

2015

Annual Report

**RISING
TO NEW
HEIGHTS**

in financial stability
and technology

IDB IIC
FEDERAL CREDIT UNION



2015

Annual Report



in financial stability
and technology



2015 marked IDB-IIC FCU's strongest year

Our legacy of success comes from our clarity of focus on who we serve — our members. IDB-IIC FCU has made incredible progress: from financial performance to product implementation, we delivered record results across many dimensions including reaching half a billion dollars in assets.

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"Our bank's credit union is a great institutional experience which has conveyed the spirit of the great IDB family of efficient, customized management driven by the disposition to serve.

Over many years, I have benefited from its services and I can gratefully attest to them."

Enrique V. Iglesias

*President of the Inter-American
Development Bank (IDB) 1988-2005
Member for over 28 years*



**William L.
(Chip) Lusk, Jr.**
CEO

Message to the Members

Strength in Numbers

2015 was a remarkable year for your Credit Union, as it grew to over half a billion dollars in assets! The numbers help to tell the story —with loans, deposits, and equity also reaching new highs. Likewise, real estate lending continued to grow, as members financed their new home purchases through the cooperative. Recognizing the strong financial position of the Credit Union, the Board of Directors declared a special dividend to reward member patronage. We invite you to learn more about your cooperative by reading this report and visiting our [website](#).

Membership Activity in 2015

The number of Credit Union members continued to grow in 2015, reaching 9,879 at year end. This total includes 3,445 family members, representing spouses, parents, children, grandparents, grandchildren, and siblings of primary members. With almost 30% of its members residing outside the United States (primarily in Central and South America and the Caribbean), your Credit Union is a global provider of financial services.

Member deposits grew by \$21 million (6%) to \$395 million, while member loans outstanding rose by \$31 million (10%) to \$348

million. The average member deposit balance (share savings, share drafts, and share certificates combined) was \$40 thousand at year-end, while the average loan balance was \$81 thousand.

During 2015 the Credit Union disbursed 978 loans for a total amount of \$108.5 million. Real estate loan activity continued at a high level, as 209 members financed properties with the Credit Union. Under the new Country Office loan program for eligible national staff, the Credit Union issued \$719 thousand in loans to finance home repairs and purchase of automobiles in the members' home countries.

Strong Financial Performance

In 2015 your Credit Union continued to maintain its positive earnings record and a strong balance sheet with high quality assets. Total assets grew by \$26 million (5%) to a new record of \$514 million. Members' equity increased by \$5 million (9%) to almost \$60 million, which provides the Credit Union with a strong equity-to-assets ratio of 11.67%. Net income was \$4.3 million, with continued growth from interest and fees on loans, as well as investment income, and lower borrowing costs.

The Credit Union continues to maintain a high-grade portfolio of loans to qualified members who have significant equity investment in their residences. With over 90% of members' loans backed by residential real estate, the Credit Union has a well-secured loan portfolio. At year-end, only 0.04% of the loan portfolio was past due for two or more payments.

Membership Rewards

As a member-owned financial cooperative, your Credit Union builds reserves that are used to improve services and offer competitive rates. When these goals are reached, the remaining earnings can be returned to you and other owners of the cooperative. Based upon your Credit Union's significant financial strength and in appreciation for your patronage, your Board of Directors approved a membership reward of \$350 thousand which was paid on May 31, 2015. The amount returned to each member was based upon the dividends earned on the member's regular share account during 2014.

Member Service Improvements

During 2015, the following member service improvements were completed:

1. Remote Deposit was launched so members can securely deposit checks any-time, anywhere via their smart phones or tablets;
2. Mobile App was updated to integrate external transfer options, Me-To-Me and PopMoney, so members can transfer money from their mobile device;
3. A Tax Resource Center was set up at the Credit Union's branch to provide members with useful information on international tax law;
4. United Buying Service, a free car buying resource, was made available to members, so they have access to representatives who will personally help them get the best deal available for their vehicle by presenting them with pre-negotiated prices, rebates, and incentives;
5. A Virtual Branch was made available to members via Skype and Secure Chat Sessions, two free, convenient, and secure channels of communication; and
6. Our Member Feedback Mechanism continued to improve the way members rate our services and staff members

from the convenience of our Online Account Access system, the website, and our email communications. In 2015, the average service rating grew by 0.39% to 9.39 out of 10.00 (rating from 1-10, 10 being excellent).

