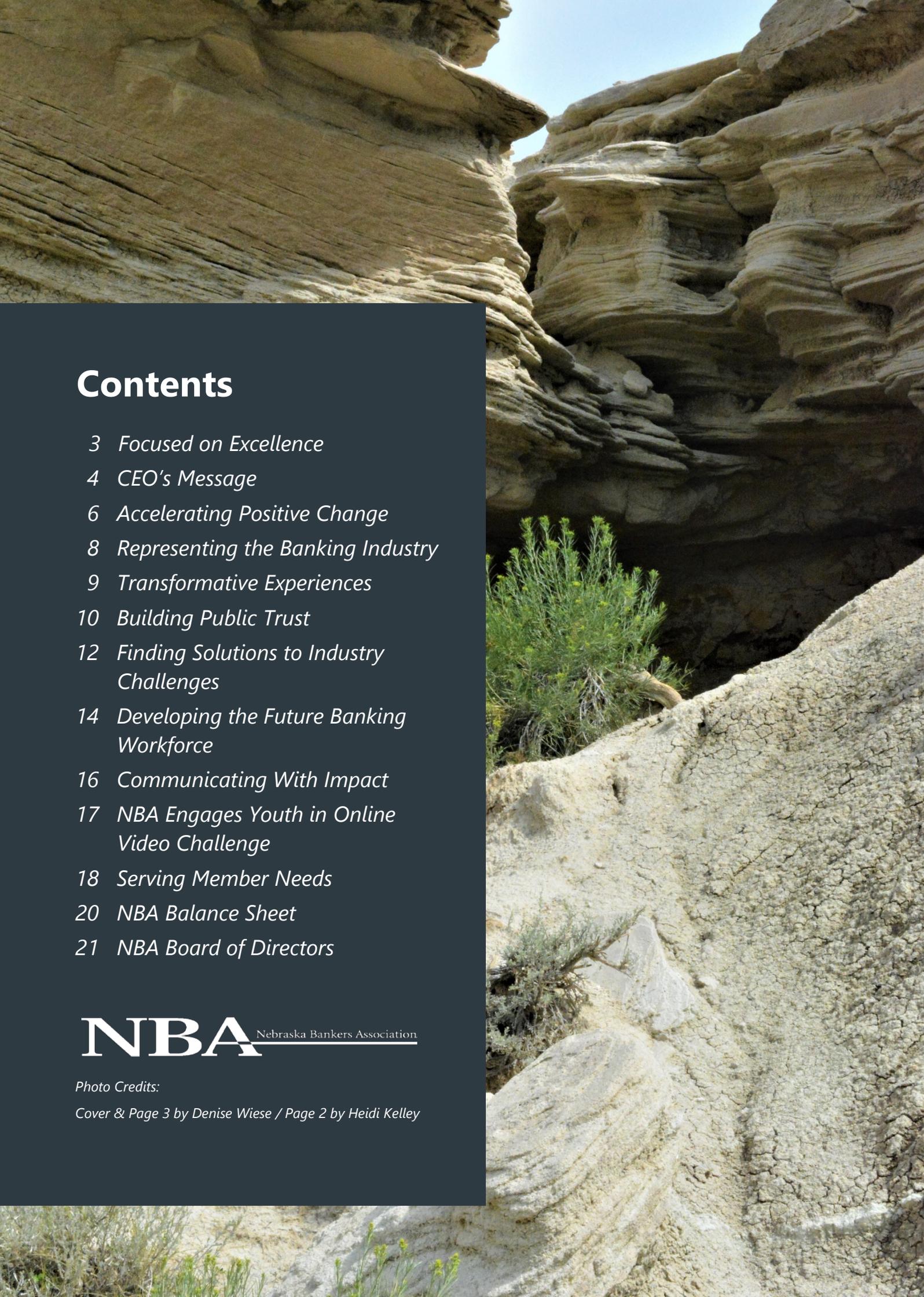


**BANK ON
NEBRASKA**
Igniting Success

**2017-2018
NBA Annual Report**





Contents

- 3 *Focused on Excellence*
- 4 *CEO's Message*
- 6 *Accelerating Positive Change*
- 8 *Representing the Banking Industry*
- 9 *Transformative Experiences*
- 10 *Building Public Trust*
- 12 *Finding Solutions to Industry Challenges*
- 14 *Developing the Future Banking Workforce*
- 16 *Communicating With Impact*
- 17 *NBA Engages Youth in Online Video Challenge*
- 18 *Serving Member Needs*
- 20 *NBA Balance Sheet*
- 21 *NBA Board of Directors*

