

COMPARATIVE STATEMENT OF FINANCIAL CONDITION

ASSETS	Dec. 31, 2016	Dec. 31, 2017
Loans to Members - Net	\$33,538,309.85	\$38,816,958.58
Cash	\$2,982,981.50	\$2,960,179.56
Investments	\$56,586,307.12	\$57,180,830.97
Land & Buildings Net	\$2,827,636.63	\$2,727,178.68
Other Fixed Assets Net	\$304,554.87	\$301,446.16
All Other Assets	\$1,300,282.60	\$1,006,343.22
TOTAL ASSETS	\$97,540,072.57	\$102,992,937.17

LIABILITIES AND MEMBER'S EQUITY		
LIABILITIES		
Shares	\$87,539,854.61	\$92,715,628.52
Accounts Payable	\$683,727.26	\$853,286.01
TOTAL LIABILITIES	\$88,223,581.87	\$93,568,914.53

MEMBERS EQUITY		
Regular Reserve	\$1,771,485.44	\$1,771,485.44
Other Reserves	\$3,202,530.03	\$3,202,530.03
Undivided Earnings	\$4,759,917.02	\$4,960,200.31
Accumulated Gain/(Loss) on Available for Sale Securities	(\$417,441.79)	(\$510,193.14)
TOTAL EQUITY	\$9,316,490.70	\$9,424,022.64

TOTAL LIABILITIES & EQUITY	\$97,540,072.57	\$102,992,937.17
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EARNINGS & DISTRIBUTION OF FUNDS

OPERATING INCOME		
Interest on Loans	\$2,266,308.09	\$2,508,938.71
all Other Operating Income	\$2,248,604.73	\$2,467,916.77

TOTAL OPERATING INCOME	\$4,514,912.82	\$4,976,855.48
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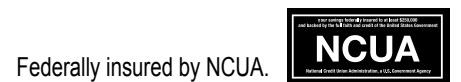
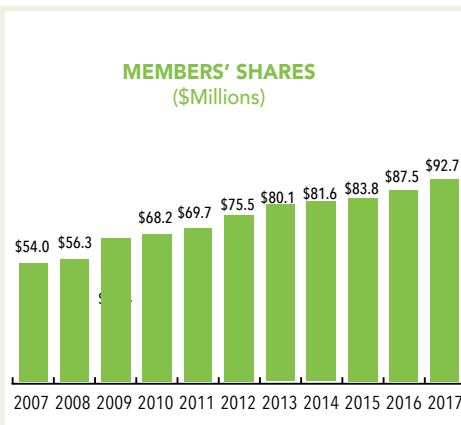
OPERATING EXPENSES

Compensation & Benefits	\$1,780,806.51	\$1,876,108.83
Office Operations	\$644,160.92	\$630,252.12
Office Occupancy	\$304,116.29	\$316,789.59
Association Dues	\$18,966.17	\$20,481.09
Loan Servicing	\$236,395.86	\$323,487.31
Member Education	\$83,764.57	\$71,755.11
Advertising/Promotion	\$83,764.57	\$71,755.11
Professional & Outside Services	\$811,390.42	\$934,174.22
Interest on Borrowed Money	\$40.27	\$10.64
Federal Examination Fee	\$17,047.72	\$22,269.37
Annual Meeting Expense	\$9,586.73	\$10,724.75
Travel & Conference	\$64,702.25	\$56,230.70
Miscellaneous Expenses	\$105,609.92	\$69,830.64

TOTAL OPERATING EXPENSE	\$4,076,587.63	\$4,332,114.37
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	Dec. 31, 2016	Dec. 31, 2017
Income / (Loss) From Operations	\$438,325.19	\$644,741.11
Income / (Loss) From Sale of Investments	\$12,398.87	\$0.00
Securian Experience Refund	\$0.00	\$8,605.00
TOTAL NON-OPERATING INCOME/(EXPENSE)	\$12,398.87	\$8,605.00
Total Income Before Dividends	\$450,724.06	\$653,346.11
Less Dividends	\$134,699.37	\$121,249.45
Provision for Loan and Share Losses	\$103,162.75	\$331,813.37
NET INCOME/(LOSS)	\$212,861.94	\$200,283.29

Note 1: The financial statements presented herein are unaudited.



Total dollar amount of checks deposited thru Mobile Capture (01/01/17 - 12/31/17)

\$1,001,000

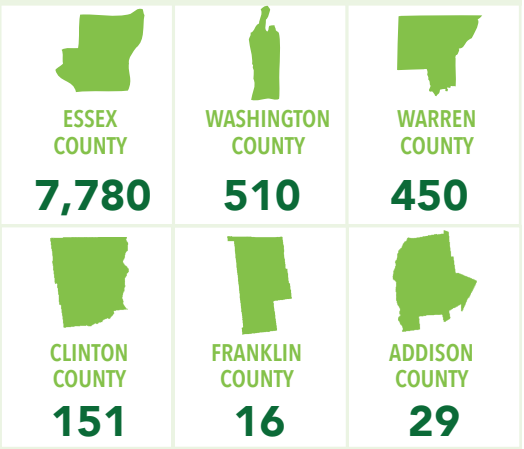
YOU'RE ALWAYS CONNECTED WITH TFCU OUR MEMBERSHIP As of 3/31/18

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, WASHINGTON, WARREN, CLINTON AND FRANKLIN Counties in New York and ADDISON County in Vermont.

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

As of 3/31/18, members reside in **39** States and **4** Foreign Countries.

Number of TFCU members residing in...



