



July 17, 2008

To our Customers, Friends and Neighbors:

The headlines about unsettled times with the economy, high oil prices, the housing crisis, and now troubled banks are concerns for all of us. Some bank customers have taken the opportunity to call us to express their concerns over these headlines. In response to these concerns I am writing to reaffirm with you that South Adams Savings Bank is a financially sound, well capitalized community bank where we have focused on a common sense approach towards banking since our founding in 1869.

South Adams Savings Bank offers the added security of having 100% of deposits insured. The Federal Deposit Insurance Corporation (FDIC) insures all deposits up to \$100,000 per depositor except self directed retirement accounts, which are insured up to \$250,000. The “value added” benefit of being a customer of our bank is that we are also a member of the Depositors Insurance Fund (DIF) who provides supplemental insurance that covers the deposits in excess of FDIC limits. Now may be a good time to inquire about the level of deposit insurance available at other financial institutions or credit unions that you may do business with. Some of them will not be able to match the stability and benefit of 100% insurance on your deposits.

Maintaining strong levels of capital is another important measure of a bank’s strength. I would like to explain what “well capitalized” means to you, our trusted customer. For mutually owned community banks such as South Adams Savings “capital” is what has built up from profits accumulated over the years. At our bank we view capital as a type of fund that allows us to weather tough times. In other words, the more we have the better off we are. Our Federal and State regulators periodically examine the bank and evaluate our level of capital against various benchmarks. I am pleased to report that by any measure our level of capital is 200 to 300% higher than Federal guidelines for what they consider to be a “well capitalized” bank. That means that we are well positioned to navigate through the difficult economic times that the nation is facing and that we’ll be here with you long into the future.

The last point that I want to make is that we have money to lend. Headlines about liquidity concerns because of problems with Freddie Mac and Fannie Mae have not affected us. When we originate a loan we hold it in our own portfolio and do not sell it to anyone. If you have any lending needs please contact us.

For your reference the bank website at [www.sasavings.com](http://www.sasavings.com) has copies of brochures from both the FDIC and DIF explaining insurance coverage for your deposits in more detail. If you want to learn more about the Depositors Insurance Fund you may call their attorney John D’Alessandro directly, toll free at (800) 295-3500 or visit their website at [www.difxs.com](http://www.difxs.com). If we can be of service to you during these turbulent times I encourage you to call me directly at 413-749-1150 or call any of our officers at the main number which is 413-743-0040.

Sincerely,

Charles P. O’Brien  
President and CEO

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