

# BRUNING STATE BANK

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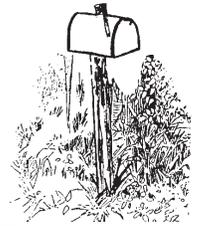
www.bruningbank.com

Bruning, NE • 402-353-2555 or 1-800-403-5889

Hebron Branch 402-768-7473 or 1-800-405-6167

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

A Branch of Bruning State Bank • Broken Bow, NE



**YOUR  
COUNTRY  
BANK**



## A Time To Run and A Time To Walk...

It seems that the economy suffers from higher highs and then goes to lower lows. The pendulum swings too far each way. Remember that old saying, "Don't mess with Mother Nature"? When the Federal Reserve doesn't think the economy is going fast enough, they adjust rates downward to encourage spending and lower the rates which is supposed to give the economy a spurt. The mortgage companies said everyone should have a home, so they lowered credit requirements.

Easy credit was supposed to spill over so home loan income could pay down credit card debt. Well, it worked for a while, people did pay down, then in the spirit of the times, reloaded, charging even more. Now the chickens have come home to roost. The popular variable rate interest on homes and credit cards adjusted upward after the initial attractive low rates.

I understand that Nebraska banks did not participate in these sub-prime loan products. There is a difference between your local bank and a mortgage company. Hurray for the difference!

The Federal Reserve now has issued some advice: "Loans should be made to those who have the ability to repay." Imagine that!

I didn't know much about banking 43 years ago and maybe still don't. I think my dad, Fred H, told me something along those lines...but he also said, "Sometimes you hurt those you want to help by overloading them with debt."

Now, to the grain market. Do we run or do we walk? Most of the lenders (including us) encourage people to sell it when the price covers expenses, and especially if it gives a nice profit. This market has made us cautious lenders look foolish.

But are expenses going up faster for the next year than income? What grain price do we need to accomplish our goals? My advice is to "walk slow" and get a good handle on your expense for 2008, including your depreciation. Then be prepared to "run" when sales are profitable.

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

## Teaching, Learning, Relationship Building...

As Bruning State Bank adds new employees to our staff in all three locations, we have to remember that we were all new at our job at one time. Learning comes from many sources, the best being a staff member who becomes your mentor. Whether a parent, owner, supervisor, or employee, all of us must take on the responsibility of helping teach people not only skills, but the philosophy and culture of our family, farm, ranch, business or organization.

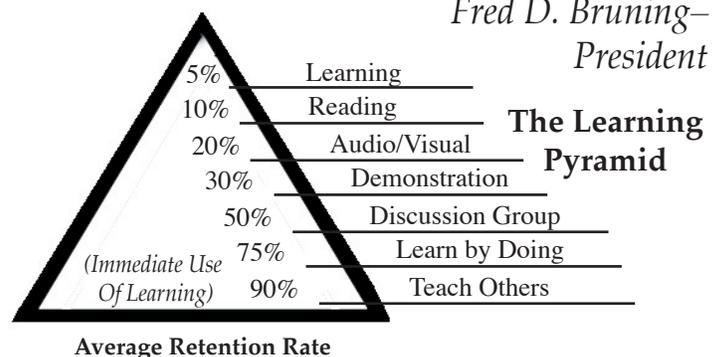
We can lecture, read, demonstrate, discuss and do all sorts of educating, but I feel the best is described by the "learning pyramid" (see below). Teaching others has a 90% retention rate for all of us.

We have a family joke at home – when I describe where the cattle are or what pasture to move them to, I seem to always have to find a paper and pencil and draw a picture or show directions. I guess I'm a visual learner and a visual teacher. At the Bank, the staff kids me that I have to have a greaseboard to talk. Now my excuse is justified – I'm using it to teach others, or learning by doing.

Do our schools and universities use enough of the pyramid to help students learn, especially in the age of internet, computers, texting, etc.?

Spending time with people to train and teach is paramount. The human relationship is so important in communication. This is one reason we have a Family Bank. We treat each other as family and try to teach new employees our culture and how important people skills are. We employ people that have great relationship skills so we can treat our customers like family. Spend time with your spouse, children, employees, coworkers and customers to create that communication and relationship bond.

