

Letter from Dr. Bill Winston Regarding Covenant Bank Closing

Covenant Bank was closed Friday, February 15, 2013 by the Illinois Department of Financial and Professional Regulation's Division of Banking, which appointed the Federal Deposit Insurance Corporation (FDIC) as receiver. To protect depositors (e.g., customers with checking and savings accounts), the FDIC entered into a purchase and assumption agreement with Liberty Bank and Trust Company, New Orleans, Louisiana, to assume all of the deposits and assets of Covenant Bank. On Saturday, Covenant Bank reopened as a branch of Liberty Bank.

Over the last few years, we made every attempt to raise the additional money needed to meet the regulatory requirements for the bank. Unfortunately, the troubled economic times made it difficult for people to invest. As I have shared many times, my vision for the bank was to provide an economic engine to help revitalize urban communities, such as Lawndale, by providing lending for small businesses, commercial development, and affordable housing, as well as education and financial literacy to local residents.

I recently met with the President and CEO of Liberty Bank and Trust, Mr. Alden McDonald, and I am pleased to share that Liberty Bank has a similar focus on community development as did Covenant Bank. Founded in 1972, Liberty Bank is one of America's three largest African-American-owned financial institutions and is a leading mortgage lender and supporter of affordable housing. "Liberty Bank of New Orleans takes over failed Chicago bank." by Bruce Egger, NOLA.com. The Times-Picayune. New Orleans. February 16, 2013.

Customers of the now closed Covenant Bank are now customers of Liberty Bank and Trust. All checking and savings accounts remain unchanged, and will continue to be insured by the FDIC. For investors in Covenant Bancshares Inc., I will be communicating directly with them in a shareholders communication that is forthcoming.

I want to express my appreciation to everyone who has supported the vision of Covenant Bank.

Sincerely,

Dr. Bill Winston

Chairman of Covenant Bancshares Inc.