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Community Bank Leads Nation In Protecting Depositor Money

Arlington, VA (November 8, 2004) – Promontory Interfinancial Network today announced that Community Bank, Pasadena, CA, has become the first bank in the United States to provide more than \$100 million of Federal deposit insurance coverage to customers through Promontory’s premier service, CDARS.

With CDARS, banks can offer a customer up to \$10 million in Federal deposit insurance coverage.

“We began CDARS just 22 months ago, with a handful of member banks,” said Gene Ludwig, Promontory Chairman and CEO. “Community Bank wasn’t the first bank to join, but today it ranks first in offering our service to customers.

“Community Bank is a stellar example to banks throughout the country – an example of innovation, creativity and, most of all, customer service,” said Ludwig, a former U.S. Comptroller of the Currency, in presenting Promontory’s first Market Leader Award to Community Bank.

CDARS -- pronounced “cedars” – is short for the Certificate of Deposit Account Registry Service. CDARS has been endorsed by the American Bankers Association.

To offer CDARS, a deposit placement service, a bank must be a member of Promontory Interfinancial Network, a nationwide network of more than 600 banks. When a customer places a large deposit with a Network member, the bank arranges for the placement of funds into certificates of deposit issued by other Network banks – in increments of less than \$100,000 to ensure that both principal and interest are eligible for full FDIC protection. Deposits placed through CDARS meet the pass-through insurance coverage guidelines established by the FDIC.

Promontory member banks have offices in all 50 states, the District of Columbia, and Puerto Rico. The Network was founded in the wake of a large increase in uninsured bank deposits three years ago. Today, about one-third of the deposits in the banking system are uninsured. Congress last raised deposit insurance in 1980, to \$100,000 per depositor per institution.

“The purchasing power of \$100,000 is less than half of what it was when the current FDIC insurance limit was set almost a quarter of a century ago – less than \$45,000,” said Alan Blinder, Princeton University economist, former Vice Chairman of the Federal Reserve Board and one of Promontory’s founders. “Simply put, \$100,000 isn’t worth what it used to be.”

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Mark Jacobsen, President and COO of the Network, and a former FDIC chief of staff, noted: “The largest financial institution in the country cannot offer anything safer than CDARS. There are few guarantees in life – FDIC insurance is one of them. And with interest rates rising, CDs are becoming a more attractive cash management and investment option.”

From the customer point of view, CDARS is one-stop shopping. Regardless of the number of CDs they receive, the customers work with only one bank, sign only one agreement, and receive one interest rate, and one account statement. Personal accounts receive one 1099 tax form.

About Promontory Interfinancial Network: Based in Arlington, VA, Promontory Interfinancial Network was founded in 2002 by former Comptroller of the Currency Eugene Ludwig and other leading figures in the banking industry to develop and provide creative solutions to issues confronting bank management. To learn more about Promontory, go to www.promnetwork.com. To learn more about CDARS, go to www.cdars.com.