might have a higher deductible if your roof surface is anything other than regular composition shingles. Do you know what YOUR deductible is? Do you have the option to reduce your wind and hail deductible? Again...give your agent a call to review your coverage and deductible options.

Thunderstorms also bring rain, so it's time to dig out that umbrella to protect you from the rain. Another umbrella that you should consider is an Umbrella Insurance policy! Commercial and Personal Umbrella policies are available and provide extra protection over and above your primary lines of insurance. The primary policies usually cover bodily injury and property damage. An Umbrella provides additional coverage should a claim exceed the primary policy limits. It also covers property damage or bodily injury which may be caused by you, your pets, or your dependents, and provides liability coverage for property rented to you, used by you, or in your care, custody and control. Acts of libel, slander, false arrest, and many other types of personal injury may also be covered. There are exclusions in ALL insurance policies, so an Umbrella policy may not cover everything, BUT it does provide more financial security for those catastrophic incidents that could happen to you!

Take the time to review ALL of your insurance policies and "be sure" you have the coverage you need on ALL your property. Stop by our office or give us a call today! We can help you with all your insurance needs!

*Fred Kobza, Kathy Roberts  
& Kristen Monteforte –  
Insurance Agency\**

\*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

## New Feature on Statements

Due to popular demand, we have added a new section to your checking account statement that lists your checks in check number order for easier reconciliation.

**Check it out on your next statement!**

# Community Donation...

The Bank of Broken Bow, a Branch of Bruning State Bank, has recently celebrated a five-year anniversary with an Open House celebration and a \$5,000 donation to the Broken Bow community. (Frank Bruning, Chairman of the Board of Bruning State Bank wanted to donate \$1,000 to the community for each year the Bank of Broken Bow has been open.) We especially want to thank again all those who attended the Open House. It was a highlight for the Broken Bow employees.

As we think about our accomplishments here in Broken Bow, one thing comes to mind – Teamwork. It's amazing what a team can accomplish versus an individual. Even in the business world there is an analogy to the sports world of teamwork. When the teamwork culture is functioning properly, you forget the word "I" and substitute the word "We."

We look forward to continuing to serve our customers, to support our community, and to protect the integrity of the Bank.

*Dan Jelinek –  
Branch President  
Bank of Broken Bow*



The Bank of Broken Bow is celebrating their five-year anniversary. In celebration of this event, the Bank has donated \$4,000 to the Custer County Foundation. The donation is for the area community grants located within Custer County. Pictured from left to right are: Fred Bruning-President, Frank Bruning-Chairman of the Board, Dan Jelinek-Branch President, representatives of the Bank. Mike Borders and Lisa Bell, accepting the donation, are representatives of the Custer County Foundation. The Bank of Broken Bow is a Branch of Bruning State Bank.



Bruning State Bank donated \$1,000 to the Broken Bow Chamber of Commerce. The funds will be used towards the purchase of a new lighted sign at the Chamber of Commerce office. Pictured from left to right are: Fred Bruning-President, Frank Bruning-Chairman of the Board, and Dan Jelinek-Branch President, representatives of the Bank. Accepting the donation is Denise Russell, Chamber of Commerce executive director.

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## *Safety and Soundness...*

Bruning State Bank lives by these words. I think all the community banks in Nebraska do, as well. Our focus is on long-term client relationships and via these relationships our mission is to assist our clients to "Build and Maintain Wealth."

Banks can have financial problems just like any other small business. Many of these problems are self-inflicted, and they really stand out when the economy tanks. You can read about banks all across the country that are dealing with regulatory and management issues. A lot of these banks will work through the issues and come out a much stronger and better-managed institution. Some will be merged with stronger institutions and clients will suffer some major inconveniences, and some banks will fail.

How do you know if your bank is safe? (How do you know that Bruning State Bank is safe?)

