

ANNUAL REPORT

2015



Checking & Savings



Personal Loans



Education Loans



Mortgage &
Home Equity Loans



Growth Investing



Retirement Savings



Auto Loans

Teachers Federal Credit Union

TFCU

The Educated Choice For Everyone

Federally insured by NCUA

President's Report



“TFCU continues to offer among the lowest interest rates in the region.”

I am pleased to report that TFCU had a positive year and remains financially strong thanks to you, our members. Further validating our financial strength, TFCU was again awarded a 5-Star rating from Bauer Financial Inc., the nation's leading independent research firm. The 5-Star rating is the highest rating awarded to institutions that are stable and well capitalized.

To better serve our members, in 2015, we added a new full-service branch in North Massapequa and have plans to continue to grow in both Nassau and Suffolk counties. In addition to our 25 branch locations, members have access to more than 5,000 credit union locations across the United States, including 56 on Long Island. Shared Services Centers are perfect alternatives to a TFCU branch should you be traveling, away at college or staying at a second home for an extended period of time.

Another of our initiatives for 2015 was the introduction of TFCU's VISA® credit cards with chip technology. Many countries and merchants outside of the U.S. already use this technology. The embedded microchip provides consumers with greater protection against card fraud and unauthorized use, when used at retailers equipped with chip-enabled terminals. In addition, the chip card is easier and more convenient to use when traveling abroad. This new technology does not alter the many options available with TFCU VISA cards, such as, low interest rate, no annual fee, and points earned on purchases.

TFCU continues to offer among the lowest interest rates in the region on mortgages, auto loans, Home Equity Lines of Credit and more. I hope you look to us first when the need for you to borrow money arises. We also continue to be a major employer on Long Island. Our staff of over 600 employees all live on Long Island and lend support to many community matters.

Team TFCU, our Community Involvement Committee, gave back to the people of Long Island throughout 2015. By holding monthly Jeans Days, where employees donate \$5 to a worthy cause and are allowed to wear their jeans to work, more than \$17,400 was raised. These funds were made payable throughout the year to local organizations such as: The Thomas Cutinella Memorial Foundation; Nassau-Suffolk Services for Autism; The Welcome Inn; Tap Out Cancer; Bide-a-Wee; Little Shelter; Angela's House and many more. I am continually proud of our staff and applaud their commitment to making Long Island a better place for all who live here.

TFCU has enjoyed over 64 years of success primarily due to listening to our members' financial needs and adapting our products and services to better match their lifestyles. While we may now be offering you a wider variety of ways to access your account and more online tools to use, our staff remains the backbone of the service you have come to rely on.

My sincere appreciation is extended to the management team, staff and dedicated volunteers who serve on our Board of Directors and Supervisory Committee. Most of all I'd like to thank you, our valued members, who award us the opportunity of serving your financial needs.

Robert G. Allen
President/CEO

Chairman's Report



"We believe that our continued success should be shared and reinvested."

Our membership is the lifeblood of Teachers Federal Credit Union. Since 1952 we've been striving to ensure that our members have the best of banking experiences. 2015 was a year of progress for our credit union, our region, and the overall national economy.

TFCU has seen increased prosperity over the last year. Our continued annual growth is fueled by more Long Islanders choosing our credit union to help them build their lives and realize their dreams. By financing their new cars or taking out Home Equity Lines-of-Credit to invest in their homes, our membership sees the value and quality of what our Credit Union offers.

We provide a wide-array of quality member-oriented services. I am pleased to report that we've continued to expand the scope of our services to include an increased variety of retirement and commercial options. By investing in Long Island's vibrant commercial sector we can help more entrepreneurs create their dream businesses and fuel our economy for many years to come.

In 2016, TFCU made a major investment in a conversion of our technological platform. While most of the system conversion went smoothly, our membership was inconvenienced by some of the unexpected challenges the institution encountered. We regret that members did not experience a level of service that was up to the usual standard that TFCU provides. We're proud of the yeoman's effort of our staff to respond to members concerns. We appreciate our membership's understanding, apologize for any inconvenience they may have experienced and look forward to serving their needs in new and innovative ways.

We are a locally grown institution both founded by and staffed by Long Islanders. We believe that our continued success should be shared and reinvested. In 2015 we partnered with a number of local charities, nonprofits and organizations that touch the lives of our friends and neighbors on a daily basis. We will continue the proud tradition of offering scholarships to local high school seniors. As an institution, we see these scholarships as an investment in our future. It has been gratifying to see the accomplishments of our former scholarship winners.

