

IDB-IIC Federal Credit Union

ANNUAL REPORT 2018



PAVING THE WAY
FOR TOMORROW

2018

ANNUAL REPORT

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FOR TOMORROW

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PAVING THE WAY **FOR TOMORROW**

After completing our core system upgrade, we quickly started working on various new projects to amaze our members with new and improved banking solutions.

Such projects are the beginning of a bigger change that will transform our Credit Union and bring a new face to the stable, long-standing organization that we know and trust. The foundation for this change was establishing a new aim of building and strengthening relationships with members by providing them with smart financial solutions while living our values.

We have been paving the way that leads to tomorrow, and together we will arrive at an era of accomplishing goals and materializing dreams.

MESSAGE TO MEMBERS

Paving The Way For Tomorrow

"The best way to predict the future is to create it."
- Abraham Lincoln

I believe that, and thanks to a busy, profitable and strategic 2018, I can honestly say that a bright tomorrow belongs to your Credit Union. We did a lot of solid planning and preparation in 2018 that will result in a better experience for you, our members, in the coming years. In fact, you have probably already enjoyed some of the benefits.

I would like to share a few key 2018 projects that both enhanced member joy and ensured a bright future for our Credit Union. Together, they paved the way for a financial institution like no other, one that is beneficial, convenient, profitable, and loved.

Core System Upgrade

One of our key accomplishments was the upgrade of our core computer system, the software that the Credit Union uses to maintain members' share, deposit, and loan accounts, as well as to process transactions. The upgrade made possible enhanced technology, new products, better service, and greater convenience.

Two New Credit Cards

We launched not one, but two new credit card programs. We first launched our premium credit card, the Visa Platinum, which provides an introductory 0% interest rate for the first six months, as well as 1% cashback on transactions. Next, we debuted our Visa Classic National, a unique custom-made product designed to provide a reliable line of credit exclusively for our members overseas. Now, members in both our IDB headquarters and Country Offices can apply for a card and take advantage of our low rates and excellent benefits.

Improved Online and Mobile Banking

Here at the Credit Union, we pride ourselves on our personalized banking, but we also know that reliable, convenient and secure online and mobile banking is a must-have in today's fast-paced, tech-savvy world. Therefore, I am proud to say that in 2018 we created an online and mobile banking experience that is even more member-friendly, allowing you to take better command of your financial future. For instance, in 2018 our reliable online banking got a fresh new design, with a simpler, cleaner, more user-friendly look and feel that better reflects our dedication to an improved member experience.

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

In addition, we were happy to announce new security features for joint accounts: individual login credentials and security PINs. With the implementation of unique credentials, the days of having to share a password with other account holders are long gone; also, keeping your convenience and security in mind we launched security PINS - a unique passcode designed to expedite your enquiries over the phone whether you are the primary or joint account holder.

Our mobile banking app also received many improvements. Not only can you now reorder checks and view statements in the mobile banking app, but it also includes free access to Money Management. This powerful tool offers an immediate snapshot of your financial health, your spending trends and your budgets, resulting in better control of your finances. In addition, the MobiMoney app is also free through our mobile banking. It allows you to manage your debit cards from your smartphone, turn them on/off easily, view transaction history, set merchant preferences, and much more.

Website Redesign

With a simpler, cleaner, more user-friendly look and feel, our website now better reflects our Credit Union and our dedication to always strive for a better future, with our members' improved experience in mind at all times.

Whether you access our website via computer, mobile phone or tablet, you can now enjoy our newly implemented responsive design that adjusts to all display sizes. Our new site also

fully complies with the Americans with Disabilities Act (ADA) standards, as we implemented additional accessibility features to ensure that all visitors have access to our content. Such features include a screen reader, keyboard navigation, adaptable colors and font, and even a bigger cursor.

Always Member and Service Focused

Our online and mobile banking upgrades, new credit cards, and website redesign may be the flashiest enhancements of 2018, but they are by no means the only improvements to member products and services:

- We introduced paperless account opening which simplifies the processing of member requests as well as reinforces our efforts to create an environmentally conscious culture.
- We also converted to a new debit card processor, equipped with a real time fraud monitoring system that prevents fraudulent transactions immediately.
- Additionally, account security and convenience were enhanced. During your first branch visit after the upgrade, your photo I.D. is scanned and connected to your accounts. This means that during future visits, there is no need to show an I.D.

