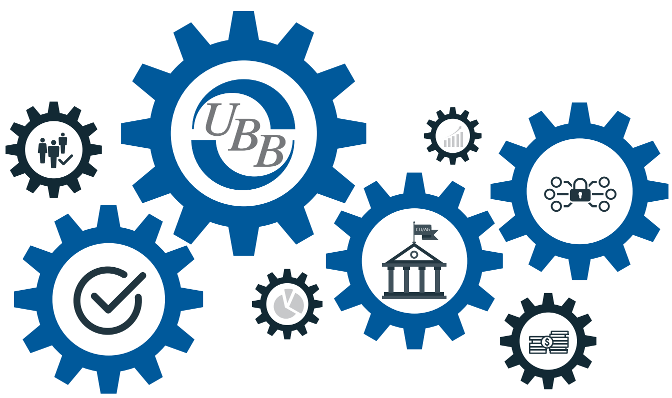
Facing Challenges Together



First for Your Success™

United Bankers' Bancorporation, Inc. | Annual Report 2017

2017 2016

Financial Highlights For Years Ended December 31	2017	2016	% Change
Consolidated:			
Net Income	$ 3,407,266	$ 3,474,457	(1.93%)
Return on Average Equity	3.66%	4.12%	(11.17%)
Return on Average Assets	0.39%	0.41%	(4.88%)
Total Assets	$ 887,747,255	$ 874,302,856	1.54%
Loans	$ 616,890,863	$ 540,230,347	14.19%
Total Liabilities	$ 789,884,168	$ 780,446,620	1.21%
Total Stockholders' Equity	$ 97,863,087	$ 93,856,236	4.27%
Agent Federal Funds	$ 435,000,000	$ 433,000,000	0.46%
Common Stock Outstanding	56,580	55,746	1.50%
Consolidated Per-Share Data:			
Weighted Earnings	$ 61.06	$ 66.68	(8.43%)
Book Value	$ 1,729.64	$ 1,683.64	2.73%
Dividends Declared	$ 11.00	$ 10.00	10.00%
United Bankers' Bank:			
Leverage Ratio	10.72%	9.63%	11.32%
Common Equity Tier 1 Risk-Based Capital Ratio	12.63%	13.52%	(6.58%)
Tier 1 Risk-Based Capital Ratio	12.63%	13.52%	(6.58%)
Total Risk-Based Capital Ratio	13.54%	14.49%	(6.56%)

Facing Challenges Together

John Peterson, Chief Marketing Officer

How do we keep our
First for Your Success promise
10 years from now … 20 years, 30 years?

That's a mission-critical question we ask ourselves every year because exceptional customer service and great products *today* don't guarantee success in overcoming the challenges community bankers face *tomorrow*. Of course, the best way we've answered that question in the past is to ask you, our shareholders and customers!

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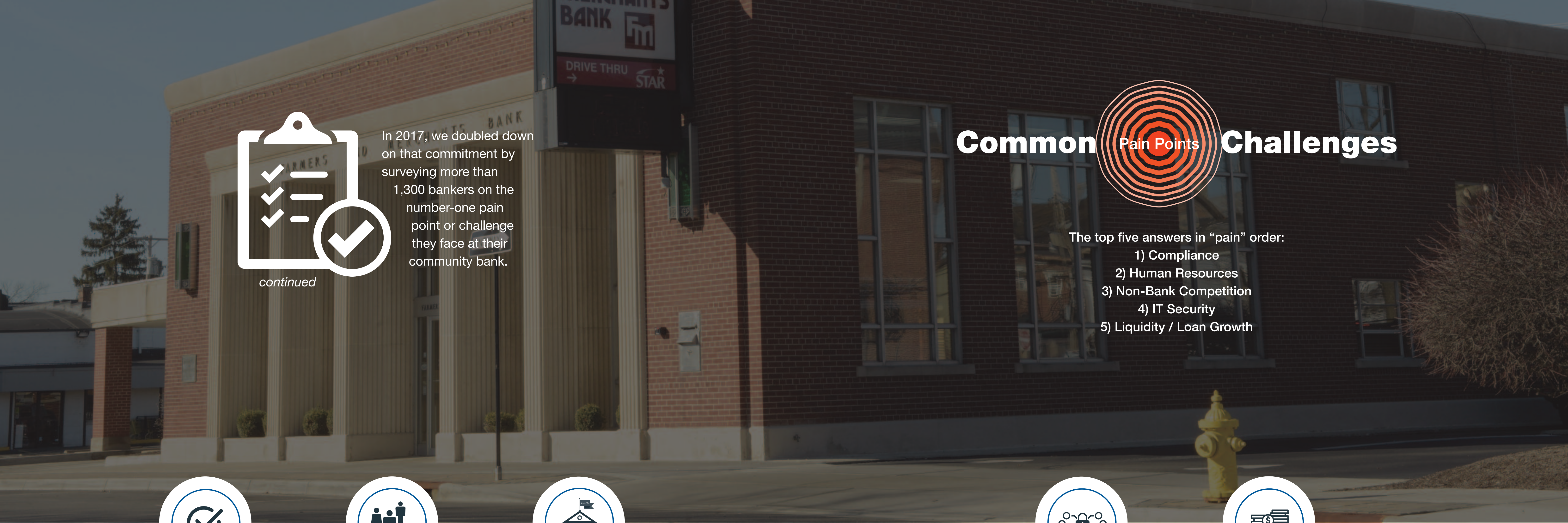


