DICKINSON FINANCIAL CORPORATION

Rick L. Smalley
Chief Executive Officer

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Fax (816) 472-5211
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February 27, 2009

Mr. Neil M. Barofsky
Special Inspector General – TARP
1500 Pennsylvania Avenue, NW
Suite 1064
Washington, D.C. 20220

Dear Mr. Barofsky:

I am writing to respond to the various questions and request for information set forth in your letter dated February 6, 2009.

On January 16, 2009 Dickinson Financial Corporation II (DFC II), received $146,053,000 in TARP funds. At the time we applied for TARP funds, we anticipated using the proceeds to inject capital into Dickinson Financial Corporation (DFC), a wholly owned bank holding company subsidiary of DFC II and for other general corporate purposes. We further anticipated that Dickinson Financial Corporation would, over time, inject cash equity into one or more of DFC's national bank subsidiaries (the Banks) in order to further bolster capital at the bank levels.

Our actual use of the funds to date has consisted of DFC II making a capital contribution of $130,000,000 into the common stockholder's equity of DFC. DFC in turn contributed capital in the amount of $100,000,000 into Bank Midwest, N. A. (BMNA); the largest of our subsidiary banks. As of the date of this letter, DFC II has retained approximately $16,000,000 and DFC has retained $30,000,000 for future use including additional capital injections into the Banks. The cash currently being held by both DFC II and DFC is on deposit with our subsidiary, BMNA.

At the time of initial receipt of the TARP funds, all of the cash was deposited with BMNA. As of Friday, January 16, 2009, the date of receipt of the funds, BMNA had approximately $568,000,000 in available funds on deposit with the Federal Reserve Bank of Kansas City. After receipt of the TARP proceeds, BMNA had approximately $714,000,000 in available overnight funds. The cash received from the Treasury was not segregated into any separate investment at that time and is considered fungible along with the other sources of liquid assets of the Bank.

We wish to highlight several of the uses of funds and benefits afforded to us by the ability to increase capital levels at both the holding company and bank levels.

1. We believe that our public image and reputation for strength and stability is significantly enhanced by virtue of being approved to receive TARP funds.

2. During the latter part of 2008 the Banks, including our flagship bank BMNA, accumulated significant amounts of excess liquidity in the form of overnight cash in order to withstand any challenge to maintaining our customer deposits. Increasing the Banks liquidity seemed prudent considering a general climate of increasing concern about banks by the businesses community and consumers as well as possible specific concerns brought about by the negative publicity of other bank failures in and around our communities. Because of the ability to report enhanced capital levels and liquidity positions made possible by the TARP investment, we have been able to gradually begin to reduce excess liquidity and begin to move toward more normalized levels of cash and short term investments. This action improves profitability and viability because excess liquidity would otherwise be carried on the Banks balance sheets at a negative interest spread in the current rate environment.

3. Additionally, we are better able to work with existing commercial borrowers at the time of renewal of their loans as well as meet the reasonable funding needs of their business.

4. The TARP funds provided our organization with greater flexibility to make new loans and renew existing loans. In the absence of the ability to enhance capital in our banks, we may have adopted a strategy to attempt to shrink the Banks balance sheets by requiring the payoff of performing loans in order to lower required capital levels assuming that the deteriorating economy would put further pressure on our capital.

5. Our bank group has increased its home mortgage loan origination. While the increase in mortgage activity is likely a direct result of the lower mortgage rates in the marketplace as opposed to any new or innovative lending programs the Banks have adopted, the Banks nonetheless are providing to qualified customers home mortgages for the purchase of new homes or the refinance of existing homes that provides customers with a lower monthly payment, in the markets that we serve.

Your letter requested the status of plans to address our executive compensation plans. To the best of our knowledge, we believe that our executive compensation including salary, bonus and related deferred compensation plans comply with the guidelines in effect at the time we received funding from the Treasury Department. Further, we intend to make changes to our compensation structure that may be required to be in compliance with any new laws, regulations or Treasury Department guidelines. As you must know, this is a complicated and confusing subject and one which appears to be evolving and changing with each new government program including potential new proposed legislation on the subject. On February 20, 2009, the American Bankers Association communicated to members, through its publication "Washington Perspective," that the ABA has requested immediate clarification of the issues from Secretary Geithner. TARP recipients would benefit from a clarification of the current rules and a period of stability in those rules. We believe that our executive compensation practices do not encourage excessive risk taking in the lending process.

