

THE BANKERS' BANK COUNCIL

October 29, 2008

Ms. Sheila C. Bair
Chairman, FDIC
550 17th St., NW
Washington, DC 20429

Ms. Bair,

I want to personally thank you for the time you have allowed your staff to afford the nation's bankers' banks during our teleconferences and updates over the last two weeks. The discussions have been helpful on many counts. However, given the fact that bankers' banks operate in a fashion that is so dissimilar to that of commercial banks, I felt compelled to request your direct assistance.

The nation's bankers' banks serve over 7,000 of America's community banks, more than half of which are shareholders of our institutions. We play a vital role in helping these banks remain competitive in their markets by providing them with critical correspondent services from lending assistance to operational advances to overnight fed funds transactions. It is this latter issue that has been seriously and negatively impacted by the recent actions undertaken by the FDIC.

If left in its current form, The TLG Program put forth by the FDIC could be detrimental to the continuing viability of bankers' banks. This is largely due to the fact that, for bankers' banks, overnight fed funds represent a primary funding source, unlike commercial banks. Bankers' banks do not conduct retail business, thus have no checking or savings accounts from which to draw funding. As a result, the guarantee fee charged under the TLGB of 75 basis points is cost prohibitive for what amounts to approximately 70% of a bankers' bank's funding. In fact, the guarantee fee, when applied to the current level of fed funds purchased, would represent about one-third to one-half of the projected 2009 earnings for most bankers' banks.

I have attached a set of concise bullet points outlining the impacts that either could or will be directly dealt to bankers' banks and, in turn, the community banks we serve, as a direct result of the TLG Program. We urgently request your immediate attention and forbearance.

Sincerely,



L.D. McDonald
President/CEO
Midwest Independent Bancshares, Inc.
&
Chairman
Bankers Bank Council