

INSIDE
OUR **SUCCESS**



2018 ANNUAL REPORT



The **ELEMENTS** of **SUCCESS**

Collaboration
Feedback
Accountability
Purpose
Culture
Trust
Integrity
Community
Leadership
Growth

INSIDE OUR SUCCESS

When it comes to understanding how we do business at Elements Financial, it's helpful to know about our 10 Elements of Success. These are the core values that drive our decision making daily and make our credit union culture truly unique. In this year's report, we have organized our achievements within these categories – see The Elements of Success sidebar.

As you're flipping through these pages, you will notice a few key themes from 2018:

Efficiency – As an organization, we focused on improving our processes, many of which led to cost savings and more modern solutions for our members, such as our streamlined online mortgage application.

Consistency – In the spirit of providing a more seamless member experience, we continually worked with our external service partners to ensure quality standards are in place across all the channels we use to serve you. Our branding is another area where we use consistency to achieve deeper awareness with our target markets.

Continued Growth – As in previous years, we have once again performed strongly in our core business categories of deposits, loans, and membership.

We hope you will enjoy taking a closer look "Inside Our Success" from 2018. Ultimately, it's you – our members – who make us successful. Thank you for your loyal business.



Mark Saltgaver
Chairman of the Board

Lisa Schlehuber
Chief Executive Officer

EFFICIENCY THROUGH

COLLABORATION

We collaborate with members to find timely solutions.

Elements featured as a subject matter expert at a press conference about check fraud with the Better Business Bureau which led to coverage from:

WTHR-TV

WISH-TV

RTV6

WRBI Radio 103.9

and several local newspapers

**OUR CONTACT CENTER
MANAGED THE FOLLOWING:**

320,000+

interactions by Live Chats, eBranch Messages, Emails, and Phone Calls

900 touchpoints
daily on average

**IMPROVED TOTAL TURN TIMES
ON MORTGAGE TRANSACTIONS**

PURCHASES
from 30 to 21 days

REFINANCES
from 60 days to 45 days



— EFFICIENCY THROUGH —
FEEDBACK
& ACCOUNTABILITY

By keeping one another on track, we all do better.

250+ **REVIEWS SUBMITTED**
across all social media platforms **4.3** **STAR**
Google Rating

99.8% **“UPTIME” FOR ONLINE BANKING**
aligning us slightly above national norms

“THE YEAR OF EFFICIENCY”

Nearly 200 process improvements submitted by all teams, representing cost savings and smarter ways to do our business

ALL NEW!

Upgraded Debit Card Activation line for both card activation + setting up the PIN

“In 2018, Elements employees submitted ideas for process enhancements to support our credit union focus on efficiency. We launched many projects that impacted our productivity company-wide, thanks to staff sharing their creative opinions for how we could improve.”

- Stephanie Snow
Vice President, Project Management at Elements



— CONSISTENCY THROUGH —
PURPOSE

957 FINANCIAL WELLNESS EVENTS
presented at partner organizations

- Credit Review Days
- Budget Building
- Home Buying From the Ground Up
- Secrets of Student Loans
- Retirement Investment Strategies

Our Second Annual

PURPOSE DAY

Columbus Day - October 8, 2018

Elements employees served 6
community organizations:

- BOSMA
- Cancer Support Network
- Horizon House
- Little Red Door Cancer Agency
- Outreach, Inc.
- United Way of Central Indiana



Our purpose impacts every decision we make:

**BUILDING LIFELONG
RELATIONSHIPS
TO IMPACT OUR
MEMBERS' FINANCIAL
SUCCESS**

Doug Jeffs, AVP of Consumer Lending at Elements, weaves plastic shopping bags to create sleeping mats that were donated for use by local homeless youth.

