



September 29, 2008

Dear Friend of MarkleBank:

Newspaper articles, television programs, Internet blogs, and radio talk shows have been replete with news concerning the unprecedented unraveling of Wall Street and the proposed bailout by the federal government. Certainly, while this recent news is confusing and unsettling, one important question left unanswered is, "How does this activity affect my community bank and what does this mean for me?"

Contrary to what is being talked about lately, the overall U.S. banking system is healthy and well-capitalized. According to the Federal Deposit Insurance Corporation (FDIC), more than 98% of banks (holding 99.4% of the industry's assets) are "well-capitalized" which is the highest designation possible and banking capital is near historic highs. MarkleBank is considered "well-capitalized" under current regulatory definitions. Moreover, our affiliate bank, Grabill Bank, is also considered "well-capitalized" adding another layer of financial strength to our bank.

MarkleBank is a member of FDIC and not one penny of *insured* savings has ever been lost by a customer of a federally insured bank. The FDIC basic insurance amount is \$100,000 per depositor per *insured* bank. Certain retirement accounts, such as IRAs, are insured up to \$250,000 per depositor per bank. Additionally (and this is an important point), the FDIC provides separate insurance coverage for deposits held in different categories of ownership, thus, you may qualify for more than \$100,000 coverage at one insured bank. An example of possible insurance coverage is shown at the bottom of this letter.

In addition to being "well-capitalized" and being a member of FDIC, it's important for you to know that most of the problems being publicized today can be traced back to financial institutions such as investment banks (think Bear Sterns, Merrill Lynch, and Lehman Brothers), mortgage banks (think Fannie Mae and Freddie Mac), insurance companies (think AIG), and large commercial banks (think Washington Mutual and Wachovia). These troubled institutions were either heavily involved in subprime mortgage lending or the issuance of exotic financial instruments such as default credit swaps, collateralized debt obligations, and other types of complex leveraged derivatives essentially dismissing fundamental banking principles.

MarkleBank has not been involved in any of these types of risky ventures or other problematic activities such as credit card lending, subprime mortgage debt, or speculative real estate development. Further, MarkleBank does not own any Fannie Mae or Freddie Mac preferred stock. You have my pledge that MarkleBank is committed to foundational principles of prudent banking: (1) paying depositors a fair rate of interest on their deposits and loaning it out to local, creditworthy individuals and businesses who demonstrate a willingness and ability to repay, and (2) investing in our community rather than in complex investment vehicles that we don't understand.

Hopefully, this letter helps explain the strength and stability of MarkleBank in light of the recent, publicized troubles in the financial markets. We would be pleased to answer any questions you may have or to be of assistance to you. You may telephone us (and talk to a real person, not a machine) at 888-758-3111. Thank you for allowing us to serve you.

Sincerely,

Greg Smitley
President and CEO

Example of possible FDIC Insurance Coverage
for a
Husband, Wife, and 2 Children (Son and Daughter).

Single Account for Husband	\$ 100,000
Single Account for Wife	\$ 100,000
Joint Account for Husband & Wife	\$ 200,000
IRA for Husband	\$ 250,000
IRA for Wife	\$ 250,000
Husband Payable on Death to Wife	\$ 100,000
Wife Payable on Death to Husband	\$ 100,000
Husband Payable on Death to Son	\$ 100,000
Husband Payable on Death to Daughter	\$ 100,000
Wife Payable on Death to Son	\$ 100,000
Wife Payable on Death to Daughter	<u>\$ 100,000</u>
Total Coverage	\$1,500,000

For more information, visit www.myfdicinsurance.gov or www.fdic.gov.