

Teachers Federal Credit Union



The Educated Choice For Everyone



2014
ANNUAL
REPORT

President's Report



“TFCU is a major regional employer on Long Island – a true locally grown institution.”

2014 highlighted TFCU's commitment to continually improving our members' experience. Through further investment in our online resources and infrastructure, TFCU has again set a high watermark of service and dedication.

As you can see by the charts and graphs contained in this report, 2014 was another successful year for TFCU. We continue to be a strong and vibrant financial institution, offering some of the best rates around on automobile loans and home mortgages. I encourage you to tell your friends and family members about the products and services you enjoy through us.

At TFCU, we not only want to save you money, we also want to save you time. Our Mobile Banking service is a convenient option for managing and accessing your finances at any time. We also offer Mobile Check Deposits, which allows you to deposit checks into your account using your Android or iPhone via the TFCU Mobile Banking app. We also offer online banking and bill paying services at no cost to all members.

While we consistently offer the lowest rates in the region on mortgages, auto loans, Home Equity Lines-of-Credit and more, our member-first mission has helped the TFCU family grow to include 250,000 members and \$5 billion in total assets. TFCU is a major regional employer on Long Island – a true locally grown institution working to help shape the future of Nassau and Suffolk Counties. All TFCU employees live and work on Long Island.

In 2014, we opened a branch location in Manorville. This year, we continue our expansion into Nassau County with our new branch in North Massapequa.

We have formed successful community partnerships with the Long Island Ducks, ALS Ride for Life, the Suffolk County Girl Scouts, the LI Junior Soccer League, Section XI Athletics and The Stony Brook Foundation. Through your generous contributions and those of TFCU staff through Team TFCU, we provided thousands of dollars to organizations such as the Ronald McDonald House, Operation Live United, RSVP (Retired & Senior Volunteer Program) of Suffolk, American Heart Association, Bide-A-Wee, Little Shelter, Lighthouse Mission, the Cleary School for the Deaf and the Salvation Army Christmas Angel program. Several staff members also volunteered to help build a playground in Central Islip. I continue to be amazed by the generosity our employees and members extend to those in need.

To help serve you better, this fall we are upgrading to an advanced data processing system that will allow us to offer improved service to our members. Watch for information as to how this conversion will affect you and when you can expect the changeover to occur.

TFCU's overall focus is the financial well-being of all of our members. Thank you for your continued membership, I look forward to another successful year together.

Robert G. Allen
President/CEO

Chairman's Report



"2014 has laid a strong foundation for an even-more successful 2015."

Thank you for this opportunity to share with you the highlights, successes, and experiences of 2014 that continue to make TFCU the best choice for banking on Long Island. Throughout 2014, more Long Islanders were driving cars financed by TFCU, and pulling into the garages of their homes that were mortgaged through TFCU. We are proud to offer a far-reaching scope of service to our membership that fits their financial needs – whatever they may be.

Our scope of service goes beyond personal banking – this was a banner year for TFCU's expansive suite of commercial services. From closing various multi-million dollar commercial mortgages to helping many of Long Island's start-up businesses carve out a niche in our highly competitive market, TFCU is constantly working to invest in the principal driver of our economy – the business sector. We aren't just lending money and providing services either. In 2014, TFCU launched its popular TFCUniversity Business Clinic series, which gives Long Island's business owners' valuable information that can be used to help their businesses grow.

Our community outreach has expanded. TFCU is now partnering with nonprofits from the East End to Nassau County. We've invested in Long Island's future by again offering scholarships to local high school seniors who are working to further their academic careers. In 2015, we welcome Long Island's high school seniors to again apply for those scholarships.

In 2015 we will continue to focus on improving the financial literacy of our youth through TFCU's Bank-at-School program and classroom learning sessions. As our future leaders, we feel strongly that it is our responsibility to help Long Island's young people to become educated on how to achieve future financial success.

The economy is slowly improving and here at TFCU we want to protect your assets during both the good times and bad. We're proud to again have been given a 5-star rating from Bauer Financial Inc. That rating by Bauer showcases the success of TFCU's Board and management, our fiscal responsibility, and our overall excellent performance. Few financial institutions so readily embrace the homegrown approach to banking that is anchored in the community as TFCU has. I am proud to be Chairman of such an exemplary organization.

