



ANNUAL REPORT *2022*



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 40,000 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.

TEG had another very good year even though it was quite challenging. Inflation rose rapidly and costs rose as supply chain disruptions as well as geopolitical factors made things more expensive. During the year the Federal Reserve raised rates at a rapid and historical pace, increasing by 4.5% from the previous 0% to battle inflation. However, this caused a big shock to the economy towards the end of the year. There were also many other factors going on throughout the world which impacted our economy here in the US. The war in Ukraine, Covid lock downs in China, supply chain disruptions and the Chinese military buildup and threat to Taiwan just to name a few.

For the year, we recorded excellent results! Our total assets remained at over \$400 million. Our lending growth was up almost 17% for the year. We upgraded all our ATMs in the first half of 2022. We also implemented a new online and mobile platform during the second half of the year. 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 pleasant and positive. We offer all the products and services that the big banks offer but with the TEG difference. Our members enjoy knowing that they are dealing with someone local, someone who is dedicated to doing the right things, in the right way, to help them get to a better place financially.

Thank you to all our member-owners. We truly appreciate it when you help us grow our TEG family by telling your family, friends, and colleagues about us. The credit union is successful because of you and your continued trust and commitment to us. 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
Chief Strategy Officer	Cory Shapiro
VP of Commercial Lending	Spencer Fern
VP of Human Resources	Fiona Miceli
VP of Lending	Sara Verona
VP of Marketing	Elaine Lacy
VP of Risk Mitigation & Compliance	Alicia Lilly
Director of Digital Channels	Lisa Ricci

TEG BRANCH MANAGERS

Assistant VP of Sales & Service	Kyle Richardson
Commerce Street Main Office	Michael Robinson
Beekman	Jessica Tullo
College Center	Shelby Watson
Crystal Run	Stefany Martinez
Hyde Park	Teresa Tessier
Newburgh	Octtavia Davis
Route 9, Wappingers Falls	Tyreik Brown
Route 376, Wappingers Falls	Deo D. Liberatore
Solutions Center	Shelby Watson

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, 2022. We are pleased to report that no anomalies were found and the Credit Union adhered to all rules and

regulations during 2022 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.

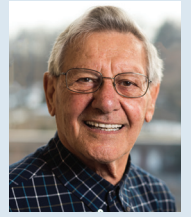
Sincerely,
Brian Kaley
 Supervisory Committee Chairman



Brian Kaley
CHAIRMAN



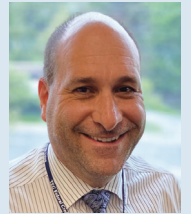
Ann Boehm



Joe Lombardi



Victoria Nameth



Raymond P. Raiche

FINANCIAL REPORT CHARTS



TEG FEDERAL CREDIT UNION *Statements of Financial Condition*

	Year Ended <u>Dec. 31, 2022</u>	Year Ended <u>Dec. 31, 2021</u>
ASSETS		
Total Loans	\$ 298,183,787	\$ 254,947,603
Less: Allowance for Loan Losses	(2,537,494)	(2,484,750)
Cash and Cash Equivalents	21,404,232	56,432,726
Total Investments (Book Value)	61,970,639	72,063,727
Land and Buildings	5,985,037	6,276,136
Other Fixed Assets	1,526,691	1,318,252
NCUA Share Insurance Fund	3,612,159	3,455,338
Other Assets	15,398,955	12,268,500
TOTAL ASSET	<u>\$ 405,544,006</u>	<u>\$ 404,277,532</u>
LIABILITIES		
Accounts Payable and Other Liabilities	\$ 10,605,241	\$ 6,825,138
Line of Credit Loan	5,000,000	-
SHARE AND EQUITY		
Total Shares and Deposits	362,485,644	370,698,054
Regular Reserves	2,075,649	2,075,649
Unrealized (Loss) on Investments	(5,836,615)	(929,962)
Undivided Earnings	31,214,087	25,608,656
TOTAL LIABILITIES AND EQUITY	<u>\$ 405,544,006</u>	<u>\$ 404,277,532</u>

