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. Last year was a year of transition as we went to a state-chartered credit union with outstanding results. This change will allow families, friends, and neighbors to be a part of our organization. The Board of Directors and I would like to thank the Membership for their approval and Mike Miller, our President/CEO, for his leadership. His team worked diligently to make it all happen for the benefit of the Membership. This sets the stage for our future. Our Membership will see greater emphasis on loans, along with improved lending rates and a Service Excellence mission that will be a leader in our industry.

Yes, 2015 was an excellent year, which took our assets to $892 million and we are on our way to our $1 billion target. Our capital ratio rose to 10.7%, which translates to a very sound financial institution. That ratio is a major measure reflecting the safety and soundness of IBMSECU. In addition, all of our indicators reflect continued “Controlled Growth” for our institution. We will also strive to be everyone’s primary financial institution, all while maintaining the credit union industry philosophy of “People Helping People.”

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 as we move forward with this dynamic financial institution.

Connect with your Credit Union on Facebook, Twitter, LinkedIn, and YouTube!

Find out the latest news from your Credit Union, get reminders of holiday closings, notice of new promotional offers, educational articles, and much more. Learn about the people who work here through IBMSECU’s LinkedIn page and check out our informational videos on YouTube. Check us out today!
Our mission is to deliver Service Excellence to the Membership while ensuring the safety and soundness of the Credit Union.

On a final note, I would like to extend a “Special Thank You” to Don Lee, who served us as past Chairman of the Board for almost 20 years. His service was much appreciated and he continues to serve on the board.

Respectfully Submitted,

**Michael W. Townsend, CCD**

Chairman of the Board

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**Board of Directors for 2015**

Johnny Bennett

Peter L. Blacklock

Thomas E. Brawley

Brad J. DeBauche

James M. Dorman

Donald L. Lee

Stephanie M. Stevens

Michael W. Townsend

Juana T. Krause

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IBM Southeast Employees’ Credit Union

IBMSECU

http://www.youtube.com/user/IBMSECU

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Dear Members,

IBM Southeast Employees’ Credit Union (IBMSECU) has been your trusted financial partner for over 46 years. Thank you for your loyalty and Membership. We value your loyalty and 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.

The year 2015 will be remembered as a year of structural change and positive improvements for IBMSECU. These changes included a change from a federal credit union charter to a state credit union charter, an outstanding financial performance, and new products and services.

In 2015, you the Members, voted for and authorized IBMSECU to change from a federal charter to a state credit union charter. Thank you for your vote of confidence in the Board of Directors’ decision to pursue this new direction that will enable your Credit Union to grow and prosper.

Your Credit Union ended the fiscal year with the capital position improving and with controlled growth in assets, loans, and shares. Total assets grew from $853 million up to $892 million. We are proud to say that your Credit Union ended 2015 with an all-time record net income position, earning over $9.7 million. With this net income, we increased our net-worth-to-assets percentage to 10.7% and reserves (rainy-day savings) to nearly $92 million. The quality of our assets improved as our loan delinquency and loan charge-off ratios continue to decline. We continued to look for ways to be more efficient with your resources and reduce expenses. We ended 2015 with record income, strong reserves, and a much improved loan portfolio. Your Credit Union is strong and healthy.
Our goal is to serve all of our Members well, including those of modest means—every Member counts. Our Members are fiercely loyal because they know their Credit Union will be there for them in bad times, as well as good.

Other upgrades to our operation and services included:

- Continuing to simplify the loan application process to make it easier and quicker to get a loan from your Credit Union
- Upgrades to our Business Lending Program
- IBMSECU Visa Credit Cards now come with built-in chip technology, giving you greater fraud protection when you use your card at a chip-activated terminal
- Mobile Payments launch with the rollout of Apple Pay

As you can see from the above accomplishments, delivering Service Excellence to our Members remains our primary focus. It is what our Members want and deserve. We constantly measure your Member Service experience and loyalty to your Credit Union. Our Member Service experience scores continue to run much higher than the financial institution industry. Your Credit Union staff is truly committed to delivering exceptional service to you.

Although the world continues to change, one thing that remains constant is our renewed commitment to Service Excellence and our core values:

- Compliant with laws and regulations
- Trustworthy
- Respect for all
- Accountable for our actions
- A compassionate nature

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, the Members, and work alongside our outstanding staff, Board of Directors, and volunteers. I look forward to an exciting 2016.