Members now residing elsewhere = **647**

60 Number of members TFCU helped receive a mortgage in 2017, for total mortgage loans of **\$4,345,227**

342 Number of new and used car loans granted in 2017.

AS OF 12/31/2017

- 1,641** Accounts enrolled in estatements.
- 9,531** Number of TFCU members.
- 5,208** Users enrolled in online banking.



2017

ANNUAL REPORT

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

COMMUNITY INTEGRITY SERVICE FINANCIAL STRENGTH

Banzai!

800 Number of students (in the 2016/2017 school year) that benefited from financial education through TFCU's partnership with Banzai.

13 Number of schools (in the 2016/2017 school year) whose students benefited from financial education through TFCU's partnership with Banzai.

ENHANCING LIVES

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

NUMBER OF YEARS TFCU HAS BEEN SERVING MEMBERSHIP

63

IN 2017

- 845** New accounts were opened.
- 1,856** Number of loans granted.
- \$1,500** Provided in TFCU student scholarships.

2018 ANNUAL MEETING AGENDA

- 1) Call to Order
- 2) Minutes of the 2017 Annual Meeting
- 3) Chairman's Report
- 4) Supervisory Committee Report
- 5) President's Report
- 6) Old and New Business
- 7) Elections
- 8) Adjournment

YOUR LEADERSHIP TEAM

BOARD OF DIRECTORS

David W. Baird, 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
Richard J. Carpenter Sr.,
Patrick R. Ida

SUPERVISORY COMMITTEE

Richard J. Carpenter Sr., Chairman
Susan Nephew
William Barnhart

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 & HR Administrator

SECURITY OFFICERS

Peter A. Reale and Shawn M. Hayes

LEGAL COUNSEL

John C. Breitenbach Jr., Esq.

a positive influence on me personally. He's a good man and a good friend.

In closing, I would like to take this opportunity to thank you, our members, for your continuing support.

Respectfully submitted,

David W. Baird, Chairman
Board of Directors

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.

For 2017, 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 Mrs. Nephew and Mr. Barnhart for their work on the committee and dedication to 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.

Respectfully submitted,

Richard J. Carpenter Sr., Chairman
Supervisory Committee

PRESIDENT'S REPORT



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.

2017 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 seven 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 2017 with our Loans increasing \$5.29MM or 15.62% from the previous year-end. 2017 saw Net Income of \$200,283, Assets of \$102,992,937 and net worth of 9.65%, well above the 7% needed to be considered well capitalized by our federal regulator.

Our investment in and maintenance of technology continued in 2017. With a fresh and intuitive online banking platform, improved integrated bill pay functionality, person-to-person payment capability, mobile phone apps, remote deposit capture, electronic loan application and document signing and online account opening; there is virtually nothing a new or potential member can't do using technology whenever or wherever they choose.

Members continue to embrace and are utilizing this technology. As of December 31, 2017:

- 5,208 Members have enrolled in Connected Banking
- 1,589 Members enrolled in Bill Pay
- 1,641 Members opted to receive their account statements electronically
- There were 598 electronic loan applications
- Members conducted 2,918 remote deposit transactions totaling \$101,000,000
- Hundreds of additional mobile apps for iPhone and Droid devices were downloaded
- We provided 486 opportunities for members to sign documents remotely
- In the six months since implementation, 27 individuals electronically applied for membership using our new online Account Create functionality

We are thrilled with the way members continue to embrace this improved technology – and for good reason. Investment in this technology is a competitive necessity. We recently announced the approval of our expanded field of membership to include four additional counties. TFCU is now able to offer membership to individuals (and their relatives), businesses or organizations who live, work, worship or attend school in Warren, Washington, Essex, Clinton and Franklin Counties in New York as well as Addison County in Vermont.

Technology will bring operational efficiencies to better serve existing members and pave the way for growth

deeper into our entire field of membership providing access to 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 for and receive a loan, deposit checks and transact their other business from wherever they are.

We are committed to providing the products and services that you need in the way that you expect them. We want and need to grow in order to remain a competitive, relevant and financially viable credit union now and long into the future. Technology will help us do that. 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.

Yes looking back, 2017 was a successful and rewarding year. While we continue to have healthy capital and are seeing improvement in our financial results, we remain committed in our work with and for you. 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 in any economy.

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, CCE, CUCE
President & Chief Executive Officer
Treasurer – Board of Directors

CHAIRMAN'S REPORT



On behalf of the Board of Directors and Supervisory Committee, we welcome you to the 63rd Annual Meeting. It is my pleasure to address you all this evening as your newly elected Chairman. I do have a lot to learn but feel confident working with our Directors and Shawn and his excellent staff that we will continue to make progress and keep our Credit Union moving forward with the many challenges ahead of us. I have found that it is true, you never stop learning and for me, this learning comes with a greater appreciation for what goes into making a Credit Union work. Fortunately for us all, our Credit Union is working very well.

We continue to see positive results in our financial condition having posted net income of \$200,283 for the year ending 2017. Additionally, from

December 2016 to December 2017, Assets increased \$5.45MM or 5.59%, Shares increased \$5.18MM or 5.91% and Loans increased \$5.29MM or 15.62%. We ended the year 2017 with a capital to assets ratio of 9.65%, well above the 7% level needed to be deemed well capitalized by our regulator.

Your credit union is doing well and is financially strong. Our financial condition has improved significantly and with additional initiatives begun in 2017, continued improvement is expected in 2018 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.

I want to take this opportunity to recognize and thank the Credit Union Directors for having the faith in me to assume the position as Chairman following Ralph Corbo's recent retirement after 30 years of Service. I will do my best as I follow in Ralph's footsteps. I have a lot of respect for Ralph, both in his leadership position and for having