



2022 Annual Report

Committed to our members & our communities

Vision

Partnering with our communities to achieve their financial success one member at a time.

.....

Mission

Commitment to listen, understand and explore solutions to help you on your path to achieving financial success.



Chairman's Report

People helping people is what we are about at TCU. Our primary mission is to help our members achieve financial success, and whether it's working with a first-time homebuyer or providing counsel on retirement planning, TCU is with each member every step of the way.

In 2022, we continued to develop innovative solutions to meet our members' needs and to provide them with a world-class banking experience. We introduced our new streamlined Online Loan Pay portal to simplify how members make loan payments. We also launched our Elevate Suite of products to provide access to banking and lending opportunities for those struggling to build or improve their credit.

TCU grew its footprint in 2022 as well, opening a new branch in central Indiana in the heart of Carmel. The new Carmel Drive location boasts the latest in banking technology such as Interactive Teller Machines (ITMs) in the lobby and drive-up, and convenience features like a community room. We are continuing to strengthen our presence in central Indiana with the opening of our latest branch in Westfield later this summer. Built from the ground up, the new branch will replace our existing Westfield location to provide a new level of convenience to our members in that community.

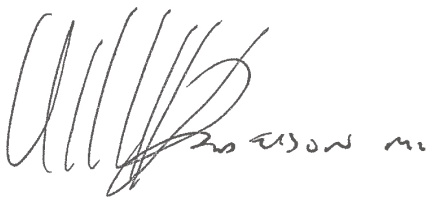
We also continued our focus on helping the communities we serve. TCU and the TCU Foundation donated over \$875,000 to more than 230 community organizations. With the easing of pandemic conditions, TCU's Day of Giving returned for the first time since 2019. In this corporate-wide day of service, nearly 700 employees volunteered at more than 45 non-profit locations across the state of Indiana and southwest Michigan. Year round, our employees volunteered another 6,400+ hours to causes that were important to them and our communities.

TCU continued to celebrate and facilitate a diverse and inclusive work environment where employees are valued, engaged, and individual differences are embraced. TCU's Diversity Task Force was hard at work providing resources to our employees celebrating our different cultures and backgrounds. In the course of continuously strengthening our culture last year, TCU added observance of Juneteenth to our calendar of official holidays. It's important to our credit union to recognize and appreciate the historical significance of Juneteenth, as well as the importance it has in our Black community.

2022 also saw the arrival of a new President & CEO in Jason M. Osterhage, who joined us in March. We are pleased to have Jason at the helm of our credit union. He and his team spent the better part of the year building a new strategy and vision for TCU and we are excited to see the fruits of this labor as we move toward the future.

TCU's unparalleled service and commitment to our members is what sets us apart from other credit unions. We are grateful to be your financial partner on your journey and we thank you for your support.

Respectfully,



Vincent Henderson
Board Chair



President's Report

2022 was a momentous year, both for TCU and for me personally. In March, I took on the role of President & CEO and, I will admit, it has been an inspiring, humbling, and thrilling experience. Reflecting on my first year at the credit union, I am inspired by the performance of the business and the dedication of the team to member service. I am humbled by the 91-year history of TCU and the obligation to steward that legacy well. And I am thrilled by the optimism and ambition spreading across the TCU community as we chart our course for the years ahead.

TCU is a customer-owned cooperative and serving our members is the center of all we do. And while the products, channels, and methods we use to serve people will continually evolve, the needs and aspirations of our members are as unchanging as the purpose that guides TCU. As TCU adapts and transforms with the changing world, we will be ever guided by the timeless needs of our members, their families, their business, and their surrounding communities.

In keeping with that spirit of purpose-driven progress, we implemented a new online and mobile banking platform in the summer of 2022 intended to enhance member experience and ultimately enable a wider range of transactions and digital services members care about. Change of this kind is never easy, and, regrettably, some TCU members faced an inconvenience or two as we migrated users to the new system. We are confident the brief hassle endured by a few members will be worth the long-term benefit to all members as TCU works hard to make the most of everything the new technology has to offer. Our technology and operations teams are listening closely to member feedback and focused on rapidly enhancing the new digital banking experience to benefit members.

