

IN ROOM 329, WE **DIDN'T** START A BANK

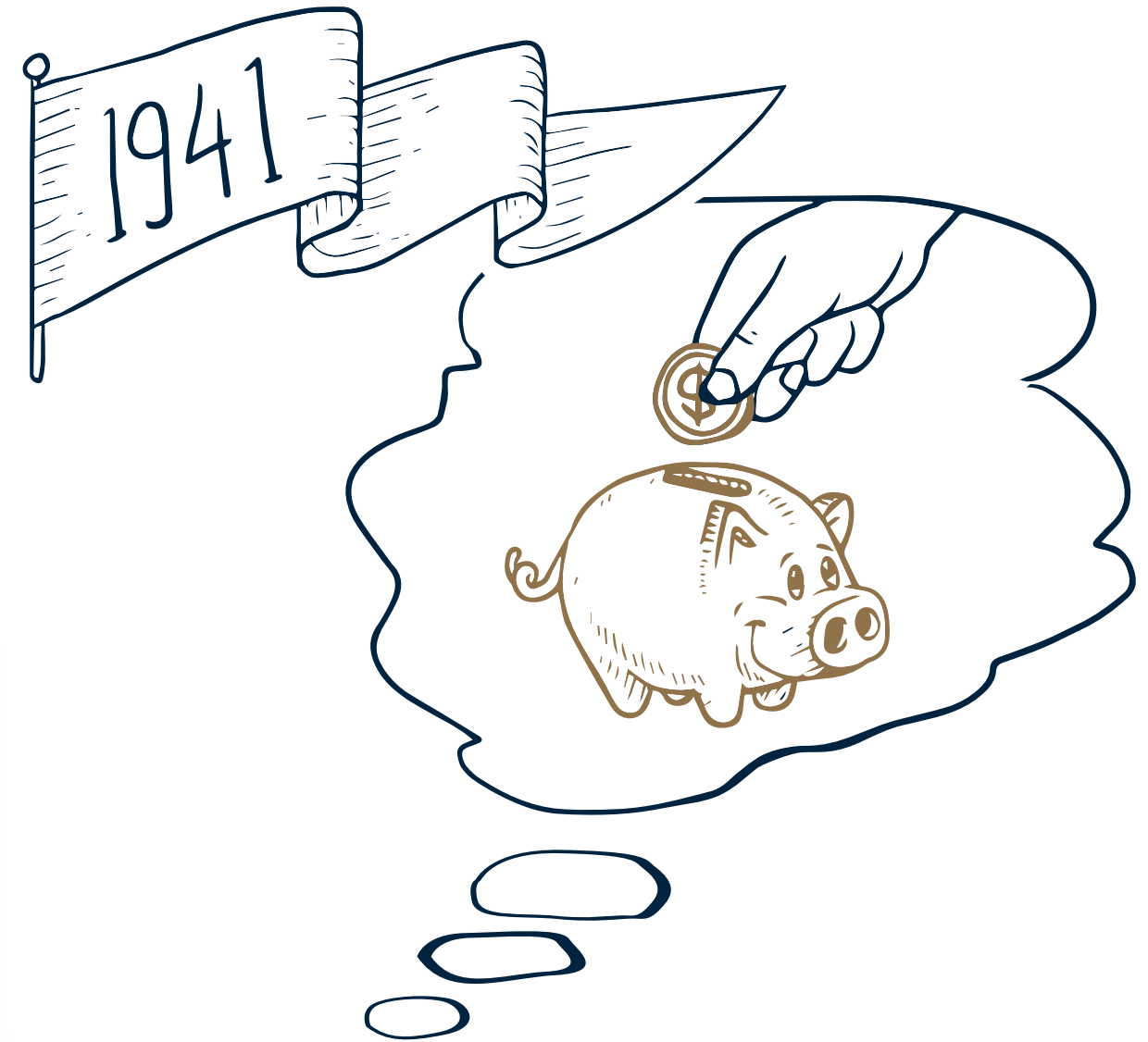


2016 ANNUAL REPORT
NOTRE DAME FEDERAL CREDIT UNION

