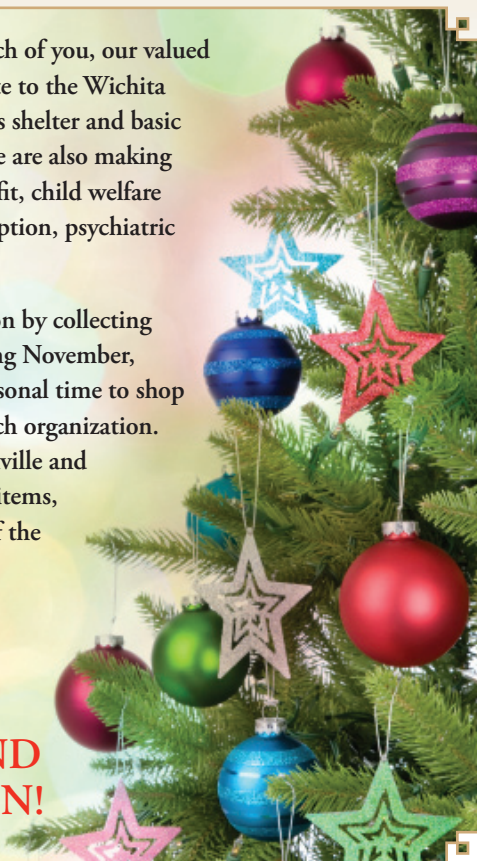


In lieu of mailing a personal holiday greeting to each of you, our valued customers, BBOK employees have chosen to donate to the Wichita Children's Home, a local organization that provides shelter and basic needs for transient children in the Wichita area. We are also making a donation to Youthville, one of the largest nonprofit, child welfare agencies in Kansas. It specializes in foster care, adoption, psychiatric residential treatment, counseling and therapy.

BBOK employees have kicked off the holiday season by collecting money to donate to these two organizations. During November, employees are generously donating money and personal time to shop for gifts and specific items on the "wish lists" of each organization. In 2009, we provided gifts for 15 children at Youthville and contributed toys, food, clothing, personal hygiene items, bedding and kitchenware to help meet the needs of the Wichita Children's Home.

Please accept our donations to these two worthy organizations as our shared gift to you and others less fortunate.

**WE WISH YOU A HAPPY AND HEALTHY HOLIDAY SEASON!**



**ONLINE  
CREDIT CARD  
APPLICATIONS  
AVAILABLE  
SOON**

**If your bank issues  
BBOK consumer or  
business credit cards,  
watch for more details  
coming soon. We'll show  
you how to link your  
customers to credit card  
applications online that  
meet up-to-date  
regulations.**



**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

## IN REMEMBRANCE

We are saddened to share we have lost a great visionary and friend. Noel Estep, founding president and CEO of Bankers' Bank of Kansas, died July 23, 2010. Noel served as president and CEO from October 1988 to June 1996. He remained on the BBOK board of directors as an advisory director through December 1996.



Noel's leadership was a testament to BBOK's core values. He helped build the foundation on which we stand today. With his vision, and that of our founding directors, BBOK opened its doors to give Kansas community banks customized solutions, enterprising opportunities and collaborative relationships.

"Noel brought a great deal of experience and banking savvy. He gave strict attention to every detail in every area as he carved out the vision he and the founders had for BBOK. I've never worked with anyone I thought was 'built' for banking the way Noel was," says Mike Ray, BBOK chief financial officer.

Dee Estep, Noel's widow, remembers, "Noel was devoted to community banking. Before BBOK ever opened for business he traveled many miles across the state talking to community banks and encouraging investors to support the formation of BBOK. He believed in the future of Kansas banking."

"Selling a new concept and raising capital for a new venture without a track record is difficult. Noel did it very well," says Bruce Schriefer, current BBOK president/CEO. With persistence, Noel and other charter directors garnered the support of 36 shareholders to open BBOK on Oct. 5, 1988.

Noel was always looking ahead. He believed it was important to uncover the needs of area bankers and be proactive rather than reactive. His foresight is evident in a letter he wrote to bank customers in 1995. "We must prepare for the future so that your Bankers' Bank can continue to provide the competitive, high quality services that our respondents have come to appreciate. Research into regional clearing sites, with the ultimate goal of

providing clearing services that are comparable with current Fed prices, continues to gather momentum. We are positioning your Bankers' Bank for the 21st Century," said Noel.

Throughout his tenure, BBOK experienced steady growth. In 1988, total assets were \$1.5 million. By 1996, assets increased to more than \$27 million.

