CDCI **ANNUAL USE OF CAPITAL SURVEY - 2015**

NAME OF INSTITUTION
(Include Holding Company Where Applicable)

BUffalo Cooperative FCU

Person to be contacted regarding this report:	Kelly Maurer	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):	Sept 30,2010	City:	Buffalo
Date Repaid[1]:	N/A	State:	New York

[1] If 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).

☒	Increase lending or reduce lending less than otherwise would have occurred.	USC obtained through the Treasury CDCI maintained net worth above 7.00%, and made it possible for the BCFCU to expand lending activities during 2015 without being subject to limitations imposed under Prompt Corrective Action.
☐	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.).	
☐	Increase securities purchased (ABS, MBS, etc.).	

☐	Make other investments	
☐	Increase reserves for non-performing assets	
☐	Reduce borrowings	
☐	Increase charge-offs	
☐	Purchase another financial institution or purchase assets from another financial institution	
☒	Held as non-leveraged increase to total capital	The BCFCU continues to use CDCI capital to facilitate asset growth and membership growth necessary for long-term viability. The increase in assets results in expansion of income necessary to support the services which promote member retention.

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

As of December 31, 2015, the capital ratio of the BCFCU was 5.02%, exclusive of USC, which is undercapitalized under Prompt Corrective Action (PCA) guidelines. ROAA was .54%, which was above our peer average, and our capital ratio rose by 5 basis points during 2015, but the persistence of the low interest rate environment has prevented any significant increase the capital ratio in the past few years. Therefore, it is likely the BCFCU will have to monitor its capital ratio for the foreseeable future to avoid being subject to PCA requirements for undercapitalized credit unions. Our strategic plan will soon incorporate additional initiatives to maintain net worth.

The low level of capitalization would subject the BCFCU to numerous requirements under PCA, including the requirement to submit a net worth restoration plan for approval by our regulatory agency, NCUA. Compliance with PCA could also require us to undertake various actions which could hinder our long term viability. NCUA has suggested we curtail asset growth, reduce assets, postpone initiatives in our business plan, or terminate services with the goal of increasing our capital ratio. All of these alternatives have adverse impacts on long term viability. Until now, CDCI USC has maintained net worth and prevented NCUA from mandating the implementation of any of these courses of action.

Finally, in a less direct way, CDCI capital has allowed the BCFCU to avoid lapsing into an institutional culture of retrenchment and risk avoidance during a period when opportunities for membership growth and asset growth have arisen in the financial services industry. However, where appropriate, risk mitigation measures have been instituted.

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

Since the BCFCU received USC under the CDCI initiative in September 2010, assets have grown from $4.5 million to $6.3 million. This growth was made possible by CDCU capital. Asset growth has allowed the BCFCU to expand its real estate portfolio, which has provided the additional income needed to support services, staff, and other operations costs.

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