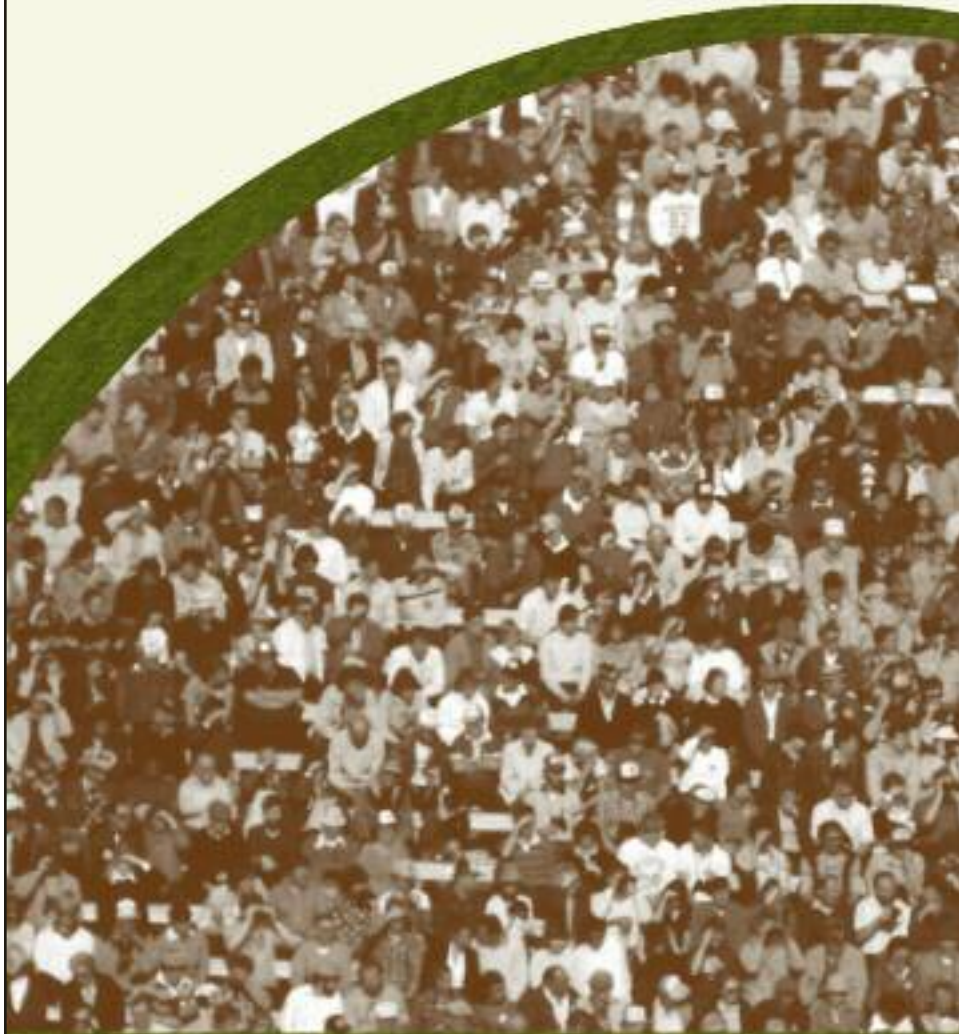


# Interra Credit Union Annual Report 2008



It's a GREAT time to be a member!

## Report of the Board of Directors

On behalf of the entire Board of Directors of Interra Credit Union, it is my pleasure to write the 77th annual report. The board members include Richard Snider, Elroy Miller, Linda Garber, Kathy Brewton, David Myers, Loren Eash and myself. On your behalf, the board works to set a course and direction that will help create opportunities for a better future for the credit union and the communities in which we do business. We encourage your input at any time.

In light of current economic uncertainties, I am pleased to report to you that your credit union remains a strong and stable financial cooperative. This is exemplified by the capital ratio of 13.71%, which exceeds peer comparisons. In addition, the low delinquency and charge-off ratios also exceed our peer groups.

