

Annual Report 2021





We are HVCU

In collaboration with consultants this past year, Hudson Valley Credit Union embarked on the beginning of a culture shift to further embrace diversity, equity, and inclusion and encourage each employee to be their authentic self, bringing their own brand of thoughts to the credit union. Diverse perspectives and sharing of innovative ideas helps to support HVCU's Mission, Vision and Core Values.



Chairman and President's Report

Change is inevitable. How many times have we heard that phrase? In the midst of change, we look for things to rely on – the steadfast constants in our lives we know will be there for us. At Hudson Valley Credit Union, we want you to consider us one of those constants in your life. It's why we often say we want to be your trusted financial partner – the people you can turn to when so much else is changing.

As the world reminds us, being prepared for change is a cornerstone of success. We're proud to report that HVCU remains strong and secure, with our net worth growing in 2021 to 11.28% of total assets. As you will read in our Treasurer's Report, membership grew to over 318,000, and total assets, member savings, and loans all increased as well. Overall in 2021, HVCU experienced a financially successful year despite economic and environmental challenges. That success was due in no small part to our highly dedicated employees – over 800 of whom met the challenges we've faced in the last two years to ensure our service to you continued as smoothly as possible.

Improving Delivery

HVCU helps members navigate their finances to build strength, resilience, and prepare them for any financial situation. More than ever, we all need flexibility to keep our budgets in check and our goals on track, so we offer many ways to manage your money 24/7/365 including Internet and Mobile Banking, Bill Pay, CU Alerts, HVPay (for loan payments) and HV\$end (for person-to-person payments). If you're unfamiliar with any of these easy self-service options, our staff is happy to introduce you to them.

Improving our internal systems frees branch and contact center teams to serve you better. We began using Robotic Process Automation. For example, members can place a travel update to their credit/debit card via Internet Banking, and the notice is now processed automatically. During just the last

three weeks of December, we processed over 1,000 travel memos this way, saving 25 hours of staff processing time and enabling them to help you in other ways.

More automation in our mortgage system made it easier for members applying to be notified in real time of disclosures, approvals, and status updates via email and texts. New electronic verifications for employment and assets reduced requests for members to provide additional information. And an internal upgrade to our real estate servicing system allowed more staff to access information on mortgages to provide faster answers to members' questions.

You may have also met our virtual assistant Lee, who was introduced in 2021. Lee can answer many questions for you either at our website or now within Internet Banking, and is constantly learning more answers as it speaks to more members.



Our footprint continues to expand as well. We found a location for our first branch in Westchester County, with construction underway at Cortlandt Crossings Mall in Cortlandt Manor. We started working with the Town of New Paltz as well on a potential location just east of town on Route 299. Look for more news on these two locations in the coming year. And if coming to a branch is difficult for you, we added the ability to schedule Zoom meetings with staff in our online appointment scheduling tool.

Product Enhancements

From saving to borrowing, HVCU introduced additional options for members facing different financial situations. Some of these included:

- It now takes only \$500 to open a Money Market Account, and we added a fifth rate tier making it easier and more affordable for members to earn a higher yield.
- The Holiday PAL Loan requires no credit check and offers members up to \$1,500 to be repaid over a 12-month term. PAL Loans also allow members with no or low credit the ability to access much needed funds while helping build or restore their credit worthiness.
- Skip a Pay offered members the ability to skip payments on Signature Loans for up to 90 days.
- For easy credit access, our Visa Signature Card now offers higher credit limits and better rewards, and we reintroduced our Visa Platinum Cash Reward card giving members the opportunity to earn extra cash on their purchases.
- The new Member Claims Portal Service on our website allows members to submit a claim directly for Credit Life and Disability Coverage.

Supporting Local Businesses

HVCU worked closely with the small business community to help them find new paths to growth post-pandemic. This included our fourth annual Women in Business event with a \$5,000 Small Business Grant contest, the Small Business Survival Series webinars, and help in obtaining forgiveness for their PPP loans (Paycheck Protection Program).



In addition, we completed our Business Internet Banking conversion, which gave business members enhanced functionality for ACH and wire transfers, member-to-member transfers, budgeting, and better user management tools.

Member Education

Increasing our members' ability to manage their finances improves their lives and our community at large. We held 19 virtual and in-person classes for nearly 1,000 people on topics such as child cyber security, preventing elder financial abuse, and basic budgeting for young adults. In addition, thousands of members downloaded our eBooks or attended webinars to learn more about home buying and managing their small businesses. Follow us on Facebook, Instagram, Twitter, and LinkedIn where we frequently announce new education opportunities. Groups interested in hosting a session can request one right at our website.

