



February 6, 2009

President's Message to Shareholders:

For the year ending 2008, United American Bank reported double digit growth in assets, loans, and deposits. At the close of the fourth quarter December 31, 2008, total assets had increased 16.2% over 2007 to \$296.3 million. Total deposits at the end of 2008 were \$251.1 million, an 11.7% increase over December 31, 2007. Loans outstanding on December 31, 2008, totaled \$272.3 million, a 32.6% increase over the same date of the prior year.

At year end 2008, United American Bank elected to be proactive on two fronts in order to successfully meet the challenges we face in 2009. First, we recognized and charged off a large problem credit caused by borrower fraud. While we believe we will recover a substantial amount on this particular credit, the amount and timing of any recovery will be subject to the bankruptcy court, and we expect 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 preemptive and proper steps were taken by the bank to get known credit issues behind us. Consequently, a loss of \$1.2 million was reflected for 2008. Nevertheless, 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.

I am pleased to report United American Bank obtained preliminary approval of its application to sell \$8.7 million of preferred stock and preferred warrants to the U.S. Treasury Department under the TARP Capital Purchase Program. This additional capital will strengthen our already well capitalized position to meet the needs of the communities we serve, and enhance our ability to support our customers in these difficult times. This is a strategic direction we believe is in the long term best interest of our shareholders, our customers, and our employees.

In conclusion, we are a bank that is moving forward, and we anticipate continued growth and improved earnings. 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.

Sincerely,

A handwritten signature in black ink, appearing to read "John C. Schrup".

John C. Schrup
President & CEO

