



June 30, 2008

Dear Valued Domestic Bank Customers:

We are writing today to bring you important updates about Domestic Bank.

Earlier today, Domestic Bank entered into an agreement with the Office of Thrift Supervision (OTS), our federal regulator. Specifically, the OTS has issued an order detailing certain concerns it had about the bank's past practices. Those concerns relate to product initiatives, third party relationships, and administrative procedures that were in place at the bank from 2003 through early 2007. The third party relationships have since been terminated, and the product initiatives in question have been discontinued for more than a year. Every concern relates to the past – to practices, products and procedures that have since been discontinued, changed or improved. Our commitment to our customers and our integrity as a financial institution are not at issue at all.

The terms of the OTS order don't require us to comment on nor agree with the OTS concerns, and we accepted the proposed terms in order to put the matter behind us and to continue to move Domestic Bank forward.

As part of the order, will be contributing \$1 million to financial literacy programs for the benefit of the community. We have already reached out to organizations such as CHISPA, Church Organizations, and others to help in our outreach and education plans, which we believe are very reinforcing of our mission and our commitment to underserved communities.

I want to assure you that Domestic Bank remains financially sound. Our capital to asset ratio is approximately 10%, placing us well above FDIC's definition of a "well-capitalized" bank.

We are proud that you, our customers, continue to give us "world class" customer service ratings, according to the PPI index. In short, this is a great institution with a bright future.

If you have any questions about the settlement, feel free to contact me. Email inquiries can be sent to answers@domestic.com.

We look forward to our continued business relationship.

Sincerely,

A handwritten signature in black ink, appearing to read "Nathaniel B. Baker".

Nathaniel B. Baker
President



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