*Fred D. Bruning –  
President*



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# ***New Year's Resolution - Pay Yourself First!***

I don't think I am the only one out there that does not understand how gas could cost \$2.50 per gallon when oil was at \$55 per barrel, but it costs \$3.10 at \$100 per barrel... If the so-called experts are right, and we do have an economic slowdown in 2008 plus we have the impact of all this irrational exuberance in the commodities market driving up prices, we will get hit right between the eyes with the "I" word - Inflation!

At some point in the not-too-distant future, I fear that prices will have to catch up with the higher input costs. To compound this problem, the issues in the housing market have pushed the Federal Reserve to lower rates to the level they were several years ago, with the high probability that there could be one or two more rate cuts by summer.

For our borrowers, this is a positive thing, because their rates will be adjusted accordingly, but the interest to be earned on deposits will get hit dramatically as short-term CD, money market, and savings rates gradually come down.

If there was ever a year where you would be well advised to build up those savings reserves, this one just might be the year. So, if you haven't yet made that New Year's resolution, or you're tired of taking on the same "lose some weight 5 day challenge", try something new this year. Pay yourself first, because if we get \$5.00 gas and \$4.00 milk, we may all need a little more "bread" in our savings accounts!

*Chris Tonniges –  
Assistant Vice President*

# ***Good Times are Here - Watch Out...***

As I write this article, corn is \$4.95 per bushel and soybeans are \$12.86 per bushel. Not since President Jimmy Carter's grain embargo has the American farmer had the opportunity to make as much money.

With all this potential profit, there is much anxiety about what options to take to be assured the higher commodity prices are taken advantage of. Not being a marketing expert, I will leave how to market your grain in these times up to the marketing experts. My focus is to give you some thoughts on managing your profit once you have marketed your grain.

There is an old saying in banking, "The mistakes made in lending are made when times are good". I feel that same concept holds true for business, as well. The biggest mistakes are made when times are good. After several good years, it is easy to let your guard down and not pay attention to the details as you did when margins were tighter. Spending is not

scrutinized as much, nor are the decisions to purchase capital as well thought out.

One could argue, as long as you're making money it doesn't matter. While maybe it doesn't matter when times are good, it does matter when prices go back down and the good times are no longer there. Capital purchases such as machinery, real estate, new vehicles, vacation homes, etc. need to be very carefully considered, since you might be trying to finish paying for them when your income has gone down significantly.

It always seems the economic pendulum swings as far to the left as it does to the right. Thus, if the farm economy gets very good now, it is likely to get very bad later. Because of these swings, building your working capital while times are good is the number one best thing you can do for your financial well-being. I'm not suggesting you don't buy any capital. What I am suggesting is, while times are good, build twice as much working capital as you spend on capital assets.

What is working capital? It is the current assets on your balance sheet (assets that are marketable on a daily basis) less the debt which is currently due or will be due within the next twelve months. That difference is your working capital. Why is it important? Because it gives you the ability to weather hard times when expenses exceed income. Working capital allows you to sustain your operation through the hard times so you are still in business when times get better and you can go back to making money.

In addition to building working capital, the next most important thing you can do to help improve the health and viability of your business is to use those profits to pay down debt. In other words, unleverage your balance sheet. I would not recommend you pay down debt at the expense of building your working capital, but, if you are building working capital you can pay term debts down so loans are paid off earlier, or you can prepay term payments so you don't have to make term loan payments later if times get tough.

*Darrell Raum –  
Senior Vice President  
Credit Supervisor*

## **Farmers & Ranchers College Schedule...**

**January 22, 2008**—"Partners In Progress Beef Seminar" at the US Meat Animal Research Center near Clay Center from 9:00 a.m. - 3:30 p.m.

**February 19, 2008**—"Ethanol—The Impact & Opportunities It Has for Nebraskans" at the Fillmore County Fairgrounds, Geneva from 9:00 a.m. - 3:00 p.m.

**March 11, 2008**—"You Bought the Farm, But I Still Own It" featuring Dr. Ron Hanson at Davenport Community Building. Meal at 6:00 p.m. with program to follow.

**If you have any questions about the upcoming programs please contact Fred Bruning, Larry Olson or Sarah Miller in Bruning.**

## Dear Customer Friends...

Some or all of you have heard by now that I will be retiring in November of this year. I will be 66 at that time; and hopefully I will still be around to see that date. I started in November of 1979, so I will have completed 4 days short of 29 years with this Bank at retirement.

