



2021 ANNUAL REPORT

91

Community organizations supported



\$216,178

Donated to local charities

1,656

Volunteer hours contributed by MHV employees



47

Financial Education webinars

MHV IMPACT 2021



757

Webinar views



654

Podcasts downloaded

WINNER:
2021 CUNA Financial Education
Diamond Award Recipient



WINNER:
2021 MAC Award for
Financial Education

REPORT OF THE CHAIRMAN & PRESIDENT



GARY E. ANDERSON
CHAIRMAN OF THE BOARD



WAYNE WINKLER
PRESIDENT/CEO

2021 was a year filled with hope and optimism as our country continued to deal with the global pandemic that has dominated and changed our lives for the past two years.

At Mid-Hudson Valley Federal Credit Union (MHV), navigating through the pandemic has strengthened our resilience and tested our resolve as an organization. Despite the challenges and uncertainties of navigating the new normal, one thing that has always remained the same is MHV's unwavering commitment to the credit union philosophy of "People Helping People." This has clearly been exemplified by our staff's fortitude in the level of service they have continued to provide to our membership during this difficult and stressful time.

As our economy tries to recover from the COVID crisis, the Federal Reserve kept its benchmark interest rates at zero in 2021 as labor shortages, supply chain restraints, and inflation held back our economy to emerge from the pandemic. Amid the economic disruption of COVID, MHV's financial condition remained very strong, highlighted by record earnings and asset growth. From a safety & soundness standpoint, your credit union continues to receive favorable audits and regulatory exams, which will be reported in more detail in the Treasurer's and Supervisory Committee reports.

Historically low interest rates continued in 2021 fueling homebuyer demand and refinance activity, with MHV closing a record-high \$130 million in mortgages. On the deposit side, savings rates remained at all-time lows. To meet our members' diverse needs and help them navigate through this period of uncertainty, members took advantage of MHV's wealth management-retirement services program, providing our members with helpful advice and service at every stage of their financial journey. At the close of 2021, MHV's Investment & Retirement Center provided services to over 3,000 members with \$309 million in assets under management.

At MHV, our #1 Guiding Principle is "Providing Exceptional Member Experiences." One way we deliver upon that is with our commitment to driving operational excellence by continuously seeking to find innovative, simpler, and more efficient ways of serving our membership.

MHV is on a multiyear transformational effort to improve the member experience in our Contact Center through improved technology, customer service, and one-call resolution. This effort continued in 2021, resulting in the successful launch of our fully authenticated mobile and online

member chat solution and voice biometric authentication feature. From the convenience of your computer or mobile device, you can simply chat with a member of our experienced and knowledgeable team with limited to no wait times. In addition, you can enroll and utilize our voice recognition biometrics solution that securely authenticates you, allowing our Contact Center team to immediately recognize you and begin assisting you with your needs.

In April, we broke ground on a 2,200 sq.ft, full-service retail branch in Peekskill. The vision for this project started when MHV was granted approval to expand its community charter to serve the counties of Westchester, Rockland, Putnam, and Sullivan. We are excited by the opportunity to provide much-needed credit union services to the Peekskill community and surrounding areas. The Peekskill office officially opened on January 12, 2022.

As the pandemic continues to impact the services, operations and people working in the non-profit sector in the communities we serve, MHV's commitment to corporate social responsibility has never been stronger. One of the ways we ensure our growth is sustainable is sharing our success with the communities we serve. We work with many non-profit and community-based organizations throughout our field of membership. We invest significant time through staff volunteerism and donations primarily focusing on four charitable causes: educational, local community development, health and wellness and human and social services.

Looking ahead, we are excited to move forward with several key strategic initiatives as we begin servicing our expanded new field of membership. We will be working to expand our mortgage and small business operations throughout the Hudson Valley and continue our focus towards enhancing our self-service features and intuitive solutions through an expansive digital transformation initiative.

In closing, we would like to thank management and staff for their extraordinary efforts over the past year and to our Board of Directors and Volunteers for their leadership and support. We believe 2022 will be a year of renewed optimism in which we can all finally settle into a post-pandemic normal. Rest assured, MHV will continue to embrace the challenges of navigating the new normal, and help our members successfully navigate life's financial journey.

On behalf of the Board, Volunteers, management, and staff we thank you for your membership, trust, and continued support of MHV.

