



20 ANNUAL REPORT 20



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CHAIRPERSON'S REPORT



Centra Credit Union follows the mission of being “Centered Around You” as well as a philosophy of “People Helping People” that is shared by Credit Unions as a whole. The COVID-19 Pandemic put these values to the test, and our actions and progress in 2020 are a testament to the strength of our commitment.

Moving into 2020 marked the fourth year of our 5-in-5 strategic plan. In our 2019 Annual Report, we identified a few ways we aimed to continue our success into this new year. However, as the COVID-19 Pandemic created numerous challenges, we adjusted our focus. While our tactics for progress changed, our tenets of Member Growth, Member Experience, Team Member Experience, Technology, and Physical Infrastructure did not.

The challenges of 2020 validated the projects we have developed as a result of our 5-in-5 strategic plan. Our Members, Team Members, and Membership also remained strong in the face of such unprecedented times.

Throughout this report, you will learn how we continued to streamline processes, improve organizational structure, and focus on technological growth and experience, while keeping our Members our top priority. Furthermore, we look forward to sharing how the tenacity of our Members and Team Members drove our efforts.

PRESIDENT'S LETTER



We all were presented with a difficult new challenge in March, one our Credit Union had never previously faced. As the uncertainties around the prevalence of COVID-19 in the United States rapidly escalated, many of our Members suddenly faced harrowing financial situations. Centra had to quickly respond for you and all our Members while adjusting our operations to keep our Team Members and Members safe.

Finding our path was not easy, but our Team Members rose to the occasion. While a core group of Centra's leaders continuously monitored the state of the pandemic, our frontline Team Members dedicated themselves to meeting our Members' needs with appointments, in the drive-thru, over the phone, and at our Interactive Teller Machines (ITMs). At the same time, our support teams continued the essential processes that keep Centra going while adjusting to relocations and remote assignments. I truly appreciate the understanding and flexibility our Members and Team Members have shown during such an unprecedented year.

While 2020 presented many unique challenges, your credit union has remained strong. We continued to make strides in the areas of Member Growth, Member Experience, Team Member Experience, Technology, and Physical Infrastructure. We also implemented new programs such as Member Financial Relief Options for those impacted by the pandemic and remote work for eligible positions.

We truly are stronger together. The accomplishments we share in this report would not have been possible without every single Centra Member and Team Member. We as individuals, and even entire generations, are often defined by the challenges we overcome. As always, we are here for you.

BOARD OF DIRECTORS



Mary Stroh
Chairperson



Loretta M. Burd



Brian McBroom



Jim Bickel
Vice Chairperson



Joseph Brown



Randy Proffitt



Kesavan Venugopal
Secretary/Treasurer



Donald Jackson



Kevina Schumaker

SUPERVISORY COMMITTEE



Christopher Orben
Committee Chair



Mark Eddy



Sara Jacobi



Jody Heazlitt

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



Top: Teaming Up with Teachers submissions. Middle Left: Marla's Pages Volunteers. Middle Right: Hope Food Pantry Donations. Bottom Left: Team Member volunteering during the United Way Day. Bottom Right: Volunteers Packing the truck

MEMBER GROWTH

The growth Centra Credit Union experienced in 2020 was not the same type of growth we had expected at the beginning of the year. As the COVID-19 Pandemic impacted the economy, our Members' financial needs changed. People want to feel secure during challenging times and that often means saving more money. As a result, we saw deposit growth of over 18 percent and total Membership growth of more than five percent.

The pandemic created financial challenges for many of our Members, and we launched a variety of Member Financial Relief Options to meet their unique needs. This included processing over 3,000 loan payment deferrals and providing nearly 400 Financial Relief loans. We improved our online consumer loan application flow to make applying for a loan simpler. We also implemented more remote document e-sign options so more Members could continue their banking while slowing the spread of COVID-19.

