



TEG[®]
Federal Credit Union



ANNUAL REPORT *2021*

PRESIDENTS MESSAGE

TEG Federal Credit Union continues to provide the financial solutions that our members need with that personal touch that is expected of us. We've grown from humble beginnings to a full-service financial institution serving over 40,516 members throughout Dutchess, Orange, Ulster, Putnam, Rockland, Sullivan, and Westchester Counties. Here at TEG we do it right so that our members benefit from all we have to offer. We've grown by keeping our original promise to put people over profits, the way it should be.

The year 2021 was another year of dealing with the Covid-19 pandemic. We continue to assess and navigate an ever-changing environment by improvising, adapting and overcoming the challenges we face, it hasn't been easy. Being there for our members is a top priority. We have outstanding delivery channels, including in-person at the branches, online and mobile banking, drive ups and ATM's that are available 24/7. I want to thank my senior management team for all of their hard work and commitment in finding ways to help our members in a time of great need.

For the year, we recorded outstanding results and our total assets grew to over \$404 million. Our lending and deposit growth was also phenomenal, both up once again! We want you to be successful and want you to do business with someone you know and trust. You deserve a financial partner that looks out for your best interest in good times, as well as, bad. That's what the people here at TEG do and I'm proud of each and every employee working for us.

To us, being a full-service financial institution means doing more than simply providing financial products and services. That's why we give back to our community in a variety of ways. From financial education to supporting local charitable organizations, we are committed to making a difference in the communities that we serve. Our employees

proudly spread awareness of TEG and the great benefits that our credit union has to offer. They also take pride in community service and often help by volunteering their time.

Our lending program looks at our members as individuals, each with a different story to tell, and understand that bad things sometimes happen to good people. We evaluate potential loans on a case-by-case basis and look at the whole picture, not just your credit score. If you think you won't be approved for a loan, please talk to us first. If we're not able to help you right away, we'll tell you, but we'll also give you a plan that you can follow so we'll be able to help you in the near future, save you money over the long term and help you get your finances in the best possible position.

We are working hard to make it even easier for our members to do business with us. Our goal is to make every experience as pleasant and enjoyable as possible. We offer all the products and services that the big banks offer with the peace of mind knowing that you are dealing with someone local, someone who is dedicated to doing the right things, in the right way for you, our members.

Finally, I would like to say thank you to all those who have referred new members to us over the years. That helps us continue to grow and we truly appreciate when you tell your friends, family and colleagues about us. The credit union is successful because of you, our member-owners. Because of your continued trust and commitment to us, we continue to grow our TEG family. I truly thank you for that and appreciate your business!

Sincerely,

Ronald A. Flaherty
President & CEO

TEG EXECUTIVE MANAGEMENT

Ronald A. Flaherty
President/CEO



Tom Gay
Chief Financial Officer



TEG SENIOR MANAGEMENT TEAM

Chief Information Officer	Peter Olson
Chief Lending Officer	Jackie Fellin
Chief Operating Officer	Keith Kurman
VP of Commercial Lending	Spencer Fern
VP of Finance	Cory Shapiro
VP of Human Resources	Fiona Miceli
VP of Lending	Sara Verona
VP of Marketing	Elaine Lacy
VP of Retirement & Advisory Services	Jean K. Riordan
VP of Risk Mitigation & Compliance	Alicia Lilly
Director of Digital Channels	Lisa Ricci

TEG BRANCH MANAGERS

Commerce Street – Main Office	Shelby Watson
Beekman	Tyreik Brown
College Center	Octtavia Davis
Crystal Run	Kyle Richardson
Hyde Park	Teresa Tessier
Newburgh	Kyle Richardson
Route 376, Wappingers Falls	Michael Robinson
Route 9, Wappingers Falls	Stephannie Shad
Solutions Center	Michelle Rodriguez-Soto

SUPERVISORY COMMITTEE REPORT

The Supervisory Committee is a group of volunteer members appointed by the Board of Directors. We are responsible for safeguarding member assets through fair and accurate representation of the membership and ensuring that your Credit Union's operations conform to the Federal Credit Union Act and the rules and regulations of the National Credit Union Administration (NCUA). The Committee's responsibilities include retaining services for an annual report on the financial condition of the credit union, coordinating the verification of member accounts and monitoring the review of internal controls, compliance with laws and regulations, and code of conduct activities.

