

Partnership. Service. Trust.

UNITED AMERICAN BANK

Winter/Spring 2011

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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There is an old saying; "Bad loans are made in good times," which clearly describes the situation facing most banking institutions today. Unfortunately, in 2010 many banks, including United American Bank, were hampered by problem loans, primarily those loans associated with commercial

real estate, construction, and land acquisition.

Most of these loans originated before the financial crisis of 2008, and simply have not performed according to the original terms. In many cases, the collateral has lost substantial valuation over the past two years. The consequences of this financial meltdown have forced regulators to insist that banks, like United American Bank, increase their loan loss reserves, raise more capital, write-down

loans to the current appraised value, and even charge off real estate loans entirely. Obviously these trends have had a negative impact on earnings. United American Bank has had to reflect those losses over the past two years which has lowered our capital position as a result. To address this situation, United American Bank is taking decisive actions relative to a formal agreement we have reached with our primary regulators. Both the Board of Directors and I believe these actions are prudent.

More specifically, we are taking steps to reduce our problem loans and substantially improve our capital position. With these improvements and our strong core funding base, United American Bank will expect to be back on track toward reflecting sound financial strength, and toward generating profitability.

If you have any questions about our course of action, please call me at 650-579-1502.

This communication contains forward-looking statements that are subject to risks and uncertainties. Words such as "expects," "anticipates," and "believes," and variations of these words and similar expressions are intended to identify forward-looking statements, which include but are not limited to projections of capital levels, levels of problem loans, revenues and earnings. Such risks and uncertainties may include, but are not necessarily limited to, the bank's ability to raise sufficient capital on acceptable terms, the bank's ability to sell loans and/or to foreclose on and liquidate collateral securing loans, fluctuations in interest rates, monetary policy established by the Federal Reserve, inflation, government regulations, general economic conditions and competition within the business areas in which the bank conducts its operations. Such risks and uncertainties could cause actual financial results to differ materially from those indicated and could impact the bank's ability to achieve its objectives. Readers should not place undue reliance on the forward-looking statements, which reflect management's view only as of the date of this release. The bank undertakes no obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.

Community Outreach

United American Bank believes in the spirit of giving – not just at holiday times, but all year around. Once again, United American Bank was proud to partner with the Mid-Peninsula Boys and Girls Club by hosting their Wish Giving Tree. Thanks to our clients' and staff members' generosity, many children in our community received wonderful holiday gifts!

Another success was the Warm Coat Drive benefiting the Catholic Worker House in Redwood City. United American Bank happily delivered 30 coats to Director Larry Purcell. Mr. Purcell was most appreciative. In addition, United American Bank made monetary donations during the holiday season to the Second Harvest Food Bank, Samaritan House, St. Vincent de Paul Society, and the St. Francis Center to assist with food and clothing needs here on the Peninsula.

As we move into 2011, United American Bank is proud to co-sponsor the Redwood City/San Mateo County Business Woman of the Year Award for 2010. This year's award will be presented to Tammy Del Bene, Recycling Manager for Recology San Mateo County at the upcoming Annual Chamber Dinner on January 27th. Senior EVP and COO Frank Bartaldo will be Master of Ceremonies and presenter of the award. United American Bank will donate \$1,000 to Tammy's chosen charity, the Service League of San Mateo County.

United American Bank encourages staff and clients to support our many excellent community charities!



People on the Move

United American Bank prides itself on the quality of the management team. Join us in congratulating and welcoming these individuals.

Frank Bartaldo – Frank’s excellent work and dedication have resulted in the new title of Senior Executive Vice President and Chief Operations Officer. **Glen Nissen** – Glen moves up into the position of Executive Vice President and Chief Credit Officer bringing with him a wealth of lending expertise. **Patricia Torres**’s leadership and knowledge in the areas of Operations and Information Technology have led to adding Chief Information Officer to her Executive Vice President title. Senior Vice President **Angelique Randolph** takes on additional responsibility as she becomes the Credit Administration and Note Department Manager. **Sandra Kaul** is now Special Projects Officer as she moves to her home in North Eastern California and continues to work part-time.

Fred Casissa joins us as Senior Vice President Compliance and Anti-Money Laundering (AML). Fred has more than 25 years of experience in the financial services industry and has extensive experience in the area of AML. He has been a speaker on the subject for both the California Bankers Association and at an international AML conference. Fred is a long time resident of Corte Madera where he enjoys a home with his wife and 12 year old daughter. Fred is an active participant in many non-profits in the Bay Area.

Jane Ng moves into the position of Senior Vice President, Branch Administration, working daily with the branches and clients of United American Bank. Jane joins us with over 20 years of banking experience covering a variety of areas including Data Processing, Accounting, Operations, IT/Security, Compliance and Bank Secrecy. Jane is a certified AML Specialist (CAMS) and spent the past 6 years working in San Francisco and on the Peninsula. Jane makes her home in Belmont, and is the mother of 2 daughters.

Elizabeth Riggins joins the Compliance Department as Senior BSA Compliance Analyst bringing with her a background in Risk and Anti-Money Laundering Monitoring. Elizabeth “Liz” is thrilled to be back in San Mateo, having grown up in Burlingame and San Carlos.

FDIC Review

Recent changes in FDIC coverage and the advent of the Dodd-Frank Wall Street Reform and Consumer Protection Act have kept FDIC coverage in the news lately. To keep you up to date on FDIC coverage, here is a brief review –

- United American Bank is a FDIC insured institution. This means your covered deposits with United American Bank are backed by the full faith and credit of the United States government. Since the FDIC’s creation in 1933, no depositor has ever lost even one penny of FDIC-insured funds.
- From December 31, 2010 through December 31, 2012, all noninterest bearing transaction accounts are fully insured, regardless of the balance of the account and the ownership capacity of the funds. This coverage is available to all depositors, including consumers, businesses, and government entities.
- FDIC insurance covers at least \$250,000 of your interest bearing deposits.
- Deposit ownership coverage of more than \$250,000 at a single bank may occur when deposits are held in different “ownership categories,” such as single, joint or trust accounts. This means a bank customer who has multiple deposits may qualify for more than \$250,000 in insurance coverage if the customer’s accounts are deposited in different ownership categories and the requirements for each ownership category are met.
- There is an excellent tool available to everyone that helps you determine if your accounts are fully insured. Go to www.fdic.gov/edie to use the Electronic Deposit Insurance Estimator (EDIE) tool.
- If you have questions regarding your FDIC coverage at United American Bank please call your account officer or our main number at 650-579-1500.

SMALL BUSINESS ADMINISTRATION LOANS

United American Bank is proud to be designated as a Preferred SBA Lender. Our active SBA program is led by Senior Vice President and Commercial Lending SBA Manager Niki Wong. Niki’s expertise with SBA loans allows her to quickly match the correct program to the borrower and to assist them with the processing of their SBA request.

The **7A Program** offers terms of 7 to 25 years at Prime + 2.75% with quarterly adjustments for purposes such as working capital, equipment purchase, leasehold improvements, business acquisition or expansion, refinance of debt, purchase and/or construction of owner-use property, and other purposes.

The **504 Program** offers various terms and rates for the bank portion combined with the SBA portion at 20 years fully amortized with a fixed rate. The 504 Debenture Loan Program finances the purchase of an industrial or commercial building, the construction or remodel (owner-occupied) of a purchased building, and can also be used for equipment acquisition using a combination of bank financing and federal debenture funds.

You can contact Niki Wong at 650-579-1555 or nwong@unitedamericanbank.com for more information on our SBA program.

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