“From hosting therapy dogs at the office to our annual “Friendsgiving,” 2018 included many unique employee activities that made coming to work even more enjoyable. Thanks to Elements for supporting the Employee Engagement Committee and cultivating a fun yet productive **culture!**”

- Jake Engel
Brand Strategist at Elements



Josh Coker, IT Support Lead at Elements, pauses from creating fleece blankets for cancer patients during an organized family volunteer event at our home office.

— CONSISTENCY THROUGH —
CULTURE

Our employees drive our culture.

8 NAMED A BEST PLACE TO WORK
in Indiana for the 8th time

38 NEW EMPLOYEES
welcomed to Elements, including 5 summer interns

4 ACHIEVED 4-STAR DESIGNATION
by the Wellness Council of Indiana

820+ VOLUNTEER PTO HOURS
used by All-staff, far exceeding previous years

4.4 Glassdoor Ranking
on a 5 point scale

22 New Glassdoor Reviews
enticing prospective employees
with candid reviews of our culture

— CONSISTENCY THROUGH —

TRUST & INTEGRITY

Our credit union is highly reputable.

A+ RATING
from Better Business Bureau

A RATING
Health & Stability from DepositAccounts.com

REDUCTIONS IN FRAUD LOSSES

57.8%

Reduction in **credit card** losses

39.2%

Reduction in **debit card** losses

430
NEW WEALTH
MANAGEMENT CLIENTS

\$86.9 MILLION
in new investment assets



"I believe **integrity** is at the center of any relationship. I had the pleasure of attending our Integrity Coaching Program in 2018 alongside nearly a dozen of my coworkers to learn best practices in sales, all based on building and strengthening relationships with our members."

- Ryan O'Connor
Business Intelligence and Deposit
Products Advisor at Elements



“Elements has been a faithful and generous partner for almost a decade. Elements is an organization that takes the time to listen to its **community**. They don’t assume that they know what is best. This posture has allowed Elements to provide accurate and helpful resources to the mission of Outreach. Elements walks their talk, their service to the Indianapolis community is not a PR strategy, it is the heartbeat of everything they do.”

- Mike Elliott, Director of Development for Outreach, Inc.

— CONTINUED GROWTH THROUGH —
COMMUNITY

Our strength grows through our community.

SELECT PARTNER ORGANIZATIONS:

American Heart Association
BOSMA
Butler University
Central Indiana Community Foundation
Horizon House
Indiana State Fairgrounds
Indianapolis Chamber of Commerce
Indianapolis Indians
Little Red Door Cancer Agency
Outreach, Inc.
Riley Children’s Foundation
United Way of Central Indiana
Wellness Council of Indiana

\$500,000+

CONTRIBUTED

to support community organizations

356

NEW FACEBOOK LIKES

our online community increased by 12% from the previous year

"I have sincerely appreciated the customer service and the personal care I have received by becoming a member of Elements Financial Federal Credit Union! My finances have been simplified and better utilized, and I am better educated on the benefits of a credit union. The shared branching is beneficial for me since I'm not in the Indianapolis area. Any time I have had questions or concerns, the responses have been prompt and thorough. I'm thankful a friend shared this credit union with me!"

- Tasha E.
Elements Member

— CONTINUED GROWTH THROUGH —
LEADERSHIP

It lives throughout our organization.

NUCLEI AWARD WINNERS

2018 was our first year to recognize the employees who exemplify our core values:

Accountability: Linda Sconce

Collaboration: Ryan O'Connor

Community: Jim Wolf

Culture: Josh Coker

Feedback: Kara Fischer

Growth: Deanna Hartman

Integrity: Chris Miller

Leadership: Adam Arffa

Purpose: Michelle Payne

Trust: Terri Mossbrucker

TOP CREDIT UNION

FROM CU MEMBERS MORTGAGE

Elements is #7 in overall Indianapolis mortgage market share

DORA MAXWELL

AWARD FOR SOCIAL RESPONSIBILITY

from the Indiana Credit Union League
awarded for Purpose Day

NAMED TOP 100

TERRY COX & RAYMOND MARK

named to the "Top 100 Bank Advisors" by Bank Investment
Consultant Magazine: **Terry #35; Raymond #83**