TEG FEDERAL CREDIT UNION *Statements of Operations*

	Year Ended <u>Dec. 31, 2022</u>	Year Ended <u>Dec. 31, 2021</u>
EARNINGS		
Interest on Loans to Members	\$ 14,053,753	\$ 12,862,073
Income from Investments	1,125,660	943,541
Fee Income	6,942,362	9,454,889
Other Income	<u>399,937</u>	<u>40,927</u>
TOTAL EARNINGS	<u>\$ 22,521,712</u>	<u>\$ 23,301,430</u>
EXPENSES & OTHERS		
Operating Expenses	\$ 19,164,589	\$ 18,121,483
Gain/Loss on Sale of Assets	-	-
Gain/Loss on Investments	-	-
Other Non-Operating Income/Expense	-	-
TOTAL EXPENSE & OTHER	<u>\$ 19,164,589</u>	<u>\$ 18,121,483</u>
Income Before Cost Of Funds	\$ 3,357,123	\$ 5,179,947
Dividends Paid to Members	811,977	1,109,720
Interest On Borrowed Money	<u>13,311</u>	-
TOTAL INTEREST PAID	\$ 825,288	1,109,720
NET INCOME		
Distribution of Net Earnings	<u>\$ 2,531,835</u>	<u>\$ 4,070,227</u>
Regular Reserve Accounts	0	0
Undivided Earnings	<u>2,531,835</u>	<u>4,070,227</u>
NET INCOME	<u>\$ 2,531,835</u>	<u>\$ 4,070,227</u>

NOTE:

Total Lines of Credit Available	\$49,861,910	\$ 47,087,062
Total Gain (Loss) on Investments Available for Sale	(\$ 5,836,615)	(\$ 929,962)

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 53RD ANNUAL MEETING TEG FEDERAL CREDIT UNION

The 53rd Annual Meeting was held on Thursday, March 24, 2022 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 53rd Annual Meeting to order at 5:30 P.M. The Secretary, Ms. Barbara J. Hogan confirmed that we had a quorum. Mr. Behrman asked everyone to stand and join him in the pledge to our Flag and remain standing after the pledge.

After the pledge, Mr. Behrman asked those assembled to remember Eugene Gumienny, a founding member, and longtime Board member who passed away recently. Also, to please keep in their thoughts and prayers President Volodymyr Zelensky for his courageous leadership and the Ukrainian people who are suffering dearly during the hostilities that are currently taking place in Ukraine.

Mr. Behrman then made the following announcement, *"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."*

II. Minutes

A copy of the minutes of the 52nd Annual Meeting are in the 2021 Annual Report and Coleen Burnes moved, and Joyce Betros seconded to approve the minutes. They were unanimously approved by those assembled.

III. Chairman Remarks-Walter Behrman

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 members are Andrew Krayewsky, Vice Chairman, Barbara J. Hogan, Secretary and Rebekah Stevens, Treasurer, Board members Paul Basile, Joseph Corrigan, Edward Hotaling, Frank LaRose, and Joshua Stratton. Paul Basile was appointed earlier in the year to fill the unexpired term of Jesse Doughty who resigned.

Supervisory Committee members are Brian Kaley, Chairperson, Ann Boehm, Joseph Lombardi, and Victoria Nameth, Secretary. We welcome Raymond Raiche, whom the Board recently appointed to the committee. His appointment rounds out the committee which had been working with one less person.

If we thought the Pandemic was going to be over in 2021, we were sorely mistaken. With the arrival of the Delta then Omicron variants we were constantly dodging bullets. Under the superb leadership of our CEO, Mr. Ronald Flaherty, and the outstanding Management

Team he has assembled, we were able to successfully negotiate all the "ups and downs" the disease threw at us. From continuing the mitigating procedures that had been established, to opening the offices, then closing them again because of an uptick in cases, the business of TEG continued. Supporting our "work from home" scenario for many workers, and monitoring the work of those employees, the work of TEG went on. While dealing with the elements of the Pandemic, the other areas of the Credit Union had to be addressed. Mr. Flaherty did this as well. While taking care of the financial needs of our members is important, the financial health of the Credit Union is paramount. Mr. Flaherty and his team, and in fact, all our employees, made sure the Credit Union was safe and well run.

Mr. Flaherty hates that I get to go before him because I often "steal his thunder". As such I will endeavor to not "steal his thunder" by covering other areas that he might not emphasize, although you know as CEO, he is responsible for ALL areas of this Credit Union. Please read the President's Message which is in the Annual Report, and outlines much of what we did this past year.

2021 was a record-breaking year. Beginning early this year, 2022, TEG has outsourced our Retirement Advisory Services to "Vision Retirement." I am happy to announce that Ms. Jean Riordan will still be working at this location to work with our members. We have a working relationship with Vision Retirement so we will monitor the program to make sure our members are being taken care of in the manner they expect. You will be notified of all the changes happening with the program. We think it is a winning partnership which will be advantageous for our members.

In IT we deployed new group policies to combat potential security and network vulnerabilities. This is important, especially with the threats of Cyber Attacks, especially from Russian and other nefarious actors. We have annual Disaster Recovery Testing for front and back-office applications also.