This is not accidental. Your credit union's sound and realistic lending practices have served it well...and served our members well. The trusted and experienced loan staff work diligently on behalf of our members' best interests.

Interra's commitment to the "Seven Cooperative Principles" show the credit union difference and provide direction for the credit union's service to its member-owners.

**Membership.** It starts with ownership and perspective. At Interra, you're not a customer, you're a member-owner of the credit union, and that puts the focus on YOU. At many other financial institutions, the expectations of shareholders for a return on their investments, remain the top priority.

**Democratic member control.** As a financial cooperative, Interra members have a direct voice in the democratic control process. It's the members who elect the board of directors and the supervisory committee.

**Members' Economic Participation.** The success of the credit union, and its member-owners, is in direct proportion to how members use the products and services available to meet their needs.

**Autonomy and independence.** As a cooperative, your credit union is an autonomous, self help financial organization, controlled by the members.

**Education, training and information.** You can count on Interra for educational opportunities, where member financial education is a top priority. The credit union also provides education and training for volunteers and staff to better serve members.

**Cooperation among Cooperatives.** The credit union best serves members most effectively by working together through local, national, regional and international structures. The shared branch network is an example of "cooperation among cooperatives."

**Concern for the community.** Interra Credit Union is an active and committed partner in the communities we serve, and we are known for it.

It is our goal, on your behalf, to support the mission of this credit union, "To be our members' most trusted and valued financial resource." Thank you for the continued trust and confidence you place in YOUR credit union.

Steve Warner  
Chairman of the Board

In 1976, when I attended my first Interra/Farm Bureau Credit Union Annual Meeting, past Chairman Rene Neff asked the members if they had any questions, referencing the last agenda item "New Business". In response I thought, "That was really neat!" - to quote one of Neff's favorite phrases.

Of course, it all makes sense that the past chairman would ask for questions. Our credit union is a cooperative, owned by members, and governed by fellow members. I will provide the 2008 results through a series of questions and will save what I think is the best question for last.

Is our membership growing? Yes, but not a lot. There is a very high penetration of members in areas we already serve. Our new office on CR 17 will grow membership in that specific area.

Are deposits growing? Yes, with increased growth coming from business members and public funds, our deposit growth was attractive for 2008.

Are we making loans and are they good? Yes, we are making loans, and under the same prudent underwriting standards as we have in the past. In general, there has been less demand for loans, as some members are repurposing liquidity and paying down obligations; other members are uncertain if they qualify or certain they do not qualify for any new debt obligations. Of course, with the present economy and high unemployment, fellow members will be challenged in the repayment area in 2009.

Is it a "good deal" to be a member of Interra Credit Union? Yes! Members make money by receiving dividends on their savings, low interest rates on loans, by using attractive payment cards, both debit and credit, and by using many of the other financial services. Net income was very good and we made the required transfer to reserves and increased the undivided earnings fund accordingly.

Now here is possibly the question you have been waiting for. The results for 2008 are good but let's fast forward one year. Is Interra Credit Union the "financial place to be?"

Yes, now more than ever. The cooperative model was proven this past year. As many banks received hundreds of billions of dollars in Troubled Asset Relief Program (TARP) money to shore up their balance sheets, credit unions continued to operate without government assistance. We are part of a deposit insurance fund that displayed an enviable aggregate financial condition. We will continue to focus on growing our membership, savings, loans, and financial services. We will pay close attention to cost management. Interra Credit Union was chartered in 1932. It has met the challenges of the tough times before. The faith and loyalty of members is what makes the cooperative model strong. We will sit down and listen to every member experiencing financial difficulty in this troubled time. We will go the extra mile. The cooperative model succeeds when we can improve our financial lives individually and collectively. We're all in this together.

In conclusion, thank you for being a member. It has been a pleasure to serve you as president for the past twenty-two years and I'm looking forward to serve and meet the challenges for this coming year.

Jack A. Sheets  
President

The Executive Loan Committee of Interra Credit Union met on a weekly basis in 2008 to review real estate, commercial and agricultural loans. Committee members are Andy Gangwer, Sanford Miller and Leon Yoder.