We publish our statement of condition quarterly in the local papers and have an annual statement available at all locations. This annual statement contains some details not included in the quarterly newspaper statement of condition. We also file a Call Report (Assets, Liabilities, Capital, Expenses and Income) with the Federal Deposit Insurance Corporation each quarter. That report is available on-line at [www.fdic.gov](http://www.fdic.gov)

Reading these reports is not difficult and, if you are interested, there are tools available on-line that allow you to compare Bruning State Bank to our own past reports and to any bank that you wish. The various federal bank regulatory agencies have a website, tools and information available, Federal Financial Institutions Examination Council (FFIEC) [www.ffiec.gov](http://www.ffiec.gov) that makes very transparent the safety and soundness of the institutions that are federally regulated. As you can image, having your books available to the public makes you focus on getting things done right. I encourage you to check us out.

Currently, we are on an 18-month bank examination cycle between the Nebraska Department of Banking and Finance (NDBF) and the Federal Deposit Insurance Corporation (FDIC). Our next exam for safety and soundness, Bank Secrecy Act and Information Technology is scheduled for late second quarter or early third quarter 2010. Examiners may seem a mystery to many, but to a community banker, they serve many roles. Most importantly they do, to the best of their ability, protect the FDIC Insurance Fund from losses.

For our customers, you need to know that the ownership and management welcome the examiners in and cooperate fully with requests for information or updates on current conditions. Yes, they can and do criticize loans and other assets that don't meet the bank standards. For safety and soundness reasons, we make sure that we have already identified a problem and have a plan to correct the problem. We never want the examiner to find something we have not identified ourselves.

The results of a bank exam are strictly confidential and we are not allowed to disclose the rating we are assigned whether it is good or bad. I can disclose the areas that are rated on a scale and that rating is commonly referred to as CAMELS ratings for a state non-member bank like Bruning State Bank.

C-Capital. The amount of capital owned by the shareholders. The higher the percentage of ownership capital usually means a very strong bank.

A – Asset Quality. The number one asset of a bank is the loan portfolio. Keeping it perfectly clean is not easy. The better the loan and investment quality, the better the asset rating and usually means a strong bank.

M – Management. Evaluation of the bank management from top to bottom. Compliance with all laws and regulations is essential. Having a management succession plan in place is critical and shows the ability to manage and deal with changes and growth.

E – Earnings. The return on equity is measured as well as the return on assets. We are not considered a high earnings Bank; in my opinion we are a well balanced Bank when it comes to earnings. High return on equity does not always reflect a strong bank.

L – Liquidity. Funds, investments or short-term borrowings that provide funds for loans or cash needs by customers. The lack of liquidity led to the closure of many banks in 2008 and 2009. In response to the lack of liquidity, many agencies such as the Federal Reserve Bank, US Treasury, FDIC and Congress took action.

S – Sensitivity to interest rate risk. Historic low rates make this a challenge to banks and examiners. If rates were to go up 400 basis points in a year, that would cause discomfort for a lot of banks. Bruning State Bank and the examiners are paying close attention to this area.

I hope this helps in understanding the way safety and soundness matters to Bruning State Bank and bank examiners to keep your money safe.

*Jerry Catlett –  
C F O*

## *Howdy Buckaroos!*

How is your saving going? Not so good? Pretty good? I have an activity for you to do to help you save! First, ask your family if they will give you their change for a month. Put that money in a big jar like a pickle or peanut butter jar. At the end of the month, bring it to us at the Bank and we will count the money for you. You may be pretty surprised at how much change you can collect in just a month. For fun, you might want to guess how much you have before we count it out! Now don't forget to deposit it in your savings account!

Have you ever seen coins counted? We have some big machines that can be pretty noisy that count the coins for us. If you ask very politely, we would be happy to have you watch the coin machine work. Just don't get scared of the noise!

Until next time,  
Keep Saving!

*Buck*



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# Severe Thunderstorm Warning!!!

How many times have you heard that warning? Well, it looks like the storm season is here once again! Do you have coverage if your crops get hailed out? Don't wait for a storm to hit – get your hail coverage today! The cost for hail insurance is the same if you purchase coverage in April or if you wait until July, so don't wait until the storm cloud is overhead!

Hail insurance provides coverage for MORE than just HAIL, it also provides coverage for Fire, Lightning, Theft, Vandalism, and Malicious Mischief while the crop is in the field...and while in transit within 100 miles of the first place of storage. "Green Snap" coverage and "Green Snap Extra" can also be added to your hail insurance policy on corn only. "Green Snap" provides coverage if the corn stalk is severed below the ear. "Green Snap Extra" provides coverage if the corn stalk is blown over to a point it cannot be harvested.