We have enclosed exhibits to this letter to provide copies of the following information:

1. Press release issued upon receipt of TARP funds.
2. A sample of the advertising for lending as currently reflected on the Bank Midwest Internet home page.
3. A sample of current promotional materials utilized in our branch banks.
4. A schedule of activity and volume for single-family home loans in process during the 4th quarter of 2008 and period to date for 2009. This schedule reflects a significant increase in activity around the time the preferred stock proceeds were received in January 2009.
5. TARP Talking Points distributed to Employees.

We trust that the information set forth above is responsive to your request.

Sincerely,

Rick L. Smalley

Rick L. Smalley
Chief Executive Officer

Enclosures

I, Rick Smalley, certify that I have reviewed this response and supporting documents, and, based on my knowledge, this response and the supporting documents do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading.

Rick L. Smalley

Rick L. Smalley, Chief Executive Officer
Dickinson Financial Corporation II

Exhibit 1

DICKINSON FINANCIAL CORPORATION

For Immediate Publication
January 20, 2009

For More Information Contact:
Rick Smalley
816-471-9800

Dickinson Financial Receives Funding from the Department of the Treasury

KANSAS CITY, MO – Dickinson Financial Corporation ("DFC") announced today that it has received approval and funding from the United States Department of the Treasury ("Treasury") to participate in its Capital Purchase Program ("Capital Purchase Program") authorized by the Emergency Economic Stabilization Act of 2008, which authorizes the Treasury to purchase preferred stock and warrants from U.S. financial institutions.

DFC issued approximately $146 million of senior preferred stock and a related warrant to the Treasury pursuant to the standard Capital Purchase Program terms and conditions for privately held institutions. The securities issued to the Treasury will be accounted for as components of regulatory Tier 1 capital. DFC is the holding company of Bank Midwest, N.A., Armed Forces Bank, N.A. and 4 other affiliate banks, which combined have total assets of approximately $6.1 billion. DFC intends to use the proceeds from the sale of the preferred stock for general corporate purposes, including additional capital to support its lending operations across all six of its banking subsidiaries.

Rick Smalley, President and Chief Executive Officer of DFC, reports, "We are pleased to have completed the funding of an additional $146 million of capital through the U.S. Treasury's TARP Capital Purchase Program. This infusion of capital adds to our already strong capital position, supporting our ability to continue lending money to individuals and businesses in the markets we serve. We believe that our participation in the Treasury's Capital Purchase Program is a prudent step during these uncertain economic times. This cost-effective capital further strengthens our solid capital position and will enhance our efforts to emerge from this environment as an even stronger financial institution. We also believe that our employees and customers will view this event as favorable and positive to their respective interests in the continuing success of DFC."

Prior to the capital infusion, each of the DFC banks was considered "well capitalized" by FDIC regulatory guidelines at December 31, 2008. The DFC banking subsidiaries offer a broad range of financial products and services to consumers, businesses and institutions. The Bank offers community banking services, including a wide variety of deposit products, commercial, residential and consumer loans, and other traditional banking products and services, designed to meet the needs of small and middle market businesses and individuals.

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Mortgages & Home Improvement Loans
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Exhibit 2

