



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

May 3, 2010

To: Our United Labor Bank Clients

Do You Remember the Neighborhood Hardware Store?

Do you remember the neighborhood hardware store? I certainly do. Where I grew up in Southern California we had a neighborhood hardware store that was magical. Dooley's Hardware in Long Beach, California, had everything and their employees knew everything or knew how to find it. Most of these employees had been part of the Dooley's Hardware Store "family" for years and we knew them by name. You could get paint and wallpaper samples, plumbing fittings for old fixtures, insecticide, appliances, and gumballs. This was a place you could walk into and say, "I need that thing-a-gigit for my living room lamp." They knew what you wanted and had it in stock.

Today those wonderfully magical stores - and their caring knowledgeable employees - are effectively gone due to growing enterprise, efficiency of operations, national purchasing, and price. What are we left with? The big orange Box Store with employees who wear their name tags upside down, have little to no knowledge of product, and the only thing that they seem to care about is, "When is my break?" When we go in and ask for advice or a certain product, if they don't have it, it never existed.

I know that I sound cynical and that there are certainly economical efficiencies with the Box Store, but at what expense to us the consumer? We are now forced to give up individuality of our products to conform to what the Box Store has to offer. Everybody's porch light looks the same now. Yipee for efficiency!!

Let's take a look around us. What happened to the local coffee shop that had the best piece of pie in town and a good hot cup of coffee? What is left is Starbucks and Denny's. Yipee for efficiency!! Medical services you used to have with the general practitioner are now your primary care provider who must get permission to treat you.

I see a direct correlation with the above examples and the banking industry - and it frightens me to no end. Not just for my job, but for our clients who rely on our ability to make decisions that meet the needs of our community; by providing individualized and informed service, not global banking and lending practices that do not take into consideration the local community. As a Community Bank, we provide localized banking and lending services for our neighbors. We know the client; we know their business regardless of whether they are in Oakland, San Francisco, Los Angeles, or the small town on the central coast.



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As a perfect example of the inefficient Community Bank, we have a customer who wanted us to give him a “passbook” because he wanted the teller to record his interest in the passbook. I know it sounds silly to use a passbook, but that is what our client wanted. We have not used passbooks for many years, and some of our banking staff didn’t even know what a passbook was. We had passbooks printed and presented our customer with his very own passbook. Just try to ask the “Big Box Bank” that question and see what you get. Hooray for individuality!!

We should be very careful of what we ask for in the name of progress. Are we willing to give up individual service and community involvement for the sake of price or efficiency?

Best Regards,

Malcolm F. Hotchkiss
President and Chief Executive Officer
Of Your Community Bank