As IBM Southeast Employees’ Federal Credit Union closed the books on 2014, our capital ratio had just climbed to the 10 percent mark. This measure accentuates the safety and soundness of IBM Southeast EFCU. Loans and our profitability increased and delinquency continues to decline. All of these indicators reflect that this upward trend will continue in 2015 and probably will even surpass the previous expectations of 2014. So next time you're interacting with any of our staff, please offer them a “congratulations” for a job well done.

The Annual Report with the Chairman’s message is a yearly occurrence which basically reflects the “state of the business.” Also, the report, in conjunction with the Annual Meeting, performs several other important tasks. One of the most important is our nominating process which is the key to conducting and ultimately announcing the results of our annual election of directors. As the Chairman, I am pleased to report that our Board of Directors you have selected over the years continues to excel in leadership and management skills. Their dedication of time and talents continues to impress me in their ongoing support of Credit Union efforts and initiatives. As I will be stepping down as Chairman in 2015, it should come as no surprise that the directors and volunteers, just like our key management team, have a succession plan. So the transition to a new chairperson should be smooth and uneventful.

Yes, 2014 was a good year which sets the stage for 2015 and beyond. The future emphasis will be placed on delivering Service Excellence as always, as well as a multitude of great loan products. All of our Members will be reminded through our marketing efforts to keep us in mind for that new car loan or, if you have existing high-interest loans, that refinancing with us at a lower rate is simple.

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 IBM Southeast EFCU’s LinkedIn page and check out our informational videos on YouTube. Plus, each month you can enter to win a prize from our Facebook giveaway by clicking on the “Giveaway” button at the top of our page. Check it out today!
and fast. Plus, to broaden our offerings we are now offering small-business loan packages.

Our Credit Union’s future looks extremely bright and support from our Members has been unequaled. We will continue to provide state-of-the-art access methods for all your accounts. We’re exploring chartering opportunities to broaden our Membership base for your families, friends, and neighbors. We will also continue to strive to be everyone’s primary financial institution, all while maintaining our core values of “People Helping People.”

It has been my honor to serve as the Chairman of the Board of IBM Southeast Employees’ Federal Credit Union. On behalf of the Board of Directors, I would like to express our appreciation for your continued support.

Respectfully Submitted,

Donald L. Lee, CCD
Chairman of the Board

Board of Directors for 2014

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

Our mission is to deliver Service Excellence to the Membership while ensuring the safety and soundness of the Credit Union.

IBM Southeast Employees’ Federal Credit Union
IBM_SECU
http://www.youtube.com/user/IBMSECU
IBM Southeast Employees’ Federal Credit Union

* “Facebook,” a registered trademark of Facebook, Inc., “Twitter,” a registered trademark of Twitter, Inc., “LinkedIn,” a registered trademark of LinkedIn Corporation, and “YouTube,” a registered trademark of Google, Inc., are not affiliated with IBM Southeast EFCU. Must be a current Facebook subscriber to be eligible for giveaway. Previous winners and IBM Southeast EFCU employees not eligible.
Dear Members,

IBM Southeast Employees’ Federal Credit Union has been your trusted financial partner of choice for over 45 years. Thank you for your loyalty and Membership. Today, we value the foundation of that loyalty and trust as we continue to honor the Credit Union creed of “People Helping People” that 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 to continue to deliver Service Excellence to our Members.

We will remember 2014 as a year of positive improvements for IBM SECU. These changes included an improving economy, outstanding financial performance, and new products and services.

For IBM SECU, 2014 was a great year. Your Credit Union ended the fiscal year in an improved capital position with controlled growth in assets, loans, and shares. Total assets grew to over $853 million. We are proud to say that your Credit Union ended 2014 with an all-time record net income position, earning over $7.2 million. With this income, we increased our net worth-to-assets percentage to 10.07% and reserves (rainy-day savings) to nearly $86 million. The quality of our assets improved as our loan delinquency and charge-offs ratios continue to decline. We continued to look for ways to be more efficient with your resources and reduced expenses by $3 million or 9.3% below budget. We ended 2014 with record income, strong reserves, and a much improved loan portfolio. Your Credit Union is strong and healthy.

In 2014, we made a number of upgrades to our operation and services for you:

• Launched a new Online and Mobile Banking system.
• Rolled out new iPhone and Android apps.
• Introduced Mobile Check Deposit, the ability to deposit a check by taking a picture with your phone.
• Implemented Live Chat, the ability to chat with a representative online.
• Adjusted documentation requirements to simplify the loan application process.
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.

