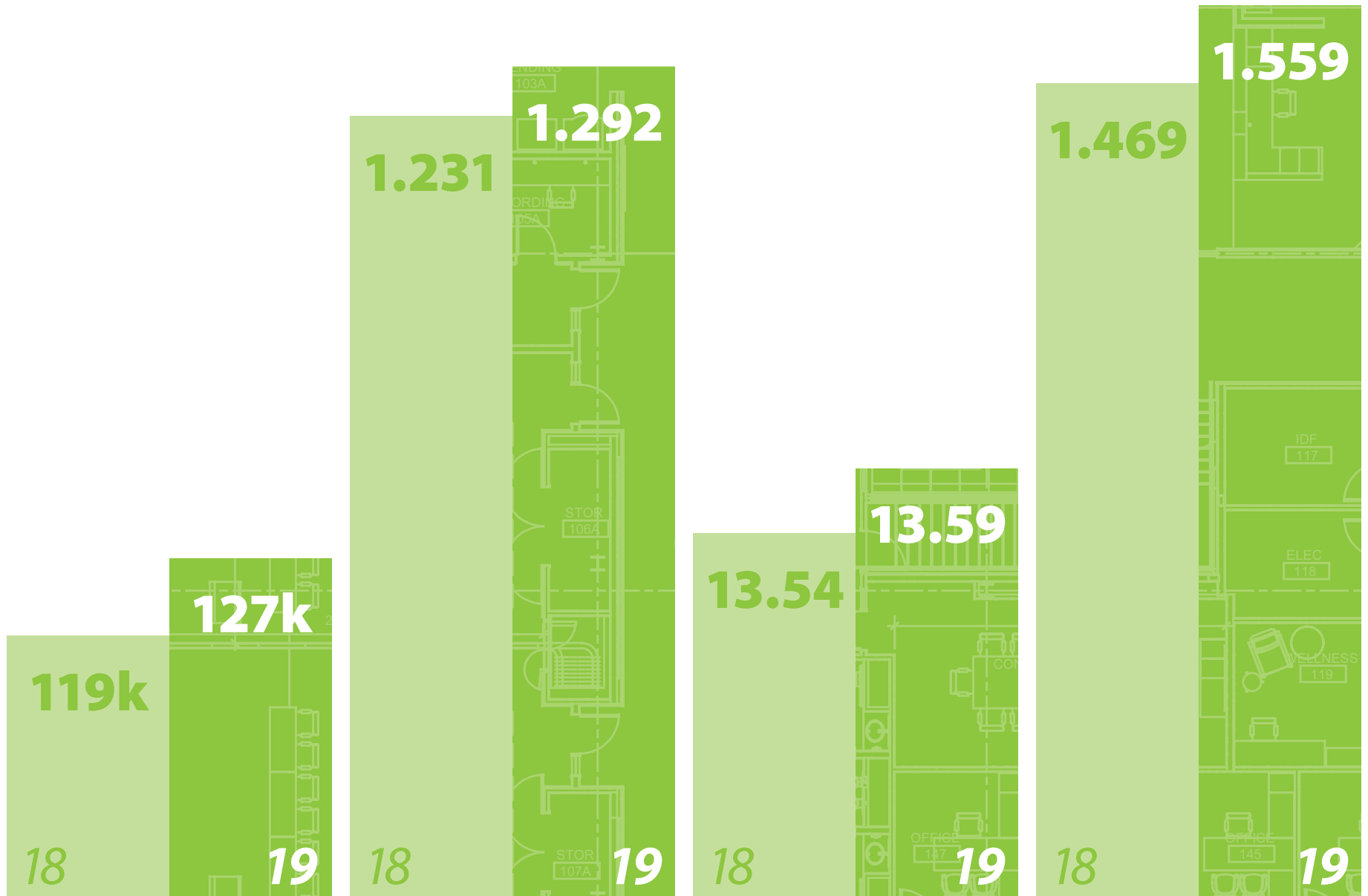




# ANNUAL REPORT

Federally Insured by NCUA.

