



BANKERS' BANK OF THE WEST

February 19, 2010

To Our Shareholder and Customer Banks:

On February 19, 2010, Bankers' Bank of the West entered into a Written Agreement with the Federal Reserve Bank of Kansas City and the Colorado Division of Banking. The agreement appears substantially similar to those reached with other bankers' banks, and we have already taken steps toward full compliance. I want to point out both what this means, and what it doesn't mean.

Increasingly rigorous regulatory scrutiny has become the norm for our industry in response to the economic downturn. Among other things, banks—including bankers' banks—are being asked to review, adjust and formalize long-followed policies and practices, and to address asset quality and loan concentration issues. Having made headway on concentration issues since late 2007, Bankers' Bank of the West is already in general compliance on policy issues noted in the agreement. Also in fulfillment of the agreement, we have revised our capital plan and reviewed our contingency funding and asset/liability maturity and repricing matching. Our organization's policy on ethics and conflicts of interest, which was previously incorporated in our employee manual, has been extracted into a standalone document.

It is important to note that the agreement cited no violations, made no criticism of loan underwriting, and indicated no specific capital requirements. Instead, the regulatory focus was on establishing more corporate governance, reducing loan concentration levels, reducing classified assets, and managing asset-liability mixes going forward.

As we manage this bank over the long-term, capital levels will remain paramount. Keeping capital considerably above the "well" capitalized thresholds will ensure our ability to continue meeting our customers' needs. Bankers' Bank of the West, owned by community banks, was formed solely to serve community banks. We look forward to once again providing a strong return for our shareholders in the future, as was the norm in the past. Yet dividends must not take precedence over the reason for our existence: that is, ensuring that you, our client, has access to excellent services, tools and economies of scale, thus enabling you to compete against large institutions.

The Great Recession is a reminder that there is no such thing as too much capital. Our capital ratios are strong, with total risk-based, tier one risk-based, and leverage capital comfortably above "well capitalized" thresholds at 14.27%, 12.98%, and 9.02%, respectively, as of January 31, 2010. The more capital Bankers' Bank of the West retains, the greater our capacity will be for leveling the playing field for community

February 19, 2010
Page Two

banks. With this in mind, our board of directors is exploring the possibility of raising more common equity from our shareholder and customer base. Participation would represent a win-win investment in the future success of both our shareholders and BBW. You will receive more information if the board moves forward.

Fortunately, the current regulatory and economic pressures bankers are under will normalize over time. Bankers' Bank of the West continues to maintain a cooperative and cordial relationship with the Federal Reserve Bank of Kansas City and the Colorado Division of Banking, and we will continue to work with them on the issues noted in the Written Agreement.

We thank you for the opportunity to serve community banks for 30 years and look forward to being your partner for another 30 years to come. Your support is very much appreciated.

Sincerely,

A handwritten signature in black ink that reads "William A. Mitchell Jr." in a cursive style.

William A. Mitchell Jr.
President and CEO