Collaboration for Better Technology

During 2015 your cooperative collaborated with OAS Staff Federal Credit Union and PAHO/WHO Federal Credit Union to find a modern and user-friendly core processing system which will incorporate the latest technologies to offer faster service to members through multiple delivery channels. Utilizing the services of an expert technology consulting firm which specializes in the financial industry, the project team has identified the preferred vendor and expects to complete contract negotiations in the near future.

Our Commitment

Your Credit Union is committed to serving the entire IDB-IIC community. Our strength in numbers begins with the combined economic power that our members have by virtue of being a cooperative organization. With the guidance of our volunteer

officials, we serve as careful stewards of our members' funds and offer an array of credit facilities to assist our members.

We invite you to help strengthen your cooperative and enhance the value of your investment by encouraging your family members to join, using your Credit Union's services, voting in our annual elections, and volunteering to serve as an official on one of our committees. Thank you for your support.



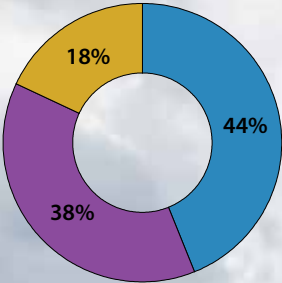
William L. (Chip) Lusk, Jr.
CEO

99.39%

Member Service
Satisfaction Rating



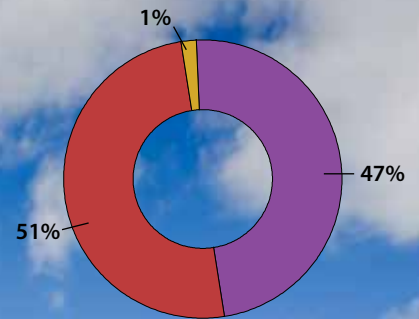
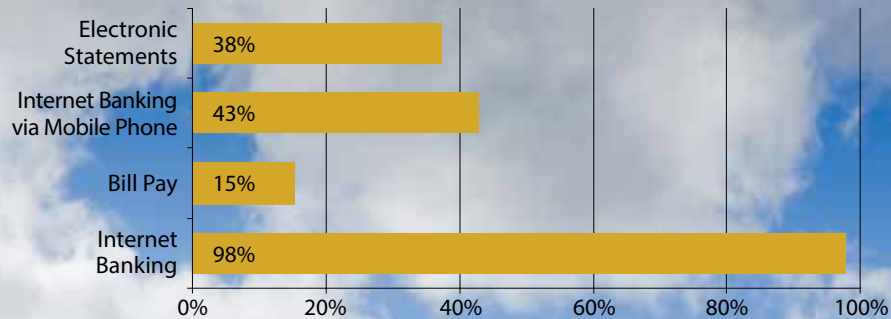
14
Seminars offered
474
members attended



