



2016 ANNUAL REPORT



MEMBERSHIP

Over the last 76 years, Centra has worked to create a strong foundation by focusing on three key elements: Centra Members, Team Members and Membership. As you'll see, those decisions have paid dividends, and 2016 was a year of great success. The future of Centra is bright. Thanks to 76 years of hard work and success, Centra will continue to grow while staying true to its roots, while moving forward to best serve you and generations to come.

President's Report



As I reflect on 2016, my first year with Centra, I feel a sense of thankfulness. I'm proud to be working as your President and CEO at Centra and I'm thrilled to share what we achieved in 2016. The successes you will read about in this year's Annual Report are the beginning of extensive plans we have for the future. Our vision includes focusing on five key areas in the next five years - Member Growth, Member Experience, Team Member Experience, Technology, and Branch and Facility Optimization.

When we work toward the future and focus on constantly improving, we can move forward as an organization while maintaining the same level of member-centric service for future generations. No matter how things change, one thing will stay the same – we are Centered Around You.

To us, you are much more than a Member of Centra Credit Union; you are family. We strive to serve you the way we would want to be served. That is why we are so proud of the success we have had in 2016. It means we can do more to serve you in 2017.

This year will be full of positive changes for our Members. We are putting money back in our Members' pockets by eliminating more fees. Banking at Centra will be even more convenient with the addition of a new location in New Albany. Late this year, new online and mobile technologies will be another addition that will make 2017 an outstanding year for our Members.

2016 was bright, but the future is even brighter and we're happy you're along for the ride. Thank you for choosing Centra to be your Credit Union, for trusting us to make the best decisions for you and for helping us grow. It's an honor to serve you and your families every single day.

A handwritten signature in black ink that reads "Rick A. Silvers". The signature is written in a cursive, flowing style.

- Rick A. Silvers

President and CEO

Chairman's Report

Our objective for Centra remains the same year after year: achieve steady growth while maintaining the integrity of the Credit Union and staying Centered Around You. The 2016 numbers show we were successful. As we worked toward growth and achievement, we kept the focus on you by eliminating more fees, offering more convenient banking options and implementing new technology.

All the improvements made throughout the year are made with one goal in mind: making banking more convenient for you. By saving you more money and providing new technology, Centra hopes to make banking a pleasant experience that fits your lifestyle.

Thank you for choosing us to be your Credit Union, for trusting us to make the best decisions for you and for helping us grow. The growth we achieved allows Centra to continue to serve you and your family for generations to come.



Loretta M. Burd

- Loretta M. Burd
Chairperson

Treasurer's Report

We are proud to share we not only met, but exceeded our financial goals for 2016. Centra achieved record loan growth at \$105, 319, 212, which is more than a 15% increase over 2015. Net income was also at an all-time high of more than \$13 million in 2016.

With income and loan growth at an all-time high, Centra can do even more to improve your banking experience. This includes adding a new location in the near future to make banking more accessible for you.

We are excited that Centra's Membership grew by more than 3,300 Members in 2016. We helped more people than ever improve their financial lives by delivering outstanding service combined with the right products at the right time.



Jim Bickel

- Jim Bickel
Treasurer

Board of Directors



Loretta M. Burd
Chairperson



Mary Stroh
Vice Chairperson



Jim Bickel
Secretary/Treasurer



Alan Degner



Amber Fischvogt



Donald Jackson



Brian McBroom



Randy Proffitt



Kesavan Venugopal

Supervisory Committee



Joseph Brown
Chairman



Sara Jacobi



David Shinkle



Tara Vatcher

Senior Management



Rick A. Silvers
President & CEO



Patty Knorr
Chief Experience Officer



Brad Davis
Chief Credit Officer



Dave Mann
Chief Financial Officer



Chris Bottorff
Southern Region President
& Chief Sales Officer



Norb Adrian
Chief Information Officer



Jim Dineen
Chief Risk Officer

2016 Highlights

Record Loan Growth

Centra had **\$105.3 Million** in loan growth in 2016, a more than 15% increase over Centra's \$88.7 million loan growth in 2015.

