

Elements Financial, previously called Elfcu

A Year of Progression

Our 2014 Annual Report
to Members

Managing Today, Discovering Tomorrow and Providing the Best Value in Banking
Federally Insured by NCUA

Purpose: Building lifelong relationships to support our members' financial needs.

The Best Value in Banking

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A Year of Progression

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On January 6, 2015
Elfcu proudly became...



In 2015, we are now operating as Elements Financial, previously known as Elfcu or Eli Lilly Federal Credit Union.

As we reflect on our rich heritage with Eli Lilly and Company and this past year of progress, we're confident in our purpose to **build lifelong relationships to support our members' financial success.** We do so by providing solutions and service to individuals through our business partners. We've been an exclusive employer-based "at work" credit union since 1930 with Lilly and more recently with 60+ other companies across Indiana and nationwide.

Then, what is new? You'll find that many things are staying the same. You'll interact with the same faces and voices on our staff. We will still stand for integrity, excellence and respect for people and deliver the same superior service you've come to expect and deserve from us. We will offer the same great financial wellness products and services to members, and as member needs and especially technology evolves, we'll introduce even more to our offering. Member-ownership as a credit union remains.

Our new name does broaden our reach and allow us to more readily connect with potential business partners. In 2014, we partnered with 8 new companies and added their employees to our membership eligibility.

Last year alone, our members saved \$9.1 million just by doing business with us¹.

We're proud of this member value and you might even notice it on TV, the radio, and in print ads as part of our community branding and advertising efforts. We hope you'll begin to see and hear about us more within the Central Indiana community, specifically. Stay tuned to learn more about our new corporate sponsorships. This is where we're based, yet we serve members nationwide and globally in all 50 states and 40 foreign countries.

There are many results to come in these pages, highlighting our record-breaking year of business. 2014 was quite a journey for our company, Board, Senior Leadership and loyal employees. Most important are the diverse journeys our members took with us as they managed today and discovered tomorrow. As always, we're here to support them on their way.

Thank you for choosing the former Elfcu and the new Elements!



Mark Saltgaver
Chair of the Board



Lisa A. Schlehuber
Chief Executive Officer

1) Competitive Values are estimated by comparing historical rates and fees at Elements Financial and at the three banks with the largest market share in Central Indiana; data valid as of 10/31/14.

Moments

We all have moments of absolute certainty — moments when we discover **elements** within ourselves that change the course of our lives...



The Brand Progression

In early 2014, Elfcu embarked on an organizational project to transition to Elements Financial. This shift would recognize the first time in its 85 year history that the credit union would adopt a name beyond its highly-valued association with Eli Lilly and Company. The new brand is prompted by the growth and diversification of membership in recent years. There are no other financial institutions involved — no mergers, no buyouts — we'll be the same credit union. The goal is to make it well-known that companies beyond Lilly may partner with us to provide financial wellness to their employees. It's a momentous decision in the credit union's history.