In 2017, we doubled down on that commitment by surveying more than 1,300 bankers on the number-one pain point or challenge they face at their community bank.

continued

Common Pain Points Challenges

The top five answers in "pain" order:
1) Compliance
2) Human Resources
3) Non-Bank Competition
4) IT Security
5) Liquidity / Loan Growth

Compliance

Human Resources

Non-Bank Competition

IT Security

Liquidity / Loan Growth

Thus, we dedicate the 2017 UBB Annual Report to exploring these challenges and highlighting UBB's consulting services that address three of these top concerns:

UBB Compliance Services
The motto at UBB Compliance Services is "Every bank is different, so our services must be tailored to match." UBB's Jeff Thompson discusses why dozens of community banks have already signed on with UBB Compliance Services, while Tony Kaiser at Osgood State Bank in Ohio explains why his bank is one of them.

USource Human Resources Consulting
UBB was the first bankers' bank in the nation to offer human resources support through USource, which means the USource team has tackled some pretty thorny issues over the years, as they discuss during a rousing panel discussion.

IT Security Management
IT Security Management is the new kid on the block at UBB, but it connects directly with our survey list of greatest concerns. Evan Francen, with our service partner and provider FRSecure, does a Q&A on the holistic approach to IT Security that cuts through all the technical jargon, while UBB's Barb Fugate highlights IT security best practices at UBB.

As tradition holds, the last word in our annual report goes to Bill Rosacker, UBB President and CEO, for his reflections on why our *First for Your Success* motto could just as easily be ***Listen** for Your Success*.

So, we hope you'll ignore all your unopened emails for just 10 minutes and join us for a quick tour of 2017 at United Bankers' Bank and our take on **Facing Challenges Together**.

Tony Kaiser
CEO, President,
Osgood State Bank

Compliance Services Big Part of Growth Plan at Osgood State Bank

Tony Kaiser had two goals when he took the helm as President and CEO of Osgood State Bank in 2013:

1) Jump-start growth with a renewed focus on home, small-business and agricultural lending, and
2) Do so with rock-solid asset quality built on flawless internal systems and control.

On the loan growth side, Kaiser built a strong lending team that would eventually include four credit analysts, unusual for a $215 million bank.

Jeff Thompson
VP, UBB Compliance

UBB Compliance Services: World-Class Where World-Class Is Hard to Find

On paper, UBB Compliance Services “provides solutions supported by industry-trained compliance experts designed specifically for community banks.” Certainly true, but after 10 minutes with Jeff Thompson, Vice President and Managing Consultant at UBB Compliance, you realize it is so much more than that.

“Our goal is to deliver world-class compliance services that either aren’t available or affordable for many community banks,” said Thompson, who began his 30-year career in banking as an examiner with the Office of the Comptroller of the Currency (OCC).

One-on-one visits: 250-plus banks

“Between my staff and myself, we’ve been in more than 250 community banks. We have yet to see two that are exactly alike, which means we customize our services based on the size, personnel, complexity and business focus for that bank. The typical cookie-cutter firms tell you what’s wrong and then walk away,” he continued. “To really be effective, you need to develop a relationship, help bankers and directors know what they don’t know, and then be there with hands-on solutions based on years of community bank experience.”

continued

“This level of credit staff greatly improves turnaround time and allows our lenders to spend more time with customers building relationships,” he said. “But we recently had turnover in the compliance officer role,” Kaiser added. “And we knew that to achieve our goals for safe and appropriate growth, we would need both an immediate and long-term solution to this challenge.” Tony contacted Jeff Thompson, now Vice President and Managing Consultant of UBB Compliance Services.

Expertise from Day One, Training for the Future

“What Jeff did was really turn around the way that we handled compliance,” Kaiser recalled. “He helped us form and run a compliance council made up of several key people here at the bank. Jeff put a system in place so we didn’t have to go out and hire a high-priced compliance officer. He has trained our staff, and we can lean on him whenever we have compliance questions or need guidance on how to continue growing our people. So not only did Jeff bring our compliance approach up to a very high standard almost immediately, he also put in place the foundation for a system that would support our significant growth plans in the future.”

And grow they have!

