

COMPARATIVE STATEMENT OF FINANCIAL CONDITION

	Dec. 31, 2015	Dec. 31, 2016
ASSETS		
Loans to Members - Net	\$30,182,595.25	\$33,538,309.85
Cash	\$2,683,527.25	\$2,982,981.50
Investments	\$56,851,334.76	\$56,586,307.12
Land & Buildings Net	\$2,891,177.49	\$2,827,636.63
Other Fixed Assets Net	\$369,581.45	\$304,554.87
All Other Assets	\$700,745.91	\$1,300,282.60
TOTAL ASSETS	\$93,678,962.11	\$97,540,072.57
LIABILITIES AND MEMBER'S EQUITY		
LIABILITIES		
Shares	\$83,757,075.71	\$87,539,854.61
Accounts Payable	\$581,245.76	\$683,727.26
Other Liabilities - Corporate Stabilization Assessment	\$0.00	\$0.00
TOTAL LIABILITIES	\$84,338,321.47	\$88,223,581.87
MEMBERS EQUITY		
Regular Reserve	\$1,771,485.44	\$1,771,485.44
Other Reserves	\$3,202,530.03	\$3,202,530.03
Undivided Earnings	\$4,547,055.08	\$4,759,917.02
Accumulated Gain/(Loss) on Available for Sale Securities	(\$180,429.91)	(\$417,441.79)
Accumulated Other Comprehensive Income / (Loss) Note 2	\$0.00	\$0.00
TOTAL EQUITY	\$9,340,640.64	\$9,316,490.70
TOTAL LIABILITIES & EQUITY	\$93,678,962.11	\$97,540,072.57
EARNINGS & DISTRIBUTION OF FUNDS		
OPERATING INCOME		
Interest on Loans	\$2,260,404.57	\$2,266,308.09
all Other Operating Income	\$2,079,952.70	\$2,248,604.73
TOTAL OPERATING INCOME	\$4,340,357.27	\$4,514,912.82
OPERATING EXPENSES		
Compensation & Benefits Note 2	\$1,689,837.19	\$1,780,806.51
Office Operations	\$634,501.11	\$644,160.92
Office Occupancy	\$315,126.91	\$304,116.29
Members Insurance	\$0.00	\$0.00
Association Dues	\$20,432.95	\$18,966.17
Loan Servicing	\$162,474.36	\$236,395.86
Member Education/Advertising/Promoto	\$72,976.40	\$83,764.57
Professional & Outside Services	\$740,116.55	\$811,390.42
Interest on Borrowed Money	\$82.52	\$40.27
Federal Examination Fee	\$16,726.48	\$17,047.72
Annual Meeting Expense	\$9,131.33	\$9,586.73
Travel & Conference	\$46,683.74	\$64,702.25
Miscellaneous Expenses	\$113,777.87	\$105,609.92
TOTAL OPERATING EXPENSE	\$3,821,867.41	\$4,076,587.63

	Dec. 31, 2015	Dec. 31, 2016
Income / (Loss) From Operations Before Dividends	\$518,489.86	\$438,325.19
Income / (Loss) From Sale of Investments	\$66,141.02	\$12,398.87
CUNA Experience Refund	\$0.00	\$0.00
NCUSIF Recapitalization	\$0.00	\$0.00
NCUSIF Stabilization Expense	\$0.00	\$0.00
TOTAL NON-OPERATING INCOME / (EXPENSE)	\$66,141.02	\$12,398.87
Total Income Before Dividends	\$584,630.88	\$450,724.06
Less Dividends	\$151,100.81	\$134,699.37
Provision for Loan and Share Losses	\$202,862.92	\$103,162.75
NET INCOME (LOSS)	\$230,667.15	\$212,861.94

Note 1: The financial statements presented herein are unaudited.

48

Number of members TFCU helped receive a mortgage in 2016, for total mortgage loan of

\$4,715,700



284

Number of new and used car loans granted in 2016.



NCUA

Federally insured by NCUA.



