



Presidential Bank, FSB
Executive and Commercial Lending Offices
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September 15, 2008

Dear fellow Presidential customers:

In these unsettled times, we at Presidential Bank want to reassure you that our bank remains profitable and solidly capitalized.

We did not invest in the common or preferred stock of Fannie Mae or Freddie Mac, nor in the stock of any other financial institutions. We did not invest in the kinds of privately issued mortgage-backed securities held by Lehman Brothers Holdings (which filed for bankruptcy protection early this morning) and held by so many other larger financial institutions that have recently incurred substantial losses.

We also did not invest in sub-prime mortgage loans. Our loans to homebuilders and condominium developers have been minimal with more than adequate collateral. We normally sell all of the permanent home mortgages we originate, transferring the risk of those loans to larger institutions.

In short, during the recent period of unprecedented excesses in the mortgage market, we did not invest in the toxic securities that are at the root of the biggest problems in the financial markets today, and we continued to staunchly adhere to our traditional lending standards. While we may have lost some business opportunities as a result, it now turns out that we also avoided the difficulties faced by many of the financial institutions you read about in today's news.

It is true that a few of our borrowers over-extended themselves during the unprecedented real estate boom that is now past, and now find themselves in difficulty. But because we maintained our prudent lending standards throughout the boom times, our loan portfolio is still well secured despite recent declines in property values, and we expect to remain profitable and well capitalized into the foreseeable future.

And, as always, your deposits at Presidential Bank are federally insured to the fullest extent provided by law.

Thank you for your continued confidence in Presidential Bank.

Sincerely,

A. Bruce Cleveland
President & CEO