One-On-One Counselings Booked

- Insurance Weeks
- Investment Weeks
- Real Estate Weeks

Electronic Services Penetration



Virtual Branch Inquiries

- calls
- emails
- secured emails



As We Grow
We Give Back

Membership reward of
\$350,000
paid on May 31, 2015

978
Loans

for a total amount of
\$108.5 million

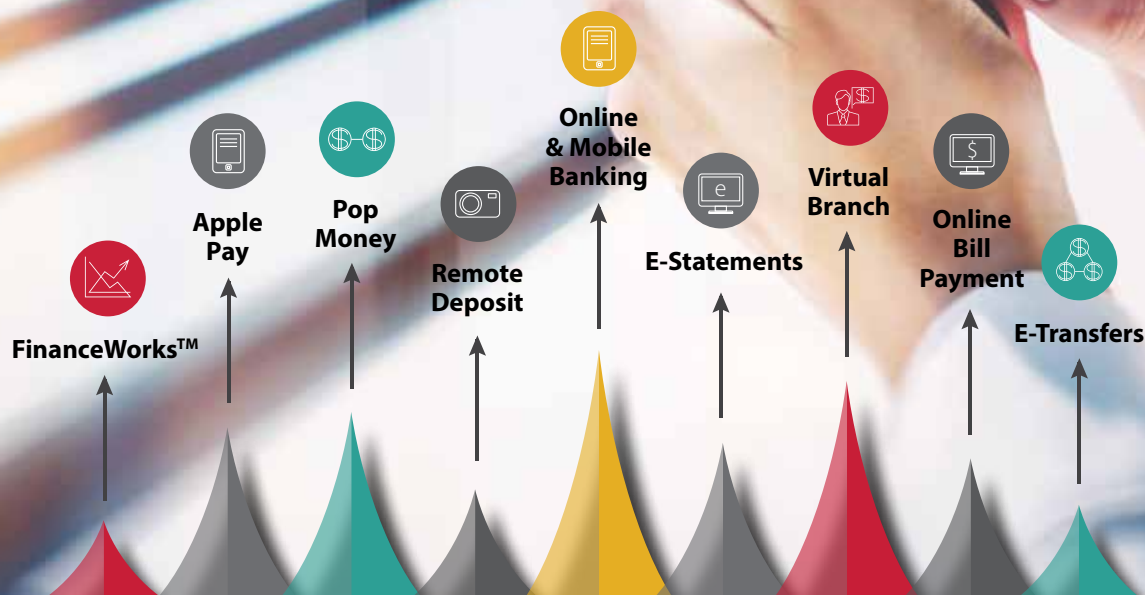


151 Skype users



New technologies bring new possibilities

IDB-IIC FCU continues to invest in the latest technologies to provide an outstanding banking experience to all members, whether they want to conduct their financial transactions at our branch, over the phone, or virtually.





Juan Manuel Fariña
Chair

Board of Directors Report

Directors are volunteers elected by the members for a term of three years. The Board of Directors meets monthly to provide general direction and oversight of the Credit Union in accordance with the Federal Credit Union Act and the Rules and Regulations of the National Credit Union Administration.

The Board of Directors

Juan Manuel Fariña
Chair

Anne Marie Lauschus
Secretary

Sergio Ardila
Member

Valeria Zemborain
Vice-Chair

Caroline Mariz
Assistant Treasurer

Guillermo Collich
Member

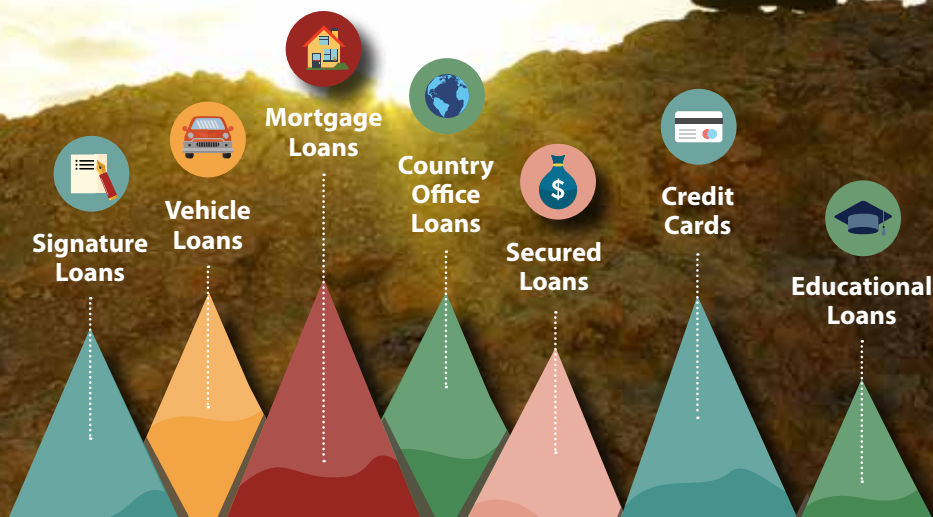
Christian Gomez
Treasurer

Jorge Roldan
Assistant Secretary

Cheryl W. Kfuri
Member

We rise to new heights remaining true to our mission...

Our members have hopes and dreams, and they deserve a financial partner that continuously helps them achieve and surpass their goals. Our commitment to be that partner -a profitable Credit Union serving members in a secure, private, and efficient manner- keeps us grounded, even as we rise to new heights.





Credit Committee Report

Paulo Martelli
Chair

Claudia Carpio
Vice Chair

Francisco Rojo
Secretary

Jorge Aguirre
Member

Monica Velasquez
Member

Yoel Alveo
Alternate

Ruben Doboin
Alternate

Daniel Fonseca
Alternate

Tetsuro Narita
Alternate

Valeria Zemborain
Alternate

The Credit Committee is made up of five members elected for two-year terms, and five alternates designated by the Board of Directors. A group of at least three of these members meets on a weekly basis to review, in a confidential manner, loan requests that exceed the lending authority of Credit Union management or are exceptions to Credit Committee guidelines. The financial capacity and credit history of each applicant are analyzed to assure that loan payments will not overburden the member's cash flow and that the best interests of both the member and the Credit Union will be served. The Committee offers alternative financing options to help members solve their financial problems.

During 2015, the Committee held 52 meetings, analyzed 152 cases, and approved 146 loans totaling \$56,732,515. In addition, management approved 832 loans totaling \$51,802,703 under the lending limits established by the Committee.