NBA Nebraska Bankers Association

Photo Credits:

Cover & Page 3 by Denise Wiese / Page 2 by Heidi Kelley

Focused on Excellence

The NBA's vision is to be the foremost resource and advocate for Nebraska's banking industry by focusing on the following goals in our daily operation:



MEMBERSHIP GOAL

To maintain, serve, and support an active and involved membership to ensure continued association excellence and industry prosperity.

GOVERNMENT RELATIONS GOAL

To advocate for pro-banking and pro-business policies and a legislative and regulatory environment supportive of our member financial institutions.

EDUCATION GOAL

To educate the financial services industry by offering quality, cost-effective educational programs and products through a variety of delivery formats.

COMMUNICATIONS GOAL

To enhance and showcase the importance and value of NBA membership and promote the image of the Nebraska banking industry.

OPERATIONS GOAL

To develop and maintain effective and efficient operations to support NBA staff for the benefit of our membership.

CEO's Message

For more than 128 years, your Nebraska Bankers Association has been hard at work earning the respect and loyalty of thousands of bankers across our state.

Our top priority is serving the banking industry in Nebraska with excellence, innovation, and extraordinary service.

From our beginnings in 1890, the NBA has been leading the way with legislative representation, education, industry promotion, and products and services designed to better position the financial institutions in the state of Nebraska. We promise to continue our efforts to grow and modernize this association to best serve the interests of the Nebraska banking industry.

Thank you to the outstanding financial institutions and businesses that are members of our association. It is our privilege to serve you. And thanks to all Nebraska bankers, more than 14,000 strong, who are helping to improve the financial well-being of our state's citizens and communities.

Together, we will build a profitable, promising future for the banking industry in Nebraska.

Sincerely,



Richard J. Baier
President & CEO



— **RICHARD J BAIER**

President & CEO
Nebraska Bankers Association



Our top priority is serving the banking industry in Nebraska with excellence, innovation, and extraordinary service.





SUPPORTING STRONG CANDIDATES

Thanks to the generosity of many bank and associate members, the NBA maintains a highly effective state and federal government relations presence.

The NBA State and Federal BankPAC had a 2017 goal of \$145,000. A total of \$151,430 was collected—\$103,196 to the State BankPAC and \$48,234 to the Federal BankPAC.

During the 2017 Annual State BankPAC Silent Auction, the NBA collected \$14,733 from the sale of 67 items. The NBA staff also contributed their fair share, raising \$4,126 for BankPAC in 2017.

In 2017, NBA BankPAC contributed \$68,250—\$33,750 to state candidates and \$34,500 to federal candidates in cooperation with the American Bankers Association.

The 2018 BankPAC goals are to raise \$155,000 for the combined Federal BankPAC (\$53,000) and State BankPAC (\$102,000) funds and to increase the number of members contributing to each PAC.

Accelerating Positive Change

The NBA is dedicated to promoting and preserving the pro-banking, pro-business environment the industry has achieved over the years. Every bank in Nebraska benefits from the association's involvement in the political and regulatory process.

Powerful Outcomes

ADVOCATING FOR THE INDUSTRY

During the 2018 second session of the 105th Legislature, the NBA Board approved four measures on the NBA's affirmative legislative agenda, established positions of support on 26 bills and opposition on 43 bills, and monitored 78 other bills of interest to the industry.

Prior to the NBA Board and Government Relations (GR) Committee meetings, the NBA GR team reviewed and analyzed each of the 468 newly introduced state legislative bills and six proposed constitutional amendments to determine their impact on the banking industry. During the 60-day, short session, which adjourned April 18, NBA lobbyists testified at public hearings, tracked bills and prepared amendments, briefed senators, and were involved with legislative action on other issues of interest to NBA members.

