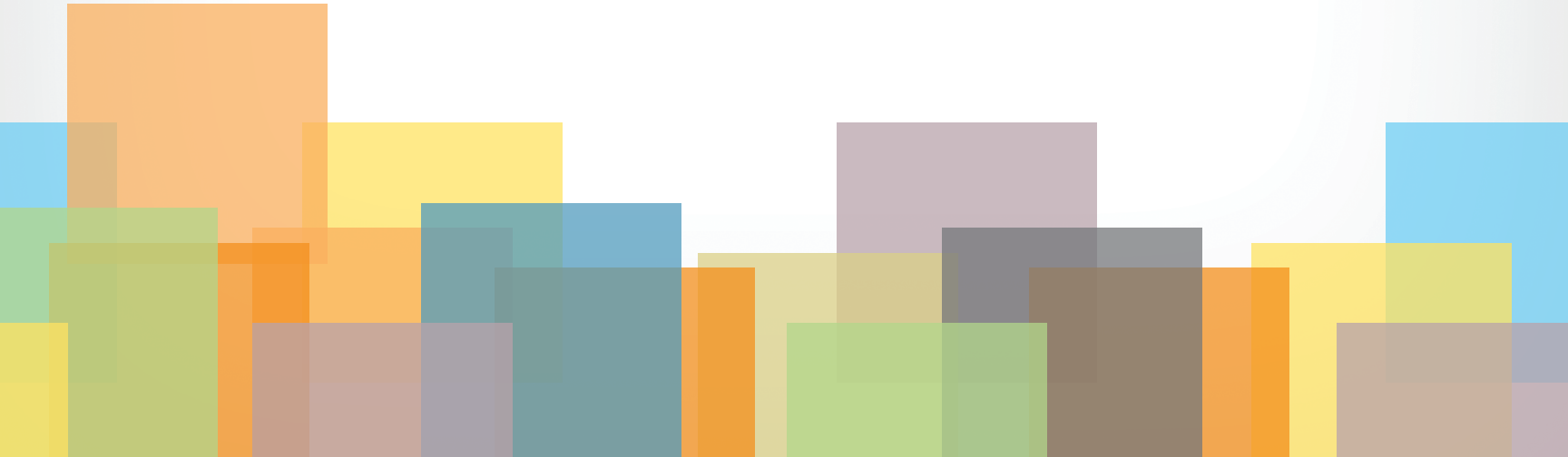


Crossing the Threshold to **\$1 Billion**

2012 Elfcu Annual Report



Crossing the Threshold to \$1 Billion

We've wrapped up an exceptional year. In 2012 at Elfcu (*pronounced elf-kyoo*), we experienced our strongest year of net income and our second highest lending volume on record. Elfcu Wealth Management also attained its highest level of assets under management; not to mention, we became a \$1 billion credit union. We continue to grow while operating only seven physical branches.

In recent years, we've succeeded despite a challenging economy thanks in large part to a decision to partner with companies beyond Eli Lilly and Company. Following this plan to add new employer groups to our membership, we welcomed several highly regarded organizations this year including ExactTarget and the Archdiocese of Indianapolis.

As we change, we remain loyal to our roots. Since the New Year, we have refreshed our look and feel based on member feedback. We are proud to update our style to reflect red as a tribute to Lilly, our original sponsor and valued partner since 1930. At the same time, we're asking members to call us Elfcu now, which has traditionally been our nickname. You can see the changes in place on our newly designed website at elfcu.org.

Moving into 2013, we promise to help you achieve financial wellness

by engaging you with the credit union tools that best support your plan. Look to us to guide and nurture you toward your goals. Our purpose and success is based on making our members financially well.

Thanks for choosing Elfcu,



Mark Saltgaver
Chair of the Board



Lisa A. Schlehuder
Chief Executive Officer



2012 Highlights

OBJECTIVE

MANAGED GROWTH

Seek profitable opportunities and partnerships

Membership

Membership remains the foundation of our growth allowing for economies of scale.

3,346 Total Gross New Members

42,546 Total Core Net Membership
*An increase of 658 members or 1.57% growth**

39 Total employer groups including Eli Lilly & Company
13 new employer groups added to membership eligibility

Loans

Members looked to Elfcu to refinance \$175,350,211 in mortgages and \$19,987,973 in auto loans, allowing them to enjoy a lower payment and/or shorter term on their major purchases. It was Elfcu's second largest lending year in our history.

\$439.3 million

Total Lending Originations

With \$215.4 million in first mortgage loans and \$48.1 in auto loans

\$624.1 million

Overall Loan Balances

For an increase of \$30.9 million or 5.21% growth

Deposits

Traditionally, we have strong savers at Elfcu. This year was no exception as we achieved our target rate of growth for deposits.