“At the end of 2013, we had about $68 million in loans. Today we’re north of $155 million,” Kaiser reported. “Over the past four years, we’ve had average annual loan growth of 20 percent or better. We’ve had large growth in C&I loans, including some franchise lending outside of our market. I would guess that the C&I portfolio at a lot of banks our size is about 10 percent of their total loans, while ours is approaching 40 percent. Additionally, we have $113 million in home loans that are not reflected on our balance sheet. These are loans that we originated, sold to the FHLB, but retained servicing rights on.”

Not bad for a community bank serving four small farming towns in Ohio, two of which, Kaiser remarks, are so small that there are no stoplights.

Said one member of the Osgood staff, “What I have noticed over time is that Jeff always gets back to us promptly, usually the same day. I have always felt confident in the advice he gives us. That’s a wonderful relationship to have with a consultant – to know that they will get back to you so quickly, and that you can count on their advice.”

UBB Compliance Services Team

- Jeff Thompson, CRCM, Managing Consultant
- Kassia Holt, CBAP, CCBIA, Senior Compliance Specialist
- Suzanne Rosenthall, CAMS, Compliance Specialist
- Elizabeth Wozniak, Project Administrator

Jeff Thompson
VP, UBB Compliance

continued

Compliance with a Community Bank Soul

Right from the beginning, it was clear to Thompson that his passion was compliance for community banks. After a couple of years with the OCC, he went to work for a small community bank in Lansing, Mich., where the automatic assumption was that Thompson knew everything about regulatory compliance. "I knew absolutely nothing about regulatory compliance," he said, "but I was willing to learn."

As Thompson would discover over the years, most of his counterparts (and clients after he founded his own consulting business) didn't start their careers in compliance either. "One day the bank president says, 'Oh, you seem to know something about this. You're the new compliance officer.' Or, 'While you were out on maternity leave we made you the new compliance officer,'" he joked.

"Seriously," Thompson pointed out, "this reality goes to the heart of the partnership role UBB Compliance Services strives for with its customers.

"Compliance officers are very dedicated professionals," he said, "but for most, it's only part of their responsibilities at the bank. Many struggle to keep on top of everything that's going on in compliance today, while performing all the other duties required of them. Before Dodd-Frank, I could usually tell clients why certain regulations were the way they were, why they made sense at some level. Now, that's literally impossible in most cases."

Services are provided à la carte and include compliance audit and risk assessment, policy review and development, advertising and disclosure review, training and education, a compliance hotline and remote consulting. However, Thompson prefers a full-service audit package that includes all of the above and is, again, tailored to each bank customer.

And for good reason. Thompson emphasizes: "None of our full-service clients has ever found themselves in an unfavorable position with regulators unless they came to us with problems in the first place. It's like an insurance policy you hope you'll never need," he said.

Efficiency, Innovation – Keys to Meeting Future Compliance Challenges

Looking ahead, Thompson says his team will continue concentrating on the highest risks facing community banks. "We must make our services more efficient," he said, "and therefore less costly to our constituent banks. And we have to remain flexible."

