

CDCI ANNUAL USE OF CAPITAL SURVEY - 2012



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Buffalo Cooperative FCU

Person to be contacted regarding this report:	Brian Barrington	RSSD: (For Bank Holding Companies)	
UST Sequence Number:	1395	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	145,000	FDIC Certificate Number: (For Depository Institutions)	
CPP/CDCI Funds Repaid to Date:	0	Credit Union Charter Number: (For Credit Unions)	23495
Date Funded (first funding):	Sep 30, 2010	City:	Buffalo
Date Repaid ¹ :	N/A	State:	New York

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	During 2012, USC acquired through the CDCI allowed the BCFCU to undertake asset growth and increase lending to new members who sought out alternative financial institutions subsequent to the departure in late 2011 of HSBC from retail consumer financial services in Western New York.
<input checked="" type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	The BCFCU originated six residential mortgage loans totaling \$380,742 during 2012. Liquidity from increased assets was also used to finance the origination of mortgages sold on the secondary market. Consumer loan demand was very strong during the first three quarters of 2012.
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	

<input checked="" type="checkbox"/>	Make other investments	Assets increased markedly during the first two quarters of 2012, and increased liquidity was invested in certificates of deposit with maturities of three to five years in accordance with our investment policy.
<input type="checkbox"/>	Increase reserves for non-performing assets	
<input type="checkbox"/>	Reduce borrowings	
<input type="checkbox"/>	Increase charge-offs	
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input checked="" type="checkbox"/>	Held as non-leveraged increase to total capital	CDCI capital has been critical to allowing the BCFCU to pursue the asset growth necessary for long-term viability . This in turn made it possible to increase membership and thereby increase lending volume. The additional revenue from lending will be used to expand our service structure.

What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

CDCI capital has allowed the BCFCU to avoid the restrictions which might accompany Prompt Corrective Action under NCUA regulations. These restrictions could diminish chances of long term viability. Most notably, during 2012 the BCFCU did not have to severely curtail asset growth and limit the growth in new members because CDCI capital contributed to maintaining net worth above 7.00%, which is the minimum level for classification as well-capitalized. Under Prompt Corrective Action, restrictions could include the introduction of new services, limits on dividend payments, and limits on asset growth.

What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

The BCFCU was able to undertake leasehold improvements during 2012 which might not have been possible if we were operating under a Net Worth Restoration Plan. A second interview room was constructed to process the large number of new members who sought out new financial institutions subsequent to the exit of HSBC from retail consumer banking in Western New York in late 2011 and early 2012. Exterior lighting was installed to increase safety. Several purchases of fixed assets were made to promote increased productivity in back-office operations.

Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

One less tangible result of the infusion of CDCI capital is the effect its presence has on the planning process. Because CDCI capital increases capital, it creates a different milieu in which the planning process is conducted. The envelope of possibilities which is considered during the planning process can be expanded. This has the positive effect of increasing the likelihood that favorable growth plans can be developed and pursued.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.