



TEACHERS
federal credit union

2020

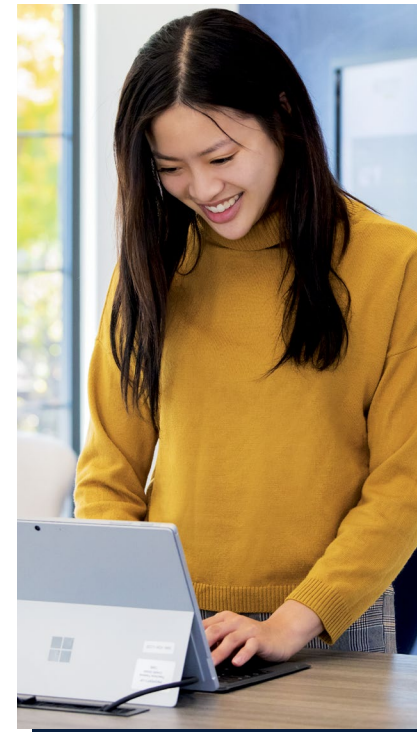
ANNUAL REPORT

Federally Insured by NCUA

TEACHERS MISSION



We are committed to providing the smartest guidance to help our members build a strong financial foundation today, for a better tomorrow.



“Excellent service, very supportive of clients. Other banks seem to have a myriad of rules and restrictions in place to protect themselves. Teachers seems more focused on the needs of its members.”

**-Abi B.,
Teachers Federal Credit
Union Member**

LEARNING NEVER STOPS



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TEACHERS MANAGEMENT

Meet our dedicated
leadership team



SENIOR MANAGEMENT

Brad C. Calhoun
President/CEO

Christopher Lalan
Chief Legal and Compliance
Officer

Denise McGlone
Chief Financial Officer

Suresh Renganathan
Chief Technology Officer

Inna Sprague
Chief Experience Officer

Francis Collins
Sr. Vice President, Credit

Mark G. Eberharth
Sr. Vice President, Operations

Matthew Reidy
Sr. Vice President,
Business Intelligence and
Planning

Irene Sierra
Sr. Vice President, Human
Resources and Organizational
Development

BOARD OF DIRECTORS

Timothy M. Southerton
Chairman

April S. Neitlich
Vice Chairman

Juan C. Nuñez
Treasurer

Shalei Simms
Secretary

George L. Dornhoefer

Raymond P. Grossman

Ronald A. Mincio

Robert J. Ney

Mario P. Shortino

F. Jane Harris
Director Emerita

Franklin D. Spencer
Director Emeritus

SUPERVISORY COMMITTEE

James F. Nohe
Chairman

Mark O. Israel
Secretary

Alan R. Fertmann

Eric J. Iberger

April S. Neitlich

MESSAGES FROM THE PRESIDENT & CHAIRMAN



A MESSAGE FROM THE PRESIDENT



Brad C. Calhoun

2020 was a year of continued growth and transformation for Teachers Federal Credit Union. The world as we knew it was turned upside down, and as an organization we had to quickly adapt to ensure we could continue to provide our members with the smartest financial guidance and support, no matter the circumstances.

I'd like to begin by thanking the first responders who have worked tirelessly through the pandemic. As a financial institution, we took our role as an essential business seriously, understanding the importance of staying fully accessible to our members during these challenging times. As COVID-19 cases began to increase in New York and businesses temporarily closed their doors, we developed an entirely new way of operating with the majority of our back-office staff working remotely, and our branches serving members with proper social distancing and preventative measures in place to ensure we could safely remain open. Simultaneously, we began efforts to redirect members to our website and mobile app to facilitate the majority of their banking transactions. We worked quickly to provide how-to video guides for our members who might be taking advantage of our mobile and online banking capabilities more frequently or, in some cases, for the first time ever. In light of what was a very new and challenging situation, I am extremely proud of how our entire team came together with one goal: to serve our members to the best of our abilities.

“As a financial institution, we took our role as an essential business seriously, understanding the importance of staying fully accessible to our members during these challenging times.”