The Legislature adopted the following priority bills introduced on behalf of the NBA:

- LB 496 – Workforce Housing / Community Development Law
- LB 750 – Release of Trust Deeds and Mortgages

All of the bills opposed by the NBA were indefinitely postponed.



GOVERNMENT RELATIONS FORUM

Twenty-eight state senators joined bankers at the NBA's State Government Relations Forum featuring Gov. Pete Ricketts, Nebraska Department of Banking & Finance Director Mark Quandahl, NBA General Counsel Bob Hallstrom, and Gary Person, president and CEO of the North Platte Chamber of Commerce.

FEDERAL EFFORTS

The NBA's federal government relations priorities this year involved promoting bank regulatory relief, including support for the Economic Growth, Regulatory Relief & Consumer Protection Act, S. 2155, which was passed by the Senate and is now awaiting action in the House. In addition, the NBA continues to oppose unfair competition and expanded powers for tax-advantaged credit unions as well as efforts to expand the lending authority of the Farm Credit System (FCS), which also enjoys a significant tax advantage.

The NBA submitted numerous comment letters to federal regulators regarding a variety of issues including the U.S. Department of Labor Overtime

Rule and the Small Business Lending Market/Payday Lending Rule. In cooperation with our industry partners, the NBA took a lead role in successfully communicating the need for an increase in the appraisal threshold for commercial real estate transactions from \$250,000 to \$500,000.

The Nebraska banking industry was well represented this past year in Washington, D.C. Last summer, NBA President & CEO Richard Baier joined a national group of bankers in D.C. to meet with the Consumer Financial Protection Bureau regarding small business lending. In April 2018, 14 Nebraska bankers attended the NBA Washington Legislative Visit / ABA Government Relations Summit.

Representing the Banking Industry



14,364

The number of full-time bank employees in the state of Nebraska is 14,364—a decrease of 4.7 percent (711 FTEs) since last year. (Source: FDIC)

\$58.4 BILLION

The combined deposits of the NBA's member financial institutions represent nearly \$58.4 billion of the total commercial banks and savings institutions in the state.



180

NBA membership includes 180 financial institutions: 173 of the 180 commercial banks in the state and seven of the eight savings institutions.



99

Associate membership in the NBA includes 99 industry-related organizations.



174

The NBA is a banker-driven association, with 174 bankers serving on NBA boards and committees this past year.



TRANSFORMATIVE EXPERIENCES



WELCOMING THE NEXT GENERATION

In 2017, the NBA's Young Bankers of Nebraska (YBON) Conference was held for the 11th consecutive year. Expansion of YBON is underway with new lunch and learn networking opportunities planned during the year. In addition, a first-ever Young Bankers Day at the Capitol was held in February 2018.



EDUCATING BANKERS

During the past fiscal year, the NBA held 42 live conferences, workshops, and seminars in various locations, on 60 days, with 4,022 registrants.

Webinar demand is strong and growing, with 151 financial institutions participating in 271 webinars for a total of 1,071 ordered programs in FY 2017-2018.



GROWING LEADERS

The 11th class of bankers graduated from the two-year NBA Leadership Program at the 2018 NBA Annual Convention, while the 12th class was introduced. To date, 150 bankers have participated in the program.



OFFERING SCHOOLS

KBA/NBA Schools of Banking ended the 2017 year with 506 students from 14 states. The NBA also has a close affiliation with the Graduate Schools of Banking in Wisconsin and Colorado.





Building Public Trust

The NBA strives to promote the interests of the Nebraska banking industry to consumers and show the good works that banks do in their communities.

GROWING SOCIAL MEDIA

- The NBA continues to increase its social media presence to create and build community online.
- Facebook likes on the NBA page total 1,494.
- NBA's Twitter page has 1,109 followers and thousands of impressions each week.
- NBA's LinkedIn page counts 977 followers.
- The NBA also maintains a YouTube channel, a blog for President & CEO Richard Baier, a Pinterest page, and an Instagram page.

