

TALERIS CREDIT UNION
2022
ANNUAL REPORT

PRESENTED AT THE TALERIS CREDIT UNION ANNUAL
MEETING SATURDAY, MARCH 18, 2023 | 1:00 PM, EDT

BOARD OF DIRECTORS

DONALD SALSURY CHAIRPERSON
BENJAMIN CARNAHAN VICE CHAIRPERSON
MARY BRUMBAUGH TREASURER
JEFF CLAWSON SECRETARY
HARRY KATZENMEYER DIRECTOR
MICHAEL GILDENMEISTER DIRECTOR
MICHAEL HOLDEN DIRECTOR

ADVISORY BOARD

WES TAYLOR MEMBER

OFFICERS

ROBIN THOMAS PRESIDENT / CEO
KRISTEN KILFOYLE VP - LENDING & BRANCH OPERATIONS
MICHELA HESS CONTROLLER
RICHARD ZIMMERMAN DIRECTOR - SALES, MARKETING & BUSINESS
DEVELOPMENT

BOARD CHAIRPERSON REPORT

2022 was a year of recovery and adaptation for all of us. With a rising interest rate environment, soaring inflation and lingering effects from the Covid Pandemic, 2022 was a challenging year. Yet, thanks to the efforts of our dedicated staff and continuing to follow our strategic plan, 2022 proved to be a profitable year for Taleris Credit Union despite those economic challenges.

Looking forward into 2023 and beyond, we intend to continue to follow our strategic plan which provides the best opportunities for future growth and profitability. In 2023, Taleris also plans to seek more opportunities to enhance and improve upon the current Member experience, as well as continue to offer members:

- Prompt, Courteous and Professional Service
- Competitive Deposit Interest Rates and Loan Interest Rates
- Business Services and Business Loans
- Educational Resources and Exclusive Member Benefits
- A Growing List of Quality Financial Products and Services
- Easy Access to Manage Accounts including visiting the Seven Hills Service Center, Mobile Branch, Teller 24e Online Services, Audio Access Program, Nationwide ATM Network and Nationwide Shared Branching Network

Taleris Credit Union continues to be well capitalized and your deposits are safely insured for up to \$250,000 per member, per account. We encourage members to recommend that relatives, neighbors, friends and co-workers, who live, work, worship or attend school in any of our 14 chartered counties join Taleris and enjoy the benefits of membership.

On behalf of the Board of Directors and all Volunteers, I'd like to say "Thank You" to our wonderful Staff for their hard work and dedication. But most of all to you, our LOYAL Members... "Thank you" for your continued support of Taleris Credit Union. Without YOU, there would be no US.

Sincerely,

Donald M. Salsbury, Chairperson

A MESSAGE FROM THE PRESIDENT / CEO

In 2022, TCU (Taleris Credit Union, Inc.) had promising financial results despite the lingering adverse effects on our economy, due to the Coronavirus (Covid-19) pandemic, over the past several years. We continued efforts to work persistently to meet and serve the financial needs of our members, while remaining diligent in our efforts to take strategic precautions to protect our members, staff and volunteers from the ongoing threats of Covid-19.

Our Mission Statement continues to reflect the commitment of each individual at TCU as we work conscientiously to “Create opportunities for our members, their families, communities and staff to thrive financially and improve their quality of life for generations.” At TCU, we are firmly dedicated to finding ways to “create opportunities”, which enrich the lives of our members, their families, and the communities in which they live.

We believe strongly in the Credit Union Creed of “People Helping People”. We continually seek out new opportunities and options for our members by providing a diverse range of financial products and services, which include but not limited to auto, home and personal loans, as well as a variety of deposit products, all at reasonable interest rates and terms. We provide online account access 24 hours a day/seven days a week and offer account access via mobile devices, which continues to evolve and affords members greater conveniences, instant access, time savings, and up-to-date security measures for users. We believe by providing a diverse selection of financial products, services and tools, we are also delivering the essential means necessary to give our members and their families the ability to achieve their financial goals, “thrive financially” and “improve their quality of life for generations”.

As we continue forging ahead regardless of the hardships and burdens that come before us, TCU will conscientiously strive to continue to provide our members with timely, professional and courteous service. We have made good strides in 2022 to recover from the economic and financial challenges brought about by the Pandemic and we have begun to see a sense of normalcy slowly take root once again.

On behalf of Taleris Credit Union, Inc., we are profoundly grateful for support, dedication and patronage throughout the years by our members. As always, it is a privilege to serve you and provide you and your family with the resources and opportunities to achieve your financial goals in life.