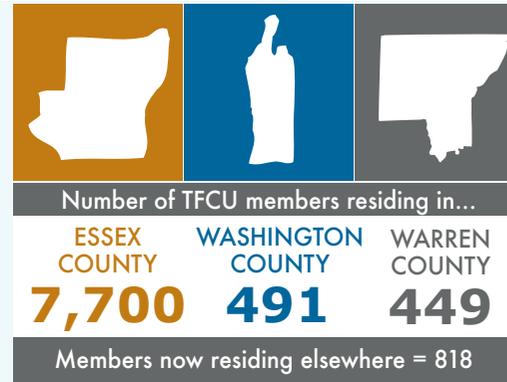
\$834,433

Total dollar amount of checks deposited thru Mobile Capture (01/01/16 -12/31/16)

OUR MEMBERSHIP

TFCU is chartered to serve our friends and neighbors who live, work, worship and attend school in, or businesses or legal entities located in Essex and Washington Counties and Towns of Hague, Horicon and Chester.

Also eligible immediate family members of those eligible, persons sharing a household and organizations of such persons.



1,860

Number of loans granted in 2016.

893

New accounts opened in 2016.

1,419

Accounts enrolled in estates.

MAINTAINING FINANCIAL SECURITY

OUR MISSION

To enhance the lives of our members by offering a full range of convenient and economical services while maintaining financial security.

OUR CORE VALUES

INTEGRITY **SERVICE**
FINANCIAL STRENGTH **COMMUNITY**

Ticonderoga Federal Credit Union | www.tfcunow.com | (518) 585-6725 | memberservice@tfcunow.com



YOU'RE ALWAYS CONNECTED WITH TFCU

2016 ANNUAL REPORT

ENHANCING LIVES



76

Number of charities, community organizations, schools TFCU supported through monetary or in-kind donations.

Banzai!

Number of students (in the 2015/2016) school year that benefited from financial education through TFCU's partnership with Banzai.

PROVIDING CONVENIENT AND ECONOMICAL SERVICES

4,591

Users enrolled in online banking



1,924

Mobile app downloads from 10/21/15 - 12/31/16



\$3,000

Provided in TFCU student scholarships.



62

NUMBER OF YEARS TFCU HAS BEEN SERVING MEMBERSHIP

2017 ANNUAL MEETING AGENDA

1. Call to Order
2. Minutes of the 2016 Annual Meeting
3. Chairperson's Report
4. Supervisory Committee Report
5. President's Report
6. Old and New Business
7. Elections
8. Adjournment

LEADERSHIP TEAM

Shawn M. Hayes, *President and CEO*

Pamela J. Nolan, *Chief Operating Officer*

Cory Phinney, *Chief Financial Officer*

Karen M. Bennett, *Director of Lending*

Amy M. Manfred, *Executive & Human Resources Administrator*

SECURITY OFFICERS LEGAL COUNSEL

Peter A. Reale

John C. Breitenbach Jr., Esq.

Shawn M. Hayes

YOUR LEADERSHIP TEAM

BOARD OF DIRECTORS

Ralph J. Corbo, *Chairman*

Richard T. Malaney, *1st Vice Chairman*

Peter A. Reale, *2nd Vice Chairman & Secretary*

Shawn M. Hayes, *Treasurer*

Francine L. Burke

Anne C. Dreimiller

John F. Lenhart

David W. Baird

Patrick R. Ida

SUPERVISORY COMMITTEE

Richard J. Carpenter Sr., *Chairman*

William J. Morse (Retired 4/1/17)

Susan Nephew

William Barnhart

SUPERVISORY COMMITTEE REPORT



The supervisory committee is comprised of three board-appointed volunteers that serve as a link between the Board, Leadership Team and the membership. In addition to myself, current members of the

committee include Susan Nephew and William Barnhart. The committee's primary responsibility is to determine whether the plans and policies established by your board of directors are being properly administered. The supervisory audit, verification of member accounts as well as other tests and reviews conducted directly by committee members all serve to carry out the committee's responsibilities.