As part of fulfilling its duties, the committee engaged the independent accounting firm Wojeski & Co. to conduct an audit of the Credit Union's financial statements. This audit was completed for the year ending December 31, 2021. We are pleased to report that no anomalies were found and the Credit Union adhered to all rules and

regulations during 2021 and conducted its affairs in a most satisfactory manner. Records were maintained in accordance with prescribed standards and accounting practices and were found to be current, accurate, complete, and in balance at all times during the year.

The Supervisory Committee feels that the internal control policies and procedures in place will help keep your Credit Union safe and sound. We, the Supervisory Committee, are pleased to report that TEG Federal Credit Union is financially sound and is in compliance with all applicable rules and regulations.

We look forward to continued cooperative efforts in the future and thank our members for choosing to conduct their financial business with TEG.

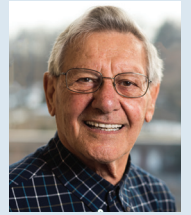
Sincerely,
Brian Kaley
 Supervisory Committee Chairman



Brian Kaley
CHAIRMAN



Ann Boehm



Joe Lombardi

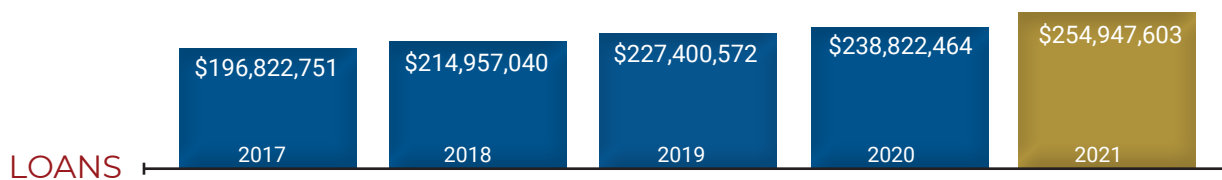
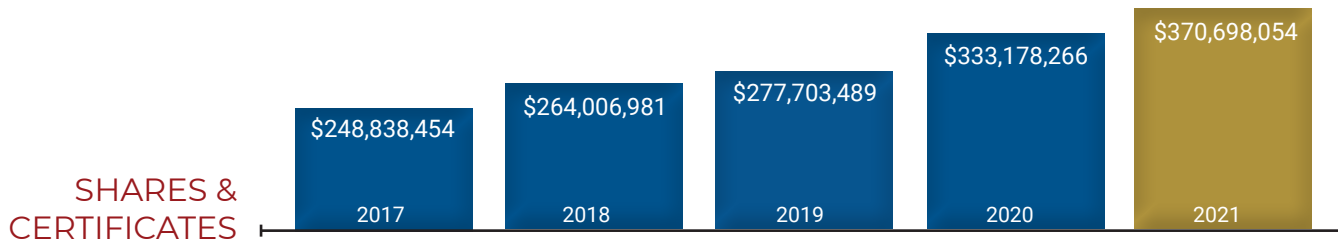
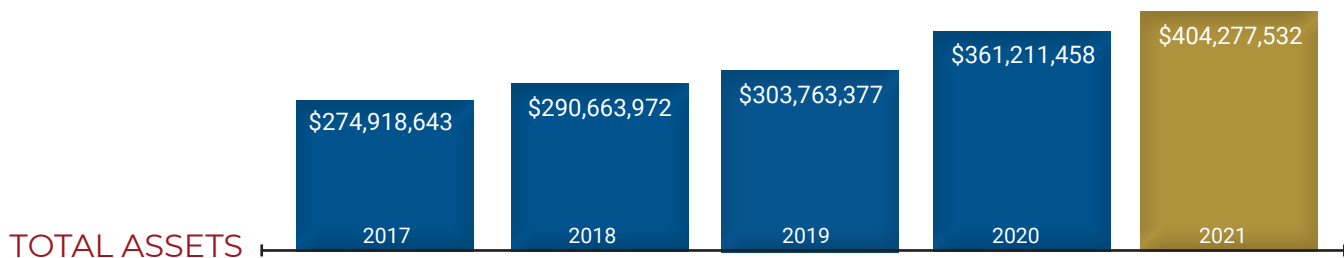
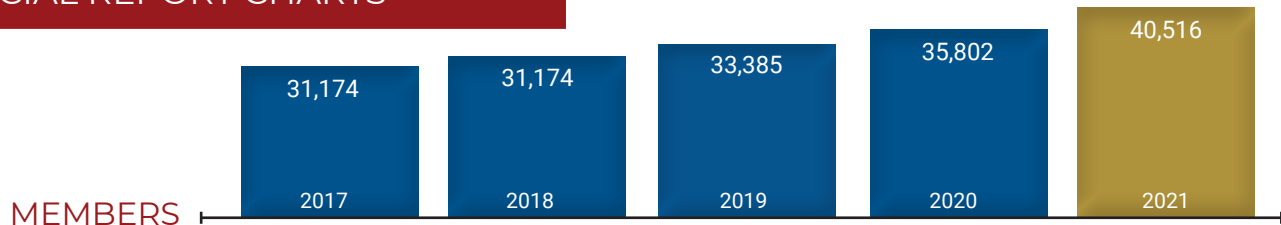