For the most part, I have enjoyed my time at the Bank. To say that I have enjoyed every minute of it would not be truthful, as there were times through the 80's that I wondered if anyone could survive in farming. The stress on you and me at the time was unbelievable. As I look back, it took faith in your own abilities and your faith in God for you to have made it. I would like to think that we as a Bank helped you pull through. Some didn't and maybe it was for the best.

I thought of my customers as my family and for some of you maybe it hindered more than helped. Like your kids, everyone is different. Some needed no help at all to be successful; others needed the guidance that this Bank was able to offer. My goal as a loan officer has been to help you become the quality of loan customer that any lender would take on without question and be glad to have you as a customer. Today, with the profitability that we have seen this past year, most of you have achieved that status.

As the year progresses I will try to have another loan officer become acquainted with your lending needs. This Bank has a very knowledgeable loan staff, very capable of handling your lending requirements. We have tentatively assigned your loan to individual loan officers; however, it is your choice of which you wish to work with. Regardless of whom you choose, feel comfortable that you will be well taken care of. I wish you all the best.

*Respectfully,  
Larry K. Olson –  
Vice President  
Loan Officer*

### **BANKING HOURS**

#### **BRUNING**

**402-353-2555 or 800-403-5889**

Lobby 8:30 a.m.-3:30 p.m. Monday-Friday;

Wednesday 8:30 a.m.-5:00 p.m.;

Saturday 8:30 a.m.-12:00 noon

Drive-up 8:00 a.m.-4:30 p.m., Monday-Friday;

Saturday 8:00 a.m.-12:00 noon

#### **HEBRON**

**402-768-7473 or 800-405-6167**

Lobby 8:30 a.m.-3:30 p.m. Monday-Friday;

Saturday 8:30 a.m.-12:00 noon

Drive-up 7:30 a.m.-4:30 p.m., Monday-Friday;

Saturday 7:30 a.m.-12:00 noon

#### **BROKEN BOW**

**308-872-2757 or 877-872-2757**

Lobby 8:00 a.m.-4:30 p.m., Monday-Friday;

Drive-up 8:00 a.m.-5:00 p.m., Monday-Friday

## Multi-year Farm Leases - On Their Way Out Or Not?

Grain prices are up, cash rental rates are going up, so landlords are happy, right? Well, maybe not. When was the farm lease renewed and for how long? Those who renegotiated cash rent rates for several years before grain prices rose are locked in until the current lease expires, which may cause them to feel "short changed." I can relate to that; our family has been cash renting our farm since my dad retired some 29 years ago. But I believe multi-year farm leases benefit both landlord and tenant. Here's why I think so:

During those 29 years, we've had only 2 tenants. The current tenant has been with us for the past 24 years or so, and we are proud to say he is our tenant.

In the fall of 2006 (prior to grain prices' rallies), our cash rent lease expired and we entered into a new one. I did not use the word "negotiate" because our tenant has always offered us a fair cash rent amount for a reasonable term length, while being a good steward of the land. He controls soil erosion, weeds, and shatter cane, and maintains or increases the soil's fertility to maximize his dryland crops. Sure, a higher cash rent income might have been nice, but our farm may have turned into a less productive farm with noxious weeds and shatter cane, poor topsoil with deep ditches caused by soil erosion, etc., most of which can't be restored quickly.

A multi-year lease allows tenants the time and ability to be good stewards of the land. They can improve the soil with nutrients (which may take years before they reap the rewards). It allows them to maintain a land-base to repay equipment loans, and to be able to forward-price grain beyond the current year, if prices warrant it. By providing the tenant an opportunity to establish a long-term rental relationship with you, both of you should be successful while increasing the value of your farm due to the great stewardship!

The only downside risk I see for the landowner here is a change in real estate taxes, but the insertion of a clause in the lease granting an annual real estate tax adjustment can eliminate this risk.

We, as landlords, must realize how much investment the tenant has to make, from planting to harvesting, while managing weather, insect, and volatile grain price risks. After all, living expense and principal payments are paid from profits, not losses. Why shouldn't tenants be allowed to benefit from the good years to offset the bad years, while we landlords receive a stable income with almost NO risk?

As my father always said, "I know I will earn less over time under a cash rent lease, but the only worry I have is whether the rent check will be good. But if I am fair to him, that worry will be gone, too!"

*Craig Pope –  
Hebron Branch President*

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## Identity Theft...