Noel's enthusiasm extended beyond banking. "He was an advocate for getting a good education," says Cheryl Warashina, BBOK administrative assistant and former assistant to Noel. "Wichita State University, his alma mater, played an important role in his life. He graduated cum laude in 1952 and continued his faithful support for years to come. He was passionate about the things he believed in."

*Thank you, Noel, for our beginning. We are proud to carry your legacy forward.*

### 1988 CHARTER BOARD OF DIRECTORS

- \*Robert J. Kille, Hardtner, Kan.
- Mike Astle, Madison, Kan.
- Max S. Deterding, Turon, Kan.
- David Fowler, Burlingame, Kan.
- Bernard A. Griffiths, Long Island, Kan.
- James D. Herrington, Coldwater, Kan.
- Joe P. Kennedy, Frankfort, Kan.
- Theodore J. McVay, Kingman, Kan.
- Charles I. Moyer, Phillipsburg, Kan.
- Duane K. Ramsey, Scott City, Kan.
- Clem J. Suellentrop, Colwich, Kan.
- George D. Walden, Garden Plain, Kan.
- Noel R. Estep, Wichita, Kan.

*\*First Chairman of the Board*

### BANK CAPITAL

**1988: \$1,500,000**

**2010: \$16,201,000**

### NUMBER OF SHAREHOLDERS

**Oct. 1988: 36**

**Sept. 2010: 190**

### NUMBER OF BBOK EMPLOYEES

**1988: 5**

**2010: 47**

## LETTER FROM BRUCE

It's that time of the year when we ask ourselves again, *Where have we been? Where do we want to go? How will we get there?*

The BBOK board of directors and officers recently met to review and discuss these questions.



We realize there are plenty of economic banana peels and regulatory booby traps to carefully dodge. But we also believe BBOK and Kansas community banks have a lot for which to be thankful:

- BBOK's return on equity should be around 7 percent in 2010 and we anticipate improvement in 2011. Given alternative investment returns and other "strengthening" achievements, we feel good about the results.
- The Allowance for Loan Loss balance at year-end will be around 3 percent of loans compared to 2 percent at the end of 2009. We view this as a prudent move considering continued weakness in the economy.
- Commercial real estate concentrations are modest at 19 percent of capital for construction/development and 117 percent when non-owner categories are added (100 percent/300 percent regulatory guideline).
- In the past year we have added six new core customers and three new shareholders, and safekeeping has topped \$4 billion.
- Agent Fed Funds and EBA accounts recently topped \$830 million.
- Image exchange volume via KIX will exceed five million this year.
- Tier 1 Capital stands at 15.10 percent and Total Risk-Based Capital is 16.37 percent.

Do we have a few challenges? Undoubtedly, yes. But as noted throughout this newsletter, Joe Kennedy, Jim Harrington, Noel Estep and others who founded BBOK would gladly take our situation over the formidable pioneer task they faced more than 20 years ago.

As from the beginning, we're here to support you through any challenges that lie ahead.

Have a happy holiday season.

## NEW BENCHMARKS!

### SAFEKEEPING:

More than \$4 billion in August 2010

### CREDIT CARD PORTFOLIO OUTSTANDING BALANCE:

\$16,547,893 in September 2010

## BANKERS' BANK OF KANSAS, N.A.

### Condensed Statement of Condition

SEPTEMBER 30, 2010

ASSETS	
Due from Banks	2,334,728.73
Securities & Time Deposits	1,998,821.87
Net Loans	94,960,350.54
Federal Funds Sold	9,745,000.00
FRB/FHLB Bank Stock	397,650.00
Net Fixed Assets	1,937,409.12
Other Assets	6,245,279.98

**TOTAL ASSETS** 117,619,240.24

LIABILITIES	
Total Deposits	98,655,625.05
Federal Funds Purchased	2,108,000.00
FHLB Advances	0.00
Other Liabilities	654,810.57

**TOTAL LIABILITIES** 101,418,435.62

EQUITY CAPITAL	
Common Stock	750,000.00
Surplus	3,478,000.00
Undivided Profits	11,937,017.92
Net Unrealized Gain (Loss) on Securities	35,786.70

**TOTAL EQUITY CAPITAL** 16,200,804.62

**TOTAL LIABILITIES & EQUITY CAPITAL** 117,619,240.24

Securities in Safekeeping	4,154,179,861.00
Agent Federal Funds/ EBA Balances	552,311,000.00
Loans Sold	229,511,212.00