As an organization, we entered the year with big plans, including the introduction of improved infrastructure systems, a new branch location, a revamped teachersfcu.org website, and a new digital account opening experience. Despite the curve balls thrown at us,

we closed the year stronger than expected, with our capital and net income greater than expected.

As I look back on the year, there are a few significant accomplishments I'd like to celebrate:

- We welcomed nearly 35,000 new members to Teachers, and I'm proud to share that membership now stands at more than 355,000.
- Teachers solidified its presence in the home lending space, surpassing more than \$1 billion in first mortgage originations and helping more than 5,000 members purchase or refinance their home!
- We helped more than 17,000 members get behind the wheel of a new car through an auto loan.
- Teachers helped ease the financial pressures of COVID-19 through more than 8,000 auto and home loan payment extensions and forbearances.
- We supported our small-business community by facilitating over 500 Paycheck Protection Program (PPP) loans for more than \$12 million.
- We opened our 32nd branch in Stony Brook, New York featuring a completely reimagined banking experience – stop in and say hello!

On the heels of a highly successful year, I am excited to share a few of the strategic initiatives we are working towards in 2021:

Investing in the Overall Member Experience

We believe our members come first. As part of our commitment to our mission statement, we are investing in tools and solutions to enhance our multi-channel experience, allowing for more connected member interactions – call, click or come in. These tools will ultimately help our financial service representatives better understand the needs of our members and what products might be best for their individual circumstances. Additionally, we will continue to optimize and enhance our end-to-end digital experience, including further refinement to the [teachersfcu.org](https://www.teachersfcu.org)

website. 2020 truly accelerated the need to be digital first, from our website to our mobile banking, we're continuing to invest in solutions that make it easier than ever to be a Teachers member.

Community Partnerships

Being a good community partner remains one of our guiding principles, and our passion for community service is stronger than ever. This year, Teachers is committed to giving back thousands of hours of volunteer time to our local communities. We are introducing a new staff benefit that allows employees to be paid up to 8 hours per calendar year to volunteer in the community, which will go a long way in ensuring our organization can truly make a difference.

We will be supporting many charities in 2021, including Children's Miracle Network Hospitals, Island Harvest, and Habitat for Humanity. Additionally, we are continuing our work with Junior Achievement, promoting financial wellbeing through education. Through our partnership with Junior Achievement, our team utilizes their financial expertise and provides financial education to local students in grades 5 through 12. In light of the pandemic, our team has even shifted to providing financial education via virtual learning, truly leaning in on our pledge to be *Smart For All*.

Building on Our Brand

Continuing to tell the Teachers story is of paramount importance to our future growth. You can expect to see more of Teachers in 2021, whether that be on your television or social media channels. You will also continue to see our new logo and signage introduced in additional locations throughout the year.

As I look toward 2021, I am energized by what we accomplished in the past year. It is my promise that Teachers will continue to make tremendous strides towards improvement, growth, and transformation. I want to thank you for your continued loyalty and membership, and look forward to helping you reach all of your financial goals and dreams for a brighter future.

Brad C. Calhoun
President/CEO

A MESSAGE FROM THE CHAIRMAN



Timothy M. Southerton

In 2020, Teachers Federal Credit Union stayed true to its commitment to its members, employees, and communities. Our dedication to providing exceptional member service persevered through unprecedented times that affected how we work, how our members bank, and how we live our everyday lives.

Teachers began 2020 on a mission to enhance the member experience through new tools and knowledgeable staff. In March, we unveiled our new branding, which symbolizes our mission of being the best financial partners, teachers, and champions of our members' journeys, with *Smart For All* solidifying our commitment to our current and future membership.

To adjust to the new normal, our teams worked around the clock to continue to be there for our membership. They adapted practically overnight, and maintained and surpassed the level of professionalism that Teachers is known for. Our organization rapidly adjusted to the needs of our team and our members by providing employees with work-from-home capabilities and ensuring the safety of our frontline staff by enforcing social distancing and sanitization protocols.

We are committed to building on Teachers' strong foundation by investing in our people, our systems and our communities in the coming year. In 2020, our President and CEO, Brad Calhoun, not only successfully navigated our organization through a pandemic, but led our organization into further growth and transformation. With his leadership, we expanded our executive team, solidifying expertise across all areas of our business. From Finance, to Technology, to Legal, and Experience, the Teachers leadership team is one of the best in the industry and ready to take our organization to new heights.