We have written several articles on identity theft in previous newsletters. However, it never hurts to review what you should do if you think you may be a victim. One of the most important steps is the first one, contact the Bank and ask us to help you review your accounts. This should be done as soon as you suspect something is happening.

In some cases, you may have fraudulent transactions on your account but that does not mean that your identity has been stolen. If your identity has been stolen, Bruning State Bank has a service that is free to our customers called Identity Theft 911. This service will connect you to a trained advocate who will step you through the process of reclaiming your identity.

From contacting the three national credit bureaus to filing any necessary police reports and gathering key information, your advocate will be with you through the entire process. If you'd like to read more about Identity Theft 911, please visit our website at [www.bruningbank.com](http://www.bruningbank.com). Click on the Services tab and then the Identity Theft 911 box to read about the service as well as articles on how to keep your identity safe.

*Corey Swartzendruber –  
Internal Auditor  
Network Administrator*



Ryne Philippi graduated from Nebraska Wesleyan University in December 2007 with a Business Administration major and an Accounting minor. Ryne is currently engaged to Daina Quinones and looking forward to starting his new family with Daina and her two sons, Dominic and Elijah. The two boys are currently in kindergarten in Bruning-Davenport Public School in Bruning. His father, Kurt, owns Bruning Grocery and mother, Kathleen, is the Director of Social Services of Blue Valley Lutheran Homes. He is a grandson of Darlene Reinsch, who has worked for Bruning State Bank for 55 years. Ryne is currently working on the loan side by reviewing loan files, learning loan documentation and general banking procedures.

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## Travel Update...

### Washington D.C. Inside and Out

*June 19-23, 2008*

This 5-day tour is a direct flight to and from Washington D.C. with a one-hotel stay. Feel like you have seen everything there is to see in Washington D.C.? Some of the featured sights include *Washington National Cathedral • National Archives • World War II Memorial • U.S. Capitol • Library of Congress • Arlington National Cemetery • all-day D.C. metro pass to explore the Smithsonian Museums • the FDR • Vietnam, Lincoln, & Korean War Veterans' Memorials • John F. Kennedy Memorial • National Museum of the Marine Corps • Udvar-Hazy Air and Space Museum and a night illumination tour.*

Space is limited; please make your \$200.00 per person reservation early. Deadline for confirmed reservations is April 14, 2008. Stop by your Branch Bank for a brochure and further details.

### Mississippi River Autumn Cruise

*October 15-17, 2008*

Motorcoach tour with pick up points in Grand Island, York, and Lincoln. This 3-day tour includes a trip to Dubuque, Iowa to board the paddle wheeler Celebration Belle for a leisurely 100-mile cruise on the mighty Mississippi. *Enjoy 3 full meals including a prime rib dinner. The boat's entertainers and staff will keep you busy with music, games, skits & much more throughout the day. Other featured sights on this tour are a stop at the John Deere Pavilion in Moline, Illinois • a visit at the National Mississippi River Museum and Aquarium • an educational tour of Arsenal Island • and the Mississippi River Visitor's Center.* \$100.00 per person deposit is required with your reservation. Deadline for confirmed reservations is July 15, 2008.

### Bank of Broken Bow One Day Trip

Date: March 2, 2008

Where: Minden Opera House

Performance: "The King & I"

Departure: Motorcoach pickup in Broken Bow  
12:00 p.m. departure and 6:30 p.m. return

Cost: \$79.00 per person, taking reservations now with a **February 1, 2008 deadline.**

After February 1 limited space may be available.

Contact Renee at the Bank of Broken Bow  
for further details.

*Renee Ferguson, Sarah Miller,  
Mabel Hogeland –  
Bank Travel*

\* Airfare on Washington D.C. trip subject to change until confirmed by South west Airlines.

***Never be afraid to try something new.  
Remember, amateurs built the Ark;  
professionals built the Titanic.  
-Unknown***

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# NOTICE OF YOUR FINANCIAL PRIVACY RIGHTS

**We, our, and us**, when used in this notice, mean Bruning State Bank.

This is our privacy notice for our customers. When we use the words “you” and “your” we mean the following types of customers:

- Our consumer customers who have a continuing relationship by purchasing or holding financial products or services such as a(n):
  - Deposit account
  - Loan account
  - Credit card account
  - Safe deposit box
  - Insurance policies issued by or through us
  - Financial, investment, or economic advisory services
  - All persons who use our trust department
  - Former customers

We will tell you the sources of the information we collect about you. We will tell you what measures we take to secure that information.

