



A Message from our Chairman

Welcome to OneUnited Bank. We are pleased to provide you with Insights – our new quarterly customer newsletter. Through our newsletters, we will share our progress in serving the banking needs of urban communities and provide ideas that may help you achieve financial security.

Last year was a very exciting year for us. In December 2002, we became the largest Black-owned bank in the country as we closed our merger agreement with Family Savings Bank in Los Angeles. In addition, our network of banks – Founders Bank of Commerce in Los Angeles, Peoples Bank of Commerce in Miami and Boston Bank of Commerce – officially changed names to OneUnited Bank. We believe our new name communicates our mission to unite urban communities to share ideas, technology and management resources to better meet your banking needs.

Our mission is to be the premier banking institution for urban

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CDs – An Assurance of Safety During Uncertain Times

Knowing exactly what your return will be on a given date is not too much to ask if you have your savings in certificates of deposit.

Given the uncertainty of the stock market, predictability is one of the nice features of CDs. When you open a CD, you know exactly what rate your money will earn and how much you'll have when your CD matures. CDs offer a safe and secure means of building your savings, and are available in a variety of rates and terms. Be sure to choose a term that matches your needs, because there may be a penalty for early withdrawal.

Interest rates on CDs are higher than on typical savings accounts, and you don't have to give up any security because CDs are insured by the FDIC up to \$100,000.

Tailored to Your Needs

If you are using CDs to stash your retirement nest egg, you might choose to have earned interest deposited periodically into your checking account to create a steady income. Or, have interest checks mailed

to your home. Consider laddering your CDs to make your money more accessible if you intend to use the principal. With staggered maturity dates, you have access to a portion of your money periodically without having to worry about early withdrawal penalties.

Money Market Accounts

Another option is to open a money market account as well as a CD, making your funds more liquid. Money market accounts allow you to add to your funds at any time, while offering a solid

rate of return. Accessing your accounts is just as easy as depositing funds into them. You can use an ATM card anytime of the day, write a check or call us to transfer funds.

Contact Us

Find out how certificates of deposit can help you reach your savings goal. Or, become a Member of OneUnited Bank and open a UNITY Money Market account. Stop in today to learn more, or check out our website at www.oneunited.com.

With certificates of deposit, you lock in the interest rate so you know exactly how much you'll earn. They also offer you a higher interest rate than a typical savings account and – best of all – peace of mind.



Tax Refund Loans

Don't Pay More than You Should

As tax season kicks into high gear, the Consumer Federation of America warns you to be wary of high-interest tax refund loans. They may cost a pretty penny and result in money-in-hand just a few days earlier than if you filed your tax return electronically, then waited for the IRS to direct deposit your tax refund.

The interest charges on refund anticipation loans (RALs), which primarily target low-income taxpayers, may run from \$29 to \$89. When you add in the tax-preparation, electronic-filing and check-cashing fees, the average cost is \$267.*

The sneakiest part is, many consumers don't even realize that they're taking out a loan.

The loan is wrapped into a package deal that includes tax preparation and filing. Taxpayers learn the truth quickly, however, if their tax refund is disallowed or less than they anticipated. Because if the refund doesn't come as expected, you still owe the amount borrowed.

Consider Alternatives

Rather than paying to borrow your own money, try to find a way to file your taxes electronically and use direct deposit to get your refund quickly. Using those electronic services, you can usually receive your refund in about 14 days.**

The IRS's Volunteer Income Tax Assistance (VITA) program offers free help with tax preparation to people who



can't afford paid professional assistance. In addition, some VITA sites can file taxes electronically. To find a location near you, call the IRS at **1-800-TAX-1040**.

Get Your Refund Faster with Direct Deposit

Using direct deposit also helps you get your refund quicker.

It trims about a week off the time required to receive your refund, and you can use it whether you file your return electronically or by mail. Just fill in the routing and account numbers for the account to which you want the refund deposited.

If you have questions about direct deposit or need assistance locating your routing and account numbers, call one of our Financial Service Representatives at **1-877-ONE-UNITED (1-877-663-8648)** or visit us online at www.oneunited.com and select "Contact Us." We'll be glad to help.