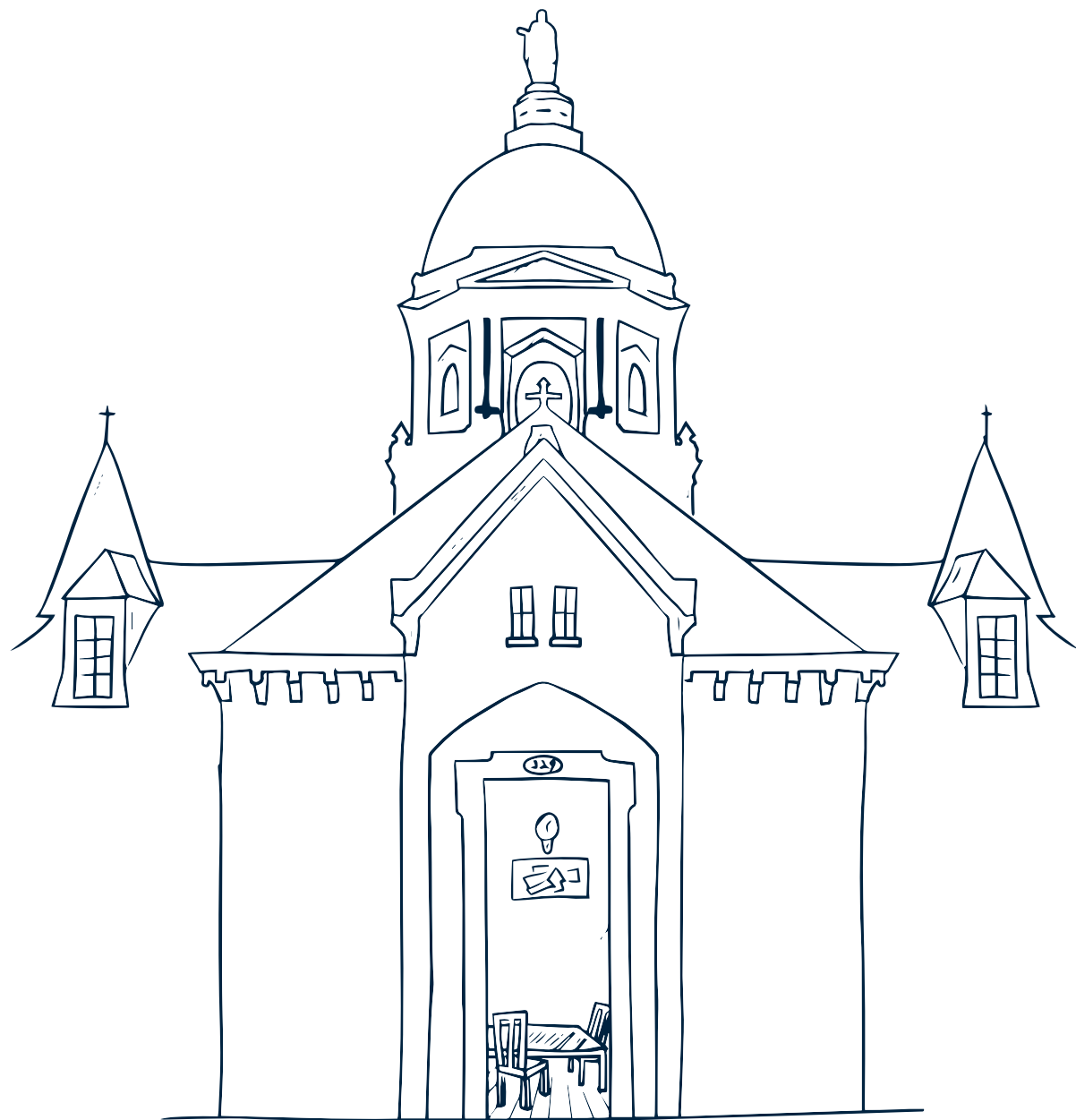
IT STARTED



It started as just an idea, an idea shared over a beer at the local tavern on Notre Dame Avenue.