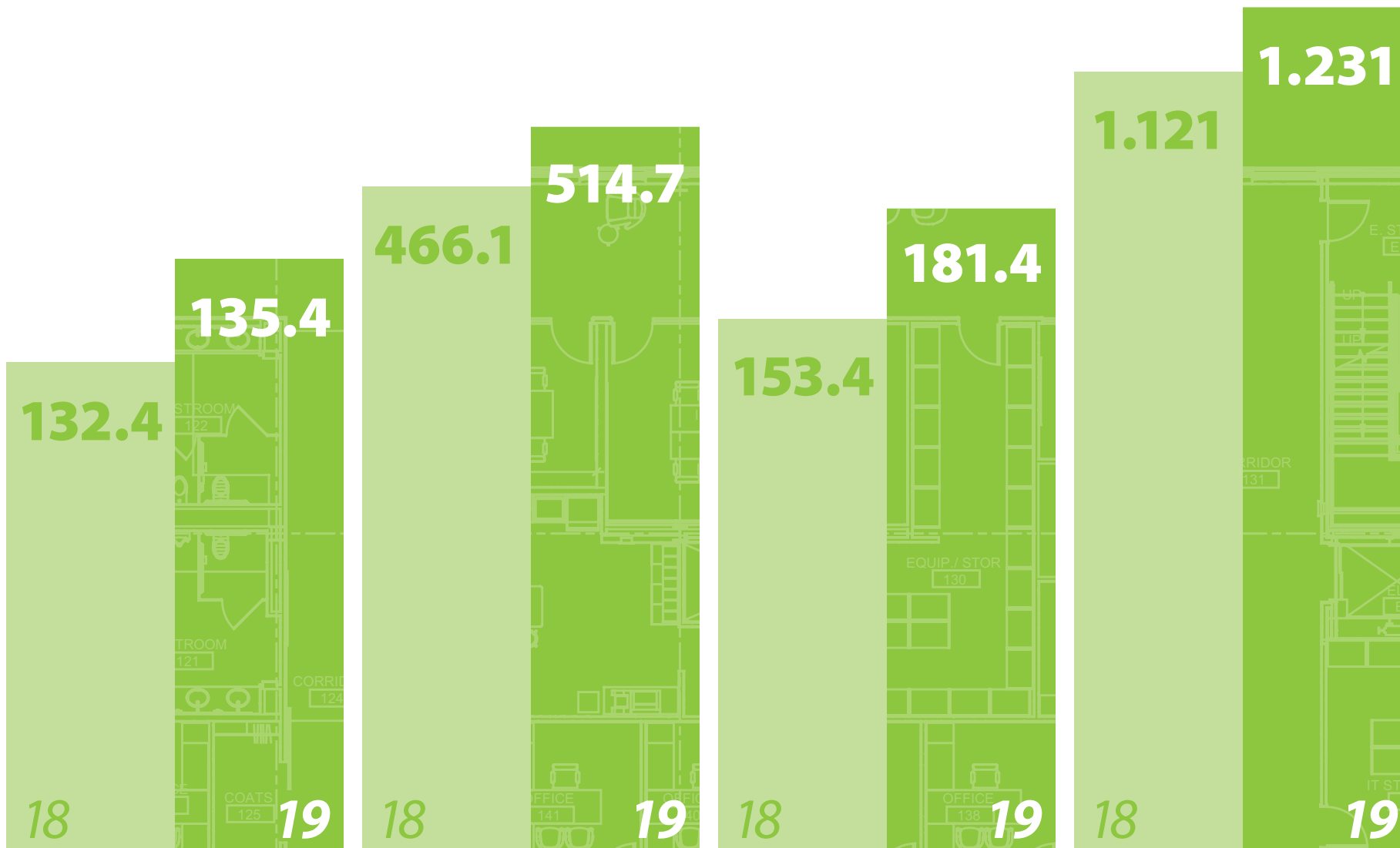


Primary Membership

Total Deposits (Billions)

Net Income (Millions)

Total Assets (Billions)



Home Equity Loans (Millions)

Auto Loans (Millions)

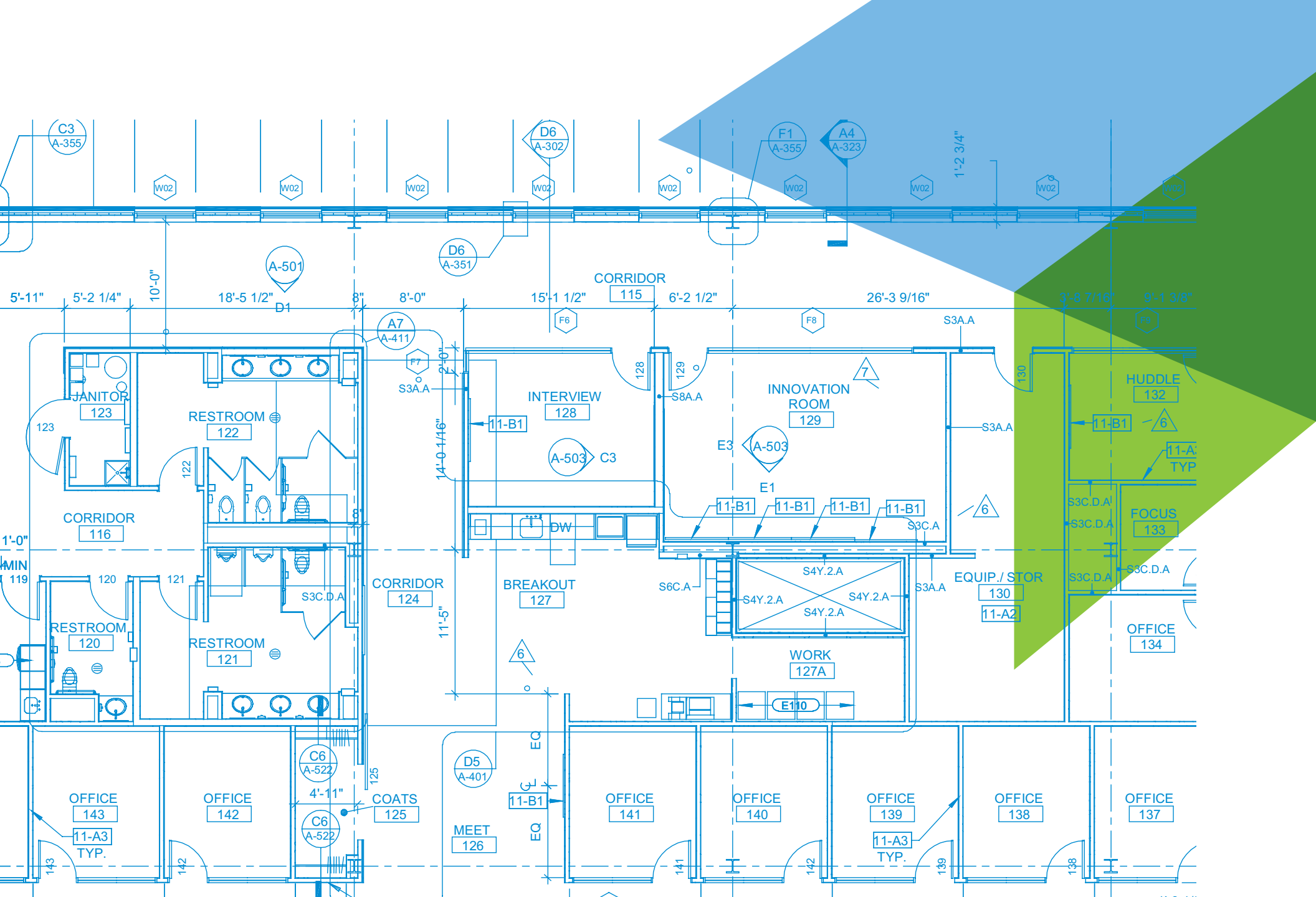
Commercial Loans (Millions)

Loan Balances (Billions)

This annual report was written and developed in the first two months of 2020 prior to the COVID-19 Pandemic. Due to the pandemic, we rescheduled our original Annual Meeting date of April 28, so you are receiving this report later than usual in conjunction with our July 28 Annual Meeting. The report reviews our 2019 accomplishments and our plans to continue our progress throughout 2020.

Based on the COVID-19 Pandemic, our 2020 plans have adapted and may vary from what is written in this report. In the long term, we will continue to work toward our five strategic tenets of Member Growth, Member Experience, Team Member Experience, Technology, and Physical Infrastructure. While our tactics for progress may change, our mission has not. We remain “Centered Around You.”

