

EXPANDING HORIZONS

Annual Report 2013



Report of the Board of Directors

On behalf of the entire Interra Credit Union Board of Directors, it is my pleasure to write the 82nd annual report. The board members include Kathy Brewton, Loren Eash, Linda Garber, Russ Rupp, Carl Stoltzfus, Tim Yoder and myself. On your behalf, we take our roles very seriously and have given countless hours to set the course for a strong and stable credit union that will grow and prosper for years to come.

Last year was one of transition. The board of directors appreciates the dedication and leadership provided by former director and chair, Steve Warner. We are grateful for the service Russ Rupp provided during his term as a board member. And, we acknowledge the many years of service Jack Sheets gave the credit union as the former president.

As the transition continued, the board sought the expertise of a professional firm to aid in the process of selecting the best possible leader to guide Interra into the future. After a nationwide search, the board chose Amy Sink as the new chief executive officer. She comes to us with an impressive resumé that includes an executive position at a \$2 billion credit union, valuable connections within the credit union industry and a solid educational background. Amy brings a fresh perspective, along with unique experiences and expertise, to Interra.

The board commends the work of the legacy Senior Management Team, Andy Gangwer, Sanford Miller, David Birky and Rex Hochstedler. Their combined experiences led the credit union through the transition and their contributions continue with Amy as CEO.

I am pleased to report to you that Interra Credit Union remains a strong and stable financial cooperative. The credit union closed the books on 2013 with a net worth ratio of 12.15%, continuing to exceed peer comparisons. This strong financial foundation gives us the ability to grow and serve members' needs in new ways. Under the leadership of a future-focused management team, your credit union will invest in technology and electronic services to meet the needs of a diverse and growing membership.

One of our strategic objectives is to continue expanding the Interra footprint in North Central Indiana. When Taper Lock Credit Union decided to close its office in Topeka, Interra purchased the building and opened the new office in August, 2013, the first located in LaGrange County. The credit union purchased land and construction is underway on the new Shipshewana office, which will open this summer.

As a volunteer board, our goal is to help create opportunities for a better future for the credit union, our members and the communities in which we do business. We encourage your input at any time.

As your representatives, the board supports the mission of this credit union, *To be our members' most trusted and valued financial resource*. Thank you for choosing Interra, where we are working together, and *Expanding Horizons*.

David Myers
Chairman of the Board

It is a pleasure to write my first annual report as Chief Executive Officer at Interra Credit Union and to tell you how excited I am to be a part of this wonderful organization.

I have observed that you are served by a staff that cares about our members, you have the opportunity to choose from a variety of products and services that provide value to your financial life and you can be proud of a community presence that supports both members and business members. In other words, Interra's strong culture fulfills our mission, to be our members' most trusted and valued financial resource.

We are growing! The Topeka office opened last year and now the Shipshewana office is currently under construction and will open in just a few months. In 2013, the loan portfolio at Interra grew 11% and membership increased by 6.5%. We now serve more than 53,000 members.

I am passionate about consumers and local businesses choosing credit unions for their financial services, and Interra is the best of them all! I can assure you that we will stay true to who we are and where we came from, while we expand our horizons to develop member relationships in new and existing markets. This credit union has so much to offer. It is important that we are not the best kept secret; rather, we want to ensure more people have the opportunity to experience the Interra difference.

The volunteers and leaders who have come before have left a legacy of safety and soundness. It is important to stay financially viable and we will work diligently to maintain and enhance the credit union's financial position.

The best is yet to come! We will leverage technology to build the member experience for all segments of members, both electronically and in person.

I am grateful to the board of directors for placing their trust and confidence in me as the leader to help move the credit union into the future. I have appreciated the support and assistance of the senior management team, Andy Gangwer, Sanford Miller, David Birky and Rex Hochstedler. They have helped make the transition experience very positive, as have the Interra employees.

I have met many Interra members and look forward to getting to know even more as time goes by. You can be assured that we will work diligently on your behalf to expand the horizons of Interra, your credit union.

Amy L Sink
Chief Executive Officer

The Executive Loan Committee of Interra Credit Union meets weekly to review real estate, commercial and agricultural loans. Committee members are Andy Gangwer, Phil Wiens and Sanford Miller. In 2013, the loan committee approved 1,198 loans, while loan officers approved 6,488 loans totaling \$190,694,612.

