



A YEAR OF MOVING FORWARD

Our 2015 Annual Report
to Members

Federally Insured by NCUA

 **elements**
FINANCIAL

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

**Embrace the
Value You Deserve**

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Board Chair & CEO

BE

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A YEAR OF MOVING FORWARD

Our 2015 Annual Report
to Members

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Elements Financial is moving
forward and making an impact in our
members' lives like never before...

Amid our progress in 2015, we remained grounded in our purpose to **build lifelong relationships to support our members' financial success**. That's what we've done as a credit union since 1930 when the management of Eli Lilly and Company recognized their employees needed financial support beyond a paycheck. Their employer-based credit union provided those options.

Eighty five years later, we believe in this same philosophy of providing better financial options and maximizing member value.

Last year alone, our members saved **\$15.3 million just by doing business with us rather than our competitors**¹.

This value becomes real through a range of products and services at Elements, all designed with digital convenience and financial wellness in mind. We deliver our member experience as an exclusive “at work” credit union, beginning with Lilly those many years ago and more recently partnering with 80+ other companies across Indiana and nationwide. We continue to serve members in all 50 states and in 40 foreign countries.

In 2015, our new company name helped us broaden our reach even further. We added 12 companies to our membership eligibility and completed our first-ever merger with State Service Credit Union. This milestone led to welcoming 1,200 new members and introducing Elements to a brand-new employee population — the State of Indiana.

There are many more highlights featured in the pages ahead, most importantly our record growth in Loans, Deposits and Wealth Management. Please take some time to review this report and reach out to us with your questions.

Thank you for moving forward with Elements in 2015, a memorable year for us. We're grateful for the opportunity to continue working with you in 2016!



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 five banks and credit unions with the largest market share in Central Indiana; data valid as of 8/31/15.



be

We pride ourselves on being a highly reputable financial wellness provider that cares about our members, the community, and our own employees.



The New Name

On January 6, 2015, our credit union became Elements Financial, formerly Eli Lilly Federal Credit Union (Elfcu). This transition represented the first time our credit union assumed a new name that transcended our highly-valued relationship with Eli Lilly and Company. We remain well-connected with our members based at Lilly and have grown to be the preferred credit union of 80+ organizations, not just in Indiana, but with a national footprint.

Among our new advertising strategies were major naming rights sponsorships with the Indianapolis Indians and the Indiana State Fairgrounds and media partnerships with WTHR-13 and Inside Indiana Business.

We know our new name is getting noticed and taking hold in the minds of both consumers and business decision makers as we've monitored and measured both brand awareness and advertising effectiveness. Through improved awareness, we can better achieve our managed growth goals and, as a result, provide further value to members.



Financial Wellness Education & Communication

Here at Elements, financial wellness is our number one priority. We're here every step of the way as members work toward their financial goals. As part of that commitment, we provide a valuable educational program.

For starters, we offer a well-developed Financial Wellness Curriculum and experienced workshop presenters. Last year, Elements brought **more than 200 financial education events to our employer partners.** As a key differentiator, we work closely with each partner company to customize and address topics that are pertinent to their workforce.

At the same time, we continue to be the premier financial wellness partner for the Wellness Council of Indiana, a wholly owned subsidiary of the Indiana Chamber of Commerce of which Elements is a longtime member. We also supported the Indianapolis Chamber as a Leadership Circle Member. Our chamber involvement expands the possibilities for Elements to establish relationships with new employers and impact the financial wellness of their team members.

As we've done for several years, we also promoted our custom financial wellness resources online and through social media channels, backing up our purpose to **"build lifelong relationships to support our members' financial success."**

Life Lessons Blog

14,516 Total Views

Average of 182 views per blog post for a 37% increase in total views

Members can subscribe to Life Lessons at elements.org/blog.

Online Educational Guides

elements.org features a series of 20 downloadable guides covering a range of financial wellness topics. Our most popular guide by far is the First-Time Home Buyers' Guide titled "Making the Leap? Stop Renting and Start Owning" viewed more than 2,500 times by visitors to our website and generating 300 new member leads for Elements.