Centra also set several records for the year. Centra Financial Services achieved record Assets Under Management and integrated CFS Title, which exceeded budget expectations in 2020. Our Indirect Lending team celebrated their eighth consecutive record year for loan volume. We also saw record mortgage loan production, producing nearly \$230 million in new and refinanced loans, an 80 percent increase over 2019. Finally, as our Members did their part to slow the spread of COVID-19, we set both single month and annual records for debit card transactions and witnessed record growth in both mobile and ATM check deposits.

In addition, we all witnessed the difficulties small businesses in our communities have faced. That is why we are excited about the new small business lending program we established in 2020. Our communities depend on their small businesses and local organizations, and we want to support them. In addition, we worked with local businesses to secure loans through the Paycheck Protection Program to help them continue paying their employees during the challenging year. We cannot wait to do more for businesses in 2021 through our enhanced program .

We are a strong credit union, and we have you to thank. As we look forward to planning for the future, our strength will allow us to create new ways of serving and rewarding you and all our Members.

MEMBER EXPERIENCE

Providing the best experiences for our Members is a top focus for us. We strive to make it as simple as possible to manage your finances with Centra. Throughout the year, we took a variety of steps to continue to serve you while also protecting the health and safety of our Members and Team Members. We appreciated your patience and understanding as we adjusted our operations based on guidance from government and health officials throughout the year.

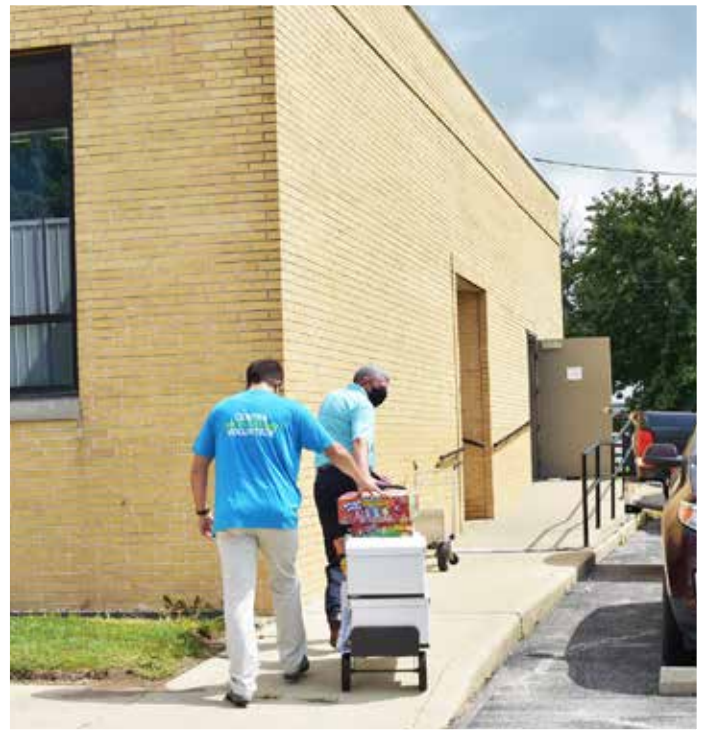
We grew our capacity to reach our Members where they are by providing new electronic banking and lending options. Our teams collaborated to make your banking as easy as possible while ensuring we continued to follow our regulatory guidelines.

In addition, we developed more resources for our Members at [Centra.org](https://centra.org), such as FAQs and a financial education section. Financial Fitness, the anonymous financial education platform, has a significant number of courses at both the beginner and intermediate level. Anyone can visit [Centra.org/financial-fitness](https://centra.org/financial-fitness) and learn about budgeting, fraud protection, homebuying, and several other topics. We also hosted our first virtual Lunch and Learn covering the home-buying process in 2020 and plan to offer more in the future.

As a credit union, Centra is built differently. Our Members are our owners, and your experience matters to us. As we continue with our existing projects and launch new ones, evaluating how each aspect will impact you will be front and center. In 2020, we developed our first ever Pilot Program to let Centra Members test new products and services before launch. Thanks to the feedback from participants who tested our upcoming Member Loyalty Rewards Program, we improved our communications, streamlined our Member Loyalty Account opening process, identified and corrected a glitch with eStatement registrations, and more. This Pilot Program model will help us with future product and service launches.



