



2017

ANNUAL REPORT

Teachers Federal Credit Union



Federally insured by NCUA

President's Report



TFCU continued to grow in 2017, our 65th year of service to the community. This growth was evidenced not only by year-end assets, but also through the accomplishments of a dedicated staff and management team who embrace the philosophy of putting members first.

Throughout the year, quality service and competitive products remained our focus. One of the major service enhancements made during 2017 was the introduction of our new Online Banking program, which features best-in-class service to you. Members can now enjoy state-of-the-art online banking features complete with enhanced capabilities and the ability to customize screens.

“Our commitment to improving our members’ lives remains unwavering.”

In an effort to help our members protect themselves against credit and debit card fraud, TFCU introduced CardValet®. This service allows cardholders to protect their TFCU Credit and Debit Cards through their mobile device by receiving alerts and defining when, where and how their cards are used. You can even safeguard your cards by turning them “off” if they’re misplaced or stolen and back “on” when you’re ready to use them. All you need is a TFCU Card and a smartphone.

Our commitment to our communities has never been stronger, and in 2017, Team TFCU, our Community Involvement Committee, gave back to the people of Long Island with impressive generosity. By holding monthly Jeans Days, where employees donate \$5 to a worthy cause and are allowed to wear their jeans to work, more than \$28,000 was raised. These funds were made payable throughout the year to local organizations such as: Ronald McDonald House; Make-a-Wish; Brittany’s Baskets of Hope; Blessings in a Backpack; United Way of Long Island; Saint Jude’s Children’s Hospital; Long Island Coalition for the Homeless and Memorial Sloan Kettering Cancer Center. I applaud our employees who continually donate to these foundations, making our local communities better places to live.

Our commitment to improving our members’ lives remains unwavering. TFCU’s Board of Directors, Management Team and Staff are committed to providing you with unsurpassed financial services. From auto sales events, special rate offers on certificates, low-rate credit card balance transfer options, great rates on home equity and auto loans, our members’ financial wellbeing is always at the forefront of our business plan.

I am pleased to report that your credit union continues to be financially strong and totally committed to serving its members. The employees and volunteers of TFCU appreciate your business and we look forward to continuing to serve you.

Robert G. Allen
President/CEO

Chairman's Report



Throughout 2017, TFCU continued to focus on serving our members' and our communities' needs. We remain committed to providing the best personal service, bringing convenience through technology and offering the best rates on loans and deposits. TFCU ended the year with \$5.8 billion in assets and a strong capital-to-asset ratio of 10.45%. I am proud to report that this past year, TFCU continued to grow in assets, deposits, loans and membership.

"In 2017, we continued to assist our members in their efforts to save money."

To better serve our members, in addition to our new Kings Park branch, we have plans to open three more branches this year in East Meadow, Center Moriches and Stony Brook. In addition to our 26 current branch locations, members

also have access to their accounts at more than 5,000 credit union locations across the United States, including over 60 on Long Island. Shared Service Centers are perfect alternatives to a TFCU branch should you be traveling, away at college or staying at a second home all around the United States.

As in years' past, we once again received a 5-star rating from the independent rating firm Bauer Financial Inc. – the best possible rating for a financial institution. During 2017, we continued to invest in our employees, our communities and most importantly in our members. Your credit union continued to see strong membership growth and we continued to grant loans to our members and businesses in our communities, thereby helping members with a multitude of financial needs.

In 2017, we continued to assist our members in their efforts to save money. By refinancing their mortgages with TFCU, our members were able to save hundreds of thousands of dollars. In addition, our TFCU Trust & Financial Services advisors, who offer their professional assistance, helped members to invest wisely for their future and maximize their retirement savings.

Our remote delivery channels saw more enhancements and we had record growth in our mobile application usage, as members continued to move from accessing their accounts from their PCs to accessing accounts, paying bills and depositing checks using their mobile devices.

The Financial Statements for 2017, included in this report, show that TFCU continues to be well positioned to serve its more than 287,877 members. With the strong leadership provided by TFCU's management team, as well as the dedication and hard work of staff, TFCU will continue to focus on meeting the financial needs of our membership through outstanding quality service, convenient service delivery channels and competitive rates.