During the year, 4,783 member loans were approved in the aggregate amount of almost \$135 million. The adverse economic conditions that began to surface in 2007 continued throughout the last year.

The figures above show that Interra Credit Union continues to be in the business of making member loans. With the subprime mortgage crisis in the news, you can be assured that the credit union has never been a subprime lender.

Our way of doing business has not changed. Keeping the best interests of our members as the top priority, the underwriting standards that have served us well in the past remain in place today. You will be pleased to know that both the delinquent and charge-off loans at Interra are below our peer averages.

We achieved many of the initiatives we planned in 2008, such as the online Mortgage Center at [interracu.com](http://interracu.com), the improvement of delivery channels for vehicle loans with our indirect dealer network, and enhancing the credit card programs available to members.

At the forefront, the credit union has been, and continues to be, a major source of funding for mortgage loans. We have been working with our existing mortgage holders, as some of our members work through the tough economy of our area. We look forward as we continue to serve the members of Interra Credit Union, providing resources to members and their families, and also business and agricultural members.

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, LLC, was retained to perform an audit of Elkhart County Farm Bureau Credit Union's (n/k/a Interra Credit Union) financial statements for the fiscal year ending March 31, 2008. The audit was performed in accordance with Generally Accepted Accounting Principals. The results of the audit determined the financial statements accurately represent the financial condition of the credit union, which continues to remain financially strong.

BKD, LLC, 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.

Darin Short  
Chairman

In uncertain times, people turn to someplace they trust for financial advice. That's exactly what happened at Interra Investments last year, thanks to the deep level of trust and confidence our members place in the credit union and the people who work here. In 2008, our advisers had more meetings with more members than at any point in our history.

One reason so many people turned to the credit union last year is our proven commitment to keeping the members' best interests at heart. That was particularly evident last year as members brought funds to Interra Investments from banks, other financial institutions, and money market funds, in addition to traditional investment firms.

We believe that challenges and crises create opportunities for members and for Interra Credit Union. Together, we can find a better way to navigate through these uncharted waters. At Interra Investments, members find the unbiased, professional expertise and counsel they seek. Through prudence and a cautious approach to risk, the credit union avoided many of the missteps that plagued the banking industry. It's a great time to be a credit union member!

Interra Investments and the credit union continue our commitment to providing timely and quality educational opportunities. In 2008, we provided targeted events, like an American Funds-hosted dinner, the "Economic Realities" presentation and "Income for a Lifetime" annuities seminar. These were in addition to the regular slate of educational offerings, from estate planning luncheons and seminar, to "The Money-Savvy" woman and client appreciation dinner.

To provide premier service to members, a third Interra representative received a Series 7 securities license, two became licensed to deliver long term care insurance and one achieved the "Chartered Retirement Planning Counselor" designation. An additional registered member services representative (RMSR) will be added to the staff this year with the opening of the Elkhart – CR 17 office.

Moving forward, you can count on Interra Investments. We believe it's our responsibility to help members decipher what's going on in the markets, understand their investment options, and then assist them in making the choice that's best for each individual's circumstance and goals. This year is a chance for us – Interra Credit Union members and the trusted advisers at Interra Investments – to work together to build a financial plan that is uniquely tailored to meet your needs.