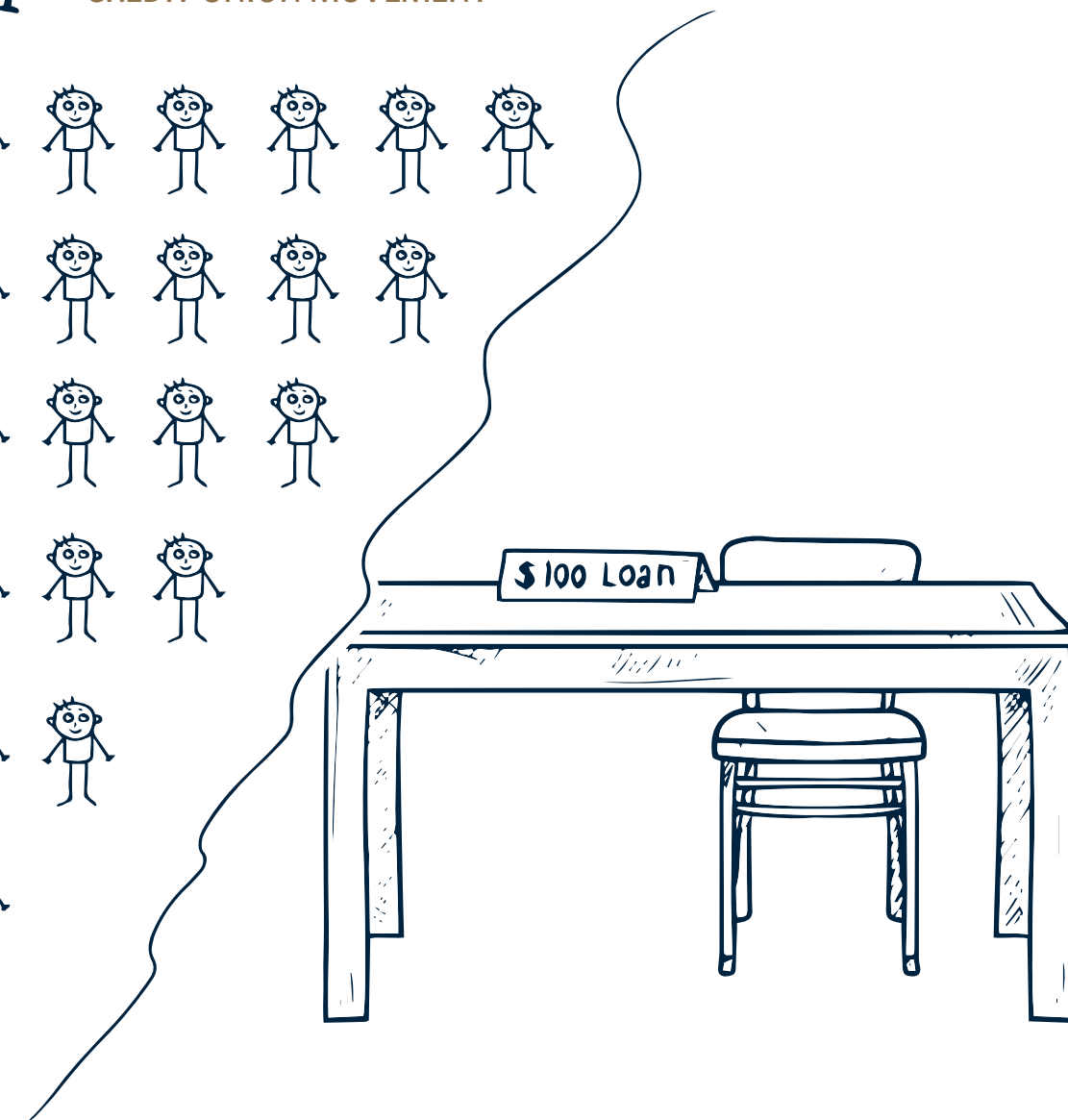
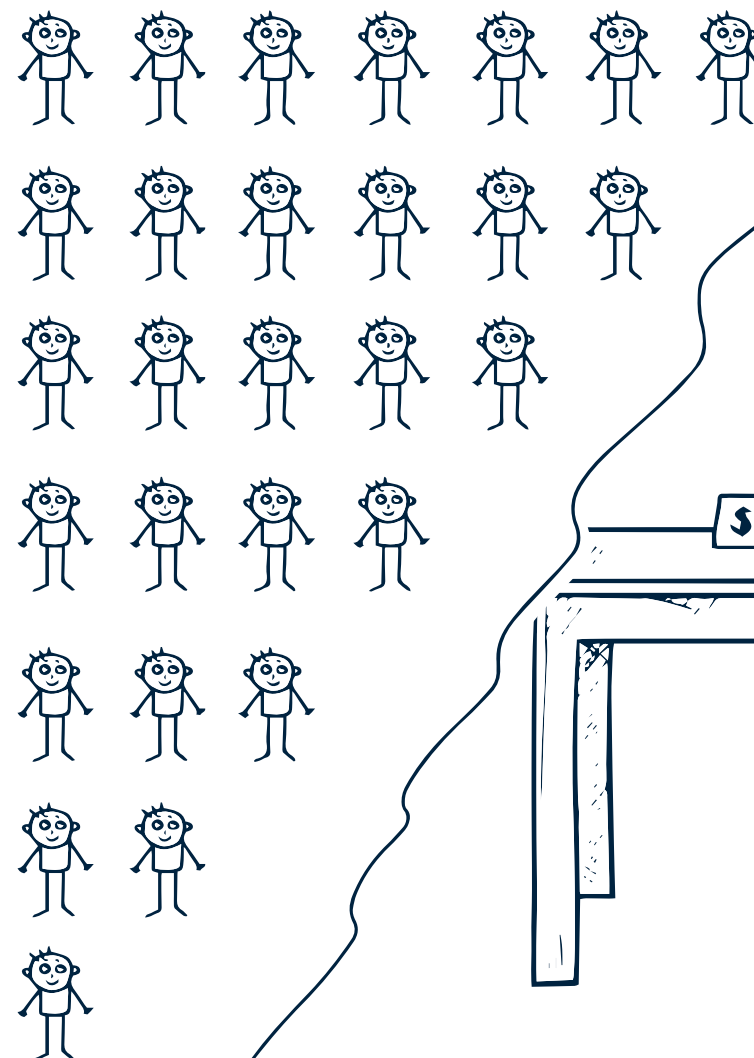
In May 1941, near the end of the Great Depression, Professors Lou Buckley and John Sheehan were not interested in making money, but rather, they were looking for a way to save money.