In 2016, in addition to a variety of monthly, quarterly, semi-annual and annual internal ongoing reviews conducted by the committee, your credit union was reviewed three times by two different independent sources. The first was the annual Supervisory Committee audit. Wojeski & Company, an independent certified public accounting firm, was engaged to audit your credit union's financial statements while also reviewing procedures, policies, internal controls and management practices.

The second review was also conducted by Wojeski and Company and consisted of an audit of our

compliance with the Bank Secrecy Act related to the detection and prevention of money laundering. The third was a thorough examination by our governing agency that insures your shares, the National Credit Union Administration (NCUA). I am happy to report that your credit union received excellent ratings in all three instances. Your funds are safe here at TFCU, and we are committed to maintaining that level of safety and soundness.

I would like to thank Patrick Graney for his long standing volunteer service as a Board Member and Chairperson of the Supervisory Committee. Mr. Graney retired December 31, 2016 and his leadership is very much appreciated. Similarly, Mr. William Morse, a volunteer member of the Supervisory Committee since 2015 retired April 1st of this year. I am also grateful for his time and service during his tenure with TFCU.

As a member, if you have any questions or suggestions concerning the credit union, please contact the committee at P.O. Box 308, Ticonderoga, NY 12883.

Richard Carpenter - Chairperson
Supervisory Committee

PRESIDENT'S REPORT



I am grateful to have the confidence of a dedicated and knowledgeable Board of Directors, encouraged by conversations I have had with many of our loyal members and inspired by the commitment of our fine leadership team and staff.

Much has been accomplished over these many months as we've continued to work diligently to reduce expenses and generate the income necessary to maintain and build upon the capital that has been so important in weathering the storm of the Great Recession and the subsequent new economy. As importantly, we have not forgotten what we believe is a hallmark of the credit union movement that is our desire to provide the highest level of service possible to you our loyal members.

2016 was a year filled with challenges, opportunities and successes as we continued our focus on our short

and long term strategic plans. I have written a great deal over the past six years about our financial condition and the many decisions and initiatives that the Board of Directors and the Leadership Team implemented to restore and improve our profitability and efficiency. Consumer confidence improved in 2016 with our Loans increasing \$3.4M or 11% from the previous year-end. 2016 saw Net Income of \$212,862, Assets of \$97,540,073 and net worth of 9.98%, well above the 7% needed to be considered well capitalized by our federal regulator.

We are committed to providing the products and services that you need in the way that you expect them. We want and need to be a competitive, relevant and financially viable credit union now and long into the future which is why 2015 saw significant investment in technology. We introduced instant issue debit cards, making it much easier for new members to begin receiving electronic services much sooner and providing a fast and efficient method of replacing lost or stolen cards for existing members.

We launched a new online banking platform - Connected Banking - with a fresh, flexible, intuitive look and operation with integrated bill pay functionality including person-to-person payments. We introduced our mobile apps for iPhone and Android devices as well as remote deposit capture allowing you to transact business including depositing your checks with ease using your smart phone from virtually anywhere. We also launched electronic signature functionality allowing members the ability to sign loan and other documents remotely without having to visit a branch.

Members have responded to and are utilizing this technology! As of December 31, 2016, 4,591 members have enrolled in connected banking, there have been 1,778 downloads our app for iPhone and Android devices and members have conducted 3,191 remote deposit transactions totaling \$968,000 since the functionality was introduced. We also provided over 230 opportunities for members to sign their loan documents remotely.

Very soon, we will launch Account Create, allowing, new eligible members to join the credit union remotely. Existing members will be able to use the same remote functionality to create new accounts under their existing member numbers.

We are thrilled with the way members have embraced this improved technology and with continually increasing adoption rates. Investment in this technology is a competitive necessity. It will bring operational efficiencies to better serve existing members. It will also help pave the way for growth deeper into Essex and Washington Counties, providing access to potential new members. We want to be able to serve members who can't get to, or choose not to use a branch location but do have and use technology; technology that will enable them to become members, apply and receive a loan, deposit checks and transact their other business from wherever they are. At the same time, we will not lose sight of the personal touch. Our staff remains committed to serving you face to face if your choice is to personally visit one of our branch locations.

