Mission

Excel in meeting the financial needs and wants of our members while maintaining a sound financial position

Your credit union has seen many changes over the past decade, and we’ve noted some of the highlights throughout this Report. One thing that hasn’t changed, though, is our commitment to our Mission – providing our members with the products and services they need to lead a financially successful life while ensuring the safety and soundness of our financial cooperative. We appreciate the trust our members place in us, and look forward to serving you as we begin another successful decade.
Chairman and President’s Report

The year 2019 will be remembered as one of the most significant years of our story.

While maintaining our strong financial position, the credit union continued to grow not only in members and assets, but also geographically through a new charter that will allow us to serve more members in the future.

Building Trust

Over 11,800 new members joined our cooperative in 2019, pushing us over a new threshold of 300,000 total members. Though each member has unique financial needs, they all have one thing in common – they trust our more than 800 employees to help them manage their finances responsibly and successfully. Our staff’s attention to quality service is unparalleled, and we consistently receive feedback that members feel their transactions are completed accurately by knowledgeable staff who make them each feel valued. One member recently told us, “My wife and I enjoyed our experience we had opening an account and obtaining a loan. From the onset we felt less like account numbers and more like new friends.” We’re very proud that we make members feel like more than simply customers, and we take our responsibility to safeguard that trust very seriously.

Greater Convenience

A key factor in trusting your financial partners is knowing they’re available when you need them, so we continue to develop and invest in the many ways members do business with us. In February, we celebrated the Grand Opening of our third Putnam County branch in Mahopac and by December we opened our latest one in Chester, our fifth in Orange County. Both of these new offices provide the same personalized service members have come to expect, as well as new ITMs – Integrated Teller Machines that can do more than your typical ATM. On average, our branches are open 60 hours each week – more hours than most others in our region – making us more convenient for members.

Even with a large branch network, there are times when self-service is easier. For instance, in 2019 members deposited over 439,000 checks remotely through our Mobile App. We upgraded both the App and Internet Banking in October to add more features like scheduling member to member transfers for future dates, viewing lease loan account details, and aggregating information from accounts held elsewhere to see your entire financial picture. Members can even color-code or reorganize their list of accounts to personalize their dashboard, as well as update contact information including addresses and phone numbers.

Convenience also comes from having many helpful, affordable services under one roof for members, including insurance. More than 4,000 members are using Hudson Valley Credit Union Insurance Services for their auto, home, and business insurance with 51% of them saving even more each month by packaging their home and auto coverage together with us. Members can take advantage of our
free annual insurance checkup at any time during the year, which often shows them potential gaps in coverage as well as ways to save on premiums.

**Making an Impact**

We help members at some of the most important milestones in their lives – buying a home, securing reliable transportation for work and play, completing a college degree. To help fund these goals, we originated over $1.4B in new loans this year. Just over 1,000 members financed their mortgages with Hudson Valley, making us one of the largest local mortgage lenders. Over 19,000 members turned to us for new and used cars, including leases which continue to be a popular financing option. A total of 245 college-bound members were helped by Sallie Mae student loans, and even more took advantage of the free scholarship finder tool available online to discover other sources of education funding.

Providing affordable borrowing options for members is one important way we help our members achieve their financial goals. Another is offering deposit options to meet their savings goals. In June we launched our Teen Checking Account specifically to provide young members with their first opportunity to manage their finances. Within six months, we had opened over 1,400 accounts. For investors, our 24-month Flex Certificate offered a tremendous opportunity to not only earn more with a competitive rate, but also lock in that rate and make a one-time addition to their account. Members invested over $200 million in that product alone this past year. We’re proud to offer innovative savings opportunities for members to improve their financial positions.

Making an impact for members includes helping them plan for the future. To better reflect how we help members with retirement planning, wealth accumulation, Medicare planning, asset protection, tax reduction, and risk reduction, our Financial Services group was renamed this year. Wealth Management at Hudson Valley Credit Union continues to serve more and more members each year, with 8,500 at year’s end trusting us to manage more than $770 million in assets for them.

**Our New Communities**

Perhaps the most impactful move we made in 2019, though, was our change to a New York State (NYS) charter. After approval from members, the National Credit Union Administration, and the NYS Department
of Financial Services, we became Hudson Valley Credit Union on October 1, 2019, expanding our promise of value and trust to all those who live, work, worship, attend school, or volunteer in 12 counties in New York (see inside back cover for our new field of membership).