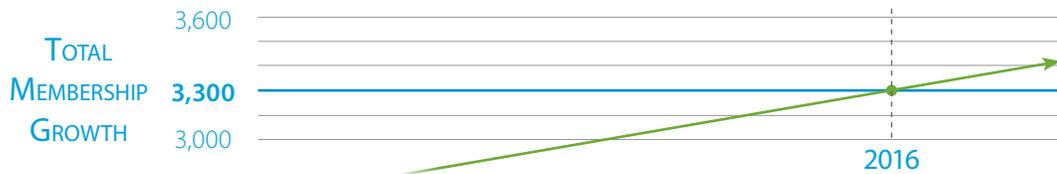
\$88.7 Million	2015	
\$105.3 Million	2016	A More Than 15% Increase

Record Net Income

We are proud that 2016 brought with it a record net income of more than **\$13,697,000**.

Member Growth

Membership grew by more than **3,300 members**, which represents the strongest year of Member growth since 2008. We are proud to be a Credit Union our local communities support by joining.



Technology

Centra implemented several different technologies to make banking more convenient and efficient for our Members. We updated our mobile services to include Samsung and Android Pay. We implemented New Loan Systems to make the loan process smoother.



New Branch Location

In 2016, we finalized the plans for our newest Centra location in New Albany! We strive to make banking convenient for our Members and additional locations help us achieve that.



Strong Credit Quality

Centra is evaluated with better-than-industry credit quality metrics that help solidify Centra as a safe and sound institution. We are proud to say we achieved strong credit quality, and you can be sure Centra is among the safest banking institutions. Centra has maintained a 5-Star Bauer Rating for 86 straight quarters.

Convenience and Technology

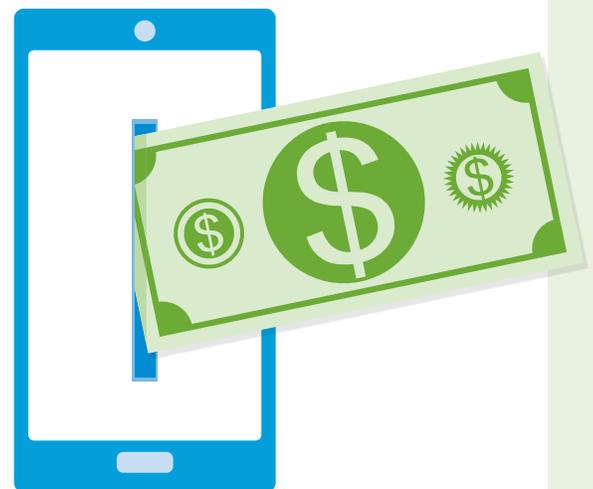
Technology: Technology is constantly evolving and improving. Centra is constantly working to stay on top of the change. In 2016, we implemented the following to improve your banking experience:

- **EMV:** EMV, or chip cards, improve payment security. Centra upgraded all credit cards in 2015 and all debit cards in 2016 to better protect you from fraud.
- **Samsung and Android Pay:** Much like Apple Pay, Samsung and Android Pay allow you to link your Centra credit or debit card to your mobile wallet for quick, easy mobile transactions.
- **Instant Balance:** Instant Balance allows you to preview up to six of your accounts instantly via the Mobile Banking App. You no longer have to log in to your account just to check your balance.
- **New Loan Systems:** The new loan delivery systems help Centra Team Members work more efficiently and make the mortgage and loan process simpler for you.
- **Centra University:** Centra University is an internal education tool for Centra Team Members, which provides mobile, easy-to-access resources to help educate our Team Members.
- **TimeTrade:** Centra Members can now make an appointment to speak with a Centra representative online with TimeTrade. No more waiting in line to speak with someone, just make your appointment, show up on time and get your banking done quickly and conveniently.



The Mobile Banking and Deposit options continue to be widely used among Centra Members, especially for those who don't live near a Centra location for regular visits.

Convenience: Centra works hard to make sure your banking is as easy as possible. We offer flexible banking, because we want you to have options. In 2016 we offered our Members even more options for banking, including online education resources, and extended weekend and evening banking hours at many locations, just to name a few.



Mortgages

Centra makes securing a mortgage convenient, and getting in the home of your dreams easy! You benefit from the experienced, knowledgeable and local mortgage experts at Centra. Gone are the days of dealing with a mortgage company in a distant city, that does not know our community and sees you as nothing more than a number. Our members are family at Centra!