* Source: Consumer Federation of America news release, Jan. 31, 2002.

** Source: IRS Web site, www.irs.gov.



Members of the OneUnited team, standing left to right: Della Pitts, Branch Manager in Miami, Fla.; Marilyn Sharp, Branch Manager in Crenshaw, Calif.; Nanette Turner, Branch Manager in Compton, Calif.; Delroy McDonald, Branch Manager in Boston, Mass.; Lisa Hudson, Operations Manager in Los Angeles, Calif. Sitting left to right: Sherri Brewer, Vice President of Retail Banking, Los Angeles, Calif.; Elise Jackson, Branch Manager in Lauderdale Lakes, Fla.

A Message from our Chairman ...

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communities across America by:

- Offering affordable financial services for all
- Treating all customers with respect, dignity and personal attention to their banking needs regardless of their account balances
- Employing and training high-quality employees who are committed to our mission
- Maintaining superior financial performance.

This clarity of vision and mission is reflected in everything we do. For example, we recently introduced a revolutionary deposit program – the OneUnited Bank Membership Program – that provides everyone with an opportunity to achieve the basic foundation for financial security with affordable banking services.

In this newsletter, we provide information on retirement, taxes and small business development – important areas that can affect your financial health.

*We hope our newsletter and Membership Program help you achieve financial security. To learn more about us, please come into one of our branches, call us toll free at **1-877-ONE-UNITED (1-877-663-8648)** or explore our website, www.oneunited.com.*

We look forward to serving your needs. We recognize that your business and your support are the keys to our success.

*Kevin Cohee,
Chairman and Chief
Executive Officer*

Keep Your Eggs in Separate Baskets

Among the issues that urban businesses face is an over-reliance on large customers. What if a company cuts back on orders, switches vendors, goes bankrupt or stops paying bills? Having a diverse client base can help businesses stand firm when customers – or the economy – waver.

Expand to Smaller Customers

There's nothing quite like the thrill of scoring a big client, but it's important to resist the urge to sit back and milk the cash cow. Winning smaller customers can provide a host of benefits, including:

Better gross margins.

Smaller companies don't have the negotiating power of larger customers, so they often end up paying higher rates for your services.

Stability. Small customers tend to be loyal if you offer them quality service and a consistent product. What's more, your competitors probably don't spend a lot of time pursuing small customers, which means they are less likely to be lured away from you.

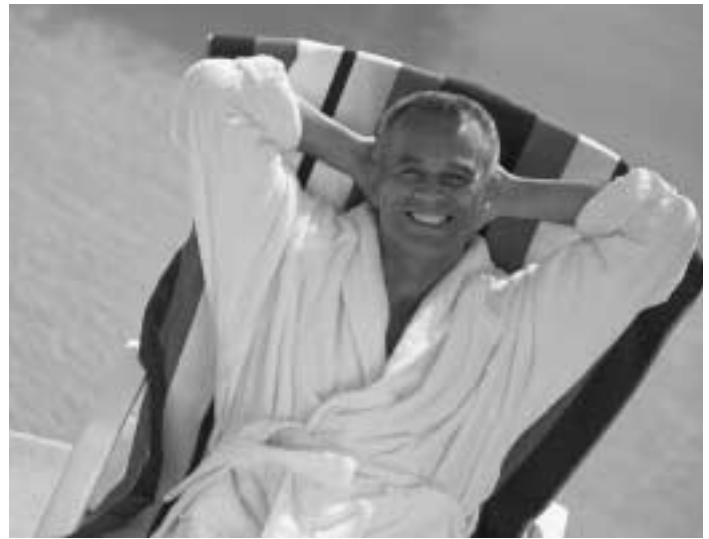
Risk reduction. The loss of one big customer can wreak havoc on your business's bottom line, but receiving your revenue from a number of small companies can significantly reduce your vulnerability.

Focus on Diversity

While there's no magic number when it comes to diversifying your business – experts argue that your biggest customer should make up no more than 10%-65% of your income – there are tried-and-true strategies to help you reduce your reliance on any one client.

