

A HOLIDAY TRADITION

When we think about the holidays we often remember family traditions like decorating sugar cookies with Grandma, singing a favorite yuletide carol or going to church services on Christmas Eve.

A tradition BBOK employees look forward to is our annual shopping spree for the Wichita Children's Home and Youthville.

Every November, BBOK employees generously donate money, matched by the bank, and personal time to purchase gifts and specific items included on the wish lists of each organization. We generally purchase toys, food, clothing, housewares and personal hygiene items.

As one of the largest non-profit child welfare agencies in Kansas, Youthville specializes in foster care, adoption, psychiatric residential treatment, counseling and therapy. The Wichita Children's Home provides shelter and basic needs for transient children in the Wichita area. We love making the season a little brighter for the children cared for by these organizations.

In lieu of a company greeting card, please accept these donations as our way of saying thank you for your business.

We wish you a happy holiday season and a prosperous New Year!



This BBOK newsletter includes pertinent information for key bank officers. Please route to the following department heads:

- OPERATIONS
- LENDING
- INVESTMENTS

BANKERS' BANK OF KANSAS, N.A.
555 N. Woodlawn, Bldg. 5 / P.O. Box 20810 / Wichita, KS 67208-6810

THE KANSAS CORRESPONDENT

from BANKERS' BANK of KANSAS

THIRD QUARTER 2011



Front row (l-r): Karen Trammell, administrative assistant; Carol Elkins, safekeeping/investment officer; Tonya Rolo, money desk assistant; Cheryl Warashina, administrative assistant.
Back row (l-r): Julie Lyman, safekeeping assistant; Linda Watson, assistant vice president/money desk manager; Mike Ray, chief financial officer.

A SOLID RETURN ON INVESTMENT

The right team makes all the difference. BBOK's investment in employees is paying off in the success and continued growth of the finance department.

Led by BBOK Chief Financial Officer Mike Ray, the finance department is comprised of three areas: investment and securities services, Fed Funds services and finance administration. Ray says, "In addition to competitive rates, our staff is an important advantage. They provide timely and knowledgeable assistance to banks in their investment decision process. The opportunity for our customer banks to work with the same staff over a period of time builds confidence and trust."

INVESTMENT AND SECURITIES SERVICES
BBOK's investment and securities team carefully manage all domestic security transactions, regardless of size. This includes coordinating the buying and selling of securities with our investment partner First Bankers' Banc Securities and handling the interest payments. Our purchase/sales process makes securities brokerage with BBOK a seamless option.

"We know customer banks have entrusted us with pledged securities from some of their largest customers," says Carol Elkins, BBOK safekeeping/investment officer. "It's important we keep them informed. Julie Lyman does an excellent job of contacting customers about upcoming activity."

A Solid Return On Investment, continued on page 5.

LETTER FROM BRUCE

We occasionally receive a call from a community bank outside of Kansas inquiring about doing correspondent business with BBOK. While we are flattered with the request, we always refer them to the bankers' bank that serves their market.



Our board has often discussed whether we should expand to other markets as we continue to achieve higher market penetration in Kansas and the number of Kansas charters continues to shrink. The answer always seems to come back to the logical fact that BBOK is owned by Kansas bankers for the benefit of Kansas banks. It makes little sense to dilute our efforts by marketing to banks in South Dakota or beyond.

Our conviction is that if we listen and respond to the needs of our Kansas customers we will return an adequate financial return to our stakeholders; we believe we will be far more successful in this scenario than if we expanded for the sake of growth.

Customers constantly remind me that our most important characteristic is delivering quality customer service. We personally "walk customers through" situations rather than referring them to an office that only specializes in one aspect of a bank's needs. Whether it's an issue with a wire transfer, a question about ACH risk management, a cash letter adjustment or a customer credit card question, we will help find a solution. And with our experienced staff it is more than likely you will recognize your trusted BBOK resource.

BBOK always strives to provide the kind of service everyone hopes for but few companies provide. Just like your favorite Main Street merchant we offer a relationship that is based on confidence, comfort and service.

We hope your plans for 2012 include our assistance.

