



September 18, 2008

To our Customers, Friends, and Neighbors:

As the difficult news on the economy and the financial sector continues I wanted to provide an update about the strong level of economic health and stability at South Adams Savings Bank. I believe that communicating directly with you during these troubling times is important. We have all seen the headlines in recent weeks about the collapse of organizations such as Fannie Mae, Freddie Mac, and Lehman Brothers. At the heart of their problems was that they carried a vast amount of risk created by their involvement with subprime loans.

During this crisis in the financial markets South Adams Savings Bank has continued its long standing practice of operating in a conservative manner that is designed to allow us to survive and prosper over the long term. We believe that this is how a well run community oriented bank should operate. What is important to communicate to you is that our loan underwriting standards have not wavered over the years. Contrary to what some members of the media suggest not all financial institutions are driven by greed and as a result, make irresponsible loans. At our bank we work hard to establish and maintain solid, long term relationships with our customers. As a result of our conservative lending philosophy South Adams Savings currently benefits from historically low levels of problem loans compared to other banks and credit unions within both Berkshire County and Massachusetts.

We continue to have money to lend and would be pleased to talk with you about your needs. While other financial institutions are reeling from these troubling times we continue to operate within our proven business model that has worked for us since 1869. When we originate a loan we hold it in our own portfolio and do not sell it to any third party plus we will not make subprime loans.

Our deposits continue to be 100% insured. Savings banks in Massachusetts had the foresight in 1934 to work together to create a separate insurance fund (the Depositors Insurance Fund) that goes beyond the FDIC deposit insurance limit and allows us to offer something that is unique in banking – 100% insurance on your deposits – regardless of the level of the deposit. No other state in the country offers this level of protection and no Massachusetts savings bank customer has lost a penny of their deposits, regardless of the size of the account, since the founding of the Depositors Insurance Fund. Please visit our website at www.sasavings.com to learn more about the deposit insurance provided by the FDIC and DIF.

I have received great feedback from customers about previous communications talking about the strong financial condition that South Adams Savings maintains. We welcome your questions and concerns. Most important is that we continue to provide the level of trust and service that you expect from a full service community savings bank with 139 years of experience. We do not intend to sacrifice long term relationships with our customers in order to create short term gains.

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. You can also contact us through our website address that is shown above.

Sincerely,

A handwritten signature in black ink that reads "Charles P. O'Brien".

Charles P. O'Brien
President and CEO