Exhibit 2

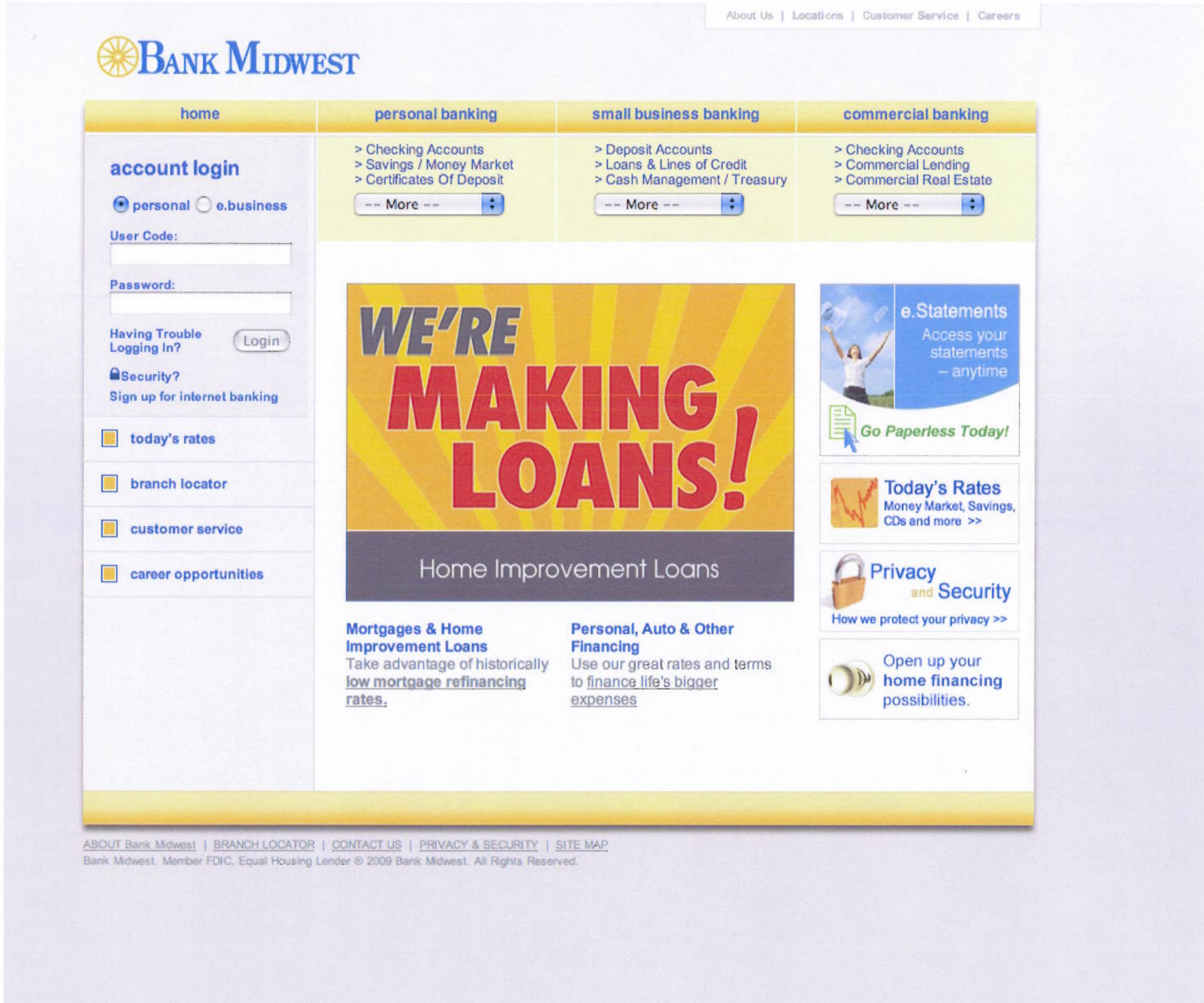
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