We believe in the value of making a direct investment in our local community groups. In 2020, we partnered with various small businesses, local charities, and nonprofit organizations that were not only affected by the pandemic, but also maintained their missions to support our Long Island communities. At the end of a historic school year, we continued our tradition of supporting local high school seniors with college scholarships, totaling \$50,000.

Finally, I am proud to share that Teachers concluded the year with over \$8.4 billion in assets and strong capital with a net worth ratio of 9.31%. The financial statements for 2020, included in this report, prove that Teachers is strong, and continues to be well positioned to serve its membership well into the future. On behalf of our Board of Directors, I want to extend a very sincere expression of appreciation and gratitude to all of our employees who have worked so hard, behind the scenes or on the frontlines, in these uncertain times.

Timothy M. Southerton

Chairman of the Board of Directors

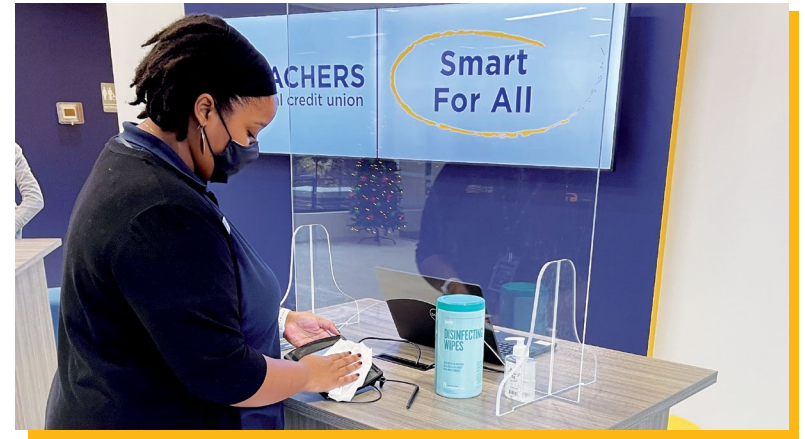


ACTION THROUGH ADVERSITY



STEPS FORWARD, TOGETHER

To say 2020 was filled with new challenges would be an understatement. In light of what quickly became a pivotal year due to the COVID-19 pandemic, we're proud of our entire organization for coming together cross-functionally, working toward one goal: to continue serving our members while keeping everyone's health and safety top of mind.



Given that New York was an epicenter of the pandemic, we quickly modified operations for the safety of our team and community, ensuring we could provide our members with essential banking services. In just a matter of weeks, the majority of our back-office staff was working remotely and our branches were open to serve members with proper social distancing and preventative measures in place.

To safely maintain an elevated level of member experience, we redirected members to both our website and our mobile app. To help ease this transition, we developed how-to video guides to assist members who were taking advantage of our mobile and online banking services for what may have been the first time.

Our commitment to the community never wavered as our team continued to volunteer, donating food to families in need and partnering with local restaurants to provide meals to frontline workers.

**-Giselle C.,
Teachers Federal Credit Union Member**

“ *My wife is a retired teacher and we have been members of Teachers for decades. We very much continue to value our relationship with you. Thank you for your support during these difficult times.* ”

**-Robert W.,
Teachers Federal Credit Union Member**

“ *Thank you so much for the guidance and assistance you provided to me in navigating the PPP application and opening a separate account.*

Without your explanations of the requirements and your fast responses to my questions, I could never have completed the application in a timely manner. I will never forget the courtesy and guidance offered to me. ”