Victoria Nameth



Raymond P. Raiche

FINANCIAL REPORT CHARTS



TEG FEDERAL CREDIT UNION *Statements of Financial Condition*

	Year Ended Dec. 31, 2021	Year Ended Dec. 31, 2020
ASSETS		
Total Loans	\$ 254,947,603	\$ 238,822,464
Less: Allowance for Loan Losses	(2,484,750)	(2,505,496)
Cash and Cash Equivalents	56,432,726	41,123,585
Total Investments (Book Value)	72,063,727	46,081,080
Land and Buildings	6,276,136	6,497,185
Other Fixed Assets	1,318,252	1,588,331
NCUA Share Insurance Fund	3,455,338	3,061,932
Other Assets	12,268,500	26,542,377
TOTAL ASSET	<u>\$ 404,277,532</u>	<u>\$ 361,211,458</u>
LIABILITIES		
Accounts Payable and Other Liabilities	\$ 6,825,138	\$ 6,102,779
SHARE AND EQUITY		
Total Shares and Deposits	370,698,054	333,178,266
Regular Reserves	2,075,649	2,075,649
Unrealized (Loss) on Investments	(929,962)	(45,326)
Undivided Earnings	25,608,656	19,900,090
TOTAL LIABILITIES AND EQUITY	<u>\$ 404,277,532</u>	<u>\$ 361,211,458</u>

TEG FEDERAL CREDIT UNION *Statements of Operations*

	Year Ended Dec. 31 2021	Year Ended Dec. 31 2020
EARNINGS		
Interest on Loans to Members	\$ 12,862,073	\$ 13,228,931
Income from Investments	943,541	866,904
Fee Income	9,454,889	7,847,721
Other Income	40,927	587,284
TOTAL EARNINGS	<u>\$ 23,301,430</u>	<u>\$ 22,530,840</u>
EXPENSES & OTHERS		
Operating Expenses	\$ 18,121,483	\$ 18,910,187
Gain/Loss on Sale of Assets	-	-
Gain/Loss on Investments	-	-
Other Non-Operating Income/Expense	-	-
TOTAL EXPENSE & OTHER	<u>\$ 18,121,483</u>	<u>\$ 18,910,187</u>
Income Before Cost Of Funds	\$ 5,179,947	\$ 3,620,653
Dividends Paid to Members	1,109,720	1,669,505
NET INCOME		
Distribution of Net Earnings	<u>\$ 4,070,227</u>	<u>\$ 1,951,148</u>
Regular Reserve Accounts	0	0
Undivided Earnings	4,070,227	1,951,148
NET INCOME	<u>\$ 4,070,227</u>	<u>\$ 1,951,148</u>

NOTE:

Total Lines of Credit Available	\$47,087,062	\$ 35,884,935
Total Gain (Loss) on Investments Available for Sale	(\$ 929,962)	(\$ 45,326)

BOARD OF DIRECTORS



Walter V. Behrman, Jr.
CHAIRMAN



Andrew Krayewsky
VICE CHAIRMAN



Barbara J. Hogan
SECRETARY



Rebekah Garcia-Stevens
TREASURER



Paul Basile



Joe Corrigan



Ed Hotaling



Frank LaRose



Joshua Stratton

MINUTES FROM THE 52ND ANNUAL MEETING TEG FEDERAL CREDIT UNION

The 52nd Annual Meeting was held on Thursday, March 25, 2021 at the Credit Union Main Office, 1 Commerce Street, Poughkeepsie, NY 12603

I. Call to Order

Mr. Walter V. Behrman, Jr., Board Chairman, called the 52nd Annual Meeting to order at 5:30 p.m. The Secretary, Ms. Barbara J. Hogan confirmed that we had a quorum.