2014 has laid a strong foundation for an even-more successful 2015. It is with great excitement I look to the new year and the challenges and accomplishments that lay ahead for our credit union and its membership.

George L. Dornhoefer
Chairman, Board of Directors

Treasurer's Report

I am pleased to report that TFCU had another successful year in 2014 as evidenced by:

- Total shares increased \$141.9 million
- Total portfolio loans gained a meaningful \$303.3 million (or 15.3%)
- Total assets gained \$173.0 million (or 3.6%) and completed 2014 at \$5.024 billion
- Our net income of \$31.0 million for 2014 was 17.3% above budget
- It is also noteworthy to report that Auto Lease Loans have gained \$197.1 million (or 103.0%) in the past year and that Share Certificate funds have increased \$204.7 million by year-end in 2014
- Our net worth, retained earnings, which includes undivided earnings and regular reserves, finished 2014 at 10.13% attesting to the financial strength of TFCU

We can all take great pride in the accomplishments of your credit union this past year. I am confident that TFCU will continue to provide you with secure financial services well into the future and thank each of you who have made TFCU your primary financial institution. I look forward to another successful year in 2015.

The Independent Auditor's financial report for 2014 can be found elsewhere in this annual report.

Raymond P. Grossman

Treasurer

Supervisory Committee's Report

The Supervisory Committee is responsible for making certain the accounting practices used accurately represent the financial condition of TFCU. The Committee continuously monitors internal controls and ensures the credit union conforms to National Credit Union Administration (NCUA) regulations.

The Committee meets regularly and carries out the following responsibilities:

- Protecting members' funds and interests
- Safeguarding of assets
- Ensuring compliance with regulations, policies and procedures
- Maintaining the reliability of financial records

I am pleased to report that an independent audit of TFCU, conducted in accordance with the National Credit Union Administration (NCUA) Rules and Regulations, has indicated that the balance sheet and related statements of income accurately present the financial position and results of operations for TFCU. Members can rest assured that the credit union's financial performance and operations are regularly evaluated for continued safety and soundness.

The Supervisory Committee extends its gratitude to the members, staff, and elected officials of TFCU. We look forward to serving you throughout 2015, as TFCU continues to provide all members with a safe and sound financial environment.

James F. Nohe

Chairman

Statements of Financial Condition

Years Ended December 31, 2014 and 2013. (Dollars in Thousands)

Assets	2014	2013
Cash and cash equivalents	\$ 228,276	\$ 189,791
Securities held-to-maturity	2,104,426	2,233,842
Securities available for sale	278,202	317,850
Loans to members, net	2,256,521	1,951,656
Loans held for sale	1,830	1,339
Accrued interest receivable	11,224	13,812
Deposit in National Credit Union Share Insurance Fund	41,484	41,109
Property and equipment, net	67,160	69,701
Prepaid expenses and other assets	34,791	31,767
Total Assets	\$ 5,023,914	\$ 4,850,867

Liabilities, Members' Shares and Equity

Liabilities:

Accounts payable and accrued expenses	\$ 20,087	\$ 18,578
Dividends payable	7	44

Members' Shares:

Members' accounts:

Regular share accounts	686,593	623,778
Share draft accounts	392,542	352,825
Money market accounts	2,120,140	2,283,434
Individual retirement accounts	338,964	341,015
Share certificates	972,694	768,000
Total members' shares	\$ 4,510,933	\$ 4,369,052

Total Liabilities and Members' Shares	4,531,027	4,387,674
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<i>Retained earnings</i>	492,887	463,193
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Total Liabilities and Equity	\$ 5,023,914	\$ 4,850,867
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Statements of Income

Years Ended December 31, 2014 and 2013. (Dollars in Thousands)

Interest Income:	2014	2013
Interest on loans to members	\$ 78,749	\$ 76,094
Interest on securities and cash equivalents	34,802	38,686
Total Interest Income	\$ 113,551	\$ 114,780

Interest Expense:

Dividends on members' accounts	\$ 29,287	\$ 32,417
Net Interest Income	84,264	82,363
Provision for loan losses	1,500	6,250
Net interest income after provision for loan losses	\$ 82,764	\$ 76,113

Non-Interest Income:

