

CDCI ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

ATLANTIC CITY FEDERAL CREDIT UNION

Person to be contacted regarding this report:	Dennis E. Vinson	RSSD: (For Bank Holding Companies)	
UST Sequence Number:	1378	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	2,500,000	FDIC Certificate Number: (For Depository Institutions)	
CPP/CDCI Funds Repaid to Date:	0	Credit Union Charter Number: (For Credit Unions)	16009
Date Funded (first funding):	Sep 24, 2010	City:	Lander
Date Repaid ¹ :	N/A	State:	Wyoming

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 type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	
<input 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.).	
<input checked="" type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	The \$2,500,000 CDCI capital received was used to purchase insured Certificates of Deposit in other financial institutions. Along with the CDCI funds other Credit Union funds were used to increase the total of these investments by \$4,447,000.

<input type="checkbox"/>	Make other investments	
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	The allowance for Loan Loss account was increased by \$71,000 during the 3 months the CDCI funds were available.
<input type="checkbox"/>	Reduce borrowings	
<input checked="" type="checkbox"/>	Increase charge-offs	During the three months the funds were held written off loans increased by \$101,600. This was \$25,000 higher than the previous quarter when the funds were not recorded.
<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	The CDCI Investment is recorded as Uninsured Secondary Capital and is included in Total Capital. The \$2.5 million increased our Capital by 2.6 points and placed us above our peers in that comparison.

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

A slowdown in the rate of deposit growth was avoided. The CDCI investment allowed the Credit Union to continue to grow without decreasing our capital ratio. Preserving the Capital Ratio is very critical in allowing growth. The additional Capital received allowed us to pursue our goals of growth in deposits. Deposits increased by 4% during the 3 months after the investment was made. Increased deposits provide funding for loans in the future. But without adequate capital deposits cannot be increased.

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

We were able to continue our marketing efforts in attracting new deposits since we had an infusion of Capital with the CDCI funds. Growth dilutes capital and the risk of this happening was taken away with the CDCI investment. Attracting new deposits is essential to meeting increased loan demand which will happen when the economy improves. The full effect of the CDCI investment will be more measurable in 2012 and years beyond since it was received in September of 2010.

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

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.