We will tell you what information we share about you with other entities. We will explain what your rights are, and how you can exercise them. If you share an account relationship with someone else, such as a joint account holder or co-borrower, we suggest that you share this information with such persons to ensure that each of you is aware of our policy and your options.

We first define some terms.

**Nonpublic personal information** means information about you that we collect in connection with providing a financial product or service to you. Nonpublic personal information does not include information that is available from public sources, such as telephone directories or government records. Hereafter, we will use the term “information” to mean nonpublic personal information as defined in this section.

An **affiliate** is a company we own or control, a company that owns or controls us, or a company that is owned or controlled by the same company that owns or controls us. Ownership does not mean complete ownership, but means owning enough to have control.

A **nonaffiliated third party** is a person we do not employ or a company that is not an affiliate of ours. This is also known as nonaffiliated third party, or simply, an “other party.”

**Opt out** means a choice you can make to prevent certain sharing of information. We will explain how you can exercise this choice.

## THE INFORMATION WE COLLECT

We collect information about you from the following sources:

- Information you give us on applications or other forms
- Information about your transactions with us
- Information about your transactions with our affiliates
- Information about your transactions with other parties
- Information from a consumer reporting agency

## THE CONFIDENTIALITY, SECURITY, AND INTEGRITY OF YOUR INFORMATION

We restrict access to information about you to those employees who need to know that information to provide products or services to you. We maintain physical, electronic, and procedural safeguards to protect this information.

## YOUR INFORMATION AND OUR AFFILIATES

We may disclose information about you to our affiliates. Here are the kinds of information and the source of that information Transaction and experience information from our account records:

- Information about your transactions and experience with us, such as:
  - Name
  - Address
  - Account balances
  - Account activity
  - Types of accounts
  - Parties to the transaction
  - Credit card usage
  - Payment history
  - Deposit history

Federal law allows us to disclose the information listed above with our affiliates. However, we will allow you to opt out of the disclosure of this information to our affiliates.

Other information not taken from transactions and experience:

- Information you give us on an application or other forms, such as:
  - Social Security Number
  - Assets
  - Income
- Information we receive from a credit reporting agency, such as:
  - Creditworthiness
  - Credit history

You may opt out of the disclosure of the information listed above.

### Types Of Affiliates

We may disclose information about you to the following types of affiliates:

- Financial service providers, such as:
  - Bankers
  - Mortgage bankers
  - Securities brokers-dealers
  - Insurance agents

### Reasons For Disclosure

We may disclose information about you to our affiliates to provide you with information about additional products and services.

### YOUR INFORMATION AND OTHER PARTIES

We will not disclose information about you to anyone except as disclosed in this policy or as permitted by law. Examples of this might include disclosures necessary to service your account or prevent unauthorized transactions.

### INFORMATION ABOUT FORMER CUSTOMERS

We have the same policy about disclosing information about former customers as we do about current customers.

### YOUR RIGHT TO BLOCK THE DISCLOSURE OF YOUR INFORMATION

Affiliates We may disclose your information with our affiliates. If you do not want us to disclose your information with our affiliates, you can block the disclosure of this information. This is known as your right to "opt out."

Your decision to block the disclosure of your information will apply to information collected from all products and services you receive from us.

If you have obtained one or more products or services jointly, an opt out instruction by any party will be effective for all of that party's information we have collected and for all information collected in conjunction with the product or service for all other joint parties. If one of you chooses to opt out, no information we have collected about you will be shared, nor will we share information about any other joint party collected in conjunction with the product or service.

If you previously sent us an opt out, then we will apply your instruction to all the information you can now opt out of as described in this disclosure. If you have joint accounts, your previous opt out will also apply to information about other parties to your accounts as described in this disclosure.

