



Thayer County Bank

Your Locally Owned Hometown Bank

connections

P.O. Box 109 • Hebron, NE 68370 • 402-768-6027

www.thayercountybank.com

A New Chapter in Banking

We are excited to announce that on March 15th the Thayer County Bank will be undergoing a very significant upgrade in our banking systems. We have included in this newsletter information which discusses the reasons for the change as well as some history of computerization of accounting during the last quarter of our bank's history. We also want to provide you a little information about the company, FPS Gold, who we will be partnering with to bring our customers better and more secure banking in the future.

The Price of Progress

Late last August we began our due diligence visiting the offices of our new services provider in Provo, Utah. In November a team of six staff members from FPS Gold were on-site in Hebron to begin the planning for the conversion of our system. In early December two of our staff members spent a week in Provo receiving training on the new accounting systems. Two lenders were in Provo the first week of January and two of our staff from the deposit services area were out for training the second week of January. If you are in the bank you will see FPS Gold Staff here training us the first and last weeks of February. They will bring a team of people in over the weekend of the 14th to 16th of March for the actual conversion and will also be here the following week to follow up on any open issues.

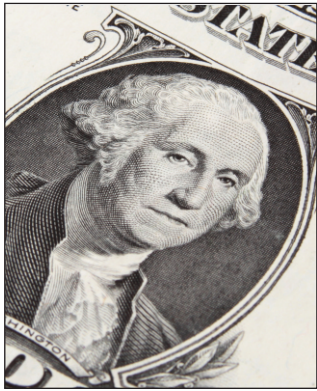
There are going to be many very nice features that we are sure our customers are going to like. We will have improved statements available not only for all checking and savings accounts but for Time CDs and loans as well. There are going to be many more services available on-line and through mobile banking which we

don't offer presently. The security framework of the new systems will allow us to offer new services like remote deposit, submittal of ACH transactions and wire transfer requests and many more notification services. All of these services provide very secure interfaces and provide great monitoring tools for you and for us.

The big price to pay for these improvements will likely be a little inconvenience to you, our customers, as our staff is pulled away from our number one duty of serving you as we receive training and spend time getting things set up. We appreciate your understanding and look forward to more communications if we see significant changes on specific services in the weeks and months ahead.

Information Security

The largest driver of the need to update our systems is information security which includes information about our customers as well as their financial accounts. While we still calculate interest the same way we always have, the channels through which our customers touch the bank and their accounts have changed tremendously. It has become nearly impossible for small software companies to keep up with all of the needed changes required to keep your money and information safe. In changing our core software provider we will also be changing and consolidating our internet banking vendors. All of our information will largely be under one roof whether we are delivering services in the lobby, over the Internet or through your mobile devices. This provides very clear accountability regarding the security of your information. One of the joys of banking with a small organization is that you know where the buck stops. We like that too in knowing who is protecting our information.



***"Thayer County Bank,
an independent community
bank in Hebron, NE.
Founded in 1874, and now in
its fourth generation of
family ownership,
Thayer County Bank is the
oldest State Chartered Bank
in the state of Nebraska."***

A Bit of History...

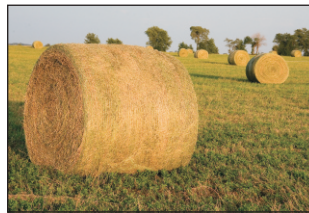
Thayer County Bank (TCB) has deep history in many areas, one of which is technology. As smaller banks go, TCB was a bit of a pioneer in the computerization of records. In 1973-74 Jim Kenner and Don Whitlow of the Nebraska Security Bank (NSB) in Deshler partnered up with IBM and Robert "Bob" Hendrickson to install a very early deployment of the then new "IBM System 32". The two community banks worked together funding the development of software which provided accounting for the banks' loans and deposits. TCB owned the main computer and NSB would transmit its transactional data over the phone each day. The nightly updating of

balances and reporting would be done by a night operator. The arrangement lasted for several years until the banks outgrew this way of doing business. Three other banks in Thayer County also eventually became customers of "Midwest Software Inc".

Bob Hendrickson started Midwest Software Inc. in Hebron operating out of Dr. Parker's former office. Then in pursuit of IBM Programmers in 1980 Bob and Karen moved their family and business to Laurel, Montana. In 1986 MSI was purchased by John and Colette Decker who have served TCB very well for the past 29 years. John was approached in 2014 by FPS Gold to acquire the company. At 63 with growing regulatory and technological challenges facing technology firms serving banking, John felt that FPS Gold / DHI Computing was a very good match for MSI and its family of customers. FPS Gold is significantly larger than MSI but is also a privately owned family business. Its 285 employees serve over 60 banks in a family friendly way utilizing the latest technologies. FPS Gold has been in the computing business since 1954 and serving banks since 1964. The staff of MSI will continue to work with FPS Gold which maintains a great continuity of relationships along with the great advancements in software.