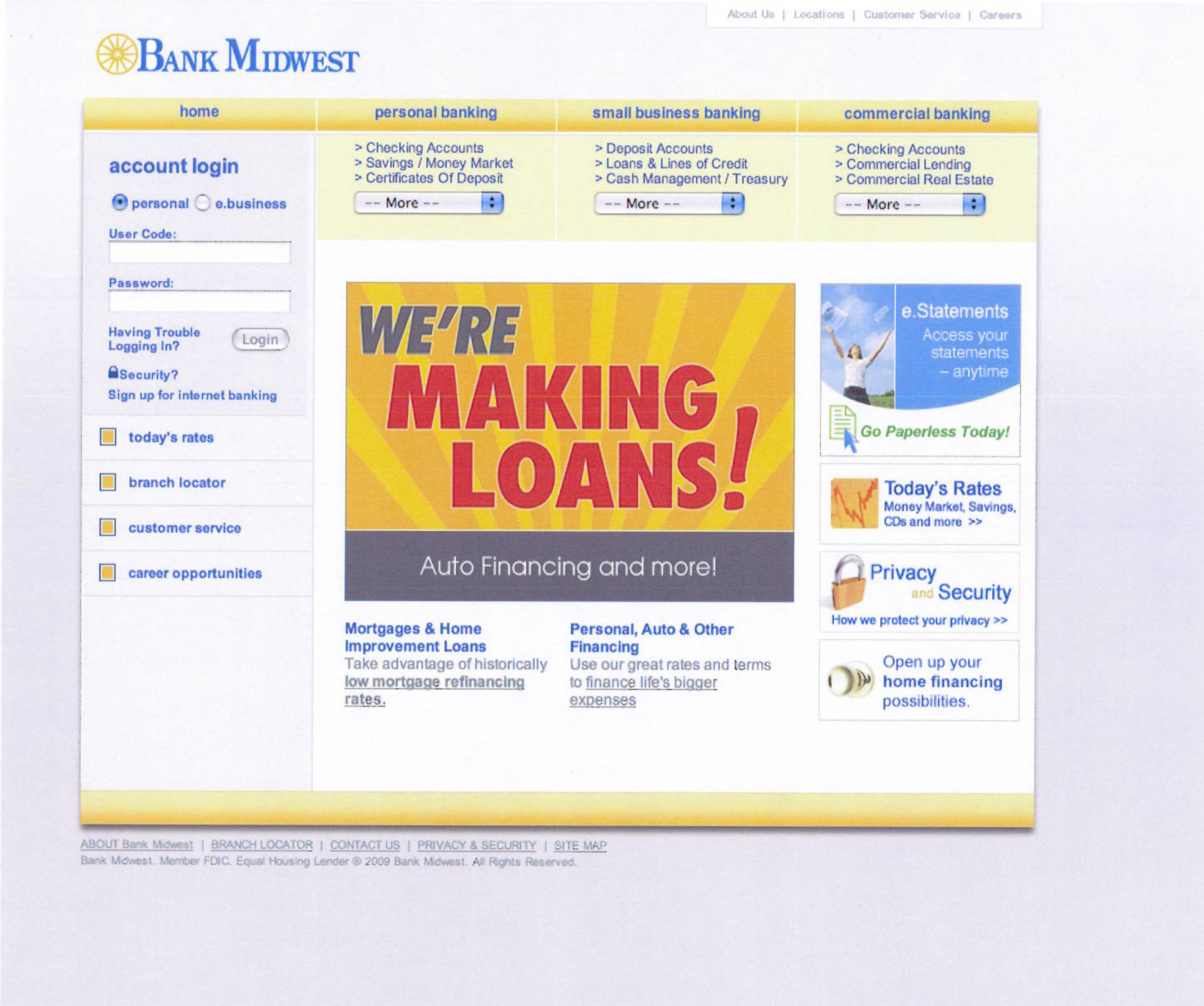
Exhibit 2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