

# President's Report

Teachers Federal Credit Union has been serving Long Islanders for nearly 60 years. During 2010, we achieved a new milestone when for the first time total assets exceeded \$4 billion and total membership grew to more than 212,000 members. This placed us among the top 1% of credit unions in the nation and made us the largest credit union on Long Island and in New York State. We are also proud of the fact that all of our staff members live and work right here on Long Island.



Our new Oakdale and Shirley branches opened for business in 2010. These new branches allow us to better serve existing members and accommodate more new members. The cumulative effect of our growth in recent years caused us to house support staff in multiple locations as the capacity of our headquarters in Farmingville became exhausted. In 2010, we purchased a building large enough to reunite our staff from three locations into one. This will allow for greater efficiency and future growth; but most importantly, it will enable us to better serve you, our members. Key components of our new space will be training facilities for staff, multiple conference rooms for mortgage closings, and more privacy for members in our Loan Department and, of course, an additional branch office. Our new headquarters is in Hauppauge, conveniently located on the Long Island Expressway service road. We expect occupancy by the summer of 2011. Our existing Farmingville branch will also undergo renovations.

2010 began with relatively low interest rates and as the year progressed they became even lower. Low interest rates help members to save money by refinancing existing mortgages or to facilitate major purchases of automobiles and other big ticket items. The down side of low rates is that returns on savings are also lower. We continue to balance the needs of all of our members by making rates on both sides, savings and loans, very competitive. In order to accomplish this, we continue to keep tight control of operating expenses. 2010 results indicate that we accomplished our goals as we experienced growth in total savings and loan balances while peer group comparisons indicate that our expense ratios are excellent.

TFCU also works hard to give back to the community. Team TFCU, our employee community service group, raised funds throughout the year to benefit organizations such as the American Heart Association, the Make-A-Wish Foundation, Habitat for Humanity, United Way, Long Island Cares, Island Harvest and other local nonprofit organizations. We also participated in blood drives, food drives, and school and pet supply drives to benefit those in need.

For 2011 and beyond, we will be focused on continual improvement and change for the better. We will continue to invest in technology and upgrades to our electronic delivery systems to allow us to better serve our members. Specifically, this includes upgrades and replacement of ATMs, accessibility via smart phones, improvements to our website, and more frequent updates via use of social media.

Thank you for your membership and for allowing us to help you make smart financial decisions and grow along with TFCU.



Robert G. Allen  
President/CEO

# Chairman's Report

Despite downturns in the regional and national economy, Teachers Federal Credit Union continued on a path of exceptional growth in 2010. We exceeded the previous year's results in deposits, loans, total assets, and membership.



TFCU is a safe, strong financial institution, with capital greater than the standard for a "well-capitalized" credit union as set by the federal government. All of this means that we have the size, experience, stability, and resources to deliver the financial products that you and your family need, now and in the future.

TFCU now offers financial services to all people and businesses located in Nassau and Suffolk\* Counties and their family members. The growth associated with this expanded membership helps your credit union because many of the products and services that we provide become more cost effective with higher volumes.

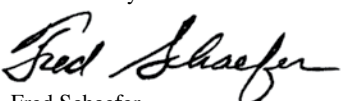
TFCU is committed to preparing the younger generation for the time when they will become independent, employed adults and will need to be equipped with the knowledge to make smart financial decisions. The financial literacy seminars and programs TFCU holds at local schools and libraries have been well received.

As a benefit of membership in TFCU, members have access to free, unbiased money management and credit counseling via the BALANCE program. BALANCE counselors can answer many questions immediately – from how long an item stays on a credit report to whether it's better to lease or buy a car.

On other important fronts, we are refining and developing products and services to better meet the changing needs of our member-owners. For those members who are planning for long term savings and retirement, our TFCU Trust and Financial Services team of highly experienced financial advisors continue to provide financial planning and investment services to help members reach their goals. And for small business owners, we are developing products and services to help meet their unique needs for both deposit and loan products.

Identity theft continues to be one of the fastest growing forms of consumer fraud. TFCU is committed to helping our members prevent identity theft by hosting free Shredding Days to encourage the proper destruction and recycling of sensitive documents and electronic equipment.

On behalf of the Board of Directors, I thank all of you for making 2010 an outstanding year. We are deeply honored by the decision of more than 212,000 members and organizations to trust us as their financial services partner, and we are committed to maintaining a relationship with each and every one of them that is worthy of that trust.



