What a Difference a Year Makes
Guest Commentator: Jim Nowak
Vice President, Risk Management; Director ALMEdge

I find myself a little uncomfortable having to pen an article with a bullish slant to it after being a comfortable bear for the last 6 years or so; but here it goes...

The year ended with some very positive developments that have the potential to make 2015 a decent year for most everyone, finally! It is amazing the impact that a little ole election, and a little ole drop (note my sarcasm) in oil/gas prices can have on people’s optimism. No matter which survey you look at, (IBD/TIPP, Gallup, CEO) optimism for the year is surging. The most important of these for Community Banker’s, the National Federation of Independent Business (NFIB) Survey, has finally eclipsed its average reading after lagging for 8 years.

Bill Rosacker
A Note from the President

The start of a new year is always a great opportunity to take a moment to look back and appreciate all of the exciting highlights and accomplishments of the year before.

This past year began with the expansion of our corresponding banking territory into the state of Illinois. Coinciding with this expansion was the addition of our Illinois Calling Officer, Mark Oliverio, to the correspondent banking team. Mark, along with Pat Burnette, who covers our Michigan territory and a portion of Illinois, have both done a remarkable job developing relationships with Illinois bankers and establishing UBB’s presence throughout the state.

This past fall, UBB formed alliances with the Willis Insurance Group to launch the BankConnect product, which provides community banks with up to four quotes from top-rated insurance carries through the submission of just one, simplified online application. This solution not only helps save time, but also provides community banks with the opportunity for competitive policy pricing, industry-leading coverage and potential enhancements to their current coverage.

In November, we launched UBB Compliance Services as a resource for community banks to meet the challenges of an increasingly complex regulatory environment. This service consists of compliance reviews, training, as well as access to a toll-free hotline for questions. To learn more about UBB Compliance Services and the expertise behind it, make sure to read the feature on Page 3.

2014 was the year of data breaches, with new instances making headlines almost daily. This ongoing criminal activity continues to increase in frequency and complexity, proving the need for Identity Theft Protection has never been greater. These occurrences assisted United Bankers’ Agency in having a record-breaking year, leading to 61 new banks joining the program, bringing the grand total to 161 banks offering Identity Theft Protection.

Another highlight to note, our BankValue Advisory Services division provided bank stock valuations, market research analysis, and fairness opinions to 65 more community banks than it did in the previous year!

These achievements, along with our ever growing product offering, illustrate what a notable year 2014 was and reinforces UBB’s mission to provide community banks with products and services that will help them remain competitive, improve their profitability and enable them to remain community based.

In closing, we welcome the New Year with excitement and optimism for great things to come, as we continue to serve the needs of community banks with our never wavering commitment of First for Your Success.
This is a big deal as small businesses typically create about 60% of all new jobs. After voters “cleaned house” in November’s election, small businesses are very hopeful they get some meaningful relief from the over-regulation and over-taxation that has been holding them back. The potential now exists to see a fairly robust business expansion in the second half of 2015 if Washington comes through for these folks. This will mean that the Fed will likely begin a gradual “normalization” of the Fed Funds Rate this summer as wage pressure’s mount and loan demand begins to broaden out later in the year.

I would be remiss if I did not mention a couple of wild cards that could diminish my optimism for the year (big surprise, I know.) Once again, the European Union will be a big deal early in the year. How the ECB deals with both Greece and QE looms large with respect to volatility in financial markets. Also, the dramatic drop in oil and commodity prices will have a negative impact on both the oil and agriculture sectors of the economy.

The 2015 ALMEdge Users’ Conference is approaching fast. I am sure there will be no shortage of things to talk about at that in April. Hope to see you there!
Introducing: UBB Compliance Services

One constant in community banking is the ever-changing regulatory environment dealing with compliance issues. With each passing year, it is harder and harder for banks and bankers alike to stay abreast of those changes and their implementation. The constant changes in compliance and their required implementation create hurdles, logistically and financially, that many banks can’t deal with effectively on their own. Given this ongoing challenge, United Bankers’ Bank is proud to announce the addition of UBB Compliance Services to aid community banks with their various compliance needs.

UBB Compliance Services is designed with the understanding that different banks have varying compliance needs. Because of this, we offer the following compliance services:

• **Compliance Hotline**, allowing you direct access to a compliance specialist to get answers on your day-to-day compliance questions.

• **Policy review and development**, to provide your staff with compliance guidance in maintaining and creating policies that meet regulatory requirements.

• **Advertisement and disclosure reviews** to help ensure all written materials meet regulatory requirements.

• A **“Remote Consultant”** option, that provides all of the previously mentioned options for one annual fee.

