



2017 Annual Report

Upgrading the
core system,
while preserving
the core values

IDB  **IIC**
FEDERAL CREDIT UNION



2017 Annual Report

Upgrading the **core system**,
while preserving **the core values**

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In the past few years we have taken important steps towards modernizing our Credit Union, and these achievements have inspired us to aim even higher. In 2017, the Credit Union took great steps to revolutionize our institution: a core systems upgrade, which is designed to offer you enhanced technology, new products, better service and greater convenience. Members experienced improvements to their banking experience as soon as we went live with the new system, such as 24/7 call center support, faster check clearing, quicker internal transfer processing, a new VISA platinum Credit Card, and the opportunity for joint owners to have their own set of credentials to online banking. Furthermore, it set the stage for opportunities to continue improving our member service and launch new products, which members can expect in 2018, such as, instant debit card issuance and MobiMoney, our new app for managing your transactions anytime, anywhere.

And, our members can rest assured, that as we continue modernizing our organization, our commitment to our values and guiding principles is one thing that will never change. As we invest in the latest technological advancements, we will continue to strive to serve the needs of our membership throughout the world.

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Members

Number of
Members 2016

10,984



Number of
Members 2017

11,220

Growth

2.15%

Accounts

New Accounts
Opened

798



**William L. (Chip)
Lusk, Jr.**
Chief Executive
Officer

Message to Members

Upgrading Our Core System While Preserving Our Core Values

Benjamin Franklin once said, "Without continual growth and progress, such words as improvement, achievement, and success have no meaning."

To me, that is another way of saying, "Never rest on your laurels." And, at IDB-IIC Federal Credit Union, that means that we will seek to build on our successes, as inspiration to achieve even more. There is no better proof of this core philosophy than the recent past.

Over the past few years, the Credit Union has made great strides toward modernizing our products and services, and S&P Global Market Intelligence recognized us as one of the best performing credit unions in the United States.

Our reaction to those achievements was to spend 2017 doing even more to revolutionize the way we serve you, our valued members. Most significantly, last year our engaged team undertook a significant project to upgrade our core software system, which the Credit Union uses to maintain members' share, deposit, and loan accounts, as well as to process transactions. The upgrade paves the way for enhanced technology applications, new products, better services, and greater convenience.

Since the system upgrade, we have many new benefits to offer you. One such benefit is improved security and convenience delivered with our new Account I.D. Security. During your first branch visit after the upgrade, we will scan your photo I.D. This will remain on file confidentially connected to all your accounts, so there should be no need to show I.D. during future visits. Additional benefits include:

- More efficient in-person service when you visit our branch office.
- 24/7 Call Center Support, available any-time, anywhere.
- Our new VISA® Platinum Card with excellent travel benefits.
- Immediate payment transfers to other IDB-IIC Federal Credit Union members through your online banking account.
- Immediate availability of your money (up to \$2,500) when you deposit checks.
- Money Management, an award winning digital platform, offering extensive data analytics capabilities to better manage your financial health. This innovative tool is available to members in online banking and on our app and is free of cost.
- Simple e-sign convenience to open new accounts – goodbye paperwork!

Look for more member benefits coming this year, such as instant debit card issuance and MobiMoney, our new app for managing your debit card transactions from anywhere, at any time, from the convenience of your cell phone.

One Thing That Needs No Updating: Our Core Values

While enhanced technology and upgraded systems are great, these solutions are only made possible by the hard work of a winning team who is wholeheartedly engaged and fully focused on the future state. The rudder pointing the direction for our team includes our core values and guiding principles, which keep us committed to serving your needs and to pursuing the best banking experience possible. Every decision we make, whether it is upgrading our technology or enhancing our services, is made with you in mind and how you are best served. We always strive to treat our members, our volunteers, our employees, and our vendors with kindness, inclusiveness, integrity, and respect. We also address our work with grit, persistence, curiosity,

and discipline. And, we approach each other with a sense of urgency, a sense of seeking sensible solutions, and, since we are a family, a sense of humor.