Thank you for being a Centra Member.



# CHAIRPERSON'S REPORT

Mary Stroh

For Centra to maintain a strong foundation and consistently build for the future, we must continually improve what we do and how we do it in order to better serve our Membership and reach new Members as we differentiate ourselves from others in the industry. Our 2019 accomplishments reflect great progress toward our 5-in-5 strategic plan.

The projects undertaken and completed this past year each contributed to our success in Member Growth, Member Experience, Team Member Experience, Technology, and Physical Infrastructure. Centra lives our mission of being "Centered Around You" by working to understand and meet the needs of our Members and Team Members.



This work led to enhanced Member service, improvements in departmental structures, streamlining of manual processes, and the completion of large-scale projects that impacted progress toward each of our five strategic tenets.

With Centra's continued focus on laying the groundwork to grow strategically and responsibly throughout 2019, we are well-positioned to build on our successes in the coming years.



# PRESIDENT'S LETTER

## Rick Silvers

Our Members are the heart of Centra, and as we continue to grow, our focus is on better serving you and improving the financial lives of both existing and new Members. This past year, our Team Members worked to introduce new technology, reach more Members, and offer you more convenient ways to access and manage your money.

As you will see throughout this report, Members now have more access to Centra through a new branch in Salem and a more accessible location in Sellersburg, Interactive Teller Machines that offer extended hours at 11 locations, and an improved Contact Center phone system that makes it easier and quicker to reach the right Team Member.



We are also pleased with the progress on our new Centra Corporate Headquarters and look forward to moving into the new building in mid-2020. With more Team Members together in the same building, we will continue to streamline our processes to offer you better and faster service.

To ensure future success, we strive to continuously strengthen our foundation by helping all our Members achieve their financial goals, whether we are welcoming a new Member with a youth savings account or assisting a long-time Member with the purchase of a new home.

As always, we are committed to doing our best for you, and we thank you for placing your trust in Centra Credit Union.

# BOARD OF DIRECTORS



Mary Stroh  
Chairperson



Jim Bickel  
Vice Chairperson



Brian McBroom  
Secretary/Treasurer



Loretta M. Burd



Alan Degner



Amber Fischvogt



Donald Jackson



Randy Proffitt



Kesavan Venugopal



# SUPERVISORY COMMITTEE



Joseph Brown  
Chairperson



Christopher Orben



Sara Jacobi



Mark Eddy

# SENIOR MANAGEMENT



Rick Silvers  
President & CEO



Patty Knorr  
Chief Experience Officer



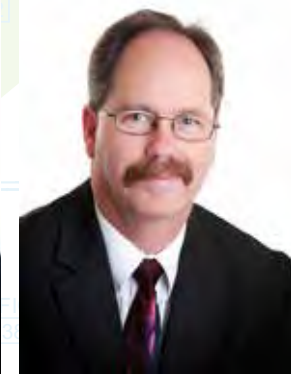
Brad Davis  
Chief Credit Officer



Dave Mann  
Chief Financial Officer



Chris Bottorff  
So. Region President  
Chief Sales Officer



Norb Adrian  
Chief Information Officer



# MEMBER GROWTH

## Welcoming New Members

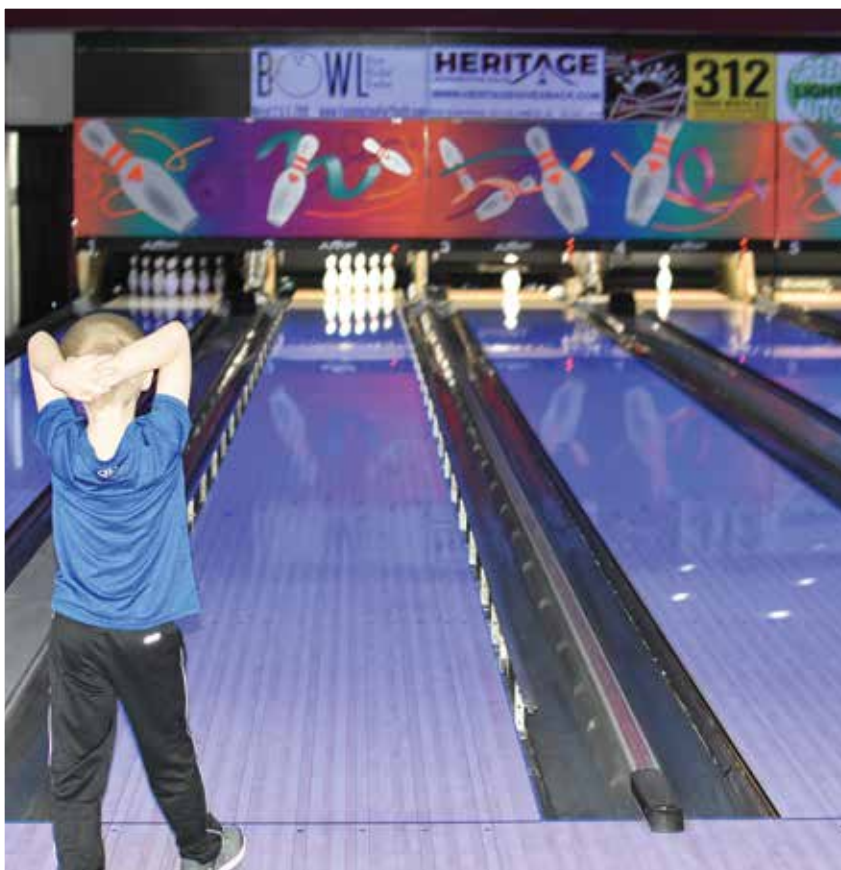
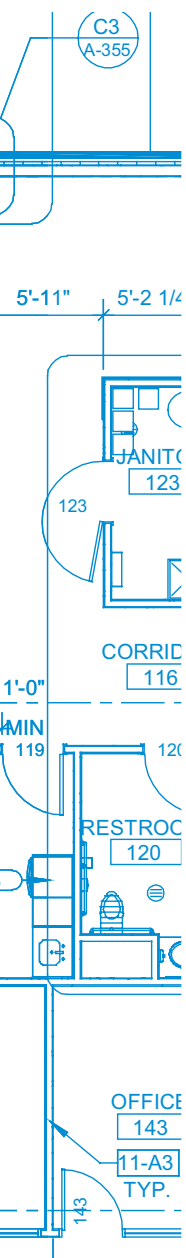
Centra saw strong growth this year, reaching close to **\$1.3 billion** in deposits. We also saw improvements in loan production from our Retail Team and grew Home Equity Loan and Home Equity Line of Credit balances to \$30 million and \$104 million, respectively. Our Mortgage Teams produced a record \$125 million in closed loan volume and made process and system changes to create more efficiencies. As we continue to progress our organization, we are better able to serve our Members and offer new opportunities to improve the lives of people in our communities through giveback programs such as our Black Friday and Cashing Through the Snow specials.