**LPL FINANCIAL'S 2018 PROGRAM
OF THE YEAR FOR PEER GROUP**

awarded to Elements Wealth Management

250+

HOURS OF TRAINING

focused on StrengthsFinder, an assessment that helps employees
find their personality strengths and apply them to their everyday work



"I grew up in a small town, and it was common for bank employees to greet you by name, and to make you feel important. Elements is exactly like that...except it's in a big city. Really nice staff. Easy business transactions. And they actually listen! I hope that never changes."

- Curt M.
Elements Member

CONTINUED

GROWTH

Our strategy is to grow through employer-based relationships.

| | |
|-------------------|--------------|
| Loans Growth | \$54,992,053 |
| Deposits Growth | \$82,915,373 |
| Net Income | \$10,754,369 |
| Membership Growth | 10,922 |

135+ STRONG EMPLOYER PARTNERSHIPS

including 11 new added this year:

| | |
|--|------------------------------|
| Allison Transmission | Morales Group |
| Indiana Grand Racing & Casino | D2 Land and Water Resource |
| Little Red Door Cancer Agency | New Sunshine LLC |
| Poly-Wood | Blue Sky Technology Partners |
| Goodwill of Central & Southern Indiana | Indianapolis Ballet |
| | Sigstr, Inc |



Financials

Consolidated Statement of Financial Condition

Selected Data in Millions (unaudited)

| Assets | 2018 | 2017 |
|--|------------------|------------------|
| Cash and Investments | \$268.4 | \$218.1 |
| Loans to Members | 1,223.8 | 1,168.9 |
| Allowance for loan losses | (10.0) | (9.6) |
| Other Assets | 53.8 | 57.0 |
| Total Assets | \$1,536.0 | \$1,434.4 |
| Liabilities and Members' Equity | | |
| Share Savings, Drafts and Certificates | \$1,280.0 | \$1,197.1 |
| Other Liabilities | 124.8 | 113.9 |
| Members' Equity | 131.2 | 123.4 |
| Total Liabilities and Members' Equity | \$1,536.0 | \$1,434.4 |
| Net Worth Ratio | 8.83% | 8.71% |

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).



Thank you to those who served Elements in 2018!

Consolidated Statement of Income

Selected Data in Millions (unaudited)

| | 2018 | 2017 |
|--|---------------|--------------|
| Interest Income from Loans and Investments | \$53.0 | \$45.6 |
| Interest Expense for Member Accounts and Borrowed Funds | (14.3) | (11.2) |
| Loan Loss Provision | (2.8) | (0.9) |
| Net Interest Income | 35.9 | 33.5 |
| Other Income | 16.5 | 14.5 |
| Operating Expense | (41.9) | (41.4) |
| Non-Operating Income | 0.3 | 1.2 |
| Net Income | \$10.8 | \$7.8 |
| Return on Average Assets | 0.71% | 0.55% |

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Board of Directors

Mark Saltsgaver

Chair of the Board

Nathan Lewis

Vice Chair

Donald Zakrowski

Secretary

John Huesing

Treasurer

Kathleen DeLaney

Dennis Trinkle

Mark Andersen

Jeremy Fitch

Julie Dunlap

Michael Johnson

Supervisory Committee

Andrew Laux

Committee Chair

Amy Treida

Kecia Baker

Daryl Soughan

Elizabeth Goines

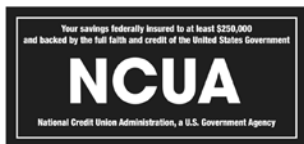
LIKE A BANK, ONLY BETTER.

78,000+
Surcharge-free
ATMs Globally

24/7
Online and
Mobile Banking

5,000+
Shared Branches
Nationwide

Federally Insured by NCUA



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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FINANCIAL

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