The housing market – particularly in the Hudson Valley – became even more competitive last year, with a limited number of homes for sale increasing values that often led to bidding wars. HVCU provided homebuyers with additional insights and tools to help them gain a competitive advantage whether they were actively looking for a home or

just starting to save. This included expert advice from HGTV Host Egypt Sherrod at our 2021 Homebuyer Webinar as well as a free homebuyer guide packed with helpful information and special offers such as up to \$1,500 off closing costs and a \$4,500 Dream Home Giveaway Contest.

More Change to Come

We look forward to continued growth throughout 2022 as more members than ever reach out to us for assistance building their successful financial future.

New changes are in store for us all ahead, but perhaps HVCU's most significant one will be a new President and CEO (see page 11). Your Board and senior management have built a solid team, and we pledge the transition period to our new leader will be seamless for members and our staff. As HVCU expands to serve more in our 12-County field of membership, we're embracing change while at the same time remaining the constant support members need every day of the year. We are grateful for the trust you place in us.



NANCY KAPPLER-FOSTER

Chairman of the Board

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



MARY D. MADDEN

President/CEO

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

1,525

PPP loans funded
97% were forgiven



1,833

Youth who learned
financial skills from HVCU
sponsored programs



16,642

Consumer loan
applications received



2,198,129

Total teller
transactions in 2021



\$70+ million

Commercial
mortgage loans
granted in 2021



Treasurer's Report



MARIANNE COLLINS

Treasurer

Hudson Valley Credit Union has weathered the challenges and changes of the past two years particularly well. As your Treasurer, I'm very pleased to report that our cooperative grew last year in membership, savings dollars, and assets. Our assets at year end stood at \$6.5 Billion, a 5.7% growth over 2020. The gauge of our safety and soundness - our Net Worth position—also grew to 11.28%. Strong Net Worth provides HVCU with the cushion needed to address the challenges of the pandemic, maintaining and increasing our service to members, delivery options and more.

Demand for loans remained very strong with a 12.4% increase to

\$3.23 Billion, while members also continued to focus on savings, resulting in a 3.5% increase to over \$5.56 Billion. With our continued emphasis on prudent financial management, our balance sheet remained healthy.

As we navigate through the changes ahead of us, I for one am thankful we have the cooperative philosophy to guide us – “people helping people.” Our industry was founded on that principle, and you can be assured that the Board, management, and staff at Hudson Valley Credit Union keep that close to our hearts each and every day.

Key Measurements

TOTAL ASSETS	MEMBER SAVINGS	MEMBER LOANS	MEMBER GROWTH
\$6.467B 2021	\$5.564B 2021	\$3.234B 2021	318,322 2021
\$6.116B 2020	\$5.375B 2020	\$2.877B 2020	307,649 2020
5.7% %Growth	3.5% %Growth	12.4% %Growth	3.5% %Growth

B = Billions

Net Worth as of 12/31/2021



11.28%
OF TOTAL ASSETS

Supervisory Committee Report

Hudson Valley Credit Union's Supervisory Committee ensures the Board of Directors and management have established effective practices, procedures, and controls sufficient to safeguard members' assets and that the annual external financial audit is performed. We also serve as an advocate for our members.

As in past years, the Committee again engaged an independent firm to audit HVCU as of December 31, 2021. Their findings concluded that our financial statements present fairly the results of HVCU's operations and its financial position according to generally accepted accounting

principles as an unmodified opinion. In addition, HVCU underwent its annual required supervisory examinations by the New York State Department of Financial Services and NCUA.

Acting as our members' advocate, I know I speak for the entire Supervisory Committee when I say thank you for your membership and your continued support of our financial cooperative. It is our opinion that your credit union is financially strong. We look forward to serving you as we continue to grow while overseeing the safe, secure financial institution you have come to expect.



MIKE YOUNG
*Supervisory Committee
Chairman*

A handwritten signature in black ink, appearing to read "Mike Young", with a long, sweeping underline.

2022 Annual Meeting

Tuesday, June 28, 2022

Beginning promptly at 7 pm ET

Our Annual Meeting will feature a message from our Chairman of the Board as well as results of our Board of Directors' election. Members wishing to attend the virtual Meeting are asked to register before 12 pm ET on Monday, June 27th by visiting hvcu.org/annualmeeting. Those who register will receive one immediate email confirming their registration, and then a second email on Tuesday, June 28th, with full details on how to join the Meeting including the Zoom link.