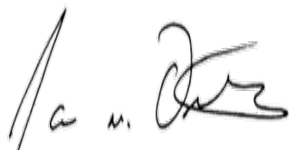
TCU continued its practice of returning tangible value to members in 2022, providing more than \$7 million via our Debit Rebate program, saving members \$9.8 million with Round-Up Savings, and distributing over \$13 million in dividends to member-depositors.

And, as mentioned earlier, 2022 was a record-setting year for overall financial performance. Loans outstanding increased by 17.2% and deposits by 2.5%. Indirect loan production climbed to \$779 million, or 20.8% growth year-over-year. Commercial loans outstanding grew to \$756.4 million. Full-year net income was \$58.7 million, 65.9% higher than 2021, and total assets rose to just under \$5 billion on December 31, 2022.

TCU leadership also spent eight months crafting a new strategy and vision for our credit union that will guide the next several years of evolution and growth. Many TCU people participated and contributed to this strategy work—from board members, to the first line employees, and members from all walks of life. We're excited to begin executing this new strategy and set the stage for TCU's second century of member service and community impact.

To sum up, TCU had an eventful 2022 and we look ahead to even bigger and better things on the horizon. Thank you to both our members and our employees for a milestone year. Here's to our future!

Thank you,



Jason Osterhage
President & Chief Executive Officer



ABOUT TCU

Serving
307,313
Members

Nearly \$5 billion in assets
.....

Free access to more than 700 ATMs in Indiana and Michigan
and more than 30,000 reduced-fee ATMs nationwide
.....

Provides access to more than 5,600 shared branches nationwide
.....

Offering the latest in online and mobile banking

Cooperation

TCU doesn't profit off members — it invests in them. Earnings are returned to members through better rates, lower fees and enhanced products and services.

Service

TCU helps its members achieve their goals by offering sound advice and personal service, treating them like people, not account numbers.

Personal Banking

TCU offers top-of-the-line financial services like checking, savings, loans, mortgages and credit cards, as well as specialized services like trusts, and investments.

Business Services

From business checking to cash management and commercial lending, TCU is experienced at providing financial solutions for businesses of all sizes.

TCU Trust Services: Trust services available through MEMBERS Trust Company, 14025 Riveredge Drive, Suite 280, Tampa, FL 33637, a Federal Thrift Chartered by the Office of Thrift Supervision. This is for educational purposes only and is not intended to provide legal or tax advice regarding your situation. For legal or tax advice, please consult your attorney and/or accountant. **TCU Investment Services:** Securities and advisory services are offered through LPL Financial (LPL), a registered investment advisor and broker-dealer (member FINRA/SIPC). Insurance products are offered through LPL or its licensed affiliates. Teachers Credit Union and TCU Investment Services are not registered as a broker-dealer or investment advisor. Registered representatives of LPL offer products and services using TCU Investment Services, and may also be employees of Teachers Credit Union. These products and services are being offered through LPL or its affiliates, which are separate entities from, and not affiliates of, Teachers Credit Union or TCU Investment Services. Securities and insurance offered through LPL or its affiliates are:

Not Insured by NCUA or Any Other Government Agency	Not Credit Union Guaranteed	Not Credit Union Deposits or Obligations	May Lose Value
--	-----------------------------	--	----------------

HIGHLIGHTS



Benefits to Members

- Gave back \$7,125,080.31 to members via debit rebate
- Members saved \$9,825,297.51 with Round-Up Savings
- Members earned more than 36,693,913 points with the Signature Rewards Credit Card
- Members earned more than 21,354,345 points with the Business and Commercial Rewards Credit Cards

Products

- Launched the new Elevate suite, designed to help the underbanked population build a positive checking and credit history and gain access to more opportunities
- Offered a variety of new certificate specials to give members access to higher rates of return on deposits

Technology

- Launched a new custom mobile and online banking platform, converting accounts for nearly 170,000 personal banking members
- Introduced automated fraud alerts for debit and credit cards to help keep members' money safe and secure
- Helped simplify the external loan payment process with the debut of a new Online Loan Pay portal

Hello Carmel

- Opened a brand new full-service branch in Carmel, Indiana

Commercial Lending's creative solutions, new small business program and leadership of their first lending partnership resulted in a record production year.