As chairman of TFCU's Board, I am proud to see that our homegrown approach to banking has brought 2015 to a productive close with the promise of even better times in the years to come.

George L. Dornhoefer

Chairman, Board of Directors

Treasurer's Report

Teachers Federal Credit Union continued to thrive financially in 2015.

Total assets increased 4.1% totaling \$5.23 billion by year's end, a gain of \$206.1 million in 2015. Shares grew 3.9%, a change of \$177.7 million for the year. Loans soared \$329.7 million (14.4%), a second consecutive year with loan growth over \$300 million. Auto Lease Loans were particularly active gaining \$154.0 million in 2015.

Other important 2015 financial results include:

- Net income of \$29.5 million
- Net worth ratio (a key element of capital strength) was 10.29% at year's end
- Loan/shares ratio gained over 5 percent in 2015 to 55.7%

The accompanying charts in this booklet show how TFCU continued its steady growth. We expect this trend to extend into 2016 as membership grows and responsible stewardship of our members' money continues.

A successful year, such as 2015, is only possible with combined member support, dedicated volunteers and a very strong management team and staff.

Thank you for contributing in the cooperative effort that is Teachers Federal Credit Union.

Raymond P. Grossman

Treasurer

Supervisory Committee's Report

The main responsibility of the Supervisory Committee in the area of financial reporting is to assure that the financial disclosures made by management are reasonably portrayed. TFCU's financial condition, results, plans and long-term commitments must be in compliance with NCUA rules, regulations and auditing principles.

We also must provide assurance that the Credit Union is in reasonable compliance with pertinent laws and regulations, conducting its affairs ethically and is maintaining effective controls against employee conflict of interest and fraud. We are obligated to hire and work with external auditors, meet with federal examiners upon request and research member's complaints.

I am pleased to report that TFCU has continued in its high standard of compliance. The balance sheets and related statements of income are presented accurately.

Members can rest assured the credit union's financial performance and operations are regularly evaluated for continued safety and soundness.

We wish to express our appreciation to the Board of Directors, management and staff for their continued cooperation and support.

James F. Nohe

Chairman

Statements of Financial Condition

Years Ended December 31, 2015 and 2014. (Dollars in Thousands)

Assets	2015	2014
Cash and cash equivalents	\$ 206,604	\$ 228,276
Securities held-to-maturity	1,998,081	2,104,426
Securities available for sale	279,485	278,202
Loans to members, net	2,589,607	2,256,521
Loans held for sale	2,213	1,830
Accrued interest receivable	9,859	11,224
Deposit in National Credit Union Share Insurance Fund	43,293	41,484
Property and equipment, net	61,662	67,160
Prepaid expenses and other assets	39,245	34,791
Total Assets	\$ 5,230,049	\$ 5,023,914

Liabilities, Members' Shares and Equity

Liabilities:

Accounts payable and accrued expenses	\$ 22,459	\$ 20,087
Dividends payable	5	7

Members' Shares:

Members' accounts:

Regular share accounts	750,511	686,593
Share draft accounts	461,518	392,542
Money market accounts	2,161,154	2,120,140
Individual retirement accounts	352,198	338,964
Share certificates	963,288	972,694
Total members' shares	\$ 4,688,669	\$ 4,510,933

Total Liabilities and Members' Shares	4,714,133	4,531,027
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<i>Retained earnings</i>	518,916	492,887
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Total Liabilities and Equity	\$ 5,230,049	\$ 5,023,914
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Statements of Income

Years Ended December 31, 2015 and 2014. (Dollars in Thousands)

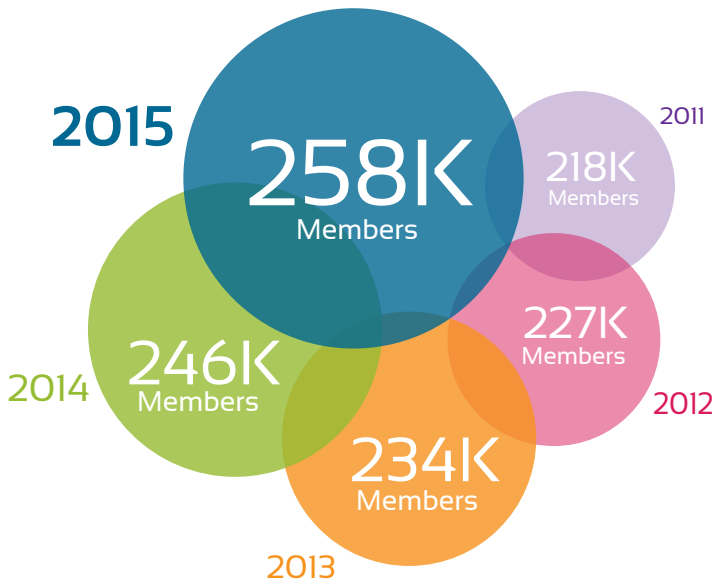
Interest Income:	2015	2014
Interest on loans to members	\$ 85,062	\$ 78,749
Interest on securities and cash equivalents	31,103	34,802
Total Interest Income	\$ 116,165	\$ 113,551

