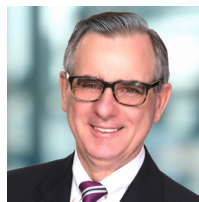




2024 ANNUAL REPORT

REPORT OF THE CHAIRMAN & PRESIDENT



GARY E. ANDERSON
CHAIRMAN OF THE BOARD



WAYNE WINKLER
PRESIDENT/CEO

AT Mid-Hudson Valley Federal Credit Union (MHV), our Core Values are that **PEOPLE** Matter Most – our members, employees, and the communities we serve. This commitment drives everything we do, from providing **Personalized** service, **Emphasizing** safety and soundness, achieving **Operational** excellence, **Partnering** with our communities, **Leading** with trust and integrity, and **Educating** our members throughout their financial journey. Rooted in the credit union cooperative principle of 'People Helping People,' we strive to provide financial access to all and contribute positively to the communities we serve.

Looking back at 2024, we celebrate a year of continued growth and success for MHV, your credit union. Despite navigating the evolving economic landscape, we demonstrated unwavering strength and a steadfast commitment to serving our members. This year, we achieved strong loan and deposit growth, further solidifying our position as a trusted financial partner in our communities and helping our members achieve their financial goals.

In June, Forbes recognized MHV as the **"Best Credit Union in New York State" in 2024**, a significant testament to our commitment to member service and operational excellence. This prestigious award underscores the dedication of our employees, who consistently strive to provide exceptional member service and deliver on our promise of "People Helping People."

In November, we launched an enhanced digital banking platform, providing our members with a significantly improved experience. Through this platform we added new features to make your experience easier:

- **Robust business banking** to empower small businesses with features tailored to your needs to streamline operations and drive growth.
- **Enhanced user experience** and self-service options for accessibility, such as locked profiles and password resets, make it faster for you to get what you need done.
- **Dual language support** is available in our digital banking and mobile app, allowing you to choose between English and Spanish based on your preference.

This investment in technology shows our commitment to providing innovative and convenient solutions for our members' evolving needs.

Safety and soundness remain paramount at MHV. We are committed to prudent financial management, as evidenced by the consistent positive ratings we have received from our regulators. Maintaining a strong capital position ensures the credit union's long-term financial stability. This commitment to responsible financial management and strong financial growth underscores our dedication to safeguarding member assets and providing a secure and reliable financial partnership for our members.

Cybersecurity remains a top priority at MHV in today's evolving digital landscape. We recognize the increasing sophistication of cyber threats and are committed to proactively safeguarding our members' financial information. We have established strong security measures and continuously improved our systems to defend against new threats, ensuring the safety and security of all member accounts.

At MHV, "People Helping People" defines our mission. In 2024, we proudly expanded our impact by:

- **Strengthening our Community Partnerships:** Contributing over \$287,000 to 160 local organizations to support diverse causes and initiatives.
- **Bringing meaningful financial empowerment education to our members:** Reaching 19 school districts through 40 financial literacy sessions and conducted over 60 adult financial education seminars, empowering our members with the knowledge and tools to make informed financial decisions.
- **Volunteerism:** Our employees dedicated an impressive 2,095 hours to various organizations, showcasing their dedication to giving back.

As we move forward, we are immensely grateful for our members' continued trust and support. Your partnership is the foundation of our success. We are confident in continuing to navigate the evolving financial landscape and provide exceptional service to our members. This confidence stems from the dedication of our outstanding team, the support of our Board of Directors, and our unwavering commitment to our core values of "PEOPLE Matter Most."

We look forward to building upon our successes and exceeding your expectations in the years ahead.

“Member for close
to 25 years!
Love you guys.”

- Geri L.

“Such wonderful neighbors,
knowledgeable businesspersons and
great all-around people at the top
credit union in the region!”

- Woodstock Playhouse

**BEST-IN-STATE
CREDIT UNIONS**

Forbes 2024

POWERED BY STATISTA

Voted #1 Best Credit Union in New York

“Fantastic staff and they
are so helpful.”