**-Patricia F.,
Teachers Federal Credit Union Member**

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GROWING OUR FOOTPRINT

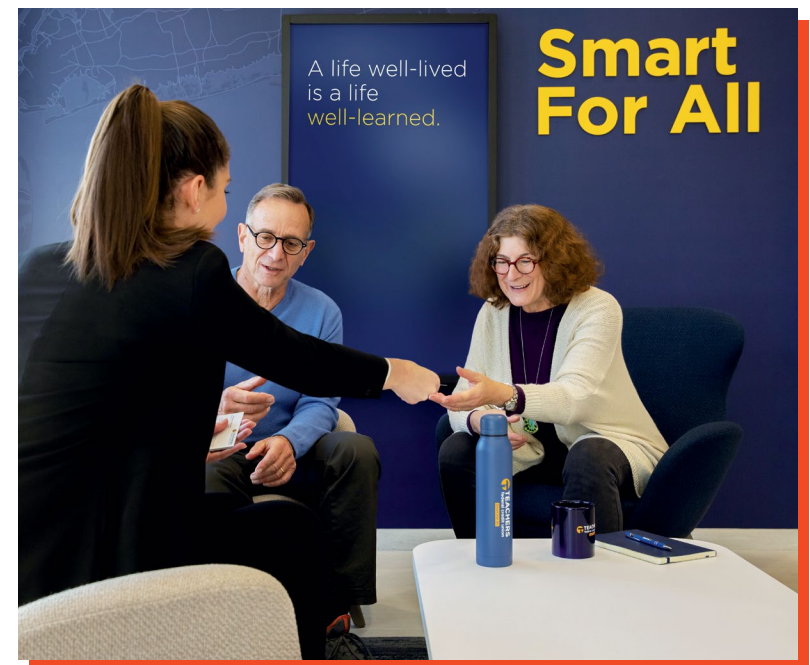


WELCOME TO STONY BROOK!

Our commitment to enriching and enhancing the financial lives of our members remains stronger than ever. In 2020, we proudly debuted our 32nd branch location in Stony Brook, NY.

The Stony Brook location presents a unique perspective on the future of banking as the credit union further enhanced its digital and in-person offerings. The branch was designed with our members in mind, and features distinct interaction spaces, including a self-service mobile bar, quick transaction tables, and private offices, to prioritize personalized financial guidance.

“The Stony Brook community, through its proximity to the hospital and university, is innately focused on education and financial wellness, two community pillars that Teachers has supported since its inception,” said President and CEO, Brad Calhoun. “Opening our newest branch here gives us a unique opportunity to demonstrate our commitment to providing access to the best financial resources and education in a way that everyone and anyone can experience firsthand.”



Stony Brook is the first branch to fully incorporate the new Teachers vision, branding, and transformed banking experience, which focuses on financial education and hands-on service. To demonstrate a new banking experience, we debuted this new location with exciting new product offerings like the high-yield Smart Checking account and promotional bonuses for students, which gives Teachers an opportunity to establish and expand relationships within the Stony Brook community.

Open since November 2020, our new Stony Brook location is seeing overwhelmingly positive member feedback. We're very proud to continue the expansion of our Teachers footprint!

What Members Are Saying About Our New Branch Experience

“ *This is the best branch I have ever used. The employees are always so courteous and friendly. It is such a nice, warm atmosphere. I got there at closing and they went out of their way to make me feel like I was not a bother and wished me a nice rest of the day.* ”

-Karen M.,

Teachers Federal Credit Union Member

“ *My wife and I had a very pleasant experience on our visit to your new branch in Stony Brook. Alison F. was informative, and very helpful throughout the process in becoming members and reviewing the account options. From the time we walked in, until the time we walked out, the level of professionalism and service could not have been better. In a time when other depositories are closing their doors in the area, it is nice to see Teachers has made an investment in the Stony Brook community.* ”

-James D.,

Teachers Federal Credit Union Member



INVESTING IN THE EMPLOYEE EXPERIENCE



THE TEACHERS EMPLOYEE EXPERIENCE

One of our organization's guiding principles is being the Best Place to Work, which means providing our staff with support, encouragement, and the tools they need to perform efficiently and effectively. We are dedicated to maintaining a strong culture of highly-engaged teammates and in 2020 introduced new platforms, programs, and initiatives to elevate the employee experience for our teammates.

Recognizing Our Team

We understand the importance of recognition as a way to motivate and celebrate our teammates' accomplishments. As part of our efforts to foster a culture based on our core values of respect, continuous learning, member focus, teamwork, and empowerment, we introduced Energize, a peer-to-peer recognition program that celebrates the achievements of our teammates across the organization.

