

FIRST ULB CORPORATION

February 13, 2009

RECEIVED
2/19/09

vs CERTIFIED

Mr. Neil M. Barofsky
Special Inspector General
Office of the Special Inspector General
Troubled Asset Relief Program
1500 Pennsylvania Ave., N.W. Suite 1064
Washington, D.C. 20220

Dear Mr. Barofsky:

We are in response to your letter dated February 6, 2009, requesting the use of funds and compliance of the \$4.9 million of TARP Capital received by First ULB Corp., on January 23, 2009.

We are pleased to respond to your request as follows:

- (1) First ULB Corp., United Labor Bank's holding company, will fund capital to United Labor Bank, the holding company's only asset, as needed for growth. The Bank plans to use the following criteria for the new capital:

(b) (4)

(b) (4) The TARP funds have not and will not be isolated from other institutional funds. These funds are capital and will be included with current and future capital. As of the date of this letter, February 13, 2009, we have not deployed any of the TARP funds to the Bank but will deploy as needed in accordance with the 2009 and 2010 business plan. These plans have not deviated from our original intent for the use of these funds and may be referenced in our published quotation to the Treasury Department on February 5, 2009.

- (2) First ULB Corp is a privately held corporation and is not traded on any trading platform. First ULB Corp. does not foresee any conflict with the Department of Treasury Guidelines for executive compensation. We do not anticipate any changes to our current executive compensation programs for United Labor Bank as a result of receiving TARP funds. Both the holding company and the Bank are within the published Department of Treasury Guidelines.

Very truly yours,

Malcolm F. Hotchkiss
Malcolm F. Hotchkiss
President and Chief Executive Officer

William S. Smith
William Smith
Chairman of the Board

Attachments

Copy to: **(b) (6)** McAndrews, Allen, & Matson, w/o attachments

(b) (6)





UNITED LABOR BANK f.s.b.

**BUSINESS PLAN
YEARS
2009 AND 2010**

(b) (4)

**UNITED LABOR BANK
RATIOS
FOR YEAR ENDING SEPTEMBER 30, 2009**

	December 31, 2008	March 31, 2009
TOTAL EQUITY	16,966,000	18,367,000
TOTAL ASSETS	258,758,000	264,500,000
CORE RATIO	6.56%	6.94%
TOTAL LOANS	155,000,000	164,500,000
ALLOWANCE FOR LOAN LOSS GENERAL	1,800,000	1,900,000
ALLOWANCE FOR LOAN LOSS SPECIFIC	180,000	269,000
TOTAL ALLOWANCE	1,980,000	2,169,000
LOSS ALLOWANCE PERCENTAGE GENERAL	1.16%	1.16%
TOTAL RISK BASED CAPITAL	18,766,000	20,267,000
RISK BASED ASSETS	180,100,000	185,200,000
RISK BASED CAPITAL RATIO	10.42%	10.94%
RETURN ON EQUITY FOR THE QUARTER	9.73%	10.00%
RETURN ON AVERAGE ASSETS FOR THE QUARTER	0.62%	0.61%
EFFICIENCY RATIO FOR THE QUARTER	67.23%	68.45%
NET MARGIN FOR THE QUARTER	4.04%	4.49%
NON-INTEREST EXPENSE/AVERAGE EARNING ASSETS	2.87%	3.21%
NET INCOME PER QUARTER	400,953	437,742

(b) (4)

UNITED LABOR BANK
MARGIN ON FUNDS BUDGETED
FOR THE YEAR ENDING SEPTEMBER 30, 2009

(b) (4)