Fred Schaefer  
Chairman of the Board of Directors

\*Excluding townships of Southampton, East Hampton and Shelter Island.

## Statements of Financial Condition

Years Ended December 31, 2010 and 2009

Assets	2010	2009
Cash and cash equivalents	\$ 229,385,068	\$ 285,057,920
Securities held-to-maturity	1,799,608,712	1,609,059,864
Securities available for sale	264,272,421	162,279,683
Loans to members, net	1,562,312,611	1,498,884,107
Loans held for sale	10,677,476	3,872,200
Accrued interest receivable	22,788,763	23,552,068
Deposit in National Credit Union Share Insurance Fund	34,176,927	28,820,256
Property and equipment, net	66,588,886	15,350,133
Prepaid expenses and other assets	24,362,590	16,924,974
<b>Total Assets</b>	<b>\$ 4,014,173,454</b>	<b>\$ 3,643,801,205</b>

### Liabilities and Members' Equity

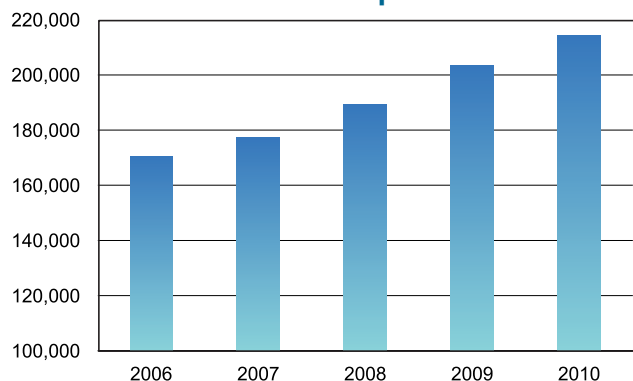
Liabilities:		
Accounts payable and accrued expenses	\$ 12,092,094	\$ 9,158,900
Dividends payable	32,840	58,150
<b>Total Liabilities</b>	<b>\$ 12,124,934</b>	<b>\$ 9,217,050</b>

### Commitments and Contingencies

#### Members' Equity:

Members' accounts:		
Regular share accounts	\$ 460,375,306	\$ 423,645,703
Share draft accounts	260,587,870	235,754,032
Money market accounts	1,891,659,525	1,566,301,544
Individual retirement accounts	278,493,733	241,225,206
Share certificates	754,536,743	836,837,516
<b>Total Share Accounts</b>	<b>\$ 3,645,653,177</b>	<b>\$ 3,303,764,001</b>
<i>Retained earnings</i>	349,541,787	326,549,619
<b>Total Members' Equity</b>	<b>3,995,194,964</b>	<b>3,630,313,620</b>
Gain/(Loss) available for sale securities	6,853,556	4,270,535
<b>Total Equity</b>	<b>\$ 4,002,048,520</b>	<b>\$ 3,634,584,155</b>
<b>Total Liabilities and Members' Equity</b>	<b>\$ 4,014,173,454</b>	<b>\$ 3,643,801,205</b>

### Membership Growth



## Statements of Income

Years Ended December 31, 2010 and 2009

Interest Income:	2010	2009
Interest on loans to members	\$ 84,468,146	\$ 82,427,886
Interest on securities, cash equivalents and deposit in National Credit Union Share Insurance Fund	55,141,669	54,408,729
<b>Total Interest Income</b>	<b>\$ 139,609,815</b>	<b>\$ 136,836,615</b>

### Interest Expense:

Dividends on members' accounts	\$ 49,856,162	\$ 58,614,677
<b>Net Interest Income</b>	<b>89,753,653</b>	<b>78,221,938</b>
Provision for loan losses	18,000,000	14,800,000
<b>Net interest income after provision for loan losses</b>	<b>\$ 71,753,653</b>	<b>\$ 63,421,938</b>