\$874.9 million

Overall Deposit Balances

For an increase of \$33.6 million or 3.99% growth

Assets

Elfcu experienced highs in asset growth, net income margins, and capital ratio thanks in large part to lows in loan delinquencies, fraud losses, expenses, and mortgage rates.

\$1 billion+
in Assets

0.88% Return on Average Assets

\$8.9 million
in Net Income

10.31% in Net Worth to Assets Ratio

A net worth ratio beyond 7.0% is considered "well capitalized" by the National Credit Union Administration, the credit union's FDIC equivalent.

**Per NCUA's 5300 Call Report Quarterly Data, total net membership is 59,928 which includes non-core members who are indirect borrowers through our student loans program.*

2012 Board of Directors

Mark Saltgaver, *Chair of the Board*

Nathan Lewis, *Vice Chair*

Jennifer Marsh, *Secretary*

Don Zakrowski, *Treasurer*

Adam S. Arffa

Kathleen DeLaney

Brice Dunshee

Dan Hammerschmitt

Kay Jackson

Michael F. Johnson

2012 Supervisory Committee

John Huesing, *Chair*

Patrick Cassidy

Benjamin Denlinger

Andrew Laux

Scott McKenney

Kelly Wiggins-Payne

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 (800) 621-2105.

2012 Highlights

OBJECTIVE
ENGAGEMENT
Drive higher member loyalty

Credit Cards

In May 2012, we introduced "Something Big" when we began offering competitive Visa credit card services directly again to our members.

As an innovative and unique member giveback, we allocate a member's credit card payments to pay down their highest interest rate balances first.



680 New Credit Cardholders
since program launch, for an increase of 10%

Elfcu Wealth Management

We continue to partner with LPL Financial, the nation's largest independent broker/dealer serving close to 700 community banks and credit unions, to support our members' investment and retirement planning goals. Buoyed by strong performance in global equity markets and new client acquisition, Elfcu Wealth Management achieved record results in several key performance indicators.

\$339.8 million
Total Program Assets

Grew by 15.8%

17.3% Growth in Client Assets Under Management for a Fee *to nearly \$200 million*

25.1% Increase in Individual Advisor Production

11.8% Growth in Total Program Revenue

12th Elfcu Wealth Management's rank among LPL affiliated credit unions nationwide

Corporate Responsibility

Our members are civic-minded, so in turn Elfcu focuses on the community with contributions of money and time.

\$32,140.82

Donated to the Riley Children's Foundation

primarily as a result of our "Cars for Kids" special cause marketing relationship supported with a Miracle Match from CO-OP Network



\$52,844.00

Donated to United Way of Central Indiana

by employees and Elfcu

3 Local Organizations Supported

with cash and in-kind donations from employees during holiday season: Julian Center, Brown County Humane Society, and the Southside Animal Shelter

18 Elfcu Volunteers Worked a Day at Camp Riley

237.25 total paid volunteer hours donated to local organizations

2012 Highlights

OBJECTIVE
INNOVATION
Leverage talent
and technology

Modern Access Points

A physical branch has become “a nice to have” for our members versus “a need to have” as we’ve introduced new electronic conveniences.

PopMoney

Our new partner providing person-to-person payments through eBranch.



elfcuMOBILE

Mobile banking program introduced to include an app for Android and iPhone, a browser-based option and text banking. Smartphone users can make deposits by sending through a photo of a check.



2,403 elfcuMOBILE
users added

4,006 Checks Deposited via Mobile
Totaling \$1,867,337

Financial Wellness Programming

Elfcu announced Pete the Planner as its preferred financial wellness education expert. Thanks to this exclusive relationship, Pete brought us 60 Days to Change, an intensive curriculum designed to help people become better spenders, savers, and budgeters

658 Participants in 60 Days to Change

4 winners of \$1,000 each. 12% increase in Facebook likers and 18% increase in Twitter followers during program.

“I can’t believe that there are only a few days left...Kind of sad about it really. The 60 days went so fast! But have changed my family’s life!!” ~ Member Sarah Anderson

GreenPath Debt Solutions: a non-profit credit counseling agency and a new business partner of Elfcu that offers our members free access to money management and financial education services. GreenPath has been helping people achieve their financial goals since 1961.

Elfcu also became the premier financial wellness partner of the **Indiana Wellness Council**, a wholly-owned subsidiary of the Indiana Chamber of Commerce.

