



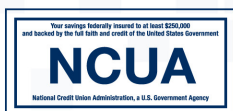
NOTRE DAME  
FEDERAL CREDIT UNION

# A CONNECTED COMMUNITY

2012 ANNUAL REPORT



800-522-6611 — NDFCU.ORG



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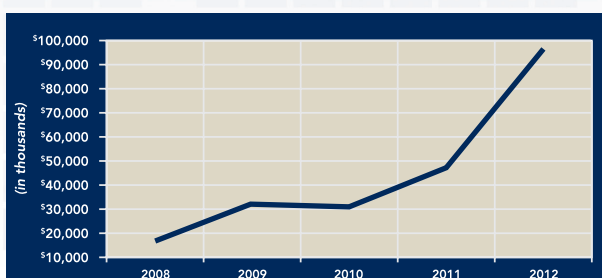
from Thomas J. Gryp, President & CEO

Dear Members,

I am happy to report that your credit union ended the year with a profit of \$287,524, a significant improvement over 2011 results. Looking at our 2012 year-end balance sheet, our loans, deposits and total assets remained “flat” compared to 2011. Numbers, though, can sometimes be deceiving!

A deeper look at 2012 performance reveals something far more dynamic and transformative underway. As I’ve discussed in prior communications, 2012 was the year that began our journey to more proactive member interaction, improved technology, more appealing product offerings, and expansion outside the local Michiana community.

## Total Mortgages Closed

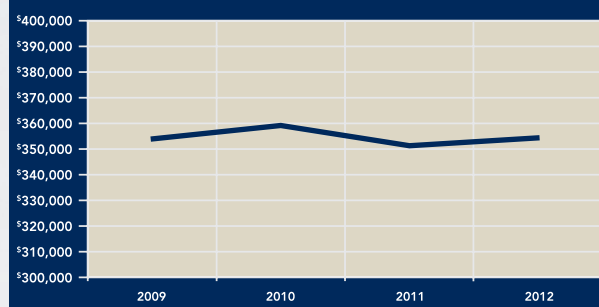


Most of these were sold to manage our interest rate risk

During the past year, auto loans increased nearly \$20 million, the fastest increase in our history. Credit card balances also showed impressive growth by rising to nearly \$30 million.

These incredible results did not happen by accident. They were the result of a coordinated effort by all Notre Dame FCU

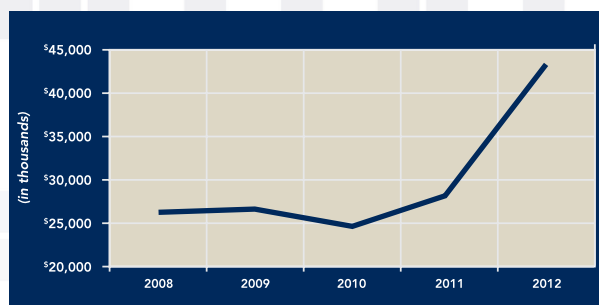
## Total Loan Portfolio



Let’s look under the hood at some incredible changes in 2012 that validate this point. In 2012, your credit union originated over \$96 million in mortgage loans. This was more than twice the amount of our 2011 performance!

In order to properly manage our interest rate risk, many of these loans were sold. However, we retained all mortgage servicing to ensure the highest level of member satisfaction was maintained.

## Total Year-End Titled Collateral Balances



Statement of Income (years ended December 31)