Since we know that listening to members and answering your questions is the core of good service, we are proud to report that our member surveys earned us a 9.72 Service Satisfaction Rating, as well as an in-branch customer satisfaction of 98%.

Our 24/7 Call Center was more popular than ever with more than 41,500 calls answered and

our members loved it. In 2018, 98% of members stated that they would recommend our call center to other members.

A Year of Strong Financials

2018 was also a great year financially for your Credit Union, with many tangible benefits for members. For example, our 2018 net income was \$5.1 million, or \$54,000 above budget, with a year-to-date annualized return on assets (ROA) of 0.91% and a year-end capital ratio of 13.00%.

What did this mean for you, our members? In a word: dividends. We disbursed \$2.2 million in dividends in 2018, including a special end-of-the-year dividend distribution of \$500,000.

More than just a sign of a healthy 2018 and what I can only presume to be a welcome financial bonus for our members, the year's financial strength and stability represent a solid foundation for a successful future.

Planning for the Future

While strong financials are at the core of a successful financial institution, just as important to our Credit Union's future was the work we did in areas like planning, policy, and leadership.

We started by revising our Code of Ethics and Conduct for all employees and directors, which included the expectation for all of us to treat members, volunteers, employees, and vendors with kindness, inclusiveness, integrity, and respect. These days, it is more important than ever that we ensure our Credit Union offers a rewarding, safe, and joyful environment.

Additionally, our managers and leaders attended a management development program to guarantee that the Credit Union remains a healthy work environment, giving purpose and inspiration to all our employees.

Finally, in 2018, during a new Strategic Planning Cycle, including joint Board and Management meetings, we discussed some of our fundamental strategic issues, from our charter and our membership to our mission, vision, and brand. The result was the formation of our strategic priorities and direction for the next several years. This will ensure that we meet the high standards we have set for ourselves for the future.

With all that we accomplished in 2018, our Credit Union's future looks bright, bold, and more exciting than ever, and I cannot wait to experience it with each and every one of you, our valued members. I encourage you to attend our upcoming Annual Meeting on June 5, 2019 during which we will have an exciting announcement about your Credit Union.

Until then, from all of us at the Credit Union, thank you for your business and your trust in us as your financial institution.

Sincerely,



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

MEMBERS

Growth
0.40%

2017
Number of Members
11,220

2018
Number of Members
11,246

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.

ACCOUNTS

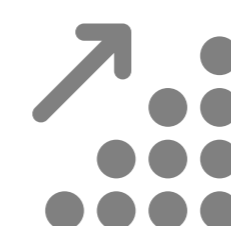
New Accounts Opened
1,426
(79% increase)



24,100
Number of Share Accounts



\$464M
Total Amount in Share Accounts



13%
Net Worth Ratio



María Valeria Zemborain
Chair

The Board of Directors

Juan Manuel Fariña
Former Chair

Caroline Mariz
Assistant Treasurer

Jorge Roldán
Vice-Chair

Claudia de Colstoun
Assistant Secretary

Christian Gómez
Treasurer

Francisco Rojo
Patricia Nalvarte
Members

Sandra Darville
Secretary

CREDIT COMMITTEE REPORT



Marco Paredes
Chair

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 each serve two years. The Chief Lending Officer is a standing appointed member of the Committee.

During 2018, the Committee held 20 meetings, analyzed 50 cases and approved 50 loans totaling \$17,002,480. In addition, management approved 824 loans totaling \$75,931,621 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.

Stephanie Ferreyra
Vice-Chair

Patricia Nalvarte
Yoel Alveo
Members

Pascual Méndez
Secretary

Jorge Aguirre
Ruben Doboin
Mónica Velásquez
Andrea Raimondo
Alternates

LOANS



824

Number of Loans

\$75.9M

Total Amount



FIRST HOME MORTGAGE



Every home starts with a story

Introducing Monica's first home

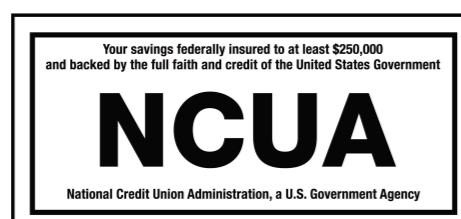
"The lending specialists at the Credit Union did everything possible to satisfy my needs and guide me on the right path as I was purchasing my first home. Their aim was always to make me happy."

