

Reading Co-operative Bank's President Issues Statement in Response to Recent News from Regional and National Mortgage Lenders

Banking Business is Strong and Continues to Grow

READING, MA – Reading Co-operative Bank, a mutual, customer owned Bank headquartered in Reading, MA issued the following statement regarding news from regional and national mortgage lenders.

“The financial services industry is struggling as a result of the housing market downturn and unscrupulous lending practices by many non-bank mortgage brokers. Many mortgage companies have closed and large national lenders are eliminating their residential mortgage lending divisions. Reading Co-operative Bank isn't making any changes in this area, and we continue to see significant activity and growth in our mortgage lending area. Our Board and Management Team have consistently maintained our traditional lending guidelines and eschewed the enticing and exotic mortgage products that were the catalyst of this downturn. Our responsible lending practices have allowed us to maintain our strong credentials throughout industry despair. We will continue to invest in the communities we serve as we have since 1886.”

As a pillar of the community, Reading Co-operative Bank recognizes the importance of extending credit and continuing to finance residential real estate loans during a period of credit tightening and will continue to do so. Reading Co-operative Bank reported a 200% higher year over year financing of new residential real estate loans as compared to that recorded in first half of 2007 in an effort to meet the credit needs of its communities.

Reading Co-operative Bank's customers and employees were/are protected from the current downturn by our safe banking practices:

Responsible Lending Practices: upholding our own lending guidelines and never lending a customer more than they can afford to repay even when the industry stretch the “affordability guidelines”.

Salaried Loan Officers – At no time have Lending Officers of Reading Co-operative Bank been paid a commission for a loan, therefore they are empowered to protect the Bank and the customer, writing only loans that are in the best interest of the community.

Individual Customer Evaluation - Two Loan Officers always evaluate the credit histories and repayment capacity of each individual borrower in advance of each loan approval rather than relying on an automated credit score and computer generated decision of repayment capacity.

Experienced Leadership – Reading Co-operative Bank's senior management are experienced lenders that worked through the difficulties of the early 90's and understand that cashflow not just collateral repayments and markets can decline; for that reason it

was our documented decision to avoid all non-traditional mortgage products and protect our institutions future.

About Reading Co-operative Bank

Chartered in 1886, Reading Co-operative Bank has 6 branches servicing the markets of Reading, Wilmington, North Reading and Woburn and all contiguous communities. We provide the same consumer and business services as can be obtained at our national or regional counterparts in a community bank setting.

Reading Co-operative Bank is well-capitalized, financially strong and well managed; it is a conservative financial institution and continues to receive the Bauer 5 Star rating for now its 68th consecutive quarter running.

As a state chartered Co-operative Bank in Massachusetts, Reading Co-operative Bank provides deposit insurance on **every dollar** that exceeds the FDIC insured limit through the Share Insurance Fund (SIF) of the Co-operative Central Bank.

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