PROVIDING PUBLIC RELATIONS TOOLS

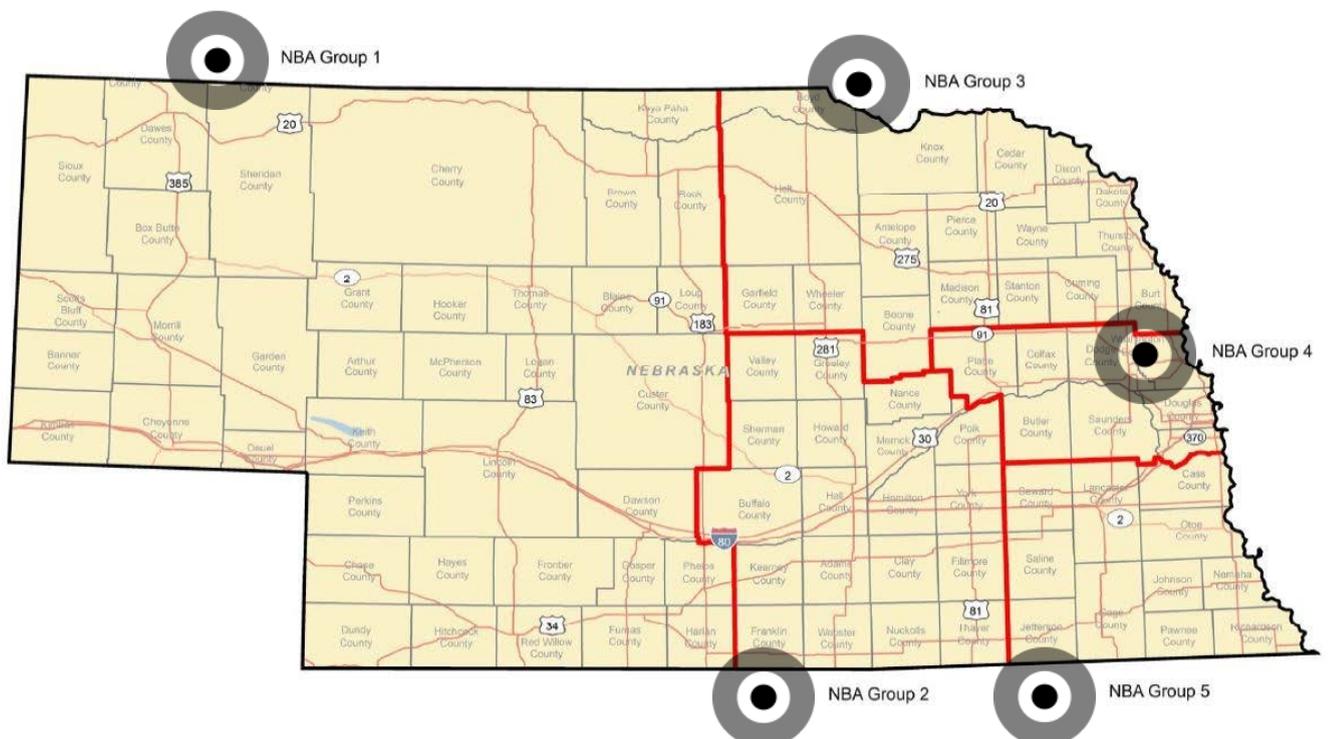
The NBA assisted member banks with PR efforts through various association programs:

- Scenes of Nebraska calendars
- Husker football schedules
- National Ag Week placemats & Nebraska Ag Fact Cards
- Husker Harvest Days booth staffed by 20 bankers over three days
- Robbery Reward Programs