Our eight new counties represent a total population of over 2.28 million potential members, but as we said often during this process, we intend to maintain our proven strategy of steady growth with an unwavering focus on quality service. We’ll use the same methodical approach for reviewing potential branch and ATM locations and expanding service as we have in the past.

These new counties also offer opportunities to expand our community outreach. Last year the credit union supported 200 non-profit and community organizations through donations of time, talent, and treasure. Over 40 of our staff provide leadership on committees and boards for 48 organizations, and our financial literacy training reached more than 2,000 adults and youth at nearly 50 events. We’re excited to expand our literacy programs and community service to assist even more people throughout our new field of membership.

The Future Looks Bright

We are very encouraged by and confident in our future potential, while at the same time extremely proud of the decade’s work we’ve just completed. As we turn this new chapter, we thought it fitting to take a look at just how far we’ve come in the past 10 years, so throughout the Report you’ll see highlights from some of the most important accomplishments of the last decade. We’re grateful you’re on this journey with us, and we look forward to serving you and even more New Yorkers as this new decade begins.
Treasurer’s Report

As Treasurer, I am happy to reassure members that your financial cooperative is as strong as ever. During the past year, we experienced steady growth in many key metrics, including membership (4.0%), total savings (7.4%) and total loans (2.3%). Over 303,000 members are placing their trust in our ability to help them improve their lives with financial products and services that match their needs. With more than $5.3 Billion in assets now, we also maintain a solid Net Worth of 11.14% further ensuring our safety and soundness as one of the largest local financial institutions.

As we completed the process this year of converting to a New York State Chartered credit union, the depth and breadth of our product lines as well as this continued emphasis on fiscal responsibility were key components in our application to the New York State Department of Financial Services. Our new field of membership – expanded to 12 counties – will allow us even more opportunities to grow in our historically measured fashion, keeping us the solid institution that you, your families, and our local businesses have relied on for more than 56 years.

My fellow volunteers and I work hard with our management team to ensure the credit union maintains the values and principles that created our success. We are all looking forward to the new heights we will reach in the next decade to come. Thank you for continuing your financial journey with us.

Key Measurements

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>% Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>$5.351 B</td>
<td>$4.936 B</td>
<td>8.4%</td>
</tr>
<tr>
<td>Member Savings</td>
<td>$4.715 B</td>
<td>$4.392 B</td>
<td>7.4%</td>
</tr>
<tr>
<td>Member Loans</td>
<td>$3.092 B</td>
<td>$3.022 B</td>
<td>2.3%</td>
</tr>
<tr>
<td>Member Growth</td>
<td>303,869</td>
<td>292,048</td>
<td>4.0%</td>
</tr>
</tbody>
</table>

Net Worth at the end of 2019 was 11.14% of Total Assets.

B = Billions

Ken J. Muckenhaupt
Treasurer

2014

$4.044 Billion in assets
Rhinebeck Branch opens
Preventing Elder Financial Abuse seminar debuted
Supervisory Committee Report

Hudson Valley’s Supervisory Committee remains a strong advocate for our members, providing review and oversight to ensure our financial cooperative continues our legacy of fiscal strength and adherence to policy, rules, and regulations. Assisted by our Internal Audit Department team, our Committee of five members and two associate members volunteer their time to ensure we follow all proper processes and procedures. At times, this may include working with members who have an issue that management cannot resolve.

At the conclusion of our 2019 audit, our external accounting firm CliftonLarsonAllen delivered an unqualified opinion of our financial statements, and the National Credit Union Administration (NCUA) also found no areas of concern in their exam. As a reminder, beginning in 2020, the credit union’s audit cycle will include not only our audit from an external firm, but also examinations by both the New York State Department of Financial Services and NCUA, providing what we believe will be further validation for our members of our safety and soundness.

Your Supervisory Committee is proud to serve as part of our volunteer and staff team who always keep members and their well-being as our first priority. We appreciate those times when members have come to us with issues or questions and look forward to continuing our work on behalf of the entire membership as we move into our next exciting decade.