Kisha Allman, MSA, and Teresa Palmer, Branch Sales Manager

Everyone has unique needs, which is why we offer flexible loan terms, from fixed-rate mortgages and adjustable-rate mortgages (ARMs), to low down payment and \$0 closing cost options. Thanks to numerous options and committed team members, Centra experienced strong loan production to \$118,313,604 in 2016. That is more than a 74% increase in loan production over 2015.



Maggie Allison
Mortgage Loan Originator



Lisa Brown
Mortgage Loan Originator



Paul East
Mortgage Loan Originator



Tanya Montgomery
Mortgage Loan Originator



Leah Ott
Mortgage Loan Originator

Consumer Loans

Whether you're thinking about purchasing a new car, remodeling your home, or taking the trip of a lifetime, Centra has a consumer loan option to make it possible. And our Loan Experts are ready to help you make the best loan choice for you and your needs.

In 2016, Centra implemented a new system to make the loan application and approval process even more convenient for you. With this new system, you will have an easy and efficient experience.

Centra's free Loan Check Up allows us to review your loan rates and terms to identify opportunities to save you money with Centra loan solutions. We save countless members money every day during 2016 with this complimentary service.



River Ridge MSA Ramona Quinn talking with a Centra Member



What is a Loan Check Up?

When you sign up for a Loan Check Up, Centra will review all your current loan payments and interest rates. If there's any way your debt can be consolidated or transferred to a Centra loan with lower payments and/or interest rates, a Centra Loan Expert will offer you that option. If the rates and payments are as low as they can possibly be, the Loan Expert will confirm that information for you.

Whatever your loan situation may be, our Centra Loan Experts will offer you their best financial advice. You are free to take them up on their offer, or not. There's zero obligation, but plenty of benefit, with a Centra Loan Check Up.

**THIS COUPLE
SAVED
OVER \$1,300
A MONTH!**



Centra Financial Services

Centra Financial Services, LLC (CFS) offers investment and insurance options that complement the products and services Centra Members receive through Centra. CFS helps Members prepare for the unexpected with insurance options such as disability insurance, home insurance, and much more. Members can also take advantage of wealth management options like mutual funds, annuities, stocks, bonds, and IRAs to be better prepared for retirement.

The growth CFS experienced in 2016 is a good indicator that Members are taking advantage of the valuable resources CFS has to offer. CFS is helping more Members than ever create a better future for themselves.

To learn more about what CFS has to offer or to get some advice, visit their offices at [1430 National Road](#) and [2165 Jonathan Moore Pike](#) in [Columbus](#), or [700 Pillsbury Lane](#) in [New Albany](#).



You can also visit www.centra.org/financial-services, or call [800.232.3642](tel:800.232.3642) to schedule an appointment at the Centra location nearest you.



Brett Gladden
CFS Financial Advisor

Key Performance Indicators

2016 Assets Under Management	\$124,507,247
2016 Annual Revenue	\$1,185,102
2016 Net Income	\$591,627
2016 Insurance Premiums Collected	\$3,403,499.97

Securities sold, advisory services offered through CUNA Brokerage Services, Inc. (CBSI), member FINRA/SIPC, a registered broker/dealer and investment advisor. CBSI is under contract with the financial institution to make securities available to members. **Not NCUA/NCUSIF/FDIC insured, May Lose Value, No Financial Institution Guarantee. Not a deposit of any financial institution.**

The Centra Foundation

The [Centra Foundation](#) works to support communities where Centra members and employees live and work. The Foundation's main focuses are: financial literacy, scholarships, disaster relief and pressing community needs. "People helping people" is the Foundation's philosophy.

Kerigan Wessler, a 2016 Loretta M. Burd Scholarship Winner, is having the experience of a lifetime thanks to the Centra Foundation and the scholarship she received. "I am definitely enjoying the college life and my studies are going very well. It is so exciting to see my dreams coming true in front of my eyes every day, and the amazing people I have met along the way. I greatly appreciate the opportunity this scholarship has given me in furthering my education, and hope that someone else from my hometown can receive the same opportunity I did!" she said.

The [Holiday Giving Program](#) and the [Smart Money Family Fun Bike Ride](#) were two other large 2016 Foundation Initiatives, in addition to the scholarship program. With the help of community members and the Centra Membership, the Centra Foundation raised a total of **\$34,800** for children in need through the Holiday Giving Program in 2016. Many children received Christmas gifts and warm winter clothes thanks to the Holiday Giving Program.