Our customers can receive a 3% cash discount when premium payments are made prior to the August 1<sup>st</sup> deadline in Nebraska and by the July 1<sup>st</sup> deadline in Kansas.

Let us help protect your income! Stop by to see one of us to get more details on the different deductible and coverage options available. DON'T WAIT!!! Your coverage does not go into effect until the completed and signed application is submitted to the company.

## Multi-Peril Crop Insurance Reminders:

This is a very busy time of year, so we just want to give you a few reminders on your multi-peril crop insurance...

## Final planting dates for some counties in Nebraska & Kansas...

Corn: May 25<sup>th</sup> (Both NE & KS)  
Grain Sorghum: June 15<sup>th</sup> (NE) June 25<sup>th</sup> (KS)  
Soybean: June 10<sup>th</sup> (NE) June 15<sup>th</sup> (KS)

Acres reporting deadline (Oats & Row Crops): June 30<sup>th</sup>  
Final acres and plant dates MUST be reported by June 30<sup>th</sup>. The acres reported for multi-peril crop insurance MUST match the acres certified at the FSA office, so if possible, certify your acres at the FSA office and bring the FSA-578 forms to our office.

## Wheat premium due: July 1

Interest will be added starting August 1<sup>st</sup>

Losses: Remember to contact us RIGHT AWAY if you think you might have a loss! You need to contact us before you replant, before you chop for silage, and before you destroy any crops.

We are always ready to assist you with ALL your crop insurance needs, so please contact us today!

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

# New Beginnings...

As Bruning State Bank celebrates its new beginning in Holdrege with the removal of top soil and soon the erection of sidewalls, we would like to take the time to help you start a new beginning as well. The American dream is stated as "Life, Liberty, and the Pursuit of Happiness", but the underlying meaning has always been the ownership of one's home.

Home ownership is an important part of achieving the American Dream for many individuals, and we at Bruning State Bank have the tools to help you realize this dream. If you currently have a mortgage and are looking to take advantage of the historically low rates in the form of a refinance, we have the products to help you achieve this goal. We offer a variety of mortgage loan products which include conventional fixed rate mortgage loans with terms ranging from ten to thirty years. In addition we offer competitive construction loans, home equity loans and home equity lines of credit.

So, whether you are just starting to build your American dream or continuing to enhance it, we have the products to help you achieve your dreams.

*Nancy Hoeck –  
Mortgage Loan Officer  
Holdrege Branch*

# I Feel Lucky...

I recently had the opportunity for an evening ride to the country, somewhere east of Mid-America Feedlot or as it is known to the locals, "the airbase". I sometimes call it that and it was not an airbase in my lifetime! My husband and I were retrieving a pickup left behind after corn planting. Dean cautioned me, "Pam, there are deer south of the airbase along Highway 4." Sure enough, two jumped the fence as we passed. Near the field we were headed to, there was a bright green field of wheat with five deer loping down the draw. They intersected our path along the end of the field and gracefully bounded over the hill. What a pretty sight; much better than meeting them on the road! I felt lucky to be in that particular spot at that particular time.

Another thing I feel lucky about is working at Bruning State Bank. I was recently recognized for being a 30-year employee. I know that's not long compared to others here, and it doesn't really seem it has been that long. Nevertheless, I am proud to be a part of Bruning State Bank. We have a tradition of conservative family values, honesty, reliability and dedication to our customers that carries through to all of our locations. I hope YOU enjoy working with us, too.

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

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## Thoughts on Retirement...

As I get older, retirement is no longer a dream but starts to look more and more like a reality. Many people say they are looking forward to retirement and their golden years. While most people have this dream, 43% of American workers have saved less than \$10,000 toward retirement.

Saving for retirement is important and needs to start at an early age. If you started saving for retirement by your 30<sup>th</sup> birthday, you have a far better chance of saving an adequate amount of money for retirement. If you waited until you were 50 years old to start saving, it is not likely you will have saved enough money to retire comfortably.

