



BANKERS' BANK OF THE WEST

May 5, 2010

Dear Shareholders:

At the request of bank examiners in a recently concluded safety and soundness exam, Bankers' Bank of the West re-filed the December 31, 2009 Call Report to reflect an additional loan loss provision of \$12.7 million, increasing the allowance for loan losses at year-end to \$24.6 million, or 8.6% of total loans. This had a significant impact on company book value as of December 31, which is restated as \$120 per share. We do not take this decline lightly. It is worth noting, however, that 54% of our shareholders are invested in Bankers' Bank of the West Bancorp, Inc. below the new book value of \$120 based on dollar cost averaging.

The large loan loss provision was necessitated primarily by the bank stock loan portfolio and, to a lesser extent, commercial real estate loans. While we considered the 4.12% reserve previously reported at year-end more than adequate, it is clear the new loan loss reserve balance positions the company and subsidiary bank strongly for 2010. We will undoubtedly encounter some loan issues that will need to be addressed later in the year. Nevertheless, I feel the bank has turned the corner on asset quality and believe most, if not all, loan problems should be resolved within the next 12 months. At this point, I anticipate BBW will be profitable in 2010 based on the bank's earnings of \$1.15 million, or 0.81% ROAA, through April 30.

Some additional facts will lend perspective to the picture:

- Loan totals decreased \$50.6 million in 2009, a 15% decline.
- ALLL increased \$16.6 million in 2009, a 207% increase.
- Loans have decreased another \$37.3 million in 2010 through April 30, or 13%.
- ALLL through April is \$19.5 million, or 7.7% of total loans. The bank was able to utilize the large loan reserve to offset charge-offs in the first quarter.

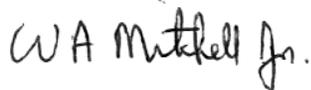
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- Corporate bank stock loan balances have decreased 22% since March 31, 2009. Additionally, we have incorporated some underwriting changes that will help minimize future problems with this product, which remains a staple for our customers.
- CRE loan totals have declined by 45% in the past two years, and they will continue to decline in 2010.
- Liquidity remains very strong at Bankers' Bank of the West, and the bank continues to participate in the FDIC Temporary Account Guarantee program.
- Despite the additional loan loss provisions at year-end 2009, the bank has remained "well capitalized."

Certainly we would have preferred not to experience the significant decline in book value in 2009. Fortunately, the preceding 18-year stretch of profitability has enabled the company and bank to weather the extremely difficult economic conditions. While there is some lingering uncertainty over the economy and its impact on asset quality, we are seeing some improvement that leads us to think this trend toward recovery will continue through year-end and beyond.

We very much value your business. If I can answer any questions or lend any assistance, feel free to call me at 303-313-8122 or email bmitchell@bbwest.com.

Sincerely,



William A. Mitchell Jr.
President and CEO