Indirect Lending set an all-time record with more than \$788 million in loan production and was the number one indirect lender in the State of Indiana.

Mortgage finished with 1,920 Conventional Mortgages for \$415 million and had a TCU record 1858 Home Equity Loans for \$105 million.

Business Services had a successful year with 1,010 new accounts, more than \$113 million in new deposits and \$1 billion in deposit balances.

TCU Wealth Management exceeded \$1.1 billion in member assets under management.

Trust Services continued to provide personal service, working with members to develop and implement their individual estate plans.

TCU Trust Services: Trust services available through MEMBERS Trust Company, 14025 Riveredge Drive, Suite 280, Tampa, FL 33637, a Federal Thrift Chartered by the Office of Thrift Supervision. This is for educational purposes only and is not intended to provide legal or tax advice regarding your situation. For legal or tax advice, please consult your attorney and/or accountant. TCU Wealth Management: Securities and advisory services are offered through LPL Financial (LPL), a registered investment advisor and broker-dealer (member FINRA/SIPC). Insurance products are offered through LPL or its licensed affiliates. Teachers Credit Union and TCU Wealth Management are not registered as a broker-dealer or investment advisor. Registered representatives of LPL offer products and services using TCU Wealth Management, and may also be employees of Teachers Credit Union. These products and services are being offered through LPL or its affiliates, which are separate entities from, and not affiliates of, Teachers Credit Union or TCU Wealth Management. Securities and insurance offered through LPL or its affiliates are:

Not Insured by NCUA or Any Other Government Agency	Not Credit Union Guaranteed	Not Credit Union Deposits or Obligations	May Lose Value
--	-----------------------------	--	----------------



COMMUNITY

Proud Sponsor

Supported many community events, including:

- Art Beat in South Bend
- Valparaiso Summer Concert Series
- Winter Wonderland Holiday Lights at Wellfield Botanical Gardens in Elkhart
- Greencastle Music Fest

Committed to Our Communities

- TCU and the TCU Foundation donated over \$875,000 to 234 organizations
- Team members volunteered more than 6,400 hours with causes close to their hearts

TCU Foundation

Approved grants supporting financial literacy/empowerment, high-impact educational programs, mentoring, scholarships, and other opportunities that directly benefit the communities we serve, including:

- Big Brothers Big Sisters of Central and Northeast Indiana
- Boys & Girls Clubs of St. Joseph County
- Challenger Learning Center of Northwest Indiana
- College Mentors for Kids
- E3 Robotics Center
- Girls Inc. of Greater Indianapolis
- Girl Scouts of Central Indiana
- Indianapolis Public Library Foundation
- Opportunity Enterprises
- St. Joseph County Public Library
- Science Central
- TeenWorks Inc.
- Valparaiso Family YMCA
- United Way of Northwest Indiana

TCU's free online financial education program

39% increase in individual sessions

370% increase in modules completed

Personal Finance Program

The online program provides adult members access to interactive financial education modules. In 2022, new investor education and healthcare finance sessions were added.

Financial Empowerment Program

This online financial literacy program teaches students how to be a healthy skeptic when it comes to protecting their financial wellbeing and equips them with the critical thinking skills needed to make a lifetime of smart financial decisions. Students have access to state approved programming in school or at home.



It's a Jungle Out There

During Financial Literacy Month, TCU ran an "It's a Jungle Out There" financial education contest to encourage usage of its online Personal Finance Program, awarding five lucky winners a \$100 Amazon.com Gift Card.



Holiday Dough

To encourage smart shopping during the holidays, TCU ran the "Holiday Dough!" financial education contest, offering a chance to win a \$250 Visa® Gift Card.