It's now more important to save for retirement with people living much longer than they did a few years ago. In 1950, the average male was expected to live to age 66; today the average male is expected to live to the age of 75. Females on an average are expected to live to the average age of 80. A healthy couple that retires today at age 65 has a 50% chance that at least one of them will survive to age 92.

Many Americans plan on relying on social security as their only source of retirement. With the Federal Government having financial problems, this benefit is starting to become a moving target. There is already some talk of moving the age up for your eligibility to start receiving social security benefits. There is also some discussion about eliminating social security altogether for those who are at higher income levels.

If you are to receive a guaranteed pension from your employer, you need to be engaged in tracking the financial health of your employer. If the company you work for gets in trouble, they may not be able to fulfill their obligations. If this happens, you are likely to receive much less than you were supposed to receive at retirement.

I just came back from a meeting at which the key-note speaker was Stuart Varney, a journalist with Fox News. He said the next financial crisis to hit will be states going broke and not being able to meet guaranteed pension plans. These funds are supposed to be backed by the Federal Government, but they can't afford to back them.

With the economic turmoil our country is in, it makes good sense to start saving for your retirement if you are not already doing so. If you are saving for retirement and have been for some time, work with a professional advisor to help you invest your money in products that will provide some return while providing you a comfortable level of protection from downturns in the market.

Even if you are over 50 years old, it is not too late to start saving for your retirement. Establish what your retirement needs are going to be, set goals, develop a plan and stick with your plan.

*Darrell Raum –  
Senior Vice President  
Credit Supervisor*

## Rainy Days...

All of us have a list. You know, the list of things we are going to get to on a rainy day. Yours might have things on it like: call Mom, read a book, etc...but I bet there are some other items on there that have been on there for quite some time, for example: get a will written, talk to someone about Long-term Care Insurance, or review our estate plan. Now is a great time of year to work on these "rainy day" items; you have just completed your taxes and you probably know your financial situation better during the spring months than at any point of the year. If you have a list (and I know that you do) we have lots of qualified people at all of our locations to help.

We also have a lot of resources available including calculators and online videos on our investment website [www.bruninginvestmentsservices.com](http://www.bruninginvestmentsservices.com) or you can get there by going to [www.bruningbank.com](http://www.bruningbank.com) and clicking on the Investment link under the Services tab. This website has a ton of information on every financial topic out there, including mortgage calculators and a monthly newsletter on current financial topics. Please give us a call with any questions or concerns that you may have and check out the website. You might be surprised at all of the information that is out there.

In conclusion, there is something on my rainy day list that I hope never goes away and that is - remember why I work at Bruning State Bank - and that is YOU. We don't say this enough, but thank you for entrusting us with your financial needs and thank you for being our customers. It has been three years last month since I "came back home" and I can tell you that I have looked forward to coming to work every day. It is because of the people that I work with and the customers that I help daily. So, stay safe this spring and thank you again for allowing us to be your "Country Bank."

*Chris Tonniges – Vice President  
Registered Representative\**

Securities offered through Securities America, Inc. Member FINRA/SIPC. 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

### DID YOU KNOW?

- If Facebook were a country, it would be the 3rd largest in the world.
- By July 2010, Generation Y will outnumber Baby Boomers...96% of them have joined a social network.
- The fastest growing segment on Facebook is 55-65 year-old females.
- 78% of consumers trust peer recommendations...only 14% trust advertisements.

([www.socialnomics.net](http://www.socialnomics.net))

Social Media is not a fad. It is a fundamental shift in the way we communicate.

And Bruning State Bank is listening!



You can now follow us on facebook and twitter or connect with us on LinkedIn.



We'd love to hear your feedback, comments, questions and ideas!

