



2017

ANNUAL REPORT



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# CHAIRMAN'S MESSAGE

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I would like to begin by thanking you, the membership of IBM Southeast Employees' Credit Union (IBMSECU), for your continued support and participation in this outstanding financial cooperative. It is an honor and a great privilege to serve as Chairman of the Board at IBMSECU. The year 2017 was our very BEST ever! As a result of being a state-chartered credit union and completing a local bank merger, we were able to achieve some tremendous results.

The Board of Directors and I would like to thank the membership for their support in this strategic move for 2017. In addition, I would like to congratulate Mike Miller, our President/CEO, and his team for making 2017 even better than 2016—one for the record books. Our membership will see continued emphasis on loans along with improved lending and deposit rates and a service excellence mission that positions us as a leader in our industry.

Yes, 2017 was an outstanding record-breaking year, taking our assets to \$1.079 billion. Our capital ratio was at 11.32%, which translates to a very sound financial institution. Our loan-to-share ratio was 87.9%—the highest ever in our history. All of this was accomplished while achieving the best rating possible by our NCUA and state examiners. These indices accentuate the safety and soundness of IBMSECU. In addition, all of our indicators reflect continued “controlled growth” for our credit union. In 2018, we will also strive to be everyone’s primary financial institution while maintaining the credit union philosophy of “People Helping People” and making a difference in our members’ lives.

On behalf of the Board of Directors and the volunteers, I would like to express our sincere appreciation to the membership and the staff for their continued support in moving forward with this dynamic financial institution.

Respectfully submitted,  
Michael W. Townsend, CCD  
Chairman of the Board

Our mission is to deliver service excellence to the membership and value to the communities we serve while ensuring the safety and soundness of the credit union.

# PRESIDENT'S MESSAGE

Dear Members,

IBMSECU has been your trusted financial partner for nearly 49 years. Thank you for your loyalty and membership. We value your trust, as we continue to honor the credit union creed of “People Helping People” which was at the core of our charter in 1969. With all that has evolved since those beginning days, one thing remains constant: Our main focus is the delivery of service excellence to our members.

It was another record-breaking year for your credit union in 2017, as we surpassed the \$1 billion mark in total assets. We ended the year with total assets at \$1.079 billion. We also managed an all-time high in loans and member shares and deposits. With that record growth, our income was very strong, and we were able to increase our net worth position. This means your deposits are more safe and sound than they have ever been. Our net worth ratio grew to 11.3%, which keeps us in the “well capitalized” category with over \$122 million in reserves. Asset quality is strong, as our loan delinquency and net charge-off ratios are in line with our peer credit unions. Financially, we are in the best position we have ever been. Your credit union ended the fiscal year with our capital position improving and with strong growth in assets, loans, and shares. In 2017, we merged a local Florida bank that helped our financial growth and added 3 new Florida branch locations. Your credit union is strong and healthy.

Unfortunately, there are areas out of our control; it seems every day we hear of another security breach or a member's identity stolen. We are working hard to continue keeping your identity and personal data safe and secure. One of our 2018 goals is to enhance our security and provide an affordable identity theft product that can benefit every member. Our myChoice checking account affords you that opportunity. We want and need your deposits. We are paying an above market dividend rate on this checking account that provides a quality identity theft protection product. We are pledging to “Make a Difference” in our members' lives by improving our operational efficiencies and providing the products and services you need and want. All within the framework of delivering the personalized member service that you have come to expect, and most certainly deserve.

The year of 2018 will be an exciting year, one where we show you how we can “Make a Difference” in your life. We will never miss an opportunity to stop and listen to you about your wants and needs. Our pledge to you is to continue with the commitment to our core values: trust, respect, accountability, compliance, and compassion. We have a tremendous staff that demonstrates these core values with every transaction and touchpoint you have with YOUR credit union. Thank you for your membership, and thank you for being a vital part of IBMSECU.

We know you have many choices for your financial service needs. Thank you for allowing us to be your credit union. It is an honor to serve you and work alongside our outstanding Board of Directors, volunteers, and staff. I look forward to a great 2018.

