

IDB-IIC Federal Credit Union

# ANNUAL REPORT 2018



PAVING THE WAY  
**FOR TOMORROW**

2018

# ANNUAL REPORT

IDB-IIC Federal Credit Union

PAVING THE WAY  
**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.

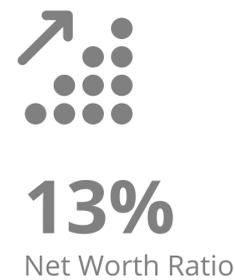
Sincerely,

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

# MEMBERS



# ACCOUNTS



# 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  
**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**



**María Valeria Zemborain**  
Chair

# 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 Doboim  
Mónica Velásquez  
Andrea Raimondo  
**Alternates**

# LOANS



**824**  
Number of Loans

**\$75.9M**  
Total Amount



# FIRST HOME MORTGAGE



Low rates!

Every home starts with a story

Introducing Monica's first home

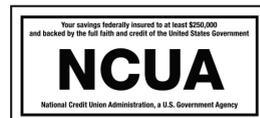
"The lending specialists at the Credit Union did everything possible to satisfy my needs and guide me on the right path as I was purchasing my first home. Their aim was always to make me happy."

-Mónica Behpour

Contact Us

Apply Now

See Monica's Story



# REFINANCE



Amazing Rates

Every home starts with a story

Introducing Lourdes' Mortgage Refinance

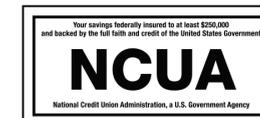
"I recommend reaching out to the lending experts when you're planning to refinance your mortgage. Thanks to the Credit Union, there was a solution to my financial situation and I was able to focus on what matters to me the most, my family."

-Lourdes Tellería

Contact Us

Apply Now

See Lourdes's Story



## MEMBERSHIP DEMOGRAPHICS

	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

## 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**

Francisco Reyes  
Ken Foley  
**Members**

Ken Foley (acting as)  
**Secretary**

# 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



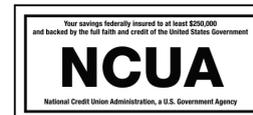
7. View your finances in  
Money Management



8. Apply for Loans



9. Check your balances



# Money Management

Take control of your finances

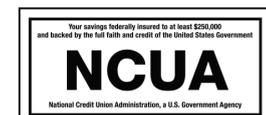


Use Money Management to understand the relative health of  
your finances instantly.

- 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

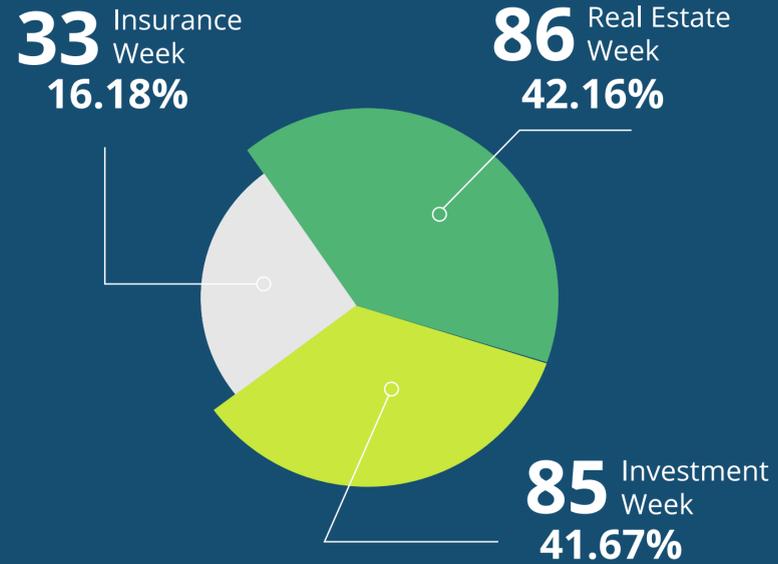


**329**  
Members Attended



**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



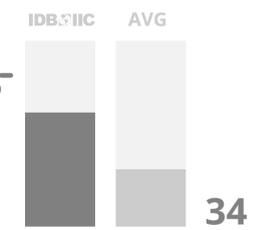
**98%**

In Branch Service Satisfaction Rating



**61**

Net Promoter Score  
The average NPS in the banking industry is 34



# 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**

IDB-IIC Federal Credit Union

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Washington, D.C. 20577

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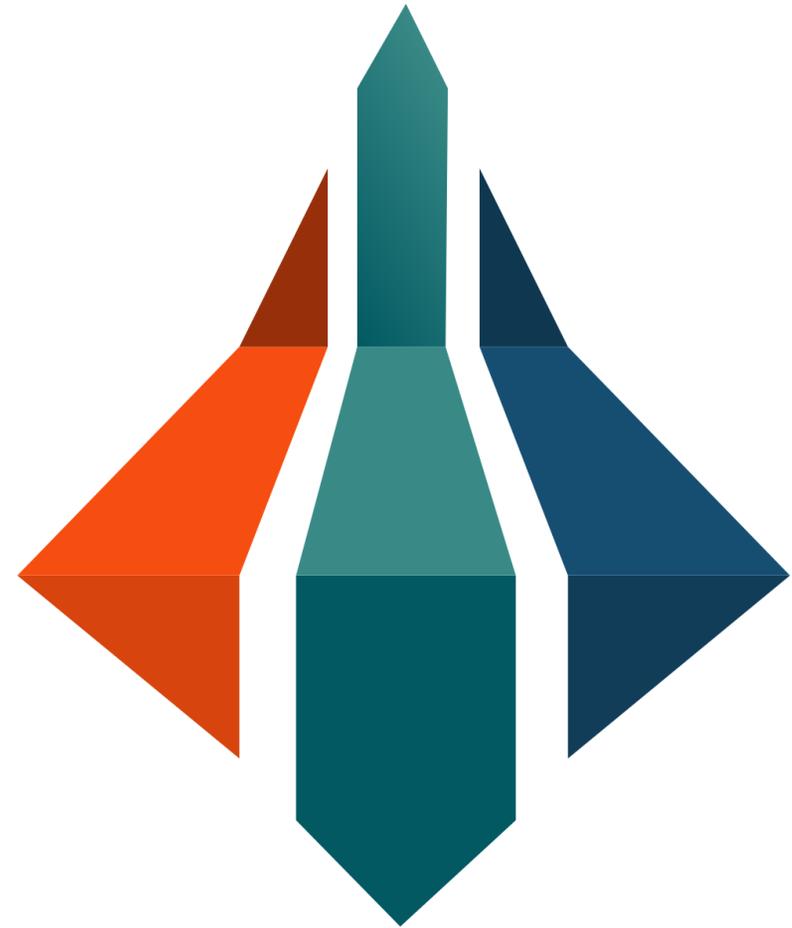
**Fax**

202 312 4200

**Email**

[credit@iadb.org](mailto:credit@iadb.org)

**Contact us via Skype at:**  
[myidbiicfcu](https://www.skype.com/people/myidbiicfcu)



[www.idbcreditunion.org](http://www.idbcreditunion.org)