Top: Our Team Members at Seymour donating to the food pantry. Top Right: Representatives for the San Souci Pack the Truck event. Middle: Team Members working together to get packs together. Bottom: Team Members volunteering for the Hope Food Pantry event.



Top Left: Our Team Member volunteering at the United Way day. Top Right and Middle Left: Team Members Volunteering for the Hope Food Pantry event. Middle Right: Members and Team Members at the Open Door Youth Services event Bottom: Team Members representing Centra at the United Way Day.

TEAM MEMBER EXPERIENCE

Throughout 2020, the health and safety of both our Members and our Team Members was our top priority. We had to carefully balance that safety with our commitment to serve you. To help slow the spread of COVID-19, we did several things, including moving more than 60 percent of our support staff to remote work in less than three weeks. Remote work is a benefit that many professionals look for. Once our Team Members began to return on-site, we also piloted an Occasional Remote Work (ORW) program for eligible positions in the second half of the year.

Furthermore, working during a pandemic poses additional challenges we had not faced previously. Some departments saw a significant increase in workload, so Team Members across Centra were temporarily reassigned to assist where needed. In light of the unprecedented situation, we adapted our performance evaluation process to ensure all Team Members' contributions were fairly reviewed. Throughout these changes, our Team Members remained engaged with Centra, and we were recognized in the top ten percent of our peers in the financial services industry for employee engagement.

Despite the disruptions from COVID-19, our focus on continuous learning did not waiver. We facilitated more than 60 training sessions and produced 45 new Team Member training courses for Centra University, our online learning management system. Our Deposit Operations team also started a podcast to help Team Members with their frequently asked questions, and all departments shared updates on Centra's intranet. All these training opportunities ensure our Team Members have the skills they need to best serve our Members.

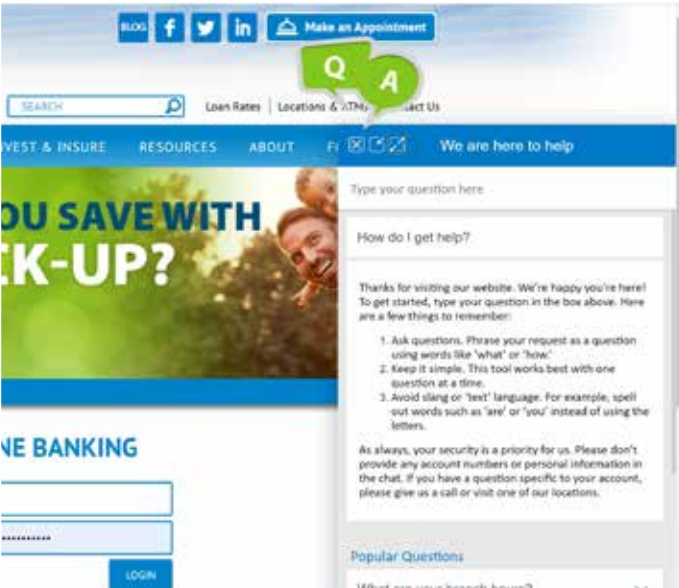
TECHNOLOGY

Our digital banking options were essential throughout 2020, and we are focused on continuously improving our Members' digital experience with Centra. We launched CardControl in 2020, a mobile application that lets Members control when, where, and how their debit cards are used. We also established a Digital Experience department, completed a digital assessment, and outlined steps for digital growth and improvement.

This digital assessment and roadmap for improvement allowed our team to begin actively working toward a focused digital effort. Our Centra Mobile ratings in the Google Play Store and Apple App Store increased significantly, and our team began the next steps of the roadmap leading into 2021. Throughout 2021, we will work to improve ease of use with our digital experiences, including Online and Mobile Banking, online account opening, and self-service tools.

One self-service option we began working toward in 2020 was an interactive question and answer tool for our website. This new online feature gives you the information you are looking for within moments. Members can visit [Centra.org](https://centra.org) and look for the 'What can I help with?' blue icon in the lower right-hand corner. After typing in a question, the new tool can find the answer.