Sincerely,

Michael L. Miller
President/CEO
IBMSECU is committed to preserving and protecting the privacy and confidentiality of its Members’ non-public personal information. This commitment is a fundamental mission 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 & Security and Fraud Prevention pages under the Your Knowledge section of ibmsecu.org.

Our Credit Union shares information only to administer the products and services we provide, when required to do so by the government, or when other businesses perform on our behalf to offer a broader array of products and services that are designed to enhance our Members’ economic well-being. In these cases, the Credit Union fully discloses to those businesses, through contractual agreement, that they are required to maintain the confidentiality of such information. The Credit Union also provides information to, and receives information from, non-affiliated third-party credit reporting agencies for safety and soundness related to the opening and qualifying criteria for share and loan accounts.

For more information, see our Privacy Policy Disclosure available on our website: What Does IBMSECU Do With Your Personal Information?, or contact the Credit Union at serviceplus@ibmsecu.org or call 800.873.5100.
The Supervisory Committee at IBMSECU is appointed by the Board of Directors to represent the Members. As your representatives, the Committee attends monthly Board meetings and has access to Credit Union personnel and financial records. A primary function of the Supervisory Committee is to ensure that the Credit Union’s financial records are properly and accurately maintained to reflect the overall condition of the Credit Union. To accomplish this function, the independent certified public accounting firm of Orth, Chakler, Murnane and Company, CPAs, conducted a certified audit of the Credit Union’s financial statements for the period ending December 31, 2015.

Based on the favorable audit performed by the external auditors, the Supervisory Committee is satisfied that your Credit Union is in good financial condition and that financial statements have been reported in accordance with Generally Accepted Accounting Principles (GAAP). A complete copy of the audited financial statements is available upon request.

Supervisory Committee:

Howard D. Isaacs, MBA, CPA (Chairperson)
Brian L. Garr, Marie I. Mascaro

Nothing is more important to us than your time, your money, and your future.
Chairman Michael Townsend called the Annual Meeting of the IBM Southeast Employees’ Federal Credit Union to order at 5 p.m. on May 21, 2015.

Stephanie Stevens, Secretary, confirmed a Quorum was present.

Chairman Townsend welcomed guests and introduced the Board of Directors and Volunteers to the Annual Meeting:

- Michael Townsend, Chairman
- Johnny Bennett, Vice Chairman
- Mickey Dorman, Director and Treasurer
- Stephanie Stevens, Director and Secretary
- Peter Blacklock, Director
- Tom Brawley, Director
- Brad DeBauche, Director
- Juana Krause, Director
- Donald Lee, Director
- Howard Isaacs, Director Emeritus & Supervisory Committee Chairman
- Brian Garr, Supervisory Committee Member
- Marie Mascaro, Supervisory Committee Member
- Pat Ciresi, Director Emeritus
- Lary McCants, Director Emeritus & Former CEO
- Michael Miller, President & CEO

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

- Oral Reading of Minutes of 2014 Annual Meeting
- Financial Report
- Supervisory Committee Report
- Chairman’s Report
- CEO Report

Chairman Townsend called for the Nominating Committee’s Peter Blacklock to report on the results of the recent slate of nominees. Peter Blacklock stated that Johnny Bennett, Juana Krause and Stephanie Stevens were each elected for a three-year term.
Motion to accept the Nominating Committee’s report made by Donald Lee and seconded by Brad DeBauche. Motion approved unanimously.

Chairman Townsend called on Michael Miller for the CEO comments. Mr. Miller stated that he was honored to serve as the President and CEO of the IBM Southeast Employees’ Federal Credit Union alongside this tremendous group of volunteers and Board of Directors, Supervisory Committee members, and our great staff. 2014 was a tremendous year for our Credit Union. In August, we had $882 million in total assets and we set a record of $7.2 million in annual income. Operationally, we rolled out several new products and services. The most visible to members is the new online banking and mobile app. We provide quality service to our members every day by greeting each one with a warm welcome and a smiling face. As a dedicated team of volunteers and professionals, we continued to service our members throughout 2014 while honoring our core values of trust, respect, accountability, compliance, and compassion as we strive to fulfill our mission of delivering Service Excellence to our membership while ensuring the safety and soundness of the Credit Union. Finally in 2014, we continued the tradition of Service Excellence as established by past leaders and we look forward to another great year in 2015.
Michael Townsend called for a motion to accept CEO Comments.