elfcu



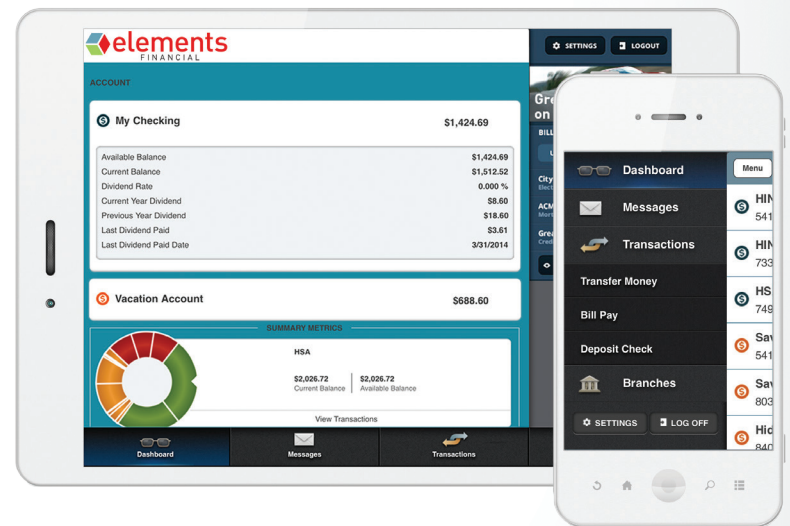
Digital Convenience

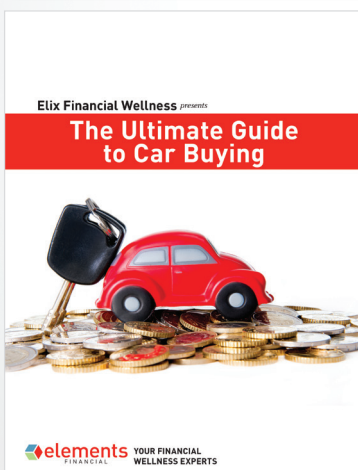
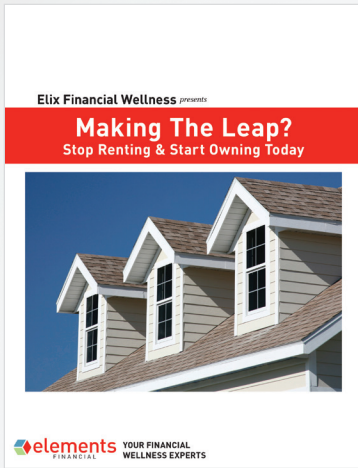
When we save our members time taking care of daily tasks, they have extra moments to give to the things that matter most. Members can access their accounts anytime, anywhere thanks to the countless electronic banking options the credit union now offers. All the features through eBranch, Mobile Banking and Remote Deposit are easy to use and secure, and in most cases, completely free for members.

53,703 registered eBranch and mobile users

40,071 mobile deposits made via smartphones; doubling what we saw in 2013

608,380 bill payments totaling more than \$260 million





Financial Wellness Education

“Be financial wellness experts.” This is our promise to our members. While most financial institutions don’t take the time to teach, we do in a variety of ways.

As a service to our employer partners and our members, we continually develop a Financial Wellness Curriculum backed by the expertise of our financial wellness experts on staff as well as the talents of our educational partners: Elements Wealth Management, Pete the Planner, auto buying professionals Members Auto Source, preferred legal services providers Brazill Hester P.C. and Emswiller, Williams, Noland & Clarke, P.C., and long term care insurance expert Steven Woods. Last year, these presenters were responsible for **100+ onsite financial education events** to support our members at various employers.

Again in 2014, we communicated with area businesses as the premier financial wellness partner for the Wellness Council of Indiana, a wholly owned subsidiary of the Indiana Chamber of Commerce.

Our popular online financial wellness resources and social media channels attracted the attention of our industry peers, our members, and consumers at large.

Life Lessons Blog:

88 new blog posts published for a total of 9,102 total page views

Financial Wellness Guides:

Expanded our library to 29 total guides representing 1,668 downloads. Generated 409 new contacts/non-members engaged with financial wellness content

Facebook:

137 new Likes for an increase of 6.7%
Rated #1 Facebook page among credit unions in Indiana*

Twitter:

165 new Followers for an increase of 12.9%

facebook

Elfcu proudly became... **elements** FINANCIAL ...on January 6, 2015.

Elements Financial
Investing Service · Bank · Loans

Timeline About Ask Us a Question Reviews More ▾

PEOPLE >

★★★★★
2,109 likes
87 visits

ABOUT >

Centre
Amtrak
Indianapolis
225 South East Street, Suite 300
Indianapolis, Indiana

(317) 276-2105 / (800) 621-2105

Open
Today 8:00am – 5:00pm

<http://www.elements.org/>

APPS

Ask Us a Question Ask Us a Question

Elements Financial

Looking to buy or refinance a vehicle? Get some cash back in the process. Get 1.0% cash back of your auto loan, all while enjoying the best value in banking.
More: elements.org/cashback

Elements Financial

Our student lending team is busy this month with their Elements of Financial Aid Workshops. They'll be on site at various locations guiding you through the financial aid process.
To RSVP, visit elements.org/events.
In the meantime, catch their educational video series to help answer any questions you may have.