Consolidated Statements of Financial Condition

December 31,	2021	2020
ASSETS		
Cash and cash equivalents	\$315,090,224	\$212,664,104
Investments	2,731,151,339	2,857,244,786
Loans to members:		
Real Estate loans	926,374,192	692,437,250
Consumer loans	1,963,397,090	1,844,525,981
Member Business loans	344,499,025	340,249,140
Total loans to members	3,234,270,307	2,877,212,371
Allowance for loan losses	(42,986,623)	(48,671,435)
Accrued interest receivable	18,435,905	17,623,873
Prepaid expenses	5,028,338	4,859,926
Property and equipment, net	84,371,334	89,686,342
NCUSIF deposit	48,114,525	45,115,781
Other assets	73,161,061	60,321,203
TOTAL ASSETS	\$6,466,636,410	\$6,116,056,951
LIABILITIES AND MEMBERS' EQUITY		
Members' savings accounts:		
Regular Savings	\$1,940,739,133	\$1,566,134,144
Checking	1,044,534,360	914,722,166
Money Market	966,595,097	770,720,667
IRAs	227,898,959	249,356,956
Certificate Accounts	1,074,846,630	1,516,186,199
Business Accounts	309,316,841	358,125,050
Total members' savings accounts	5,563,931,020	5,375,245,182
Borrowed Funds:	150,000,000	-
Accrued expenses and other liabilities	47,355,515	38,711,639
TOTAL LIABILITIES AND SAVINGS	5,761,286,535	5,413,956,821
Members' equity, substantially restricted	705,349,875	702,100,130
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$6,466,636,410	\$6,116,056,951

Consolidated Statements of Income

Years Ended December 31,	2021	2020
INTEREST INCOME:		
Loans	\$132,050,681	\$138,413,526
Investments	52,974,012	47,165,601
Total interest income	185,024,693	185,579,127
INTEREST EXPENSE:		
Members' savings accounts	20,392,551	40,231,730
Borrowed funds	296,955	12,474
Total interest expense	20,689,506	40,244,204
Net interest income	164,335,187	145,334,923
PROVISION FOR LOAN LOSSES	(12,499,730)	34,288,217
Net interest income after provision for loan losses	176,834,917	111,046,706
NON-INTEREST INCOME:		
Gain on sale of assets	13,125,831	14,149,380
HVCU Wealth Management Income	6,110,770	4,827,375
HVCU Insurance Services Income	644,408	605,189
Other	50,541,695	44,413,683
Total non-interest income	70,422,704	63,995,627
NON-INTEREST EXPENSES:		
Compensation	50,229,848	46,255,050
Office operations	31,380,805	28,684,902
Employee benefits	29,378,849	20,917,661
Loan servicing	21,554,135	21,589,124
Office occupancy	6,719,444	6,904,144
Marketing	5,337,696	1,616,965
Professional and outside services	4,875,202	3,854,449
Association dues	400,720	334,256
Members' insurance	369,350	320,793
Travel, conferences and training	293,373	197,252
Operating fee	164,289	195,967
Directors/Volunteers expense	23,534	34,522
Cash over and short	8,122	7,142
Annual meeting/election	1,129	140,415
Miscellaneous	(149,938)	(47,892)
Total non-interest expenses	150,586,558	131,004,750
NET INCOME	\$96,671,063	\$44,037,583

Board of Directors (as of April 1, 2022)



NANCY KAPPLER-FOSTER
Chairman of the Board



NANCY BOEHM
First Vice Chairman



MISTY DECKER
Second Vice Chairman



MARIANNE COLLINS
Secretary/Treasurer



CAROL ARMITAGE
Assistant Treasurer



NOREEN HENNESSY
Director



WESLEY J. LEE
Director



DR. LUBNA SOMJEE
Director

Directors Emeriti

Joseph E. Eppich
Jan Mahar Sturdevant

Senior Management

Mary D. Madden, President and Chief Executive Officer
Anton L. Rohrmeier, Executive Vice President and Chief Operations 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

Committees (as of April 1, 2022)

Finance Committee

Marianne Collins, Chairman
Carol Armitage
Nancy Kappler-Foster
Mary D. Madden*
Scott VanZandt*

Compensation & Benefits Committee

Marianne Collins, Chairman
Nancy Boehm
Lauren Gillett
Nancy Kappler-Foster
Diane M. Allenbaugh*
Mary D. Madden*

Governance and Nominations Committee

Misty Decker, Chairman
Marianne Collins
Noreen Hennessy
Julieta Majak
Dr. Lubna Somjee
Nancy Kappler-Foster*
Mary D. Madden*

Nominations Subcommittee:

Julieta Majak, Chairman
Paul Anderson
Wesley J. Lee
Vanessa S. Primus

Supervisory Committee

Mike Young, Chairman
Alan Gallantar, Secretary
Davide DiGenova
William Mulvey
Tanisha Williams
Bill Bailey, Associate Member*
Elinor Speckman, Associate Member*
Ken Muckenhaupt, Associate Member*

CUSERVE Board of Directors

Ken Muckenhaupt, Chairman
Mary D. Madden, Secretary/Treasurer
Nancy Kappler-Foster, Director

*Non-voting

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



Mary Madden Announces Retirement

For over 25 years, Hudson Valley Credit Union has benefitted from the leadership and vision of Mary Madden. She has always kept our members at the forefront of our mission. All of us wish her the happiest of retirements as she moves into her next exciting chapter.





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