



Annual Report

2019

at the
Decade's End





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.

2010



\$3.038
Billion in
assets



Mobile
Banking
debut



Putnam
FCU merges
with us



Highland
Branch
opens

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

2011



\$3.352
Billion in
assets



Montgomery
Branch opens



Text Banking
available



Facebook &
Twitter feeds
launch

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



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.

2012



\$3.751
Billion in
assets



Branches introduce iPads
for instant Internet
Banking enrollment



PCH FCU
merges
with us

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.



A handwritten signature in black ink that reads "Nancy Kappler-Foster".

Nancy Kappler-Foster
Chairman of the Board



A handwritten signature in black ink that reads "Mary D. Madden".

Mary D. Madden
President and CEO

2013



\$3.842
Billion in
assets



50th
Anniversary Year



Carmel Branch
opens

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.



Ken J. Muckenhaupt
Treasurer

Key Measurements

	2019	2018	% Growth
Total Assets	\$5.351 B	\$4.936 B	8.4%
Member Savings	\$4.715 B	\$4.392 B	7.4%
Member Loans	\$3.092 B	\$3.022 B	2.3%
Member Growth	303,869	292,048	4.0%

B = Billions



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

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.



A handwritten signature in black ink that reads "Kathy Dispensa".

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.

Wednesday,
April 29, 2020 | 7PM

Boardman Road Branch Library
141 Boardman Road, Poughkeepsie

2015



\$4.249
Billion in
assets



Chip credit
cards debut



Fishkill Branch
relocated

Consolidated Statements of Financial Condition

December 31,

ASSETS

	2019	2018
Cash and cash equivalents	\$100,948,014	\$120,067,346
Investments	1,967,235,283	1,635,774,663
Loans to members:		
Real Estate loans	694,141,932	729,418,913
Consumer loans	2,075,204,061	1,913,667,168
Member Business loans	322,525,177	379,362,994
Total loans to members	3,091,871,170	3,022,449,075
Allowance for loan losses	(26,992,050)	(60,580,632)
Accrued interest receivable	14,837,162	13,290,410
Prepaid expenses	3,933,470	4,032,097
Property and equipment, net	93,787,513	89,819,105
NCUSIF deposit	40,610,028	38,525,956
Other assets	65,057,091	72,299,480

TOTAL ASSETS

\$5,351,287,681

\$4,935,677,500

LIABILITIES AND MEMBERS' EQUITY

Members' savings accounts:		
Regular Savings	\$1,176,025,996	\$1,108,854,379
Checking	686,912,750	638,826,874
Money Market	664,997,738	711,435,021
IRAs	247,205,669	240,320,000
Certificate Accounts	1,643,451,374	1,326,067,386
Business Accounts	296,685,977	366,824,318
Total members' savings accounts	4,715,279,504	4,392,327,978
Borrowed Funds:	-	-
Accrued expenses and other liabilities	38,243,458	33,655,686

TOTAL LIABILITIES AND SAVINGS

4,753,522,962

4,425,983,664

Members' equity, substantially restricted

597,764,719

509,693,836

TOTAL LIABILITIES AND MEMBERS' EQUITY

\$5,351,287,681

\$4,935,677,500

2016



\$4.445
Billion in
assets



Website revision to
responsive design



LaGrange
Branch
opens

Consolidated Statements of Income

Years Ended December 31,	2019	2018
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

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. Muckenaupt
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. Muckenaupt, *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
Julieta Majak
Vanessa S. Primus

Supervisory Committee

Kathy Dispensa, *Chairman*

Alan Gallantar, Secretary
William Mulvey, Member
Michael Young, Member
Tukneka Noble, Member
Elinor Speckman, Associate Member
Davide DiGenova, Associate Member

CUSERVE Board of Directors

Ken J. Muckenaupt, *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



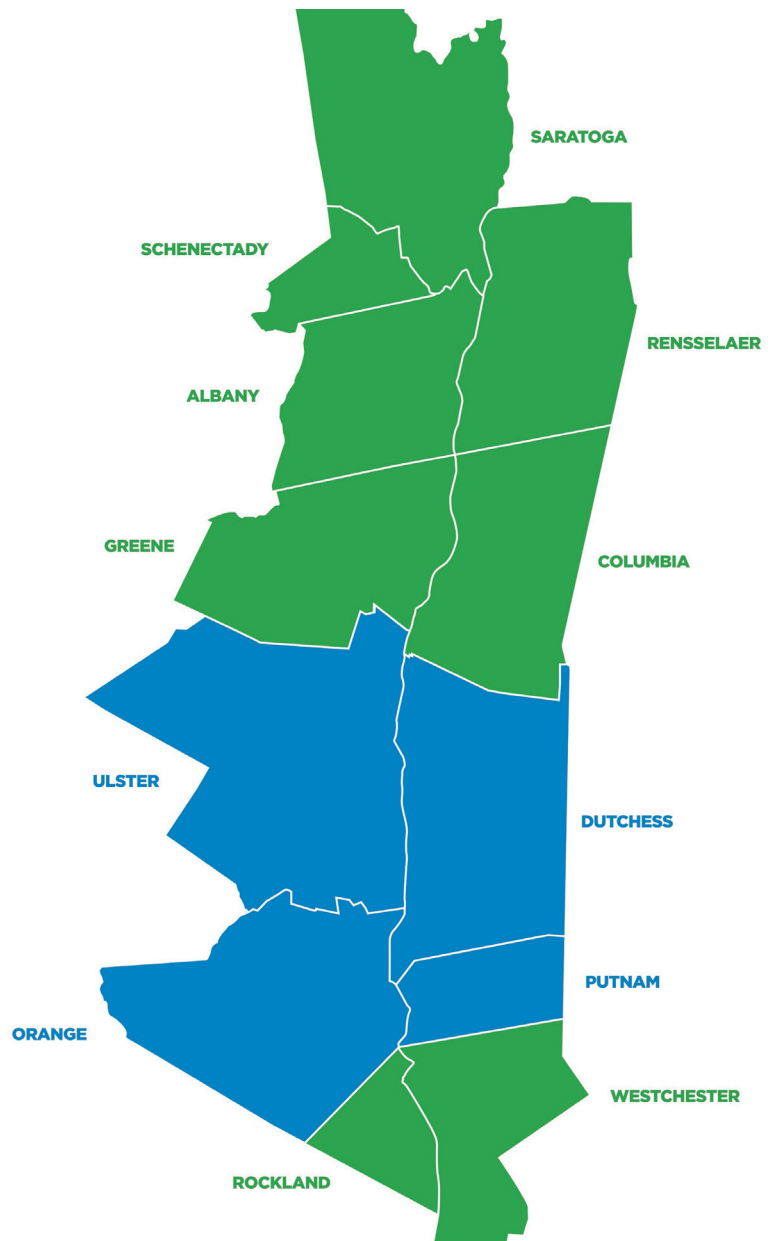
Mahopac Branch
opens

2019

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.



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:

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



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

hvcu.org



Hudson Valley
CREDIT UNION

P.O. Box 1071 | Poughkeepsie, NY | 12602-1071