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, it started with two rickety chairs, an old wooden desk and an exciting idea that would improve the lives of their friends on the staff and faculty of the University of Notre Dame for years to come.

DAY 1

30 MEMBERS JOINED THE CREDIT UNION MOVEMENT



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.



Over 75 years later, Notre Dame Federal Credit Union has grown to over 53,000 members worldwide with nine full-service branches in St. Joseph County and a nationwide network of nearly 30,000 surcharge-free ATMS and 5,000 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.



Dear Fellow Members,

2016 was an incredibly successful year for your credit union. Our 75th anniversary year concluded with Notre Dame FCU earning a profit of \$2,667,183, while at the same time “giving back” at levels never before possible to our members, partners and the communities where we live, work and play.

Through our cash back auto and mortgage loan programs alone, we returned over \$556,000—a record high—to our members. We also donated over \$115,000 to a large number of charities in the greater Michiana community, which was also a record high for us.

Many other accomplishments were achieved during 2016. Our Board of Directors voted to raise the Notre Dame FCU minimum wage to \$13.50/hour and to eliminate the two-tier PTO (Personal Time Off) system which had previously provided management staff with more time-off than their non-management counterparts. We also approved the construction of a fresh and expanded branch in the new Martin’s Supermarket, built on the corner of Western Avenue and Mayflower Road in South Bend. We were proud to launch Irish Card Shield—a protective measure providing our members the ability to control their cards—turning on and off their debit and credit card functions with customized selectivity.

In August, we awarded 12 scholarships—our highest number ever—to Notre Dame FCU members, and we continued to provide and support financial literacy for our members through our bilingual Dave Ramsey Financial Peace course offerings.

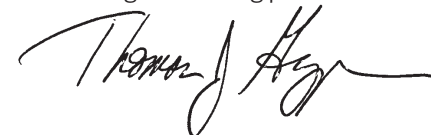
Notre Dame FCU took the lead in forming the Catholic Credit Unions of America (CCUA) Association. The CCUA is dedicated to deliver mutual support to approximately 100 Catholic-oriented credit unions in the United States. Since its creation, we have already assisted many smaller Catholic credit unions with auto loan participations, mortgage participations and various best practice techniques relating to compliance, accounting and information technology services.