Through our Indirect Lending program, we were able to introduce Centra to more than 6,500 new Members, producing a record Indirect Loan product volume for the seventh consecutive year, totaling \$230 million in 2019. The advancement of this program has allowed Centra to gain recognition as a preferred lending partner throughout our geographic footprint, working with an increasing number of dealers.

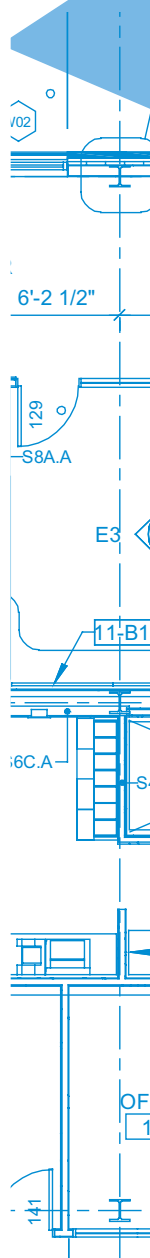
The past year was also record-breaking for Business Services with 19% loan growth, more than \$100 million in total loan production, and 36% growth year-over-year in core deposit balances.

Centra Financial Services also experienced significant growth this past year. CFS reached a total of \$182 million in Assets Under Management, which is the total market value of Members' investments. To better serve our Members, we continued to expand our Investment Advisor Team. At the end of the year, CFS CFS acquired Johnson County Land Title located in Franklin, Indiana, and established CFS Title. This allows us to expand the amount of services we offer and have greater control over the service levels our Members receive.

Throughout 2019, we worked to improve how we welcome our new Members by improving our new Member onboarding materials, making them clearer and timelier. Welcoming new Members and helping them understand how they can manage their financial lives with Centra is essential to our continued growth.



Top: The Bowl for Kids' Sake events brings Centra and community Members together for fundraising. Bottom: Bartholomew County School Supply Program is an opportunity for us to help a local community and support local children.



Top: Each year we have had more attendees at our community Easter Egg Hunt. Bottom: A young Centra Member volunteers at the Firemen's Cheerfund.



# MEMBER EXPERIENCE

## Making our Members' lives easier is our vision at Centra.

Each interaction that you have with Centra lays the groundwork for your financial future, so we strive to provide you with the best service possible.

With that in mind, Centra Team Members practiced putting themselves in your shoes to better understand your experience when you're banking with Centra. The primary goal was to find ways we can improve your experience.

This past year, we took this approach in reviewing the Indirect Lending process, new Member and new checking accounts, debit and credit card usage, wire transfers, and business deposit account servicing. These exercises have resulted in many changes throughout 2019 and has helped us identify targets for our work throughout 2020.

Through our review of what you experience as a Member, we identified and enhanced 15 consumer and business experiences in Online Banking that needed improvement, including the ability for joint Members to see credit card information, the elimination of interference for Members to register themselves for Online Banking, and transferring funds into Health Savings Accounts online. Members also have the option to make their loan payments online through the Online Payment Center.

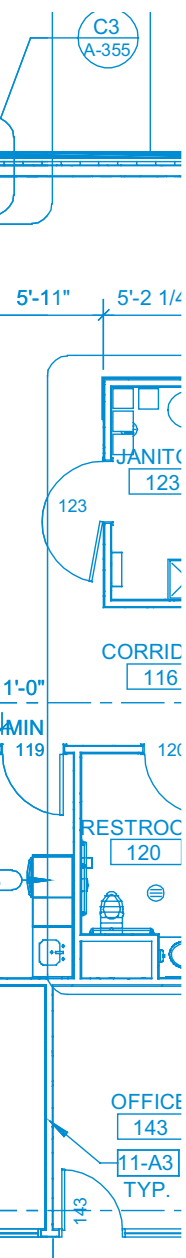
These processes also identified opportunities for us to more positively impact our Members. As a result, many departments including Loss Mitigation, Deposit Operations, and Mortgage Sales restructured their teams and took on new responsibilities to better serve you. Our Teams also worked on strengthening internal relationships, so Team Members in different areas can more easily work together to provide a more seamless Member experience.

In 2019, we were able to make improvements within Business Services that will enable us to better serve new and existing Business Members. The administration and support of our business deposits transitioned to the Deposit Operations Team, which allows us to streamline our deposit processing as well as provide back-up support through further cross-training. We also vetted and selected a new Commercial Loan Origination System to provide better and more efficient solutions for our Business Members of all sizes.

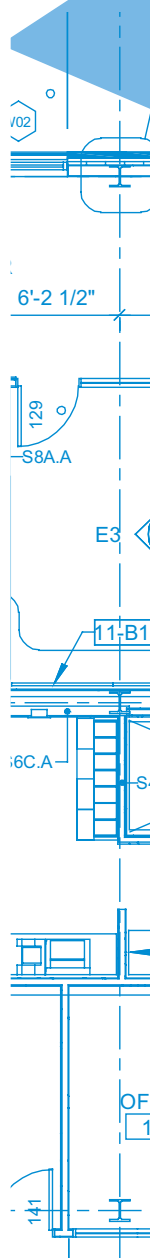
During the past year, we have also added resources to Centra.org to provide more information regarding fraud prevention and the fraud protections that you have access to with your Centra Debit Card. Unfortunately, fraud can still happen, and when it does, you need immediate answers. In 2019, we installed software that allowed us to bring the entire debit card dispute process back in house. With this change, we will be able to better track disputes and provide more timely resolution.

As we focus on serving and strengthening our relationship with you, we want to encourage you to recommend Centra to your friends and family. If you ever have any questions, our Team is happy to help.

Throughout 2020, we will continue to use the insights we gained in 2019 to build a better and stronger Centra that is "Centered Around You."