If you are joining us virtually, please feel free to use the Q & A feature. We will be happy to answer your questions in a follow-up email after the meeting. Thank you. Now please join me in saying the pledge to the flag.

II. Minutes

A copy of the minutes of the 51st Annual Meeting are in the 2020 Annual Report and Alicia Lilly moved, and Lisa Ricci seconded to approve the minutes. They were unanimously approved by those assembled.

III. Chairman Remarks

My name is Walter Behrman, and I am the Chairman of the Board. It is my pleasure to announce that the Credit Union is in sound financial shape and we adhere to all acceptable financial policies. Other board member are Andrew Krayewsky, Vice Chairman, Barbara J. Hogan, Secretary and Acting Treasurer, Board members Joseph Corrigan, Edward Hotaling, Frank LaRose, Rebekah Stevens and Joshua Stratton.

Supervisory Committee members are Brian Kaley, Chairperson, Ann Boehm, Joseph Lombardi and Victoria Nameth, Secretary.

2020 started out as a normal year, but by mid-March we were in the full throws of the COVID-19 Pandemic. With the full support of the Board of Directors and under the outstanding leadership of Ron Flaherty, our CEO, our CFO Tom Gay, all of our Senior Management Team, Branch Managers, and all our other outstanding staff members, we did what had to be done.

Mr. Flaherty closed our offices, except for appointments, since the drive-thru and digital channels made us accessible. He directed that Senior Managers identify staff who could work from home, and he directed that all vulnerable staff stay home to be safe but still collect their full pay. He, and all senior managers took a pay cut, and he made many other financial decisions to lessen the impact of the pandemic. Mr. Flaherty and the managers worked with staff members in their departments to make the necessary accommodations to ensure our staff was safe. We also waived fees to help our members through these difficult times.

TEG had a record year in 2020, even with everything that took place. We achieved 102.35% of our overall goals for the year. Our share growth was almost 20% which is on the borderline of being an out-of-control growth situation, but we understood what needed to be done and we were able to get everything under control.

During the first quarter of 2020, we obtained an expanded Field of Membership from the NCUA, which will allow us to expand our membership into Putnam, Westchester, Rockland and Sullivan Counties. This should provide us a lot of new opportunities and allow us to continue to grow and expand as quickly as we are able to. We implemented competitive revenue strategies so as to better position ourselves against our competition in our marketplace, which will help us going forward.

Mr. Flaherty restructured our Organizational Chart which enables us to properly evaluate each management employee while also building a strong line of succession throughout our organization. We are still implementing our "high Yield Lending Strategy," focusing on loans and helping our members by saving them money and educating them so they are better consumers. We monitor this program constantly to make sure we get the best results. If it is done right it works for everyone, the members save money and improve their credit, the credit union gains profitability and our employees are incited to provide the best service possible. It is a win-win situation for everyone and it provides the service we are known for, for our members.

During this year we originated 537 first mortgages totaling \$137.9M, an 84.5% increase in units and 96.7% increase in volume. Working with the Collections Department we developed and implemented programs to assist borrowers who had COVID related hardships. TEG's assistance at their time of need created a lot of good will with our members.

We completed PC support and network service upgrades which saved the credit union approximately \$92,000 annually in telecom related costs and dramatically improved network performance and security. We also encrypted all drives thus increasing our overall security level. The Digital Channels department under Lisa Ricci, worked closely with each department, mobile/online banking vendors and all digital channel vendors to resolve member and system issues, improve operating procedures and reduce risk, monitor and enhance digital services, all to support the digital needs of members and the overall success of TEG. We also did numerous system enhancements and upgrades. We implemented a Bank Secrecy Act transaction monitoring system which has allowed us to increase our monitoring to help prevent fraud and identify reportable suspicious behavior.