Social Media

Facebook

2,481 Total Likes, a 22% increase

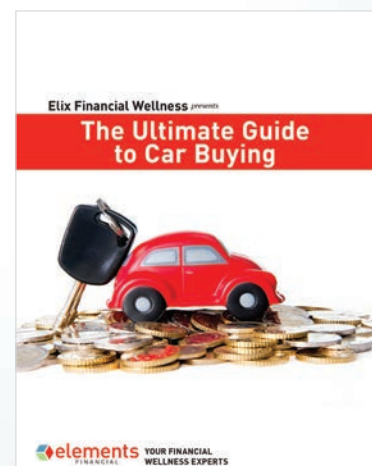
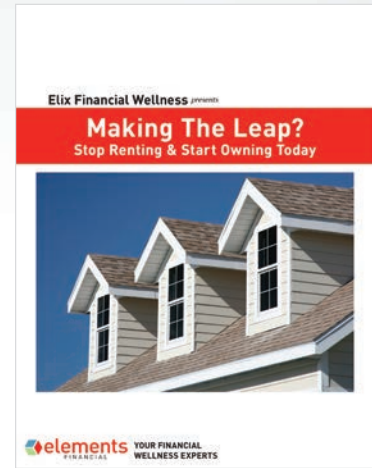
Twitter

1,377 Followers, a 20% increase

Throughout the year, we were "retweeted" by several partners with a massive Twitter audience including the WNBA (502,000 Followers), The Indianapolis Star (136,000 Followers), and the Indianapolis Indians (50,600 Followers)

LinkedIn

Second highest followed credit union in Indiana



Community Support

Elements Cares. Our credit union proves it by supporting multiple preferred charitable organizations with corporate monetary donations plus gifts of time, talent and treasure directly from our generous employees.

\$175,000+ Grand Total of Community Support

\$67,000 contributed to Riley Children's Foundation by the credit union and its partners through the 5th Annual Cars 4 Kids Promotion; the Riley Children's Foundation Visa Credit Card Program; and Superhero Night at Victory Field. Thank you to our members, Indy Honda, Dellen Automotive Group, Dreyer & Reinbold BMW/Mini, Dreyer & Reinbold Infiniti, Members Auto Source, CO-OP Network, and the Indianapolis Indians for their support of our Riley initiatives!

\$37,500 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. Organizations receiving our support included Bosma Industries for the Blind, Inc.; the John H. Boner Community Center; and The Starfish Initiative.

\$3,288 in employee matching funds for their favorite causes

1,320 total paid volunteer hours available to employees

for use at organizations of their choice

Employee Engagement, Philanthropy & Volunteerism

\$64,662 donated by employees and employer match to United Way of Central Indiana including \$1,500+ generated by a silent auction in which employees donated gifts associated with their personal hobbies and strengths

\$1,500+ donated to **Riley Children's Foundation** directly by employees through various internal events

Outreach, Inc. partnership grew to include assistance with student financial aid applications plus multiple classes and training for homeless youth about financial wellness. Other events were sponsored for the students including an outing to Victory Field. **\$2,000+** was raised through our holiday philanthropy to benefit the young adults of Outreach, Inc.

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

Annual Employee Volunteer Fair hosted by Employee Engagement Committee showcased information and multiple opportunities to volunteer



Recognition & Responsibility

Annually, we reflect on and celebrate the honors received by our credit union and our employees.

Company Awards



Best Places to Work in Indiana

for 6th year in a row among medium-sized companies

CU Members Mortgage Credit Union Overall

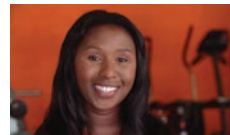
Partner of the Year for the 17th year in a row

Best Practices Award in Marketing/Business Development from the Indiana Credit Union League for the Brand Progression

CUNA Diamond Awards for Outstanding Credit Union Marketing — “Logos” and “Brand Awareness” Categories

Telly Online Video Award cross-industry recognition for video excellence — “Elfcu is becoming...”