Sincerely,  
Michael L. Miller  
President/CEO

# BOARD OF DIRECTORS 2017

## Chairman

Michael W. Townsend, CCD

## Vice Chairwoman

Juana T. Krause

## Secretary

Stephanie M. Forster

## Treasurer

James M. Dorman, CCD

## Directors

Johnny Bennett, CCD

Peter L. Blacklock

Thomas E. Brawley

Brad J. DeBauche

Donald L. Lee, CCD


## CONNECT

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# MEMBER --- PRIVACY POLICY

IBMSECU is committed to preserving and protecting the privacy and confidentiality of its members' non-public personal information. This commitment is a fundamental operation of the credit union. The credit union maintains strong security controls to ensure that members' information is protected and uses verification standards that are consistent within the financial-services industry to protect against unauthorized access to personal information. For details on identity theft and fraud protection, please visit the privacy and security page under the resources tab of [ibmsecu.org](http://ibmsecu.org).

Our credit union only shares information in conducting everyday business to administer the products and services we provide, as well as with other businesses who can market a broader array of financial products and services to enhance our members' well-being. The credit union requires its business affiliates to maintain the confidentiality of such information. The credit union also provides and receives information from credit reporting agencies for safety and soundness purposes related to the qualifying criteria for share and loan accounts. Lastly, the credit union shares information in responding to court orders and legal investigations.

For more information, see our privacy policy disclosure available on our website: "What Does IBMSECU Do With Your Personal Information?", contact the credit union at [serviceplus@ibmsecu.org](mailto:serviceplus@ibmsecu.org) or call 800.873.5100.

# INDEPENDENT --- AUDITOR'S REPORT

To accomplish this function, the independent certified public accounting firm of Doeren Mayhew CPAs and Advisors conducted a certified audit of the Credit Union's financial statements for the period ending on December 31, 2017.

**The Audit Committee:**

Brian L. Garr (Chairperson)

Donald L. Lee, CCD

Marie I. Mascaro

Hilary W. Hunter

Randee Abramson

2017

# MEETING MINUTES

**“Chairman Michael Townsend called the Annual Meeting of the IBM Southeast Employees’ Credit Union to order at 6:00 p.m. on Thursday, May 18, 2017.**

Thomas Brawley, acting secretary, confirmed a quorum was present.

Chairman Townsend requested a motion to be made to approve the agenda for the Annual Meeting.

A motion to accept the agenda was made by Brad DeBauche, seconded by James Dorman, and unanimously approved.

Chairman Townsend welcomed guests and introduced the following board of directors and volunteers present at the Annual Meeting:

- **Michael Townsend**, Chairman
- **Mickey Dorman**, Director and Treasurer
- **Stephanie Forster**, Director and Secretary
- **Johnny Bennett**, Director
- **Thomas Brawley**, Director
- **Brad DeBauche**, Director
- **Juana Krause**, Director
- **Donald Lee**, Director
- **Marie Mascaro**, Audit Committee Member
- **Hilary Hunter**, Audit Committee Member
- **Randee Abramson**, Audit Committee Member
- **Frank Mays**, Advisory Council
- **Howard Isaacs**, Director Emeritus
- **Pat Ciresi**, Director Emeritus
- **Michael Miller**, President and CEO

A motion to waive the following was made by James Dorman, seconded by Patricia Munro, and unanimously approved:

- Oral Reading of Minutes of 2016 Annual Meeting
- Financial Report
- Audit Committee Report
- Chairman’s Report
- CEO Report

Chairman Townsend introduced Michael Miller, President and CEO. Mr. Miller shared 2016’s highlighted accomplishments.

Mr. Bennett, Chairman of the Nominating Committee, announced the three incumbents re-elected for a 3-year term: Thomas Brawley, Brad DeBauche, and Michael Townsend.

A motion to accept the Nominating Committee results was made by Brad DeBauche, seconded by James Dorman, and unanimously approved.

Chairman Townsend opened the floor for any old or new business to be discussed. There was no additional business presented.”