STUDENT LENDING
2015 Educational Video Series

ELEMENTS.WISTIA.COM

Discover... **the elements** of Financial Wellness

elements FINANCIAL

Elements Financial proudly Elfcu

Elements Financial
@elementsCU

TWEETS 2,579 FOLLOWING 413 FOLLOWERS 1,273 FAVORITES 141 LISTS 3 Follow

Tweets Tweets & replies Photos & videos

Elements Financial retweeted
WTHR.com @WTHRcom · 6h

Zero hidden costs
Absolute

STUDENT LENDING
2015 Educational Video Series

ELEMENTS.WISTIA.COM

Elements Financial

Don't make taxes harder than they have to be.
Use TurboTax and get the maximum refund guaranteed or your money back. TurboTax is the most trusted brand of tax software in America and can help you make this your easiest tax year yet.

Milestones

As you begin reaching certain **milestones** in life, your needs change. The rooms in your new house eventually fill with children. Before you know it, they're asking to borrow the car keys. Soon, they'll be packing the car with boxes on their way to college. We understand what all of this means for you. We provide solutions with your long-term financial wellness in mind — checking off life's milestones along the way.



Adoption Loans

In August of 2014, we began offering our Adoption Loan, unique within the banking industry and specially designed for the milestone of adoption and the financial needs of adoptive parents. It's a fixed rate product with a longer repayment period that minimizes required monthly payments, making it easier to fit into a family's budget.

5 adoption loans totaling \$132,500

Multiple home equity lines of credit granted for the same purpose

Soon to partner with local adoption agencies and attorneys to grow awareness of the program

Program designed by a credit union employee who is an adoptive mother herself

The First-Ever Riley Credit Card

We are also proud of a special milestone that supports Riley Kids — the introduction of the all new, first ever Riley Children's Foundation Visa Credit Card. When cardholders get a Riley Children's Foundation Visa Credit Card, they are helping:

- 1) children who make over 300,000 annual visits to Riley Hospital for Children;
- 2) researchers who are seeking life-saving treatments and cures; and,
- 3) families who need support during challenging times.

The Foundation benefits from every approved card application, balance transfers made to the card, and purchases made with the card.





Wealth Management

When individuals discover the right financial elements, they achieve their milestones and work toward the legacy of financial wellness for their families. Our wealth management division works with members to understand these long-term financial goals and identify retirement planning and investment solutions to best meet their needs.

Thanks to the trust of both existing and new clients, Elfcu Wealth Management — now Elements Wealth Management — achieved record results in many key performance indicators again in 2014. They continue to be recognized as one of the strongest credit union programs associated with LPL Financial, the nation’s largest independent broker/dealer serving 750 community banks and credit unions. Among all the financial institutions LPL serves, Elfcu Wealth Management ranked 31st; among only credit unions they ranked 10th.

\$482.3 million: 12.6% growth in total program assets
(assets under management)

\$276.3 million: 14% growth in assets under management for a fee
(advised assets)

\$571,000: 8.5% growth in average individual advisor production

\$3,426,164: 18.4% growth in total program revenue
(year-end gross dealer concession)

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
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Recognition

Every year, we're proud to receive accolades, both regionally and nationally, for the financial wellness expertise within our company. We consider these honors milestones of our own that we share as a company.



CU Members Mortgage Credit Union Partner of the Year for the 16th year in a row

Best Places to Work in Indiana for 5th year in a row, ranking 2nd among medium-sized companies

CUNA Diamond Award for outstanding credit union marketing, Debit Card Design category

Kristy Mars, Mortgage Loans Originator, wins FIVE STAR Mortgage Professional Award for 5th year in a row, *Indianapolis Monthly* recognizes only 7% of the region's mortgage professionals with this honor annually.

Lisa Schlehuber, CEO, appointed to the Community Depository Institutions Advisory Council for the Federal Reserve Bank of Chicago.