Loans grew more than 11% in 2013, exceeding peer growth levels, and reflecting the return of consumer confidence. The consumer segment of Interra's loan portfolio showed increased demand, especially in auto and recreational vehicle financing.

Other areas of the credit union's portfolio also experienced growth. Agricultural lending, the original foundation of the credit union, increased 10% in 2013; mortgage lending, almost 6%; and auto lending grew nearly 22%. The increased costs of higher education have prompted Interra members to consider the private student loan program, now with an aggregate balance of more than \$7.5 million. The improved economy, coupled with various loan marketing strategies, have prompted many Interra members to take advantage of the low rate environment. Members not only financed new purchases, but also refinanced higher-rate products from other lenders, bringing those loans "home" to Interra.

As we move into 2014, Interra will continue to focus on our members, striving to provide products and services that can meet their needs now and in the future. There is an increasing demand for electronic services to provide convenience, access and information, and we are responding to those expectations. At the same time, you can be assured that Interra will, on behalf of our members, hold true to our core values of innovation, premier quality, member focus, integrity and exceptional service.

Andy Gangwer
Executive Vice President

The Supervisory Committee was created by law to act as the members' representative in monitoring and guiding operations of the credit union. The committee's objective is to assure each member of the credit union's financial strength and stability.

BKD, LLP, was retained to perform an audit of Interra Credit Union's financial statements for the fiscal year ending March 31, 2013. The audit was performed in accordance with auditing standards generally accepted in the United States of America. The audit resulted in the issuance of an unqualified (clean opinion) on the financial statements.

BKD, LLP, reviewed the internal controls of the credit union as part of the audit of the financial statements. Management responded quickly and thoroughly addressed each item listed in BKD's management letter. The credit union continues to demonstrate effective internal controls, follows established policies and procedures and is in compliance with federal and state laws and regulations to keep the credit union's assets secure.

The Supervisory Committee met throughout the year to review internal and external audit results. The committee works independently on behalf of the credit union members to ensure that questions or issues pertaining to individual member accounts are resolved.

The committee wishes to express our sincere appreciation to the Board of Directors, management and staff for their cooperation and assistance throughout the year.

Tony Miller, Chair
Crystal Hooley
Darin Short

Interra Investments, located at Interra Credit Union, grew more than 17% in 2013. This was the second best year of growth for the investment group, which saw significant increases in both members served and in assets under management, now at more than \$82 million.

Investors, in general, enjoyed strong gains last year, with the Dow up 26.5% while the broader S&P index grew nearly 30%. This robust performance was based on optimistic growth expectations for the economy as a whole.

The theme of “participate and protect” describes the investment strategy at Interra Investments. Our goal is to help you benefit fully from market returns, while protecting your assets and the gains on your investments.

The investments team works hard to understand our members’ needs, tolerance for risk and what plans they have for the future. From there, our advisors help create a diversified investment portfolio, designed to help meet their financial goals. Interra members frequently take advantage of conservative growth alternatives, such as indexed annuities, which resonate with many members’ preference for protection.

Two full-time advisors serve Interra members. Paul Gayler, program manager, and Sue Purdue, senior investment representative, work every day to earn and keep our members’ trust and confidence. Headquartered at the main office in Goshen, both are available to meet with members at any Interra office.

Interra Investments has achieved this level of growth through the trust our members place in Interra. Most importantly, it comes from members who refer others to Interra Investments because they are so satisfied with the level of service they receive and the long-term strategies they have developed to reach their financial goals.

David Birky, President
Interra Investments

Representatives are registered, securities are sold, and investment advisory services offered through CUNA Brokerage Services, Inc. (CBSI), member FINRA/SIPC, a registered broker/dealer and investment advisor, 2000 Heritage Way, Waverly, Iowa 50677, toll-free 866.512.6109. **Non-deposit investment and insurance products are not federally insured, involve investment risk, may lose value and are not obligations of or guaranteed by the financial institution.** CBSI is under contract with the financial institution, through the financial services program, to make securities available to members.

