

Financial Statements – Statement of Financial Condition

Years ended December 31, 2013 and 2012

	2013	2012
Assets		
Cash and due from financial institutions	\$7,003,243	\$18,941,282
Interest-earning balances in other financial institutions	931,607	9,472,202
Certificates of deposit in other financial institutions with maturities of less than 90 days	–	500,000
Total cash and cash equivalents	7,934,850	28,913,484
Certificates of deposit in other financial institutions with maturing in greater than 90 days	2,960,000	500,000
Securities available for sale	38,890,410	25,015,990
Loans – Net	387,249,396	353,257,457
Loans held for sale	–	761,950
Mortgage servicing rights - Net	923,552	655,533
Premises and equipment - Net	7,111,790	6,347,167
Credit Union-owned life insurance	5,216,323	5,081,219
FHLB stock	2,487,500	1,787,500
Membership capital at corporate credit unions	1,500,000	1,500,000
Share insurance deposits	3,763,585	3,728,752
Prepaid pension asset	2,578,519	1,774,229
Accrued interest receivable	2,311,864	2,656,184
Other assets	1,449,705	1,194,294
Total Assets	\$464,377,494	\$433,173,759
Liabilities and Members' Equity		
Liabilities		
Members' share accounts	\$392,230,247	\$378,468,351
Federal Home Loan Bank advances	34,750,000	19,750,000
Other borrowings	3,165,483	–
Accrued dividends and other liabilities	3,092,491	2,688,832
Total Liabilities	433,238,221	400,907,183
Members' Equity	31,139,273	32,266,576
Total Liabilities and Members' Equity	\$464,377,494	\$433,173,759

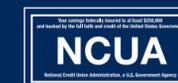
Financial Statements – Statement of Operations

Years ended December 31, 2013 and 2012

	2013	2012
Interest Income		
Loans	\$14,946,677	\$14,904,441
Securities available for sale	647,769	512,557
Interest-earning balances in other financial institutions and securities	78,813	86,400
Total Interest Income	15,673,259	15,503,398
Interest Expense		
Members' shares	1,789,089	2,361,436
FHLB advances and other borrowings	405,579	509,732
Total Interest Expense	2,194,668	2,871,168
Net Interest Income	13,478,591	12,632,230
Provision for loan losses	1,590,000	1,160,000
Net Interest Income after Provision for Loan Losses	11,888,591	11,472,230
Noninterest Income		
Service fees and charges	5,272,882	4,992,544
Gain on sales of loans - Net	1,368,652	2,215,401
Commissions	1,015,064	735,689
Other	720,030	898,048
Total Noninterest Income	8,376,628	8,841,682
Noninterest Expense		
Salaries and employee benefits	9,440,244	10,149,648
Occupancy	1,639,275	1,800,215
Credit card servicing	892,858	770,142
Marketing	846,513	861,087
Equipment and data processing	2,922,215	2,108,086
Share insurance deposit expense	304,454	354,319
Other	4,408,952	3,982,891
Total Noninterest Expense	20,454,511	20,026,388
Net (Loss) Income	\$(189,292)	\$287,524



Planning for the Future



NotreDameFCU.com



2013 Annual Report

It started as just an idea, an idea shared over a beer at the local tavern on Notre Dame Avenue. In May 1941, near the end of the Great Depression, Professors Lou Buckley and John Sheehan were not interested in making money, but rather, they were looking for a way to save money. Times were tough, and they wanted to help all of their friends on the faculty and staff at the University of Notre Dame.

From that conversation, the University of Notre Dame Federal Credit Union was born. Housed in Room 329 of the Administration Building, under the Golden Dome, the credit union had a total of 30 members after the first day of business. Soon after, the University of Notre Dame Federal Credit Union issued its very first loan for just \$100 to a secretary in the Alumni office.

Nearly 75 years later, Notre Dame Federal Credit Union has grown to over 58,000 members worldwide with ten full-service branches in St. Joseph County and a nationwide network of ATMs and shared branches. Additionally, we continue to grow the products and services we offer, providing affordable and tech-savvy solutions to our members for all of their financial needs.

We were founded to serve our members, and as such, we are owned and controlled by the members we serve. It’s the only reason we exist, and we work tirelessly to fulfill that purpose, and will continue to do so in the years to come.

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Dear Members,

If there would be one phrase to describe 2013, it would be “Preparation for Launch”. After several years of planning, 2013 was the year that your credit union began putting plans into action that would launch Notre Dame FCU into becoming a national credit union capable of serving our members in all 50 states.

These preparations impacted every aspect of your credit union. Let me highlight a few of the significant events:

Data Center Conversion

During 2013, we transitioned to a virtual data center that contains all of our data and information, providing us with significant efficiencies as well as nearly unlimited bandwidth capability to serve our members nationwide. This was the required backbone needed to execute an effective national presence.

Enhanced Member Service Training

We changed the reporting structure in our branches for 2013. This change allowed us to put more emphasis on talking to you, our members, so that we can solve your issues on the spot. The ability to proactively assist you with your financial needs is a member service level that is of paramount importance as we move forward.

Shamrock Center

Our Shamrock Call Center was further enhanced in 2013, making it even more convenient for you to interact with us, whether online or on the phone. This past year, we significantly increased staffing and training in order to match skyrocketing member usage.

Core Conversion Preparation

In 2012, the decision was made to update our core processing systems to CU Answers on April 1, 2014. As a result of that decision, significant resources were invested in 2013 to prepare for this significant event. There were many anticipated one-time costs expensed in 2013, but the investment was critical to ensure our conversion went smoothly.

While all of this preparation was underway, our underlying mission to serve our members continued robustly. In 2013, your credit union originated over 600 first mortgages, totaling more than \$95 million. In addition, over 2,200 new and used auto loans were funded, totaling more than \$38 million. Together with credit cards and other loans, your credit union saved millions of dollars for our members. I hope that you were one of them!

Going forward, the results of our launch will become visible to all. Expect to see faster loan decisions and a more integrated online banking, including more robust bill pay and mobile banking solutions. In addition, a remote deposit capture (RDC) feature will be introduced to make depositing checks into your account an effortless process. While there are even more enhancements coming, this should give you a sense of what is on the horizon.

These are very exciting times for Notre Dame FCU, and in 2014, you will be able to see the fruits of the labor invested in 2013. While the year 2013 was the “Preparation for Launch”, 2014 will be the year of transformation.

Thank you for your continued loyalty and commitment to your credit union. It does matter where you bank, and together there is much we can do!

Respectfully,

Thomas J. Gryp
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tgryp@NotreDameFCU.com

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.

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|-----------------------------------|--|
| Victor J. DeCola – Board Chairman | Keith D. Dennis – Director |
| James J. Lyphout – Vice-Chairman | Rodney C. Donigan – Director |
| Brenda L. Bickel – Treasurer | Kevin M. Smith – Director |
| Mark P. Mullaney – Secretary | James M. Summers – Director |
| | Frederick “Freddie” W. Thon – Director |

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 2013 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.