Quick and easy-to-use digital options are essential to Centra's future. The way people manage their money is constantly evolving, and by improving our digital experience, we will be ready to meet our Members where they are and when they want. Throughout 2021 and beyond, we look forward to expanding our technology, including the launch of more ITMs.



Our ITM services example on Left. Top Right is the new Chatbot feature on our website. Bottom right are digital screens.



Top: The opening of the new Nashville branch . Bottom Left: We moved into our new Headquarters. Bottom Right: We relocated our downtown branch from Union Street to 501 Washington

PHYSICAL INFRASTRUCTURE

Two physical infrastructure projects were in progress at the beginning of 2020. While our Nashville branch was nearly complete, our new corporate headquarters building still required some construction work. Both of these facilities would prove beneficial through the COVID-19 Pandemic.

We happily opened our Nashville location in mid-January 2020, becoming the only credit union in the community. This branch also became the first Centra location to feature ITMs in the lobby, and we celebrated with a grand opening and ribbon cutting the first week of March. As the COVID-19 Pandemic began creating difficult financial situations for local business owners and Members in the community, our Team immediately worked to offer relief options and assistance to those facing temporary closures, reduced work hours, and other challenges.

Work on our Centra Corporate Headquarters (CCHQ) building also continued early in the year, starting with a partially finished exterior and a framed interior. The vision quickly came together as interior finishes were added and the exterior was completed. Our team was striving for mid-May completion, but rain and the pandemic created a few delays. However, we moved our first set of physically-distanced Team Members into the building in mid-August and celebrated the completion of CCHQ with a virtual tour shared on the Centra.org blog.

Centra also closed on the purchase of a property in downtown Columbus in the spring. This new space offered exciting opportunities for Centra to better serve our business and individual Members within walking distance in the downtown community. Toward the end of the year, we shared that our experienced Union Street branch team would be relocating to this location.

Finally, we also began the early stages of relocating and updating our Edinburgh branch. The town of Edinburgh is located in three counties where many of our Members live and work: Bartholomew, Johnson, and Shelby counties. As we have outgrown our current location, we began the design process for a new building right off US 31, just one mile north of our current location.

Looking forward to 2021, we are excited to continue investing in the communities we serve!

CENTRA FOUNDATION



Team Members showing support to everyone during the COVID 19 Pandemic

The Centra Foundation is the charitable arm of Centra Credit Union and was formed to extend the credit union mission of People Helping People. The Centra Foundation is Centered on Caring and aims to involve Team Members, Members, and communities in supporting charitable efforts that help meet the needs of communities where Centra Members live and work.

When the presence of COVID-19 rapidly escalated in our communities, we immediately sprang into action and reached out to our community partners to offer any assistance we could provide. The Centra Foundation Board was able to quickly work through a new giving plan that included immediate community relief. The Board voted to reallocate some of our regular community funds for urgent community needs. Through this commitment, via a combination of direct donations and community matching, we were able to contribute \$70,000 to food pantries and United Way agencies throughout our footprint. We are honored to give back to our communities, and we take pride in remaining local and community focused. This is just one way we truly embody the Credit Union principle of 'People Helping People.'

We were also able to continue to support our Team Member Nominated Donation program, giving our team a voice in which causes Centra supports in our communities. This year we awarded 27 grants, totaling \$52,000 to local non-profits which do amazing work in Central and Southern Indiana as well as Whitakers, NC, and Jamestown, NY.

As a proud supporter of the United Way, Centra hosts an internal Workplace Campaign as a way for our Team Members to support their community efforts. This year, the work of the United Way and their partner agencies proved to be critical. 165 Team Members generously supported our campaign with a financial contribution. In total, we were proudly able to distribute more than \$70,000 to United Way agencies in our footprint.

This year, the United Way of Bartholomew County awarded our Credit Union with the Live United Award. This award is presented to one corporate partner based on its commitment to the United Way's mission through advocacy, volunteerism, and financial support. We are humbled to receive this recognition. Thank you for supporting Centra and supporting your community. Together, we are stronger.