Sincerely,

Robin D. Thomas CCCE, President / CEO

TREASURER REPORT

In 2022, Taleris remained focused on its core mission of creating opportunities for its members and their families to improve their quality of life for generations. The lingering effects of the COVID-19 pandemic continued to impact the global economy and financial market conditions but during 2022 interest rates began rising which provided an opportunity for Taleris to reassess its deployment of capital.

Taleris finished 2022 with a Net Worth ratio of 11.69%, and a Capital Ratio of 10.01%. Taleris's financial measurements of Net Worth and Capital remain above the national average and strong compared to market peers. In 2022, Taleris recorded net income of \$125k, which is a significant improvement year over year from 2021.

Taleris focused its efforts on controlling operating costs and maximizing loan growth while navigating the changing interest rate environment and adapting to the rapid changes brought on by interest rate increases in the second half of 2022. Despite these challenges, operating expenses decreased by \$58k, a 2.0% decrease, while year-to-date assets decreased 4.8% to \$72.5 million. In 2022, Taleris paid \$70k in dividends to its members and member deposits decreased by \$830k.

In 2023, Taleris will continue to focus its efforts to maximize interest income generated by strategic lending efforts and focus on opportunities for membership growth. On behalf of the Board of Directors, I would like to thank you for the trust you place in Taleris Credit Union. Looking forward, your Board of Directors will continue to guide the credit union in the best interests of its members to insure each of you has access to our innovative products and services, and financial opportunities that will enable you to achieve your financial goals.

Sincerely,

Mary K. Brumbaugh, Treasurer

INDEPENDENT AUDIT REPORT (Page One)

We have performed an audit of the financial statements of Taleris Credit Union, Inc. as of December 31, 2022 and 2021 and for the years then ended. Our report on these financial statements reads as follows:

Opinion

We have audited the financial statements of Taleris Credit Union, Inc., which comprise the statements of financial condition as of December 31, 2022 and 2021, and the related statements of operations and comprehensive income (loss), members' equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Taleris Credit Union, Inc. as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Taleris Credit Union, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Taleris Credit Union, Inc.'s ability to continue as a going concern for 12 months beyond the issuance of the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

INDEPENDENT AUDIT REPORT (Page Two)

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- *Exercise professional judgment and maintain professional skepticism throughout the audit.*
- *Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.*
- *Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union's internal controls. Accordingly, no such opinion is expressed.*
- *Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.*
- *Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Taleris Credit Union, Inc.'s ability to continue as a going concern for a reasonable period of time.*

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

The audited financial statements and report of Independent Certified Public Accountants may be viewed at the main office located at 6111 Oak Tree Boulevard, Suite 110 - Independence, Ohio 44131

Lillie and Company, LLC Certified Public Accountants

	2020	2021	2022
BALANCE SHEET			
Total Assets	67,933,858	76,150,785	72,533,387
Loans (Gross)	42,721,354	49,178,508	50,253,279
Allowance for Loan Losses	(252,008)	(214,180)	(343,594)
Primary Shares	32,316,064	35,754,127	34,923,793
Certificates and Other Savings	25,537,227	27,840,571	27,699,161
Total Member Savings	57,853,291	63,594,698	62,622,954
Statutory Reserves	3,705,778	3,705,778	3,705,778
Undivided Earnings	4,935,157	4,828,016	4,767,238
Total Reserves / Undivided Earnings	8,640,935	8,533,794	8,473,016
INCOME / EXPENSE			
Gross Income	2,643,464	2,702,062	3,023,058
Operating Expenses	2,964,333	2,845,253	2,787,243
Dividends to Members	116,362	75,816	69,744
Net Income	(452,600)	(107,141)	125,398
STATISTICAL DATA			
Number of Members	7,197	6,829	6,481
Number of Loans	2,023	1,967	1,852
Average Earnings per Member	(62.89)	(15.69)	19.35
Average Dividends per Member	16.20	11.10	10.76
Average Savings per Member	8,038	9,312	9,554
Average Loan Outstanding per Member	20,900	24,893	27,378
RATIOS			
Capital	11.80%	10.68%	10.01%
Net Worth	12.72%	11.21%	11.69%
Loans to Assets	62.90%	64.58%	69.35%
Loans to Shares	73.84%	77.33%	80.25%
Return on Average Assets	-0.69%	-0.14%	0.17%
Dividends to Gross Income	4.40%	2.81%	2.31%
Charged-Off Loans to Average Loans	0.14%	0.09%	0.03%
Charged-Off Loans to Gross Income	2.15%	-1.15%	0.58%
Delinquency Ratio	1.58%	0.54%	0.49%

TALERIS MISSION STATEMENT

Create Opportunities for
Our Members, Their
Families, Communities and
Staff to Thrive Financially
and Improve Their Quality
of Life for Generations