# ANNUAL MEETING MINUTES

**“Chairman Townsend introduced Michael Miller, President and CEO for the President’s Message. Mr. Miller stated,**

‘It is an honor to serve as the President and CEO of the IBM Southeast Employees’ Credit Union alongside this tremendous group of distinguished volunteers—that being our board members, Audit Committee, Advisory Committee, and Board Emeritus. In addition, it is my pleasure to lead our first class senior management team, the branch and department managers, and the dedicated and hard-working staff in Georgia and here in Florida.

2016 was a tremendous year for your credit union: We once again progressed financially and continued our commitment to service excellence. We progressed financially by setting a new record in meeting our members needs by funding \$309 million in loans. We grew our assets, loans and shares and ended the year at \$940 million in total assets and had stable net income of \$8.2 million that pushed our net worth ratio to 11%. We continued our commitment to service excellence by providing quality products and services to our members. We strive to do this every day by greeting everyone that walks through our door with a smile, greeting our members with a friendly voice over the phone, or providing efficient attention to anyone who uses our online or mobile app. Your staff is working hard to meet your financial needs.

As a dedicated team of volunteers and professionals, our pledge to our members in 2017 is to continue to honor our core values of trust, respect, accountability, compliance, and compassion as we strive to fulfill our mission of delivering service excellence to our membership and the communities in which we serve, while ensuring the safety and soundness of the credit union. In the history books, we will look back at 2016 as a record year of loan production and one that we carried on the continued tradition of service excellence to our members. We look forward to another great year in 2017. Thank you!’

Chairman Townsend introduced Johnny Bennett of the Nominating Committee to report on the election results. The Nominating Committee received the resumes of three candidates—Michael Townsend, Thomas Brawley, and Brad DeBauche. The three candidates were re-elected to three-year terms. Chairman Townsend congratulated the three candidates.

A motion to adjourn was made by Brad DeBauche, seconded by Juana Krause, and unanimously approved.

The Annual Meeting adjourned.

Respectfully submitted,  
Stephanie M. Forster, Secretary  
Michael W. Townsend, Chairman”



# CONSOLIDATED CONDENSED STATEMENTS

## FINANCIAL CONDITION

ASSETS	AS OF 12.31.17	AS OF 12.31.16
Cash and Investments	\$189,749,060	\$204,351,266
Loans to Members, Net of Allowance for Loan Losses	820,130,229	671,639,665
Loans Held for Sale	0	0
Furniture and Equipment	13,968,112	14,099,262
Other Assets	55,289,823	50,450,870
<b>Total Assets</b>	<b>\$1,079,137,224</b>	<b>\$940,271,063</b>
<b>Liabilities and Equity</b>		
Members' Shares and Share Equivalents	\$939,782,686	\$822,714,485
Dividends, Notes and Accounts Payable, and Other Accrued Liabilities	40,507,991	26,797,608
<b>Total Liabilities</b>	<b>\$980,290,677</b>	<b>\$849,512,093</b>
Statutory Reserve	12,529,849	12,529,849
Undivided Earnings	86,316,698	78,229,121
<b>Total Liabilities and Equity</b>	<b>\$1,079,137,224</b>	<b>\$940,271,063</b>

## INCOME AND EXPENSES

INCOME	AS OF 12.31.17	AS OF 12.31.16
<b>Interest Income</b>		
Interest on Loans	\$35,759,180	\$29,214,433
Investment Income	2,740,314	2,711,621
<b>Total Interest Income</b>	<b>\$38,499,494</b>	<b>\$31,926,054</b>
<b>Interest Expense</b>		
Members' Share and Savings Account	3,028,805	1,830,023
Borrowed Funds	272,993	234,397
<b>Total Interest Expense</b>	<b>3,301,798</b>	<b>2,064,420</b>
<b>Net Interest Income</b>	<b>\$35,197,696</b>	<b>\$29,861,634</b>
<b>Non-Interest Income</b>	<b>14,416,722</b>	<b>13,408,001</b>
<b>Non-Interest Expense</b>	<b>40,801,849</b>	<b>35,032,638</b>
<b>Net Income</b>	<b>\$8,812,569</b>	<b>\$8,236,997</b>



**IBMSECU**

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