The need for community support was greater than ever during the holiday season. The Centra Foundation Holiday Giving Program focuses on providing monetary donations so non-profits in our community can purchase gifts for as many children and families as possible. This year, donations were able to be collected in branches as well as through PayPal to allow Members to conveniently donate from the safety of their homes. With our Members', Team Members', and Community Members' support, we were able to raise more than \$42,000 for local holiday programs. This exceeded the total raised in 2019 by more than \$5,000!

The Centra Foundation also supports local charitable organizations in our communities, provides financial literacy education to the youth in our communities, and awards scholarships in each of the communities we serve to hard-working high school and adult students who want to continue their education. The Loretta M. Burd Scholarship Program awards \$2,500 scholarships to graduating high school seniors and returning adult students who plan to attend a two- or four-year college, university, or trade/technical school. The program awarded a total of \$67,500 in 2020.

TREASURER'S REPORT

The unprecedented economic changes that occurred as a result of the COVID-19 Pandemic had a notable impact on the financial services industry. Financial institutions operate based on net interest margin, which is the difference between the interest earned on loans and investments and the interest paid out on deposits and borrowings, relative to the asset size of the institution.

When the COVID-19 Pandemic escalated in the US, the Federal Reserve lowered interest rates significantly, which reduces the rate on most variable-interest loans and lending products. That compresses the net interest margin and reduces the amount a financial institution earns to cover costs.

However, Centra holds a strong financial position that enables us to continue serving our Members. The primary bottom-line profitability measurement used by financial institutions is Return on Assets (ROA). Centra ended 2020 with an ROA of 0.70 percent, which was higher than both our budgeted expectations and the peer average for financial institutions of a similar size.

Centra's financial foundation remains strong for our continued success and service to our Members.



Kesavan Venugopal
Secretary/Treasurer

CENTRA CREDIT UNION

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

As of December 31, 2020 and 2019

Assets	2020	2019
Cash and cash equivalents	\$179,116,176	\$94,279,685
Interest bearing deposits	1,511,271	264,265
Investment securities:		
Available-for-sale	240,630,461	163,085,753
Held-to-maturity	11,527,112	18,868,825
Loans held-for-sale	5,082,693	1,871,015
Loans to members, net of allowance for loan losses	1,308,864,473	1,221,050,542
Accrued interest receivable:		
Loans	4,044,073	3,309,023
Loans	584,158	611,970
Property and equipment	39,548,387	29,152,713
FHLB stock	3,451,700	3,043,200
NCUSIF deposit	13,358,205	11,922,744
Other assets	19,274,040	11,609,852
Total assets	\$1,826,992,749	\$1,559,069,587
Liabilities and Members' Equity		
Liabilities:		
Members' shares and savings accounts	\$1,527,647,374	\$1,292,233,745
Borrowings	57,000,000	43,000,000
Other liabilities	19,429,266	15,259,462
Total liabilities	1,604,076,640	1,350,493,207
Commitments and contingent liabilities		
Members' equity:		
Regular reserve	88,849,860	80,521,133
Undivided earnings	130,288,789	126,822,571
Accumulated other comprehensive loss	3,777,460	1,232,676
Total members' equity	222,916,109	208,576,380
Total liabilities and members' equity	\$1,826,992,749	\$1,559,069,587