- Re-initiated a business lending program.
- Offering a low-rate balance transfer feature to all new credit cards.
- Added many educational videos to our YouTube channel.
- Launched a free Youth Checking account for members 16-21 years old.
- Partnered with HomeAdvantage™ to offer MLS home searches, Realtor services,
  and a 20% commission rebate.

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 remains constant and that
is our renewed commitment to Service Excellence and our core values:

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

We realize you have many choices of financial service providers. 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 2015.

Sincerely,

Michael L. Miller
President/CEO
MEMBER PRIVACY POLICY

IBM Southeast Employees’ Federal Credit Union 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 IBM Southeast EFCU Do With Your Personal Information?, or contact the Credit Union at serviceplus@ibmsecu.org or call 800.873.5100 or 561.982.4700.

Personalized service helps us create a bond of trust with our Members to ensure a lasting relationship.
The Supervisory Committee at IBM Southeast Employees’ Federal Credit Union 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, 2014.

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, Juana Krause, Marie I. Mascaro

Nothing is more important to us than your time, your money, and your future.
Chairman Don Lee called the meeting to order at 6:05 p.m. EST on Thursday, May 22, 2014.

Secretary Stephanie Stevens stated that a quorum was present.

Chairman Lee welcomed guests and introduced the Board of Directors and Volunteers to the 45th Annual Meeting:

- Michael Townsend, Director and Vice Chairman
- Mickey Dorman, Director and Treasurer
- Stephanie Stevens, Director and Secretary
- Johnny Bennett, Director
- Peter Blacklock, Director
- Tom Brawley, Director
- Brad DeBauche, Director
- Juana Krause, Director and Supervisory Committee Member
- Howard Isaacs, Director Emeritus & Supervisory Committee Chairman
- Brian Garr, Supervisory Committee Member
- Marie Mascaro, Supervisory Committee Member
- Bill Boyle, Director Emeritus

A motion to dispense with the following was made by Bill Boyle, seconded by Brad DeBauche, and unanimously approved:

- Oral Reading of Minutes of 2013 Annual Meeting
- Supervisory Committee Report
- Financial Report
- Chairman's Report

Chairman Lee asked President/CEO Michael Miller for his report:

I am humbled and honored to stand before you as the fifth President and CEO of the IBM Southeast Employees’ Federal Credit Union. As a recap of 2013, it was a really good year. Net income was positive at $6.7 million. This income increased our net worth and reserves to nearly $77 million, which was a very strong gain. Our loan delinquency and charge-offs continue to decline. We reduced expenses by 10% below budget. We ended the year 2013 with very positive income,
Your time is valuable. We are always developing more-efficient systems and greater online options to meet our Members’ needs.

strong reserves, and a much improved loan portfolio, so your Credit Union remains very healthy and strong. We thank you for your support as Members and especially to the employees that make it happen every day.

The staff did many things to improve operations and Member Service. We provided live chat options to respond more quickly to Members’ needs and added credit monitoring and ID theft protection. We eased some loan underwriting criteria as the credit pendulum has shifted back. We are trying to make credit more available to our Members. On the credit side, we introduced V.me by VISA, which allows Members secure and fast online purchasing and we implemented my card, with which you can add a picture of your kids or dog to your credit or debit card.

Lastly, I wanted to thank those before me, especially Lary McCants, who was a legend around here. He worked for IBM for 21 years and was one of the original founders of the Credit Union, one of the early Members, and was President and CEO of the Credit Union for 25 years. I appreciate what he did before me. We, the current management team and employees, are very excited about
what lies ahead of us and the opportunities that we have for our Members. Thank you for your faith and confidence in us, and we are going to do our best job possible in 2014.

**Motion to Accept President’s Report was made by Mickey Dorman and seconded by Michael Townsend. Motion carried.**

Chairman Lee called on Johnny Bennett, Nominating Committee Chairperson, to present results of the Annual Election. There were four candidates up for election. All candidates were reelected to the Board: Tom Brawley—three year term, Brad DeBauche—three year term, Michael Townsend—three year term and Juana Krause—two year term.