# BRUNING STATE BANK

P.O. Box 100  
Bruning, Nebraska 68322

Std  
U.S. Postage  
PAID  
Permit No. 4  
Bruning,  
Nebraska

*Address Service  
Requested*



YOUR COUNTRY BANK



## BRUNING STATE BANK

Charter No. 618

"Since 1891"

Statement of Condition at Close of Business March 31, 2010

ASSETS	
CASH.....	\$4,114,000.00
(Cash in our vault, plus cash due on demand from other banks where funds are deposited.)	
U. S. BONDS.....	\$43,403,000.00
(This is the amount of government bonds owned by the Bank, most of which are due in less than three years.)	
MUNICIPAL BONDS.....	\$8,990,000.00
(Investments in high-grade bonds issued by cities, school districts and other municipal government.)	
FEDERAL FUNDS SOLD.....	\$3,835,000.00
(Funds loaned to other banks for daily cash needs, payable on demand.)	
<b>TOTAL CASH ASSETS.....</b>	<b>\$60,342,000.00</b>
(Total of liquid investments that could be quickly converted to cash or other immediately available funds.)	
LOANS AND DISCOUNTS.....	\$117,095,000.00
(Amount of money loaned to customers for all types of loans, such as real estate, agriculture, commercial and consumer.)	
BANKING HOUSE, FURNITURE AND FIXTURES.....	\$1,676,000.00
(The depreciated value of the Bank, all furniture and equipment.)	
OTHER ASSETS.....	\$8,274,000.00
(Accrued interest earned but not collected and other receivables.)	
<b>TOTAL ASSETS.....</b>	<b>\$187,387,000.00</b>

LIABILITIES	
DEPOSITS.....	\$147,155,000.00
(Amount of money on deposit by customers of the Bank, in the form of checking accounts, savings accounts and certificates of deposit.)	
BORROWED FUNDS - FHLB AND OTHERS.....	\$18,490,000.00
OTHER LIABILITIES.....	\$585,000.00
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.)	
<b>TOTAL LIABILITIES.....</b>	<b>\$166,230,000.00</b>

EQUITY CAPITAL	
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.)	
SURPLUS.....	\$13,800,000.00
(Amount taken from the profits of the Bank to further strengthen the position of the Bank.)	
UNDIVIDED PROFITS AND RESERVES.....	\$6,757,000.00
(Amount that has accumulated from earnings of the Bank for reserves.)	
<b>TOTAL EQUITY CAPITAL.....</b>	<b>\$21,157,000.00</b>
<b>TOTAL LIABILITIES &amp; EQUITY CAPITAL.....</b>	<b>\$187,387,000.00</b>

## ANNUAL PRIVACY POLICY NOTICE

### FACTS

### What Does Bruning State Bank Do With Your Personal Information?

<b>Why?</b>	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.
<b>What?</b>	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"> <li>• Social Security number and income</li> <li>• account balances and payment history</li> <li>• credit history and credit scores</li> </ul>
<b>How?</b>	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?
<b>For our everyday business purposes –</b> such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	YES	NO
<b>For our marketing purposes –</b> to offer our products and services to you	YES	NO
<b>For joint marketing with other financial companies</b>	NO	NO
<b>For our affiliates' everyday business purposes –</b> information about your transactions and experiences	NO	NO
<b>For our affiliates' everyday business purposes –</b> information about your creditworthiness	NO	YES
<b>For our affiliates to market to you</b>	NO	YES
<b>For non-affiliates to market to you</b>	YES	YES

<b>To limit our sharing</b>	<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. However, you can contact us at any time to limit our sharing.</p>
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<b>Questions?</b>	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		<b>Mail to:</b>  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.

## ANNUAL PRIVACY POLICY NOTICE

### Who we are

Who is providing this notice?	Bruning State Bank
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### 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?	<p>We collect your personal information for example, when you</p> <ul style="list-style-type: none"> <li>• Open an account or deposit money</li> <li>• Pay your bills or apply for a loan</li> <li>• Use your credit or debit card</li> </ul> <p>We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.</p>
Why can't I limit all sharing?	<p>Federal law gives you the right to limit only:</p> <ul style="list-style-type: none"> <li>• Sharing for affiliates' everyday business purposes – information about your creditworthiness</li> <li>• Affiliates from using your information to market to you</li> <li>• Sharing for non-affiliates to market to you</li> </ul> <p>State laws and individual companies may give you additional rights to limit sharing.</p>
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 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.
Joint Marketing	A formal agreement between nonaffiliated 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>