\$34,800 Raised During Holiday Giving

400+ Children Supported in Centra Communities



The [Bike Ride](#) was also a huge success in 2016, the final year for this initiative. More than **\$14,000** was raised to support and expand financial literacy programs through the ride. Thank you especially to the major sponsors who made the bike ride possible: [Bob Poynter](#), [Columbus Municipal Airport](#), [AIM Media](#), [CUNA Mutual Group](#), [The Republic](#) and [Q-Mix](#).

To learn more about the [Centra Foundation](#), visit the Foundation website at www.centrafoundation.org



Business Services

Centra is not only committed to you, but we're also committed to your business and its success. Our Business Experts offer products and services with one specific goal in mind: taking your business to the next level.



Members of our Central Region team involve:
David DeBolt, Lacey Lear, Jacob Evans, Brad Davis, Denise Conroy, Karl Kissinger, Jonas Howell

Commercial Loans: The funding you need to make your business plan a reality is at your fingertips with Centra. Our experts can help you with all of your lending needs, including financing for real estate purchase and construction, equipment, vehicles, working capital lines of credit, and credit cards.

Business Deposits: Centra's account options will help you manage cash flow efficiently and with the latest technology. With Top-of-Market interest rates, online ACH and wire capabilities, and local expertise, we are available to help keep you professionally manage your business deposits.

Convenience: We're not only working alongside you to take your business to the next level, we're working to make it easy too. Centra's merchant card processing services, SpotPay mobile credit card processing, and online banking are all available to make keeping track of your business finances convenient.

Key Performance Indicators

12.32% Loan Growth

14.14% Deposit Growth

0.00% Charge-Off

0.26% Delinquency

Business Services

Success Story

Advanced Mold & Engineering, Inc. (AME), owned by Myron Moorman, chose Centra as its financial partner in 2014. After 20 years of business, in 2014 Myron decided his current financial institution wasn't meeting his needs and set out to find a new one. "The goal in interviewing new financial partners was to find one willing to work with the needs of a



AME has added 12,160 sq. ft to their facility, which now totals 28,660 sq. ft., and employs a total of more than two dozen people.



Myron Moorman
Owner, Advanced Mold & Engineering, Inc.

growing small business in the current market. That's when I found Centra," Myron said.

Myron says he based his decision to work with Centra on a few key aspects. Centra was local and he wanted to partner with someone in the area. Also, Centra was eager to help AME. Since choosing to partner with Centra, AME has added 12,160 sq. ft to their facility, which now totals 28,660 sq. ft., and employs more than two dozen people.

"I can't thank Karl Kissinger and his team at Centra enough for helping AME continue to grow. I look forward to a long relationship with Centra, a financial partner that cares about small businesses, for years to come," Myron said.

Checking and Savings Solutions

Centra offers checking and savings solutions to fit your needs in all the stages of your life – from a first Savings Account, to a Rewards Checking Account and everything in between.



Regardless of whether you are looking for an account to help your money grow, or just a place to keep your investments safe, Centra offers a solution for you.

The **Rewards Checking Account** is a great way for Members to earn rewards just for spending money they were already going to spend anyway. Other Checking Solutions like **Free Checking**, **High Interest Checking** and **Student Checking** offer other unique benefits at various stages in life.

Saving for the unexpected is an equally important part of effectively managing your finances.

Regardless of whether you are looking for an account to help your money grow, or just a place to keep your investments safe, Centra has a solution for you.

Several certificate options are available for predictable growth, guaranteed security and a variety of terms. **Individual Retirement Accounts**, **Health Savings Accounts**, **Classic Plus Saving Accounts** and **Money Market Accounts** are additional Centra options to help you prepare for the future, depending on your needs. Regular Savings Accounts are always available too.

Whether you're saving or spending, in the beginning of your life or later down the road, a Centra expert will work alongside you to help you choose the best option for you and your money.



Centra Member at the New Albany location

Centered Around YOU

At Centra, our number one focus is our Members, and that is why every decision we make is made to benefit you. In 2016, we eliminated more fees, offered more discounts and put even more effort into serving you the Centra Way. Also in 2016, as we always do, we saved you money. It's clear to see that saving money is as simple as banking with Centra!