It was a good year—we achieved these stellar results while continuing to build the infrastructure for future growth and continued innovation. Our cooperative nature means that we are committed to go beyond simply meeting the financial needs of our members. Each of our partners strives daily to give back to our members and help the area communities where we serve.

Because of your support, we were enabled to succeed with each of these accomplishments this year. Your patronage allows us to make these kind of investments in our members, partners and communities. Yes, because of our family of members, we have again demonstrated together, “Where You Bank **DOES** Matter”!

As always, if you have any questions, suggestions, comments or complaints, please do not hesitate to contact me at TGryp@NotreDameFCU.com.

Thanks again for being part of our credit union family!



Thomas J. Gryp, President/CEO
Class of '79

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	Rodney C. Donigan Director
Pat Ruszkowski Vice-Chairman	Jerry Langley Director
Kevin M. Smith Treasurer	Mark P. Mullaney Director
James M. Summers Secretary	Fr. Mark B. Thesing Director
Brenda L. Bickel Director	Frederick “Freddie” W. Thon Director
David Brenner 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.

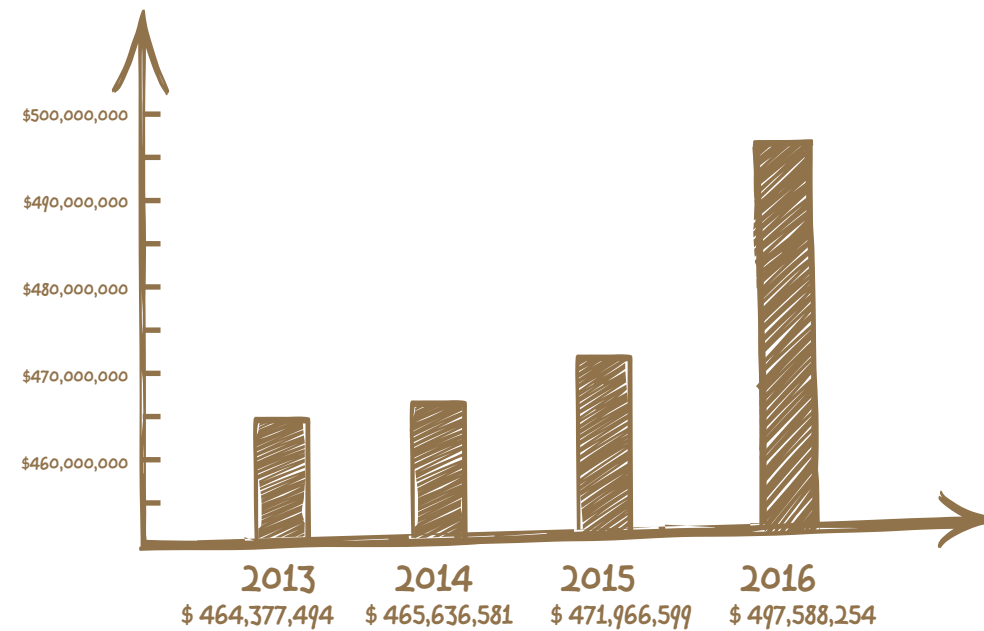
Our Supervisory Committee members are Jerry Langley (Committee Chairman), Sam Centellas, Lou Pierce, Katherine Williams and Michael Palmer.

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 \$250,000.

Plante & Moran, PLLC, Certified Public Accountants, were hired at the recommendation of the Supervisory Committee to conduct an audit of the 2016 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.