IMPROVING FINANCIAL EDUCATION FOR ALL NEBRASKANS

- This past year, 538 bankers in 46 banks trained 25,035 youth and adults throughout the state through 1,402 financial literacy presentations.
- The NBA promotes Teach Children to Save and Get Smart About Credit, sponsored by the ABA Foundation, as well as Money Smart Nebraska Week.
- The NBA continues to partner with EVERFI, which offers digital financial education programs that are aligned with Nebraska state standards. In Nebraska, 235 K-12 schools offer an EVERFI program, with more than 21,000 students impacted. EVERFI also offers adult, small business, and elder fraud in-person and digital financial education.
- The NBA Board created a Financial Literacy Task Force in December 2017 to evaluate how Nebraska can improve statewide financial education efforts. Every Nebraska school district handles personal finance education differently, with varying levels of support. The NBA is researching national best practices for teaching financial literacy. The NBA has also been working directly with representatives from the Nebraska Department of Education to offer input on the social studies standards under revision.
- In addition, bankers made presentations at the Business, Marketing, and Information Technology (BMIT) Coalition meetings held across the state in mid to late December.
- In February 2018, the NBA testified in support of the concept of LB 1094, introduced by Sen. Mike Hilgers of Lincoln, to require schools to develop personal finance, business, and entrepreneurial standards. Sen. Hilgers has requested an interim study on this topic.
- On May 4, 2018, the NBA held a news conference focused on the state of economic education in Nebraska K-12 schools.
- Going forward, the NBA is committed to improving the content and delivery of financial education at all levels.



Finding Solutions to Industry Challenges

Extraordinary Efforts



At year-end 2016, Nebraska banks had experienced 75 robberies, according to the FBI Bank Crime Statistics Report, with approximately 40 (unofficial) bank robberies reported in 2017.

PREVENTING BANK ROBBERIES

Last May, the FBI and law enforcement agencies around Omaha teamed up to form a Greater Omaha Bank Robbery Task Force. Of particular concern was the violent nature of recent bank robberies. The NBA gathered bankers and members of the task force together following the Annual Convention in May, where the decision was made to increase the reward for information on bank robberies throughout Nebraska to up to \$20,000.

In October 2017, the NBA held Bank Security Discussion Forums, following more than a year of gang-related armed bank robberies. Talks focused on controlled entry, upgrading video equipment, and best practices and procedures.

The NBA combined its three Robbery Reward Programs into a single fund in 2017 and distributed reward posters and robbery height markers to banks throughout the state. Digital billboards also were placed in several locations in Omaha to advertise the \$20,000 reward.

CREATING WORKFORCE HOUSING

Addressing Nebraska's growing workforce housing challenge is well underway, thanks to efforts by the NBA's NExt Generation Housing Task Force. Created by the NBA Board of Directors, the task force has helped lead comprehensive, statewide discussions and strategy development to begin addressing the workforce housing shortage across the state. It's formal mission: to increase the availability of market rate and workforce housing that meets the needs of the "NExt Generation" of Nebraskans.

“Proactively addressing Nebraska's workforce housing shortage requires local solutions, driven tirelessly by local champions with a vision for the community's future.”

- continued from page 12 -

Task force members included Nebraska bankers and stakeholders from Nebraska's housing community, representing communities from Nebraska City to Scottsbluff.

The task force formally met five times over a 17-month time period in addition to participating in numerous informal and community discussions. Initial meetings included learning about current housing programs, funding sources, and strategies. Subsequently, the task force spent time reviewing local, regional, and statewide housing data to identify specific obstacles and to evaluate strategic alternatives. From these efforts evolved four specific legislative solutions, numerous policy and program initiatives, as well as increased marketing and educational efforts.

The actions of the Housing Task Force as well as long-term, macro suggestions that resulted from task force discussions are summarized in the 24-page NBA NExt Generation Housing Task Force Report at <http://bit.ly/NExtGenHousingRpt>.

The NBA will continue to partner with Nebraska communities, housing stakeholders, private and public-sector leaders, and elected officials in helping to build a stronger Nebraska for future generations.

ASSISTING WITH REGULATORY COMPLIANCE

The NBA's legal team provided technical assistance to members to address frontline compliance and regulatory concerns.

The online NBA Compliance Handbook serves more than 100 banks.

In addition, Compliance Alliance—owned by the NBA and 27 other state bankers associations—provides 29 NBA member banks with an ever-increasing set of compliance tools and resources.



Developing the Future Banking Workforce

The NBA understands the importance of building and maintaining a well-educated, well-trained workforce in the state. One of the NBA's goals is to keep the best and brightest in our state.