**TOTAL FUNDS UNDER MANAGEMENT** 5,053,621,313.24

YTD Statement of Income	Sept. 2010	Sept. 2009
Net Interest Income	3,931,143.22	3,845,900.25
Other Income	5,068,415.79	5,405,363.86
Other Expense	6,544,232.75	6,634,075.38
Net Operating Income	2,455,326.26	2,617,188.72
Provision For Loan Losses	1,300,000.00	740,000.00
Provision For Taxes	412,677.95	687,748.89
Net Income After Provisions	742,648.31	1,189,439.83

Capital Ratios	BBOK	Well Capitalized Per Reg F
Total Risk-Based Capital Ratio	16.37%	>10.00%
Tier 1 Risk-Based Capital Ratio	15.10%	>6.00%
Leverage Ratio	13.31%	>5.00%
Past Due & Non-Accrual Loans to Total Loans	5.07%	

## EXPERIENCE YIELDS BEST OPPORTUNITIES

Helping your bank maximize its investments is the focus of First Bankers' Banc Securities (FBBS). Four years ago BBOK, along with bankers' banks and bankers' bank holding companies in Oklahoma, Missouri, Nebraska and Illinois, partnered to purchase First St. Louis Securities, a 32-year-old company specializing in financial products and portfolio management for community banks. Today, as a *banker-owned* company, FBBS works hard to forecast and effectively meet the needs of community banks.

In addition to its banker-led board, FBBS has a frontline team with extensive experience in banking, finance and investment management. This power of knowledge enables FBBS to develop solutions geared specifically to assist community banks, especially during unstable times. FBBS is currently managing fixed-income investments for 86 Kansas banks.

"We're experiencing an extremely volatile market with yields lower than we've seen for a very long time," says Greg Bernard, FBBS senior vice president. "Now more than ever, community banks are finding our ability to advise and help them manage their investments to be critical."

"Our investment officers work very closely with BBOK calling officers," says Ken Bretthorst, FBBS president and CEO. "Our licensed investment professionals use their experience to position securities to fit each bank's investment parameters."

FBBS specializes in:

- Portfolio management, including asset/liability management
- Investment portfolio accounting
- Investment products
- Public finance services
- Individual retirement planning

*If you're looking for ways to improve your bank's profitability, call your BBOK calling officer or any member of the FBBS Overland Park team at 866.530.2846.*

### MEET THE FBBS OVERLAND PARK TEAM

#### Ken Bretthorst, president and CEO

Ken, along with three other investment professionals, started First St. Louis Securities, Inc., now FBBS, in 1984. His focus over the past 26 years has been on building relationships with area bankers to provide the products and services they need to serve their customers wisely. He stays actively involved in the portfolio management of many community banks. Ken is a graduate of the University of Missouri,



the Graduate School of Banking at the University of Washington and the Columbia University Executive Sales Management Program in New York. He is a regular presenter at BBOK's annual planning session where he provides an economic update. Ken is married and has one child. He enjoys reading, playing golf and fishing.

#### Greg Bernard, senior vice president and branch manager

Greg manages the FBBS team of individuals responsible for investment portfolio management. With nearly 30 years' experience in investments he has the knowledge to develop the analytical tools needed to closely monitor risk management of bank portfolios. Greg earned his bachelor's degree in accounting from the University of Kansas and is a certified public accountant.



#### Michael Lauth, vice president

Michael has worked nearly 15 years at FBBS, the last four based out of the Overland Park office. He is adept at discovering and meeting the unique financial goals of each client. Michael applies his expertise to uncover investment options that are innovative. Outside of the office Michael enjoys fishing, trips to the beach and spending time with his 8-year-old lab, Riley.



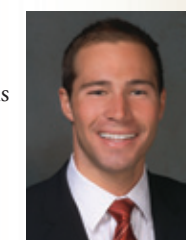
#### Jay Wombolt, vice president

Jay executes fixed-income investment trades with financial institutions. He also provides asset/liability management and swap analysis. Jay has worked in the capital markets since 2001, including sales of U.S. Treasury securities, agency debentures, mortgage-backed securities, collateralized mortgage obligations and municipal bonds. He graduated from the University of Kansas and carries NASD Series 7 and 63 licenses. Jay and his wife Megan enjoy spending time with their 1-year-old daughter Louise Paige.



#### Eric Seifert, investment officer

Eric provides investment services for banks and financial institutions across the Midwest. He also provides asset/liability management, swap analysis and bond accounting. Eric is a graduate of Southern Illinois University and has been with FBBS for two years. He has NASD Series 7 and 63 licenses. He enjoys working out, golfing, reading and spending time with family and friends.