### Non-Interest Income:

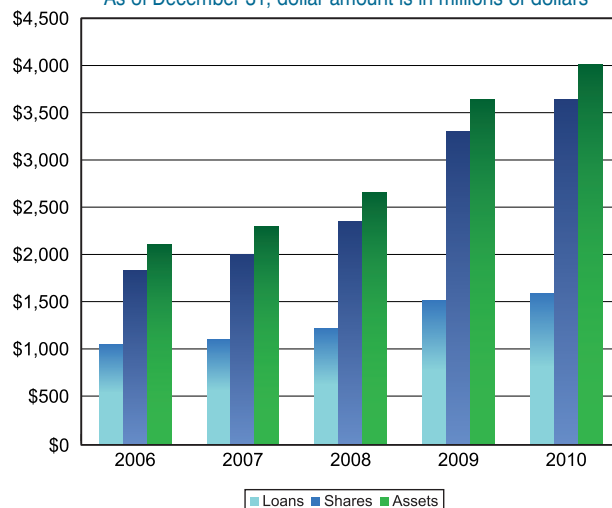
NCUSIF Recapitalization	\$ 0	\$ 14,067,869
<b>Non-interest income</b>	<b>22,192,652</b>	<b>22,463,319</b>
<b>Total Income</b>	<b>\$ 93,946,305</b>	<b>\$ 99,953,126</b>

### Non-Interest Expense:

Compensation and benefits	\$ 35,531,222	\$ 35,527,194
Office occupancy	6,096,058	4,037,749
Office operations	5,421,344	5,494,952
Professional and outside services	1,240,908	986,985
Credit card and share draft program expenses	3,596,662	3,767,460
Other	8,846,854	8,203,759
<b>Total Non-Interest Expense</b>	<b>\$ 60,733,048</b>	<b>\$ 58,018,099</b>
NCUSIF Corporate Stabilization Expense	\$ 11,145,005	\$ 4,323,039
Provision for Corporate Credit Union Investment Losses	0	6,000,000
Gain/(Loss) on Disposition of Investments	166,290	(917,606)
<b>Net Income</b>	<b>\$ 22,234,542</b>	<b>\$ 30,694,382</b>

### Total Loans, Shares & Assets

As of December 31, dollar amount is in millions of dollars



# Treasurer's Report

I am pleased to report that in year 2010 Teachers Federal Credit Union continued in very sound financial condition.

Year-end results show a growth in shares of \$341.9 million (10.4%), an increase of \$72.4 million (4.9%) in loans and a gain in net income of \$22.2 million. TFCU's capital to asset ratio (a key element of capital strength) was a very strong 8.9%. Our total assets increased to \$4.014 billion, a gain of \$370.4 million for the year.

The maturity structure of TFCU's investment portfolio remained short term, resulting in a low rate risk profile for this portion of our balance sheet. Our total investments of \$2.064 billion at year-end are maintained in high quality, safe instruments. The complete financial report for 2010 is shown elsewhere in this booklet.

In today's marketplace, more and more consumers are becoming aware of the benefits of credit union membership. Competitive rates, justifiable fee structure and personalized service are the fundamental basis of all we provide. TFCU's strong financial performance in 2010 is a reinforcement of the quality of products and services offered. Thank you for your continued support as we look forward to another successful year in 2011.



Raymond P. Grossman  
Treasurer

# Supervisory Committee's Report

The Supervisory Committee has verified that TFCU follows regulations established by the National Credit Union Administration and has supervised an annual independent audit of the credit union. The findings of the Committee indicate that TFCU has effective internal controls and maintains practices that adhere to generally accepted accounting principles. Additionally, the result of the 2010 independent audit shows that TFCU is well capitalized, has good financial controls and is financially sound.

The Committee commends the staff, management and Board of Directors for maintaining TFCU's high standards.



Ronald A. Mincio  
Chairman

## Board Of Directors

Chairman – Fred H. Schaefer

Vice Chairman – Nicholas Maletta

Treasurer – Raymond P. Grossman

Secretary – George L. Dornhoefer

F. Jane Harris

Robert J. Ney

Juan C. Nuñez

Mario P. Shortino

Frank D. Spencer

## Supervisory Committee

Chairman – Ronald A. Mincio

Paul E. Misut

April Neitlich

Robert J. Ney

James F. Nohe

## Management

Robert G. Allen – President/CEO

Thomas A. Fallon – Executive Vice President/COO

C.J. Meyers – Sr. Vice President, Finance/CFO

Nancy J. Orlando – Sr. Vice President, Credit

Mark G. Eberharth – Sr. Vice President, Operations

Rosemary A. Nicholls – Sr. Vice President, Research & Development/Marketing

Michael A. Valentin – Sr. Vice President, Info Systems

Kenneth J. Rydlewski – Vice President, Data Processing

Elise Dierlam – Vice President, Human Resources



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631-698-7000 • 1-800-341-4333\*

\*Outside the Long Island, Westchester and New York Metro areas.