We asked a few members what they thought about our new name.



A few scenes from our Telly Award winning “Elfcu is becoming...” video



Discover...
elements
FINANCIAL

Employee Honors

Kristy Mars and Karla Chevrie, Mortgage Loan Originators, win FIVE STAR Mortgage Professional Awards, recognizing only 7% of the region's mortgage professionals

Andee Kettlebar, Mortgage Loan Originator, appointed to the Hamilton County MIBOR Executive Committee

Luis Aparicio, Mortgage Loan Originator, named Treasurer for the Greater Downtown MIBOR Division

Julie Bowering, Vice President of Mortgage Lending, serves on the Mortgage Advisory Board for Habitat for Humanity

Todd Shickel, Vice President of Business Development, serves on the Advisory Committee of the Indiana Chamber's Wellness Council

Lisa Schlehuber, CEO, appointed as Treasurer with the Indianapolis Chamber of Commerce; Board Chair of the Business Owner Initiative with the Indianapolis Chamber of Commerce; and New Board Member for the Indiana Chamber of Commerce

Wealth Management

FIVE STAR Wealth Managers: Terry Cox, CRPC®; Bruce Evans; Raymond Mark, CFP®; Zach Schroer; Jim Wolf, CFP®

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

Individual Top Advisory Production Rankings among 3,000 financial advisors in LPL Financial's Institutional Division: Jim Wolf, CFP®; Raymond Mark, CFP®; Terry Cox, CRPC®

Indianapolis Business Journal: Largest Indianapolis Area Investment Brokerage Firms (4th year listed)



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



live

We work with our members to help them lead a better financial life — one that's more convenient and consistent, safe and secure, and focused on long-term success.

Convenience through New Digital Services

We want to save our members time and trouble when it comes to accessing their funds. That's why we're continually looking for new and more convenient ways to conduct daily transactions.

5,500+ shared branches nationally

72,000+ surcharge-free ATMs globally

**24/7 eBranch Internet Banking,
Mobile Banking, and Remote Check Deposit**

NEW! Visa Checkout — A safe, simple and easy way to check out online that works with your existing Elements debit or credit cards across all your devices, no matter where you are.

NEW! Apple Pay™ — More than 1,300 credit and debit cards enrolled with 2,000+ transactions completed. In May of 2015, Elements was among the first financial institutions to become Apple Pay-compatible.

VISA Checkout

Apple Pay



A decorative vertical bar on the left side of the page, featuring a complex, low-poly geometric pattern in various shades of green, ranging from dark forest green to light lime green.

Consistency Across Devices

Early in the year, the latest versions of eBranch Internet Banking and Mobile Banking from Elements launched and provided members with the same experience on a smartphone, tablet, laptop or desktop computer — all with the continued security, features, and conveniences members have come to expect from Elements. These enhancements brought Bill Pay capabilities to the Mobile Banking app.

Our daily goal with online banking is simple: to provide a state-of-the-art digital banking experience that you can count on and that's now consistent across all devices. We continue to work toward the most efficient digital tools and processes for our members.

Safer Finances through Proactive Security

Elements replaced all of our 12,000+ credit cards with chip cards — also known as smart cards or EMV cards — containing embedded microprocessors for enhanced fraud protection. Chip card technology provides an added layer of security to help minimize cardholder impact if a merchant data breach occurs. While it can't prevent all security breaches, a chip card is an important first line of defense. Elements is proud to be at the forefront of the financial industry by proactively issuing this type of card to its members. All debit cardholders can look forward to chip cards in the second half of 2016.



A Long-Term Focus through Wealth Management

Despite the broad markets being essentially flat in 2015, Elements Wealth Management continued to grow and added a retirement plan specialist to the team. Our financial advisors still represent one of the strongest credit union programs associated with LPL Financial, the nation's largest independent broker/dealer.