The Digital Channels department worked closely with each TEG department, mobile/online banking vendors, and all digital channel vendors to resolve member and system issues, improve operating procedures, reduce risk, and monitor and enhance digital services. All of this was to support the digital needs of members and the overall success of TEG. In October 2022 we will go live with our new mobile/online banking partner: Alkami. Alkami will provide TEG's members with an up-to-date digital platform that will offer the latest financial products. More information will be forthcoming.

In Branches, we negotiated and signed contracts for a full ATM fleet replacement with envelopes, deposits, the ability to electronically send receipts, contactless card ready, and full marketing

control over screens and user interface options. We launched video conference capability in every branch to accommodate the increase in consumer acceptance of virtual meetings.

In Marketing we continued to build the “Discover the TEG Difference” campaign which helps get our name out to the public, making it possible for us to help more people get the financial services they deserve. Although more difficult because of canceled events and social distancing, TEG continues to increase and validate its commitment to the Community through ongoing community relations and charitable efforts. Financial Education and literacy are very important here at TEG. We work in conjunction with Dutchess County Women in Business “Way to Work” programs which provide transportation-related services to eligible people to enable them to obtain employment. We conducted a “Navigating through a financial crisis” Webinar and had a panel discussion with the Dutchess County Jobs and Career Center and Dutchess County One Stop. We had a career development workshop with “Dress for Success Dutchess County”. Retirement and Advisory Services presented multiple webinars on Financial Planning, and we offered seminars through Arlington Continuing Education including Social Security, Medicare, and Tax Planning in the Four States of retirement.

Working with the Indirect Team toward the end of the year, we implemented a lease program which we successfully started and were able to fund leases for our membership as early as the first week of January 2022.

Lending of course is the heart of TEG’s success. We have a robust Mortgage department and continue our focus on retaining and expanding our realtor referral network. We have participated in the Federal Home Loan Bank Homebuyer Dream Program, and we have been able to help four first-time home buyers with this program. We opened 91 Home Equity Loans which represented a 41% increase in volume and a 48% increase in units over 2020. In December we moved our Mortgage Operations Center to Heritage Square. This gives our Mortgage Department more room for their work and allows us space to expand.

On the Commercial Loan side, we were able to reach over \$16.5M in funding while continuing to navigate through the COVID-19 Pandemic. We truly analyze each new deal to assure that we are growing our portfolio in a responsible fashion and protecting our member assets. Therefore, we were able to grow the portfolio by 10.8% closing December 2021 with a \$47.3M commercial loan portfolio balance. The loan growth was especially difficult to achieve due to the record number of loan payoffs and Lines of Credit being paid down. But with total dedication we were successful, and this helped the bottom line of TEG and benefits our members.

Three of our employees went to school for extra training which helps them do their jobs more efficiently and become more familiar with the changing regulations constantly coming from Washington. This new training helps us assure regulatory compliance and data integrity. Loan audits were performed to assure underwriting quality and ensure there are no Fair Lending violations. We work hard to ensure that we adhere to all new or revised requirements of the various regulatory bodies.

The Risk Mitigation Department successfully assisted members facing hardship with 7 deferments, 5 loan modifications, and 3 credit card re-aging, as well as extended many skip-a-pay offerings to members impacted by the pandemic. In addition, all 50 Credit Union Policies were reviewed, updated as necessary, and approved by the Policy Review Committee and the Board of Directors. This meets the legal requirement for Annual Review.

Human Resources ensured compliance with the Families First Corona Response Act and coordinated the acquisition, distribution, and inventory of all Personal Protective Equipment for our staff. The head of Human Resources managed the TEG Safety Committee and continued to offer safety training. As members, you should be aware of and pleased, that TEG is concerned with our employees’ health and safety, but also with their plans for retirement.

As such we administer a 401k, Defined Benefit Plan, and Retiree Health Plan. I think it is safe to say that our employees look out for our members because TEG is committed to looking out for the welfare of our staff who serve them.

While this is certainly not an exhaustive listing of all that we do here at TEG to protect our assets, help our members, and make TEG a great place to work, it should give you a glimpse of what we do here at TEG. Thank You!