AUTO LOANS	\$105,000
INDIRECT AUTO LOANS	\$745,000
HOME LOANS	\$260,000
HOME EQUITY LOANS	\$577,000
CREDIT CARDS	\$278,000
CHECKING	\$2,231,000
SAVINGS	\$394,000
MONEY MARKET SAVINGS	\$1,068,000
CERTIFICATES & IRAS	\$3,163,000
AUTO ACCOUNT TRANSFERS	\$1,364,000
FOREIGN ATM FEES	\$1,109,000
ANNUAL GRAND TOTAL SAVINGS	\$11,294,000
ACTIVE HOUSEHOLDS	72,622
BENEFIT PER ACTIVE HOUSEHOLD	\$155.48

Supervisory Committee's Report

The [Centra Credit Union Supervisory Committee](#) is responsible for independently assessing the soundness of the Credit Union's operations and financial status. Internal controls and policies are evaluated by the Supervisory Committee through discussions with internal and external auditors and reviews of audit reports, as well as regulatory examination reports. Certified public accountants, Doeren Mayhew, LLP, were hired in 2016 to perform a comprehensive year-end audit of the Credit Union's 2016 financial statements.

[Doeren Mayhew's 2016 audit](#) was conducted according to generally accepted accounting standards and resulted in an unmodified "clean" opinion for the 2016 financial statements. A portion of the audited financial statements are included in this report and a full copy is available upon request. Based upon the results of all audits and examinations conducted during 2016, it is the opinion of the Supervisory Committee that Centra Credit Union is in good financial condition. We can assure the membership that management's policies and practices are sound and effective.

CENTRA CREDIT UNION
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
AS OF DECEMBER 31, 2016 AND 2015

<u>Assets</u>	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	\$87,535,536	\$119,907,755
Interest bearing time deposits	51,286,997	77,223,543
Investment securities:		
Available-for-sale	206,454,483	173,395,184
Held-to-maturity	54,544,220	75,187,996
Loans held-for-sale	3,018,000	1,606,680
Loans to members, net of allowance for loan losses	915,208,701	811,970,848
Property and equipment	16,081,250	15,992,683
Federal Home Loan Bank stock	2,857,100	2,857,100
National Credit Union Share Insurance Fund deposit	10,581,198	10,120,121
Other assets	15,671,777	6,027,858
	<u>\$1,363,239,262</u>	<u>\$1,294,289,768</u>
<u>Liabilities and Members' Equity</u>		
Liabilities:		
Members' shares and savings accounts	\$1,155,396,036	\$1,103,600,930
Borrowings	34,000,000	34,000,000
Other liabilities	8,305,369	3,489,610
	<u>1,197,701,405</u>	<u>1,141,090,540</u>
Commitments and contingent liabilities		
Members' equity:		
Regular reserve	58,069,720	52,313,615
Undivided earnings	107,698,470	99,756,916
Accumulated other comprehensive (loss) income	(230,333)	1,128,697
	<u>165,537,857</u>	<u>153,199,228</u>
	<u>\$1,363,239,262</u>	<u>\$1,294,289,768</u>

CENTRA CREDIT UNION
CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
Interest income:		
Loans to members	\$31,579,893	\$28,604,091
Investments	4,943,745	4,387,291
	<hr/>	<hr/>
Total interest income	36,523,638	32,991,382
Interest expense:		
Members' shares and savings accounts	6,991,548	6,985,388
Borrowings	1,296,961	1,551,236
	<hr/>	<hr/>
Total interest expense	8,288,509	8,536,624
Net interest income	28,235,129	24,454,758
Provision for loan losses	2,642,140	2,980,505
	<hr/>	<hr/>
Net interest income after provision for loan losses	25,592,989	21,474,253
Non-interest income:		
Fees and charges and other member fees	11,510,188	11,636,382
Interchange income	7,072,681	7,283,973
Insurance commissions	1,648,508	1,549,740
Gain on sale of loans	1,031,577	754,045
Gain on sale of other assets	605,729	369,523
Other income	806,046	121,544
	<hr/>	<hr/>
Total non-interest income	22,674,729	21,715,207
Non-interest expenses:		
Employee compensation and benefits	14,774,614	13,168,643
Professional and outside services	5,573,472	4,747,072
Office operations	5,211,998	5,032,412
Office occupancy	2,669,929	2,490,382
Loan servicing	2,655,615	2,738,772
Other	2,017,628	1,339,539
Educational and advertising	1,204,058	787,540
Indiana franchise tax	462,745	421,745
	<hr/>	<hr/>
Total non-interest expenses	34,570,059	30,726,105
Net income	<u>\$13,697,659</u>	<u>\$12,463,355</u>