**Motion to accept Nominating Committee Report made by Michael Townsend and seconded by Patti Munro. Motion approved unanimously.**

**Chairman Lee stated:**

- No Old Business
- Any New Business

He briefly mentioned the Board of Directors’ responsibility to select the new Chief Executive Officer upon the retirement of Lary McCants. A national firm was selected to assist in that task. Hundreds of candidates from all across the country were considered. A search committee chaired by Peter Blacklock narrowed the candidate search from hundreds to 30-40, then 5-10 and finally to 2-3. From the final set of candidates, the Board selected Michael Miller from Indiana Members Credit Union. The Board would like to thank Mr. Miller for joining the IBM SE team and know the membership will appreciate his dedication to service excellence as well as the Credit Union philosophy of “People Helping People.”

Since there was no additional new business, Chairman Lee made the motion to adjourn the meeting at 6:15 PM.

**Motion was seconded by Bill Boyle. Motion carried.**

Respectfully submitted,

Stephanie M. Stevens, Secretary

Donald L. Lee, Chairman
You can now use your IBM Southeast EFCU credit or debit cards with Apple Pay,* the easy, secure, and private way to pay! Apple Pay allows you to use your iPhone 6, Apple Watch, or iPad to pay in stores without swiping your cards or in apps without entering your card or contact information. Pay with a single touch of your finger using Touch ID.

**Apple Pay is here!**

[Image of Apple Pay with an IBM Southeast EFCU card]

**It’s Secure:**
- Your account or card numbers are never stored on Apple’s® server and merchants won’t see card numbers, contact info, or security codes.
- If your iPhone is lost or stolen, you can use Apple’s® Find My iPhone feature to put your device into Lost Mode to suspend Apple Pay.
- All IBM Southeast EFCU Visa® credit cards come with Visa® Zero Liability Policy which provides an additional layer of protection if fraud occurs.

**Getting Started is Easy:**
- Make sure your iPhone 6, iPad Air 2, or iPad Mini 3 has the latest iOS 8 version on it
- Add your IBM Southeast EFCU credit or debit card to Apple Pay
- Begin paying securely with a single touch

**Look for these icons at checkout:**

[Image of Apple Pay icons]

* For more information, please refer to the Mobile Payment Service Disclosure and User Agreement available on our website at ibmsecu.org or contact a Member Service Advisor. Apple®, iPhone®, iSight®, Passbook®, and iTunes® are trademarks of Apple, Inc., registered in the U.S. and other countries. Apple Pay™, Apple Watch™ and Touch ID are trademarks of Apple, Inc. Some features may not be available for all countries or in all areas.
Your Credit Union makes it easy for you to enjoy the good things in life with loan options to fit any need.*

- **Mortgages** Finance the house of your dreams, or fix the one you already own with a First Mortgage, a Home Equity Line of Credit, or a Traditional Fixed-Rate Second Mortgage.

- **Vehicle Loans** Explore loans for cars, SUVs, boats, motorcycles, and much more!

- **Term Loan** Borrow a small amount for any unexpected expense!

- **Certificate or Savings Secured Loans** Use your Credit Union certificate or savings account as collateral for your loan.

- **Stock-Secured Loans** Use any stock listed on a major exchange as collateral for your loan.

- **Visa® Credit Cards** Experience the freedom and purchasing power of Visa® with exclusive Credit Union Member benefits and no fees for cash advances or balance transfers.

- **Commercial Lending** We now offer a full line of business lending products, including lines of credit, commercial mortgages, business vehicle loans, and more.

**We make it easy to apply!** Apply online at ibmsecu.org! It’s the fastest way to get a loan or you can call us at 800.873.5100 or 561.982.4700 during normal business hours, or email loans@ibmsecu.org or stop by your nearest branch to apply in person.

* All IBM Southeast EFCU loans are subject to income, address, and identification verification. Please visit our website or contact a Loan Advisor for details on the rates, terms, fees, and conditions that may apply. We do business in accordance with the Federal Fair Housing Act and the Equal Credit Opportunity Act.
Your Credit Union offers an exceptional Preferred Dealer Network for purchasing used cars: Enterprise Car Sales.* Find the used vehicle of your choice—haggle and hassle-free! Shop your trade to get the most value and even enhance your Credit Union financing. Take advantage of the Auto Buying Service today! Not only will you find that perfect car, you’ll get the best price for it! The only thing you’ll have to do is pick up the keys. Plus, get a .50% discount on your Credit Union auto loan when you use the Auto Buying Service!*

