BANKERS' BANK OF THE WEST

January 20, 2011

Dear Stakeholder:

I am happy to announce that Bankers' Bank of the West reported substantial improvement in performance for 2010, having made major progress in earnings, capital ratios, and asset quality over the past year. We are well-positioned for 2011.

Earnings in 2010 dramatically improved as the bank, in reflecting a small loss of $68,000 at year-end, appears primed to achieve positive earnings in 2011. In contrast, in 2009 Bankers' Bank of the West reported net earnings of a negative $17.4 million.

Capital levels have picked up as well, with Total Risk-Based Capital at 14.9% of risk-weighted assets at year-end 2010 versus 10.25% as of year-end 2009, a 45% improvement. Similarly, Tier 1 Leverage capital made a healthy gain, as the ratio increased from 5.45% to 7.88% — a 45% improvement. We expect both ratios will continue to increase in 2011.

Heavy provisions for loan losses in 2008 and 2009 helped us address loan loss problems for the past three years. The loan loss provision for 2010 was $5.4 million, versus $29.6 million in 2009 and $8.4 million in 2008. Bankers' Bank of the West still reported a loan loss reserve of 6.56% of loans as of December 31, 2010, despite a highly aggressive approach to writing off problem assets.

Asset quality significantly improved over the past year in large part because of the bank's reduced exposure to commercial real estate and corporate bank stock loans. In fact, CRE ratios have dropped from a high of 275% and 510% for levels I and II in early 2008, to 85% and 293% as of January 14, 2011. On a related note, corporate bank stock loans as a percentage of capital have been reduced from a high of 164% in early 2010 to 79% at year-end. Stock loans remain an important product for BBW and its customers. I would be remiss, however, if I failed to mention that we now place heavy emphasis on concentration levels and funding strategies for new loan requests.

As a result of the decreases in CRE and corporate stock loan percentages, classified assets decreased by 28% in 2010. I believe that the bulk of problem loans will be resolved by the end of 2011 without sacrificing capital levels.

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I am very pleased with the bank's considerable movement towards traditional performance levels. While we are not yet where we want to be, we are getting much closer. I am encouraged by the potential for a stronger performance in 2011.

We continue to add new customer banks to our client base of more than 300 community banks, including 156 shareholders. We are now in our 31st year of serving community banks, and our long-term intention is to provide our customers with the well-deserved superior service and competitive advantages they have come to expect from us.

Thank you for allowing us to serve you. I wish you a prosperous 2011!

Sincerely,

WA Mitchell Jr.

William A. Mitchell Jr.
President and Chief Executive Officer

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