**FED UPDATE** Every other year the BBOK board of directors meet with officials at the Federal Reserve Bank of Kansas City to receive an update on the regulatory environment and economic conditions affecting the region.

BBOK directors met with Federal Reserve President Tom Hoenig and First Vice President and Chief Operating Officer Esther George in September to discuss issues currently affecting Kansas community banks.

"Our board always looks forward to this trip," said Bruce Schriever, BBOK president/CEO. "It's a way to share what's going on in the trenches. We appreciate being able to voice our thoughts and concerns to the financial leaders of our region."



**BBOK ANNUAL CUSTOMER APPRECIATION DAY  
OCT. 4, 2010**

**FOUNDING DIRECTORS RETIRE**

In the late 1980s a small group of bankers envisioned a bank that would offer correspondent services designed specifically for Kansas community banks. Led by Noel Estep, founding BBOK president and CEO, the brigade's passion for community banking began with a statewide tour to raise capital and persuade banks to join what would become BBOK.

Two of BBOK's founding directors, **Jim Herrington** and **Joe Kennedy**, were members of that visionary group. Today we celebrate their years of dedication and determination as they retire from banking.

**A LOOK BACK**

"There were correspondent banks in Kansas City, Topeka, Kan. and St. Joseph, Mo., but none that really served the needs of community banks in Central or Western Kansas," says Kennedy. "I remember Noel saying *we need a bank that will serve all parts of the state*. A few others and myself jumped in feet first and said, "let's go for it!" We utilized our contacts statewide to help build and solidify relationships."

It took more than a year to obtain a charter but through hard work by a few dedicated men, BBOK opened its doors in October 1988. "I remember when there were only six employees," says Herrington. "Now there are nearly 50!"

"And BBOK now serves nearly 300 banks. That's tremendous growth from when the bank first opened," says Kennedy. "Bruce and his team have done a heck of a job over the years."

The banking industry has experienced significant change in the past 22 years but with guidance from strategic visionaries like Herrington and Kennedy BBOK has always remained the leader in finding solutions to manage change for Kansas banks.

"I think the biggest change that has occurred since the early days is the regulatory environment," says Herrington. "The operational efficiencies and cost savings BBOK provides community banks while managing ever-increasing regulations are amazing. In today's environment, BBOK services like ABIL Web and KIX are vital to the profitability of many smaller banks."

"I agree," says Kennedy. "However, I believe over the years, loan participations have also been key to helping the bottom line of many community banks as well as the overall growth of BBOK. Before BBOK, small or rural banks didn't have access to the same opportunities the larger banks did. Obviously in today's environment loan participations aren't at their strongest, but there will always be bumps in the road and I expect this service to be large once again. Regulators are going to be tough for awhile but we didn't get where we are as an industry overnight. Things will calm down eventually. Fortunately the ag industry is strong right now. And that's good news for Kansas banks!"

**LOOKING AHEAD**

We suspect retirement won't be easy for either of these gentlemen. Banking is in their blood.

As past president of Independent Community Bankers of America (ICBA), Herrington traveled to Washington D.C. to meet with Treasury Secretary Donald Regan and President Ronald Reagan to encourage the repeal of the Economic Recovery Tax Act of 1981 (a.k.a. the Kemp-Roth Tax-Cut Act). Jim's more than 60 years in banking and tireless work on CRA efforts such as Coldwater's medical clinic as well as his leadership on local recreation, park and school boards are signs of his commitment to the community he served. The recent sale of Coldwater Native Bank is another mark of his dedication. Jim is appreciative of BBOK's efforts to establish financing for the bank's buyer. The combined efforts of both parties helped ensure the residents of Coldwater would not lose their hometown bank.

Kennedy retired from the BBOK board in February 2010 after serving two separate six-year terms. His retirement as president and CEO of First National Bank of Frankfort, Kan., was effective Sept. 17, 2010. He remains chairman of the board for FNB. He passed the reigns of president/CEO to his son Jay who will become the fourth generation Kennedy to lead the bank.

"I'm pleased to say FNB remains strong. I appreciate the support BBOK has offered us over the years. Jay and I look forward to our family's banking relationship with BBOK continuing to grow even stronger," says Kennedy.

Thank you gentlemen for your past leadership. Congratulations on your retirement. We wish you well!



**JOE KENNEDY**



**JIM HERRINGTON**