

Denominations

Depositors can purchase Index CDs with a low minimum deposit of \$1,000.00. Depositors can own a diversified account of ICDs

Summary

Index Certificates of Deposit can offer a great opportunity to diversify the risk and market exposure of an investor's account by combining exposure to a broad based index with a bank guarantee of principal, if held to maturity.

¹ For additional information on FDIC insurance and maximizing insured accounts, please refer to the Web site www.fdic.gov and/or the FDIC brochure "Questions and Answers About Your Insured Deposit."

² "Dow Jones," "Dow Jones Industrial AverageSM" and "The Market's MeasureSM" are service marks of Dow Jones & Company, Inc. and have been licensed for use for certain purposes by Bankers Financial Services Corp. Indexed Certificates of Deposit (ICDs) based on the performance of the Dow Jones Industrial AverageSM, are not sponsored, endorsed, sold or promoted by Dow Jones, and Dow Jones makes no representation regarding the advisability of investing in such product(s).

³ The generic formula for interest is as follows:
Interest = Principal Amount x {Participation Rate x [(Final Index – Initial Index) / Initial Index]}

⁴ Annual Percentage Yield (APY) is calculated using the following formula:

$$APY = 100[(1 + \text{Interest/Principal})^{(365/\text{Days in Term})} - 1]$$

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ADVANTAGES OF INDEX CDs

- Principal protection, if held to maturity
- FDIC insured (up to \$100,000 per account or \$250,000 per retirement account)
- Opportunity to combine the safety and security of a traditional certificate of deposit of deposit with the potential for enhanced yield, while limiting the risk associated with a potential market downturn
- Account diversification over a broad segment of the U.S. economy
- Taxes do not apply until distribution in Tax-Deferred Accounts (IRAs, 401Ks, Business Savings Plans, College Educational Savings Plans)
- Early withdrawal/Early withdrawal at death
- \$1,000.00 minimum deposit



Ask how you can participate in this Innovative Deposit

**INDEX CERTIFICATES
OF DEPOSIT**

A GUIDE TO UNDERSTANDING DOW JONES INDUSTRIAL AVERAGESM INDEX CERTIFICATES OF DEPOSIT

A New Kind of Deposit Opportunity
for Today's Bank Customer



**The power of market
performance for enhanced
yield with the safety of
FDIC Insurance and
100% Principal Protection,
if held to maturity**

Introduction

Many depositors would like to combine the safety and security of a traditional certificate of deposit (CD) with the potential for investment return and limiting the risk associated with market downturn. There now exists an innovative way in which depositors can achieve both through a unique deposit investment, index certificate of deposit.

Index Certificate of Deposits (ICDs)

ICDs are designed for depositors who want to preserve principal, but are willing to forego regular interest payment in return for potential enhanced yield through market participation. Instead of paying a fixed rate of interest, ICDs pay interest at maturity based on the appreciation of an equity index subject to a participation rate which varies from issue to issue depending on prevailing market conditions. The ICD's principal is guaranteed by the issuing bank if held to maturity. Additionally, the original investment is FDIC insured up to \$100,000 per depositor or \$250,000 per retirement account.¹

ICDs offer a great opportunity to diversify the risk and market exposure of an investor's account by combining exposure to a broad based index with the bank guarantee of principal, when held to maturity.

Who Should Consider ICDs?

Depositors who realize the benefits of index-linked certificates tend to be "buy-and-hold" depositors, retirement accounts, college savings accounts, commercial accounts and trust & estate accounts. ICDs are designed for depositors wanting principal protection without stock market risk.



Key Customer Benefits

Principal Guarantee

Enjoy the comfort of knowing that your principal is being protected by your local bank, if held to maturity.

FDIC Insurance

ICDs are insured by the Federal Deposit Insurance Corporation up to a maximum of \$100,000 per depositor or \$250,000 per retirement account, subject to the limitations imposed by law.¹

Index

The ICD is linked to the Dow Jones Industrial AverageSM (DJIA),² which comprises 30 "blue-chip" stocks.

Interest

Interest is paid at maturity based on the percentage gain from the Initial Index value to the Final Index value.³ No compounding of interest will occur during the term of the ICD. (see "Interest" in ICD Disclosure Statement for details) Because of numerous factors that may affect the value of the market index, no assurance can be given that holders of ICDs will receive any interest. The minimum interest earned is always zero, unless otherwise noted.

Participation Rate

ICDs are issued with a participation rate, which specifies the extent to which the deposit participates in the appreciation of the Index. For example: if a customer deposits \$10,000 in an ICD with a Participation Rate of 80% and the Index rises 50% over the five-year term based upon the calculation of index values as defined in the associated product disclosure statement, the interest payment will be 40% at maturity:

Original Investment	Interest ³ Payment	At Maturity ⁴ You Receive
\$10,000	\$4,000	\$14,000.

Other Considerations

Fees & Charges

None.

Early Withdrawal

ICDs offer an annual early withdrawal opportunity, allowing holders the option to redeem prior to maturity on each anniversary date of the respective ICD

Early Withdrawal at Death

In the event of death, there is a provision that allows the holder to exercise the Early Withdrawal Feature. (Refer to the ICD Disclosure Statement for complete details.)

Income Tax Considerations

Holders of ICDs are subject to annual income tax unless the deposit is held in a deferred account. The Applicable Federal Rate (AFR) is obtained from the Internal Revenue Service monthly per Offering, but usually ranges between 3.0% - 5.0%. More information is available in the ICD Disclosure Statement under the heading Original Issue Discount.

ICDs are great deposit investments for deferred tax accounts such as traditional IRAs, Roth IRAs, business savings plans, or educational savings accounts. Ask your investment representative how you can establish a deferred tax account or use an existing account to invest in ICDs. Depositors should consult their tax advisors regarding further tax implications.

Potential Risks

ICDs possess inherent risks, such as market risk and liquidity risk. If an investor sells their ICD prior to maturity, they may receive more or less than their original investment. The value of ICDs can be affected favorably or unfavorably by several factors including the price and volatility of the underlying market index, interest rates, changes in value of the stocks in index and time remaining until maturity.