The fact that we achieved a Service Satisfaction Rating of 9.63 means that we are indeed sticking to our core values and putting members first. I am proud of that fact, as well as a few other numbers that I would like to share:

- In 2017, the number of IDB-IIC Federal Credit Union members increased by 2.15%. We are now 11,220 members strong.
- We opened approximately 800 new accounts in 2017.
- The Credit Union disbursed 858 loans for a total of \$76 million.
- Nearly 300 members benefited from our educational seminars on topics such as, investments, real estate, credit reporting, and taxes.
- Our Call Center addressed 33,527 calls in 2017, with faster answer times and shorter hold times, a result of our new Call Center software and a commitment to improve our services.
- Finally, 94% of members took advantage of our convenient online banking solutions!

Our performance and achievements are a reflection of not only our membership base, but also our engaged team of employees, and our dedicated Board of Directors and committee volunteers. As we turn our attention to the future, we commit to continue to improve the products and services of the Credit Union and to always ensure that our values reflect on everything we do, so that we will remain the best possible financial institution available for our members. We hope that you agree that IDB-IIC Federal Credit Union is a great place to bank and that you can take advantage of your membership for a lifetime.

Thank you for your business and for trusting us as your financial institution. We look forward to future accomplishments together!



William L. (Chip) Lusk, Jr.
Chief Executive Officer

Membership Demographics



73%

Resides in the U.S.



27%

Resides overseas



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

María Valeria Zemborain
Vice-Chair

Christian Gómez
Treasurer

Jorge Roldan
Secretary

Caroline Mariz
Assistant Treasurer

Sandra Darville
Assistant Secretary

Sergio Ardila
Member

Guillermo Collich
Member

Claudia de Colstoun
Member

Loans

The credit union disbursed

772 loans



for a total amount of
\$42.3 million



Credit Committee Report

Marco Paredes
Chair

Mónica Velásquez
Vice Chair

Patricia Nalvarte
Secretary

Andrea Raimondo
Member

Stephanie Ferreyra
Member

Pascual Méndez
Member

Jorge Aguirre
Alternate

Francisco Rojo
Alternate

Yoel Alveo
Alternate

Ruben Doboin
Alternate

The Credit Committee, appointed by the Board of Directors, meets at least monthly 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. Appointed Committee members serve two years each. The Chief Lending Officer is a standing appointed member of the Committee.

During 2017, the Committee held 28 meetings, analyzed 87 cases and approved 86 loans totaling \$33,664,833. In addition, management approved 772 loans totaling \$42,303,999 under the lending limits established by the Committee and approved by the Board of Directors.

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.

First Home Mortgage

BUY A HOUSE, MAKE IT YOUR HOME -
YOUR CREDIT UNION WILL HELP YOU!



Rates as
Low as
4.130%
APR*

Our Bilingual Lending Specialists will lead your way to homeownership in the United States.

Contact Us

Apply Now

* Please visit the Loan Officer for additional information about our rates and fees. Rates are subject to change without notice. Loans subject to credit qualifications and approval. Your actual rate and/or points may be different, as many factors are evaluated for a loan approval.

Second Home Mortgage

LOOKING TO INVEST IN A
SECOND PROPERTY
FOR **ADDITIONAL**
INCOME?