Wealth Management Recognition

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

Individual Advisory Production Rankings among 3,000 financial advisors in LPL Financials' Institutional Division:

#5 Jim Wolf, CFP®

#13 Raymond Mark, CFP®

#17 Terry Cox, CRPC®

Indianapolis Business Journal: Largest Indianapolis Area Investment Brokerage Firms (3rd year listed)

Top 20 Program Managers, Honorable Mention by Bank Investment Consultant Magazine: Matt Snively (2nd year listed)

Wellness

Our members seek to discover financial **wellness**. It's no different for the credit union itself. As a member-owned organization, members do well when the credit union succeeds and grows.



Membership

It was another record-breaking year for membership growth as we introduced financial wellness to new populations.

11,169 total net new members representing 22.7% in membership growth; 2014 goal was 3,000

9,887 members — 88.52% of new members joined from associated groups beyond Eli Lilly and Company

60,389 total net core membership²

63 total employer groups including Eli Lilly and Company

8 new employer groups added to membership eligibility including

Riley Children's Foundation

United Way of Central Indiana

The Heritage Group

Indianapolis Marion County Public Library

Koorsen Fire & Security

Koorsen Security Technology

Indianapolis Neighborhood Housing Partnership

Emergency Physicians of Indianapolis

2) Per NCUA's 5300 Call Report Quarterly Data, total net membership is 71,595 which include non-core members who are indirect borrowers through our student loans program.

Loans

Lending was another area of our business that experienced tremendous all-time credit union records for loan originations and overall loan balances. Credit quality remained very strong evidenced by the year-over-year decrease in loan delinquencies from 0.96% to 0.55%.

With the addition of a team of 6 new mortgage loan originators who concentrate on relationship building with area real estate agents, the credit union's mortgage program became far better-known and more widely-used by both first-time and existing homebuyers. Enhancements to our mortgage processing systems enabled the credit union to decrease its average closing times by more than half while the addition of several new products helped round out its full suite of mortgage products.

Auto originations grew to \$134.8 million, thanks to \$106.8 million in volume driven through a national indirect lending partner and local dealer relationships. Overall auto loan balances grew by \$72.98 million to \$184.21 million.

The credit card portfolio added 1,304 new cards representing a 60% increase over new card approvals in 2013. Overall card balances surpassed \$24 million for the first time in the credit union's history.

\$481.7 million in total lending originations (an all-time record)
representing a \$115 million increase or 31.3% growth.

\$151.27 million in first mortgage loans,
moving the credit union from 24th to 9th in market share in Indianapolis

\$330.41 million in all other types of loan originations,
including increases within equity loans and lines, auto loans, credit, student loans, and credit cards

\$800.28 million in overall loan balances,
an increase of \$129.1 million or 19.23% growth

Deposits

There's no better way to improve one's financial wellness than to save. To support our members' goals in this area, we continued to offer some of the nation's highest savings rates, including the introduction of the Helium Savings Account and Rate Climber Certificates.

Among our most popular promotions of the year was the Doorbuster Certificate Special over Thanksgiving Weekend which offered 1.8% APY³ for 18 months. This success story led to more than \$23 million in new certificates, fueling overall deposit growth for the final two months of the year for the first time in five years. Checking balances also grew.

Throughout the year, we also added more than 4,000 members and \$9.5 million with our best-of-industry Health Savings Account that has been highly publicized in personal finance blogs.

\$922.1 million in overall deposit balances,
for an increase of \$23.17 million or 2.58% growth

Assets

The credit union remains consistently strong in asset growth and net income.

\$1.06 billion in assets

1.08% return on average assets

\$11.5 million in net income

9.89% in net worth to assets ratio⁴

3) Annual Percentage Yield 4) Any ratio beyond 7.0% is considered "well capitalized" by the National Credit Union Administration, the credit union industry's FDIC equivalent.

Corporate Responsibility

We care about our community, and we show it with both financial support and gifts of time and talent from our employees to our preferred causes.