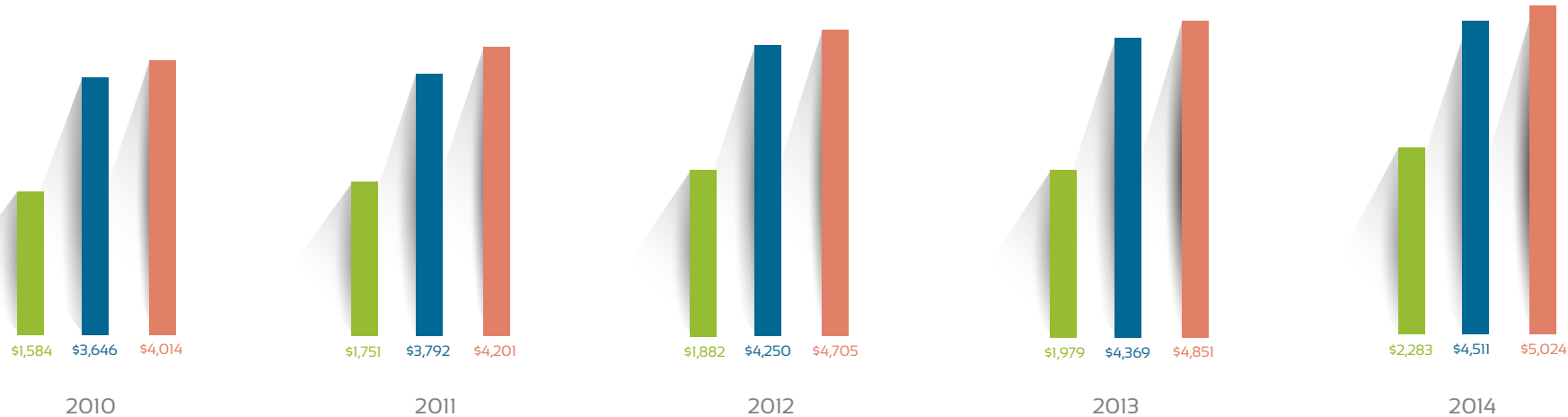
Non-interest income	\$ 26,468	\$ 33,407
Total Income	\$ 109,232	\$ 109,520

Non-Interest Expense:

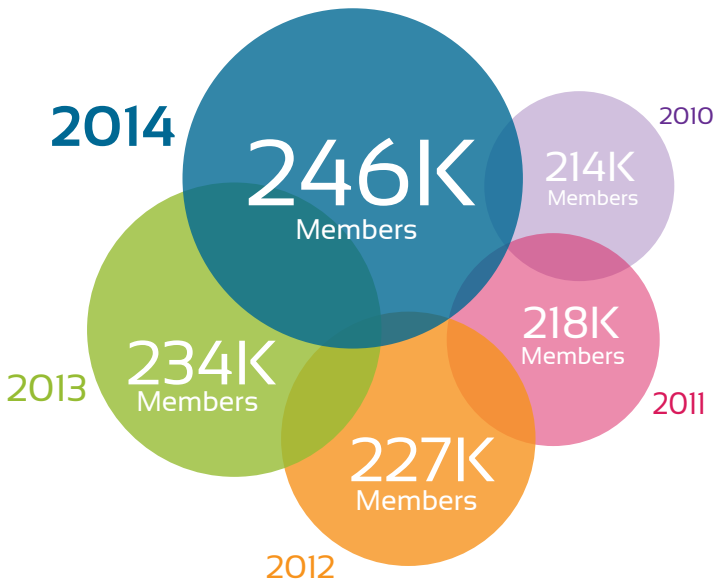
Compensation and benefits	\$ 42,455	\$ 42,144
Office occupancy	8,533	8,027
Office operations	8,249	7,753
Professional and outside services	1,386	1,236
Credit card and share draft program expenses	5,186	5,038
Other	12,322	7,813
Total Non-Interest Expense	\$ 78,131	\$ 72,011
NCUSIF Corporate Stabilization Expense	\$ 101	\$ 1,406
Net Income	\$ 31,000	\$ 36,103

TOTAL LOANS, SHARES & ASSETS

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



MEMBERSHIP GROWTH



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 – Paul E. Misut

Shalei V.K. Simms

Timothy M. Southerton

Management

Robert G. Allen – President/CEO

Thomas A. Fallon – Executive Vice President/COO

Mark G. Eberharth – Sr. Vice President, Operations

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

Nancy J. Orlando – Sr. Vice President, Credit

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.