* Auto Buying Service offered through Enterprise Car Sales, a trademark of Enterprise Rent-A-Car, a non-affiliated, third-party provider for IBM Southeast EFCU. 0.50% discount only applies to vehicles financed through IBM Southeast EFCU and purchased through Enterprise. Certain conditions apply, not valid with other offers.
We’re excited to announce that our myWallet Checking Account is now free to all Members! And when we say “free” we mean it! There are no hidden fees. You’ll be able to take advantage of these benefits and features that won’t cost you a penny, including:*

- **FREE** checking with no minimum balance and no monthly maintenance fee
- **FREE** Visa® Debit Card with access to over 50,000 surcharge-free ATMs in the U.S.
- **FREE** Online and Mobile Banking
- **FREE** eStatements

* All IBM Southeast EFCU Memberships, Checking accounts and Visa® Debit Cards are subject to eligibility, address and identification verification, and qualification. Members who opt to receive paper statements will be charged a fee of $1.00 per month. Visa® International Service Assessment (ISA) fees may apply to non-U.S. transactions, and ATM surcharge fees may be incurred at ATMs not owned and operated by IBM Southeast EFCU or partners of the surcharge-free network. Please refer to a current Membership disclosure and fee schedule available on our website or contact a Member Service Advisor for more details on rates, terms, penalties, fees, and conditions that may apply. Your shares are federally insured by NCUA.
## Financial Condition

<table>
<thead>
<tr>
<th>Assets</th>
<th>As of 12.31.14</th>
<th>12.31.13</th>
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</thead>
<tbody>
<tr>
<td>Cash and Investments</td>
<td>$313,447,147</td>
<td>$347,889,996</td>
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<tr>
<td>Loans to Members, Net of Allowance for Loan Losses</td>
<td>476,828,795</td>
<td>432,470,786</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>16,713,247</td>
<td>16,374,062</td>
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<tr>
<td>Other Assets</td>
<td>46,488,259</td>
<td>37,393,833</td>
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<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$853,477,448</strong></td>
<td><strong>$834,128,677</strong></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities and Equity</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Members’ Shares and Share Equivalents</td>
<td>$769,064,619</td>
<td>$758,313,602</td>
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<tr>
<td>Dividends, Notes and Accounts Payable, and other Accrued Liabilities</td>
<td>6,809,431</td>
<td>6,096,494</td>
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<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>$775,874,050</strong></td>
<td><strong>$764,410,096</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>65,073,549</td>
<td>57,188,732</td>
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<tr>
<td><strong>Total Liabilities and Equity</strong></td>
<td><strong>$853,477,448</strong></td>
<td><strong>$834,128,677</strong></td>
</tr>
</tbody>
</table>

## Income and Expenses

<table>
<thead>
<tr>
<th>Income</th>
<th>Year Ending 12.31.14</th>
<th>12.31.13</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interest Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on Loans</td>
<td>$22,848,315</td>
<td>$22,741,417</td>
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<tr>
<td>Investment Income</td>
<td>3,734,576</td>
<td>3,331,738</td>
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<td><strong>Total Interest Income</strong></td>
<td><strong>$26,582,891</strong></td>
<td><strong>$26,073,155</strong></td>
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<tr>
<td><strong>Interest Expense</strong></td>
<td></td>
<td></td>
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<tr>
<td>Members’ Share and Savings Accounts</td>
<td>1,542,536</td>
<td>1,768,135</td>
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<tr>
<td>Borrowed Funds</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total Interest Expense</strong></td>
<td><strong>1,542,536</strong></td>
<td><strong>1,768,135</strong></td>
</tr>
<tr>
<td><strong>Net Interest Income</strong></td>
<td><strong>$25,040,355</strong></td>
<td><strong>$24,305,020</strong></td>
</tr>
<tr>
<td><strong>Non-Interest Income</strong></td>
<td><strong>$11,695,522</strong></td>
<td><strong>$12,922,024</strong></td>
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<tr>
<td><strong>Non-Interest Expense</strong></td>
<td><strong>$29,475,331</strong></td>
<td><strong>$30,472,150</strong></td>
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<tr>
<td><strong>Net Income</strong></td>
<td><strong>$7,260,546</strong></td>
<td><strong>$6,754,894</strong></td>
</tr>
</tbody>
</table>
IBM Southeast Employees’ Federal Credit Union
Your time. Your money. Your future.*