



INTERIOR FEDERAL CREDIT UNION

2015 Annual Report

OUR MISSION STATEMENT: The mission of the Interior Federal Credit Union is to provide excellent service to our members and meet their diverse and changing financial needs and interests.

CHAIRMAN'S REPORT

I am pleased to report the year ending December 2015 was another strong year for the Interior Federal Credit Union. Despite continued Congressional infighting and an economy that grew at a slower pace than projected the Credit Union's assets grew from \$148.1 to \$164.7 million -- an increase of 11.21%. This growth was achieved while maintaining a sound financial posture, keeping us on target to meet our five-year plan of being over \$200M in assets by 2019. Although faced with many challenges, the continued growth in assets is noteworthy and reflects very positively on the continued confidence our members have in our Credit Union.

Because of management's expert ability to lend and invest wisely, credit union members continued to receive dividends at rates that exceeded industry-wide competitors. The rates attracted an additional \$7,851,514 in deposits in 2015. Members also earned a total of \$778,214 in dividends on their deposits in 2015. As a result of close management of business operations, including the payment of dividends to members, net income for our Credit Union in 2015 was \$396,415. Although lower than what we had targeted in 2015, it was at a very acceptable level. When combined with all other financial indicators, the credit union continues to be in a very strong financial condition.

The credit union received the Digital Defense Excellence in Network Security award in 2015. This award program recognizes organizations that displayed the highest level of network security and is a clear reflection of our IT Security team's tireless efforts to ensure that the information of our credit union remains secure. We are proud of our IT team for receiving this award and is an example of our continued efforts to keep our IT systems safe and secure for all of our members.

Finally, our Credit Union added to the already robust list of services it provides to members. Highlights include offering a 20-month and 56-month Bump-Up Certificate, Skip-a-Pay loan option for vehicle and signature loans, coin counting machines at our DC and VA branches, and using digital signatures for new accounts and loans. In 2016, we are looking forward to offering Visa credit cards with enhanced features such as EMV Chip Technology for our credit and debit cards, Apple and Android Pay, and a card navigation app, which gives members additional security features, such as the ability to turn on and off your card with your smartphone. These and other changes, which will occur throughout the year, give me a high level of confidence the Credit Union will continue to serve the members extremely well.

It continues to be an honor to serve as the Chairman of the Board of Directors of the Interior Federal Credit Union and I truly appreciate the trust our members have placed in the entire Board as we provide oversight. I am proud of the superb performance of our Credit Union under these turbulent times that the world is facing. Finally, our CEO, the executive leadership team, and their high performing staff continue to shine. This team truly deserves the credit with keeping everything running very efficiently, effectively, and thus profitably on a day-to-day basis. Our goals for the future remain to be financially sound, continued high customer satisfaction/service ratings, competitive when compared to other credit unions and banks, and to provide our members with a wide range of financial services that best serves your needs and desires.

John Nyce
Chairman of the Board

SUPERVISORY COMMITTEE'S REPORT

After another year serving as the Chairman of the Supervisory Committee, I can tell you that the Interior Federal Credit Union remains financially sound and continues to be extremely well run.

This year we had several internal reviews and audits, none of which found any substantive issues. The firm of Orth, Chakler, Murnane and Company, CPAs, performed eight internal reviews this year on behalf of the Supervisory Committee; conducting reviews of Branch Security and Operations, Loan Collections and Charge-offs, Wire Transfers Controls and Mortgages and Consumer Loans. They recommended procedural and process changes, which strengthen the management of our Credit Union. This company also conducted the annual financial audit, Bank Secrecy Act Audit and Automated Clearing House Audit and found no material items or deficiencies. The National Credit Union Administration performed their annual examination, which resulted in our Credit Union again receiving a high rating (capital adequacy, asset quality, management, earnings, liquidity, and sensitivity to risk). Good news for the members of Interior Federal Credit Union.

Many thanks to other members of the Committee, Gary Weitzner, David Barta, and David Beeksma who participate actively in performing the duties of the Supervisory Committee. It is a pleasure serving with them.

Margaret Lliteras
Chairperson of the Supervisory Committee

LOAN REVIEW COMMITTEE'S REPORT

The Credit Union processed 2,946 loan applications in 2015. These loans were approved for numerous purposes including home purchases and refinancing, home improvements, new and used autos, debt consolidation, unsecured loans, Visa credit cards and student loans.

Loan Officers approved 1,713 loans for a total of \$35,759,137 and denied 1,233 loans for a total of \$15,373,049. The Loan Review Committee reviewed and denied 1 loan for a total of \$25,000. Loan Officers are now approving and denying loans and therefore a smaller number of loans are reviewed by the Committee.

The Loan Review Committee is dedicated to reviewing each member's loan request fairly and objectively without regard to race, color, religion, national origin, sex, sexual orientation or marital status. Decisions are always kept in confidence and are based on written loan policies adopted by the Board of Directors, applicable Federal laws and sound lending practices.

Monica Taylor-Lane
Chairperson of the Loan Review Committee



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STATEMENT OF FINANCIAL CONDITION

As of December 31, 2015 and 2014

	2015	2014	Increase/(Decrease) During 2015
ASSETS			
Total Loans to Members	\$133,197,611	\$117,853,375	\$15,344,236
Investments	30,095,456	28,846,696	\$1,248,760
Other Assets	1,413,835	1,446,027	(\$32,192)
Total Assets	\$164,706,902	\$148,146,098	\$16,560,804
LIABILITIES			
Payables	\$9,074,399	\$712,600	\$8,361,799
Other Liabilities	82,461	1,620	\$80,841
Total Liabilities	\$9,156,860	\$714,220	\$8,442,640
EQUITY			
Members Accounts	\$138,191,019	\$130,339,504	\$7,851,515
Reserves	17,359,023	17,092,374	\$266,649
Total Equity	155,550,042	147,431,878	\$8,118,164
Total Liabilities & Equity	\$164,706,902	\$148,146,098	\$16,560,804

INCOME STATEMENT

For the Years Ending December 31, 2015 and 2014

	2015	2014	Increase/(Decrease) During 2015
Income	\$7,504,201	\$7,072,542	\$431,659
Operating Expenses	(6,336,005)	(5,687,141)	\$648,864
Income from Operations	\$1,168,196	\$1,385,401	(\$217,205)
Dividends to Members	(778,214)	(729,005)	\$49,209
Gain on Investments	6,433	55,354	(\$48,921)
Net Income	\$396,415	\$711,750	(\$315,335)

Brenda Rodriguez
Treasurer

2015 AWARDS AND ACCOMPLISHMENTS

The Credit Union Movement Segment 2 - TV Show

Impact on Financial Wellness and Economic Restoration

Marketing and Business Development Team - CU Rock Star Award

Strategic Volunteerism Sparks Success

Marketing and Business Development Team - CU Times Award

Mejia: Spurring Growth through Community Investments

The Dora Maxwell Social Responsibility Award

2015 Trailblazer Awards Winners Recognized

2014 & 2015 Digital Defense Excellence in Network Security Award

Callahan's ROM (return on member) Top 25 CUs
Recognized for return to members in peer group (772 CUs)

Your Natural Resource for Financial Services