



# 2023 ANNUAL REPORT

## CHAIR AND CEO REPORT

We are pleased to report that Hudson Valley Credit Union had another outstanding year in 2023. Thanks to the dedication of our tireless staff, the commitment of our volunteers, and the trust our members place in us, HVCU continues to thrive.

### OUR THREE STRATEGIC PILLARS

Our credit union fosters financial freedom by concentrating on three pillars. In 2023, we made great strides with all.



- Filled 26.2% of our open positions with internal staff
- Reduced employee turnover by 29.3%
- Received a Great Place to Work® designation

Our people are at the core of our business. Together, our members, employees and community constitute a strategic pillar.

- As a financial cooperative, we are committed to providing value for our members. In 2023, we offered market-leading deposit and loan rates and introduced a new personal account (Premier Savings) that features a high return with easy access to funds. Our continued financial momentum in 2024 will allow us to further reduce or eliminate additional fees, reinforcing this ongoing commitment to members.
- A strong workforce provides members with a skilled and compassionate team committed to helping them address their financial goals during all stages of life. Last year, we focused on making HVCU a premier regional employer with strategic investments to modernize our organizational structure, as well as compensation and benefits that help us continue to attract and retain top talent.
- An inclusive and safe environment is critical to our team's success. In 2023, staff began to establish Employee Resource Groups (ERGs) as part of our commitment to Diversity, Equity and Inclusion, and their work will affect both their co-workers as well as the community at large in positive and connecting ways.
- [Great Place to Work®](#) certification recognizes employers who create an outstanding employee experience, and we were very proud to achieve that certification in 2023. Of survey respondents, 90% described us as an Employer of Choice.



**Jay Pantaleo**  
Chair of the Board



**Jonathan W. Roberts**  
President & CEO



- Strong Net Worth Ratio of 11.64%
- Increased member awareness of financial literacy topics, including a 43.4% increase in the number of students receiving free in-class training.

To ensure the safety of our cooperative, we made strategic investments in infrastructure, technology and risk management while continuing to strengthen our financial position for future years.

- We created and filled the strategic roles of Chief Risk Officer, Chief Information Officer, and Chief Credit Officer with responsibility for areas that are essential to our future growth.
- We defined and adopted key strategies and roadmaps for our overarching technology, artificial intelligence, and cybersecurity – all of which will improve our members' experience, ensure resiliency and enhance security.
- Additional process automation made it easier for staff to serve members. Whether it was improving the speed and functionality of our branch technology or automating more of the mortgage process, the investments we made will save thousands of staff hours and further improve the member experience.
- We educated more than 41,000 members on fraud and cyber threats through email, website and social media posts, which gave them the tools to help protect our cooperative against potential threats.
- We made a strategic rebalancing decision in our investment portfolio to create even greater returns in the future. Our Treasurer's Report has more details.

### A BRIGHT FUTURE

Our momentum is building as we expand service to fill in new and underserved geographies in our field of membership, while continuing to provide meaningful value to all members. Our team is working to open new branches in Latham and New Paltz, while we also develop a unique partnership with a local college, which we look forward to announcing soon.

Our future growth, whether organic or through prudent acquisitions, will allow us to build a stronger financial institution with the same well-known brand and culture. Hudson Valley Credit Union remains the financial cooperative members have known and trusted for over 60 years, offering highly competitive savings and loan rates, reducing fees, and keeping our members' best interest at the forefront of all we do. Thank you for being part of Hudson Valley Credit Union, and we look forward to a very bright financial future for all.



- Reached over \$7 billion in total assets, putting us in the top 10 largest CUs in New York State and top 50 in the nation
- Grew membership, savings and loans all while maintaining a Net Promoter member satisfaction score of 84.75\*

HVCU is committed to healthy growth as we pursue our collective's purpose and ensure long-term relevancy for our members.

- During 2023, we grew our deposits by 3.6% and our loans by 9.6%. As we continue to grow, the efficiencies of improved scale will help fuel additional investment in our future as we expand service coverage of our existing 12-county field of membership.
- We increased our annual charitable giving by 66%, developed a new grant process, and initiated a project to establish a charitable foundation by the end of 2024. Our areas of focus will include housing, food, education, and health-related initiatives, particularly for those who are underserved.
- We laid the groundwork for the purchase of Catskill Hudson Bank and eight branches from Berkshire Bank, which were both announced in early 2024. Both of these transactions bring physical locations to our northern field of membership and add service in Sullivan County, currently an area that is underserved by credit unions. We anticipate regulatory approvals in the second half of 2024.

\*Net Promoter measures the number of members out of 100 who say they would recommend the credit union to a family member or friend.



## TREASURER'S REPORT

As Treasurer, I am pleased to report that your financial cooperative is growing and financially sound. During 2023, we experienced steady growth in several key metrics, including membership of 5.2%, total savings of 3.6% and total loans of 9.6% — all of which exceeded growth ratios of comparable credit unions in New York State and nationally.