• **Website reviews** to help ensure what you present to the public is accurate and complies with the various regulations.

• **Onsite compliance reviews** that cover transaction testing to validate your current compliance with consumer regulations such as Z, RESPA, BSA, DD, and E.

• **Training** for various staff members or board directors.

UBB Compliance Services will be managed by Kassia Holt, who brings a wealth of practical working knowledge and experience to the position. She has been in community banking for more than 15 years, starting as a teller, and working her way through various positions including branch manager, internal auditor and compliance officer. Most recently, Kassia worked for a nationally known accounting and consulting firm as a compliance consultant.

Kassia’s background allows her to fully understand the difficulties facing community banks when regulation changes occur. In 2014, community banks saw a significant number of regulation changes, most notably, the Regulation Z and RESPA changes incorporating the Ability-to-Repay and Qualified Mortgages Standards. In 2015, banks can look forward to combining the Truth In Lending and RESPA disclosures with the new “Integrated Disclosure Rule” creating two new disclosures, known as the “Loan Estimate and Closing Disclosure” which take effect in August. Banks can also look forward to new exam procedures as the FFIEC released a new BSA/AML Examination Manual late in 2014.

Each new update or change to the regulations and/or their procedures in 2015 creates another hurdle for banks to overcome. We know these compliance challenges can be costly to banks, as it takes additional time for your staff to research and implement these changes, on top of their existing and multiple job functions. Let UBB Compliance Services assist your community bank in clearing these hurdles for a smoother 2015.

For more information on Compliance Services, contact Kassia Holt at 952-886-9548 or Kassia.Holt@ubb.com.
United Bankers’ Bank
Call Report (unaudited)
12/31/2014

Balance Sheet (000’s)

**Assets:**
- Cash and Due from Banks $ 56,450
- Investments $ 245,649
- Fed Funds Sold & Securities Purchased Under Agreement to Resell $ 93,815
- Loans
  - Outstanding $ 371,898
  - Loss Reserve $ (8,073)
- Other Assets $ 27,759
- **TOTAL ASSETS** $ 787,498

**Liabilities and Capital:**
- Deposits $ 598,324
- Fed Funds Purchased $ 101,329
- Other Liabilities $ 15,586
- Equity Capital $ 72,259
- **TOTAL LIABILITIES & CAPITAL** $787,498

**INCOME STATEMENT (YTD)**
- Interest Income $ 19,018
- Interest Expense $ 1,280
- Net Interest Income $ 17,738
- Loss Provision $ (1,000)
- Net Interest Income (After Provision) $ 18,738
- Other Income $ 15,219
- **Total Income** $ 33,957
- Operating Expenses $ 25,537
- Securities Gains (Losses) $ 11
- Net Income Before Taxes $ 8,431
- Tax $ 3,230
- **NET INCOME** $ 5,201

**Employee Spotlight**

Mary Sherman
VP Operations - UNETexchange Mgr
952-885-9461  Mary.Sherman@ubb.com

**Family Members:** Dennis, Dennis Sr. (husband and father-in-law), Kayla, Josh & Finley (daughter and her family). Mom & Dad, brothers, sisters, in-laws, nieces & nephews—totaling 50 plus in all.

**Pets:** None.

**Played most on iPod:** I have so many…but my favorite would be…”Blessings” by Laura Story and “Friends” by Michael W. Smith, and I can’t forget the movie “Frozen”, watched regularly by my granddaughter, Finley.

**Interests:** Walking, reading, going to movies, spending time with family and friends, and shopping with my girls (Kayla & Finley).

**If I could live anywhere in the world, I would live in:** Wherever my kids are (I hope they pick someplace warmer than MN).

**If I could have one super power (besides flying) it would be:** If I can’t Fly, then Super “Patience” for the 100 mile commute each day to work.

**Many people don’t know that I:** Grew up on a farm in Minnesota, and am from a family of 12 kids.

**If I was not working in banking I would:** Volunteer and watch my granddaughter.

**I started working at UBB in:** January 2007.

**My favorite part of working for UBB is:** The people…customers and fellow employees…and the many opportunities to work directly with customers.

**The best advice I ever got was:** Tim Grabow telling me I should apply for this job at UBB, when I didn’t think I would qualify. (He will freely take credit!! ☺).

**First For Your Success means:** Going that extra mile to resolve or listen (even if we can’t fix the problem), and knowing that we have done our very best to help our customers and they feel the same.
The 2015 UBB USource Salary & Benefit Survey provides valuable data that assists Midwest community bankers in making difficult compensation and benefit decisions. Our web-based survey streamlines your data-entry time, recognizing your busy schedule. Overall data results are reported by asset size and metro vs. non-metro community banks.

