Believing in Financial Wellness
Elfcu’s 2013 Annual Report to Members
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Thank you for telling us that these elements matter most to you. You can now expect an even greater focus in these areas. We’ve implemented action plans to achieve these outcomes in 2014:

• Greater employee knowledge focused on the best solutions for you and your financial wellness
• Simplified loan applications
• Faster loan decisions and processing
• Even quicker member follow up and resolution of issues
• More awareness and information about our everyday low loan rates
• Improved online banking & bill pay services
• Simple changes such as asking for your name instead of your member number
• More frequent member surveys

Managed growth remains our priority, yet even in a highly competitive and commoditized banking environment, we stay focused on our members. Yes, Elfcu is working hard for you. We will be faster for you. We will make it easier than ever for you to do business with us. We will build on our ability to help you improve your financial situation. And thanks to strong management and control of expenses, we will continue to provide low fees, every day great rates, and overall tremendous value.

We believe that Elfcu is a pretty special place. It’s our band of believers in financial wellness — both members and employees — that make it this way.

Thank you for choosing us,

Mark Saltsgaver
Chair of the Board

Lisa A. Schlehuber
Chief Executive Officer

Be, Live and Grow.

These three simple words represent the objectives that guided our Board of Directors, Senior Leadership and our loyal employees throughout 2013. These objectives, which remain consistent into 2014, led Elfcu and our members to many successful moments and milestones as shared in this report.

BE the financial wellness experts delivers a promise of knowledge and commitment to our members. Elfcu is not just a credit union; we are financial wellness providers. We identify solutions among our broad array of products that are best-suited to your goals.

LIVE our purpose allows us to “build lifelong relationships to support our members’ financial success.” We must earn your trust and business every day. Our desire is for you to come to Elfcu first for any financial services need.

GROW our business led us to partner with 17 additional new companies through our exclusive SEG-based, “at work” business model. Our abilities to leverage both technology and the talents of our staff are making a national footprint. As evidence, for the first time in our 83-year history, the majority of Elfcu’s net new member growth came from groups beyond Eli Lilly and Company. While our diversification strategy is working, we’re still engaged and growing within Lilly where our heritage is deeply-rooted.

We heard you.

According to plan, Elfcu conducted a randomized member survey midway through 2013. While we’re happy to report that our member loyalty is strong, we’re also grateful to have identified some opportunities within the member experience at Elfcu.

Accuracy, Knowledge, Privacy, Problem Resolution, Professionalism.

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2013 Highlights

Financial Wellness Education

Regardless of where you are in your financial life, Eilfcu is here with expertise to support you.

Elix is our financial wellness education program all about you and your goals, rather than our products and transactions. Elix concentrates on celebrating your life events, strengthening your relationships, making your major purchases and saving you money.

elfcu.org is our financial wellness education engine that invites consumers to discover a continuous stream of content via our Life Lessons blog, downloadable online guides, and videos. The value of these resources is emerging through member recruitment results.

62 Life Lessons blog postings for an average of 5+ monthly

1,962 online guide downloads

678 new contacts / non-members identified

10.0% conversion rate of contacts to customers / new members

For a second year, Pete the Planner served as our preferred financial wellness education expert. Thanks to this exclusive relationship, Pete provided many valuable lessons to our members through video bits, eBooks, and live programming, all intended to help them become better spenders, savers, and budgeters.

Eilfcu also relies on the talents of our partners at Members Auto Source, our preferred legal services providers at Brazill Hester P.C. and Emswiler, Williams, Noland & Clarke, P.C., our own Eilfcu Wealth Management team, and employees throughout the organization to share knowledge with members through Elix.

For those who need extra support, we continue to partner with GreenPath Financial Wellness, a non-profit credit counseling agency that offers free access to money management and credit counseling services.

Again in 2013, Eilfcu appealed to area businesses as the premier financial wellness partner for the Indiana Wellness Council, a wholly owned subsidiary of the Indiana Chamber of Commerce.

Recognition

Our financial wellness expertise is noticed and applauded well beyond Eilfcu.

CU Members Mortgage Credit Union Partner of the Year for the 15th year in a row

Kristy Mars, Mortgage Loans Originator, wins FIVE STAR Mortgage Professional Award for fourth year in a row. Indianapolis Monthly recognizes only 7% of the region’s mortgage professionals with this honor.