CENTRA CREDIT UNION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Net income	\$13,697,659	\$12,463,355
Other comprehensive loss:		
Available-for-sale investment securities:		
Net unrealized holding losses on available-for-sale investment securities	(1,359,030)	(554,308)
Total other comprehensive loss	(1,359,030)	(554,308)
Comprehensive income	<u>\$12,338,629</u>	<u>\$11,909,047</u>

CENTRA CREDIT UNION
CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY
YEARS ENDED DECEMBER 31, 2016 AND 2015

	Regular Reserve	Undivided Earnings	Accumulated Other Comprehensive Income/(Loss)	Total
Balance, December 31, 2014	\$46,955,312	\$92,651,864	\$1,683,005	\$141,290,181
Net income	—	12,463,355	—	12,463,355
Required reserve transfer	5,358,303	(5,358,303)	—	—
Other comprehensive loss	—	—	(554,308)	(554,308)
Balance, December 31, 2015	52,313,615	99,756,916	1,128,697	153,199,228
Net income	—	13,697,659	—	13,697,659
Required reserve transfer	5,756,105	(5,756,105)	—	—
Other comprehensive loss	—	—	(1,359,030)	(1,359,030)
Balance, December 31, 2016	<u>\$58,069,720</u>	<u>\$107,698,470</u>	<u>(\$230,333)</u>	<u>\$165,537,857</u>

CENTRA CREDIT UNION
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Net income	\$13,697,659	\$12,463,355
Adjustments to net cash provided from operating activities:		
Provision for loan losses	2,642,140	2,980,505
Depreciation and amortization	1,869,617	1,703,144
Amortization of deferred loan fees and costs	4,780,875	4,147,979
Gain on sale of loans	(1,031,577)	(754,045)
Gain on sale of other assets	(605,729)	(369,523)
Net amortization and accretion on investment securities	2,935,763	2,811,869
Changes in assets and liabilities:		
Increase (decrease) in accrued expenses and other liabilities	4,815,759	(229,919)
(Increase) decrease in prepaid and other assets	(9,038,190)	1,768,497
Increase in loans held-for-sale	(1,411,320)	(31,280)
Total adjustments	<u>4,957,338</u>	<u>12,027,227</u>
Net cash provided from operating activities	<u>18,654,997</u>	<u>24,490,582</u>

CENTRA CREDIT UNION
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015

Cash Flows (Continued)

	<u>2016</u>	<u>2015</u>
Cash flows from investing activities:		
Net increase in loans to members	(109,629,291)	(95,248,231)
Net change in interest bearing deposits	25,936,546	(24,551,299)
Proceeds from maturities, calls and paydowns of available-for-sale investment securities	80,557,313	99,479,718
Proceeds from the maturities, calls and paydowns of held-to-maturity investment securities	20,251,186	24,148,078
Purchase of available-for-sale investment securities	(117,518,815)	(76,794,376)
Increase in NCUSIF deposit	(461,077)	(326,454)
Redemption of Federal Home Loan Bank stock	—	531,500
Purchases of property and equipment	(1,958,184)	(1,693,345)
	<u>(102,822,322)</u>	<u>(74,454,409)</u>
Cash flows from financing activities:		
Net increase in members' shares and savings accounts	51,795,106	62,726,054
Payments on FHLB advances	—	(10,000,000)
	<u>51,795,106</u>	<u>52,726,054</u>
Net (decrease) increase in cash and cash equivalents	(32,372,219)	2,762,227
Cash and cash equivalents - beginning	<u>119,907,755</u>	<u>117,145,528</u>
Cash and cash equivalents - ending	<u>\$87,535,536</u>	<u>\$119,907,755</u>

Supplemental Information

Interest paid	<u>\$8,289,168</u>	<u>\$8,534,055</u>
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