PURPOSEFUL
OUR 2017 ANNUAL REPORT
It’s no secret that banking is a highly regulated and competitive industry. That translates to constant evaluation and evolution of our processes and products so we can stay in compliance, but also a leader in the market.

At Elements, our business is strong and growing, and we owe this more than anything to our purposeful work that keeps the member as first priority. With every decision we make, we ask the question: “How will this impact the member?”

This key question prompts many others we ask ourselves daily:

**How can we provide better value?**
That’s a simple equation at Elements: higher deposit rates, lower loan rates, and fewer fees.

**How can we offer the knowledge and tools members are craving?**
Financial wellness education is another way we stand out in the crowd, by providing programs and resources onsite at partner organizations and online.

**How can we empower members in a digital world?**
We are fast explorers of new technology to bring value to our member experience. Technology guides much of what we do and how we do it – check out the all-new elements.org as just one example.

Meanwhile, internally we keep a keen focus on our employees, always asking how we can improve our workplace. Our Elements of Success represent our shared values. A healthy culture leads to better service and the best possible overall experience for members.

This report tells our unique story from 2017 and explains why we’re like a bank, only better. Thank you for supporting our credit union as we head into our 88th year of building relationships!

I have been most satisfied with the service I have received from Elements Financial. I would recommend them to anyone and often do! The service is excellent, their employees are knowledgeable and helpful in every way. I’m never left hanging on hold to receive that service either!

- Pamela, Elements Member

**we’re purposeful about people.**
At Elements, we’ve crafted a strategic environment driven by our Elements of Success, produced by dynamic employees working relentlessly to make our purpose a reality.

Our Purpose

Building lifelong relationships to impact our members’ financial success.
I first heard about Elements through my job. They partnered with my company to provide financial services for their employees... They would provide classes about anything and everything about your personal finances... I had just graduated from college with a real “adult” job and needed to know how to save my money, apply for a car loan, invest some money and eventually get a loan for a house.

- Connie, Elements Member

we’re dedicated to financial wellness.

850+
"At Work" Financial Wellness Events, including Onsite Educational Workshops, Personalized Credit Reviews, and more events

12,000+
participants in our educational programs

An electronic platform featuring 20 financial wellness modules for employees to earn wellness program points at both IU Health and the State of Indiana
OUR FIRST EVER
PURPOSE DAY
ON MONDAY, OCTOBER 09, 2017

we’re involved in our community.

In one day, our 175 employees completed projects and took four busses across Indianapolis to deliver...

03 ADA-COMPLIANT PICNIC TABLES for Camp Riley
07 SLEEPING MATS for Outreach, Inc.
60 HAND TIED BLANKETS for Little Red Door Cancer Agency
100 CRAFT KITS for Wheeler Mission children
200 CANCER CARE BAGS for Little Red Door Cancer Agency

and on top of that...
checks totaling $5,000 distributed to the 4 partner charities.
Significant Community Partnerships

Butler University
Indiana State Fairgrounds
Indianapolis Indians
Indy Chamber
Little Red Door Cancer Agency
Outreach, Inc.
Wellness Council of Indiana
Wheeler Mission

Major Charitable Gifts

Riley Children’s Foundation ............................................................. $35,000
7th Annual Cars 4 Kids Auto Campaign, Super Hero Night at Victory Field, and the Riley Children’s Foundation VISA Credit Card
Cancer Support Network ................................................................. $15,000
School on Wheels .......................................................................... $15,000
United Way of Central Indiana ..................................................... $78,817

1,400+ TOTAL HOURS of paid Volunteer Time Off Available...
all employees receive time to donate to local favorite causes.

Overall, more than $500,000 in community support!

Featured Company Awards

Best Places to Work in Indiana/8th Place in Medium Companies
CU Members Top Correspondent Mortgage Lending Partner
Indiana Credit Union League’s Dora Maxwell Award for Social Responsibility: Outreach Partnership
Q1 Client Partner of the Year
Wealth Management: LPL Financial’s 2017 Program of the Year for peer group
CUNA Diamond Award for Outstanding Marketing
Telly Award for Outstanding Television Commercial
Advisory HQ - Best Credit Unions in Indianapolis
Innovation in Financial Wellness Award - EverFi

Funds given by our employees with a 1:1 Elements match; exceeded goal of $70,000 by 17%

United Way of Central Indiana ................................................................................. $78,817
Cancer Support Network ............................................................................................. $15,000
School on Wheels ................................................................................................. $15,000
Riley Children’s Foundation ................................................................................. $35,000

Overall, more than $500,000 in community support!
Digital Excellence

“OUR DIGITAL BRANCH”
The new elements.org launched to members, designed based on member feedback and to allow for self-support.

NEW MORTGAGE APP
9.2/10 net promoter score indicating high member satisfaction with our progressive approach to the mortgage process.

SECURITY & FRAUD PREVENTION
Enhanced member fraud protection services including Card Control and EZShield, and a partnership with law enforcement agencies to report details of various online scams and schemes.

Business Lending
88% increase in total commercial loan balances.

Wealth Management
$13.1 million in New Client Assets
$610.2 million Total Program Assets Under Management; 16% increase
$380.5 million Total Advised Assets; 21% increase
$4.2 million Total Program Revenue; 11% increase

Our financial advisors represent one of the strongest credit union investment teams in the nation.

we’re innovative with our offering.