Interest Expense:		
Dividends on members' accounts	\$ 30,955	\$ 29,287
Net Interest Income	85,210	84,264
Provision for loan losses	0	1,500
Net interest income after provision for loan losses	\$ 85,210	\$ 82,764

Non-Interest Income:		
Non-interest income	\$ 31,308	\$ 26,468
Total Income	\$ 116,518	\$ 109,232

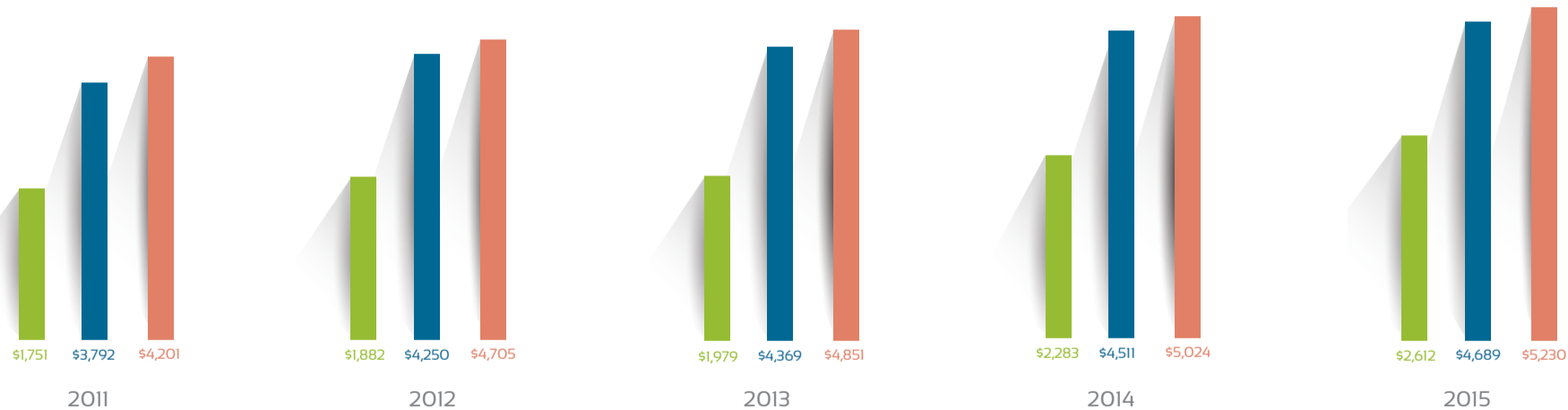
Non-Interest Expense:		
Compensation and benefits	\$ 45,563	\$ 42,455
Office occupancy	8,772	8,533
Office operations	8,120	8,249
Professional and outside services	1,427	1,386
Credit/Debit and share draft program expenses	5,265	5,186
Other	18,439	12,322
Total Non-Interest Expense	\$ 87,586	\$ 78,131
NCUSIF Corporate Stabilization Expense	\$ (600)	\$ 101
Net Income	\$ 29,532	\$ 31,000

MEMBERSHIP GROWTH



TOTAL LOANS, SHARES & ASSETS

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



Board Of Directors

Chairman – George L. Dornhoefer

Vice Chairman – Juan C. Nuñez

Treasurer – Raymond P. Grossman

Secretary – Ronald A. Mincio

F. Jane Harris

April S. Neitlich

Robert J. Ney

Fred H. Schaefer

Mario P. Shortino

Frank D. Spencer, Director Emeritus

Supervisory Committee

Chairman – James F. Nohe

Secretary – Shalei V.K. Simms

Paul E. Misut

Craig T. Robinson

Timothy M. Southerton

Management

Robert G. Allen – President/CEO

Thomas A. Fallon – Executive Vice President/COO

Francis Collins – Sr. Vice President, Credit

Mark G. Eberharth – Sr. Vice President, Operations

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

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

Elise Dierlam – Vice President, Human Resources

Elizabeth Mitacchione – Vice President, Mortgage Services

Lynne Viccaro O'Leary – Vice President, Marketing

Teachers Federal Credit Union



Our Members Matter!

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