David W. 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**  
Teller

**Susie Adkins**  
Teller

**Kristie Baker**  
Records & Research

**Larry Bayless**  
Loan Review Specialist

**Marcile Beard**  
Administrative Assistant

**Alisa Bender**  
Call Center Representative

**Jessica Biller**  
Administrative Assistant

**Lindsey Birch**  
Teller

**David Birky**  
President - Interra  
Investments

**Mike Blosser**  
Branch Manager

**Donna Borkholder**  
Teller

**Liz Borntreger**  
Branch Manager

**Teri Botwinski**  
Teller

**Elta Bradford**  
Teller

**Kathy Brovont**  
Lead Teller

**Tavia Brubacher**  
Teller

**Brandi Burdette**  
Call Center Representative

**Allison Burkholder**  
Branch Float

**Odalis Chacon**  
IS Technician

**Angie Clem**  
Member Services  
Representative

**Becky Coppens**  
Lead Teller

**Stacey Darr**  
Systems Coordinator

**Diane Dearth**  
Accounting Clerk

**David Dekker**  
Member Services Manager

**Terri Dewald**  
Training & Development  
Manager

**Richelle Dick**  
Administrative Assistant

**Bob Donegan**  
Maintenance

**Dawn Douma**  
Lead Teller

**John Eicher, Jr.**  
Branch Float

**Rachel Ely**  
Mortgage Loan Officer

**Eric Erlenwein**  
Collector

**Rhonda Eslinger**  
Director of Human  
Resources

**Jon Flickinger**  
Ag & Mortgage Loan Officer

**Maria Galindo**  
Teller

**Michael Galinowski**  
Systems Programmer

**Cici Gallegos**  
Member Services  
Representative

**Peggy Ganger**  
Teller

**Andy Gangwer**  
Vice President of Lending

**Deb Garman**  
Director of Operations

**Paul Gayler**  
Financial Services  
Representative

**Jason Golden**  
Ag Loan Officer

**Carmen Gonzalez**  
Call Center Representative

**Staci Goss**  
Mortgage Loan Officer

**Melaine Gough**  
Loan Clerk

**Jessica Green**  
Lead Teller

**Angie Hahn**  
Interra Investments  
Coordinator

**Liz Hall**  
Administrative Assistant

**Joyce Hamilton**  
Teller

**Bev Harman**  
Float

**Leanne Heckaman**  
Teller Supervisor

**Teresa Hendricks**  
MSR – Member Education

**Katie Henke**  
Records & Research

**Tonya Henry**  
Teller Float

**Greicy Hernandez**  
Branch Float

**Jeanette Hess**  
Teller

**Rex Hochstedler**  
Chief Financial Officer

**Sue Holdeman**  
Teller

**Nancy Hoover**  
Loan Clerk

**Lucy Hostetler**  
Teller

**Michelle Huddleston**  
Loan Dept. Coordinator

**Tara Hudson**  
Collector

**Dan Hulse**  
Help Desk Technician

**Ethan Hussey**  
Intern

**Tonya Jaberg**  
Mortgage Processor

**Cara Jeeves**  
Marketing Coordinator

**Blair Juarez**  
Loan Clerk

**Vickie Kauffman**  
Records & Research

**Misty Keller**  
Branch Manager

**Terri Kellogg**  
Lead Teller

**Pam Kemmerling**  
Mortgage Processor

**Jeanette Keyser**  
Teller

**Kathy Kinnison**  
Teller

**Becky Kirkdorffer**  
Teller

**Liz Koch**  
Loan Officer

**Ashley Lambright**  
Training Assistant

**Randy Lehman**  
Management Trainee

**Stephanie Lehman**  
Call Center Representative

**Amanda Lengacher**  
Branch Float

**Katie Lindzy**  
Administrative Assistant

**Deb Madlem**  
Teller

**Kristi Makielski**  
BSA Specialist

**Tosha Maran**  
ACH Specialist

**Jill Martin**  
Teller

**Fern Mast**  
Bookkeeper

**Liz Mast**  
Member Services  
Representative

**Tracy Mast**  
Branch Float

**Marilyn Mathews**  
Branch Float

**Kari Mauck**  
Teller

**Judy Maurer**  
Network Coordinator

**Maria Mendoza**  
Teller

**Tatyana Merezhko**  
Float

**Alesya Mikhaylenko**  
Branch Float

**Charlie Miller**  
Branch Float

**Chelsey Miller**  
Teller

**Cherry Miller**  
Records & Research