If you are a USource member and participate, the report is FREE. If you complete the survey, but are not a member of USource, you pay only $250 for the report. Please help us make the survey even better with your participation. To access the survey, go to www.UBB.com USource Salary and Benefit Survey and the link: “Click here to take 2015 USource Salary and Benefits Survey.”

Register for USource Webinars: While USource webinars are free for USource members, they are only $75 for non-members. Each webinar starts at 10:00 am and is generally between 45 and 60 minutes long. The links to register for the following webinars can be found on www.UBB.com under Events.

March 12, 2015:
Hiring the Best Employees –
This webinar is designed to relieve some of the stress with hiring new employees. Each component of the hiring process will be explained from placing ads and postings to using pre-employment assessments. We will share behavioral interviewing questions and techniques to receive informative responses from the candidate. The ultimate goal is to equip you with the tools to hire the “best qualified employee” for your bank.

April 16, 2015:
Onboarding New Employees –
You have probably heard the term “onboarding”. You may even have a visual of boarding a ship or a plane for the first time and recall your personal feelings of uneasiness. These feelings are not unlike what a new employee may feel on their first day of employment. Studies reveal that a smooth, gradual onboarding process will assist an employee in getting acclimated and productive as quickly as possible. Attend this webinar and learn how to provide new employees with a positive first impression of your bank that is transformed into a lasting, productive work experience.

May 21, 2015:
Cool Workplace Trends –
Attracting and retaining the best talent takes more than giving workers a paycheck. We will discuss flexible work arrangements that can blend well in any industry. Are there any new and innovative employee benefits for small community banks without a large budget? How about wellness programs?

June 18, 2015:
Why Do I Need Job Descriptions? –
Job descriptions are vital in establishing a common understanding of what a position entails. They help communicate the responsibilities of the position to candidates and provide a basis for assessing employees’ performance on various aspects of their job. They also document essential duties when determining if a reasonable accommodation under the Americans with Disabilities Act may cause the bank undue hardship. Having up-to-date job descriptions for every employee will make you more efficient. We will share some best practices as we walk you through the process of creating and revising job descriptions.

For more information on how to become a USource member, call 866-394-1984 or e-mail usource@ubb.com.
Shane Bellefy
Marketing, VP Correspondent Banking Officer
309 Court Ave., Suite 235
Des Moines, IA

Born: Cherokee, IA.

Family: A significant other, Kristen.

Experience: 9 years of banking experience.

Attended College:
My college experience started at Kirkwood Community College in Cedar Rapids, IA. I then transferred to Southwestern Oklahoma State University for 2 years before I ended up graduating from St. Ambrose University in Davenport, IA.

Majored in:
General Business and Economics.

Best part of working in Iowa:
Getting to better know the communities that our bankers serve and call their home. I truly enjoy hearing the stories of bankers and the important impact they have on a local community. Having an integral part of offering banks our products and services to help them grow and operate more efficient cannot be more rewarding.
UBB is excited to introduce its new Merchant Referral Program! It is a simplified merchant program designed to save your bank time, stress, and make you money. It is part of a new “Business Builder” product suite that was created to help banks build strong small business relationships by providing them with tools to save them time, collect their revenue, and manage cash flows.

With our new referral service:
• Your bank refers its business customers to UBB for their merchant service needs.
• UBB will directly interface with the merchant customer for equipment purchases, set-up and training, compliance, and on-going support.

How the program benefits your bank:
• **Customer retention**– The merchants are still your bank’s customers.
• **Earn non-interest income**– Your bank will receive a referral fee for every customer you refer that becomes an active merchant. Your bank will also receive a percentage of the interchange income generated from your customers that become merchants.
• **Less stress and headaches**– UBB monitors the program’s PCI compliance, ensuring that your merchant customers are compliant. We also handle the merchant servicing, freeing up your staff to develop more business and expand your merchant portfolio.

How the program benefits your customer:
• They can do all their banking in one place with a financial institution they trust – your bank – in their own back yard.
• They can perform transaction activity with an experienced, long term provider. No untried start-ups or ISOs (independent sales organizations) that come and go…
• **Competitively priced.**
• Built in PCI compliance and breach insurance.
• Merchant help desk technical support is available 24/7 through the Merchant Intelligence Center.

Stay tuned for new services to be added to the “Business Builder” suite. In the meantime, if you have questions about the new Merchant Referral Program and would like to receive more information, or start the process of becoming a referral partner, please contact Paul Jacobson at 952.886.9574, paul.jacobson@ubb.com; or Marcia Hartwig at 952.885.9454, marcia.hartwig@ubb.com.