One of the entrees for the 2019 Teaming Up With Teachers Contest. Each year the contest grows and we have more community members sharing the experience on social media.



Top: Our Team Members are also part of our Membership, and our Members work hard in our communities. Bottom: A Member has fun at a local Trick-or-Treat event.

# TEAM MEMBER EXPERIENCE

## Constant Improvement

Having skilled Team Members who are equipped with the right information and tools is key to providing excellent service to our Members. That's why we developed and introduced an intranet portal in 2019 to make information more readily accessible to our Team Members.

Moving forward, having a central location for resources will help our Team Members better serve you when you have a question or need assistance.

This past year, we also added new training for Team Members, both online and in the classroom, to ensure that as our technology changes, we still have the information we need to help you manage your financial affairs. We added new supervisory training, new Contact Center soft skill online training, and implemented a new tool to assess training needs of our Team Members. These additions will help our Team Members better serve each other as well as our Members.

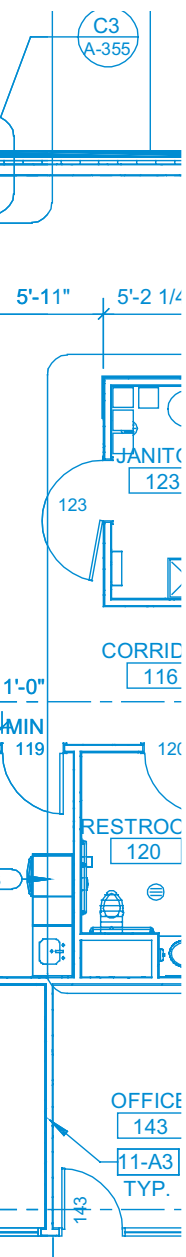
We also added additional functional classroom training for our Retail Team, including consumer lending and business account opening, to facilitate our loan growth and improved experience with business accounts. This additional training helps our Team Members provide effective, efficient, and accurate service to you via hands-on experience in a learning environment.

At Centra, we value our Team Members and know that engaged Team Members are more productive, happier, and healthier. The results of our 2019 Team Member Engagement Survey proudly display that we are still in the top 25 percent of our peers. We also held ongoing Engagement and Coaching Training to ensure that our Team Members have the tools and skills they need to support other Team Members.

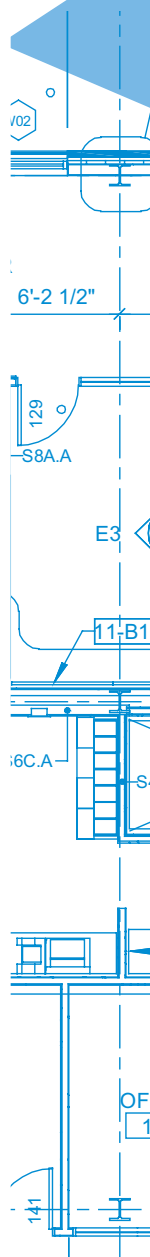
Since improved health is a benefit of Team Member engagement, supporting Team Members' overall wellness can help them feel more satisfied. We expanded our wellness program by relaunching quarterly engagement activities to help our Team Members learn about aspects of their health. If our Team Members are healthy, they are available to assist our Members during their scheduled work hours.

Communication is also a key to making sure our Team Members have the support they need to do their job and serve our Members. The launch of our Team Member Experience Advisory Council pulled together Team Members of different backgrounds to provide input on and advocacy for initiatives.





Centra Team Members at one of our ITM openings.



Team Members work on the Service Project for Service the Centra Way Day.



# TECHNOLOGY

## Preparing for the Future

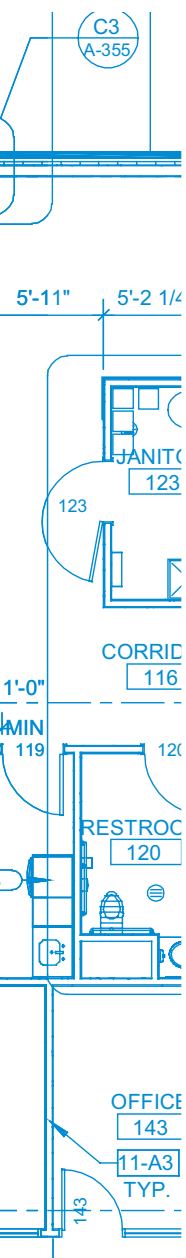
Centra introduced new technology to our Members in 2019 with the rollout of our first Interactive Teller Machines (ITMs) in 11 different locations. This new delivery platform gives Members the opportunity to connect face-to-face with a live Centra Service Agent later in the evening and into the afternoon on Saturdays. With the use of this interactive technology, we can provide faster service, reducing average transaction times significantly relative to standard drive-through transactions.

Centra implemented many changes to improve your access to our Contact Center. Building on our progress in 2018, we increased call flow capacity and improved the queue system. With these accomplishments, we have seen significantly higher agent availability, meaning you can speak with an agent faster. Out of the 331,000 calls into our Contact Center in 2019, almost 70 percent were answered in less than 30 seconds, a substantial improvement over historical levels.

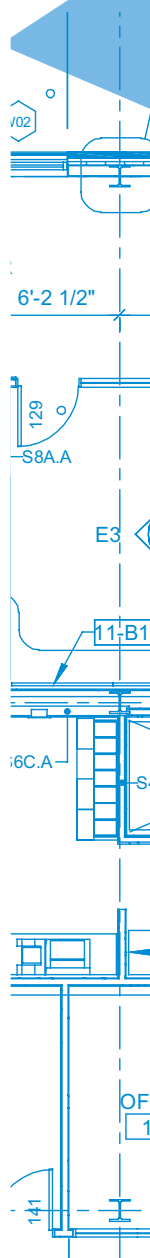
We also introduced the ability to leave a message when the Contact Center is busy, and we have been able to return these calls within approximately 22 minutes, so you can get the help you need without having to wait on the phone.

At Centra, we know that safety and security is one of your top priorities when you're managing your finances. With our implementation of premium two-way fraud text alerts for debit cards, you can now receive a text notification if we suspect your debit card has been used fraudulently. If the transaction is valid, you can simply reply to the message and avoid any interruptions to your card.