Our Net Worth ratio in 2023 was 11.64%, which is 29% higher than the National Credit Union Administration's definition of a well-capitalized credit union (9% or higher for similar sized credit unions). That, coupled with our strong assets of \$7 billion demonstrate our safety and soundness as well as our continued ability to invest in our people and technology, weather economic uncertainty, and expand services to meet more of your needs.

With a foundation of building strong capital for many years, management, with full support from the Board, made two strategic investment portfolio-rebalancing transactions during the year. We sold investments at a loss to reinvest the cash proceeds in higher yielding assets, which is projected to add millions in incremental revenue over the course of the

next few years. Despite the short-term impact to earnings and overall Net Worth, the move further strengthens our balance sheet and provides stronger returns well into the future.

It is because of your trust in us that we are able to provide our entire membership with the products and services you need to create a better quality of life. Thank you for being a member of our cooperative, and we look forward to creating even more financial opportunities for you in 2024.



*Nancy Kappler-Foster*  
**Nancy Kappler-Foster**  
 Treasurer

## KEY MEASUREMENTS

	2023	2022	Growth
Total Assets	\$7.063 B	\$6.692 B	5.5%
Member Savings	\$6.049 B	\$5.840 B	3.6%
Member Loans	\$4.241 B	\$3.868 B	9.6%
<b>Member Growth</b>	<b>357,235</b>	<b>339,635</b>	<b>5.2%</b>

B = Billions

**Net Worth**  
**11.64%**  
 of total assets  
 for 2023

## SUPERVISORY COMMITTEE REPORT

Hudson Valley Credit Union's Supervisory Committee acts as an independent committee of the Board of Directors to ensure our management and the Board establish and maintain practices, procedures, and controls that effectively safeguard our members' assets. We are advocates for our members and ensure completion of the annual financial audit.

I am pleased to report that the independent CPA firm of CliftonLarsonAllen LLP concluded in its audit of HVCU that the financial statements as of December 31, 2023 represent fairly the results of HVCU's operations and its financial position according to generally accepted accounting principles as an unmodified opinion. The New York State Department of Financial Services and National Credit Union Administration also successfully completed our annual required supervisory examinations.

During the year, the Supervisory Committee received full cooperation and support from management to enable it to play an effective role in maintaining the quality of financial reporting to the members and enhancing the strong overall control structure of HVCU. Together we are committed to maintaining a strong and safe institution that promotes members' financial well-being. Our robust controls and policies help us to provide the excellent service our members have come to expect – and that they deserve. We look forward to another successful year, and thank you for your continued membership.



*Allen Olsen*  
**Allen Olsen**  
 Supervisory Committee Chair

**2024**  
**ANNUAL MEETING**

**June 20, 2024**

**Our Lady of Lourdes  
 High School**

131 Boardman Rd,  
 Poughkeepsie, NY

**Beginning promptly  
 at 5:30 pm ET**

Our Annual Meeting will feature a brief message from our Chair of the Board as well as results of the Board of Directors' election. Members wishing to attend are asked to register before 5 pm ET on Monday, June 17 by visiting [hvcu.org/annualmeeting](https://hvcu.org/annualmeeting).

## CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

December 31,	2023	2022
<b>ASSETS</b>		
Cash and cash equivalents	\$771,220,499	\$449,972,153
Investments	1,822,731,247	2,168,720,025
Loans to members:		
Real Estate loans	1,543,259,808	1,397,586,758
Consumer loans	2,250,634,073	2,032,711,418
Member Business loans	447,490,134	438,144,041
Total loans to members	4,241,384,015	3,868,442,217
Allowance for credit losses	(36,707,610)	(47,978,162)
Accrued interest receivable	21,681,480	19,134,217
Prepaid expenses	6,481,323	5,889,869
Property and equipment, net	93,750,415	97,445,673
NCUSIF deposit	51,195,035	49,247,998
Other assets	91,061,821	81,013,153
<b>TOTAL ASSETS</b>	<b>\$7,062,798,225</b>	<b>\$6,691,887,143</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
Members' savings accounts:		
Regular Savings	\$1,718,453,773	\$1,906,147,824
Checking	989,032,545	1,064,306,358
Money Market	571,021,994	832,848,895
IRAs	251,872,604	236,581,420
Certificate Accounts	2,222,155,597	1,480,548,358
Business Accounts	296,654,714	319,598,849
Total members' savings accounts	6,049,191,227	5,840,031,704
Borrowed Funds	500,000,000	450,000,000
Accrued expenses and other liabilities	81,195,633	63,074,081
<b>TOTAL LIABILITIES AND SAVINGS</b>	<b>6,630,386,860</b>	<b>6,353,105,785</b>
Members' equity, substantially restricted	432,411,365	338,781,358
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>7,062,798,225</b>	<b>6,691,887,143</b>

