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First Trade Union Bank to pass on CPP Investment

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According to First Trade Union Bank, it will not access the \$11 million in funding it was previously approved for as part of the U.S. Treasury's Capital Purchase Program (CPP).

First Trade, which applied for and obtained approval to receive CPP funds in February, had planned to utilize the capital to stimulate economic activity while expanding the institution's relationship-based lending capabilities.

However, First Trade president and CEO Michael Butler said the bank will not use the government's investment because it does not want to be tainted with a "bailout" label.

"First Trade is a healthy, well-capitalized financial institution," said Butler. "We were approved for the investment by the government for precisely that reason. However, because there has been a broad misunderstanding of the Capital Purchase Program our board of directors has opted to forego the opportunity to participate. The reputation risk is simply too high."

As a subset to the Troubled Asset Relief Program (TARP), the CPP was introduced last fall by the U.S. Treasury to stimulate the economy by providing government investment in healthy banks.

"Unfortunately, banks across the country have been declining the investment even after having been approved as healthy institutions," said Butler. "With so much talk about 'bailouts,' the healthy bank part of the equation has been mostly ignored."

Butler said in 2008 First Trade had an excellent year, reporting a 17.2% increase in net income, a 25.7% increase in total loans and a 23.1% increase in deposit growth over 2007, along with net charge-offs of less than 0.01%. The bank's capital position remained strong throughout 2008, as First Trade reported a Tier 1 capital ratio of 8.27% (the 'well capitalized' requirement is 6%). First Trade is positioned to succeed again in 2009.

"While the CPP capital would have afforded us the opportunity to make more funds available in the marketplace, our growth plans are not dependent on the additional capital. Given the misperceptions surrounding the CPP, we believe it is a prudent business decision for First Trade to decline participation in the program."

With assets over \$590 million, First Trade Union Bank is a well-capitalized community bank offering a full complement of business and consumer products and services. First Trade has a long-standing reputation for middle market, small business, unions and government entities as its core clients. They have a profound understanding of their role in the business community: to provide a complete offering of products and services that respond to the needs of their clients, delivered in a way that encompasses the highest level of personal service in-person, online, or by phone. First Trade is deep in category experience and committed to providing the attentive service that today's businesses and consumers require. First Trade also offers 24-hour ATM service, telephone banking, and the most advanced technologies in internet banking for consumer and business customers. Customers can readily access traditional, personalized branch banking at their offices in Boston,

MA, Warwick, RI and Hauppauge, NY. First Trade maintains its corporate offices in Boston, MA. First Trade is a member of the Federal Deposit Insurance Corporation and is an Equal Housing/Equal Opportunity Lender. For further information call 800-242-0272 or visit the Bank's website at www.ftub.com.

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