Jennifer Abney
Administrative Assistant

Jordan Adams
Branch Manager

Susie Adkins
Teller

Christina Alejandro
MSR

Esther Alwine
IRA/HSA Processor

Tonya Ankrom
Teller

Autumn Baird
ICE Intern

Larry Bayless
Loan Review Specialist

Kearstin Beall
Teller

Marcile Beard
MSR

Jeremy Bender
Jr. Ag Loan Officer

Mindy Berger
Branch Float

Kathryn Berkley
Head Teller

Patrick Berney
Branch Float

Jessica Biller
Training & Development
Manager

David Birky
Vice President, Member
Development

Mike Blosser
Commercial Loan Officer

Lori Bolyard
Mortgage Loan Officer

Haley Bontrager
Teller

Liz Bortrager
Branch Manager

Erica Bortner
Branch Manager

Ashley Braun
Teller

Kathy Brovont
Head Teller

Tavia Brubacher
Loan Clerk

Gloria Burdette
Teller

Allison Burkholder
Mortgage Processor

Marley Carden
Teller

Alyse Chupp
Teller

Heather Clark
Teller

Angie Clem
MSR

Becky Coppens
Head Teller

Katherine Cripe
Mortgage Processor

Stacey Darr
Systems Coordinator

Michelle Davis
Teller Supervisor

Russ Dawson
Marketing Research Analyst

David Dekker
Indirect Loan Officer

Richelle Dick
Administrative Assistant

Matt Diller
Teller

Britney Dominguez
Administrative Assistant

Dawn Douma
Head Teller

John Eicher, Jr.
MSR

Eric Erlenwein
Branch Manager

Kelley Esch
Teller

Rhonda Eslinger
Director of Human
Resources

Liz Fawley
Branch Manager

Jon Flickinger
Mortgage Loan Officer

Janelle Foster
Teller

Michael Galinowski
Systems Programmer

Cici Gallegos
MSR – Hispanic Service
Specialist

Peggy Ganger
Teller

Andy Gangwer
Executive Vice President

Alma Garcia
Teller

Deb Garman
Director of Operations

Paul Gayler
Investments Program
Manager

David Gleysteen
Float

Jason Golden
Ag Loan Officer

Carmen Gonzalez
Call Center Representative

Jessica Goorhouse
Branch Float

Cassandra Gordon
Management Trainee

Staci Goss
Mortgage Loan Manager

Kevin Graber
Network Coordinator

Jessica Green
Loan Clerk

Peggy Guyas
Mortgage Loan Officer

Bev Harman
MSR

Teresa Hendricks
MSR – Member Education
Specialist

Tonya Henry
Head Teller

Nicole Henschen

Branch Float

Rex Hochstedler

Vice President of Finance/CFO

Melissa Homes

Teller

Nancy Hoover

Loan Clerk

Kim Hostetler

Float

Michelle Huddleston

Loan Dept. Coordinator

Tara Hudson

Collector

Carmen Huijgen

Branch Float

Dan Hulse

Help Desk Technician

Blair Juarez

Consumer Loan Officer

Vickie KauffmanImage & Research
Specialist**Brittany Kehr**

Administrative Assistant

Pam Kemmerling

Mortgage Processor

Joseph King

Financial Analyst

Becky Kirkdorffer

Branch Float

Michelle Lantz

Teller

Jill Lechlitner

Teller

Brittany Leeper

MSR

Randy Lehman

Commercial Loan Officer

Stephanie Lehman

Call Center Representative

Amanda Lengacher

Member Service Verifier

Tammy Leroux

Teller