REPORT OF THE TREASURER



STEPHEN SWANSON
TREASURER



CHRISTOPHER CORALLO
SENIOR VP/CFO

In 2021, the Mid-Hudson Valley Federal Credit Union (MHV) completed its second year of navigating through the ongoing worldwide pandemic and the impact within our local economy. Despite significant challenges, MHV continued to support their membership, as well as our local communities, by providing competitive lending and deposit products, excellent service, and charitable giving.

Government stimulus programs that began in 2020, continued during 2021, providing qualified members the assistance they needed. Along with our members' lack of appetite and ability to spend, this contributed toward another year of significant growth in deposits by \$137.8 million or 11.9%.

Later in the year, as Americans began to spend their funds on travel, entertainment, and bigger ticket items, along with

With the continued record low interest rates in 2021, along with the ability to work-from-home, the local real estate market remained robust. MHV closed over \$130 million in residential loans, consisting of both new purchases and refinancing, as members took advantage of the low interest rates, as well as utilizing the increased equity in their homes. Despite ongoing supply disruptions in the automobile market, MHV still provided over \$120 million in auto loan and lease financing.

In 2020, MHV assisted many members that had lost their jobs at the outset of COVID. We prudently increased our reserve for loan losses that year as the extent of the ongoing effects of COVID were unknown. While challenges remain, members made it through this rough patch allowing MHV to significantly reduce the previous reserve. Coupled with low

loan losses and modest loan growth, no additional loan loss reserves were necessary in 2021. The absence of reserve, along with the recovery of capital in corporate credit unions lost during the financial crisis of 2008, contributed to MHV realizing record earnings of \$13.2 million in 2021.

MHV CLOSED OVER **\$130** MILLION IN RESIDENTIAL LOANS AS MEMBERS TOOK ADVANTAGE OF THE LOW INTEREST RATES, AS WELL AS UTILIZING THE INCREASED EQUITY IN THEIR HOMES.

supply chain disruptions caused by COVID, the sudden increase in demand resulted in inflationary pressures on the economy. The Federal Reserve has reacted by reducing bond purchases and will increase interest rates in 2022, and beyond. The MHV Management and the Asset Liability Committee proactively manages and monitors our balance sheet to mitigate sensitivity to changes in interest rates.

In 2022, MHV will continue to expand our reach into new communities with the opening of our fourteenth office in Peekskill, NY. The Board and Management remain focused on the Safety & Soundness of your Credit Union as we navigate through an ever-changing economy and at the same time, continue to offer the membership competitive products and services.

MHV'S MEMBER REVIEWS

“We had the best possible experience with MHV.”

- Margaret Bates

“I've been banking with MHV for almost 10 years... the people at MHV never let me down.”

- Eltza Renee

“I am a long-standing member of MHV. Service & professionalism is excellent and consistent.”

- Bob Edge, Jr.

“Awesome staff, awesome service.”

- Theresa Gilliland



WILLIAM MARCHETTI, JR.
CHAIRMAN, SUPERVISORY COMMITTEE

William Marchetti

REPORT OF THE SUPERVISORY COMMITTEE

Many of us were glad to see a return in 2021 toward what we consider pre-COVID norms. We went from remote operations to hybrid operations and increasingly to face-to-face interactions. Being in a community-based institution, the optimal way to best serve our members is to provide them the personal touch. That also pertains to returning to our offices in which the Staff, Management, Board Members and respective Auditors, can collaborate in person, for the benefit of our members and community. We learned a lot over the last 2 years on varying types of interaction, always making sure that we never compromised our audits, reviews of policies and procedures, as well as other regulatory activities. During this time, we ensured these activities were conducted in a timely and accurate manner.

The Supervisory Committee is comprised of a group of volunteer members, appointed yearly by the Board of Directors, to support the institutional mission and goals of MHV through its interaction with Staff, Management, Board of Directors and Auditors. The committee is charged with overseeing MHV's operational and financial policies and representing the members' interests and concerns. The Supervisory Committee provides guidance to ensure the continued institutional soundness of MHV.

As a committee, we report our independent findings to the MHV Board of Directors and Management Team to help them strengthen the institution for the good of its members. Additionally, we provide assistance with member concerns, and we work with the Management Team to guarantee that any concerns are resolved with fairness, correctness and in a timely manner.