Since its launch, Energize has celebrated over 400 employee service milestones, more than 8,400 recognition award moments, and has received nearly 20,000 congratulatory comments to teammates, from teammates. With a staggering 92% of our team having been recognized, Energize has truly lived up to its name when it comes to engaging our employees.

Improving the Communication Cascade

Communication is imperative to our success as an organization, and in early 2020, we formalized a team focused on improving internal and external communication flow and cascade. Additionally, we institutionalized quarterly all staff video conferences as a way to connect with the organization on a regular basis.

On our journey of continuous improvement, a critical component of our success is empowering our team with the support and resources needed to excel. In 2020, we launched our new state-of-the-art employee intranet, SmartHub, to ensure our teammates have quick

access to the latest procedures, organizational news, and initiatives across the credit union.

By providing our team with the tools, communication, and support they need to succeed, Teachers is prepared to take on the next chapter in our story.

“ SmartHub has been a true turning point for Teachers! It is so nice to see all the milestones be celebrated, new employees be warmly introduced, projects be announced, and best of all, our leaders communicating with us interactively. ”

**-Fereniki G.,
Financial Services Manager
Teachers Federal Credit Union**



TREASURER'S REPORT



A YEAR OF GROWTH

Within a short period of time, 2020 brought forth a new way of living, thinking, and also an invigorated need for financial preparation. Our membership saw an economic shift and looked to their credit union as a source of stability.

Teachers Federal Credit Union, through prudent management and careful control over operations, was able to maintain its strategic direction and deliver another solid year of growth and strong financial performance.

Some key financial highlights (as of 12/31/2020):

- Total assets ended at \$8.4 billion, an increase of 11.49%
- Member share deposits grew to \$7.6 billion, an 11.57% increase
- Member loans finished at \$5.1 billion, an increase of 4.37%
- We welcomed nearly 35,000 new members, bringing our total membership to 355,731
- Net worth ratio was 9.31%
- Investments ended at \$2.3 billion, a 22.6% increase over 2019

Teachers Federal Credit Union remains financially strong and well capitalized. The enclosed financial statements provide you with additional information on the financial results achieved in 2020.

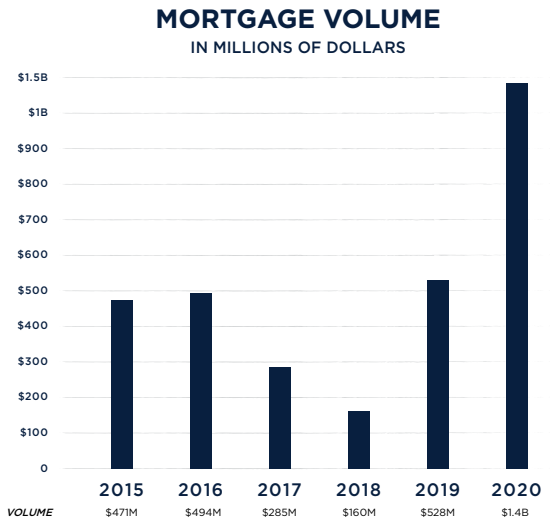
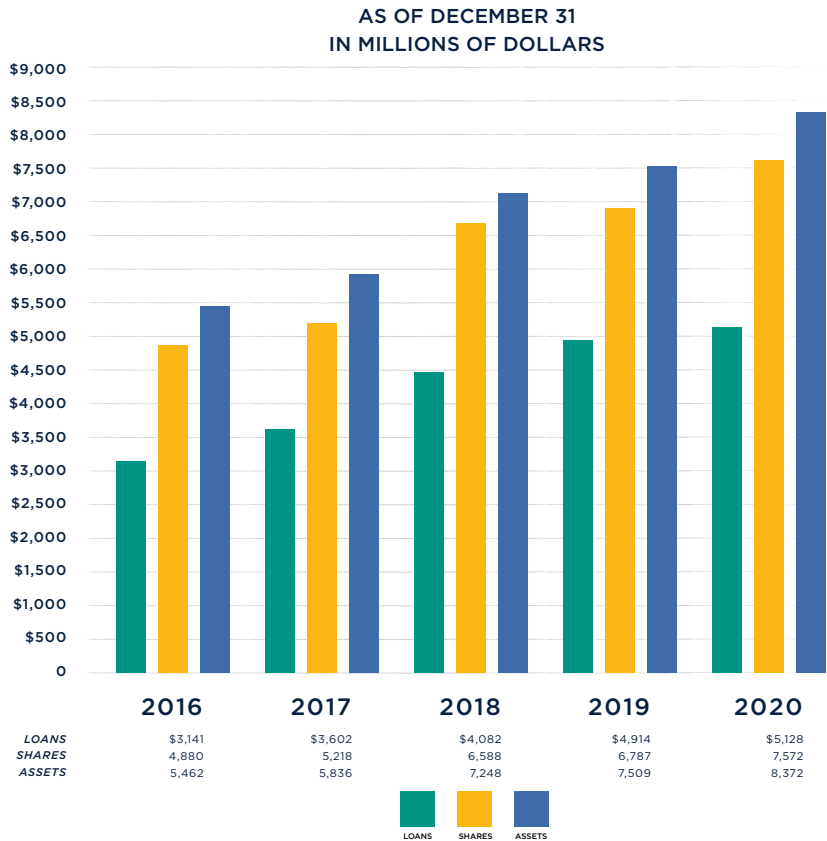
As we transition into a new and hopefully brighter 2021, you can be assured that Teachers Federal Credit Union will remain committed to meeting the financial needs of its membership by providing the smartest products and solutions, along with the best financial education and member service.