REACHING THE NEXT GENERATION

In 2017-2018, NBA officers and several other volunteer bankers gave presentations about careers in banking and discussed industry hot topics with college students at the University of Nebraska in Kearney, Lincoln, and Omaha. They also made presentations to high school students at The Career Academy at Southeast Community College in Lincoln.



1981

UNIVERSITY OF NEBRASKA FOUNDATION SCHOLARSHIPS

- The NBA's University Foundation Allocation Committee (UFAC) directed \$156,400 to the University of Nebraska campuses in 2017-2018 for scholarships, professorships, and equipment purchases.
- In 2018, the NBA fulfilled its pledge to UNL's new College of Business building, which includes naming rights to a meeting space in the building.
- Since 1995, more than \$2.7 million has been awarded in scholarships to thousands of students.
- Total grants for equipment, building, research, and professorships since 1981 amount to more than \$1.9 million.
- Since 1981, total allocations to all University of Nebraska campuses stand at just over \$4.6 million.

1995

2002

NBEF WILLIAM B. BRANDT MEMORIAL SCHOLARSHIPS

- Scholarships are available to assist Nebraska business students enrolled at state or privately funded Nebraska colleges and universities through the Nebraska Bankers Educational Foundation (NBEF) William B. Brandt Memorial Scholarship Foundation.
- This year, NBEF awarded nine \$2,000 scholarships.
- Since 2002, the foundation has awarded 157 scholarships worth a total of \$183,250.



Building Our Future

In 2018, the NBA University Foundation Allocation Committee amended its agreement with the University of Nebraska Foundation to establish an NBA Faculty Support Fund to support a faculty fellow and/or professor who will promote Nebraska banking and finance opportunities to students.

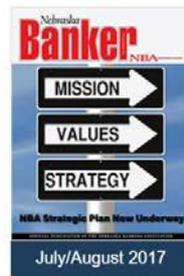
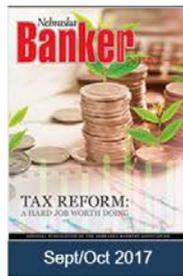
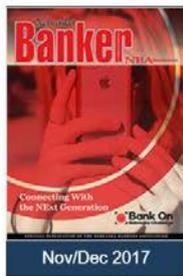
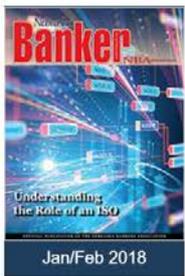
2006

2018

BANK INTERNSHIPS FOR COLLEGE STUDENTS

- During the summer of 2017, 11 students completed NBA member bank internships through the Ag Banking & Finance program at the University of Nebraska-Lincoln.
- Since the program started in 2006, 107 ag banking majors have completed internships with 72 bank locations across Nebraska.
- In addition, the NBA Student Internship Program at the University of Nebraska at Kearney provides real-world experience to students in the UNK College of Business & Technology.
- NBA staff assists with all internship placements in NBA member financial institutions.





Communicating With Impact

The NBA serves as a leading source of information—for our member financial institutions, lawmakers, regulators, journalists, and the public.

INTERVIEWS

The NBA helped bolster the image of banking in Nebraska through 45 media interviews covering industry issues from ag lending and cybersecurity to robbery rewards and workforce housing.

E-NEWSLETTER

Nearly 6,000 members receive 49 issues of NBA E-Update each year, including Banks & Bankers and the Compliance and Legislative Updates.

MAGAZINE

The NBA has entered the 13th year of publishing its 32-page, full-color, award-winning, bi-monthly Nebraska Banker magazine.

SPONSORSHIPS

The NBA financially supported several initiatives of importance to our membership, including:

- Nebraska Ag & You Magazine
- Nebraska FFA State Convention
- Nebraska Council on Economic Education

NBA Engages Youth in Online Video Challenge

Nearly 35,000 Visits & 12,000 Votes!

HIGH-DOLLAR PRIZES

- Five contest finalists received a MacBook & \$529.
- The finalists' schools received \$529 in unrestricted funds.
- The producer of the winning video received an additional \$2,000, as did the student's school.
- The producer of the funniest video received \$1,000.
- Ten randomly selected participants received \$100.