Best Places to Work in Indiana for fourth year in a row, ranking 7th among medium-sized companies

CUNA Diamond Award for outstanding credit union marketing – “Brand Awareness” category

Eilfcu Wealth Management Accolades:

Five Star Wealth Manager: Bruce Evans

LPL Masters Qualifiers/Top-Tier Producers: Jim Wolf, CFP®, Bruce Evans, Terry Cox, CRPC®, Raymond Mark, CFP®, Matt Snively

Indianapolis Business Journal: Largest Indianapolis Area Investment Brokerage Firms (second year listed)
Branches Don’t Define Us
Brick and mortar locations are not our lever for growth. On the contrary, Elfcu believes in building a technologically robust credit union that continually offers new and improved electronic conveniences to the membership. In 2013, we upgraded our eBranch and Bill Pay platforms resulting in continued growth of our modern alternatives to traditional banking.

29,978 registered eBranch users
Average of 756 remote deposits via home scanners monthly
6,711 active Bill Pay users
392,030 bill payments totaling more than $163 million
5,559 elfcuMOBILE users; compared to 2,403 users in 2012
20,255 mobile deposits via smartphones. 1,031 made in January and three times as many by December with 3,237.

New mobile app with bill pay features and tablet compatibility coming in 2014!

Supporting Daily Financial Needs
2013 was a big year for crafting an even more responsible and affordable credit card offer for our members. We simplified our interest rates for all applicants who qualify to guaranteed flat rate pricing rather than a tiered model based on credit score. We also increased the rate at which our cardholders earn rewards through a streamlined program called PurePerks.

Members will begin to see a new credit card design as developed late last year. Thanks to a strong cause-based marketing relationship, a new and exciting credit card product will launch in Spring 2014.

827 new credit cardholders added in 2013
Cardholders at Elfcu, both debit and credit, can have confidence in our ongoing fraud monitoring and protection programs. Elfcu’s handling of the 2013 security breach at Target stores represented a more pre-emptive approach than many of our industry competitors, as we proactively reissued 3,500+ cards to members during the holidays we minimized the incident of fraud on these members’ accounts.

Providing Long-Term Solutions
It’s equally important to support our members’ longer-term investment and retirement planning goals as it is to support their daily banking needs. Buoyed by continued strong performance in global equity markets and new client acquisition, Elfcu Wealth Management achieved record results in several key performance indicators again this year. They continue to partner with LPL Financial, the nation’s largest independent broker/dealer serving 700 community banks and credit unions.

$428.3 million:
26% growth in total program assets
21% growth in client “assets under management for a fee”
16.2% increase in individual advisor production
23% growth in total program revenue
13th: Elfcu Wealth Management’s rank among LPL affiliated credit unions nationwide
GROW the Business

2013 Highlights

Membership
It was a record-breaking year for membership growth at Elfcu.

6,674 Total net new members representing 15.7% in membership growth; 2013 Goal was 2,600

5,718 members / 86% of new members joined from associated groups beyond Eli Lilly and Company

49,220 Total net core membership*

*Per NCUA’s 5300 Call Report Quarterly Data, total net membership is 62,905 which includes non-core members who are indirect borrowers through our student loans program.

56 total employer groups including Eli Lilly and Company

17 new employer groups added to membership eligibility including OneAmerica, Angie’s List and CNO Financial Group

Loans
Growth in our lending program allows Elfcu to reinvest in member benefits such as technology advances and better pricing across our product offering. During a year when mortgage refinance business slowed, Elfcu’s auto loans business found new life. Auto originations grew to $77.3 million, thanks to $39.3 million in volume through a new indirect lending partner with national exposure and local dealer relationships including Indy Honda, Dreyer & Reinbold, Lockhart Cadillac, Dellen Chrysler and Dellen Chevrolet.

In the area of home equity loans, we streamlined our program to cut closing times in half for borrowers. Elfcu members refinanced $66.8 million in mortgages and 48.0 million in auto loans in 2013, allowing them to improve their personal financial wellness either through a lower monthly payment and/or a shorter term on their major purchases.

$383.8 million Total lending originations with $125.1 million in first mortgage loans

$258.7 million in all other types of loans

$671.21 million Overall loan balances, for an increase of $47.1 million or 7.54% growth

Deposits
To better support the savings goals of our members, we introduced two new savings products including the Premium Money Market and The Grow Account, a savings tool for our youngest members. We surpassed goal in checking account balances, indicating that more members are looking to Elfcu as their primary financial institution. Despite a year of high-profile merchant security breaches, Elfcu’s debit and credit card fraud losses remained lower than projections for the year.