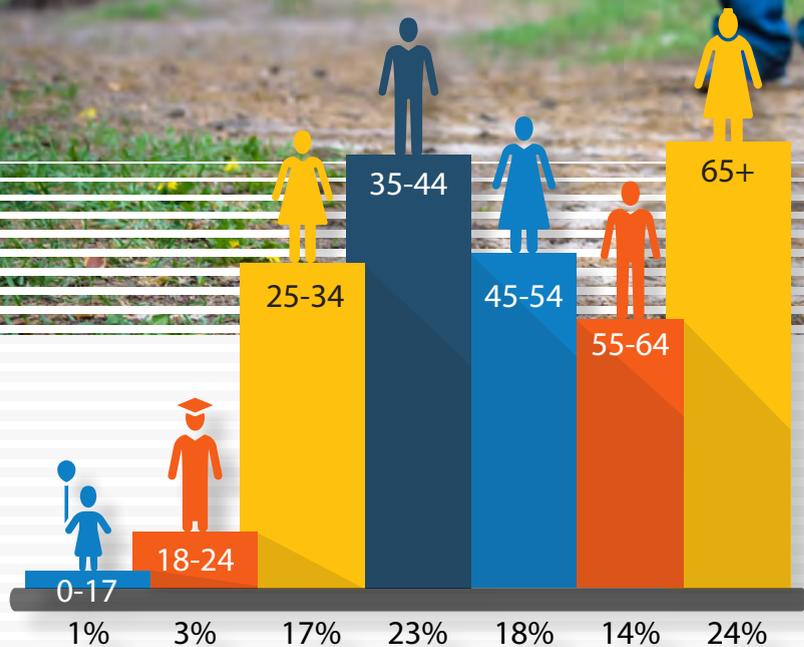
Rates as
Low as
4.433%
APR*

Whether you are thinking of buying a rental property or vacation home, we are here for you. Contact one of our Loan Officers and invest in a second property with security and peace of mind.

Contact Us

Apply Now

* Please visit the Loan Officer for additional information about our rates and fees. Rates are subject to change without notice. Loans subject to credit qualifications and approval. Your actual rate and/or points may be different, as many factors are evaluated for a loan approval.



Membership Age Groups



Supervisory Committee Report

Martín Guozden
Chair

Ken Foley
Vice-Chair

Ignacio Barragán
Secretary

Francisco Reyes
Member

Lucy Ana Shirakawa
Member

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 2017 the Committee

- Provided a risk-based, ongoing review of compliance with Credit Union policies and procedures, which included the audits of internal controls, cybersecurity, and financial condition of the Credit Union.
- Continued its engagement with Clifton Larson Allen, the Credit Union's internal auditors, to perform monitoring procedures including a review of new loans and new investments to ensure conformity with lending and investment policies, as well as monitoring the compliance of other Bank Secrecy Act and Anti-Money Laundering (BSA/AML) policies.
- Engaged DeLeon & Stang, Certified Public Accountants and Advisors to perform the annual audit the financial statements of the Credit Union as of December 31, 2017.

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

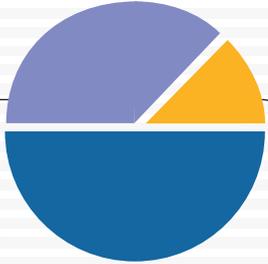
Resources

6
Seminars offered

297
members attended

107
One-on-One
Counseling
Sessions Booked:

- Insurance Weeks: 34 (32%)
- Investment Weeks: 18 (17%)
- Real Estate Weeks: 55 (51%)



Call Center

33,527

Calls

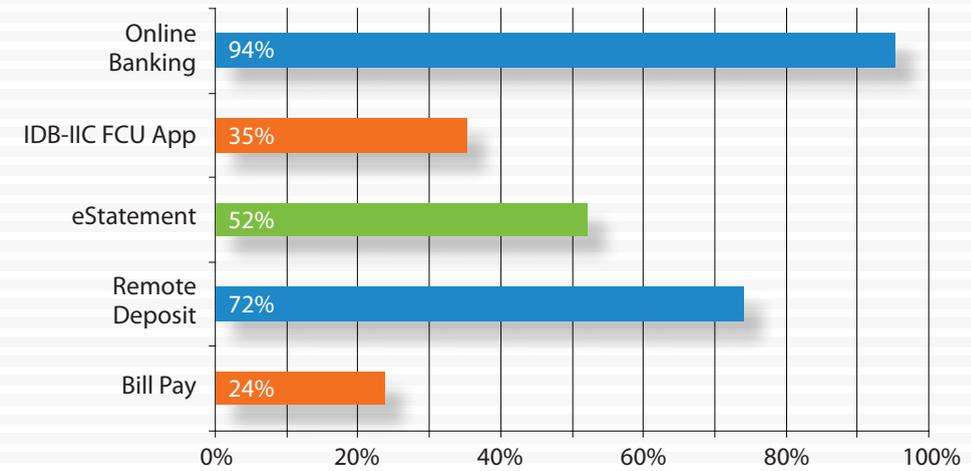
- 160% more than last year
- Our average wait time reduced from over 2 minutes to 21 seconds