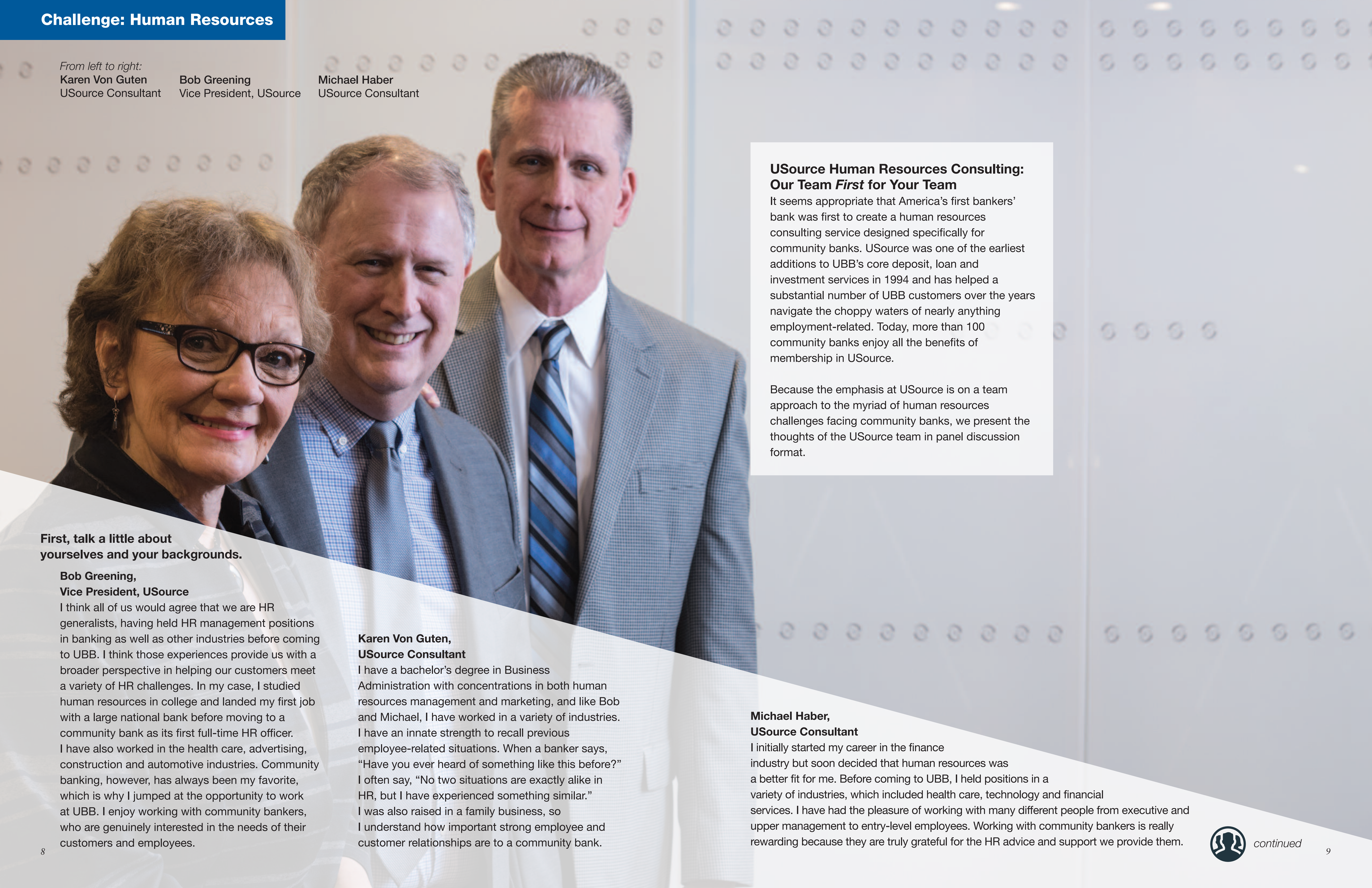
Part of this recipe for future success will include innovations in technology like the new mapping software UBB Compliance Services introduced last year to help banks analyze their loan portfolio for assessments required by the Community Reinvestment Act (CRA). The mapping reports, which are available as part of the full audit service or on a standalone basis, also incorporate demographics to help match loans to Census Bureau data. "It used to be that bankers had to literally put pins in a wall map to complete this assessment," Thompson said.

Another way to deliver services more efficiently is to do all or part of document analysis off site with the help of secure file transfer and collaborative software. "Later this month, I'll walk into a bank that I've never physically visited before after doing a full loan compliance audit completely off site," Thompson said. "It's harder to develop long-term relationships this way, because ideally you want to get in there and meet with people, understand what they do and assess strengths and weaknesses. But for some banks, off-site audits are a very affordable solution."

Thompson said he and his staff, which includes two more compliance specialists and a project administrator, are always kicking around new ideas on how to better serve their bank customers. "We need to stay innovative if, as I said earlier, we are going to deliver world-class service to places where world-class service has not always been delivered," he concluded.

$45,000:
average spent responding to a consent order

$75,000:
minimum salary – compliance officer



From left to right:
Karen Von Guten USource Consultant
Bob Greening Vice President, USource
Michael Haber USource Consultant

USource Human Resources Consulting: Our Team *First* for Your Team

It seems appropriate that America's first bankers' bank was first to create a human resources consulting service designed specifically for community banks. USource was one of the earliest additions to UBB's core deposit, loan and investment services in 1994 and has helped a substantial number of UBB customers over the years navigate the choppy waters of nearly anything employment-related. Today, more than 100 community banks enjoy all the benefits of membership in USource.

Because the emphasis at USource is on a team approach to the myriad of human resources challenges facing community banks, we present the thoughts of the USource team in panel discussion format.

First, talk a little about yourselves and your backgrounds.

Bob Greening, Vice President, USource
I think all of us would agree that we are HR generalists, having held HR management positions in banking as well as other industries before coming to UBB. I think those experiences provide us with a broader perspective in helping our customers meet a variety of HR challenges. In my case, I studied human resources in college and landed my first job with a large national bank before moving to a community bank as its first full-time HR officer. I have also worked in the health care, advertising, construction and automotive industries. Community banking, however, has always been my favorite, which is why I jumped at the opportunity to work at UBB. I enjoy working with community bankers, who are genuinely interested in the needs of their customers and employees.

Karen Von Guten, USource Consultant
I have a bachelor's degree in Business Administration with concentrations in both human resources management and marketing, and like Bob and Michael, I have worked in a variety of industries. I have an innate strength to recall previous employee-related situations. When a banker says, "Have you ever heard of something like this before?" I often say, "No two situations are exactly alike in HR, but I have experienced something similar." I was also raised in a family business, so I understand how important strong employee and customer relationships are to a community bank.