\$30,000 contributed to Riley Children's Foundation by the credit union and its members, Indy Honda, Dellen Automotive Group, Members Auto Source, and CO-OP Network as a result of the 4th Annual "Cars 4 Kids" Promotion

\$40,000 in support of community causes focused on financial literacy and education, at risk youth, and health and wellness through the Central Indiana Community Foundation Angel Investors Program, Little Red Door Cancer Agency, Kids' Voice of Indiana, Inc., and the Starfish Foundation

\$3,911 in employee matching funds for their favorite causes

1,240 total paid volunteer hours available to employees for use at organizations of their choice

Employee Engagement Philanthropy & Volunteerism

\$55,337 donated by employees and employer match to United Way of Central Indiana including \$1,500+ generated by a silent auction called *Elfcu's Got Talent!* in which employees donated gifts associated with their personal hobbies and strengths

\$500+ donated to Riley Children's Foundation directly by employees through various internal events

Employees planned and organized annual volunteer outings to both **Riley Children's Hospital** and **Camp Riley**

First-Ever Employee Volunteer Fair hosted by Employee Engagement Committee showcased information and multiple opportunities to volunteer

Pack the Pantries chosen as preferred holiday philanthropy; employees assisted local families by donating dry and canned goods

The embraceRED Summer Celebration in June and the Annual All-Staff

Conference in August: social events hosted by the Employee Engagement Committee to support the embraceRED internal culture of the credit union



embraceRED

\$130,000+ Grand Total of community support

Board of Directors

Mark Saltsgaver
Chair of the Board

Nate Lewis
Vice Chair

Don Zakrowski
Secretary

John Huesing
Treasurer

Kathleen DeLaney
Jeremy Fitch
Kay Jackson
Michael F. Johnson
Dennis Trinkle

Supervisory Committee

Andrew Laux
Committee Chair

Benjamin Denlinger
Jeff Draper
Kelly Wiggins-Payne
Amy Treida

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 contacting us at customerservice@elements.org or calling (800) 621-2105.

Consolidated Statement of Financial Condition

Selected Data in Millions

Assets	2014*	2013
Cash and Investments	\$218.4	\$329.4
Loans to Members <i>(net of allowance for loan losses)</i>	785.3	647.1
Other Assets	56.6	57.3
Total Assets	\$1,060.4	\$1,033.9
Liabilities and Members' Equity		
Share Savings, Drafts and Certificates	\$922.1	\$899.0
Other Liabilities	32.3	41.4
Members' Equity	106.0	93.4
Total Liabilities and Members' Equity	\$1,060.4	\$1,033.9

Consolidated Statement of Income

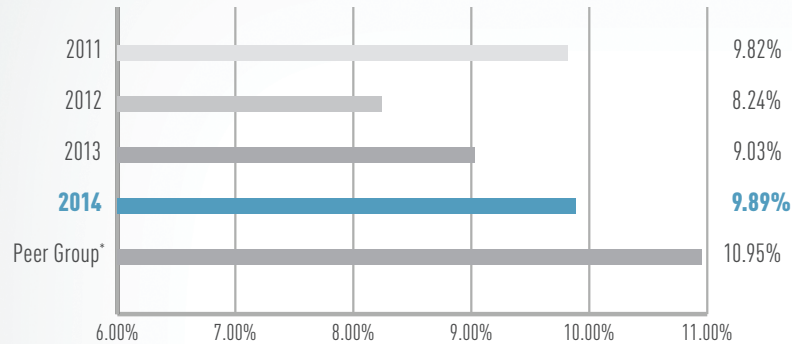
Selected Data in Millions

	2014*	2013
Interest Income from Loans and Investments	\$38.1	\$34.4
Interest Expense for Member Accounts and Borrowed Funds	(5.8)	(6.3)
Loan Loss Provision	4.7	2.0
Net Interest Income	37.0	30.0
Other Income	11.8	10.8
Operating Expense	(37.6)	(29.4)
Non-Operating Expense	0.3	0.6
Net Income	\$11.5	\$12.0

*Unaudited

Net Worth to Assets

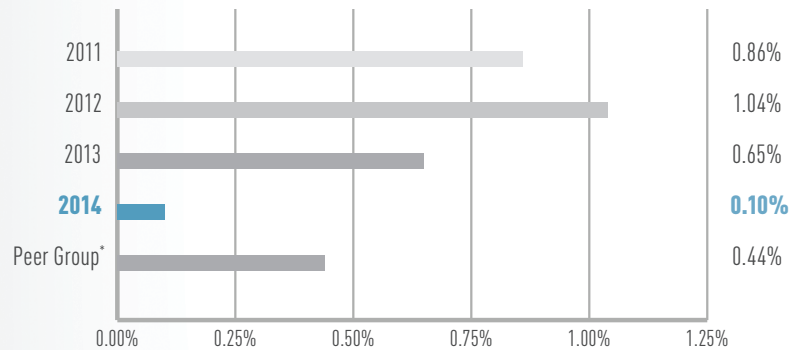
This ratio indicates a strong ability to withstand future losses or economic downturn.



