

Partnership. Service. Trust.

UNITED AMERICAN BANK

Winter 2008/2009

Branch Locations

San Mateo

101 S. Ellsworth Ave.
San Mateo, CA 94401
650-579-1500

Sunnyvale

333 W. El Camino Real
Sunnyvale, CA 94087
408-636-1900

Half Moon Bay

40 W. Cabrillo Highway
Half Moon Bay, CA 94019
650-712-5000

Redwood City

2400 Broadway
Redwood City, CA 94063
650-298-7000

www.unitedamericanbank.com



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For the year ending 2008, United American Bank will report double digit growth in assets, loans, and deposits. In addition, I am pleased to report that we have been doing a very good job of retaining virtually all of our depositors which evidences the strong relationships we have with our clients.

However, this has been a challenging period for the commercial banking industry including our banking firm. While the great majority of the nation's 8,500 banks including United American Bank are in good condition, the FDIC had identified 171 problem institutions at the end of the fourth quarter of 2008, the largest number since the end of 1995.

As I have stated in previous messages and want to reiterate, in spite of our challenges, United American Bank remains a safe and sound banking institution. In all aspects of our banking operation, we are in compliance with federal and state regulations. The strengths of our banking company are embedded in our loyal clients, our experienced management team, and our competent and involved Board of Directors. And, United American Bank continues to exceed the regulatory definition of a well capitalized bank.

Out of approximately 500 loans on our books, we do have a handful of non-performing loans that have

increased in 2008 more in terms of dollars than in numbers. Non-performing loans were 1% of our assets at year end and we are working diligently in managing these loans down to a more respectable level. As part of this process, we decided at 2008 year end to do two things. First, to recognize and charge off a large problem credit caused by borrower fraud that came to our attention in June of 2008. While we believe we will recover a substantial amount on this credit, the amount and timing of our recovery will be subject to the bankruptcy court and we expect that it will be protracted.

And, in anticipation of continued challenges in 2009, we elected to increase our loan loss reserves as an abundance of caution. These proactive and proper steps have been taken by the bank to get these credit issues behind us; therefore, a loss of \$1,246,000 was reflected for 2008. However, having taken these actions, we will be that much better positioned to successfully meet the challenges we will face in 2009.

In conclusion, we are a bank that is moving forward, and we anticipate continued growth. We have developed a good strategic network of branches, and we will continue to build upon that foundation as opportunities present themselves. Over time, we believe the right valuation of our stock will be realized in the marketplace as financial markets begin their recovery.

On behalf of the Board of Directors, Executive Managers, and staff of United American Bank, I thank you for your support.

A Time for Giving at United American Bank

United American Bank is proud to support a number of charities throughout the year and each holiday season. As in years past, in December 2008 we sponsored the Mid-Peninsula Boys & Girls Club "Wish Giving Tree" which benefits underprivileged children.

Additionally, we made special holiday donations on behalf of our clients to the following charities:

Second Harvest Food Bank

Samaritan House

Shelter Network

Mid-Peninsula Boys & Girls Club



Christopher Tyeskey Joins the United American Bank Team



SVP & South Bay Regional Manager Christopher Tyeskey is no stranger to the Silicon Valley—he's back home after joining United American Bank based out of our Sunnyvale Office.

"After working for three of the largest banks in California, I feel blessed to be part of the United American Bank family. I am 100% committed to helping United American Bank become the premier community bank in Silicon Valley & the Bay Area. One of my primary duties is to spread the word to those business clients utilizing the services of larger banks, to support community banks and experience a superior level of customer service and individual care."

With a background of over 20 years in banking, Chris is armed with the business development and management experience needed to continue the deposit and loan growth in the Silicon Valley market.

When Chris isn't out developing business, you are likely to find him on the basketball court coaching youth and Special Olympics teams.

We are excited to have Chris as part of our team. If you are in the South Bay, stop in to meet Chris. We think you will agree—we know how to pick a winner!

Understanding Basic FDIC Coverage

FDIC insurance covers funds in deposit accounts, including checking and savings accounts, money market deposit accounts and certificates of deposit (CDs). FDIC insurance does not cover other financial products and services that other banks may offer, such as stocks, bonds, mutual fund shares, life insurance policies, annuities or municipal securities.

There is no need for depositors to apply for FDIC insurance. Coverage is automatic. To ensure your funds are fully protected you need to understand the FDIC coverage limits. The coverage limits shown below refer to the total of all deposits that an account holder has in the same ownership categories at each FDIC-insured bank.

These examples are only the most common ownership categories that apply to individual and family deposits, and assumes that all FDIC requirements are met.

Basic FDIC Deposit Insurance Coverage Limits*

Single Accounts (owned by one person)	\$250,000 per owner
Joint Accounts (two or more persons)	\$250,000 per co-owner
IRAs and certain other Retirement Accounts	\$250,000 per owner
Trust Accounts	\$250,000 per owner per beneficiary subject to specific limitations and requirements
Corporation, Partnership and Unincorporated Associations	\$250,000 per corporation, partnership or unincorporated assoc.
Employee Benefit Plan Accounts	\$250,000 for the non-contingent, ascertainable interest of each participant
Government Accounts	\$250,000 per official custodian
Non-interest Bearing Transaction Accounts	Unlimited coverage**

*On 01-01-10, the standard coverage limit will return to \$100,000 for all deposit categories except IRAs and certain retirement accounts, which will continue to be insured up to \$250,000 per owner.

**United American Bank is a participating FDIC insured bank. Unlimited deposit insurance coverage on non-interest bearing transaction accounts is available through 12-31-09.

Product Spotlight

Remote Deposit U-Capture

Finding the time to make it to the bank can be a challenge, even on the best of days. United American Bank understands the value of your time. That is why we are so excited to offer U-Capture, our Remote Deposit Capture System to business clients.

U-Capture puts United American Bank at your fingertips—literally! Making a deposit becomes as simple as launching the U-Capture program, scanning in your checks and Voila! Your deposit is sent electronically to the bank. You don't even need a deposit slip or endorsement stamp!

To find out more about U-Capture and how it can save you time and money, please give us a call at 650-579-1500 or ask your Account Officer today.



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