Michael Haber, USource Consultant
I initially started my career in the finance industry but soon decided that human resources was a better fit for me. Before coming to UBB, I held positions in a variety of industries, which included health care, technology and financial services. I have had the pleasure of working with many different people from executive and upper management to entry-level employees. Working with community bankers is really rewarding because they are truly grateful for the HR advice and support we provide them.

continued

Bob Greening
Vice President, USource

BG

Karen Von Guten
USource Consultant

KVG

Michael Haber
USource Consultant

MH

continued

Describe the typical USource customer: the people on the other end of the phone.

MH: Most of the banks we work with do not have a full-time human resources officer. The majority of our contacts have been assigned HR responsibilities while already holding other positions, ranging from the bank president to various operations or administrative roles.

KVG: One of our customers recently told me she was “volun-told” to take the HR position, which made us all laugh. But kidding aside, it is important for us to keep this in mind when helping our customers, knowing that HR might not have been their first choice and that they have a lot more on their plate than just HR.

BG: Echoing the team, many of our customers balance many different roles while others are one-person HR departments. In all cases, our relationships with all of them are of the highest importance as we strive to assist with employee handbook development, employment and policy issues, educational webinars and forums, and the “ask us anything” toll-free HR hotline.

Has regulation and compliance related to HR become a greater burden in recent years?

KVG: Definitely. Community bankers are not always comfortable with federal and state employment laws to begin with. The laws are constantly changing depending on the regulatory environment at any given time. The fact that banks are federal contractors adds another layer of complexity that private-sector businesses do not have to deal with. For example, the last Administration made many employment law changes affecting federal contractors. Our customers frequently needed to be alerted and educated on these changes, as well as when their employee handbooks needed updating.

MH: We also get a surge of calls and emails if there is an employment issue making headlines. Recently it has been sexual harassment; before that it was the Affordable Care Act. We not only have to know the latest on federal law, we also have to know the differences in state laws depending on the location of our customer bank.

How do the services offered today by USource address those concerns?

BG: I believe it is the instant access our customers have to the USource team, either through the hotline or by email, as well as our online library resources. Whether it is a call on overtime rules, interpreting employment policies, or a complex employee-relations issue, our customers look to us for guidance and direction.

KVG: I would add that aside from being generalists covering the full array of HR responsibilities, we also have certain specialties. I handle affirmative action plan development and compliance for banks with 50 or more employees, a real challenge for customers in certain geographic areas on top of being a bureaucratic nightmare. Bob has a stronger background in compensation issues than the rest of us and has experienced both sides of bank mergers and acquisitions, understanding HR’s key role in the process. And Michael does excellent work in the area of pre-employment assessments, helping our bankers make the right choice of the candidates they might have for any given position.

How will you help your customers meet the HR challenges of the future?

MH: We look at trends in HR, what is happening nationally as well as what is going on in a particular state or region. This is the great advantage we have at USource in serving our customers, who may only have limited exposure to what is going on outside of their bank.

BG: We are always asking ourselves what issues to address through webinars and forums or by developing new, enhanced services. At the end of the day, our promise at USource is a relationship built on trust. When our members contact us, we will do what it takes to address an issue and help solve a problem, no matter the time involved. That is where we are different from the packaged services you may see out there, and that is how we will help our customers meet the challenges of the future.

#1 Hotline call:
Employment
law concerns

#2 Hotline call:
Pre-employment
checks

IT Security Management: the Administrative, Physical and Technical Imperative

Few areas present more challenges to community bankers than IT security. As banks adopt advanced technologies to improve customer service and achieve better operating efficiencies, they become more vulnerable to cyber criminals. Major financial service data breaches are in the headlines almost every week, and regulators are turning up the Gramm-Leach-Bliley heat.

Enter IT Security Management, the newest addition to UBB's suite of consulting services, which is provided to our customer banks through a joint service partnership with Minneapolis-based FRSecure. CEO and founder Evan Francen struggled with what he felt was a broken security industry during his 25 years working with several big companies like U.S. Bank and Wells Fargo.

Evan Francen
CEO, FRSecure

continued

Barb Fugate
UBB, CIO

UBB Always Ahead of the Cybersecurity Curve

From the earliest days of the UNET electronic banking system, UBB has proactively implemented, maintained and upgraded system security on every level. In fact, UBB was one of the very first banking systems in the country to implement biometric fingerprint authentication.

Two years ago, UBB hired Barb Fugate, Chief Information and Security Officer, to advance all online and facility security initiatives throughout the bank. Since coming on board, Fugate has added staff and resources to focus more directly on security. That includes testing to improve response planning and investing in cybersecurity training.

Proactive system security is a UBB priority

"We address the administrative, physical and technical controls to meet and exceed information security industry standards," Fugate said. "And we are constantly training to stay current with the industry as it evolves so we can anticipate future needs and trends."

UBB has also been proactive in providing customer banks with vendor risk management education and resources. "We have created a package of vendor materials about our IT security program to help them meet all regulatory reporting requirements," Fugate said.

