

TEMPORARY LIQUIDITY GUARANTEE PROGRAM

On November 21, 2008, the FDIC adopted the attached Final Rule relating to the Temporary Liquidity Guarantee Program (TLG Program).

The TLG Program (and related government programs like the Troubled Assets Relief Program and the Commercial Paper Funding Facility) are designed to improve the functioning of credit markets and to strengthen capital in the financial system so that banks can continue to make prudent loans during these times of economic distress. The FDIC expects banks to use funds generated through these programs to begin lending again to consumers and businesses. It is critical that lending increase where credit has contracted, such as mortgage lending, consumer credit, and small business lending.

Effective July 1st, 2010 North Middlesex Savings Bank will no longer be a participant in the TAG (Transaction Account Guarantee Program). Funds held in a non-interest bearing transaction account will no longer be guaranteed in full, but will insured up to \$250,000.00 under the FDIC's general deposit insurance rules.

North Middlesex Savings Bank is also a member of DIF (Depositors Insurance Fund). The combination of FDIC and DIF insurance provides customers of Massachusetts-chartered savings banks with full deposit insurance on all their deposit accounts. No depositor has ever lost a penny in a bank secured by both the FDIC and the DIF.