Juan C. Nuñez
Treasurer

TOTAL LOANS, SHARES & ASSETS



TOTAL LOANS, SHARES AND ASSETS



STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2020 AND 2019
(DOLLARS IN THOUSANDS)

Assets	2020	2019
Cash & cash equivalents	568,375	401,799
Securities held-to-maturity	1,088,032	1,509,940
Securities available for sale	1,258,848	409,700
Loans to members, net	5,079,217	4,881,709
Loans held for sale	20,906	19,960
Accrued interest receivable	20,079	18,033
Deposit in National Credit Union Share Insurance Fund	69,122	62,106
Property & equipment, net	77,941	79,273
Prepaid expenses & other assets	189,099	126,055
Total Assets	\$8,371,619	\$7,508,575

Liabilities, Members' Shares & Equity

	2020	2019
Liabilities:		
Accounts payable & accrued expenses	68,038	46,630
Dividends payable	43	44
Members' Shares and Accounts		
Regular share accounts	1,327,785	1,006,152
Share draft accounts	828,507	623,117
Money market accounts	2,502,928	2,087,501
Individual retirement accounts	567,418	568,301
Share certificates	2,345,381	2,501,490
Total Members' Shares	7,572,019	6,786,561
Total Liabilities & Members' Shares	7,640,100	6,833,235
Retained earnings	731,519	675,340
Total Liabilities & Equity	\$8,371,619	\$7,508,575



“ Be assured that Teachers Federal Credit Union will remain committed to meeting the financial needs of its membership by providing the smartest products and solutions, along with the best financial education and member service. ”

-Juan C. Nuñez,
Treasurer

STATEMENT OF INCOME

YEARS ENDED DECEMBER 31, 2020 AND 2019 (DOLLARS IN THOUSANDS)

Interest Income:	2020	2019
Interest on loans to members	196,668	185,597
Interest on securities & cash equivalents	42,924	52,880
Total Interest Income	239,592	238,477

Interest Expense:		
Dividends on members' accounts	79,279	91,388
<i>Net interest income</i>	<i>160,313</i>	<i>147,088</i>
Provision for loan losses	29,606	4,275
Net interest income after provision for loan losses	130,707	142,813

Non-Interest Income:		
Non-Interest income	80,878	44,347
Total Income	211,585	187,160

Non-Interest Expense:		
Compensation & benefits	71,572	66,024
Office occupancy	12,812	12,422
Office operations	18,973	16,515
Professional & outside services	10,672	2,597
Credit/Debit card & share draft program expenses	7,443	7,105
Other	16,980	30,488
Total Non-Interest Expense	138,452	135,150