Quarter Ending
December 31, 2008

Quarter Ending
March 31, 2009

	AVERAGE BALANCE	INC/EXP	YIELD	AVERAGE BALANCE	INC/EXP	YIELD
ASSETS:						
FEDERAL FUNDS SOLD	\$22,984,333	\$115,762	2.00%	\$14,860,333	\$21,789	0.59%
CASH IN FHLB & CDS	3,654,000	30,349	3.25%	3,654,000	26,309	2.85%
GOVERNMENT SECURITIES	5,000,000	62,500	5.00%	5,000,000	62,500	5.00%
SBA SECURITIES	9,327,000	87,441	3.75%	9,327,000	81,511	3.50%
MUNICIPAL BONDS	3,540,000	55,136	6.23%	3,540,000	55,136	6.23%
MORTGAGE-BACKED SECURITIES	40,300,000	554,125	5.50%	40,300,000	549,088	5.45%
SBS & AGENCY SECURITIES GROWTH 2009	2,000,000	27,500	5.50%	3,500,000	43,750	5.00%
FHLB STOCK	1,270,300	19,055	6.00%	1,288,300	9,852	3.00%
TOTAL INVESTMENTS	88,055,633	951,867	4.32%	81,569,633	849,844	4.17%
LOANS:						
REAL ESTATE LOANS	126,486,000	2,112,316	6.68%	126,486,000	2,112,316	6.66%
COMMERCIAL REAL ESTATE LOANS	8,380,000	117,949	5.63%	8,380,000	117,949	5.63%
LOANS PAID OFF	(2,250,000)	(37,278)	6.68%	(6,790,000)	(112,726)	6.68%
LOANS ORIGINATED	10,500,000	177,188	8.75%	27,283,333	460,406	6.75%
COMMERCIAL LOANS	6,790,000	102,869	6.06%	6,790,000	102,869	6.06%
CONSUMER LOANS	678,667	4,417	2.58%	36,000	658	7.36%
TOTAL LOANS	150,584,667	2,477,162	6.56%	162,225,333	2,681,473	6.61%
TOTAL EARNING ASSETS	\$238,640,300	\$3,429,029	5.75%	\$243,794,967	\$3,531,317	5.79%
LIABILITIES:						
DEPOSITS:	\$226,000,000	\$962,698	1.68%	\$226,000,000	\$896,576	1.25%
NEW DEPOSITS 2009	\$3,800,000	\$16,636	2.20%	\$7,500,000	\$40,666	2.20%
FHLB ADVANCES	\$0	\$38,262	5.06%	\$3,000,000	\$37,430	5.06%
NEW ADVANCES 2009	\$0	\$0	0.00%	\$0	\$0	0.00%
COLL DEPOSITS & OTHER	\$4,000,000	\$8,671	0.86%	\$4,000,000	\$8,462	0.86%
	236,000,000	1,026,266	1.73%	240,500,000	783,173	1.32%
CASH ON HAND/BANK	(\$7,600,000)			(\$7,600,000)		
INTEREST RECEIVABLE	(\$1,250,000)			(\$1,250,000)		
PREMISE & EQUIPMENT	(\$7,600,000)			(\$7,600,000)		
PREPAID/OTHER ASSETS	(\$1,300,000)			(\$1,566,867)		
REO	(\$437,667)			(\$633,000)		
OTHER LIABILITIES/FLOAT/RESERVES	\$4,339,633			\$4,336,633		
CAPITAL	\$16,488,333			\$17,508,000		
	\$2,840,300			\$3,294,967		
TOT LIAB & NON INT FUNDS	\$238,640,300	1,026,266	1.71%	\$243,794,967	783,173	1.30%
	\$0			\$0		
NET INTEREST INCOME	2,402,763		4.04%	2,748,145		4.49%
FEE INCOME/GAIN (LOSS)	144,000		0.24%	108,000		0.18%
PROVISION FOR LOSSES	(100,000)		-0.30%	(189,000)		-0.31%
TOTAL OPERATING INCOME	2,366,763		3.98%	2,667,145		4.36%
COMPENSATION	1,070,549		1.79%	1,241,449		2.04%
GENERAL & ADMINISTRATIVE	677,599		1.14%	727,588		1.19%
LOAN ORIGINATION COST-FAISB 91	(36,000)		-0.06%	(14,000)		-0.02%
TOTAL OPERATING EXPENSE	1,712,148		2.87%	1,955,047		3.21%
NET PROFIT BEFORE TAX	654,615		1.11%	712,098		1.15%
INCOME TAX EXPENSE	263,661		0.43%	274,355		0.45%
NET PROFIT AFTER TAX	400,953		0.68%	437,742		0.70%