To help us more effectively carry out our Supervisory role, we had engaged an independent accounting firm of Nugent & Haeussler, P.C., to conduct a continuous internal audit program of MHV policies and operations. The resulting audits enable MHV to manage the proper financial and operational controls needed to protect member assets. The Supervisory Committee meets regularly with the accounting firm to review operational areas

and determine audit emphasis based on inherent risk. While we consistently conducted yearly audits of specific operations, we have and will continue to review the scope of the audits. In 2021 we continued the enhanced audits we started in 2020, based on last year's updated NCUA guidance given to all Supervisory Committees. We would like to note that our audits have and continue to be conducted above the minimum NCUA guidelines.

During 2021, the Supervisory Committee oversaw the auditing of thirteen MHV operational areas that included an increased audit emphasis on five areas with inherently higher risk. As part of the audit process, nineteen internal audit reports were produced for review and action, 16 were rated Satisfactory and 3 Acceptable. This was a slight improvement YTY, with 2 more Satisfactory ratings and 2 less Acceptable vs 2020. The findings were mainly considered transactional or operational risk and there were limited credit risk findings. All findings were reviewed by the committee and MHV Management.

The Supervisory Committee engaged the accounting firm of Crowe, LLP to conduct the external audit of MHV's consolidated financial statements to properly oversee and ensure the soundness of the credit union's finances. The committee does meet with Crowe during the year to ensure effective and timely communication as we work toward the results of the yearly external audit. They have rendered an opinion, that the consolidated financials are in accordance with accounting principles generally accepted in the United States.

The results of the internal audit program overseen by the Supervisory Committee, our review of third-party audits and reviews, Management's commitment to strengthen and position MHV for sustained growth, and the independent audit of the consolidated financial statements, convince us that the Mid-Hudson Valley Federal Credit Union continues to provide financial security, stability, and opportunity for our members and the community.

BY THE NUMBERS



2,867

number of members enrolled
in Voice Biometrics



62.5%

increase in YouTube
subscribers



11,443

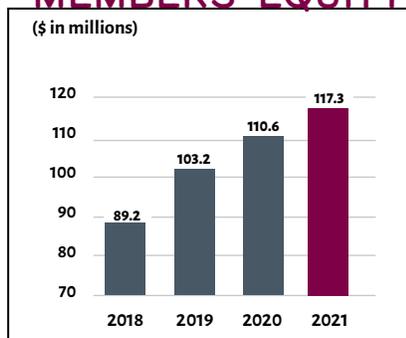
number of chats initiated
since deployment

FINANCIALS

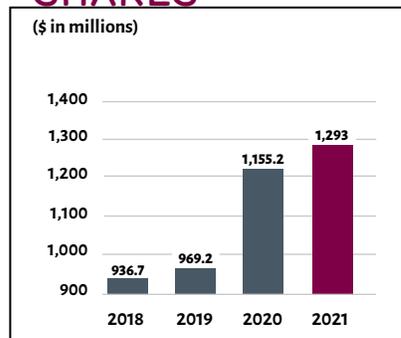
Consolidated Statements of Financial Condition for the years ended December 31, 2021 and 2020
(Dollar amounts in thousands)

| | 2021 | 2020 |
|--|---------------------|---------------------|
| Assets | | |
| Cash and cash equivalents | \$ 208,384 | \$ 181,423 |
| Investments | 320,352 | 221,929 |
| Loans held for sale | 5,548 | 3,571 |
| Loans, net of allowance of \$7,371 and \$9,965 | 827,271 | 813,724 |
| Investment in life insurance | 10,603 | 10,352 |
| Real estate owned, net | - | 337 |
| Premises and equipment, net | 23,392 | 22,665 |
| NCUSIF deposit | 11,884 | 10,333 |
| Other assets | 15,922 | 12,876 |
| Total assets | \$ 1,423,356 | \$ 1,277,210 |
| Liabilities and Members' Equity | | |
| Liabilities | | |
| Members' share accounts | | |
| Non-interest bearing | \$ 230,756 | \$ 193,526 |
| Interest bearing | 1,062,276 | 961,721 |
| Borrowed funds | - | - |
| Accrued expenses and other liabilities | 13,060 | 11,338 |
| Total liabilities | 1,306,092 | 1,166,585 |
| Members' Equity | | |
| Statutory reserve, restricted | 12,446 | 12,446 |
| Undivided earnings | 97,832 | 84,650 |
| Acquired Equity from mergers | 10,916 | 10,916 |
| Accumulated other comprehensive loss | (3,930) | 2,613 |
| Total members' equity | 117,264 | 110,625 |
| Total liabilities and members' equity | \$ 1,423,356 | \$ 1,277,210 |