First widespread implementation of biometric authentication

Member, Financial Services Information Sharing and Analysis Center

continued

Evan Francen
CEO, FRSecure

Francen's frank assessment of the IT risks facing community banks and his holistic approach to developing integrated protections have propelled his company to quick success. FRSecure now employs 50 specialists serving more than 1,000 small and medium-size companies throughout the country, including hundreds of community banks. In this Q&A, Francen talks about the IT security challenges facing community banks, the services his company provides in partnership with UBB, and what he sees ahead for meeting this growing and ever-evolving challenge.

Q **Talk about information security in banking, where it has been and where it's going.**

A Almost all security initiatives, at least at the beginning, were driven by compliance. Banks were doing essentially what they were told. That's changed a bit over the years. Now banks are beginning to understand that security and compliance are two different things. I think banks are getting much better today at realizing that checkbox security isn't working.

What does that look like when you talk to a banker?

At our first meeting, I'll ask them, "Give me your definition of information security." It's not a trick question, but it gives us a lot of insight into how they're thinking. Most will say it's a technical issue; it's about keeping hackers out. And that's our most significant challenge right there: speaking the same language about what this actually is and how we manage it.

At the most fundamental level, information security is about managing risk. And an information security program is the application of **administrative, physical and technical controls** to protect the confidentiality, integrity and availability of information.

If we're not talking about expensive equipment and a bunch of 20-somethings writing complicated code into the wee hours of the morning, what controls are we talking about?

[Laughing] Yes, those are examples of technical solutions, but everybody agrees in this business that people are the most significant risk. Well, that's an administrative issue that you would approach with administrative controls. If we just treat it as a technical issue, we'd miss arguably the most significant risk!

Give us the rundown, then, on what FRSecure does to help banks cover all three bases: administrative, physical and technical.

We start with **information security audits** that look across all three of these areas for weaknesses. If there is a vulnerability, what is the likelihood of something bad happening, and what's the impact if it does? We're big believers in "What you can't measure, you can't manage." So, we use a scoring system to prioritize risks and ensure the assessment is based on empirical data as opposed to just opinion. After the assessment is conducted, we create a one-to-three-year strategic road map that covers all the pieces of a security program, showing the banker where to focus first and where to spend that next dollar.

The **vulnerability assessment** is both external and internal. Externally, we run vulnerability scans against your IP address or servers that are exposed on the internet. Internally, we use common social engineering tactics like phishing, where we send employees a custom-crafted email to get them to give us their credentials. We may physically act like somebody we're not and try and access secure areas of the bank, or contact employees over the phone and try to talk them out of sensitive information.

We can then take that one step further with penetration testing, which is finding the vulnerabilities in your systems and then attempting to exploit those to actually break in or gain access to something.

How do most banks do on these tests?

In one year recently, we succeeded in breaching *100 percent of our banking clients with email phishing*. Approximately 65 percent of these targeted bank employees provided log-in credentials to critical systems during our attack. You can see why administrative initiatives such as regular training and awareness are critical to information security.

Do you provide these services à la carte?

We can, and for larger banks with trained IT personnel, that might make sense. But that's just not affordable for most community banks when it costs $150,000 to $200,000 a year for a full-time IT security person. That's where our "Virtual Chief Information Security Officer" subscription model at $1,000 to $2,000 per month can be extremely useful AND affordable.

What do you see as the greatest synergy between UBB and FRSecure?

One of the greatest strengths I see at UBB is that the banks work together. With more banks participating in IT Security Services, we could aggregate data and say, for example, that these are the top 10 most efficient controls within our member banks. Maybe we can then pool an investment and create a solution. There's just a lot of cool things you could do with more data. And acquiring that data and making good decisions based on that data benefits everybody.

100% of banks tested by FRSecure were breached with email phishing (UBB not included)

65% of bank employees targeted by FRSecure revealed log-in credentials (UBB not included)

Next year will be my 50th in community banking. During those five decades, I've had a front-row seat to many industry challenges: wage and price controls in the late '60s and '70s followed by runaway inflation, the farm crisis in the '80s, the Great Recession in the 2000s. But through it all, good times and tough times, community bankers have shown an amazing ability to adapt and overcome these challenges … to not just survive, but to thrive.

continued

Bill Rosacker
President and CEO, UBB

Bill Rosacker
President and CEO, UBB

The very existence of United Bankers' Bank is a testament to this roll-with-the-punches tradition in community banking. New laws in the early '70s unleashed the major systems banks to open branches down the street from community banks and compete for their best retail and commercial customers. Meanwhile, community banks were dependent on these very same systems banks for correspondent services. Our founders knew that to survive, to level the competitive playing field, they would need a new correspondent bank that was owned and managed by community banks.
They adapted.

That spirit of innovation and a willingness to evolve with our customers has been central to the culture here at UBB ever since. We've kept our ear to the ground and added products and services geared to our customers. First it was the $30 million bank, then years later the $60 million bank, then the $120 million bank. Now we are adapting products and services to meet the needs of larger financial institutions while never losing sight of our mission to serve ALL community banks.