-Mónica Behpour

Contact Us

Apply Now

See Monica's Story



REFINANCE



Every home starts with a story

Introducing Lourdes' Mortgage Refinance

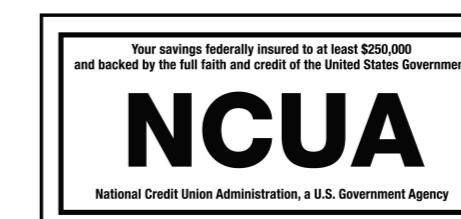
"I recommend reaching out to the lending experts when you're planning to refinance your mortgage. Thanks to the Credit Union, there was a solution to my financial situation and I was able to focus on what matters to me the most, my family."

-Lourdes Tellería

Contact Us

Apply Now

See Lourdes's Story



MEMBERSHIP DEMOGRAPHICS



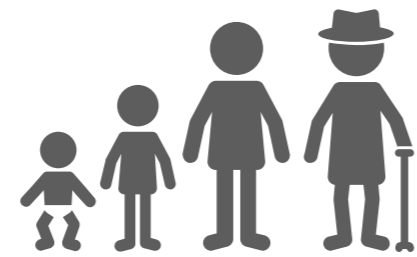
Location

71%

Resides in the U.S.

29%

Resides overseas

	Age group	0-17	3%
		18-24	1%
		25-34	6%
		35-44	14%
		45-54	17%
		55-64	22%
		65+	37%

SECURITY



Only
0.22%

of debit card transactions reported
potential fraudulent activity.

SUPERVISORY COMMITTEE REPORT



Martín Guozden
Chair

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

The 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 2018 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, 2018.

Ignacio Barragán
Vice-Chair

Ken Foley (acting as)
Secretary

Francisco Reyes
Ken Foley
Members

FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' 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, 2018 and 2017, 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.

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

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, 2018 and 2017, 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.

DeLeon & Stang

DeLeon & Stang, CPAs
Gaithersburg, Maryland
April 8, 2019

IDB-IIC FCU APP

Enjoy your Online Branch!

Need banking on the go? **Check out our mobile app!**
Whether you are home or on the go, you can take advantage of the following Mobile App features:



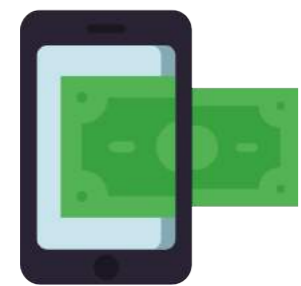
1. View Statements



2. Reorder checks



3. Deposit Checks



4. Transfer money
between accounts



5. Find an ATM



6. Manage and Pay Bills



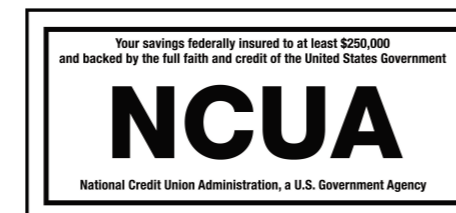
7. View your finances in
Money Management



8. Apply for Loans

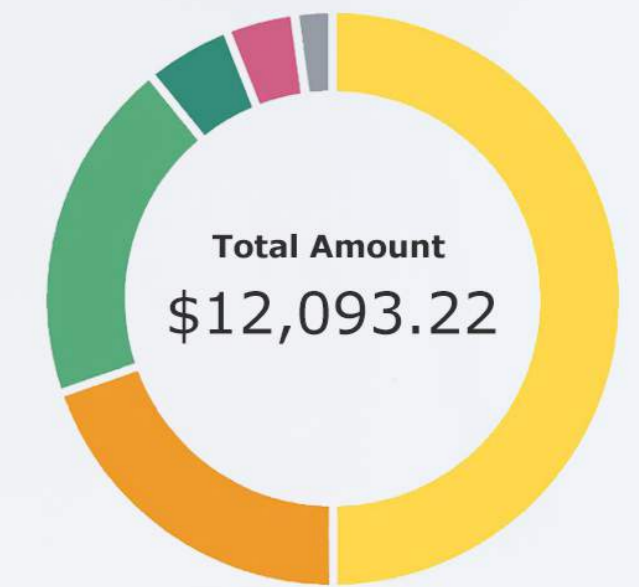


9. Check your balances



Money Management

Take control of your finances



Use Money Management to understand the relative health of your finances instantly.