IV. President/CEO Report - Ron Flaherty

Mr. Flaherty introduced himself and then continued, good evening, and thank you for attending our annual meeting. I’m Ron Flaherty, President & CEO. The year 2021 was another record-breaking year for us here at TEG. We set records for asset growth and finished the year at over \$403M in assets. We had a net income of over \$4M for the year with a ROA of 1.06%, which is truly phenomenal. Our share growth was an amazing 11.26% for the year and our loan growth finished at 6.75%. This all took place while we were still dealing with the Covid-19 pandemic. My senior management team and our entire staff stepped up to meet the challenges we faced head-on, and the results were outstanding. We are definitely living in trying times, and too often take things for granted but we should all learn a valuable lesson from the events that have happened over the past few years and understand that things can and will change quickly. We need to be ready, willing, and able to make the changes necessary to remain successful and be there for our members in good times and bad.

Here at TEG, we continually look to the future to see how we can make things easier and more convenient for our members and plan accordingly. Last year, we were quick to adjust to things as soon as we saw them unfold and took steps to respond with the safety of our members and staff taking priority over all else. My senior management team and I met regularly 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 continue to operate with little or no interruption even though things have dramatically changed in the world we live in. As I always say, we need to constantly improvise/adapt and overcome all challenges that we are faced with in order to be successful and we have done just that.

Looking ahead to 2022, we have a lot going on. Our Retirement Advisory Services is now being outsourced to Vision Retirement; however, Jean Riordan will still be onsite here at TEG and will continue to serve our members as she has always done. We started a new leasing program in January 2022, and it has started out very successfully. We will be replacing all our ATMs this year except for the offsite locations. We will be converting to a new mobile and online provider, Alkami, which will be completed in the Fall of 2022. We are also continuing our search for new branch locations in our expanded field of membership area in order to have a physical presence there. These are all major projects and will require a lot of time and resources to complete but we have an outstanding group of employees here at TEG and we will get it all done at the highest level possible.

Overall, 2021 was another successful year for TEG. Because of you, our members trusting us to do the right thing as well as the efforts of our amazing staff, Board of Directors, and Supervisory Committee that we are able to overcome all of the challenges that we face and make the tough decisions that are necessary for us to continue to be there for all of our members whenever needed. I appreciate your loyalty and trust in us and will make sure we work hard to keep it. Thank you!

V. Treasurer’s Report - Rebekah Garcia-Stevens

Ms. Stevens introduced herself to the audience. She continued; I would like to direct your attention to the summary of the financials located on page three of the Annual Report. As Mr. Behrman and Mr. Flaherty reported earlier, the Credit Union had another successful year, considering the challenges we faced operating in year two of the Pandemic.

Deposits grew over 11% and Total Assets grew by nearly 12%

finishing over \$400 million for the first time. These are impressive growth rates, especially coming off the records set the prior year. Net Income finished the year at just over \$4 million, which is a new record for the Credit Union. The Mortgage Team at TEG was a big part in achieving this new record, by helping new and existing members throughout the Hudson Valley save money by refinancing their mortgage with a lower rate or by getting into a new home.

None of this could have been accomplished without the hard work and dedication of the entire Credit Union staff and volunteers. I wish to congratulate and thank each of them for serving our membership with integrity and professionalism. Thank you.

VI. Supervisory Committee

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

Mr. Kaley introduced himself and then continued. 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, 2021. To review the financial statements please refer to the 2021 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 2021 and conducted its affairs in the 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 - Since he is up for election, Mr. Behrman recused himself and turned the meeting over to Vice Chairman, Mr. Andrew Krayewsky.

Mr. Krayewsky continued; Mr. Basile was appointed to the Board after last year's Annual Meeting. He is filling the unexpired term of Jesse Doughty. As such he needs to be elected at this Annual meeting. Walter Behrman, Rebekah Stevens, and Edward Hotaling have each been nominated for a three-year term on the Board. Since there are no other nominees, I request that Ms. Hogan cast one vote for each of the above-mentioned individuals.

Mr. Krayewsky then congratulated the newly elected Board Members.

Mr. Behrman then resumed his duties as chair of the Annual Meeting.

IX. Questions and Answers

Mr. Behrman asked if there were any questions from those in attendance and he reminded those attending virtually to please use the Q & A feature he had previously mentioned.

X. Adjournment

Since there was no other business to come before the Assembly, Mr. Behrman adjourned the meeting at 5:52 P.M. Mr. Behrman thanked everyone for joining us and that we appreciate their support. He also thanked Ms. Elaine Lacy and her staff for setting up the Annual Meeting.

Respectfully submitted,
Barbara J. Hogan
Secretary



TOGETHER EVERYONE GROWS

YOU are the reason we love what we do. Improving lives.
Helping people get to a better place financially.
Member Focused. Member Driven.

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

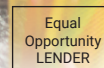
ROUTE 376 – FISHKILL PLAINS

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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