CREATIVE VIDEOS

To help us reach this market and facilitate such a unique process, the NBA engaged Red Thread, a Lincoln, Neb.,- based marketing firm that specializes in multimedia and fostering connections with today's teenagers.

In addition to the animated video created to promote the contest, Red Thread developed a video featuring real-life bankers to showcase career opportunities in banking.

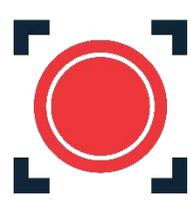
Contest Helps Tell Positive Story of Banking

Bank On Nebraska Challenge.



During the NBA's strategic planning process, one priority that rose to the top was the need to more proactively market Nebraska's banking industry. To address this goal, and to connect with the next generation of Nebraskans, the NBA this year launched the Bank On Nebraska Challenge for Nebraska high school students at BankOnNE.com. This statewide competition challenged our state's high school students to submit 60-second videos highlighting the important role Nebraska banks play in their communities, schools, and families.

Several members of the NBA's Leadership Program and Young Bankers of Nebraska (YBON) Committee judged the videos. The top five were announced April 6, followed by public voting through April 20. The finalists, along with their parent/guardian and teacher, were invited to the 2018 NBA Annual Convention for the presentation of awards.



**Bank On
Nebraska Challenge**

Serving Member Needs

The Nebraska Bankers Insurance & Services Co. (NBISCO) is the wholly owned NBA subsidiary formed in 1981 to provide insurance products and services to member financial institutions.

INSURANCE

More than 10,000 Nebraskans participate in the NBA's Voluntary Employees Beneficiary Association (VEBA), including 199 banks and branches in Nebraska, six out-of-state banks, and 5,800-plus bank employees. About 85 percent of NBA member banks are enrolled in one or more of our group plans. This past year, the NBA's health plan had no increase in cost for participants.



PREFERRED VENDORS

Through NBISCO, NBA member banks have access to a variety of competitively priced products and services through the endorsement of 19 preferred vendors.

DIVIDENDS

Since Bankers Title Agency of Nebraska LLC—the first multi-bank title agency—opened for business in October 2001, nearly \$4.65 million in dividends have been paid to the 20 owner financial institutions in Nebraska.

NEW MARKETS

Agency Services serves the needs of approximately 100 bank-owned insurance agencies in Nebraska. The agency provides a variety of markets for your insurance agency customers.

“ Every member strengthens the association and the industry. ”



NBA/NBISCO PREFERRED VENDORS

Aflac

Supplemental Insurance
(402) 366-4456
Jim Bellows

All American Associates

Supplemental Insurance
(785) 228-1702
John Copeland

Ascensus

IRA & HSA Administration
(800) 346-3860
Heather Hoskins

Credit Information Systems

Credit Reporting and Tax
& ID Verification
(800) 782-9094
Lee Volmer

CyberScout

Identity Protection &
Data Risk Services
(480) 355-8500
Chad Eaton

EVERFI

Online Financial Literacy
Programs
(202) 629-0326
Katherine Coats-Thomas

Five Nines

Managed IT Services
(402) 817-2630
Paige Damkroger

Investors Title Insurance Co.

Multi-Bank-Owned
Title Agency
(402) 483-0033
Kim Denniston

JFC Financial Services Inc.

Investment Services
(402) 483-2555
Jack Connealy

KeyState Captive Management

Captive Insurance
(702) 598-3738
Joshua Miller

LERETA LLC

Flood & Tax Services
(626) 667-1506
John Short

New York Life

Supplemental Insurance
(402) 413-8325
Matt Schernikau

NFP Executive Benefits

BOLI Services
(605) 310-5785
Eric Wallace

Office Depot

Office Supplies &
Custom Printing
(503) 576-4116
Darrin Quillen

OneBeacon Insurance Group

Financial Institution Insurance
(952) 852-2434
Craig Collins

SBS CyberSecurity

Bank Security Consulting
& Auditing
(605) 923-8722
Robb Nielsen

Senior Housing Crime Prevention Foundation

Fraud Protection for Senior
Citizens & Veterans
(877) 232-0859
Sue Shaffer

Strunk LLC

Risk Management
(877) 485-8808
Mike Sobba

ZelleHR Solutions

HR Consulting
(402) 323-1232
Chad Thies

NBA BALANCE SHEET

Condensed & Estimated for the Fiscal
Year Ending April 30, 2018



ASSETS

Current Assets	\$2,100,428
Property and Equipment	84,550
Other Assets	<u>1,402,585</u>
Total Assets	<u>\$3,587,563</u>