Staying community focused,

BANKERS' BANK OF KANSAS, N.A. Condensed Statement of Condition

SEPTEMBER 30, 2011

ASSETS

Due from Banks	6,362,331.86
Securities & Time Deposits	1,399,917.58
Net Loans	97,391,137.88
Federal Funds Sold	9,325,000.00
FRB/FHLB Bank Stock	398,350.00
Net Fixed Assets	1,803,393.51
Other Assets	6,511,577.90

TOTAL ASSETS 123,191,708.73

LIABILITIES

Total Deposits	103,041,540.07
Federal Funds Purchased	0.00
FHLB Advances	1,975,000.00
Other Liabilities	1,013,305.54

TOTAL LIABILITIES 106,029,845.61

EQUITY CAPITAL

Common Stock	750,000.00
Surplus	3,478,000.00
Undivided Profits	12,907,885.07
Net Unrealized Gain (Loss) on Securities	25,978.05

TOTAL EQUITY CAPITAL 17,161,863.12

TOTAL LIABILITIES & EQUITY CAPITAL 123,191,708.73

Securities in Safekeeping	5,071,368,465.33
Agent Federal Funds/ EBA Balances	570,603,000.00
Loans Sold	192,236,851.87

TOTAL FUNDS UNDER MANAGEMENT 5,957,400,025.93

YTD Statement of Income	September 2011	September 2010
Net Interest Income	3,860,723.67	3,931,143.22
Other Income	5,122,795.74	5,068,415.79
Other Expense	6,663,637.05	6,544,232.75
Net Operating Income	2,319,882.36	2,455,326.26
Provision For Loan Losses	1,050,000.00	1,300,000.00
Provision For Taxes	452,547.33	412,677.95
Net Income After Provisions	817,335.03	742,648.31

Capital Ratios	BBOK	Well Capitalized Per Reg F
Total Risk-Based Capital Ratio	16.87%	>10.00%
Tier 1 Risk-Based Capital Ratio	15.59%	>6.00%
Leverage Ratio	13.52%	>5.00%
Past Due & Non-Accrual Loans to Total Loans	3.47%	



BBOK ANNUAL CUSTOMER APPRECIATION DAY

OCT. 3, 2011—CRESTVIEW COUNTRY CLUB





JOIN US AGAIN NEXT YEAR OCT. 1, 2012—WICHITA COUNTRY CLUB



A Solid Return On Investment, continued from page 1.

Carol and Julie are responsible for completing the extensive monthly reporting requirements for customers, including securities information for call reports, tax accountant needs and an inventory of each customer's portfolio.

Safekeeping set a new record July 2011 of more than \$5 billion managed in securities!

FED FUNDS SERVICES

Customer banks looking for a short-term investment can turn to BBOK's Money Desk team, Linda Watson and Tonya Rolo. Linda assists banks with their Fed Funds needs and places overnight funds with upstream/downstream banks throughout the country. Tonya works with banks that hold an Excess Balance Account (EBA) with Bankers' Bank. As a bank's approved agent, we manage

the excess cash it deposits overnight. BBOK calculates interest on your daily balances at the daily quoted rate, not the lowest rate in a maintenance period. This simplifies your interest income accounting and gives you additional yield protection.

FINANCE ADMINISTRATION

Organization and attention to detail are second nature to Cheryl Warashina and Karen Trammell. Together, they assist the department with its administrative needs. Their responsibilities include accounts payable, payroll and the creation and submission of human resource reports.

With more than 80 years' combined experience at BBOK, the finance department's knowledge and excellent customer service translate to a solid ROI for customer banks.

VENDOR MANAGEMENT AND DUE DILIGENCE

Vendor management and risk assessment continue to be focal points of regulatory exams. While the total impact of the Dodd-Frank Act provisions remains to be seen, we would not be surprised, given today's environment, to see additional requirements implemented for managing third-party relationships.

For the past several years BBOK has provided a CD with information to aid in your risk assessment of BBOK. We have discontinued distribution of the CD this year. Instead, to reduce costs and provide you with the most up-to-date information in a timely manner, we are only updating the Compliance Statement for Banks found on our website. We will continue to revise and update this information as events warrant.

To review the Compliance Statement go to www.BBOK.com. Click Compliance/Vendor Information, then Vendor Information. You will find:

- 2011 Compliance Statement for Banks (partial list below)
 - ◆ Vendor due diligence requirements on security
 - ◆ Incident response
 - ◆ Safeguards for protecting customer information
 - ◆ Business continuity
 - ◆ Insurance declaration
 - ◆ ACH audit summary
 - ◆ FFIEC TSP exam information
- Most recent audited financial statement
- Privacy notice
- Vulnerability assessment
- Reg F information and list of approved upstream banks for sale of agent Fed Funds
- Most recent Call report



As implemented in 2010, a password is required to access the Compliance Statement. Prior to opening the Compliance Statement you will be prompted for the password. If you no longer have the password or this is a new process for you, please contact Peg Baldwin at 1.800.999.5725. Please share the information regarding website access with your compliance/risk management/audit staff, as appropriate.

In addition, the BSA-required Certification of Anti-Money Laundering Program was mailed to each customer bank in August. This signed document serves as our confirmation to your bank and your bank's confirmation to BBOK that a compliant BSA/AML program is in place.

For further assistance, contact BBOK Enterprise Risk Manager Peg Baldwin at 1.800.999.5725 or email pbaldwin@bbok.com.