2016 also saw the implementation of enhanced fraud protection on our plastic card programs, designed to protect you against unauthorized use of your cards. We introduced purchase alerts on our credit and debit cards to make it easier for you to monitor your account activity and identify potential fraud early. We reissued our credit cards with EMV chip technology and will do the same with our debit cards in the second quarter of

this year. We also implemented / enhanced daily purchase and ATM withdrawal limits designed to limit unauthorized transactions should your card become lost, stolen or compromised. Helping you reduce your risk of financial fraud is important to us and we will continue to find ways to do just that.

Another significant improvement in 2016 was the complete update of our Member Service Agreement for individuals and businesses. The development of these new agreements will enhance the value of membership for all of our members as they will better familiarize members with a number of existing account products and services and more clearly outline the terms of membership and account ownership and services used by each member.

Yes looking back, 2016 was a successful and rewarding year. While we continue to have healthy capital and are seeing improvement in our financial results, there is still work to do as we watch and work with you in this new economy. Rest assured, our focus on our mission will not diminish. We are ever mindful of the services that we offer and will continue to provide new and additional services as appropriate. We will do so while continuing to look for ways to make our operations efficient and cost effective, while not sacrificing service, a delicate balance whether in an "up" or "down" economic cycle.

All of the decisions and changes that have been implemented have been done so to keep the credit union true to its mission and ensure its long term viability and sustainability now and into the future. TFCU has and will continue to thrive and I am looking to the future with excitement and confidence. On behalf of the board of directors, leadership team and dedicated staff, thank you for your loyalty and commitment to Ticonderoga Federal Credit Union. Members truly do make the difference. We will continue to work hard to balance our goal of maintaining financial security with our desire to continue to provide cost effective, competitive products and services as efficiently as and with the best service possible.

Shawn M. Hayes, CCUE, CUCE
President & Chief Executive Officer
Treasurer – Board of Directors

CHAIRMAN'S REPORT



At TFCU, our mission is to enhance the lives of our members by offering a full range of convenient and economic services while maintaining financial security. Our commitment to this mission is paramount and

unwavering. Staying true to that mission sometimes requires difficult decisions. Your trust in your directors is well founded as they exercised great courage and resolve in implementing several initiatives beginning in 2011 designed to keep us true to our mission by returning TFCU to a profitable state so that we could again, begin to build upon the capital that was instrumental in helping weather the impact of the Great Recession and recovery period. Capital that is also vital to on-going operations and the delivery of the products and services that we provide to you.

We continue to see positive results in our financial condition having posted net income of \$212,862 for the year ending 2016.

Additionally, from December 2015 to December 2016, Assets increased \$3.86M or 4.12% and Shares increased \$3.78M or 4.52%. Loans ended the year at \$33,891,577, not counting the \$2,546,113 in long-term, fixed rate mortgages we referred to our third-party mortgage partners to mitigate long term interest rate risk to the credit union in this low rate environment. We ended the year 2016 with a capital to assets ratio of 9.98%, well above the 7% level need to be deemed well capitalized by our regulator.

Despite the economic environment, your credit union

is doing well and is financially strong. Our financial condition has improved significantly and with additional initiatives begun in 2016 and 2017, continued improvement is expected in 2017 and beyond. I want to thank the board for their courage, resolve and depth of understanding of the issues facing our credit union and our movement. I am proud of our directors for remembering at all times who we serve which is you, the members who elected us.

In closing my Chairman's report, I want to recognize and thank Patrick (PJ) Graney for many years of volunteer service both as a Director and as Chairman of our Supervisory Committee. PJ retired effective December 31st and his commitment, loyalty and sense of humor will be missed.

Finally, I'd like to remind you that economic cycles are nothing new. We have been through them before and it is a near certainty that we will over time see them again. We need to be mindful and indeed have seen over the past five years that they do not begin and end all at once.

I ask for your continued patience in the years to come because while we have begun to see improvement in many economic areas, it will continue to take time. Thank you for your faith in us. You can continue to depend on our very best effort as we serve you in the months and years to come.

Respectfully Yours,

Ralph J. Corbo, Chairperson
Board of Directors, TFCU