Balance Sheet

(Dollar Amounts in Thousands)

	2022	2021
Assets		
Cash and due from banks	\$151,920	\$359,646
Available-for-sale securities	678,232	667,756
Loans held for sale	3,436	6,758
Loans, net of allowance for loan losses of \$31,656 and \$27,132	3,816,428	3,253,865
Premises and equipment	68,390	66,375
Federal Home Loan Bank stock	17,841	20,755
National Credit Union Share Insurance Fund and other deposits	30,387	31,445
Alloya membership shares	2,760	2,760
Goodwill	11,826	13,466
Accrued interest receivable	13,332	9,091
Cash surrender value of life insurance	17,579	17,076
Other assets	52,732	49,591
Total assets	<u>\$4,864,863</u>	<u>\$4,498,584</u>
Liabilities		
Members' share accounts	\$4,171,348	\$4,065,084
Borrowings	287,845	38,262
Other liabilities	40,781	33,957
Total liabilities	<u>4,499,974</u>	<u>4,137,303</u>
Members' Equity		
Regular reserve	251,452	227,845
Undivided earnings	173,348	138,059
Accumulated other comprehensive	(59,911)	(4,623)
Total members' equity	<u>364,889</u>	<u>361,281</u>
Total liabilities and members' equity	<u>\$4,864,863</u>	<u>\$4,498,584</u>

Income Statement

(Dollar Amounts in Thousands)

	2022	2021
Interest Income		
Loans and leases	\$152,436	129,879
Investment securities	12,341	6,043
Other interest and dividend income	2,064	1,796
	<u>166,841</u>	<u>137,718</u>
Interest Expense		
Share accounts	24,567	20,490
Borrowings	3,794	665
	<u>28,361</u>	<u>21,155</u>
Net Interest Income	138,480	116,563
Provision for losses on loans	12,369	7,953
Net Interest Income After Provision for Losses on Loans	<u>126,111</u>	<u>108,610</u>
Other Income		
Service charges and fees on share accounts	39,901	36,462
Annuity and other commissions	8,385	9,738
Gain on investments	-	171
Gain (loss) on other real estate owned and repossessions	(196)	1,468
Gain on sale of loans	1,010	7,169
Gain on sale of insurance agency	10,839	-
Other income	9,534	5,219
	<u>69,473</u>	<u>60,227</u>
Other Expenses		
Salaries and employee benefits	77,305	74,937
Net occupancy expenses	7,926	8,023
Equipment and data processing expenses	18,236	18,144
Printing and office supplies	2,287	1,944
Marketing and public relations	3,694	3,379
Loan expenses and fees	3,977	3,845
Plastic card processing	6,718	6,220
Professional outside services	4,643	6,000
Other expenses	12,052	10,937
	<u>136,838</u>	<u>133,429</u>
Net Income	<u>\$58,746</u>	<u>\$35,408</u>

Statement of Cash Flows

(Dollar Amounts in Thousands)