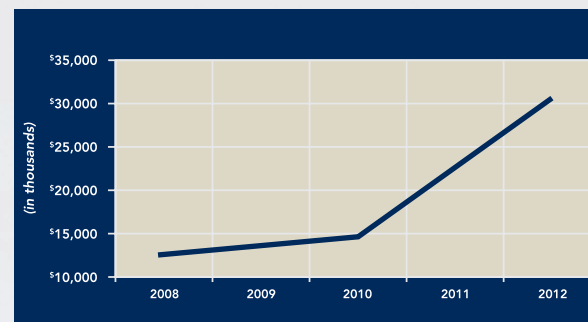
	2012	2011
<b>Interest Income</b>		
Loans	\$14,904,441	\$15,140,138
Securities available for sale	512,557	759,131
Interest-earning balances in other financial institutions and other securities	86,400	59,781
<b>Total interest income</b>	<u>15,503,398</u>	<u>15,959,050</u>
<b>Interest Expense</b>		
Members’ shares	2,361,436	2,834,731
Federal Home Loan Bank advances	509,732	653,352
<b>Total interest expense</b>	<u>2,871,168</u>	<u>3,488,083</u>
<b>Net Interest Income</b>	12,632,230	12,470,967
<b>Provision for Loan Losses</b>	<u>1,160,000</u>	<u>1,740,000</u>
<b>Net Interest Income After Provision for Loan Losses</b>	11,472,230	10,730,967
<b>Noninterest Income</b>		
Service fees and charges	4,992,544	4,375,519
Gain on sales of loans	2,215,401	774,365
Commissions	735,689	581,884
Other	898,048	354,676
<b>Total Noninterest Income</b>	<u>8,841,682</u>	<u>6,086,444</u>
<b>Noninterest Expense</b>		
Salaries and employee benefits	10,149,648	7,525,109
Occupancy	1,466,937	1,405,880
Marketing	861,087	760,090
Equipment and data processing	2,441,364	1,862,113
Credit card servicing	770,142	687,916
Share insurance deposit expense	354,319	884,995
Other	3,982,891	3,783,919
<b>Total Noninterest Expense</b>	<u>20,026,388</u>	<u>16,910,022</u>
<b>Net Income (Loss)</b>	<u><b>\$287,524</b></u>	<u><b>(\$92,611)</b></u>

## Statement of Financial Condition (years ended December 31)

<b>Assets</b>	<b>2012</b>	<b>2011</b>
Cash and due from financial institutions	\$18,941,282	\$13,373,483
Interest-earning balances in other financial institutions	9,472,202	12,956,160
Certificates of deposit in other financial institutions with maturities of less than 90 days	500,000	-
Total cash and cash equivalents	28,913,484	26,329,643
Certificates of deposit in other financial institutions maturing in greater than 90 days	500,000	-
Securities available for sale	25,015,990	33,645,554
Loans - Net	353,257,457	350,794,846
Loans held for sale	761,950	-
Mortgage servicing rights - Net	655,533	263,828
Premises and equipment - Net	6,347,167	6,851,869
Credit Union-owned life insurance	5,081,219	-
Federal Home Loan Bank (FHLB) stock	1,787,500	1,787,500
Membership capital at corporate credit unions	1,500,000	1,500,000
Share insurance deposits	3,728,752	3,617,558
Prepaid pension asset	1,774,229	2,668,593
Accrued interest receivable	2,656,184	3,594,495
Other assets	1,194,294	1,570,504
Total assets	<b>\$ 433,173,759</b>	<b>\$ 432,624,390</b>
<b>Liabilities and Members' Equity</b>		
<b>Liabilities</b>		
Members' share accounts	\$378,468,351	\$373,863,943
Federal Home Loan Bank advances	19,750,000	23,750,000
Accrued dividends and other liabilities	2,688,832	2,389,915
Total liabilities	\$ 400,907,183	\$ 400,003,858
<b>Members' Equity</b>		
Total liabilities and members' equity	<b>\$ 433,173,759</b>	<b>\$ 432,624,390</b>

## from Thomas J. Gryp, President & CEO

### Total Year-End Credit Card Balances



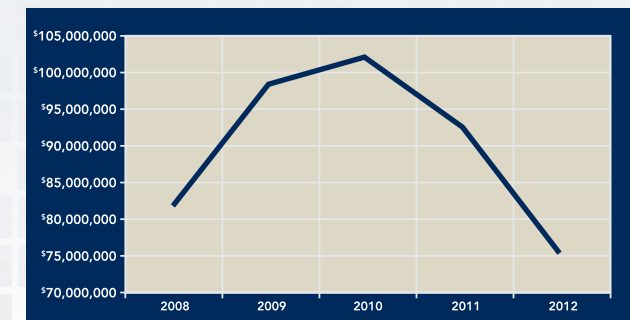
partners to go the extra mile for both their members as well as for each other. The result was an exceptional increase in productivity and efficiency.