If you wish to opt out of the disclosure of your information, you may do so by using any of the following methods:

- Write us at: Bruning State Bank, P.O. Box 100, Bruning, Nebraska 68322-0100
- or
- Call this toll free number: 1-800-403-5889

<b>INSURANCE</b> Property/Casual Crop Disability Life Automobile Long Term Care Health <small>Not FDIC Insured Not a guarantee of the bank Not a deposit of the bank May go down in value</small>	<b>TRUSTS</b> Power of Attorney Farm Management Estate Management Conservatorships Living Trust Irrevocable Trust Testamentary Trust <small>Not FDIC Insured Not a guarantee of the bank Not a deposit of the bank May go down in value</small>	<b>PRODUCTS AND SERVICES</b>	<b>INVESTMENT</b> Retirement Planning Service Full-Service Brokerage (including Stocks, Bonds & Mutual Funds) College Savings Account IRAs Health Savings Account <small>Not FDIC Insured Not a guarantee of the bank Not a deposit of the bank May go down in value</small>	<b>LOANS</b> Revolving Line of Credit Machinery Livestock Commercial Home Mortgages Consumer Leasing Ag Real Estate Commercial Real Estate Home Equity Lines of Credit	<b>AG REAL ESTATE</b> Real Estate Sales Escrows 1031 Land Exchange	<b>CUSTOMER SERVICE</b> Money Market Credit/Debit Cards ATM Card Checking/Savings Account Certificate of Deposit IRA Overdraft Protection Internet Banking/Bill Paying
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***Come See Us For All Your Banking, Insurance And Investment Needs!***



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# Think Before You Drink!

You know...it is illegal to drive with a blood alcohol concentration (BAC) of .08% or higher.

You know...Nebraska has a "zero tolerance" law on drivers younger than 21.

You know...the likelihood of being involved in an accident triples when you drink and drive.

You know...alcohol related accidents are often severe or fatal.

You have heard..."Don't Drink and Drive!"

Did you know...the financial penalties imposed after a driving under the influence (DUI) conviction can follow you the rest of your life?

The law: In most cases, a DUI is considered a criminal offense and may be considered a felony if a serious accident or fatality resulted from the DUI. The penalty for a first offense DUI could include 7-60 days in jail, a 6-month license revocation, and a \$400-\$500 fine. The severity of these penalties increases with each additional DUI or when the BAC is .15% or higher. In addition, a person convicted of a DUI will have to pay for an alcohol evaluation and may be required to attend and pay for an alcohol treatment program that could cost over \$3,000!

Drivers with a Commercial Driver's License (CDL) are subject to more severe penalties if the DUI violation occurs while operating a commercial vehicle! Nebraska law for CDL drivers indicates it is illegal to operate a commercial vehicle if your BAC is .04%. The driver will be put out of service for 24 hours for any detectable alcohol under .04%. A first offense DUI will result in the loss of the CDL for at least one year, but increases to 3 years if the DUI offense occurs while operating a commercial vehicle placarded for hazardous materials. The CDL is taken away for life for a second offense DUI or if a commercial vehicle is used to commit a felony involving a controlled substance. In addition, a DUI conviction in a "personal" vehicle will result in the suspension of both the "personal" and "commercial" driver's license.

Employment: A DUI conviction may also affect the ability to get a job or to keep an existing job. Just getting to and from work could be a challenge with a temporarily or permanently suspended driver's license. Productivity decreases when time is taken off work to make court appearances or possibly perform community service. Many employers conduct a background check as a condition of employment, and may disqualify a potential candidate once they discover a DUI or DWI. If employment requires a CDL, a conviction many times initiates immediate termination of employment.

Auto insurance: Companies usually deal with DUI customers one of two ways. They may raise insurance premiums on these high-risk drivers or they may either cancel a policy mid-term or terminate the policy at the end of the

term. Most states also require a SR-22 filing (proof of liability insurance) from insurers before a driver's license is reinstated. This can be required for 3-5 years and some companies don't even offer the SR-22 filings. While most companies check your driving record every year or two, all companies check the driving record when applying for a new policy. Insurance companies charge additional premium for a DUI offense for 3 years, but look at the DUI for underwriting purposes for 5 years! This means a company could deny auto insurance coverage for up to 5 years following a conviction

Other types of insurance: That's right...the insurance penalties don't stop with just auto insurance! Alcohol abuse can lead to health problems and can also decrease your life expectancy. According to the Society of Actuaries, abusing alcohol can take an average of 10-15 years off your life! Therefore, a DUI can also affect your ability to obtain health insurance, life insurance, and disability insurance! You may be denied coverage or be charged higher premiums because of a DUI. Two DUI convictions on your record, regardless of when the convictions occurred, will result in an automatic denial when applying for individual health insurance coverage with some companies.

Putting the legal, financial, and insurance related ramifications of driving under the influence aside; there is no way to bring back a life lost to a drunk driver...designate a sober driver...and Think Before You Drink!

Have a safe 2008!