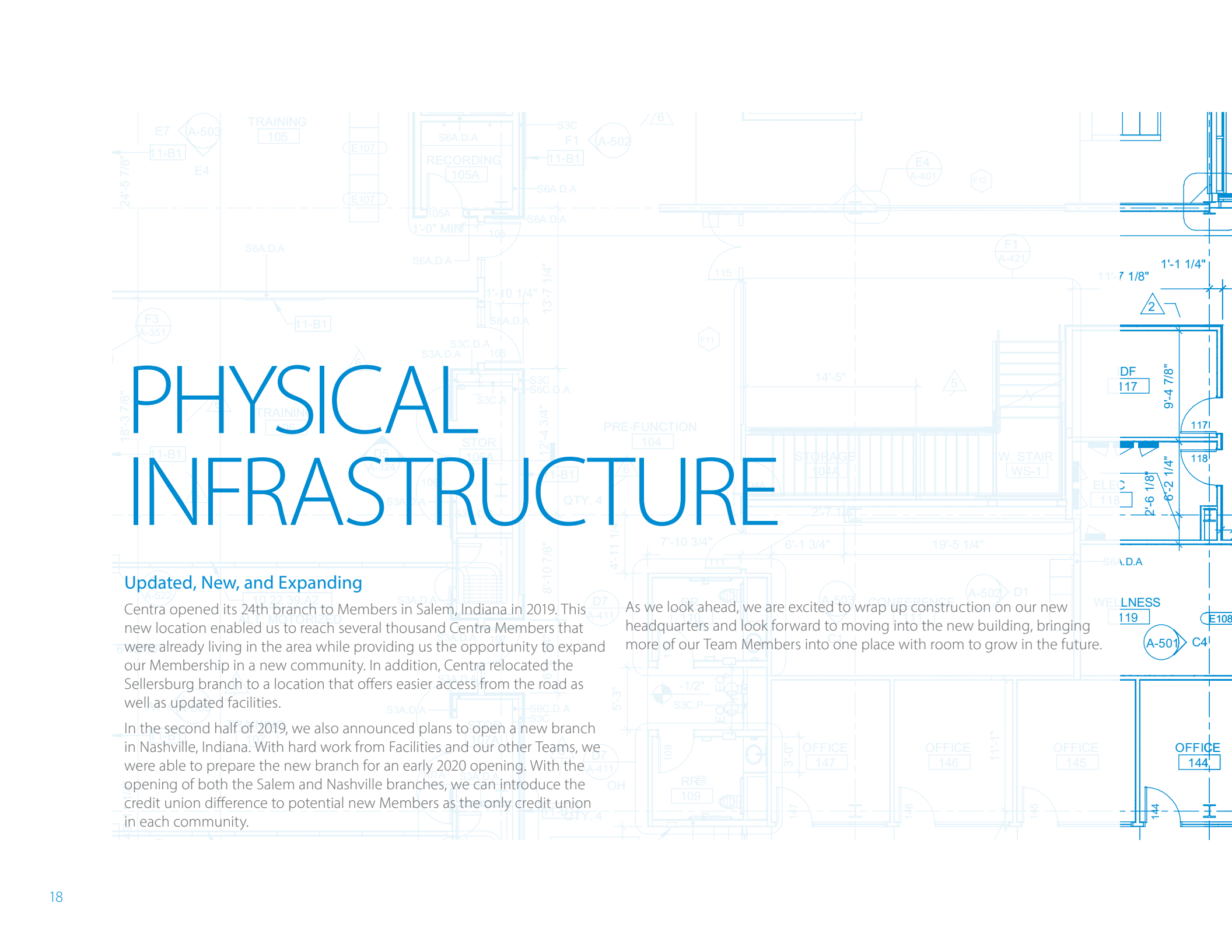




Our ITM Service team celebrating the Grand Opening of our ITM Contact Center.



Top: The Interactive Teller Machine was an important advancement for our technology. Bottom: Team Member with our first ITM customer.

The background of the slide is a detailed architectural floor plan of a building. It shows various rooms such as 'TRAINING 105', 'RECORDING 105A', 'PRE-FUNCTION 104', 'STORAGE 104A', 'W. STAIR WS-1', 'DF 117', 'ELEC 118', 'WELLNESS 119', and several 'OFFICE' spaces (144, 145, 146, 147). The plan includes numerous dimensions, room numbers, and labels for architectural features like doors, windows, and stairs. The title 'PHYSICAL INFRASTRUCTURE' is overlaid in large blue letters.

# PHYSICAL INFRASTRUCTURE

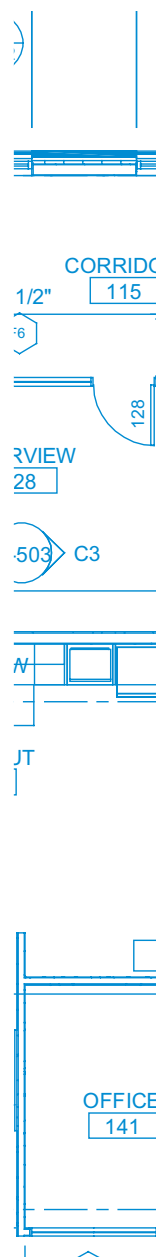
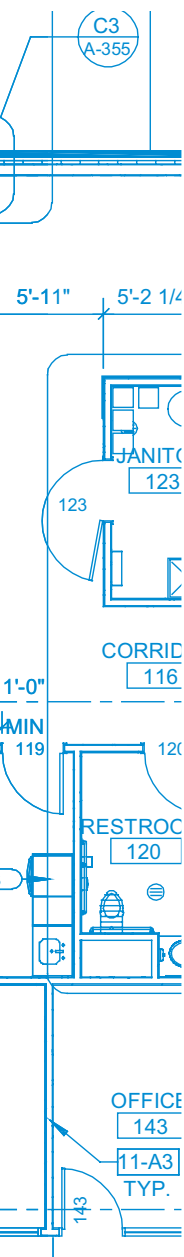
## Updated, New, and Expanding

Centra opened its 24th branch to Members in Salem, Indiana in 2019. This new location enabled us to reach several thousand Centra Members that were already living in the area while providing us the opportunity to expand our Membership in a new community. In addition, Centra relocated the Sellersburg branch to a location that offers easier access from the road as well as updated facilities.