- Cathy G.

“MHV is the absolute
best banking entity
in the country!”

- Joseph C.



REPORT OF THE TREASURER



STEPHEN SWANSON
TREASURER



CHRISTOPHER CORALLO
SENIOR VP/CFO

INTEREST rates remained at decade high levels for most of the year as the Federal Reserve continued its efforts to reduce inflation. The high interest rates, coupled with an inverted yield curve, put pressure on Mid-Hudson Valley Federal Credit Union's (MHV) net interest margin. Though Fed Fund rates declined by 100 bps during 2024, future rate reductions remain questionable since inflation continues in excess of the Fed's target while the effects of new policy changes on the economy take hold. For MHV, increasing liquidity, maintaining capital, and investing in our people and technology to support member needs was a high priority.

MHV recognized strong asset growth of 8.6% in 2024, as members took advantage of our attractive certificate of deposit and money market rates, increasing these balances by over \$151.5MM, partially offset by 8.8% decline in checking and savings balances. During the year, interest income on loans and investments increased by 15.7%, other operating income was flat year to year, dividend expense to members more than doubled and operational expenses and technology investment increased by 7.1%, resulting in a 38.7% decline in overall net income. MHV's capital ratio remained strong as assets grew, ending 2024 at 9.82%.

As mortgage rates and home values have remained elevated, members continued to utilize home equity loans for home improvements and other financing needs while new home purchases have slowed. Residential lending totaled \$89.6MM, up from \$80.2MM in 2023. Business lending grew to an all-time

annual record with over \$43.4MM, while auto lending totaled \$133.4MM, down slightly from 2023. Overall, net loan balances grew by \$25MM in 2024.

MHV's overall financial strength has enabled the credit union to introduce new online and mobile banking platforms for consumers and businesses in 2024, meeting the ever changing and growing needs of our members regardless of where they are on their financial journey. MHV continues to vigorously invest in ongoing security enhancements and software investments to protect member assets and increase efficiency. Investments in training, financial education, and commitment to the communities we serve continue to benefit our entire membership.

In 2024, MHV was recognized by Forbes as the best credit union in New York State, based on criteria including member service, fees, digital offerings, financial advice given by representatives, and the

trust the organizations inspired.

The Board and Management's consistent approach to balance sheet management has guided MHV through both prosperous and challenging financial times, demonstrated by our continued growth, financial stability and capital strength.

We continue to be well capitalized with strong asset quality, and we remain committed to our core value of safety and soundness and our guiding principle that financial performance is essential to future success.

**Residential lending
totaled \$89.6 MM,
up from \$80.2 MM
in 2023.
Business lending
grew to an all-time
annual record with
over \$43.4MM**

MHV BY THE NUMBERS



**78.21
NPS Score**



**Over 93,600
Members**



**2,095 Employee
Volunteer Hours**



WILLIAM MARCHETTI, JR.
CHAIRMAN, SUPERVISORY COMMITTEE

REPORT OF THE SUPERVISORY COMMITTEE

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 procedures and financial policies as well as representing the members interests and concerns, by reporting our independent findings to the MHV Board of Directors and Management Team to help them strengthen the institution for the good of its members.

The Supervisory Committee provides guidance to ensure the continued institutional soundness of MHV. 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.

The Supervisory Committee continues to engage the accounting firm of Cherry Bekaert to conduct the internal audit of MHV policies and operations, meeting them monthly. Our audit scope, which is above the NCUA minimum, is based on inherent risk and reviewed on an annual basis.

During 2024, the Supervisory Committee oversaw the auditing of 13 different MHV operational areas that included 8 areas

with inherently higher risk and 5 of medium risk. As part of the audit process for the year, 13 audit reports were produced for review and action, all 13 were rated Satisfactory. All findings were reviewed by the committee and MHV Management, including Managements commitment to strengthen controls when needed.