The Credit Committee would like to express its appreciation for the consistent support and thorough presentations it received from the Credit Union management and staff.

We are committed to our members

This past year, IDB-IIC FCU had record high growth, but it doesn't mean we will outgrow our relationship with our members. Our strong performance in 2015 reflects our commitment to strengthening our members financial well being and making our IDB-IIC community stronger.





**Martín
Corredera
Silvan**
Chair

Ken Foley
Vice-Chair

**Marie-Joelle
R. Haas**
Secretary

**Martín
Guozden**
Member

**Francisco
Reyes**
Member

Supervisory Committee Report

The five-member Supervisory Committee, appointed by the Board of Directors, is responsible for overseeing the agreed-upon internal audit procedures and annual external audits, and for monitoring compliance with the regulatory requirements of the National Credit Union Administration (NCUA). This includes selecting auditors, verifying member accounts, reviewing internal controls, responding to member complaints, and recommending procedural improvements.

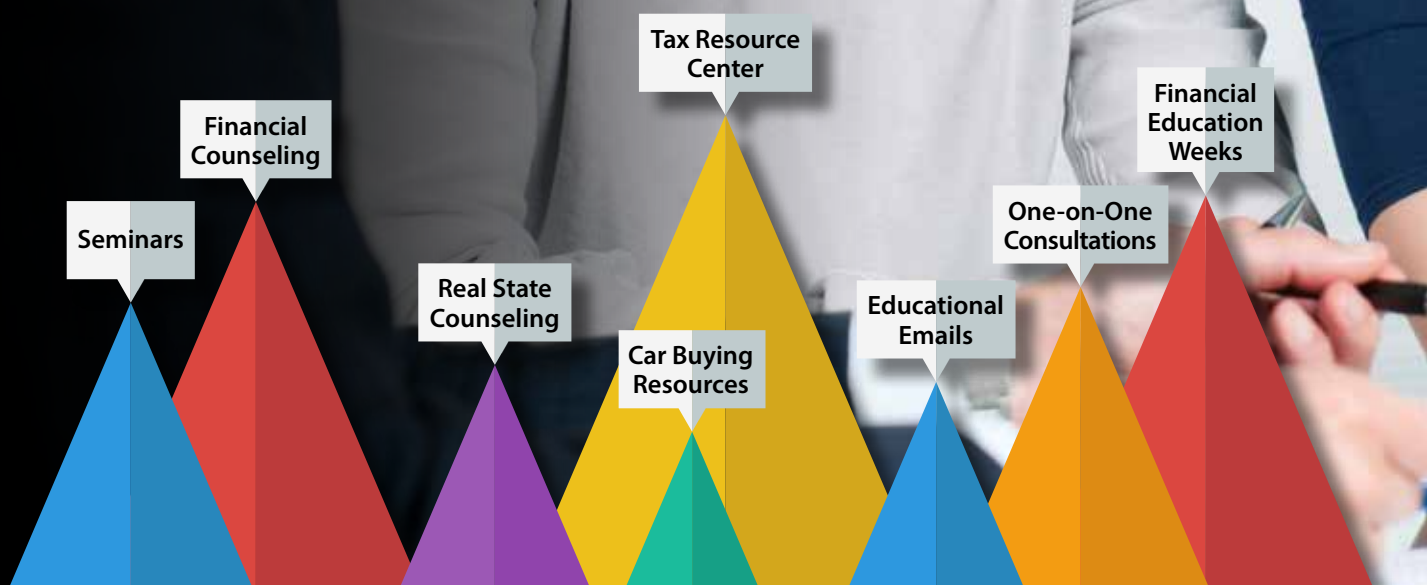
In 2015 the Committee

- Requested that the internal auditors (Clifton Larson Allen) prepare a risk assessment of the Credit Union's internal controls, including the IT security environment;
- Reviewed and approved agreed-upon procedures which were based upon the internal auditors' risk assessment;
- Monitored compliance with NCUA guidelines and directives; and
- Reviewed the external annual audit for the year ending December 31, 2015, which was performed by Deleon & Stang. The independent auditor's reports, and the corresponding accompanying financial statements, are included in this report.

The Supervisory Committee appreciates the trust and cooperation it has received this past year from the staff, Directors, and members of the Credit Union.

We set high standards to meet members' high expectations

IDB-IIC FCU understands that members have high expectations, perhaps higher than ever, when it comes to the service they want to receive from their financial institution and how that service is delivered. In addition to delivering products and services of the highest quality, we have put together resources to help them make wise and informed financial decisions.