Timothy M. Southerton

Chairman, Board of Directors

Statements of Income

Years Ended December 31, 2017 and 2016. (Dollars in Thousands)

Interest Income:	2017	2016
Interest on loans to members	\$ 114,019	\$ 95,159
Interest on securities and cash equivalents	30,381	30,495
Total Interest Income	\$ 144,400	\$ 125,654

Interest Expense:		
Dividends on members' accounts	\$ 32,911	\$ 29,446
Net Interest Income	111,489	96,208
Provision for loan losses	1,500	2,100
Net interest income after provision for loan losses	\$ 109,989	\$ 94,108

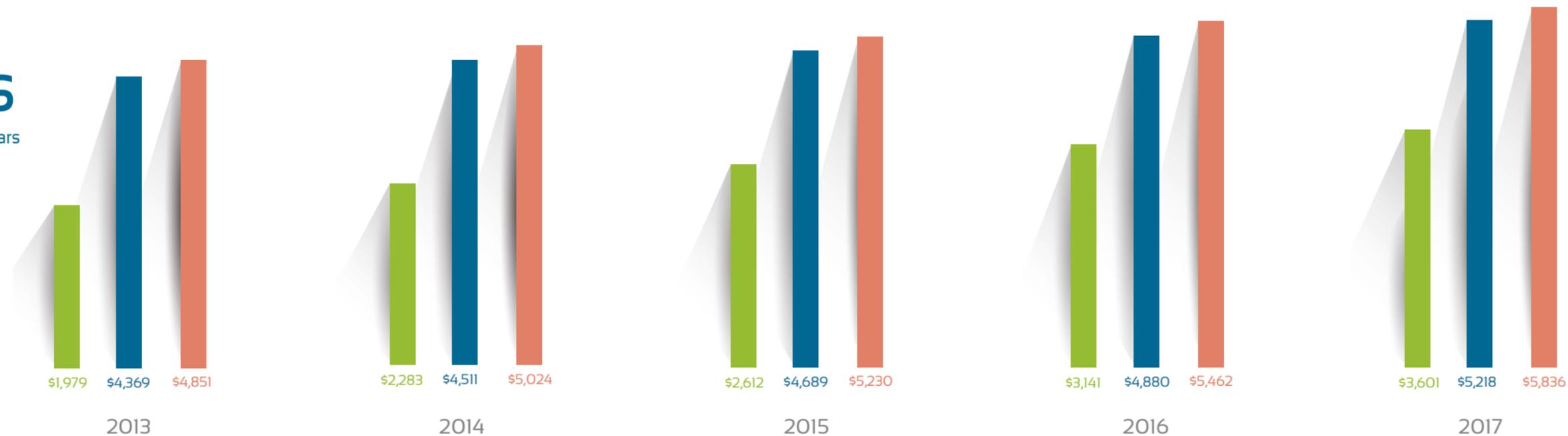
Non-Interest Income:		
Non-interest income	\$ 36,779	\$ 36,895
Total Income	\$ 146,768	\$ 131,003

Non-Interest Expense:		
Compensation and benefits	\$ 51,051	\$ 48,901
Office occupancy	9,151	8,725
Office operations	9,969	10,118
Professional and outside services	1,783	1,563
Credit/Debit and share draft program expenses	5,569	5,604
Other	29,186	24,876
Total Non-Interest Expense	\$ 106,709	\$ 99,787
NCUSIF Corporate Stabilization Expense	\$ (402)	\$ 0
Net Income	\$ 40,461	\$ 31,216

TOTAL LOANS, SHARES & ASSETS

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

■ LOANS
■ SHARES
■ ASSETS



Total Liabilities and Members' Shares	5,262,997	4,917,711
Retained earnings	573,494	544,301
Total Liabilities and Equity	\$ 5,836,491	\$ 5,462,012

MEMBERSHIP GROWTH



Statements of Financial Condition

Years Ended December 31, 2017 and 2016. (Dollars in Thousands)