MEMBERS' EQUITY



SHARES



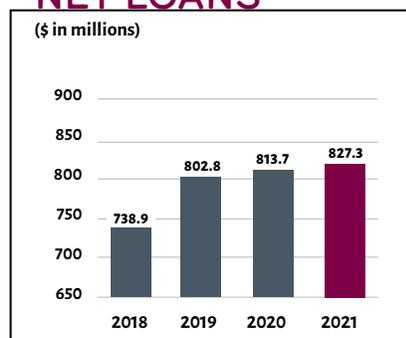
FINANCIALS

Consolidated Statements of Income for the years ended December 31, 2021 and 2020

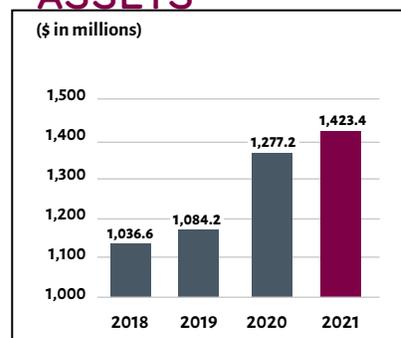
(Dollar amounts in thousands)

| | 2021 | 2020 |
|--|------------------|-----------------|
| INTEREST INCOME | | |
| Loans, including fees | \$ 38,225 | \$ 39,644 |
| Securities | 2,552 | 2,472 |
| Other | 347 | 543 |
| Total interest income | 41,124 | 42,659 |
| INTEREST EXPENSE | | |
| Members' share accounts | 3,207 | 5,331 |
| Total interest expense | 3,207 | 5,331 |
| Net interest income | 37,917 | 37,328 |
| Provision for loan losses | (58) | 5,371 |
| Net interest income after provision for loan losses | 37,975 | 31,957 |
| NON-INTEREST INCOME | | |
| Service fees and charges | 13,711 | 11,534 |
| Net gains on sale of loans | 1,051 | 2,257 |
| Recognized increase in securities valuation | 16 | - |
| Other | 3,284 | 1,643 |
| Total non-interest income | 18,062 | 15,434 |
| NON-INTEREST EXPENSE | | |
| Salaries and employee benefits | 21,225 | 21,111 |
| Occupancy and equipment | 11,329 | 10,981 |
| Outside service | 6,966 | 6,323 |
| NCUSIF assessments | 254 | 295 |
| Other | 3,082 | 3,366 |
| Total non-interest expense | 42,856 | 42,076 |
| Net income | \$ 13,181 | \$ 5,315 |

NET LOANS



ASSETS



MHV BOARD OF DIRECTORS



GARY E. ANDERSON
CHAIRMAN



JOHN KELLY
1ST VICE CHAIR



ELIZABETH CARR
2ND VICE CHAIR



STEPHEN SWANSON
TREASURER



ROBERT PFEIFFER
SECRETARY



THOMAS FOX



WILLIAM A. RYAN



ROGER MILLER



BRIAN E. DIFILIPPO

SUPERVISORY COMMITTEE

William Marchetti, Jr., Chairman
Douglas Burt
Angela May
Robert Pfeiffer
Kevin Snyder

EXECUTIVE MANAGEMENT

Wayne Winkler
President/Chief Executive Officer

Christopher Corallo
SVP/Chief Financial Officer

Stephen Carle
SVP/Chief Lending Officer

Christopher Gomez
SVP/Chief Experience Officer

Robert Mills
SVP/Chief Technology Officer

Melissa Walsh
SVP/Chief Marketing Officer

SENIOR MANAGEMENT

John Dwyer
VP Business Services

Jessica Fox
VP Risk Management

Alicia Hallam
VP Controller

James Moran
VP Mortgage

Michael Mattone
VP Community Impact

David Perry
VP Branch Operations



1099 Morton Blvd.
Kingston, NY 12401
845.336.4444
mhvfcu.com

Federally Insured by NCUA
NMLS# 411955