



Dear Valued Neighbor and Customer:

Today's global economic challenges are of very real concern to many Louisiana residents and are something every business owner, homeowner and consumer should watch closely. Few segments of the economy seem unaffected by these difficulties and as you know, banking is among the sectors most hard-hit by the financial downturn. Like hundreds of large and small banks throughout the U.S., CPB is facing challenges that may raise questions among our customers.

With that knowledge fully in mind, we understand the importance of communicating openly and honestly with you, and of being available to answer any questions you might have regarding your accounts with CPB or the challenges of the current economic environment. As such, I wanted to write you personally to update you on your bank and to provide you with a direct and easy way to have any and all of your questions answered quickly and honestly.

Your Accounts are Safe and Secure

First and foremost, CPB wants you to know that your accounts with our bank are fully insured and are as safe and accessible as the day you opened your account.

This means that virtually every CPB account—checking, savings, money market and IRA is 100% insured and protected. Your investments with CPB are safe, sound and secure.

CPB is a member of the Federal Deposit Insurance Corporation, which guarantees that every individual deposit account at CPB is insured up to \$250,000. That means that individual *and* joint accounts are covered up to \$250,000. If you have an IRA or a POD at CPB, these too are protected up to \$250,000. And non-interest bearing checking accounts have unlimited protection.

These federally insured protections should be of great comfort to all CPB customers.

The Current Situation

Last year CPB identified potential impacts on the bank, and took the initiative to self-report financial losses to the FDIC and Louisiana Office of Financial Institutions (OFI). It is no secret that these losses are significant, and are almost exclusively related to non-performing assets in the Florida real estate market.

In this respect, challenges facing CPB are no different than challenges faced by many other financial institutions.

In response to our reporting these losses, which total approximately \$21 million CPB was notified by the FDIC and OFI of certain conditions that have been placed upon us. These conditions have no bearing at all on our ability to conduct business as usual—to write creditworthy loans, open new accounts, and generally serve our loyal customers as we have for over 40 years.

It is important to understand that the conditions placed on us by the FDIC do not mean your community bank of nearly 41 years is closing or that your accounts are unsafe and unprotected.

Efforts to reverse our problems are on-going and include applying significant reserves against bad loans, charging down a significant percentage of these loans quickly, internal expense controls and other aggressive protection measures. We are exploring every credible option for weathering these challenges with an eye toward emerging stronger and serving our customers for many years to come.

However, it is important to know that CPB has not accepted one penny of taxpayer-funded federal bank bail out money despite the challenges we are working our way through.

The Good News for You and CPB

On the bright side, CPB is strongly capitalized at 9% and continues to maintain deposits of greater than \$350 million. Consumer confidence is high and our proactive cooperation with the FDIC and OFI are well received signs of our commitment to steering the bank in the right direction and to making decisions that are in the best interests of our customers.

Over the next several months we are optimistic that we will continue to improve our financial position, reduce our debt and protect your assets, all the while, communicating our actions, progress and remaining challenges to you. Realizing fully that you may have questions, we've set up a special email account to allow you to ask questions or make comments on issues that are important to you, questions@cpb.com.

Should you have any questions or need additional information please drop by any of our branches and talk with a bank officer personally.

On behalf of all of us at CPB who have long valued your business, thank you for your confidence and patience while we weather this financial storm. We're proud to have been the Northshore's premier community bank for nearly 41 years and look forward to serving you for many years to come.

Sincerely,

Richard S. Blossman, Jr
CEO
Central Progressive Bank