- Encourage employees to brainstorm and pursue new opportunities.
- Hone your marketing skills.
- Spread your business among several industries.
- Use revenue from big customers to find smaller ones.

No matter what the source of your revenue, we can help you manage it efficiently. When you become a business member of OneUnited Bank, you can open as many checking, savings or money market accounts as you need in each membership type for one low flat monthly Membership fee of \$10. Plus, there are no per check or transaction charges. Contact a Branch Manager to learn more about our business products or visit our website at www.oneunited.com.



Fight Debt in Retirement

When thinking about retirement, you may be considering discontinuing work altogether, taking cruises to faraway islands or devoting all your time to hobbies. However, pursuing these dreams may be difficult if you let debt get out of control.

People 65 and older continue to amass debt. In 1992, they owed \$8,000 on average, but by 2000, the figure had nearly tripled to \$23,000.*

The reasons for this are many. Some retirees may not have saved enough to finance 20 to 30 years in retirement. Others are on fixed incomes that don't keep up with rising costs, so they use credit to fill the gaps. And younger retirees may leave the work force owing on mortgages, college tuition and other large expenses, such as new cars.

Together, these make seniors vulnerable to increases in the cost of living, especially considering that medical costs

are rising at twice the rate of inflation.** When seniors use their credit cards to pay for high-cost items, debt compounds quickly.

Move toward Debt-Free Living

If you carry debt, especially on high-interest rate credit cards, the sooner you pay it off, the faster you can use your money to fulfill your retirement goals. Follow these tips to help you manage debt:

- Leave credit cards at home.
- Develop a budget.
- Cut back on discretionary spending.
- Consolidate debt.
- Go back to work if necessary.

We Can Help

For more information on saving for retirement, visit one of our branches and speak to one of our Financial Service Representatives.

* Source: *Bankrate.com*.

** Source: Consumer Expenditure Survey 2000, Bureau of Labor Statistics, www.bls.gov.



What Is Your Retirement Savings Personality?

Results from the 2002 Retirement Confidence Survey* suggest that personality characteristics may play a key role in how you save.

The Faces of Saving

The survey asked 1,000 working and retired Americans questions about their attitudes toward saving for retirement and saving habits. Five different faces of savers emerged. Each personality includes unique perspectives and behaviors that influence savings decisions. Do you see reflections of yourself among the categories?

Deniers are uncomfortable with planning for the future and tend to focus on immediate financial concerns. The study found that the 15% of respondents making up this category feel a comfortable retirement is beyond their grasp. On the other hand, this group does believe that stocks are a good long-term investment and are willing to accept financial risk in return for potential gain.

Impulsives have good intentions of saving for retirement but tend to lack follow-through. For example, many believe they are capable of reaching a comfortable retirement, yet impulse spending and immediate financial needs crowd out retirement savings. If this sounds like you, you're not alone. Impulsives totaled 24% of respondents.

Planners care deeply about a secure retirement and they place saving for the future as a high priority for their dollars. Most believe in a disciplined plan for saving and are willing to take financial risks along the way to achieve their goals. This was the second largest group in the survey at 23%.

Savers are quite similar to planners with one major exception – an aversion to taking on too much financial risk. Their concern with fiscal accountability and



being prepared puts them in a good position to handle financial emergencies and unexpected expenses. Some 19% of respondents fit this description.

Strugglers try and try to save for retirement but tend to be sidetracked by circumstances beyond their control. Unlike savers who are financially ready for emergencies, strugglers find themselves recovering from fiscal debacles over and over again. The 18% in this category agreed with the survey statement, "It is pointless to plan for retirement because it is too far away to know what I will need."

A Fresh View

Whether one of the above descriptions fits you to a tee or you're a combination of several, a fresh look at your retirement savings habits may be in order. A good start is to calculate how much money you will need in retirement and then adjust your savings and investing plans as necessary to help reach your goal.

* The 2002 Retirement Confidence Survey was co-sponsored by the Employee Benefit Research Institute (EBRI), the American Savings Education Council (ASEC) and Mathew Greenwald & Associates, Inc.

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