Elements Financial Federal Credit Union is not a registered broker/dealer and is not affiliated with LPL Financial. Securities offered through LPL Financial, member FINRA/SIPC. Insurance products offered through LPL Financial or its licensed affiliates.

Not NCUA Insured | No Credit Union Guarantee | May Lose Value
we're strong.

17 NEW PARTNER ORGANIZATIONS

BSA Life Structures
C-Spring/Critical Skills
Central Restaurant Products
Fineline Printing Group
Flexware Innovation
Fusion Alliance
Helmer Scientific
Indiana Farmers Insurance
Indy Chamber
Koorsen Facilities Management
National Office Furniture
Orchard Software
ProTrans
Regenstrief Institute
RQAW
Sharpen Technologies
TriMedX

NEW PARTNERS

facts & figures

20
new employees joined the Elements team

6
TH

24%
in local mortgage market share

90%
brand recognition among local consumers, up from 11% in 2016

member satisfaction based on services delivered through branches
**membership**

96,460 total membership
up by 4.3%
representing all 50 states and 50 countries

**deposits**

$1.20 billion in overall deposit balances
up by $99 million

**loans**

$1.17 billion in overall loan balances
up by $52 million

Elements is a great place to go to for all of your financial needs! I have saved so much money by doing my banking with Elements. I would suggest them to my friends and family!

- Kyle, Elements Member

---

Thank you to those who served Elements in 2017!

**Board of Directors**

Mark Saltsgaver  
Chair of the Board

Nathan Lewis  
Vice Chair

Don Zakrowski  
Secretary

John Huesing  
Treasurer

Kathleen DeLaney

Julie Dunlap

Jeremy Fitch

Kay Jackson

Michael F. Johnson

Dennis Trinkle

**Supervisory Committee**

Andrew Laux  
Committee Chair

Kecia Baker

Benjamin Denlinger

Jeff Draper

Beth Goines

Amy Treida
### Consolidated Statement of Financial Condition

#### Selected Data in Millions (unaudited)

<table>
<thead>
<tr>
<th>Assets</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Investments</td>
<td>$218.1</td>
<td>$171.5</td>
</tr>
<tr>
<td>Loans to Members</td>
<td>1,168.9</td>
<td>1,117.1</td>
</tr>
<tr>
<td>Allowance for loan losses</td>
<td>(9.6)</td>
<td>(11.5)</td>
</tr>
<tr>
<td>Other Assets</td>
<td>57.0</td>
<td>53.7</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$1,434.4</td>
<td>$1,330.7</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities and Members’ Equity</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share Savings, Drafts and Certificates</td>
<td>$1,197.1</td>
<td>$1,097.9</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>113.9</td>
<td>117.0</td>
</tr>
<tr>
<td>Members’ Equity</td>
<td>123.4</td>
<td>115.9</td>
</tr>
<tr>
<td><strong>Total Liabilities and Members’ Equity</strong></td>
<td>$1,434.4</td>
<td>$1,330.7</td>
</tr>
</tbody>
</table>

| **Net Worth Ratio** | 8.71% | 8.80% |

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 Elements Financial for the periods presented. Members may request a complete copy of our audited financial statements by calling (800) 621-2105. 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 Administration (NCUA).
I’ve been a member for nearly 30 years and the reason I remain loyal is based on the consistent, quality service and the efficiency in how they handle the products they have...

- Vince, Elements Member

Consolidated Statement of Income
Selected Data in Millions (unaudited)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Income from Loans and Investments</td>
<td>$45.6</td>
<td>$42.7</td>
</tr>
<tr>
<td>Interest Expense for Member Accounts and Borrowed Funds</td>
<td>(11.2)</td>
<td>(9.4)</td>
</tr>
<tr>
<td>Loan Loss Provision</td>
<td>(0.9)</td>
<td>(2.1)</td>
</tr>
<tr>
<td>Net Interest Income</td>
<td>33.5</td>
<td>31.3</td>
</tr>
<tr>
<td>Other Income</td>
<td>14.5</td>
<td>13.3</td>
</tr>
<tr>
<td>Operating Expense</td>
<td>(41.4)</td>
<td>(41.2)</td>
</tr>
<tr>
<td>Non-Operating Expense</td>
<td>1.2</td>
<td>(1.6)</td>
</tr>
<tr>
<td>Net Income</td>
<td>$7.7</td>
<td>$1.7</td>
</tr>
<tr>
<td>Return on Average Assets</td>
<td>0.55%</td>
<td>0.13%</td>
</tr>
</tbody>
</table>

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 Elements Financial for the periods presented. Members may request a complete copy of our audited financial statements by calling (800) 621-2105.
YOU CAN SHARE YOUR STORY WITH US!

Please take a moment and leave a review...

elements.org/GoogleReview
elements.org/YelpReview
elements.org/FacebookReview

I have been a member 20+ years - we have always had great service with all the products we have. Would not bank anywhere else.

- Steve, Elements Member
LIKE A BANK, ONLY BETTER.

78,000+ surcharge-free ATMs globally

24/7 Online Banking
Mobile Banking
Contact Center with live agents

5,000+ Shared Branches nationwide

Federally Insured by NCUA

We Do Business In Accordance with the Federal Fair Housing Law and the Equal Credit Opportunity Act

Elements Financial Federal Credit Union is not a registered broker/dealer and is not affiliated with LPL Financial. Securities offered through LPL Financial, member FINRA/SIPC. Insurance products offered through LPL Financial or its licensed affiliates.

Not NCUA Insured | No Credit Union Guarantee | May Lose Value