And we continue to listen!

I like to tell everyone here, "We have two ears to listen with and one mouth to sell with, so we're going to listen twice as much as we are selling." In fact, I think our motto could just as well be "*Listening* for your success" as "*First* for your success."

Together, We'll Overcome the Challenges of the Future

As highlighted on the previous pages, we listened first and then leveraged the capital support we've received from our shareholders over the years to create services that address many of today's biggest challenges. Human resources, compliance and IT security, for example, are often tacked on to the responsibilities of a cashier or an operations person. With UBB at their side, bankers don't have to hire a full-time person for any of these positions, knowing that their staff is backed by a group of experts with broad experience across the community bank and financial services landscape.

The inspiring story of Osgood State Bank on page 4 illustrates how these services indirectly support growth in deposits and earnings as well. Compliance services help ensure that deposit growth is built on solid asset quality and internal controls.
IT security protects the capital of the bank, its customers and its reputation in the community.
Human resources supports the satisfaction and productivity of a community bank's greatest asset – its people.

And through it all, we continue to improve and expand all of UBB's services that directly support growth on the one hand and efficiency on the other:
- Operational support
- Lending services
- Investments
- Insurance
- Consulting services

You adapt to succeed;
we adapt to help you succeed.
It's a perfect combination that has worked for more than 40 years. With your support, I'm confident we will continue to successfully face whatever challenges the future throws at us – together.

Bill Rosacker
President and CEO

Four-Year Summary of Selected Financial Data as of December 31

Consolidated Balance Sheets

	2017	2016	2015	2014
Assets				
Cash and Due from Banks	$ 29,495,174	$ 36,530,389	$ 42,757,995	$ 56,794,586
Available-For-Sale Securities	108,211,360	187,537,904	229,904,085	245,649,332
Federal Funds Sold & Securities Purchased Under Agreements to Resell	106,447,000	84,362,000	70,131,000	93,815,000
Loans	616,890,863	540,230,347	440,444,263	372,095,004
Allowance for Loan Losses	(6,953,798)	(6,636,367)	(6,649,967)	(8,072,737)
Trading Account Securities	4,643,532	2,701,108	1,713,724	2,426,231
Other Assets	29,013,124	29,577,475	26,107,006	25,418,538
Total Assets	$ 887,747,255	$ 874,302,856	$ 804,408,106	$ 788,125,954
Liabilities & Stockholders' Equity				
Deposits:				
Noninterest-Bearing Demand Deposits	$ 404,722,632	$ 448,901,997	$ 443,400,106	$ 403,665,078
Interest-Bearing Time Deposits	274,444,000	270,192,000	223,931,000	189,684,000
Federal Funds Purchased	59,374,000	20,792,000	29,022,000	101,329,000
Other Liabilities	51,343,536	40,560,623	28,223,560	15,787,892
Total Stockholders' Equity	97,863,087	93,856,236	79,831,440	77,659,984
Total Liabilities and Stockholders' Equity	$ 887,747,255	$ 874,302,856	$ 804,408,106	$ 788,125,954
Loan Participations Sold	$ 255,424,261	$ 235,310,244	$ 193,581,414	$ 178,159,313
Common Stock Outstanding	56,580	55,746	49,212	51,934

Four-Year Summary of Financial Data for the Years Ended December 31

Consolidated Statements of Income

	2017	2016	2015	2014
Interest Income				
Loans, Including Fees	$ 25,125,755	$ 21,006,788	$ 17,095,524	$ 16,004,660
Securities/Other	$2,653,685	2,838,762	2,917,683	2,715,775
Federal Funds Sold & Securities Purchased Under Agreements to Resell	952,002	437,172	363,762	328,604
	28,731,442	24,282,722	20,376,969	19,049,039
Interest Expense				
Time Deposits	3,015,614	2,422,083	1,788,117	1,258,031
Federal Funds Purchased/Other	786,090	296,953	129,566	21,848
	3,801,704	2,719,036	1,917,683	1,279,879
Net Interest Income	24,929,738	21,563,686	18,459,286	17,769,160
Provision for Loan Losses	577,000	–	(1,750,000)	(1,000,000)
Noninterest Income				
Service Charges	6,668,244	6,570,537	6,982,962	7,185,517
Trading Commissions	3,358,041	3,853,285	3,988,362	3,759,223
Other	6,014,427	5,442,314	4,584,877	4,462,928
	16,040,712	15,866,136	15,556,201	15,407,668
Noninterest Expense				
Salaries & Employee Benefits	14,962,362	13,533,345	12,557,794	11,696,371
Federal Reserve Service Charges	3,972,205	3,401,518	3,184,054	3,121,427
Occupancy	4,066,341	5,004,578	3,335,510	3,325,718
Data Processing	2,980,876	2,648,477	2,686,878	2,561,257
FDIC Insurance	447,670	400,132	356,827	344,726
Other	6,511,483	6,687,274	5,031,422	4,777,526
	32,940,937	31,675,324	27,152,485	25,827,025
Net Income Before Tax	7,452,513	5,754,498	8,613,002	8,349,803
Provision for Income Taxes	4,045,247	2,280,041	3,217,351	3,217,348
Net Income	$ 3,407,266	$ 3,474,457	$ 5,395,651	$ 5,132,455