In the second half of 2019, we also announced plans to open a new branch in Nashville, Indiana. With hard work from Facilities and our other Teams, we were able to prepare the new branch for an early 2020 opening. With the opening of both the Salem and Nashville branches, we can introduce the credit union difference to potential new Members as the only credit union in each community.

As we look ahead, we are excited to wrap up construction on our new headquarters and look forward to moving into the new building, bringing more of our Team Members into one place with room to grow in the future.





Top: Opening a new branch in Nashville was very exciting for us, and is also the first Credit Union branch to open in Brown County. Bottom: Building began on our new corporate headquarters in 2019, with completion of the building expected to be in August of 2020.

Top: We moved our branch operations into a new building in Sellersburg and brought new technologies to the branch. Bottom: Our new branch in Salem was chosen specifically for the convenience of our Membership.

# A CULTURE OF CARING

## Providing Support

The Centra Foundation provides financial and volunteer support to non-profit organizations located where Centra Members live and work. The Foundation is dedicated to the philosophy of "People Helping People" and focuses on three philanthropic efforts: educational scholarships, financial literacy education, and community action. In 2019, we shifted our efforts of giving to create and build a Culture of Caring. We connected and built relationships with many great local organizations.

## United Way Workplace Campaign

The United Way chapters we partner with have a mission very similar to ours and focus on "People Helping People." It's a natural fit for us and an organization we are proud to support with our Workplace Campaign each year. Team Members continued to learn more about their mission and the great work they do in our communities, and we're happy to support them with donations each year.

## Financial Education

In 2019, the Centra Foundation awarded 24 local high school seniors and 2 returning adult students with a \$2,500 scholarship each. Our Scholarship Program focuses on giving back to our Members to help support them in their journey to continue their education.

The Foundation also partners with local businesses and schools to provide financial literacy to our community members in need of that service.

## Holiday Giving Program

Centra Credit Union is pleased to have worked with the local Salvation Army, Shop with a Cop, and Good Samaritan Food Pantry programs, among others, this past year to ensure that local children have gifts to open during the holiday season. Centra Team Members love having the opportunity to give back to our local communities and to help provide a brighter holiday to local families in need. This past year, with the help from our communities, we raised more than \$36,000 to help more than 367 families.

## Time, Talent, and Treasure

United Way Day of Caring, 27 Volunteers, 102 Volunteer Hours

United Way Day of Service, 15 Volunteers, 60 Volunteer Hours

Habitat for Humanity Build Day, 10 Volunteers, 40 Volunteer Hours

Centra-Wide Service Project, 370 Volunteers, 370 Volunteer Hours

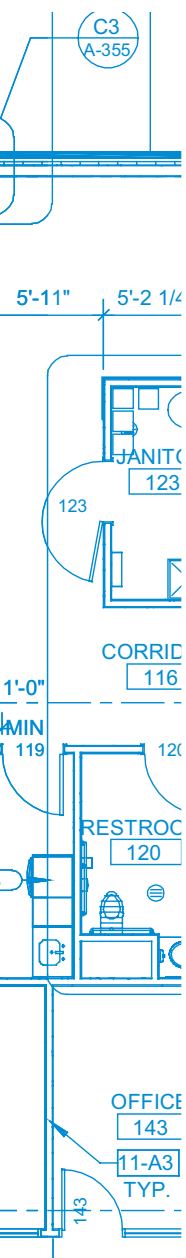
Our Team Members were asked to nominate the non-profits they feel passionate about supporting, and one non-profit was selected for each branch and department within the organization.

41 grants of \$2,500 each were awarded to non-profits within the communities we serve, totaling more than \$100,000 in donations throughout all of Centra's service footprint.

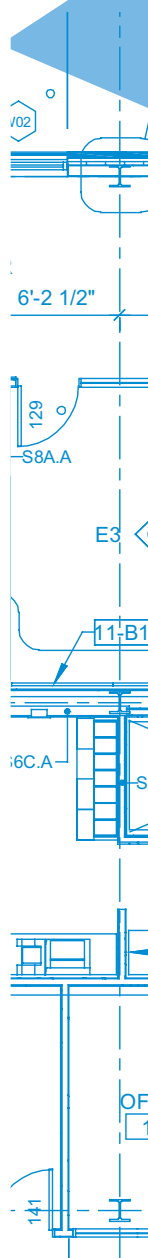
"These wonderful organizations support a similar mission and serve the local communities where Centra has a presence. Credit Unions were built on the premise of 'People Helping People,' and we are excited to provide support to these causes," President and CEO Rick Silvers said.

We value being able to provide our time, talent, and treasure to give back to our communities each year.





Our Team Members volunteer frequently to support causes in our communities.



Top: One of the yearly events we participate in is the Bartholomew County School Supply program. Bottom: Team Members and their families volunteering at a local event.

# TREASURER'S REPORT

## Bryan McBroom

We are pleased to report that the trend of strong financial performance continued for Centra in 2019.

This past year we also transitioned our Asset-Liability Management modeling and stress testing to a third party. This transition will help us better understand the balance of our assets and liabilities with more robust testing capabilities. With this system in place, we can focus on risks and opportunities within our financial structure.

Other financial highlights include enhanced reporting for indirect loans to help us more effectively manage concentrations on our balance sheet as well as calibrated pricing adjustments to manage our net interest margin.

As we move forward with our strategic plan for growth, we have confidence that Centra has a strong financial foundation for continued success.



**Centra Credit Union**  
**Consolidated Statements of Financial Condition**  
**As of December 31, 2019 and 2018**

Asset	2019	2018
Cash and cash equivalents	\$94,279,685	\$83,622,132
Interest bearing deposits	264,265	2,738,204
Investment securities:		
Available-for-sale	163,085,753	199,104,769
Held-to-maturity	18,868,825	27,463,666
Loans held-for-sale	1,871,015	-
Loans to members, net of allowance for loan losses	1,221,050,542	1,112,862,780
Property and equipment	29,152,713	19,761,258
Federal Home Loan Bank (FHLB) stock	3,043,200	3,025,200
National Credit Union Share Insurance Fund (NCUSIF) deposit	11,922,744	11,522,832
Other assets	15,530,845	8,596,010
<b>Total assets</b>	<b>\$1,559,069,587</b>	<b>\$1,468,696,851</b>
<b>Liabilities and Members' Equity</b>		
Liabilities:		
Members' shares and savings accounts	\$1,292,233,745	\$1,230,502,336
Borrowed funds	43,000,000	32,000,000
Other liabilities	15,259,462	15,018,699
<b>Total liabilities</b>	<b>1,350,493,207</b>	<b>1,277,521,035</b>
Commitments and contingent liabilities		
Members' equity:		
Regular reserve	80,521,133	72,171,256
Undivided earnings	126,822,571	121,582,061
Accumulated other comprehensive income/(loss)	1,232,676	(2,577,501)
<b>Total members' equity</b>	<b>208,576,380</b>	<b>191,175,816</b>
<b>Total liabilities and members' equity</b>	<b>\$1,559,069,587</b>	<b>\$1,468,696,851</b>