Total Program Assets (assets under management)

\$519.1 million — a 7.6% increase

Total Advised Assets

\$298.6 million — an 8.2% increase

Growth in Average Individual Advisor Production

\$684,940 — a 2.6% increase

Growth in Total Program Revenue

\$3.5 million — a 2.6% increase

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



grow

As a member owned credit union,
when we grow, we pass our success
along to those who trust us
with their business.

First-Ever Merger

On December 5, Elements successfully completed a cooperative merger with State Service Credit Union. Since 1944, they had served the employees of the State of Indiana — one of the largest employers in the region.

By growing, Elements will be able to provide even more value to our members, through new technologies and services.

Membership

As new members join our credit union, we expand our possibilities to improve financial lives, one member at a time.

12,025 total net new members
representing 19.9% in membership growth

72,414 total net core membership¹

12 new employee groups added to membership eligibility including

BioStorage Technologies, Inc.

Butler University

iLAB, LLC

Indiana Oxygen Company

Indiana State Fair Commission

Indiana State Senate

Indianapolis Indians, Inc.

Indianapolis Public Transportation Company (IndyGO)

Koch Development Corporation (Holiday World)

Lenex Steel Company

Tilson, Inc.

VMS BioMarketing



¹) Per NCUA's 5300 Call Report Quarterly Data, total net membership is 83,096 which include non-core members who are indirect borrowers through our student loans program.

Loans

In another year of tremendous lending growth, the credit union achieved new all-time records for both loan originations and overall loan balances.

\$961.17 million in overall loan balances,
for an increase of \$154.9 million or 19.21% growth

\$569.3 million in total lending originations,
representing an \$87.6 million increase or 18.2% growth

\$210.52 million in first mortgage loans,
moving the credit union from 9th to 7th in market share in Indianapolis

\$358.74 million in all other types of loan originations,
including increases within equity loans and lines of credit, student loans, and credit cards

Year-to-Year decrease in loan delinquencies from 0.55% to 0.34%,
a testament to the quality of our loans

Mortgage

Achieving 7th in local market share among all financial institutions through November 2015, the mortgage program at Elements continues to expand. Last year, we added five more Mortgage Loan Originators (MLOs) focused on generating new business through existing member leads and our new employer partners.

As a result of the new business focus, we participated in many local events and served as Platinum Sponsors for several MIBOR chapters (Metropolitan Indianapolis Board of REALTORS®) in the Indianapolis region, including Hamilton County, Northside, Greater Downtown, and Eastside.

We've also achieved great success with the Homeownership Opportunities Program through the Federal Home Loan Bank of Indianapolis. Designed to assist first-time buyers with down payments and closing costs, the program at Elements provided \$212,000 in assistance for 22 qualifying households over the course of 2014–2015.

Auto & Home Equity

Auto originations grew to \$172.9 million, thanks to \$144.2 million or a 35% increase in volume driven through a national indirect lending partner and local dealer relationships with Indy Honda, Dreyer & Reinbold of Indianapolis and Greenwood, Dellen Automotive Group, Lockhart Cadillac, and Mike Raiser Ford/Mazda. This figure represents nearly 7,000 auto loans funded, a 21% increase. Overall auto loan balances grew by \$86.24 million to \$270.45 million.

We also booked more than 1,000 home equity loans and lines of credit, representing an 18% increase.

Due to increased volume in these areas of our business, we hired a Consumer Lending Underwriter and created a New Home Equity Originator position.



Deposits

True financial wellness often begins with saving. Elements helped members do exactly that and exceeded our deposit goals in the process.

\$989 million in overall deposit balances,

growing by nearly \$67 million or 7.26%

We offered three popular certificate specials throughout the year that contributed more than \$36 million in new balances. New checking account openings also increased with more than 1,000 net new accounts and more than \$14 million in new balances. Among them was a brand-new Student Edge product intended to help students responsibly manage their finances. Savings balances grew more than \$16 million primarily driven by strong growth in our Helium Savings and Health Savings Accounts.

