PREFERRED BANK

AMENDMENT TO UNDERSTANDING YOUR DEPOSIT ACCOUNT DISCLOSURE

The following is an amendment to Preferred Bank's Understanding Your Deposit Account disclosure dated July 1, 2011 and is effective November 1, 2012.

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The entire section is replaced with the following:

NOTICE OF EXPIRATION OF THE TEMPORARY FULL FDIC INSURANCE COVERAGE FOR NONINTEREST-BEARING TRANSACTION ACCOUNTS.

By operation of federal law, beginning January 1, 2013, funds deposited in a noninterest-bearing transaction account (including Interest on Lawyer Trust Account) no longer will receive unlimited deposit insurance coverage by the Federal Deposit Insurance Corporation (FDIC). Beginning January 1, 2013, all of a depositor's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the standard maximum deposit insurance amounts ($250,000), for each deposit insurance ownership category.

For more information about FDIC insurance coverage of noninterest-bearing transaction accounts, visit http://www.fdic.gov/deposit/deposits/unlimited/expiration.html.

The FDIC is a corporation organized by the government to insure deposits. For more information we have a link on our website, www.preferredbank.com, that explains federal deposit insurance coverage, or you may write to the FDIC directly at 25 Jesse Street at Ecker Square, Suite 2300, San Francisco, CA 94105, call the FDIC at (800)756-3558 or visit their website at www.fdic.gov.

EQUAL HOUSING LENDER

Member FDIC