**Centra Credit Union**  
**Consolidated Statements of Income**  
**Years Ended December 31, 2019 and 2018**

Asset	2019	2018
Interest income:		
Loans to members	\$53,508,149	\$44,550,008
Investments	6,581,075	7,170,738
Total interest income	60,089,224	51,720,746
Interest expense:		
Members' shares and savings accounts	13,013,015	10,197,840
Borrowed funds	977,025	1,115,636
Total interest expense	13,990,040	11,313,476
Net interest income	46,099,184	40,407,270
Provision for loan losses	4,456,208	3,047,055
Net interest income after provision for loan losses	41,642,976	37,360,215
Non-interest income:		
Fees, charges and other member fees	10,770,592	10,964,021
Interchange income	7,865,853	7,326,894
Insurance commissions	2,600,938	2,496,951
Other income	1,506,529	1,513,247
Gain on sale of loans	661,971	494,145
Gain on sale of other assets	-	28,076
<b>Total non-interest income</b>	<b>23,405,883</b>	<b>22,823,334</b>
Non-interest expenses:		
Employee compensation and benefits	23,155,453	20,858,795
Professional and outside services	12,057,439	8,919,135
Office operations	5,136,032	4,895,264
Office occupancy	4,363,571	4,072,724
Loan servicing	1,842,480	1,793,715
Other	1,932,943	3,159,461
Educational and advertising	2,605,067	2,552,503
Indiana franchise tax	333,954	388,365
Loss on sale of other assets	31,533	-
<b>Total non-interest expenses</b>	<b>51,458,472</b>	<b>46,639,962</b>
<b>Net income</b>	<b>\$13,590,387</b>	<b>\$13,543,587</b>



**Centra Credit Union**  
**Consolidated Statements of Comprehensive Income**  
**Years Ended December 31, and 2018**

Asset	2019	2018
Net income	\$13,590,387	\$13,543,587
Other comprehensive income/(loss):		
Available-for-sale investment securities:		
Net unrealized holding gains/(losses) on available-for-sale investment securities	3,894,483	(1,352,172)
Reclassification adjustment for net gains and losses included in net income	(84,306)	(87,826)
Other comprehensive income/(loss)	3,810,177	(1,439,998)
<b>Comprehensive income</b>	<b>\$17,400,564</b>	<b>\$12,103,589</b>

**Centra Credit Union**  
**Consolidated Statements of Members' Equity**  
**Years Ended December 31, and 2018**

	Regular Reserve	Undivided Earnings	Accumulated Other Comprehensive (Loss)/Income	Total
Balance, December 31, 2017	\$64,719,656	\$115,490,074	(\$1,137,503)	\$179,072,227
Net income	-	13,543,587	-	13,543,587
Required reserve transfer	7,451,600	(7,451,600)	-	-
Other comprehensive loss	-	-	(1,439,998)	(1,439,998)
Balance, December 31, 2018	72,171,256	121,582,061	(2,577,501)	191,175,816
Net income	-	13,590,387	-	13,590,387
Required reserve transfer	8,349,877	(8,349,877)	-	-
Other comprehensive income	-	-	3,810,177	3,810,177
<b>December 31, 2019</b>	<b>\$80,521,133</b>	<b>\$126,822,571</b>	<b>\$1,232,676</b>	<b>\$208,576,380</b>

**Centra Credit Union**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2019 and 2018**

Asset	2019	2018
Cash flows from operating activities:		
Net income	\$13,590,387	\$13,543,587
Adjustments to net cash provided from operating activities:		
Provision for loan losses	4,456,208	3,047,055
Depreciation and amortization	2,842,594	2,625,850
Amortization of deferred loan fees and costs	4,030,033	4,326,942
Gain on sale of loans	(661,971)	(494,145)
Net amortization and accretion on investment securities	1,319,288	1,488,045
Changes in assets and liabilities:		
Other liabilities	240,763	(9,891,173)
Other assets	(6,934,835)	8,614,773
Loans held-for-sale	(1,871,015)	1,329,875
<b>Total adjustments</b>	<b>3,421,065</b>	<b>11,047,222</b>
<b>Net cash provided from operating activities</b>	<b>17,011,452</b>	<b>24,590,809</b>

**Centra Credit Union**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, and 2018**

**Cash Flows (Continued)**

**2019**

**2018**

Cash flows from investing activities:

Net change in loans to members (116,012,032) (115,075,423)

Proceeds from maturities, calls, paydowns, and sales of  
available-for-sale investment securities

Proceeds from the maturities, calls and paydowns of  
held-to-maturity investment securities

Purchase of available-for-sale investment securities

Maturities of interest bearing deposits

Increase in NCUSIF deposit

Purchase of FHLB stock (18,000) (146,500)

Purchase of property and equipment

Net cash used in investing activities

Cash flows from financing activities:

Net change in members' shares and savings accounts

Proceeds from new borrowed funds

Payments on borrowed funds

Net cash provided from financing activities

Net increase/(decrease) in cash and cash equivalents

Cash and cash equivalents - beginning

Cash and cash equivalents - ending

60,732,674

8,535,127

(22,163,055)

2,473,939

(399,912)

(12,234,049)

(79,085,308)

61,731,409

15,000,000

(4,000,000)

72,731,409

10,657,553

83,622,132

\$94,279,685

61,306,314

11,549,665

(51,009,701)

13,388,803

(528,451)

(2,582,728)

(83,098,021)

47,137,018

15,000,000

(12,000,000)

50,137,018

(8,370,194)

91,992,326

\$83,622,132

**Supplemental Information**

**Interest paid**

**\$13,990,040**

**\$11,313,476**

# NOTES