Kathy Dispensa
Supervisory Committee Chairman

Annual Meeting

Our Annual Meeting including a brief review of the State of the Credit Union begins promptly at 7 pm. To ensure everyone’s safety, all attending will be required to pass through a security checkpoint. Potentially hazardous items (such as pocket knives or weapons) will be held by security personnel during the Meeting or you will be asked to return them to your vehicle. Thank you.
## Consolidated Statements of Financial Condition

**December 31,**

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$100,948,014</td>
<td>$120,067,346</td>
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<tr>
<td>Investments</td>
<td>1,967,235,283</td>
<td>1,635,774,663</td>
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<tr>
<td>Loans to members:</td>
<td></td>
<td></td>
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<tr>
<td>Real Estate loans</td>
<td>694,141,932</td>
<td>729,418,913</td>
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<td>Consumer loans</td>
<td>2,075,204,061</td>
<td>1,913,667,168</td>
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<tr>
<td>Member Business loans</td>
<td>322,525,177</td>
<td>379,362,994</td>
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<tr>
<td>Total loans to members</td>
<td>3,091,871,170</td>
<td>3,022,449,075</td>
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<tr>
<td>Allowance for loan losses</td>
<td>(26,992,050)</td>
<td>(60,580,632)</td>
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<tr>
<td>Accrued interest receivable</td>
<td>14,837,162</td>
<td>13,290,410</td>
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<tr>
<td>Prepaid expenses</td>
<td>3,933,470</td>
<td>4,032,097</td>
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<tr>
<td>Property and equipment, net</td>
<td>93,787,513</td>
<td>89,819,105</td>
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<tr>
<td>NCUSIF deposit</td>
<td>40,610,028</td>
<td>38,525,956</td>
</tr>
<tr>
<td>Other assets</td>
<td>65,057,091</td>
<td>72,299,480</td>
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<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$5,351,287,681</td>
<td>$4,935,677,500</td>
</tr>
<tr>
<td><strong>LIABILITIES AND MEMBERS’ EQUITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Members’ savings accounts:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regular Savings</td>
<td>$1,176,025,996</td>
<td>$1,108,854,379</td>
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<tr>
<td>Checking</td>
<td>686,912,750</td>
<td>638,826,874</td>
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<tr>
<td>Money Market</td>
<td>664,997,738</td>
<td>711,435,021</td>
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<td>IRAs</td>
<td>247,205,669</td>
<td>240,320,000</td>
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<tr>
<td>Certificate Accounts</td>
<td>1,643,451,374</td>
<td>1,326,067,386</td>
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<tr>
<td>Business Accounts</td>
<td>296,685,977</td>
<td>366,824,318</td>
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<tr>
<td>Total members’ savings accounts</td>
<td>$4,715,279,504</td>
<td>$4,392,327,978</td>
</tr>
<tr>
<td>Borrowed Funds:</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Accrued expenses and other liabilities</td>
<td>38,243,458</td>
<td>33,655,686</td>
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<tr>
<td><strong>TOTAL LIABILITIES AND SAVINGS</strong></td>
<td>$4,753,522,962</td>
<td>$4,425,983,664</td>
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<tr>
<td>Members’ equity, substantially restricted</td>
<td>597,764,719</td>
<td>509,693,836</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES AND MEMBERS’ EQUITY</strong></td>
<td>$5,351,287,681</td>
<td>$4,935,677,500</td>
</tr>
</tbody>
</table>
# Consolidated Statements of Income

## Years Ended December 31, 2019

### INTEREST INCOME:
- **Loans**: $152,581,014, $142,950,095
- **Investments**: 48,294,131, 39,774,519
- **Total interest income**: 200,875,145, 182,724,614

### INTEREST EXPENSE:
- **Members’ savings accounts**: 49,421,988, 34,762,970
- **Borrowed funds**: 3,447,464, 2,228,263
- **Total interest expense**: 52,869,452, 36,991,233

**Net interest income**: 148,005,693, 145,733,381

### PROVISION FOR LOAN LOSSES
- 39,058,932, 43,755,757

**Net interest income after provision for loan losses**: 108,946,761, 101,977,624

### NON-INTEREST INCOME:
- **Gain on sale of assets**: 888,922, 7,591,172
- **Wealth Management at Hudson Valley Credit Union Income**: 5,050,990, 4,570,615
- **HVFCU Insurance Services Income**: 654,638, 654,891
- **Other**: 44,702,229, 42,935,081
- **Total non-interest income**: 51,296,779, 55,751,759