LIABILITIES AND MEMBER EQUITY

Current Liabilities	\$432,980
Long-Term Liabilities	<u>22,032</u>
Total Liabilities	<u>\$455,012</u>

Fund Balance – Undesignated	\$2,407,551
Board Designated Funds	480,000
Est. Change in Net Assets	<u>245,000</u>
Total Member Equity	<u>\$3,132,551</u>

Total Liabilities & Member Equity **\$3,587,563**

NBA Statement of Change in Equity

Estimated for the FY Ending April 30, 2018 (Unaudited)

Total Revenues	\$3,456,323
Total Expenses	<u>\$3,211,323</u>
Excess of Revenues Over Expenses	<u>\$245,000</u>

Equity as of April 30, 2017	<u>\$2,887,551</u>
Equity as of April 30, 2018	<u>\$3,132,551</u>

NBA Impact on Cash Reserves

Estimated for the FY Ending April 30, 2018 (Unaudited)

Excess of Revenue Over Expenses	\$245,000
Minus: Non-Cash Activities	(\$75,000)
Minus: Capital Purchases	<u>\$ —</u>
Net Change in Cash Reserves	<u>\$170,000</u>



2017-2018 NBA BOARD OF DIRECTORS

Through the NBA, bankers explore the issues that affect the banking industry's day-to-day and long-range outlook. Ideas are channeled to the membership and are heard, analyzed, and acted upon through the work of volunteer bankers who serve on the NBA Board of Directors and the association's various committees and task forces.

OFFICERS:

KRISTIE HOLOCH, NBA Chairman

Cornerstone Bank, York

DAVID DANNEHL, NBA Chairman-Elect

First State Bank of Loomis, Loomis

JERRY CATLETT, NBA Past Chairman

Bruning State Bank, Bruning



GROUP 1: **KRISTA HEISS**, NebraskaLand National Bank, North Platte // **KAYE MONIE**, Hershey State Bank, Hershey // **SCOTT ZIMBELMAN**, Homestead Bank, Cozad

GROUP 2: **DONALD JIVIDEN**, Heartland Bank, Geneva // **STEVE KUNZMAN** Home Federal Bank, Grand Island

GROUP 3: **DANIEL FULLNER**, Madison County Bank, Madison // **REX HASKELL**, First Northeast Bank of Nebraska, Lyons // **JASON SMITH**, F&M Bank, West Point

GROUP 4: **KATHRYN BARKER**, Core Bank, Omaha // **DANA HENRICKSEN**, ACCESSbank, Omaha // **DEBBIE NEWKIRK**, Security National Bank of Omaha, Omaha // **LYDELL WOODBURY**, First Nebraska Bank, Columbus

GROUP 5: **JOHN DAUBERT**, Security First Bank, Lincoln // **KARL GRAMANN**, Adams State Bank, Adams

LARGE BANKS: **NICHOLAS BAXTER**, First National Bank of Omaha, Omaha // **CORY BERGT**, Wells Fargo Bank, N.A., Lincoln // **ANNA HERNOUD**, Bank of the West, Lincoln // **CHRISTINE HIGGINS-WILCOX**, Union Bank & Trust Co., Lincoln // **JOHN KOTOUC**, American National Bank, Omaha // **BRIAN LIERMAN**, Great Western Bank, Hastings // **RAYMOND MCKENNA**, Cornerstone Bank, York // **JOSEPH SULLIVAN**, U.S. Bank, N.A., Omaha



NEBRASKA BANKERS ASSOCIATION

233 South 13th Street, Suite 700
Lincoln, NE 68508

(402) 474-1555
nba@nebankers.org
www.nebankers.org