*Fred Kobza, Kathy Roberts  
& Kristen Monteforte—  
Insurance Department\**

\*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

## Teddy Bear Winners...



We want to thank all of our young savers who participated in our 17th annual Teddy Bear Drawing. We had six winners—two drawn at Bruning Bank, two from the Hebron Branch, and two from the Bank of Broken Bow. They were:

- \*Derek Domeier son of Dan & Andrea Domeier*
- \*Gatlin Hinrichs son of Jered & Tammy Hinrichs*
- \*Kinley Casey daughter of Nathan & Kristi Casey*
- \*Logan Kunc son of Derek & Angela Kunc*
- \*Haley Wells daughter of Mark & Kristine Wells*
- \*Chance Dishman son of Troy & Catherine Dishman*

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## Exciting Times...

Uncertainty is the only thing certain in today's economic environment!! How do you effectively plan in these markets? Not only are the crop prices increasing, but crop input expenses are increasing also. The common thought has been to pay for those inputs before the price rises to insure that you will be able to get the inputs, such as seed and fertilizer. In my 25 years of banking, I have never seen this type of an environment.

Farmers are coming into the Bank to update the financial operating results from 2007 and we are finding, in general, this past year was exceptional. Once we analyze what happened in 2007, the good and bad, our thoughts drift to 2008.

What do you say then? The word that describes my thoughts is "volatility". We have noticed that the higher crop prices go, the lower cattle prices drop. Understandably so. The stock market can be up 300 points one day because the Federal Reserve made a comment about lowering interest rates, while the next day unemployment numbers are released and the market loses all it gained the day before and more. Factor in tomorrow's negative sub-prime news and the markets slide lower.

Still, the philosophy of long term investing needs to be maintained. We have seen volatility before. The stock market is trending higher and those who have a good "stomach" for hanging in there, even in the bad times, are rewarded long term. However, in farm marketing, you cannot sit idle and hope it all works out. Farmers are nailing down their profits by forward price protection both on what they sell and what they buy.

A farm marketing advisor said about future market prices, "The highs are going to be higher than the past and the lows in the market will swing lower." The current market pendulum is swinging higher, let's not get caught on the back swing!!

*Dan Jelinek—  
Bank of Broken Bow  
Branch President*

**Attention Broken Bow  
Customers:  
Please stop by our booth at the  
Farm and Home Show on  
February 20, 2008.**



**HELOC Loans  
& Home Loans  
Available**

Rates are still low with  
competitive terms!!!

**HELOC**  
**(Home Equity Line of Credit)**

This loan is a revolving line of credit  
secured by a principal residence,  
rental home or second home.

A **HELOC** loan is a convenient tool  
when it comes to making purchases,  
whether it be a new vehicle, a  
flat-screen TV or a vacation.

**For more details contact  
Jeff Hammer at Bruning or Hebron  
and Jim Scott in Broken Bow.**

## We've Adopted the 5<sup>th</sup> Grade Class...

Children are worth the effort! The Bank of Broken Bow believes and shares that sentiment. To show how much we want children to achieve, we have adopted the 5<sup>th</sup> grade class at Broken Bow Elementary School. Our efforts are to teach children the history of money, the importance of saving, the struggles of saving, and how to manage an account.

In my first presentation, I talked with the children about how banking came to be and the history of money. I took samples of money for the children to view and had a history lesson as we reviewed the individuals honored on each coin and dollar denomination. The children were excited to see the money up close and many had interesting questions about the make up of money. I have a lot of homework before my next presentation.

Children are what our future holds. I hope that we can help these children achieve financial freedom and understanding. I look forward to my next visit and hope the children are enjoying this experience as much as I am.

*Janice Nozicka –  
Loan Clerk  
Bank of Broken Bow*

**Multi-Peril Crop Insurance  
INFORMATIONAL MEETING  
AND  
CUSTOMER APPRECIATION LUNCH**

Wednesday, February 20

11:00 a.m.

Belvidere Community Center

Belvidere, NE

Anyone who would like to learn more about the crop insurance program is invited to attend this meeting and lunch.

RSVP Appreciated but not required.

Please call 353-2085 or 768-7473

## Free Bill Pay Service...

Okay, it's 2:00 AM. I woke up suddenly remembering I didn't get my gas bill paid, and it is due next Monday! Fortunately for me, I am signed up for on-line banking with Bruning State Bank with its free bill pay service. I just go to my computer, get on the Internet, go to Bruning State Bank's website and click into personal banking. In seconds, I am able to enter the information, so I can relax and go back to sleep, knowing I took care of that little issue!