The Commercial Loan Department under Spencer Fern, had numerous calls and emails regarding the PPP Lending program. Even though we did not offer the program, each member of the department became very knowledgeable and worked with our members to assure that they had an end solution. This is only one aspect of how TEG staff works to help our members. Our Indirect Loan Department met 111% of their goals. They deepened our relationship with our dealers making a better experience for our members or those who wish to become a member. There was a concerted effort on the part of TEG to strengthen the relationship with those individuals who came new to TEG. We try to cultivate these individuals to become members who take advantage of our superior service.

During 2020 we awarded four \$1,000 TEG-Joyce A. Betros Scholarships to area high school students, awarded a \$1,000 scholarship to a local student at Marist as a Hudson Valley Scholars Program sponsor, a \$1,000 scholarship to a local student at Dutchess Community College. We are also involved in the Student of the Month program for DC BOCES and Arlington High School in conjunction with the Arlington-Poughkeepsie rotary, and the TEG-Cathy Romano Writing Scholarship to a DC BOCES Beta student and three \$50 Student of the Year Awards to BOCES BETA High School students.

These are only a few of the accomplishments and programs we are involved in here at TEG. As always, we strive to be the best place to do financial business for anyone who lives, works or worships in our membership area.

Thank you.

Mr. Behrman then introduced Mr. Ron Flaherty, President & CEO who gave his report and Tom Gay who gave the Treasurer's Report.

IV. President/CEO Report - Ron Flaherty

Good evening and thank you for attending our annual meeting. I'm Ron Flaherty, President & CEO.

The year 2020 was one that will be remembered forever. It changed how we do things. Too often we take things for granted but nobody ever expected something like this. Many of us lost loved ones, family members and friends to this horrible virus, which hit us very hard here in NY. It became very clear as to the size and scope of the crisis when professional sporting events and Broadway shows were canceled at the onset of this pandemic and when the death toll and hospitalizations began to mount quickly.

Here at TEG we were quick to adjust things as soon as we saw the impending crisis begin to unfold in March of last year and took steps to quickly respond with the safety of our members and staff taking priority over all else. My senior management team and I met daily to monitor things and determine what steps were necessary to keep things operating smoothly while helping our members as best as we possibly could. We implemented no cost skip a pays, deferments on loans and forbearances on mortgages in order to help members that were impacted by this pandemic through no fault of their own. These measures created a huge amount of lost revenue that had to be absorbed elsewhere through cost saving measures while making sure we provided the best possible service to our members with as little disruption as possible. However, by laying the foundation that we had leading up to 2020 we were quickly able to react to the crisis and continue to operate with little interruption. I always tell my staff that we need to improvise/adapt and overcome all challenges that we are faced with in order to be successful.

In years leading up to this crisis, we anticipated a shift to more online and mobile access and put an outstanding system in place to handle the needs of our members in an easy to use and convenient manner. By upgrading our core system back in 2016 we had a core system that was ready to handle changes quickly. By diversifying our loan portfolio to include residential and commercial loans as well as indirect dealer loans we were ready to help our members

in any way possible by offering the products and services they need in an easy and efficient way. I'm very proud of how our staff here at TEG stepped up to the plate and did what was necessary to keep things running as smoothly as possible and want to make sure I thank them for their efforts.

TEG ended up having a record year with net income of over \$1.9M. We also had a record year with membership growth and added 2538 net new members in 2020. Our deposit growth was also a record at almost 20% growth for the year. Loan growth was difficult because of all of the liquidity pumped into the economy but we still managed to grow over 5% for the year. Overall, 2020 was a successful year for TEG even though it was bittersweet because of the impacts of this pandemic. Because of you our members trusting us to do the right thing as well as the efforts of our amazing staff, Board and Supervisory Committee we were able to overcome all of the challenges that we were faced with. I appreciate your loyalty and trust in us and will make sure we work hard to keep it.

Thank you!

V. Treasurer's Report - Tom Gay

Good evening. I am Thomas Gay, CFO of the Credit Union. I like to direct your attention to the summary of the financials located on page 3 and 4 of the report. As Mr. Behrman and Mr. Flaherty reported earlier, the Credit Union had a successful year considering the circumstances. Three areas of note that I would like to bring every one's attention to. First Deposits had a record year of growth growing by 20%. Along with this, Total Asset grew by nearly 19%, which was also a record. Net Income finished the year at 1.95 million, which is another record. None of these could have been accomplished without the hard work and dedication of the Credit Union staff and volunteers. I wish to congratulate them for turning what could have been a very difficult year into one of our most successful. Thank you!