Financial Statements

Independent Auditor's Report

Supervisory Committee and Board of Directors
IDB-IIC Federal Credit Union
Washington, DC

We have audited the accompanying financial statements of **IDB-IIC Federal Credit Union** (the Credit Union), which comprise the statements of financial condition as of December 31, 2015 and 2014, and the related statements of comprehensive income, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial state-

ments in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America.

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such

opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IDB-IIC Federal Credit Union as of December 31, 2015 and 2014, 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.

2015 FINANCIAL STATEMENTS (PDF)

**DeLeon & Stang, CPAs
Gaithersburg, Maryland
April 20, 2016**

We look forward for great things to come in the years ahead

Thanks to the support of our Board of Directors, the dedication of our employees, and the commitment of our members, and by staying true to the motto “not for profit, not for charity, but for service,” IDB-IIC FCU is fully prepared to benefit from its unique position in the industry, to confront challenges as they arise, and to take advantage of the opportunities that are presented.



Board & Committees

Board of Directors

Juan Manuel Fariña
Chair

Valeria Zemborain
Vice-Chair

Christian Gomez
Treasurer

Anne Marie Lauschus
Secretary

Caroline Mariz
Assistant Treasurer

Jorge Roldan
Assistant Secretary

Sergio Ardila
Member

Guillermo Collich
Member

Cheryl W. Kfuri
Member

Credit Committee

Paulo Martelli
Chair

Claudia Carpio
Vice Chair

Francisco Rojo
Secretary

Jorge Aguirre
Member

Monica Velasquez
Member

Yoel Alveo
Alternate

Ruben Doboin
Alternate

Daniel Fonseca
Alternate

Tetsuro Narita
Alternate

Valeria Zemborain
Alternate

Supervisory Committee

Martín Corredera S.
Chair

Ken Foley
Vice-Chair

Marie-Joelle R. Haas
Secretary

Martín Guozden
Member

Francisco Reyes
Member

Executive Committee

Juan Manuel Fariña
Chair
Valeria Zemborain
Vice Chair
Bruce A. Cameron
Secretary
Christian Gomez
Treasurer
Anne Marie Lauschus
Member

Finance Committee

Christian Gomez
Chair
Caroline Mariz
Vice-Chair
Jaime Posada*
Secretary
Guillermo Collich
Member
Daniel Fonseca
Member
Carlos Otarola
Member
Paulo Martelli
Member
Gregorio Pokorny
Member
Bruce A. Cameron*
Back-Up

Member Services Committee

Sergio Ardila
Chair
Caroline Mariz
Vice-Chair
Maria Eugenia Garcia-Lopez*
Secretary
Christian Gomez
Member
Gerásimos Valianatos
Member
Jorge Roldan
Member
Valeria Zemborain
Member
Bruce A. Cameron*
Member
Jaime Posada*
Member
Marco Paredes*
Member
Cheryl W. Kfuri
Member

* Non-voting Member

Staff

Introducing the 2016 Staff:

Administration

William L. (Chip) Lusk, Jr.

CEO

Flor Melendez

Administrative Officer

Finance, Accounting & Risk Management

Jaime Posada

VP/Finance & Risk Management

Miriam Fiallo

Financial Operations Manager

Cecilia Molina

Financial Operations Specialist

Gina Cunningham

Financial Operations Specialist

Dilbar Khakimova

Accounting Supervisor

Adriana Gonzalez

Accounting Specialist

Michael Riley

Accounting Specialist

Denise Barrett

Compliance/Risk Management Officer

Erina Fonseca

Fraud & Compliance Specialist

Member Services & Marketing

Maria Eugenia Garcia-Lopez
VP of Marketing & Member Services

Florencia Hunt

Branch Manager

Claudia Ramirez

Member Services Officer

Maria Eugenia Perez-Molina

Member Services Officer

Maria Cristina Vivanco

Member Services Officer

Phillip Tolentino

Member Services Representative II

Aurora Montoya

Member Services Representative II

Patricia Castaños Talavera

Member Services Representative II

Graziana Navarro

Member Services Representative I

Ericka Romero

Member Services Representative I

Catalina Massignotti

Member Services Representative I

Andrea Argueta Castro

Marketing Specialist

Ivan Collich

Marketing Specialist

Lending Services

Marco Paredes
Manager Lending
Services

Carmen Cardona

Loan Officer

Alexandra Rieckhof

Loan Officer

Carlos Sibrian

Loan Officer

Erik Carpio

Loan Processor

Alvaro Esparza

Loan Processor

Judy Claire

Loan Assistant

IT

Ingrid Velasco
Management
Trainee

Christopher Taylor

Service Delivery

Specialist



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