Katie Lindzy

Mortgage Clerk

Melena Long

Teller

Tosha Maran

ACH Specialist

Jill Martin

Head Teller

Susan Martin

Teller

Fern Mast

Bookkeeper

Tracy Mast

Administrative Assistant

Judy MaurerInformation Security
Coordinator**Kaitlyn McCullough**

Teller

Maria Mendoza

Teller

Curtis Meyer

Branch Manager

Charlie Miller

Branch Manager

Cherry Miller

Image & Research Specialist

Sanford MillerSenior Vice President
of Operations**Sara Miller**

Teller

Willie Miller

Courier

Ruth Moore

Teller

Kelsey Nesbitt

Teller

Amy Nicholls

Accounting Clerk

Haley Nickell

Branch Float

Courtney Oberholzer

Branch Float

Pam Oberlin

Teller

Carla Oplinger

Special Projects Coordinator

Ric Oswald

Mortgage Loan Officer

Debbie OttMortgage Loan Processing
Assistant**Jasmine Otto**

Call Center Representative

Amber Owen

Teller

Martha PackerSecurity Officer/Loss
Prevention**Eva Parcell**

MSR

Dave Parsons

Branch Manager

Karen Patrick

MSR

Katie Paulus

Image & Research Specialist

Kim Pedler

MSR – IRA/HSA Specialist

Ruth Peshina

Loan Verifier

JoAnne Pickens

MSR - Trust Specialist

Angie Pletcher

Compliance Officer

Krystal Pollock

Teller

Bethany Pratt

Teller

Sue Purdue

Investment Representative

Erica Quezada

Call Center Representative

Roger Ramer

Courier

Tane Reed

Branch Manager

Joel Richard

Regional Branch Director

Esmi Rivera

Outbound Calling Specialist

Tyler Roth
Sr. Consumer Loan Officer

Jennifer Roush
Branch Float

Tiffany Rumschlag
Float

Jody Saige
Director of Information
Systems

Nicole Schmidt
MSR

Joe Schneider
Member Service Manager

Erin Schrader
Training Assistant

Kallie Schuetz
Sr. Card Services Specialist

Alaina Schuld
Mortgage Loan Officer

Jamie Shepherd
Collector

Nicky Shields
Branch Float

Sharon Shiltz
Branch Float

Andy Showalter
Maintenance

Becky Shultz
Call Center Representative

Sandy Simmons
Call Center Manager

Amy Sink
Chief Executive Officer

Ali Smith
Teller

Chris Smith
Business Development
Manager

Kalynn Smith
Teller Float

Patrica Smith
Teller

Charles Snyder
Trainer

Jasmine Soto
Teller

Megan Stanger
Teller

Katie Stanley
Receptionist

Annette Stauffer
Float

Ruby Stech
Compliance Assistant

Karen Steffensen
Director of Marketing

Roger Steuer
IS Technician

Karen Stonehill
Recruiting Specialist

Michael Swartzentruber
Teller Float

Kaitlyn Taylor
Branch Float

Norma Terrazas
Teller

Seth Thompson
Management Trainee

Leah Torres
MSR

Sandi Trenshaw
Image & Research Specialist

Collette Troyer
Marketing Specialist

June Tucker
Teller

Janet VanderMeer
Human Resources Assistant

Tim Vogel
Marketing Coordinator

Debra Walsh
MSR

Caroline Walter
Teller

Rajesh Wankhade
Teller

Karli Warstler
Teller

Brenda Weatherton
Branch Manager

Kari Weaver
Head Teller

Stacie Weaver