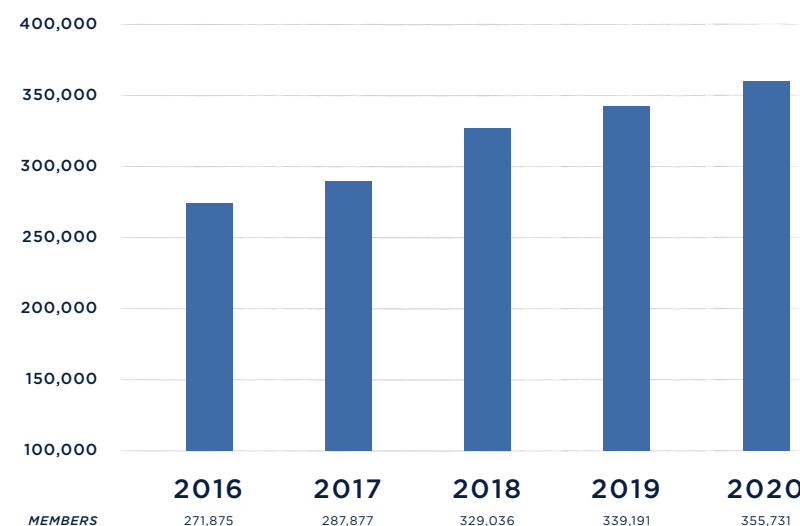
Net Income **\$73,133** **\$52,010**

MEMBERSHIP & ASSETS

Year	Total Members	Total Assets	Total Branches
1952	7	\$35	1
1972	16K	\$14 million	1
1982	52k	\$81 million	6
1992	74K	\$359 million	7
2002	129K	\$1.4 billion	12
2012	227K	\$4.7 billion	23
2020	355K	\$8.3 billion	32

MEMBERSHIP GROWTH

TOTAL NUMBER OF MEMBERS



SUPERVISORY REPORT

A MESSAGE FROM JAMES F. NOHE

Teachers Federal Credit Union has, as always, put its members and employees first. In a year that caused many of our members to experience financial burden, some areas in which we supported our members include:

- 285 loans, totaling \$15.1 million, are on an extension due to the pandemic.
- 5 Commercial Real Estate Loans, totaling \$27 million, are currently on a workout plan.
- Teachers' referral of 500 businesses for the Paycheck Protection Program (PPP), funding more than \$12 million.

Teachers does not approve or fund these loans

The Supervisory Committee is responsible for ensuring the credit union's financial records are in order and controls are in place that allow the credit union to manage and mitigate any and all potential risks. The responsibility of the Supervisory Committee also includes:

- Ensure that the credit union is in full compliance with NCUA on all relevant laws and regulations.
- Ensure that a complete and thorough audit of the credit union's records and operations, including verification of member loans and share accounts, is conducted at least once a year.

- Ensure that all necessary written audits and work papers are submitted to regulatory agencies in a timely fashion.
- Ensure that adequate internal controls are established and effectively maintained to safeguard the credit union's assets.
- Oversee the inspection of securities, cash, and accounts of the credit union.
- Oversee the review of the credit union's operations and monitor all financial conditions on an ongoing basis.
- Review all new policies and changes in credit union procedures in terms of their effects on the quality of service to members and safety of members' funds.
- Present a full report of the findings of the annual audits and special findings to the Board of Directors.
- Prepare and make available a report to be presented to members at the annual meeting.
- Engage, direct, and oversee the services of auditors as needed.

I am pleased to report that Teachers has continued 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.

The Committee would like to thank the Audit Department for their professionalism, commitment, and diligence. We wish to express our appreciation to the Board of Directors, management, and staff for their continued cooperation and support. We look forward to the pleasure of serving you in 2021.

James F. Nohe

Chairman, Supervisory Committee

COMMUNITY OUTREACH

2020 COMMUNITY INVOLVEMENT

Support for Local Businesses

During the height of the pandemic, Teachers partnered with local chambers of commerce to support businesses, feed healthcare workers on the front lines, and keep the local main street economy in motion.



We donated \$5,000 to each of the chambers of commerce in Babylon, Bay Shore, Patchogue, Port Jefferson, and Stony Brook, for a combined total of \$25,000, to support relief efforts and provide funding for those in need.