But remember that if you use this service, the money is not electronically sent. This is how the money will be transferred:

- Bruning Bank personnel will print the check either the next business day or the date you stated you need your payment made.
- We then mail the payment to the vendor, so be sure to allow mail time for getting the payment to its destination.
- Be sure to reference your account number if necessary.

If you do not have this service at the present time, just go to our website, [www.bruningbank.com](http://www.bruningbank.com), click on ON-LINE BANKING AGREEMENT, fill out the information requested and return it to one of our locations.

If you have any questions please feel free to give us a call.

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

## 2007 Was Great - What Will Happen In 2008?

Can you believe what happened to the grain prices in 2007? Wow! When was the last time wheat prices were \$6.00/bushel or corn was over \$4.00/bushel? Not to mention that soybeans were nearly \$10.00/bushel! To make the year even better, there were a lot of really good yields in 2007! It doesn't happen often that you can get both good yields AND good prices too!

So, will the good yields and good grain prices carry on into 2008? Will we get both the sun and the rain when we need it or will 2008 bring drought, lots of hail, tornadoes, thunderstorms, or an untimely freeze or frost? Wouldn't it be nice if we had a crystal ball so we knew what the future would hold for each of us? Since we don't have a crystal ball, we just hope the decisions we make are the right ones and we continue onward, taking on the risks as they come.

This is where crop insurance can help! Crop insurance protects against the perils that Mother Nature throws at you, but it can also protect you on the bushel price side. Do you forward market your grain to get the best price possible? The CRC and RA crop insurance policies provide you with a revenue "safety net" and can be an important tool when forward marketing your grain. Is your crop insurance plan the best for your situation? The 2008 sales closing deadline is March 15, 2008 so be sure to give us a call or stop by to review your crop insurance policy.

Here's a few other important reminders regarding crop insurance:

\*2007 Row Crop premium was due by November 1<sup>st</sup>, 2007 and MUST be paid by March 15<sup>th</sup> in order to qualify for crop insurance in 2008.

\*We need to be notified of any changes in marital status.

\*Notify us of any land being added to your operation.

\*Be sure to report all 2007 row crop yields.

\*Remember - all policy changes must be done by March 15, 2008.

We look forward to seeing you at our annual crop insurance informational and customer appreciation meeting on February 20th.

We hope your 2007 was great and we look forward to working with you in 2008!

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

# BRUNING STATE BANK

Charter No. 618

"Since 1891"

## Statement of Condition At Close Of Business On December 31, 2007

### ASSETS

CASH	\$4,872,000.00
(Cash in our vault, plus cash due on demand from other banks where funds are deposited.)	
U.S. BONDS	14,957,000.00
(This is the amount of government bonds owned by the Bank, most of which are due in less than three years.)	
MUNICIPAL BONDS	8,494,000.00
(Investments in high-grade bonds issued by cities, school districts and other municipal government.)	
FEDERAL FUNDS SOLD	00.00
(Funds loaned to other banks for daily cash needs, payable on demand.)	
<b>TOTAL CASH ASSETS</b>	<b>28,323,000.00</b>
(Total of liquid investments that could be quickly converted to cash or other immediately available funds.)	
LOANS AND DISCOUNTS	107,525,000.00
(Amount of money loaned to customers for all types of loans, such as real estate, agriculture, commercial and consumer.)	
BANKING HOUSE, FURNITURE AND FIXTURES	1,329,000.00
(The depreciated value of the Bank, all furniture and equipment.)	
OTHER ASSETS	8,203,000.00
(Accrued interest earned but not collected and other receivables.)	
<b>TOTAL ASSETS</b>	<b>145,380,000.00</b>

### LIABILITIES

DEPOSITS	\$122,078,000.00
(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 & OTHERS	3,850,000.00
OTHER LIABILITIES	453,000.00
(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>126,381,000.00</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	4,599,000.00
(Amount that has accumulated from earning of the Bank for reserves.)	
<b>TOTAL EQUITY CAPITAL</b>	<b>18,999,000.00</b>

**TOTAL LIABILITIES & EQUITY CAPITAL ..... 145,380,000.00**

**BRUNING  
STATE  
BANK**

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Bruning, Nebraska 68322

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