Administrative Assistant

Jeff Weirich
Teller

Stephanie Weldy
Loan Clerk

Sherry Wenger
Internal Auditor

Sherrie Wert
Payment Systems Manager

Carl Westerbeeck
Facilities Manager

Phil Wiens
Chief Lending Officer

Char Willett
Executive Administrative
Assistant

Rachel Wood
Teller

Brad Woodiwiss
Branch Manager

Brandon Yoder
Regional Branch Director

Renee Yoder
Investments Coordinator/
Registered MSR

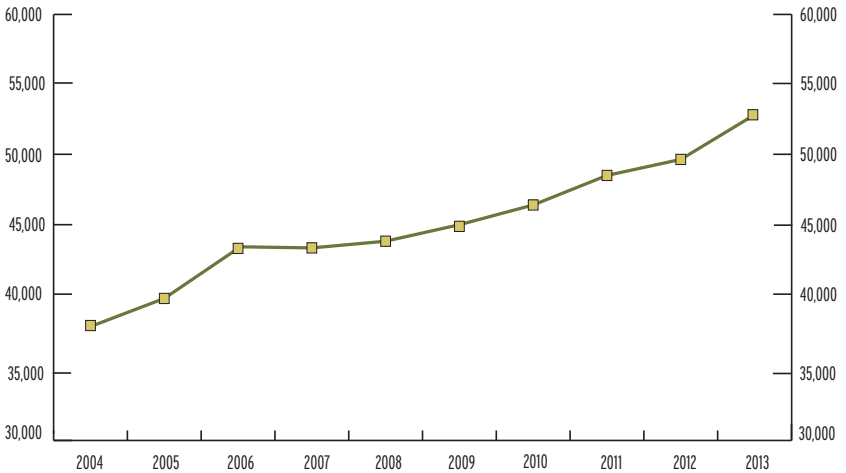
Tammy Yoder
MSR

Brandi Zepeda
Card Services Specialist

Alan Zimmerman
Accounting Manager

	2013	2012
Interest Income – Loans	\$ 17,417,532	\$ 17,215,065
Interest Income – Investments	3,097,533	3,243,572
Total Interest Income	20,515,065	20,458,637
Dividend Expense	3,150,788	3,701,726
Net Interest Income	17,364,277	16,756,911
Non-Interest Income	8,078,060	6,788,989
Provision for Loan Loss	(609,515)	(556,242)
Payroll & Benefit Expense	(9,931,645)	(8,985,503)
Operating Expense	(10,499,764)	(9,637,973)
Net Income	\$ 4,401,413	\$ 4,366,182

Membership



Assets

	2013	2012
Cash and Investments	\$ 239,642,526	\$ 259,284,082
Loans, net	389,012,932	348,345,716
Property & Equipment	18,187,265	18,679,335
Other Assets	20,694,169	18,109,941
Total Assets	\$ 667,536,892	\$ 644,419,074

Liabilities & Members' Equity

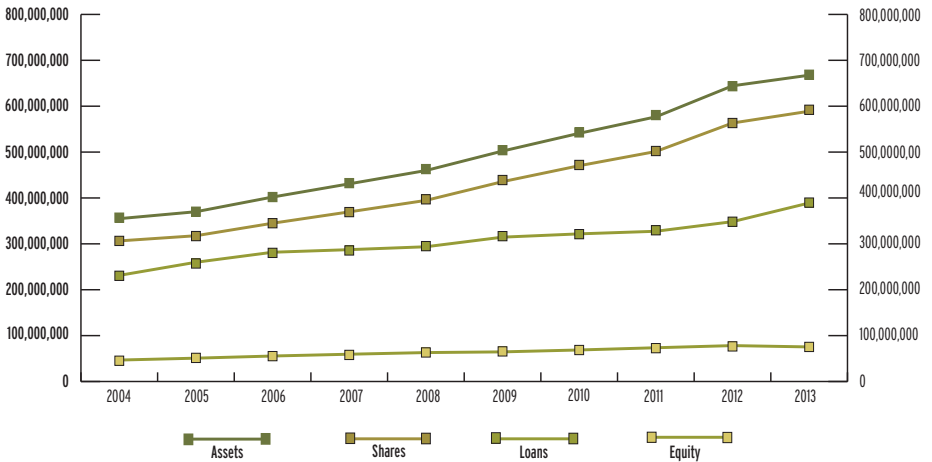
Liabilities

Share Accounts	\$ 589,010,477	\$ 563,328,021
Other Liabilities	3,181,881	2,846,573
Total Liabilities	592,192,358	566,174,594

Members' Equity

Total Liabilities & Equity	\$ 667,536,892	\$ 644,419,074
---------------------------------------	-----------------------	-----------------------

Assets • Shares • Loans • Equity



Interra Credit Union's Financial History

Year	Shares	Loans	Assets	Members' Equity
1932	\$ 1,058	\$ 1,052	\$ 1,125	\$ n/a
1940	27,611	29,416	29,542	1,116
1950	692,044	771,210	811,929	43,893
1960	1,558,785	1,544,366	1,769,045	209,839
1970	4,764,550	4,075,969	5,309,992	544,885
1980	24,369,270	17,041,302	26,680,810	2,311,033
1990	84,777,576	55,798,447	98,097,786	13,024,693
2000	210,230,940	163,563,506	244,752,408	33,954,117
2005	317,688,468	259,857,319	370,000,738	50,845,212
2010	470,273,201	321,752,983	540,898,088	68,709,777
2011	501,247,161	327,411,213	576,790,822	73,561,458
2012	563,328,021	348,345,716	644,419,074	78,244,480
2013	589,010,477	389,012,932	667,536,892	75,344,534

Our Mission

To be our members' most trusted and valued financial resource

Committed to Excellence

We are committed to:

- providing you with an exceptional level of service.
- making it easy for you to do business with us.
- treating you with the highest standards of respect and professionalism.
- identifying your financial needs and offering solutions that will improve your financial life.
- delivering accuracy in all of our work.