IDB-IIC Federal Credit Union

ANNUAL REPORT 2018

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.
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 experience in mind at all times. 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%.

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. While strong financials are the at 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.

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 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.

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.

Annual Report / 2018
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
Former Chair

Jorge Roldán
Vice-Chair

Christian Gómez
Treasurer

Sandra Darville
Secretary

Caroline Mariz
Assistant Treasurer

Claudia de Colstoun
Assistant Secretary

Francisco Rojo
Patricia Nalvarte
Members

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,

Maria Valeria Zemborain
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.
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

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
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.

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

**Security**

- Only 0.22% of debit card transactions reported potential fraudulent activity.

**Membership Demographics**

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

- **Location**
  - 71% Resides in the U.S.
  - 29% Resides overseas

**Supervisory Committee Report**

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.

**Chair**

Ignacio Barragán

**Vice-Chair**

Francisco Reyes

Ken Foley (acting as)

**Secretary**

Ken Foley

**Members**

Francisco Reyes

Ken Foley

Annual Report / 2018

Paving The Way For Tomorrow
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 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.

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.

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.
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

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!
RESOURCES

- **Seminars Offered**: 9
- **Members Attended**: 329
- **One-on-One Counseling Sessions Booked**: 204

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INTERNET BANKING PENETRATION RATES

- **Online Banking**: 96%
- **IDB-IIC FCU App**: 37%
- **E-Statements**: 58%
- **Remote Deposit**: 69%
- **Bill Pay**: 25%

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CALL CENTER

- **41,538 Calls**
- **7,609 Emails**
- **853 Skype Calls**
- **501 Secure Support**

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SERVICE SATISFACTION RATING

- **Service Satisfaction Rating**: 9.27/10
- **In Branch Service Satisfaction Rating**: 98%
- **Net Promoter Score**: 61

*The average NPS in the banking industry is 34*
BOARD & COMMITTEES

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 Patricial 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
Jorge Roldán Vice-Chair
Maria Aguirre Patricia Nalvarte Members

Nominating Committee
Jorge Roldán Chair
María Valeria Zemborain Secretary
Jorge Roldán Vice-Chair
María Valeria Zemborain Treasurer
Caroline Mariz Assistant Treasurer
Claudia de Colstoun Assistant Secretary
Juan Manuel Fariña Francisco Rojo Patricial Nalvarte Members

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
STAFF

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

Administration
Flor Meléndez
Administrative Officer

Back Office Support
Emilie Ortiz
Back Office Member Services Supervisor
Catalina Massignotti
Member Services Officer
Lina Vásquez
Member Services Officer
Victoria Corzo Rojas
Call Center Associate
Ashley García
Call Center Associate
Emily Moreno
Call Center Associate
Chrys Silva
Call Center Associate

Debit Cards
Erina Fonseca
Senior Product Manager
Ericka Romero
Card Fraud Lead Specialist
Claudia Ramírez
Card Services Associate

Finance
Judith Badua
Senior Accountant
Adriana González
Staff Accountant
Michael Riley
Staff Accountant

Information Technology
Denis Gómez
IT End-User Support
Arbey Vásquez
IT End-User Support

Lending
Carmen Cardona
Senior Loan Officer
Alexandra Rieckhof
Senior Loan Officer
Carlos Sibrian
Senior Loan Officer
Erik Carpio
Consumer Loan Operation Specialist
Judy Claire
Loan Processor

Marketing
Natalia Esguerra
Marketing Manager
Solange Araujo
Marketing & Training Specialist
Dane Font
Digital Marketing Specialist

Member Services
Florentina Hunt
Branch Manager
Valentina Pérez
Assistant Branch Manager
Sandra Patiño
Administrative & Training Specialist
Maria Cristina Vivanco
Senior Member Services Officer
Maria Peralta
Member Services Officer

Risk Management
Katherine López
Compliance and Risk Management Officer
Norma Young
Risk Management Specialist

*As of April 30, 2019
IDB-IIC Federal Credit Union

ANNUAL REPORT 2018

PAVING THE WAY FOR TOMORROW

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IDB-IIC FEDERAL CREDIT UNION

NCUA

National Credit Union Administration, a U.S. Government Agency