 **398**
Skype Users

6,448

Emails

Internet Banking Penetration Rates



9.63/10
10 being excellent

**Service
Satisfaction
Rating**



MobiMoney™

Card + Phone



MobiMoney is a FREE mobile app* that offers you a convenient way to manage your debit cards. MobiMoney enables IDB-IIC Federal Credit Union cardholders to:

- ✓ Easily turn on/off their cards
- ✓ Receive instant alerts on their mobile devices
- ✓ Limit usage based on location, transaction type, and threshold amounts
- ✓ Set merchant preferences
- ✓ View debit card transaction history

Getting started is easy! You just need to download the MobiMoney app here:



*MobiMoney is only available to members in the U.S.

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, 2017 and 2016, 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 statements 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, 2017 and 2016, 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.

[FINANCIAL STATEMENTS \(PDF\)](#)

DeLeon & Stang

DeLeon & Stang, CPAs
Gaithersburg, Maryland
April 19, 2018

Money Management

Another Online Banking improvement as part of our technology enhancements.

Money Management is a new solution that gives you a global view of your financial health with a wider variety of features. This award winning digital platform offers extensive data and analytics capabilities for your convenience. As a member of the Credit Union, you are offered this new financial tool FREE of charge.

Money Management allows you to see all your accounts, including those with other financial institutions, and shows spending categories that can be defined by date range and income sources. Every transaction is automatically categorized so you can spend smarter, and helps you understand the relative health of your budgets instantly.

What is new?



Improved category-level trends



Detailed Net Worth analysis and tracking



Debt payoff forecasting



Savings and Retirements goals



Cash Flow Calendar



Mobile app and Text alerts



Real-time refreshing every time you log in



Interactive budget widget

Log into your online banking account to enjoy this new feature!

Senior Management & Volunteers

Executives

William L. (Chip) Lusk, Jr.

Chief Executive Officer

Marco Paredes

Chief Lending Officer

Ingrid Velasco

Chief Technology & Risk
Management Officer

Andrea Argueta

Director of Member
Experience

Sallu Lutamila

Director of Finance

Mark Schwartz

Director of Human
Resources

Board of Directors

Juan Manuel Fariña

Chair

María Valeria Zemborain

Vice-Chair

Christian Gómez

Treasurer

Jorge Roldan

Secretary

Caroline Mariz

Assistant Treasurer

Sandra Darville

Assistant Secretary

Sergio Ardila

Member

Guillermo Collich

Member

Claudia de Colstoun

Member

Credit Committee

Marco Paredes

Chair

Mónica Velásquez

Vice Chair

Patricia Nalvarte

Secretary

Andrea Raimondo

Member

Stephanie Ferreyra

Member

Pascual Méndez

Member

Jorge Aguirre

Alternate

Yoel Alveo

Alternate

Ruben Doboin

Alternate

Francisco Rojo

Alternate

Supervisory Committee

Martín Guozden

Chair

Ken Foley

Vice-Chair

Ignacio Barragán

Secretary

Francisco Reyes

Member

Lucy Ana Shirakawa

Member

Executive Committee

Juan Manuel Fariña

Chair

María Valeria Zemborain

Vice Chair

Christian Gómez

Treasurer

Jorge Roldan

Secretary

Investment Committee

Christian Gómez

Chair

Caroline Mariz

Vice-Chair

Guillermo Collich

Member

Sallu Lutamila

Member

Francisco Ramón Ruiz

Member

William L. (Chip) Lusk, Jr.

Member

Andrea Argueta

Member

Marco Paredes

Member



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