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).

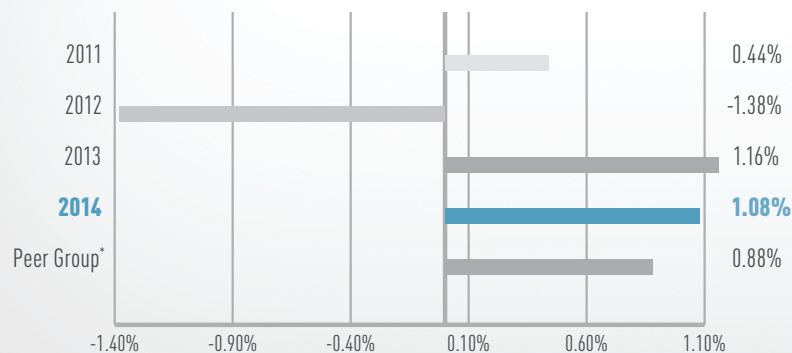
Net Charged-Off Loans to Average Loans

The credit union's strong risk management policies are designed to minimize credit risk.



Return on Average Assets

The credit union's efficient operations have helped to build capital, allowing for growth plus additional and improved services for members.



*NCUA Peer Group — All credit unions greater than \$500 million in assets as of 9/30/14.

Our Select Employer Groups

Allied Solutions, LLC	Estes Design and Manufacturing, Inc.	Johnson Controls, Inc.
Amazon.com	Evonik Industries	Koorsen Fire and Security
American Structurepoint, Inc.	ExactTarget	Koorsen Security and Technology
Angie's List	Express Scripts (Indiana)	Kronos Incorporated
Archdiocese of Indianapolis	Express Scripts (Nevada)	MCL, Inc.
Art Institute of Indianapolis	Express Scripts (Ohio)	MISO
BCforward	Formstack, LLC	Monarch Beverage Company
Better Business Bureau, Inc.	Franklin College	OneAmerica Financial Partners
CareGivers, Inc. Home Health Care Services	Gilchrist and Soames	Pillow Logistics
CC Holdings Restaurant Group	Harding Poorman, Inc.	RCI
Christel House Academy	Harrison College	Riley Children's Foundation
City Financial Corporation	Herff Jones	Safety Management Group
CNO Financial Group	The Heritage Group	SMC Corporation of America
The College Network	Hoosier Park, LLC	Tastings Franchise Company
College Park Church	Huff Electric Co., Inc.	Tru Direction, Inc.
Covance	IBEW 725	UA Plumbers and Steamfitters 157
Decatur County Memorial Hospital	Indiana Chamber of Commerce	United Way of Central Indiana
DeLaney and DeLaney, LLC	Indianapolis Marion County Public Library	Vera Bradley
Elements Financial	Indianapolis Neighborhood Housing Partnership	Vision Solutions, Inc.
Eli Lilly and Company	Interactive Intelligence	Westfield Steel
Emergency Physicians of Indianapolis, P.C.	InVentiv Health Clinical	Zappos.com

Looking forward...

We are always challenging our leadership and employees to serve members better each year with superior service and technology.

For starters, you have these enhancements to look forward to in 2015:

Stronger Security

Chip card technology to protect you from debit and credit card security breaches

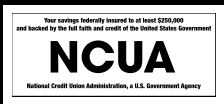
More Access

Personalized money management tools and free FICO[®] credit score within eBranch at elements.org

New Payment Options & Deposit Products

Including Visa[®] Checkout and smartphone mobile payments

On January 6, 2015
Elfcu proudly became...



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



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