



UNITED LABOR BANK f.s.b.
E X E C U T I V E O F F I C E S

October 31, 2008

To Our Clients and Shareholders:

PLEASE DO NOT PAINT US WITH THE SAME BRUSH

For the last 25 years, I have been extremely proud to call myself a banker and just as pleased with the service we provide as a community bank serving the banking needs of our community. Ah yes, the operative words, “community banker,” not to be confused with the general term of banker, because we are different. The recent meltdown of the financial service industry has made the term banker about as popular as the tax collector. I resent being thrown into the same category as the “bankers” who ran AIG, Lehman, IndyMac, WaMu, and Wachovia and so on. We are community bankers serving the financial needs of our community.

Let me take a moment to explain the difference between being a “**BIG BANKER**” and a “**COMMUNITY BANKER**”.

Big bankers are highly sophisticated and make international investments. They have their names prominently displayed on billboards and in sports arenas around the world. They create, sell and purchase large pools of investments that they never actually see to investors they have never met, and in countries where they have never been. They are forced to drive their profits to be able to report to Wall Street so that investors will buy more of their stock. And, they become “**too big to fail**”. Oops, I guess we can no longer say that.

All the while your community banker, who lives and works in the local community, continues to be the safe repository for your hard earned dollars and invest those dollars back into the communities where we work and live. Community bankers invest in their local communities where they know the borrower and actually see the property that is security for the loan. They use tried and true analysis before making a loan, such as “demonstrated the ability to repay the loan” and “does the borrower have their own equity in the loan”? Your community bank is truly the economic engine for your community.

As part of our commitment to be completely transparent to you - our customers and owners - we will be hosting a series of Town Hall Meetings in each of our branches. A member of the United Labor Bank Executive Team will be present to share with you our strength and business practice. And, since we do not have to pay for sports arena signs, we will be providing brown bag lunches at these meetings. Your Branch Manager will soon have the dates and locations in your area.

We hope to see you there.

Malcolm F. Hotchkiss
President & Chief Executive Officer