BOARD OF DIRECTORS

Back row standing, left to right:

William Rosacker
United Bankers' Bank
Bloomington, MN

Bryan Grove
American State Bank of Grygla
Grygla, MN
Vice Chairman

Connie Weinman
Edina, MN

Theodore Umhoefer
Annandale, MN

Dick Behl
Farmers & Merchants State Bank
Scotland, SD

Front row seated, left to right:

Greg Raymo
First State Bank Southwest
Worthington, MN

Gregory Traxler
First National Bank of Le Center
Le Center, MN
Chairman

Dean Miller
First National Bank, Bellevue
Bellevue, OH

Brian Nicklason
Woodland Bank
Grand Rapids, MN

Mission Statement
To provide the resources to help community financial institutions grow and remain community based, while enhancing shareholder value and providing a rewarding workplace.

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Gregory Traxler
First National Bank of Le Center
Le Center, MN
Chairman

Bryan Grove
American State Bank of Grygla
Grygla, MN
Vice Chairman

Dick Behl
Farmers & Merchants State Bank
Scotland, SD

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Bellevue, OH

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Grand Rapids, MN

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Worthington, MN

William Rosacker
United Bankers' Bank
Bloomington, MN

Theodore Umhoefer
Annandale, MN

Connie Weinman
Edina, MN

OFFICERS OF UBBI

William Rosacker
President

Kevin Bostrom
Vice President/Secretary

Karen Knafla
Treasurer

OFFICERS OF UBB

William Rosacker
President and CEO

Anne Hofstede
EVP Chief Operations Officer

Benjamin Eskierka
EVP Chief Investment Officer

John Peterson
EVP Chief Marketing Officer

Karen Knafla
EVP Chief Financial Officer, Cashier

Kevin Bostrom
EVP Chief Credit Officer

Barbara Fugate
SVP Chief Information Officer/Chief Security Officer

Angela Orcutt
SVP Chief Human Resources Officer

Craig McCandless
SVP Regional Sales Manager

Jay Syverson
SVP Regional Sales Manager

Kayla Linder
SVP Controller

James Radtke
SVP Investment Sales & Trading Desk Manager

Conrad Newburgh
SVP Senior Credit Officer

Mary Williams
SVP Operations Manager

Christopher Knight
VP Regional Sales Manager

Anthony Venditte III
VP Correspondent Banking Officer

Elizabeth Woodruff
VP Correspondent Banking Officer

Robert McGovern
VP Correspondent Banking Officer

Shane Bellefy
VP Correspondent Banking Officer

Todd Holzwarth
VP Correspondent Banking Officer

Todd Schultze
VP Correspondent Banking Officer

Susan Chavis
VP Compliance Officer

Edward Usalis
VP BankValue

John Beerling
VP International Business Development

Jeffrey Thompson
VP Managing Consultant - Compliance

Ronald Wolpert
VP Managing Consultant - Loan Review

Robert Greening
VP USource

Eric Sundberg
VP Investment Trading

James Nowak
VP Risk Management

Joseph Gilboe
VP Investments

Patrick Burnette
VP Investments

Paul Dvorak
VP Investments

Peter Switenki Jr.
VP Investments

Craig Nelsen
VP IT Infrastructure

Paul Rogers
VP Project Management

Anthony Girard
VP Lending

Dawn Tollefsrud
VP Credit Administration Manager

Doyle Hardie
VP Lending

Edwin Janssen
VP Lending

Jack Youngberg
VP Lending

Lee LaMere
VP Lending

Steven Beuning
VP Lending

W. Scott Burke
VP Lending

William Salmonson
VP Lending

Timothy Henry
VP Agency Manager

Heather Steger
AVP Correspondent Banking Officer

David Kvist
AVP Investment Operations Manager

Ashley Lemke
AVP Senior Credit Analyst

Jeanne Berg
AVP Loan Operations Manager

Tyson Doke
AVP Marketing Officer

Gerald Hamlin
Compliance Officer Investments

Grant McNulty
Investment Sales Representative

Stephanie Forbes
Investment Trading Officer

Jillian Johnson
Operations Customer Service Officer

Todd Cordes
Assistant Operations Officer

Jill Robiller
Bank Cards & Payments Manager

David Emmons
Principal Trust Officer

Kassia Holt
Senior Compliance Specialist

Jennifer Brown
Human Resources Officer

Steven Shierts
Development Manager

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