Assets	2017	2016
Cash and cash equivalents	\$ 199,102	\$ 153,380
Securities held-to-maturity	1,636,143	1,748,512
Securities available for sale	250,233	264,835
Loans to members, net	3,583,661	3,119,990
Loans held for sale	1,039	3,770
Accrued interest receivable	11,745	9,124
Deposit in National Credit Union Share Insurance Fund	48,072	45,484
Property and equipment, net	62,353	63,098
Prepaid expenses and other assets	44,143	53,819
Total Assets	\$ 5,836,491	\$ 5,462,012

Liabilities, Members' Shares and Equity

Liabilities:

Accounts payable and accrued expenses	\$ 44,822	\$ 37,421
Dividends payable	4	2

Members' Shares:

Members' accounts:

Regular share accounts	883,816	835,226
Share draft accounts	551,250	510,929
Money market accounts	2,025,788	2,156,568
Individual retirement accounts	373,275	359,952
Share certificates	1,384,042	1,017,613
Total members' shares	\$ 5,218,171	\$ 4,880,288

Total Liabilities and Members' Shares	5,262,997	4,917,711
<i>Retained earnings</i>	573,494	544,301
Total Liabilities and Equity	\$ 5,836,491	\$ 5,462,012

Supervisory Committee's Report

As the group responsible for making certain the accounting practices used accurately represents the fiscal condition of TFCU, the Supervisory Committee rigorously monitors the institution's internal controls, as well as ensures continued compliance with the ever-changing and evolving regulations of the National Credit Union Administration (NCUA).

Aside from monitoring compliance with regulations, policies and procedures, the Committee's responsibilities include:

- Selection of the CPA firm to complete an annual audit.
- Protecting the funds and interests of TFCU's growing membership.
- Safeguarding of the assets of the institution and its members.

As Chairman of the Supervisory Committee, I am proud to say that our membership can be assured that our fiscal performance and operations are evaluated for continued safety and soundness on a regular basis. It is with confidence that I report that an independent audit of TFCU, conducted in accordance with the NCUA's Rules and Regulations, has indicated that both the balance sheet and related statements of income accurately represent the financial position and results of operations for TFCU.

On behalf of the Committee, I wish to extend my gratitude to our hardworking staff, our loyal membership, and elected officials of TFCU. We look forward to the pleasure of serving you in 2018!

James F. Nohe
Chairman

Treasurer's Report

I'm pleased to report that 2017 was another year of growth for TFCU. Total deposits increased 6.92% to \$5.218 billion, while membership increased 6.01% to 287,877 members. Loans in our portfolio grew by 14.67% to \$3.602 billion. Assets at year-end totaled \$5.836 billion, which represents an increase of \$374.5 million (6.86% over 2016).

These numbers allowed us to end the year with 10.45% in capital reserves, a net worth that represents the strength and stability of our credit union.

The continued financial growth and success of TFCU allows us to return funds back to our members in the form of new technology, convenient services, higher yields on savings products and lower rates on loan products. I am confident that TFCU will continue to remain strong and fiscally responsible while helping our members achieve their own personal financial objectives.

As a shareholder and member-owner of TFCU, you should feel extremely proud of your financial institution. TFCU has the resources necessary to continue offering members the competitive financial products demanded in today's marketplace.

I look forward to 2018 with optimism and confidence.

Juan C. Nuñez

Treasurer

Board Of Directors

Chairman – Timothy M. Southerton
Vice Chairman – George L. Dornhoefer
Treasurer – Juan C. Nuñez
Secretary – April S. Neitlich
Raymond P. Grossman
Ronald A. Mincio
Robert J. Ney
Mario P. Shortino
Shalei V.K. Simms
F. Jane Harris, Director Emerita
Frank D. Spencer, Director Emeritus

Supervisory Committee

Chairman – James F. Nohe
Secretary – Mark O. Israel
Alan R. Fertmann
Eric J. Iberger
April S. Neitlich

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
Christopher Welga – Vice President, Enterprise Risk

Teachers Federal Credit Union



Our Members Matter!

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