STATEMENT OF FINANCIAL CONDITION



TOTAL ASSETS

Assets

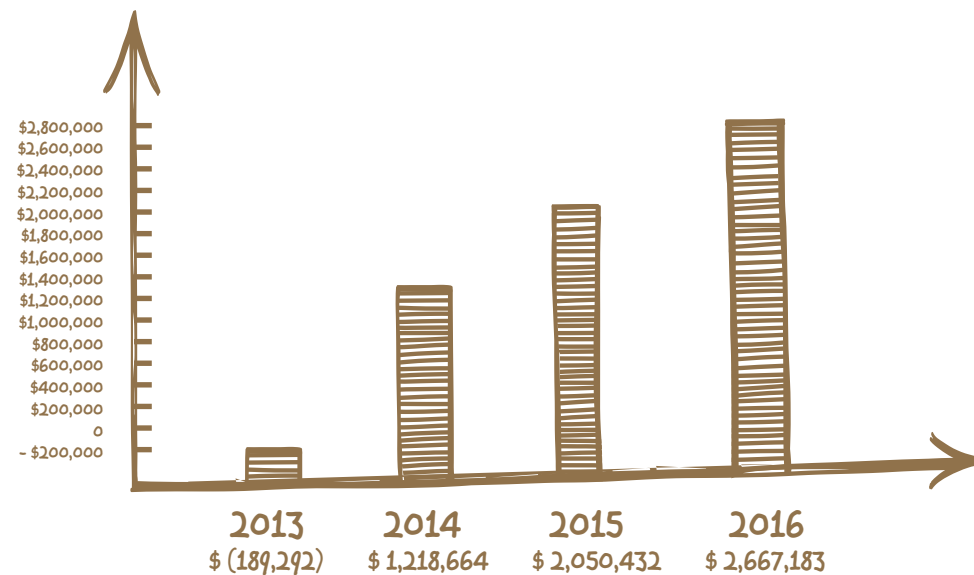
	December 31, 2016	December 31, 2015
Cash and due from financial institutions	\$49,479,555	\$ 26,112,543
Interest-earning balances in other financial institutions	6,829,050	6,058,292
Total cash and cash equivalents	56,308,605	32,170,835
Certificate of deposit in other financial institutions	750,000	1,000,000
Securities available for sale	17,064,657	37,122,675
Loans - Net	396,832,452	373,465,178
Loans held for sale	484,055	2,349,475
Mortgage servicing rights - Net	1,660,325	1,353,000
Premises and equipment - Net	5,965,567	6,044,589
Credit Union - owned life insurance	5,708,753	5,555,054
FHLB stock	1,641,100	1,641,100
Membership capital at corporate credit union	1,500,000	1,500,000
Share insurance deposits	4,206,280	4,142,786
Prepaid pension asset	2,491,062	2,300,661
Accrued interest receivable	2,006,238	2,154,419
Other assets	969,160	1,166,827
Total assets	\$ 497,588,254	\$ 471,966,599

Liabilities and Members' Equity

Liabilities

Members' share accounts	\$ 434,208,181	\$ 412,387,379
Non-member certificates of deposit	9,640,447	9,885,455
Federal Home Loan Bank advances	10,000,000	10,000,000
Accrued and other liabilities	4,826,459	3,747,648
Total liabilities	\$ 458,675,087	\$ 436,020,482
Members' Equity	38,913,167	35,946,117
Total liabilities and members' equity	\$ 497,588,254	\$ 471,966,599

STATEMENT OF OPERATIONS



NET INCOME (LOSS)

	December 31, 2016	December 31, 2015
Interest Income		
Loans	\$ 16,181,181	\$ 15,779,585
Securities available for sale	408,254	647,873
Other	277,897	132,967
Total interest income	\$ 16,867,332	\$ 16,560,425
Interest Expense		
Members' shares	1,805,704	1,932,081
FHLB advances	282,642	317,025
Total interest expense	2,088,346	2,249,106
Net Interest Income	14,778,986	14,311,319
Provision for Loan Losses	1,895,000	1,900,000
Net Interest Income After Provision for Loan Losses	12,883,986	12,411,319
Non-interest Income		
Service fees and charges	2,761,717	2,390,145
Mortgage banking income	1,836,018	1,278,296
Commissions	1,395,361	1,164,733
Interchange fees	3,321,459	3,242,994
Other	871,825	534,326
Total non-interest income	10,186,380	8,610,494
Non-interest Expense		
Salaries and employee benefits	10,421,411	9,196,485
Occupancy	1,604,672	1,580,354
Credit card servicing	768,442	611,889
Marketing	768,693	1,049,508
Equipment and data processing	2,637,448	2,739,913
Share insurance deposit expense	16,094	17,327
Other	4,186,423	3,775,905
Total non-interest expense	20,403,183	18,971,381
Net Income (Loss)	\$ 2,667,183	\$ 2,050,432



Where you bank *DOES* matter