### NON-INTEREST EXPENSES:
- **Compensation**: 44,577,487, 42,153,011
- **Office operations**: 26,558,589, 23,342,439
- **Loan servicing**: 22,444,193, 21,934,125
- **Employee benefits**: 18,366,610, 16,976,743
- **Office occupancy**: 6,657,314, 6,558,648
- **Marketing**: 2,744,828, 3,109,477
- **Professional and outside services**: 2,673,063, 2,464,609
- **Miscellaneous**: 818,076, (49,289)
- **Federal operating fee**: 699,924, 608,474
- **Travel, conferences and training**: 577,772, 510,945
- **Association dues**: 357,065, 329,386
- **Members’ insurance**: 300,970, 313,279
- **Annual meeting/election**: 134,633, 909
- **Directors/Volunteers expense**: 124,470, 118,486
- **Cash over and short**: 6,487, 11,476
- **Total non-interest expenses**: 127,041,481, 118,382,718

**NET INCOME**: $33,202,059, $39,346,665

**NCUSIF/TCCUSF Stabilization Expense**: (571,918), (2,634,570)

**NET INCOME AFTER NCUSIF/TCCUSF STABILIZATION EXPENSE**: $33,773,977, $41,981,235

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### 2017

- $4.682 Billion in assets
- Visa Signature Cards debut
2019 Board of Directors

Nancy Kappler-Foster  
Chairman of the Board

Takao Inouye  
First Vice Chair

Misty Decker  
Second Vice Chair

Ken J. Muckenhaupt  
Treasurer

William L. Spearman  
Assistant Treasurer

Stephen M. Caswell  
Secretary

Nancy Boehm  
Director

Marianne Collins  
Director

Noreen Hennessy  
Director

Director Emeritus  
Jan Mahar Sturdevant

Senior Management

Mary D. Madden,  
President and Chief Executive Officer

Anton L. Rohrmeier,  
Executive Vice President and Chief Operating Officer

Scott VanZandt,  
Chief Financial Officer

Diane M. Allenbaugh,  
Senior Vice President, Human Resources and Organizational Development

Chelen L. Reyes,  
Senior Vice President, Retail Delivery and Marketing

Brian M. Waldron,  
Senior Vice President, Lending

Committees

Asset Liability Management Committee
Ken J. Muckenhaupt, Chairman
William L. Spearman
Nancy Kappler-Foster
Mary D. Madden
Scott VanZandt
Brian J. Haughey
Randolph Becker

Policy Committee
Marianne Collins, Chairman
Misty Decker
Nancy Boehm
Joseph E. Eppich
Chris Wyble

Compensation & Benefits Committee
Takao Inouye, Chairman
Noreen Hennessy
Steve M. Caswell
Lauren Gillett
Sharon McGinnis

Nominating Committee
Lynn R. Fielitz, Chairman
William L. Spearman
Paul Anderson
Julita Majak
Vanessa S. Primus

Supervisory Committee
Kathy Dispensa, Chairman
Alan Gallantar, Secretary
William Mulvey, Member
Michael Young, Member
Tuknekah Noble, Member
Elinor Speckman, Associate Member
Davide DiGenova, Associate Member

CUSERVE Board of Directors
Ken J. Muckenhaupt, Chairman
Rich Trocino, Vice Chairman
Mary D. Madden, Secretary/Treasurer
Joseph Lepore, Director

2018
$4.936 Billion in assets
Poughkeepsie Branch relocated to Route 9
Mahopac Branch opens

Federally insured by the NCUA
Our final year of this decade saw an upgrade in our Internet and Mobile Banking platforms, as well as a fifth branch in Orange County on Brookside Avenue in Chester. In what will be viewed as one of the most important decisions in our history, the credit union became a New York State chartered credit union on October 1, 2019.

As Hudson Valley Credit Union, we can now serve all those who live, work, worship, attend school, or volunteer in these 12 counties.

*We thank our members for their continued trust in us, and look forward to serving many, many more of our New York neighbors in the future.*

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**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. Hudson Valley Credit Union and Wealth Management at 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 at Hudson Valley Credit Union. Securities and insurance offered through LPL or its affiliates are:

<table>
<thead>
<tr>
<th>Not Insured by NCUA or Any Other Government Agency</th>
<th>Not Credit Union Guaranteed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not Credit Union Deposit or Obligations</td>
<td>May Lose Value</td>
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</tbody>
</table>

Insurance products:

Are not NCUA/NCUSIF insured | Are not obligations of HVCU | Are not guaranteed by HVCU
Annual Report 2019 at the Decade’s End