Rural Economic Outlook

As we in rural Nebraska know well, the economic conditions on the farm drive the conditions that nearly all of our businesses in the community eventually face. There are many factors which affect the supply and demand of our ag commodities. Foreign development of production acres and improved yields are a large long-term factor. The drop in fuel prices and the ethanol industry is another major variable. Recently the strength of the US Dollar makes our exports more expensive to the rest of the world. It seems that most of the factors recently have been negative for the US Ag sector.




At a recent conference Nathan Kaufmann, the regional economist for the State of Nebraska for the Federal Reserve Bank of Kansas City, indicated that the Fed sees the full brunt of the decline in grain commodities to hit in late 2015 and early 2016. The following ideas flowed from this speech. After some very good years in the recent past it takes a couple of operating cycles to wash out the nice cash inventory cushions that were in place at the end of the top of the cycle before significant problems surface. If operating expenses do not fall as rapidly as revenues there will a narrowing and potential elimination of profit margins which will absorb the cash

margins built up in the past few years. This occurrence, it would seem, would drive land prices lower. We have not seen a significant reduction yet in land prices.

Unlike the 1980's there appears to be good refinancing capacity available to owners which covers one of the "C's" of credit (collateral). However, it is difficult in this year's cash flow projections to find another "C", repayment Capacity, with limited production margins of revenue over input costs. Unfortunately something has to give as markets flow to equilibrium.

Whether you are in a farming business and directly affected by current prices of commodities and input costs or are a business owner or industrial worker indirectly affected by the pace of business, undoubtedly we should be thinking of a rainy day fund and how these factors could affect our personal situation. In tough times liquidity is king so having control of your own savings or cash in checking accounts is a very good thing, regardless of the very limited return that one earns on savings today.



Customer Name: _____

Date of Birth: _____

Birthplace: _____

Drivers License Number: _____

Mother's Maiden Name: _____

Phone Number on Account: _____

Social Media Utilized: () Facebook () Twitter () Instagram () LinkedIn () Pintress () others???

We hate to ask, but for your convenience please complete this form and return it to Thayer County Bank.

In order for our security systems to self certify the authenticity of you, the user, so that you may register for new services as well as reset and change your own account settings, the security system needs to compare more facts about you with what we have in our systems. If you would like the convenience, you can mail this back to us by completing and tearing off this page and mailing it to us. If you prefer you may also drop this sheet off at the bank, or call us with this information. We will then have it pre-loaded into the system so that you might have uninterrupted internet banking services. We do take your personal information very seriously and hope that you understand that verification and authentication of the user is the key to allowing on-line access as well as verifying callers over the phone.



Privacy Notice

Federal law required us to tell you how we collect, share, and protect your personal information. Our privacy policy has not changed and you may review our policy and practices with respect to your personal information at www.thayercountybank.com or we will mail you a free copy upon request if you call us at (402) 768-6027.

Sandy started working for Thayer County Bank on October 1, 1984. Although she doesn't look it, if you have some math skills you know that she is older than 31! We wish Sandy and Don a very enjoyable retirement when she gets to start it!

Another special date we have on our calendar is Jim Kenner's 90th birthday which will happen on March 3, 2015. Given some other family events occurring around this celebration date we don't have his presence nailed down quite yet for a little staff and customer appreciation event. But we will be doing something to celebrate this gift of a man that we have all been so blessed to enjoy so stayed tuned for that event.

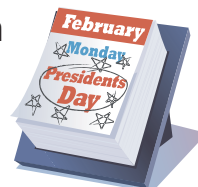


Upcoming Events...

We have a couple of very special events coming up regarding our staff. Sandy Spitler was planning on retiring in January of this year but has agreed to stay in place until after our bank conversion in March. We tremendously appreciate her adjustment in her retirement schedule for the bank's sake.



The bank will be closed on Monday, Feb. 16th observance of Presidents' Day.





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Thayer County Bank

Hours:

Monday - Friday: 8:30 a.m to 4:30 P.M.

Drive-up: 8:00 a.m. to 5:00 p.m.

Saturday Drive-up: 8:00 a.m. - 10:00 a.m.

School Bank - Thayer Central Elementary - Wed. 9:00 a.m
 Promoting Young Savings Habits

www.thayercountybank.com