VI. Supervisory Committee

The Supervisory Committee is a committee appointed by the Board. This year Brian Kaley serves as Chairperson.

Mr. Behrman introduced Mr. Kaley who reported that:

The Supervisory Committee is responsible for safeguarding member assets through fair and accurate representation of the membership and ensuring that your credit union's operations conform to the Federal Credit Union Act and the rules and regulations of the National Credit Union Administration.

As part of fulfilling its duties, the committee engaged the independent accounting firm Wojeski and Co. to conduct an audit of the credit union's financial statements for the year ending December 31, 2020. To review the financial statements please refer to the 2020 Annual report that can be found on the TEGFCU website.

We are pleased to report that no anomalies were found, and the credit union adhered to all rules and regulations during 2020, and conducted its affairs in a most satisfactory manner. Records were maintained in accordance with prescribed standards and accounting practices and were found to be current, accurate, complete and in balance at all times during the year.

The Supervisory Committee feels that the internal control policies and procedures in place will help keep the credit union safe and sound.

Therefore, The Supervisory Committee is pleased to report that TEG Federal Credit Union is financially sound and is in compliance with all acceptable rules and regulations.

VII. Old Business None

VIII. New Business

Elections: Barbara J. Hogan, Jesse Doughty and Joshua Stratton were each nominated for a three-year term on the Board of Directors. Jesse Doughty has since resigned his position on the Board so we will only be filling two seats on the Board until a

replacement can be found.

Mr. Behrman continued, Mr. Behrman appointed Frank LaRose to serve as Acting Secretary since Barbara Hogan is up for election. He continued, "Since there are no other nominees, I request that Acting Secretary, Frank LaRose, cast one vote for each of them. Mr. Behrman then congratulated the newly elected Board Members.

Barbara J. Hogan then resumed her duties as Secretary.

IX. Questions and Answers

Are there any questions from those in attendance. Reminder if you are with us virtually please use the Q & A feature.

X. Adjournment

Mr. Behrman continued. Since we now have an open seat on the Board of Directors and also on the Supervisory Committee, I would ask that anyone interested in serving in either position to

please send a resume and letter of interest to either Ron Flaherty or myself. We will get back to you to discuss your interest. If you know of anyone who would be a good Board or Supervisory Committee Member please encourage them to contact us.

Since there was no other business to come before the Assembly, Mr. Behrman adjourned the meeting at 5:48 pm. Mr. Behrman thanked everyone for joining us. We appreciate their support.

Respectfully submitted,

Barbara J. Hogan

Secretary

TOGETHER EVERYONE GROWS

At TEG Federal Credit Union, your best interests have always been our focus. Our mission is simple, to help you get to a better place financially. We've stayed true to our commitment of offering our members a better alternative to banks, and we're proud to serve our growing field of membership with practical advice, realistic solutions and a smile.

We're proud to be local, member-owned, and not for profit. We don't just put your best interests first – we put you in charge. When you choose us as your trusted financial partner, we make sure the investment is mutual.

In order to serve you the best we can, we balance traditional values and forward-thinking leadership. This is how our members get all the services you expect while keeping you in control of your finances. When you invest in us, we invest in you. Because together, everyone grows.





Conveniently Located To Serve You

POUGHKEEPSIE – MAIN OFFICE

1 Commerce Street, Poughkeepsie, NY 12603

BEEKMAN

Town Plaza, 2540 Route 55, Poughquag, NY 12570

CRYSTAL RUN

140 Crystal Run Road, Middletown, NY 10941

HYDE PARK

4282 Albany Post Road, Hyde Park, NY 12538

NEWBURGH

16 North Plank Road, Newburgh, NY 12550

POUGHKEEPSIE – COLLEGE CENTER

11 Marist Drive, Poughkeepsie, NY 12601

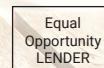
ROUTE 376 – FISHKILL PLAINS

Nesheiwat Square, 900 Route 376, Wappingers Falls, NY 12590

ROUTE 9 – WAPPINGERS FALLS

1145 Route 9, Wappingers Falls, NY 12590

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NCUA



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