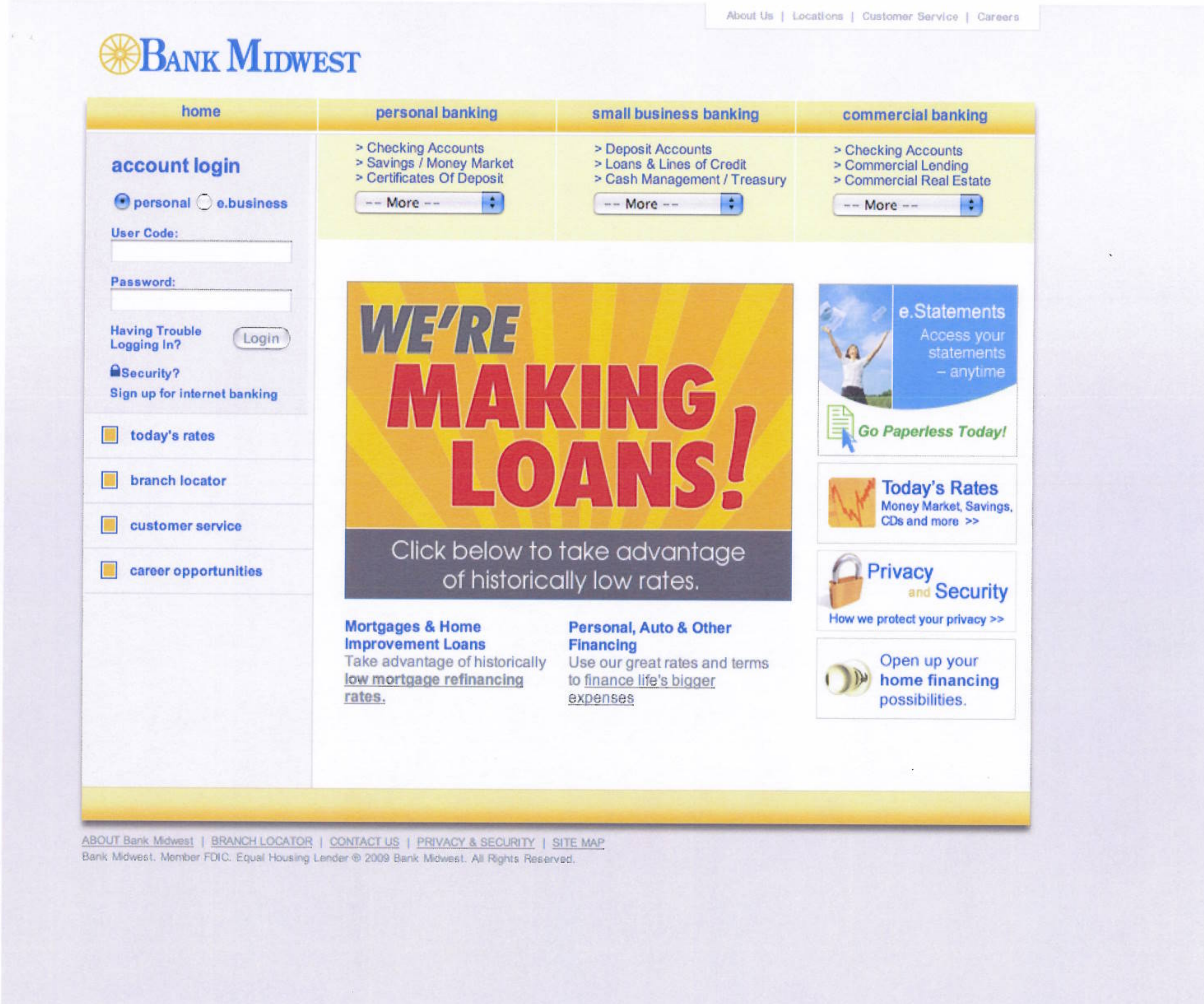
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Exhibit 3