**As part of
the audit process
for the year,
13 audit reports
were produced for
review and action,
all 13 were rated
Satisfactory.**

The Supervisory Committee continues to engage 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 continued strength and position MHV for sustained growth, and the independent audit of the consolidated financial statements, convince us that the MHV continues to provide financial security, stability, and opportunity for our members and the community.



**\$287,146 Donations
to Our Community**



**160 Community
Organizations Supported**



**100+ Financial
Education Seminars**

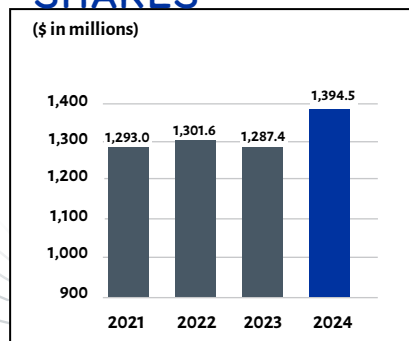
FINANCIALS

Consolidated Statements of Financial Condition for the years ended December 31, 2024 and 2023

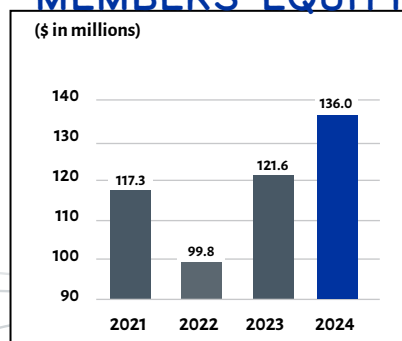
(Dollar amounts in thousands)

| | 2024 | 2023 |
|--|---------------------|---------------------|
| Assets | | |
| Cash and cash equivalents | \$ 196,918 | \$ 78,033 |
| Investments | 270,932 | 296,195 |
| Loans held for sale | 1,465 | 887 |
| Loans, net of allowance of \$8,865 and \$7,984 | 1,016,384 | 991,419 |
| Investment in life insurance | 15,874 | 15,463 |
| Real estate owned, net | 277 | - |
| Premises and equipment, net | 22,213 | 21,260 |
| NCUSIF deposit | 12,580 | 12,283 |
| Other assets | 22,239 | 19,966 |
| Total assets | \$ 1,558,882 | \$ 1,435,506 |
| Liabilities and Members' Equity | | |
| Liabilities | | |
| Members' share accounts | | |
| Non-interest bearing | \$ 231,223 | \$ 228,660 |
| Interest bearing | 1,163,261 | 1,058,714 |
| Borrowed funds | 10,000 | 10,000 |
| Accrued expenses and other liabilities | 18,434 | 16,499 |
| Total liabilities | 1,422,918 | 1,313,873 |
| Members' Equity | | |
| Statutory reserve, restricted | 12,446 | 12,446 |
| Undivided earnings | 129,704 | 122,097 |
| Acquired Equity from mergers | 10,916 | 10,916 |
| Accumulated other comprehensive loss | (17,102) | (23,826) |
| Total members' equity | 135,964 | 121,633 |
| Total liabilities and members' equity | \$ 1,558,882 | \$ 1,435,506 |

SHARES



MEMBERS' EQUITY



FINANCIALS

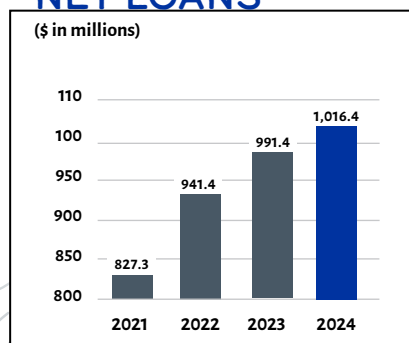
Consolidated Statements of Income for the years ended December 31, 2024 and 2023