## CONSOLIDATED STATEMENTS OF INCOME

Years Ended December 31,	2023	2022
<b>INTEREST INCOME</b>		
Loans	\$205,946,365	\$151,785,848
Investments	84,380,499	58,503,158
Total interest income	290,326,864	210,289,006
<b>INTEREST EXPENSE</b>		
Members' savings accounts	93,310,523	22,062,885
Borrowed funds	18,492,251	5,769,515
Total interest expense	111,802,774	27,832,400
Net interest income	178,524,090	182,456,606
<b>PROVISION FOR CREDIT LOSSES</b>	17,311,480	14,158,217
Net interest income after provision for credit losses	161,212,610	168,298,389
<b>NON-INTEREST INCOME</b>		
Gain on sale of assets	(37,500,919)	2,074,825
HVCU Wealth Management Income	6,318,239	5,972,499
HVCU Insurance Services Income	745,954	667,458
Other	54,764,756	53,667,768
Total non-interest income	24,328,030	62,382,550
<b>NON-INTEREST EXPENSES</b>		
Compensation	69,797,273	57,912,719
Office operations	40,304,215	33,285,613
Loan servicing	28,853,097	24,139,483
Employee benefits	22,728,493	25,537,207
Office occupancy	7,236,166	6,835,257
Marketing	5,417,654	5,300,263
Professional and outside services	5,406,592	4,656,195
Miscellaneous	1,087,268	30,598
Travel, conferences and training	855,729	490,230
Association dues	433,286	415,867
Members' insurance	375,434	325,187
Operating fee	187,785	155,869
Directors/Volunteers expense	61,684	48,732
Cash over and short	2,240	33,682
Annual meeting/election	893	96,137
Total non-interest expenses	182,747,809	159,263,039
<b>NET INCOME</b>	<b>2,792,831</b>	<b>71,417,900</b>

## BOARD OF DIRECTORS



**Jay Pantaleo**  
Chair of the Board



**Keith Baskett**  
Vice Chair



**Nancy Kappler-Foster**  
Treasurer



**Benjamin Smith**  
Secretary



**Henrietta Akpata**  
Director



**Janine S. Daughtry**  
Director



**Wesley J. Lee**  
Director



**Karen McFarlane**  
Director



**Alisa Swire**  
Director



**Juhi Saha\***  
Associate Board Member

### Director Emeriti

**Joseph E. Eppich**  
**Jan Mahar Sturdevant**

## EXECUTIVE MANAGEMENT



**Jonathan W. Roberts**  
President and CEO



**John Fede**  
EVP, Chief Information Officer



**Amy Jakobeit**  
EVP, Chief of Member Operations



**Chris Kieffer**  
EVP, Chief Strategy Officer



**Rick Lionhood**  
EVP, Chief Banking Officer



**Mark Timmerman**  
EVP, Chief Risk Officer



**Scott VanZandt**  
EVP, Chief Financial Officer



**Desiree Wolfe**  
EVP, Chief Experience Officer

EVP = Executive Vice President

## COMMITTEES

### Compensation and Benefits Committee

**Karen McFarlane, Chair**  
Henrietta Akpata  
Lauren Gillett  
Jennifer Shore  
Alisa Swire  
Jay Pantaleo\*  
Jonathan W. Roberts\*  
Mark Timmerman\*  
Desiree Wolfe\*

### Supervisory Committee

**Allen Olsen, Chair**  
Silvio Balzano  
Justin Gallo  
Jean-Claude Kallab

### Governance and Nominations Committee

**Benjamin Smith, Chair**  
Janine S. Daughtry  
Karen McFarlane  
Juhi Saha  
Jay Pantaleo\*  
Jonathan W. Roberts\*

#### Nominations Sub-Committee

**Stephanie McCaine, Chair**  
Paul Anderson  
Keith Baskett  
Wesley J. Lee  
Judy Schwab  
Jennifer Shore

### Finance Committee

**Nancy Kappler-Foster, Chair**  
Keith Baskett  
Alisa Swire  
Jay Pantaleo\*  
Jonathan W. Roberts\*  
Scott VanZandt\*

### CUSERVE Board of Directors

**Nancy Kappler-Foster, Chair**  
Wesley J. Lee, *Vice Chair*  
Jonathan W. Roberts, *Treasurer/Secretary*

\* = non-voting

## Wealth Management at Hudson Valley Credit Union

Securities and advisory services are offered through LPL Financial (LPL), a registered investment advisor and broker-dealer (member FINRA/SIPC).

Insurance products are offered through LPL or its licensed affiliates. Wealth Management at Hudson Valley Credit Union and Hudson Valley Credit Union **are not** registered as a broker-dealer or investment advisor. Registered representatives of LPL offer products and services using Wealth Management at Hudson Valley Credit Union, and may also be employees of Hudson Valley Credit Union. These products and services are being offered through LPL or its affiliates, which are separate entities from, and not affiliates of, Hudson Valley Credit Union or Wealth Management Hudson Valley Credit Union. Securities and insurance offered through LPL or its affiliates are:

**Not Insured by NCUA or Any Other Government Agency | Not Credit Union Guaranteed | Not Credit Union Deposits or Obligations | May Lose Value**



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