Why then were our aggregate numbers flat? Two reasons. The first was normal runoff of our amortizing loans, amplified by members continuing to refinance to obtain and lock-in lower interest rates.

The second reason, and I have discussed this extensively in the past, was the accelerating runoff of what was once a major source of business for us, Federal Guaranteed Student Loans (GSLs). In 2012 alone, our GSL portfolio shrank by nearly \$20 million, due to government incentive programs to consolidate all existing GSLs with Sallie Mae.

If it wasn't for these two items, both industry-wide in nature, 2012 would have been an even more impressive year than what appeared on paper.

### Guaranteed Student Loans



### More Than What You See.



In 2012, your credit union began reaching out to both current and prospective members outside our immediate geographic area. Multiple events were sponsored with Notre Dame alumni throughout the country, and it was inspiring to hear so many people supportive of our efforts to offer our services nationwide.

What does the future hold for your credit union? Expect to see more targeted outreach to you, our valued members,



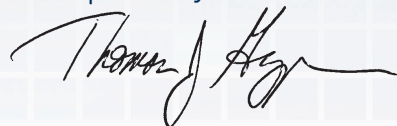
from Thomas J. Gryp, President & CEO

offering solutions that not only save you money, but empower you to take better control of your financial lives. There will also be more outreach nationwide, with the Chicago, Indianapolis, and Detroit markets being our initial targeted areas. Behind the scenes we are hard at work re-engineering our core systems to ensure you receive full access to all your financial information, plus have the tools necessary to conduct all your business, if you desire, online.

As you can see, there are exciting and progressive changes underway at Notre Dame FCU, but it is all for nothing if we are not providing the products and services that you desire. If you need something, ask us. If you see a financial product elsewhere that you would like to see at your own credit union, tell us. We rely heavily on our members to provide ideas for our next product, service, or promotion.

As always, I am at your disposal to assist in any way that I can. Thank you for being a Notre Dame FCU member, and please consider us for any and all of your financial needs.

Respectfully,



Thomas J Gryp  
574/400-4601  
tgryp@ndfcu.org

Board of Directors/Supervisory Committee

## Board of Directors

A credit union's Board of Directors consists of volunteers elected at the annual meeting by the controlling management of the credit union – its members. Notre Dame FCU's Board of Directors is no different, with each member dedicated to setting the credit union's policies, all the while maintaining the best interests of the membership.

Victor J. DeCola, *Board Chairman*  
James J. Lyphout, *Vice Chairman*  
Brenda L. Bickel, *Treasurer*  
Mark P. Mullaney, *Secretary*

Keith D. Dennis  
Rodney C. Donigan  
Kevin M. Smith  
James M. Summers  
Frederick "Freddie" W. Thon

## Supervisory Committee

Notre Dame FCU's Supervisory Committee monitors the operations of the credit union and its internal control system. Supervisory Committee members not only attend every Board of Directors meeting, they also meet periodically with the regulatory examiners and external auditors to ensure the efficiency and ethical practices of the credit union.

Our Supervisory Committee members are Keith D. Dennis (Committee Chairman), Pat Ruszkowski, Timothy Chapman, and Jerry Langley.

### The Supervisory Committee's Report

The NCUSIF (National Credit Union Share Insurance Fund), an agency of the United States Government, was established exclusively to insure credit union deposits in members' accounts. Most properly established share accounts are insured up to \$250,000, with an additional \$250,000 for Individual Retirement and Keogh Accounts. The credit union also maintains excess deposit insurance from Excess Share Insurance Corporation (ESI), covering an additional \$250,000 for all qualified member share balances exceeding \$200,000.

Plante & Moran, PLLC, Certified Public Accountants, were hired at the recommendation of the Supervisory Committee to conduct an audit of the 2012 financial statements and to render an opinion thereon. Although the financial statements audited by the credit union's independent accountants, Plante & Moran, PLLC, are not included in this Annual Report, they are available upon request from the credit union. As your Supervisory Committee, it is our opinion that Notre Dame FCU meets the requirements of State and Federal regulations, and credit union by-laws, and continues to focus on efficient and effective operations, as directed by the Board policy.