	2022	2021
Operating Activities		
Net income	\$58,746	\$35,408
Items not requiring (providing) cash		
Provision for loan losses	12,369	7,953
Investment securities amortization, net	4,118	5,292
Net loan origination cost accretion, net	(1,731)	(3,445)
Gain on sale of investments	-	(171)
Gain on sale of loans	(1,010)	(7,169)
Gain on sale of insurance agency	(10,839)	-
(Gain) loss on other real estate owned and repossessions	196	(1,468)
Depreciation	6,079	6,304
Change in		
Loans held for sale	3,322	(4,088)
Interest receivable	(4,241)	2,544
Interest payable and other liabilities	6,989	(4,369)
Prepaid expense and other assets	(3,278)	(6,881)
Net cash provided by operating activities	<u>70,720</u>	<u>29,910</u>
Investing Activities		
Proceeds from redemption of FHLB stock	2,914	-
Purchase of securities available for sale	(178,733)	(340,638)
Proceeds from maturities and paydowns of securities available for sale	108,851	135,395
Proceeds from sales of securities available for sale	-	11,375
Proceeds from sale of insurance agency	13,057	-
Proceeds from sales of real estate owned and repossessions	9,977	10,169
Net change in loans	(583,468)	(202,490)
Purchases of premises and equipment	(8,099)	(9,985)
Net change in NCUSIF	1,058	(2,367)
Net cash used in investing activities	<u>(634,443)</u>	<u>(398,541)</u>
Financing Activities		
Net change in		
Certificates of deposit and individual retirement accounts	86,815	(191,418)
Other share accounts	19,449	652,903
Net change in nonmember share accounts	-	(5,212)
Proceeds from borrowings	330,000	-
Repayment of borrowings	(80,417)	(3,314)
Membership fees received	150	145
Net cash provided by financing activities	<u>355,997</u>	<u>453,104</u>
Net Change in Cash and Cash Equivalents	<u>(207,726)</u>	<u>84,473</u>
Cash and Cash Equivalents, Beginning of Year	<u>359,646</u>	<u>275,173</u>
Cash and Cash Equivalents, End of Year	<u>\$151,920</u>	<u>\$359,646</u>
Additional Cash Flows and Supplementary Information		
Interest paid	\$26,772	\$21,038
Transfer of loans to other real estate owned and repossessions	11,277	8,279

Consolidated Statements of Members' Equity

Years ended December 31, 2022 and 2021

(Dollar Amounts in Thousands)

	Regular Reserve	Undivided Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balances, January 1, 2021	\$217,928	\$112,423	\$4,056	\$334,407
Net income		35,408		35,408
Other comprehensive loss			(8,679)	(8,679)
Regulatory transfers, net	9,772	(9,772)		-
Membership fees received	145			145
Balances, December 31, 2021	227,845	138,059	(4,623)	361,281
Net income		58,746		58,746
Other comprehensive loss			(55,288)	(55,288)
Regulatory transfers, net	23,457	(23,457)		-
Membership fees received	150			150
Balances, December 31, 2022	<u>\$251,452</u>	<u>\$173,348</u>	<u>\$(59,911)</u>	<u>\$364,889</u>

Board of Directors



VINCENT HENDERSON
Chair



THEA KELLY
Vice Chair



JOHN MYERS
Secretary



SHIRLEY GOLICHOWSKI
Assistant Secretary



DIANE MAAS
Treasurer



DAVID ARANOWSKI
Board Member



JIM DUBOIS
Board Member



JACKIE MORALES
Board Member

Supervisory Committee



TRACY WEBER
Chair



ADELA CREASY
Committee Member



GREG FREEHAUF
Committee Member



OSCAR GUTIERREZ
Committee Member



DERRICK TORAN
Committee Member

Supervisory Committee Report

The Supervisory Committee of TCU is responsible for independently monitoring and assessing the credit union's financial condition and operations. Policies, procedures, and internal controls are evaluated by the Committee via discussions with internal/external auditors and state/federal regulators, as well as reviews of audit and examination reports. In addition, the certified public accounting firm of FORVIS, LLP was retained to perform a comprehensive year-end audit of the credit union's financial statements.

FORVIS' 2022 audit was conducted in accordance with generally accepted auditing standards, and resulted in an Unmodified, or "Clean" opinion issued on the consolidated financial statements for the year ended December 31, 2022. A portion of the financial results for 2022 is included in this report and a full copy of the audited financial statements is available upon request. Based upon the results of all audits and examinations performed during 2022, it is the opinion of the Supervisory Committee that TCU is in sound financial condition. We can assure the membership that management's policies, programs, and practices are effective.

Executive Management



JASON OSTERHAGE
President &
Chief Executive Officer



NICOLE ALCORN
Senior Vice President &
Chief Member
Experience Officer



TODD BROWN
Senior Vice President &
Chief Financial Officer



CHAD DOUGLASS
Senior Vice President &
Chief Lending Officer



WAYLON PETERSON
President of TCU
Wealth Management



DAN ROUSSEVE
Senior Vice President &
Chief Information Officer



2022 Annual Report