(Dollar amounts in thousands)

| | 2024 | 2023 |
|--|-----------------|------------------|
| INTEREST INCOME | | |
| Loans, including fees | \$ 59,836 | \$ 50,690 |
| Securities | 3,638 | 4,185 |
| Other | 5,494 | 2,725 |
| Total interest income | 68,968 | 57,600 |
| INTEREST EXPENSE | | |
| Members' share accounts | 19,496 | 9,292 |
| Borrowed Funds | 440 | 346 |
| Total interest expense | 19,936 | 9,638 |
| Net interest income | 49,032 | 47,962 |
| Provision for loan losses | 6,087 | 3,749 |
| Net interest income after provision for loan losses | 42,945 | 44,213 |
| NON-INTEREST INCOME | | |
| Service fees and charges | 14,197 | 15,044 |
| Net gains on sale of loans | 483 | 462 |
| Other | 2,762 | 1,974 |
| Total non-interest income | 17,442 | 17,480 |
| NON-INTEREST EXPENSE | | |
| Salaries and employee benefits | 26,701 | 24,921 |
| Occupancy and equipment | 12,358 | 11,924 |
| Outside service | 9,562 | 8,581 |
| NCUSIF assessments | 273 | 236 |
| Other | 3,886 | 3,617 |
| Total non-interest expense | 52,780 | 49,279 |
| Net income | \$ 7,607 | \$ 12,414 |

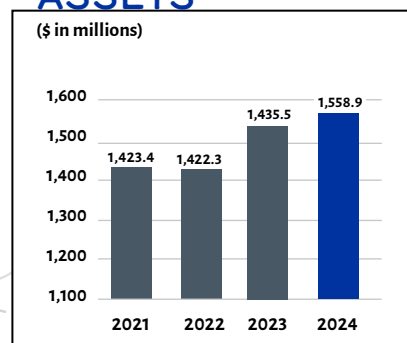
NET LOANS

(\$ in millions)

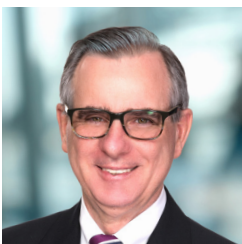


ASSETS

(\$ in millions)



MHV BOARD OF DIRECTORS



GARY E. ANDERSON
CHAIRMAN



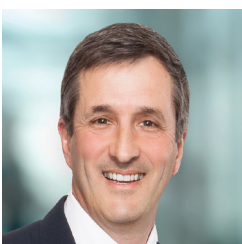
JOHN KELLY
1ST VICE CHAIR



ELIZABETH CARR
2ND VICE CHAIR



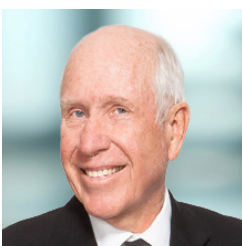
STEPHEN SWANSON
TREASURER



ROBERT PFEIFFER
SECRETARY



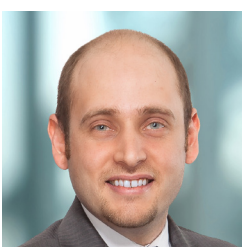
THOMAS FOX



WILLIAM A. RYAN



ROGER MILLER



BRIAN E. DIFILIPPO

SUPERVISORY COMMITTEE

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

EXECUTIVE MANAGEMENT

Wayne Winkler, President/Chief Executive Officer
Christopher Corallo, SVP/Chief Financial Officer
Stephen Carle, SVP/Chief Lending Officer
Jonathan Cilley, SVP/Chief Information Officer
Nicole Tompkins, SVP/Chief Experience Officer
Bradford Wason, SVP/Chief Marketing Officer
Megan Weber, SVP/Chief Human Resources Officer

SENIOR MANAGEMENT

Charles Broe, VP Asset Protection
Jessica Fox, VP Risk Management
Shannon Gelles, VP Deposit + Payment Operations
Alicia Hallam, VP of Finance + Accounting/Controller
Emily Kiernan, VP Project Delivery & Optimization
James Moran, VP Mortgage Lending
David Perry, VP Member Services
Christopher Trocino, VP Commercial Lending



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

Federally Insured by NCUA
NMLS# 411955