

Palos Bank and Trust is participating in the FDIC's Transaction Account Guarantee Program. Under this program, all noninterest-bearing transaction accounts are fully guaranteed by the FDIC for the entire amount in the account. The coverage under the Transaction Account Guarantee Program is in addition to and separate from the coverage available under the FDIC's general deposit insurance rules. This coverage became effective on October 14, 2008, and will continue through June 30, 2010.

Noninterest-bearing transaction accounts are defined as a transaction account with respect to which interest is neither accrued nor paid and one which does not require advance notice of withdrawal. This definition was designed to include traditional demand deposit checking accounts that allow for an unlimited number of deposits and withdrawals at any time. It does NOT include interest-bearing money market deposit accounts. The FDIC has created certain exceptions to the definition of "noninterest-bearing transaction account" to include certain accounts commonly known as Interest on Lawyers Trust Accounts [IOLTAs, IOLAs or IOTAs] and NOW accounts with interest rates not higher than 0.50%. These exception accounts are fully protected under the Transaction Account Guarantee Program.