$899.0 million Overall deposit balances, for an increase of $24.5 million or 2.80% growth
Elfcu remains financially strong as it experienced new highs in asset growth and net income.

$1 billion+ in assets
1.16% return on average assets
$12.0 million in net income
9.03% in net worth to assets ratio.

Any ratio beyond 7.0% is considered "well capitalized" by the National Credit Union Administration, the credit union industry’s FDIC equivalent.

Corporate Responsibility
Our members care about their communities. So does Elfcu. This year, more than ever, Elfcu focused on community causes with financial contributions and gifts of employee time and talent.

$30,194.07 amount that Elfcu, Indy Honda, Members Auto Source and CO-OP Network donated to the Riley Children’s Foundation as a result of our “Cars for Kids” special cause marketing relationship

$4,500 additional corporate contributions to Riley Children’s Foundation

$35,000 in support to community causes focused on financial literacy and education, at risk youth, and health and wellness

$2,923 in employee matching funds for their favorite causes

$57,089.54 donated by employees and Elfcu to United Way of Central Indiana, an increase of nearly $5,000 beyond 2012 campaign results $2,000+ generated by a silent auction called Elfcu’s Got Talent! in which employees donated gifts associated with their personal hobbies and strengths

Toys for Tots was Elfcu’s designated holiday charity, supported by cash and in-kind donations from employees

Elfcu employees planned organized volunteer outings to Riley Children’s Hospital and Camp Riley

$120,000+ Grand Total of community support from Elfcu & its employees

2013 Board of Directors
Mark Saltsgaver, Chair of the Board
Nate Lewis, Vice Chair
Jennifer Marsh, Secretary
Adam S. Artfa
Kathleen DeLaNey
Kay Jackson
Michael F. Johnson
Brice Dunshee
Don Zakrowski

2013 Supervisory Committee
John Huesing, Former Committee Chair
Andrew Laux, Current Committee Chair
Patrick Cassidy
Benjamin Denlinger
Kelly Wiggins-Payne
Jeff Draper

In management’s opinion, the selected financial data presented herein is free of material error and accurately reflects the financial position and/or results of operations of Eli Lilly Federal Credit Union for the periods presented. Members may request a complete copy of our audited financial statements by calling 1-800-427-2105.
Net Worth to Assets
This ratio indicates a strong ability to withstand future losses or economic downturns.

A credit union must have a Net Worth to Assets ratio of at least 7.00% to be considered “Well Capitalized” by the National Credit Union Association (NCUA).

Net Charged-Off Loans to Average Loans
Elfcu experienced increased unsecured loan losses in 2012 from credit card and student loans.

Consolidated Statement of Income
Interest Income from Loans and Investments $34.3 $32.6
Interest Expense for Member Accounts and Borrowed Funds (6.3) (7.3)
Loan Loss Provision (1.7) (26.0)(B)
Net Interest Income 26.3 (0.6)
Other Income 10.8 10.6
Operating Expense (25.7) (24.0)
Non-Operating Expense 0.6 0.2
Net Income $12.0 $12.9

Notes to Financial Statements
(A) In December 2013, the credit union borrowed a 30-day note for $10 million for operational cash needs.
(B) Effective December 31, 2012, the credit union reserved 70% of total loan balances for a specific Private Student Loan program.

Consolidated Statement of Financial Condition
Assets 2013 2012
Cash and Investments $319.4 $301.9
Loans to Members 671.1 597.6
( net of allowance for loan losses)
Other Assets 73.3 73.6
Total Assets $1,033.9 $986.9

Liabilities and Members’ Equity
Share Savings, Drafts and Certificates $499.0 $487.4
Other Liabilities 413 30.6
Members’ Equity 93.8 80.3
Total Liabilities and Members’ Equity $1,033.9 $986.9

Return on Average Assets
Elfcu consistently maintains a relatively low income-to-assets ratio, choosing to give its members current economic benefit rather than maximizing profits.

Consolidated Statement of Financial Condition
(selected data in millions)
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Other Assets 73.3 73.6
Total Assets $1,033.9 $986.9

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