Board of Directors

Mark Saltgaver
Chair of the Board

Nathan 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 Elements Financial for the periods presented. Members may request a complete copy of our audited financial statements by calling (800) 621-2105.

Consolidated Statement of Financial Condition

Selected Data in Millions

Assets	2015	2014
Cash and Investments	\$189.1	\$218.4
Loans to Members <i>(net of allowance for loan losses)</i>	949.4	785.3
Other Assets	59.2	56.6
Total Assets	\$1,197.7	\$1,060.4
Liabilities and Members' Equity		
Share Savings, Drafts and Certificates	\$989.0	\$922.1
Other Liabilities	93.8 ^A	32.3
Members' Equity	114.9	106.0
Total Liabilities and Members' Equity	\$1,197.7	\$1,060.4

Consolidated Statement of Income

Selected Data in Millions

	2015	2014
Interest Income from Loans and Investments	\$38.7	\$38.1
Interest Expense for Member Accounts and Borrowed Funds	(7.0)	(5.8)
Loan Loss Provision	2.8	4.7
Net Interest Income	34.4	37.0
Other Income	12.5	11.8
Operating Expense	(36.5)	(37.6)
Non-Operating Expense	(0.1)	0.3
Net Income	\$10.3	\$11.5

Notes to Financial Statements

A) In December 2015, the credit union borrowed \$60 million for future cash needs.

Financial Highlights

\$1.197 billion in assets

0.92% return on average assets

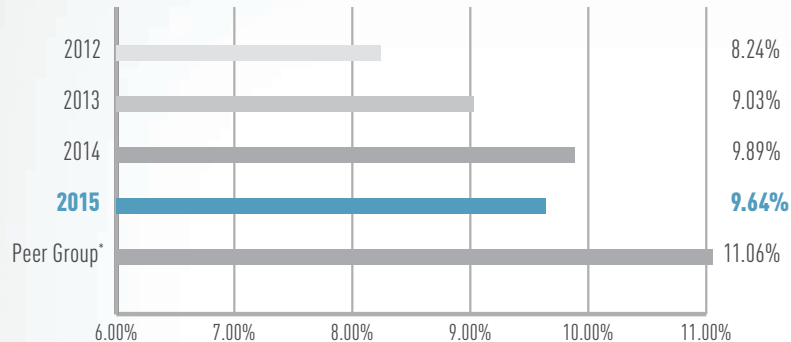
\$10.3 million in net income

9.64% in net worth to assets ratio¹

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

Net Worth to Assets

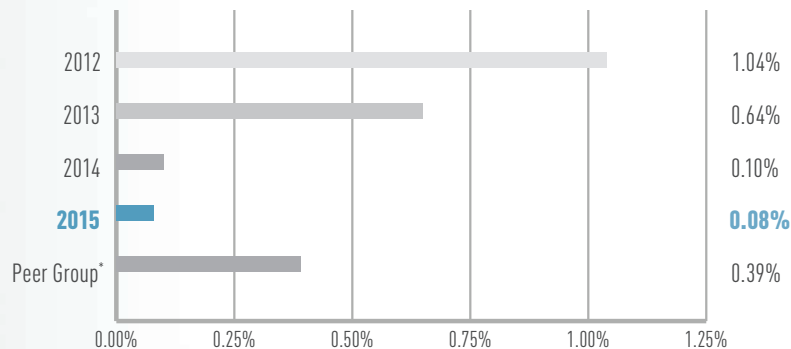
This ratio indicates a strong ability to withstand future losses or economic downturn.



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).