Recognition

2011/2012 Elite Partner’s Club Overall Highest Achieving Credit Union by CU Members for outperforming all other credit unions of our size associated with the servicing company. Also, Kristy Mars, Mortgage Loan Originator, was named a Five Star Professional for the third year in a row by Indianapolis Monthly readers, an honor only 3% of regional mortgage professionals achieve.

Best Places to Work in Indiana for the third year in a row.

CUNA Diamond Award for outstanding credit union marketing

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

LPL Top 25 Advisors – Individual Advisory Production:
Jim Wolf, CFP® #3; Raymond Mark, CFP® #8;
Terry Cox, CRPC® #24

Bank Investment Consultant Magazine

Top 50 Financial Advisors:

Raymond Mark, CFP®, Honorable Mention

Top 20 Program Managers: Matt Snively, #11

Indianapolis Business Journal

Largest Indianapolis Area Investment Brokerage Firms Debut Listing

Consolidated Statement of Financial Condition

(selected data in millions)

Assets	2012	2011
Cash and Investments	\$351.9	\$348.3
Loans to Members (net of allowance for loan losses)	617.8	586.4
Other Assets	40.0	33.5
Total Assets	\$1,009.7	\$968.2

Liabilities and Members' Equity

Share Savings, Drafts and Certificates	\$874.6	\$841.1
Other Liabilities	30.8	32.0
Members' Equity	104.3	95.1
Total Liabilities and Members' Equity	\$1,009.7	\$968.2

Consolidated Statement of Income

(selected data in millions)

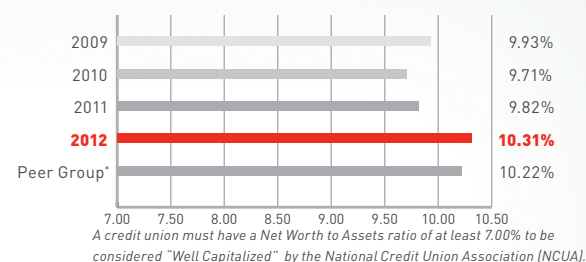
Interest Income from Loans and Investments	\$35.2	\$33.3
Interest Expense for Member Accounts and Borrowed Funds	(7.3)	(8.6)
Loan Loss Provision	(5.8)	(6.6)
Net Interest Income	22.2	18.1
Other Income	10.6	8.4
Operating Expense	(24.0)	(21.6)
Non-Operating Expense	0.2	(0.6) ^(A)
Net Income	\$8.9	\$4.3

Notes to Financial Statements

(A) In 2011, the credit union recognized \$1 million in non-operating expense related to the purchase of our credit card loan portfolio.

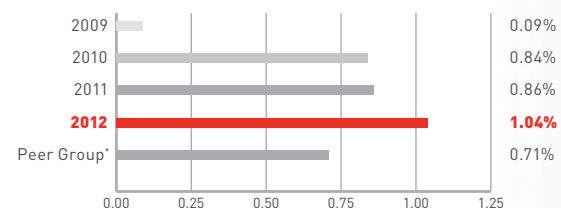
Net Worth to Assets

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



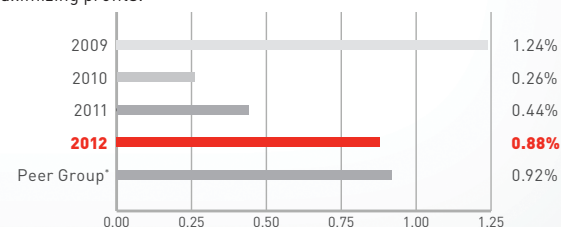
Net Charged-Off Loans to Average Loans

Elfcu experienced increased unsecured loan losses in 2012 from credit card and student loans.



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.



In March of 2009, The National Credit Union Administration (NCUA) announced an impairment of its Share Insurance Fund and plans to assess a premium on shares insured by the Share Insurance fund in 2009. Elfcu initially recognized \$3,523,109 for the impairment and \$1,531,786 for the premium in 2008 based on consultation with its auditor, BKD, LLP.

As additional information became available, guidance then indicated that these expenses should be taken in 2009. In June of 2009, Elfcu reversed the \$3,523,109 and \$1,531,786 entries originally expensed in 2008.

*NCUA Peer Group — All credit unions greater than \$500 million in assets as of 9/30/12.

Elfcu's 2013 Objectives

Be the financial wellness experts.

Live the Elfcu purpose.

"Building lifelong relationships to support our members' financial success."

Grow the business.

elfcu

elfcu

P.O. Box 7123 (317) 276-2105
Indianapolis, IN 46207-7123 (800) 621-2105 toll-free
elfcu.org

*Eli Lilly 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 Do Business In
Accordance with the Federal
Fair Housing Law and the
Equal Credit Opportunity Act

