



CDCI ANNUAL USE OF CAPITAL SURVEY - 2015

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Alternatives Federal Credit Union

Person to be contacted regarding this report:	Tristram Coffin	RSSD: (For Bank Holding Companies)	
UST Sequence Number:	1402	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	2,234,000	FDIC Certificate Number: (For Depository Institutions)	
CPP/CDCI Funds Repaid to Date:	0	Credit Union Charter Number: (For Credit Unions)	23283
Date Funded (first funding):	N/A	City:	Ithaca
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.	Alternatives grew its portfolio by 4.8% to reach \$66 million in loans outstanding.
<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.).	Our growth in 2015 was concentrated in mortgage lending, which grew by nearly 6%. Alternatives provided financing to 28 first time home buyers in 2015, up from 22 the previous year. These borrowers were low income people who utilized a matched savings program to build a down payment.
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	

<input type="checkbox"/>	Make other investments	
<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	Each dollar in capital received allows the credit union to accept fourteen dollars of additional deposits while meeting required capital ratios.

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

As a result of the CDCI capital, we are always able to accept and never turn away new deposit and loan requests at a time when challenging economic circumstances drive demand for the services we offer. By providing necessary capital and financial education we have helped our community remain resilient through the mortgage crisis and beyond. Having the CDCI capital has alleviated pressure on our income statement, and allowed us to maintain and avoid cutbacks in educational and community service programs including small business and consumer financial education, credit counseling, and free tax preparation. Each of these complement our deposit and loan products to provide members a pathway toward increased financial stability and self-sufficiency. The effectiveness of our approach to helping people grow financially was recognized in 2014 when we were selected as Community Credit Union of the Year by the Credit Union National Association.

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

Without the infusion of CDCI funds we would not have been able to undertake the growth strategy we are following. Alternatives has embarked on a plan to expand our reach and impact, while maintaining our tradition of community development leadership. In a year where most credit unions our size lost membership, Alternatives had a net gain of more than 2%. Total assets of the credit union grew by nearly 6% to reach \$95 million. In addition to our aforementioned loan growth, total deposits grew by 6% to reach \$83 million. These savings provide a layer of economic security for members while providing the funds that support consumer, home and small business lending. In the fourth quarter we rolled out a new "Lucky Savers" certificate, in partnership with the New York Credit Union Association. This account provides an increased incentive to save by offering prizes to randomly selected members.

We have made appropriate investments in technology and in improving our members' transactional experience, expanding our scope of service and accessibility in ways we may not have in the absence of the CDCI funds. For example, we have focused on strengthening access to Alternatives through mobile technology, making the credit union more relevant to people for whom our one branch location may not be convenient. In 2015 we added Mobile Check Deposit, Mobile Bill Pay and Apple Pay. Membership in the 18-25 age group grew by 5%. In December, 2015 we processed over 1,200 mobile deposit transactions. We are also expanding our services to small business owners. These services and others will help Alternatives keep up with competitors while sustaining our mission of building wealth and creating economic opportunity for under-served people and communities.

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

As the next phase of our planned growth strategy, we were able to conduct market research regarding potential expansion to additional locations. While not a direct outcome of the CDCI funds, by working from a position of greater financial strength we will have the capacity to expand our coverage and provide more service to people in economically challenged areas of Upstate New York.