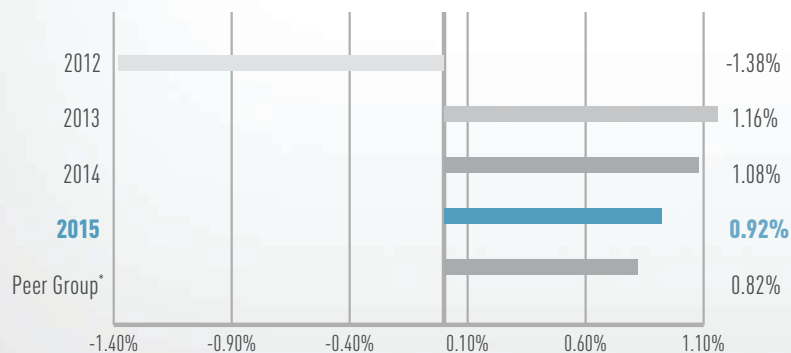
Net Charged-Off Loans to Average Loans

Elements experienced increased unsecured loan losses in 2012 from credit cards and student loans.



Return on Average Assets

Elements consistently maintains a relatively low income-to-assets ratio, choosing to give its members current economic benefit rather than maximizing profits.



*NCUA Peer Group — All credit unions greater than \$500 million in assets as of 9/30/15.

Our Partnerships with Select Employee Groups

Air Land Sea Transportation Service	Elements Financial	Indiana State Employees Association	OneAmerica Financial Partners
Allied Solutions, LLC	Eli Lilly and Company	Indiana State Fair Commission	Pillow Logistics
Amazon.com	Emergency Physicians of Indianapolis, P.C.	Indiana State Police	RCI
American Structurepoint, Inc.	Estes Design and Manufacturing, Inc.	Indiana State Senate	Riley Children's Foundation
Angie's List	Evonik Industries	Indianapolis Marion County Public Library	Safety Management Group
Archdiocese of Indianapolis	ExactTarget	Indianapolis Neighborhood Housing Partnership	SMC Corporation of America
Baker and Daniels Law Firm	Express Scripts (Indiana)	Indianapolis Indians, Inc.	State of Indiana Employees
BCforward	Express Scripts (Nevada)	Indianapolis Public Transportation Company (IndyGo)	Tastings Franchise Company
Better Business Bureau, Inc.	Express Scripts (Ohio)	Interactive Intelligence	Tilson, Inc.
BioStorage Technologies, Inc.	Formstack, LLC	Interstate Brands Companies	Tru Direction, Inc.
Butler University	Franklin College	InVentiv Health Clinical	UA Plumbers and Steamfitters 157
CareGivers, Inc. Home Health Care Services	Gilchrist and Soames	Johnson Controls, Inc.	United Way of Central Indiana
CC Holdings Restaurant Group	H L Yoh Company	Koch Development Corporation (Holiday World)	Vera Bradley
Christel House Academy	Harding Poorman, Inc.	Koorsen Fire and Security	Vision Solutions, Inc.
City Financial Corporation	Harrison College	Koorsen Security and Technology	VMS BioMarketing
CNO Financial Group	Herff Jones	Kronos Incorporated	Western Select Property Management
College Park Church	The Heritage Group	Lenex Steel Company	Westfield Steel
Covance	Hoosier Park, LLC	MCL, Inc.	XLC Personnel Services
Creative Expressions	Huff Electric, Inc.	MISO	Zappos.com
CVS Pharmacy Indianapolis Distribution Center	IBEW 725	Monarch Beverage Company	
Decatur County Memorial Hospital	iLAB, LLC	New Light Christian Church	
DeLaney and DeLaney, LLC	Indiana Chamber of Commerce		
	Indiana Oxygen Company		

moving forward

As we continue to expand our services and technology, members will experience these enhancements in 2016:

Stronger Security

Chip card technology will migrate to our debit cards now that our credit cards are fully-equipped. We'll also introduce a new identity theft protection program.

Credit Scores at a Glance

Watch for your customized credit score to be featured within eBranch Internet Banking at elements.org.

Enhanced Account & Payment Options

An improved High Interest Checking Account is on the way as well as Samsung Pay[®] and Android Pay[®].

Business Lending

We're currently building a strong team to meet the borrowing needs of small to medium-sized businesses.



The new credit union Coat of Arms developed by the employees of Elements Financial

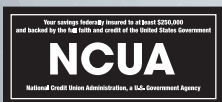
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FINANCIAL

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

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