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Take advantage of historically low mortgage refinancing rates.

BANK MIDWEST

ASK ABOUT Mortgages, home improvement loans, auto financing and other types of loans.

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EQUAL HOUSING LENDER

Exhibit 3

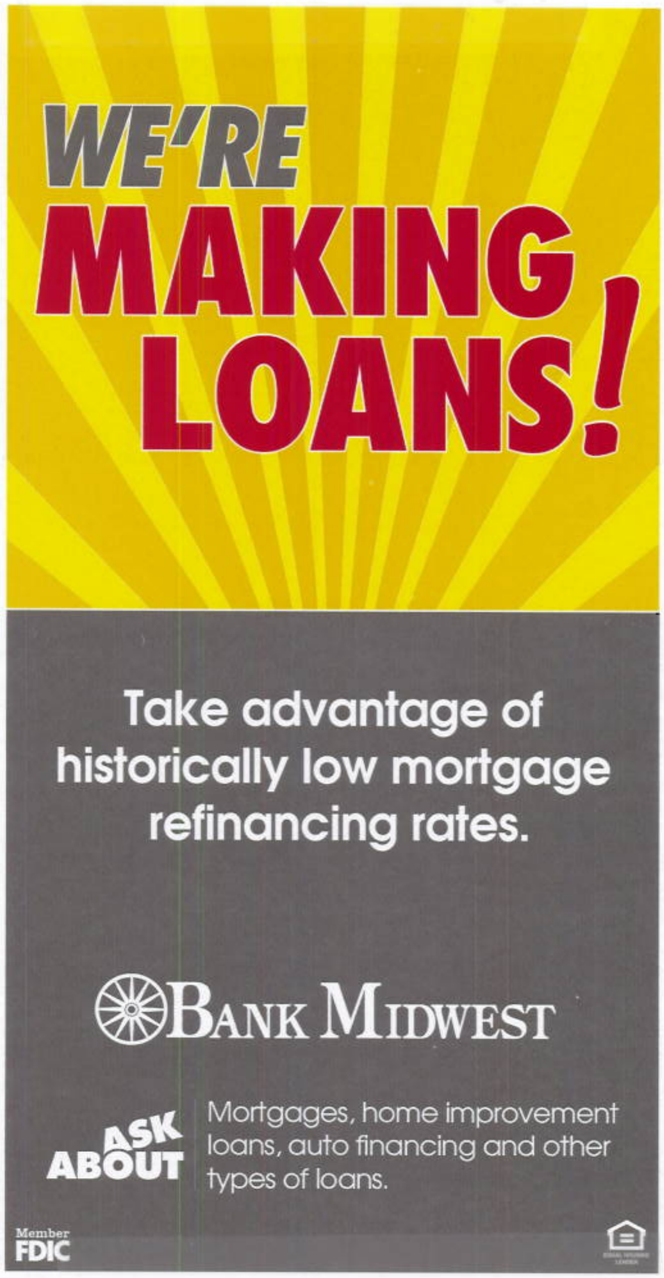

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Exhibit 4

BANK MIDWEST, N. A.
SCHEDULE OF SINGLE FAMILY LOANS IN PROCESS
FOR THE PERIOD SEPTEMBER 3, 2008 THROUGH FEBRUARY 27, 2009

As Of Date	Number of Loans	Amount (In Dollars)
09/03/08	71	9,008,560
09/08/08	64	7,968,925
09/12/08	70	8,197,225
09/19/08	66	7,519,015
09/26/08	66	7,482,035
10/03/08	69	7,814,985
10/17/08	70	7,358,231
10/24/08	60	6,258,721
10/31/08	60	6,220,731
11/07/08	63	6,529,271
11/14/08	65	6,999,920
11/21/08	63	7,209,413
11/28/08	62	6,884,213
12/05/08	65	7,308,313
12/12/08	53	6,347,100
12/19/08	62	8,939,607
12/26/08	68	9,867,607
01/02/09	68	9,723,297
01/09/09	111	15,925,594
01/16/09	135	19,660,006
01/23/09	154	22,343,639
01/30/09	143	20,797,156
02/06/09	116	16,168,494
02/13/09	131	17,575,474
02/20/09	139	$18,990,630
02/27/09	135	$18,548,200

Note: The above schedule represents the number and dollar amount of residential 1-4 family loan applications in process at the end of each week.

Exhibit 5

1. What is the TARP Capital Purchase Program ("CPP") and what is its purpose?

- A voluntary program designed to inject capital directly into selected, healthy financial institutions. Under the CPP, the United States Dept. of the Treasury is authorized to purchase preferred stock and warrants of companies that it and the banking regulators determine would be an attractive investment opportunity. Participation in the program is intended to help restore confidence in the financial system and stabilize the financial markets. This helps to control borrowing costs for households and businesses and ensures the orderly flow of credit to supports basic economic activity in the communities in which participating companies operate.

2. What exactly did the Company sell to the Treasury / How Much Did the Company Receive / How much will it cost the Company?

- We received approximately $146 million in return for issuing shares of preferred stock and a warrant to Treasury. The preferred stock bears a five percent annual dividend rate for the first five years it remains outstanding and a nine percent dividend rate after that. The separate series of preferred stock issued in connection with Treasury's exercise of the warrant has a nine percent dividend rate. We intend to redeem the preferred stock as soon as reasonably prudent in order to keep our overall costs as low as possible.

3. Why did the Company decide to participate in the CPP?

- We are very pleased that Treasury and our regulators have determined that our organization was worthy of investment. With many banks still awaiting word on their CPP applications, we are fortunate to conclude this transaction early in the process. Despite the strong capital position of all of our banks, we believe that participating in the CPP is a prudent business decision in these turbulent and uncertain economic times. The cost-effective capital further strengthens our already solid capital base and further supports our ability to continue lending to businesses and individuals in the markets we serve.

4. What will you use the money for?

- We will use the proceeds of the government's investment to help increase the flow of credit to business and consumers as Treasury intended. We will expand lending to businesses and individuals where our standards for credit quality are met and where we can capture the full value of a customer relationship. We will also use the funds for general corporate purposes that may arise in this challenging economic environment.

5. Isn't this just a bailout of the banks funded by the taxpayers?

- The Capital Purchase Program is an investment by the Treasury that is intended to restore public confidence in the financial markets. It isn't free money. The program comes with strings attached that offer significant benefits to taxpayers. Financial institutions that are selected to participate in the program and elect to take money from the Treasury are required to repay every dollar of the investment, along with paying quarterly dividends on the preferred stock to Treasury as long as the stock is outstanding. In addition, rules passed by congress require companies participating in the program to adopt Treasury's standards for executive compensation and corporate governance, with which we will fully comply. Accordingly, the CPP program is far from a "bailout" in spite of how it has been characterized on occasion in the media.