CENTRA CREDIT UNION

CONSOLIDATED STATEMENTS OF INCOME

Years Ended December 31, 2020 and 2019

Interest income:		
Loans to members	\$52,322,118	\$53,508,149
Investments	3,940,817	6,581,075
Total interest income	56,262,935	60,089,224
Interest expense:		
Members' shares and savings accounts	9,831,083	13,013,015
Borrowings	1,173,030	977,025
Total interest expense	11,004,113	13,990,040
Net interest income	45,258,822	46,099,184
Provision for loan losses	4,649,544	4,456,208
Net interest income after provision for loan losses	40,609,278	41,642,976
Non-interest income:		
Fees and charges and other member fees	8,940,594	10,770,592
Interchange income	8,524,709	7,865,853
Insurance commissions	3,768,797	2,600,938
Other income	2,444,014	1,506,529
Gain on sale of loans	3,348,695	661,971
Total non-interest income	27,026,809	23,405,883
Non-interest expenses:		
Employee compensation and benefits	26,166,732	23,155,453
Professional and outside services	12,824,187	12,057,439
Office operations	5,637,207	5,136,032
Office occupancy	4,358,366	4,363,571
Other	2,132,775	1,932,943
Loan servicing	2,804,553	1,842,480
Educational and advertising	1,697,393	2,605,067
Indiana franchise tax	219,929	333,954
Loss on sale of assets	-	31,533
Total non-interest expenses	55,841,142	51,458,472
Net income	\$11,794,945	\$13,590,387

CENTRA CREDIT UNION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years Ended December 31, 2020 and 2019

	2020	2019
Net income	\$11,794,945	\$13,590,387
Other comprehensive income:		
Available-for-sale investment securities:		
Net unrealized holding gains on available-for-sale investment securities	2,809,722	3,894,483
Reclassification adjustment for net gains and losses included in net income	(264,938)	(84,306)
Other comprehensive income	2,544,784	3,810,177
Comprehensive income	\$12,103,589	\$13,534,370

CENTRA CREDIT UNION

CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY

Years Ended December 31, 2020 and 2019

	Regular Reserve	Undivided Earnings	Accumulated Other Comprehensive Loss/Income	Total
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 loss	-	-	3,810,177	3,810,177
Balance:				
December 31, 2019	80,521,133	126,822,571	1,232,676	208,576,380
Net income	-	11,794,945	-	11,794,945
Required reserve transfer	8,328,727	(8,328,727)	-	-
Other comprehensive loss	-	-	2,544,784	2,544,784
Balance:				
December 31, 2020	\$88,849,860	\$130,288,789	\$3,777,460	\$222,916,109

CENTRA CREDIT UNION

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Net income	\$11,794,945	\$13,590,387
Adjustments to net cash provided from operating activities:		
Provision for loan losses	4,649,544	4,456,208
Depreciation and amortization	3,111,405	2,842,594
Gain on sale of loans	(3,348,695)	(661,971)
Net amortization and accretion on investment securities	1,775,110	1,319,288
Changes in assets and liabilities:		
Increase in other liabilities	4,169,804	240,763
Increase in other assets	(7,664,188)	(6,851,344)
Loans held-for-sale	(3,211,678)	(1,871,015)
Increase in accrued interest receivable	(707,238)	(83,491)
Total adjustments	(1,225,936)	(608,968)
Net cash provided from operating activities	10,569,009	12,981,419
Cash flows from investing activities:		
Net change in loans to members	(89,114,780)	(111,981,999)
Proceeds from maturities, calls, paydowns, and sales of available-for-sale investment securities	86,492,725	60,732,674
Proceeds from maturities, calls and paydowns of held-to-maturity investment securities	7,310,807	8,535,127
Purchase of available-for sale investment securities	(163,236,853)	(22,163,055)
Purchase of interest bearing deposits	(1,247,006)	-
Maturities of interest bearing deposits	-	2,473,939
Increase in NCUSIF deposit	(1,435,461)	(399,912)
Purchase of FHLB stock	(408,500)	(18,000)
Purchase of property and equipment	(13,507,079)	(12,234,049)
Net cash used in investing activities	(175,146,147)	(75,055,275)
Cash flows in financing activities:		
Net change in members' shares and savings accounts	235,413,629	61,731,409
Proceeds from new borrowed funds	15,000,000	15,000,000
Payments on borrowed funds	(1,000,000)	(4,000,000)
Net cash provided from operating activities	249,413,629	72,731,409
Net increase in cash and cash equivalents	84,836,491	10,657,553
Cash and cash equivalents - beginning	94,279,685	83,622,132
Cash and cash equivalents - ending	\$179,116,176	\$94,279,685
Supplemental Information		
Interest paid	\$11,004,113	\$13,990,040

NOTES