Automatically
categorized transactions



Detailed Net Worth analysis



Cash Flow calendar



Savings and retirement goals



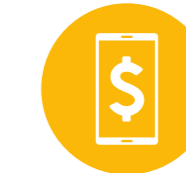
Debt payoff forecasting



Interactive budget widget



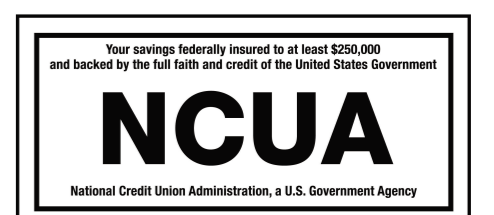
Income report



And more!

**Log into your Online Banking account to access
Money Management for FREE!**

Log into Online Banking



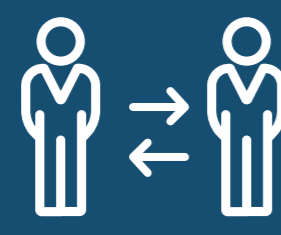
RESOURCES



9
Seminars
Offered

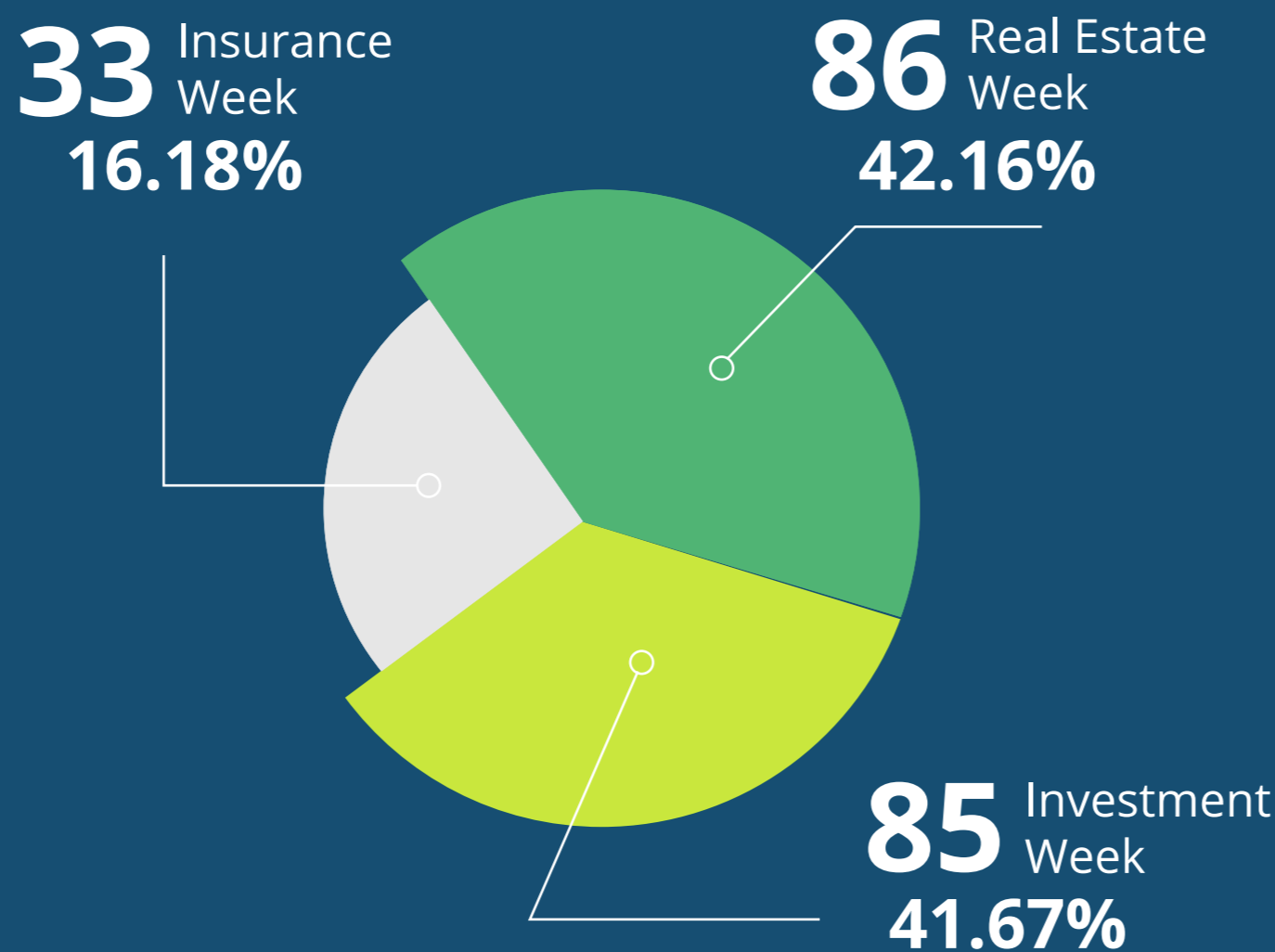


329
Members
Attended



204
One-on-One
Counseling
Sessions Booked

ONE-ON-ONE COUNSELING SESSIONS.