Motion to accept the CEO’s comments made by Pat Ciresi and seconded by Johnny Bennett.

Chairman Townsend asked if there was any unfinished business. There was none. Chairman Townsend called for Mr. Donald Lee, past Chairman for 18 years. The Board and Supervisory Committee thanked Mr. Lee for his 18 years of commitment and honored him with a plaque. Mr. Lee stated that it was a pleasure and joy to be a leader of the Credit Union and expressed his pleasure working with our new CEO Mr. Miller.

Chairman Townsend called for any new business. He entertained a motion to adjourn.

Tom Brawley made the motion and Lary McCants seconded.

The Annual Meeting adjourned at 5:25 p.m.

Respectfully submitted,

Stephanie M. Stevens, Secretary

Donald L. Lee, Chairman
### CONSOLIDATED CONDENSED STATEMENTS

#### FINANCIAL CONDITION

<table>
<thead>
<tr>
<th>Assets</th>
<th>As of 12.31.15</th>
<th>12.31.14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Investments</td>
<td>$275,126,134</td>
<td>$313,447,147</td>
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<tr>
<td>Loans to Members, Net of Allowance for Loan Losses</td>
<td>557,969,047</td>
<td>476,828,795</td>
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<tr>
<td>Loans Held for Sale</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Furniture and Equipment</td>
<td>13,958,282</td>
<td>16,713,247</td>
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<tr>
<td>Other Assets</td>
<td>45,427,891</td>
<td>46,488,259</td>
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<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$892,481,354</strong></td>
<td><strong>$853,477,448</strong></td>
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<table>
<thead>
<tr>
<th>Liabilities and Equity</th>
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<th></th>
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</thead>
<tbody>
<tr>
<td>Members’ Shares and Share Equivalents</td>
<td>$797,265,872</td>
<td>$769,064,619</td>
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<tr>
<td>Dividends, Notes and Accounts Payable, and other Accrued Liabilities</td>
<td>11,443,431</td>
<td>6,809,431</td>
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<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>$808,709,303</strong></td>
<td><strong>$775,874,050</strong></td>
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<td>Statutory Reserve</td>
<td>12,529,849</td>
<td>12,529,849</td>
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<tr>
<td>Undivided Earnings</td>
<td>71,242,202</td>
<td>65,073,549</td>
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<tr>
<td><strong>Total Liabilities and Equity</strong></td>
<td><strong>$892,481,354</strong></td>
<td><strong>$853,477,448</strong></td>
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#### INCOME AND EXPENSES

<table>
<thead>
<tr>
<th>Income</th>
<th>Year Ending 12.31.15</th>
<th>12.31.14</th>
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<tbody>
<tr>
<td><strong>Interest Income</strong></td>
<td></td>
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<tr>
<td>Interest on Loans</td>
<td>$25,186,367</td>
<td>$22,848,315</td>
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<tr>
<td>Investment Income</td>
<td>3,120,368</td>
<td>3,734,576</td>
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<td><strong>Total Interest Income</strong></td>
<td><strong>$28,306,735</strong></td>
<td><strong>$26,582,891</strong></td>
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<td><strong>Interest Expense</strong></td>
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<tr>
<td>Members’ Share and Savings Accounts</td>
<td>1,497,575</td>
<td>1,542,536</td>
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<tr>
<td>Borrowed Funds</td>
<td>–</td>
<td>–</td>
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<tr>
<td><strong>Total Interest Expense</strong></td>
<td><strong>1,497,575</strong></td>
<td><strong>1,542,536</strong></td>
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<tr>
<td><strong>Net Interest Income</strong></td>
<td><strong>$26,809,160</strong></td>
<td><strong>$25,040,355</strong></td>
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<tr>
<td><strong>Non-Interest Income</strong></td>
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<tr>
<td></td>
<td>13,550,708</td>
<td>11,695,522</td>
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<tr>
<td><strong>Non-Interest Expense</strong></td>
<td>30,617,713</td>
<td>29,475,331</td>
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<tr>
<td><strong>Net Income</strong></td>
<td><strong>$9,742,155</strong></td>
<td><strong>$7,260,546</strong></td>
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Federally Insured by NCUA