EDUCATION FOCUSED INITIATIVES

We believe that learning never stops, and are proud to have supported our members' dreams of academic advancement by awarding \$50,000 in scholarship opportunities.

2020 Teachers Federal Credit Union Scholarship Program

Ten recipients of the Teachers Federal Credit Union Scholarship received \$2,500.

To be eligible, the student must have:

- Graduated from high school in Spring 2020
- Had a GPA of at least 3.0
- Planned to attend an accredited college, vocational, or trade school in Fall 2020
- Been a member in good standing

2020 Robert G. Allen Scholarship Program

Five winners of the Robert G. Allen Scholarship received \$5,000.

To be eligible, the student must have:

- Graduated from high school in Spring 2020
- Planned to attend an accredited college, vocational, or trade school in Fall 2020
- Been a member in good standing



Junior Achievement Partnership

Throughout 2020, our employees volunteered with Junior Achievement by providing classroom and virtual presentations focused on financial education. We were also honored to be a sponsor of this year's Leadership Awards Gala.

Brookhaven National Lab 2021 Regional Science Bowl Sponsorship

Since its inception, students from across Long Island have been competing in the Science Bowl - a regional competition that is a precursor to the U.S. Department of Energy's National Science Bowl® and fosters opportunities in STEM education. In addition to sponsoring this year's bowl, Teachers awarded a \$4,000 donation to the top teams in both the high school and middle school bowls.



“When students needed help the most, Teachers Federal Credit Union stepped forward and generously donated to the COVID-19 Student Emergency Assistance Fund at SJC, which put resources into students' hands to assist with food, medicine, rent and other necessities. Thank you for making a real, and meaningful difference in our students' lives.”

-Rory Shaffer-Walsh
Vice President of University Advancement
St. Joseph's College

HABITAT FOR HUMANITY

This year, Teachers was honored to donate \$5,000 to Habitat for Humanity of Suffolk. With the help of a local contractor, employees donated their time to make a big difference in a local Long Island family's life.

Habitat's vision is a world where everyone has a decent place to live, and we're proud to have been a part of bringing the 204th Habitat Home in Suffolk County to fruition!

“Teachers Federal Credit Union has been a great partner of Habitat for Humanity of Suffolk. We are thankful for their unwavering support, especially through the many challenges posed by COVID. We look forward to expanding our partnership and working together to help alleviate the affordable housing crises in Suffolk County.”

-Lee Silberman
Chief Executive Officer & Executive Director
Habitat for Humanity of Suffolk, Inc.



AWARDS

The New York Credit Union Association awarded Teachers the Desjardins Youth Financial Education Award.

- The Desjardins Youth Financial Education Award recognizes credit unions that demonstrate a significant commitment to youth financial education.
- Teachers received the award for its *Teaching Our Children Well* initiative.

Yearlong Community Commitments

Throughout the year, Teachers was also a proud supporter of the following organizations in a variety of ways: from financial donations to needed resources and employee volunteer initiatives.



**CHARLOTTE'S
TABLE**



We're honored to help support and uplift our members, team members, and communities.



ST. JOHN'S PARTNERSHIP

ST. JOHN'S UNIVERSITY + TEACHERS FEDERAL CREDIT UNION

A Shared Passion for Our Community

We believe that learning never stops. Which is why, at Teachers, we're proud to be the official credit union of St. John's Athletics. Our partnership with St. John's University truly brings members and sports fans together. After all, we're champions of our members' financial futures – and the St. John's Red Storm are champions on the court!

With a shared passion for collaboration, lifelong learning, and the communities we serve, we're proud to help support the future leaders of tomorrow.

- In 2020, Teachers donated \$10,000 to St. John's University to create the Teachers Federal Credit Union Scholarship.



“While this has been a difficult year for everyone, the importance of strong, committed relationships has become more apparent than ever. We're proud to have Teachers Federal Credit Union as our official credit union. Your continued support during even the most challenging times is the sign of a partner who's committed to making the communities they serve better. We thank you and look forward to the many successes we'll share together in the years to come.”

-Mike Cragg,
Director of Athletics
St. John's University



**Smart
For All**