CALL CENTER



41,538
Calls

24%
more than
last year



7,609
Emails

18%
more than
last year



853
Skype Calls

114%
more than
last year



501
Secure
Support

INTERNET BANKING PENETRATION RATES



96%
Online Banking



37%
IDB-IIC FCU App



58%
E-Statements



69%
Remote Deposit



25%
Bill Pay

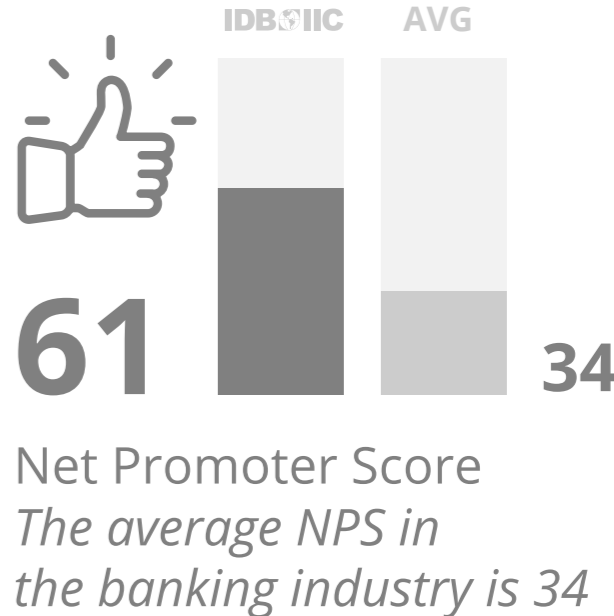
SERVICE SATISFACTION RATING



9.27/10
Service Satisfaction
Rating



98%
In Branch Service
Satisfaction Rating



SENIOR MANAGEMENT & VOLUNTEERS



Executives

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

Andrea Argueta
Chief Operating Officer

Marco Paredes
Chief Lending Officer

Marianne Quinn
Chief Financial Officer

Mark Schwartz
Director of Human Resources

Kia Ware
Director of Information Technology



Board of Directors

María Valeria Zemborain
Chair

Jorge Roldán
Vice-Chair

Christian Gómez
Treasurer

Sandra Darville
Secretary

Caroline Mariz
Assistant Treasurer

Claudia de Colstoun
Assistant Secretary

Juan Manuel Fariña
Francisco Rojo
Patricia Nalvarte
Members



Credit Committee

Marco Paredes
Chair

Stephanie Ferreyra
Vice-Chair

Pascual Méndez
Secretary

Patricia Nalvarte
Yoel Alveo
Members

Jorge Aguirre
Ruben Doboin
Mónica Velásquez
Andrea Raimondo
Alternates



Supervisory Committee

Martín Guozden
Chair

Ignacio Barragán
Vice-Chair

Ken Foley (acting as)
Secretary

Francisco Reyes
Ken Foley
Members



Executive Committee

María Valeria Zemborain
Chair

Juan Manuel Fariña
Former Chair

Jorge Roldán
Vice-Chair

Christian Gómez
Treasurer

Sandra Darville
Secretary



Nominating Committee

Jorge Roldán
Chair

Martín Guozden
Secretary

Andrea Raimondo
Member



Investment Committee

Christian Gómez
Chair

Caroline Mariz
Vice-Chair

Francisco Rojo
Ariel Amiras
William L. (Chip) Lusk Jr.
Marco Paredes
Marianne Quinn
Andrea Argueta
Members

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FOR TOMORROW

Address

1300 New York Ave. N.W.
Washington, D.C. 20577

Phone

202 623 3363

Fax

202 312 4200

Email

credit@iadb.org

Contact us via Skype at:
[myidbiicfcu](https://www.skype.com/join/IDB-IIC)



www.idbcredit.org