**Darla Miller**  
MSR – Business Services

**Sanford Miller**  
Vice President of Branch  
Administration

**Willie Miller**  
Courier

**Stephanie Mishler**  
Marketing Assistant

**Dawn Morey**  
Teller

**Pam Oberlin**  
Teller

**Carla Oplinger**  
Special Projects

**Debbie Ott**  
Mortgage Loan Assistant

**Martha Packer**  
Director of Loss Prevention

**Eva Parcell**  
Registered Member Service  
Representative

**Dave Parsons**  
Branch Manager

**Anzhelika Pavlenko**  
Float

**Ruth Peshina**  
Loan Verifier

**JoAnne Pickens**  
MSR - Trust

**Christin Pinckert**  
Recruiter/Benefits Specialist

**Angie Pletcher**  
Compliance Officer

**Sue Purdue**  
Financial Services  
Representative

**Tane Reed**  
Branch Manager

**Joel Richard**  
Branch Manager

**Tyler Roth**  
Senior Loan Officer

**Jenny Roush**  
Teller

**Myriam Ruano**  
Teller

**Vera Rudolph**  
Ag Loan Officer

**Jody Saige**  
Director of IS

**Lucy Sanchez**  
Call Center Representative

**Millie Sanchez**  
Branch Manager

**Eileen Schneider**  
Float

**Erin Schrader**  
VISA Specialist

**Kallie Schuetz**  
Senior Card Services  
Representative

**Jack Sheets**  
President

**Cindy Shepherd**  
Teller Trainer

**Jamie Shepherd**  
Receptionist

**Kathryn Shepherd**  
Teller

**Brenda Sherman**  
Branch Float

**Becky Shultz**  
Lead Teller

**Jessica Slagel**  
Branch Float

**Gynelle Slayton**  
Administrative Assistant

**Sue Snider**  
Teller

**Annette Stauffer**  
Float

**Karen Steffensen**  
Director of Marketing

**Janet Stone**  
Float

**Waneta Stutzman**  
Mortgage Clerk

**Martha Swartzentruber**  
Teller

**Wanda Taylor**  
Teller

**Dan Temple**  
Registered Member Service Representative

**Norma Terrazas**  
Administrative Assistant

**Sandi Trenshaw**  
Float

**Brittany Troyer**  
Teller/Float

**Janet VanderMeer**  
Human Resources Assistant

**Heather Vargas**  
Teller

**Debra Walsh**  
Administrative Assistant

**Rajesh Wankhade**  
Teller

**Brenda Weatherton**  
Branch Manager

**Kari Weaver**  
Branch Float

**Sherry Wenger**  
Internal Auditor

**Sherrie Wert**  
Records & Research Supervisor

**Carl Westerbeek**  
Facilities Manager

**Nancy Westrich**  
Teller

**Phil Wiens**  
Commercial Loan Officer

**Char Willett**  
Executive Administrative Assistant

**Erin Wilson**  
Director of Accounting

**Jim Wise**  
Courier

**Wongel Worabo**  
MSR – IRA

**Sherrie Wright**  
Teller

**Brandon Yoder**  
Branch Manager

**Leon Yoder**  
Commercial Loan Officer

**Stan Yoder**  
Senior Mortgage Loan Officer

**Tammy Yoder**  
Member Services Representative

**Alan Zimmerman**  
Financial Analyst

| Year | Shares      | Loans       | Assets      | Members' Equity |
|------|-------------|-------------|-------------|-----------------|
| 1932 | \$ 1,058    | \$ 1,052    | \$ 1,125    | \$ n/a          |
| 1935 | 6,821       | 6,787       | 7,308       | 413             |
| 1940 | 27,611      | 29,416      | 29,542      | 1,116           |
| 1945 | 322,887     | 258,346     | 330,663     | 5,121           |
| 1950 | 692,044     | 771,210     | 811,929     | 43,893          |
| 1955 | 1,491,641   | 1,394,259   | 1,622,387   | 130,548         |
| 1960 | 1,558,785   | 1,544,366   | 1,769,045   | 209,839         |
| 1965 | 2,737,217   | 2,309,238   | 3,059,388   | 321,553         |
| 1970 | 4,764,550   | 4,075,969   | 5,309,992   | 544,885         |
| 1975 | 11,719,658  | 9,091,286   | 12,999,668  | 1,179,694       |
| 1980 | 24,369,270  | 17,041,302  | 26,680,810  | 2,311,033       |
| 1985 | 46,928,194  | 29,183,086  | 52,317,176  | 5,384,936       |
| 1990 | 84,777,576  | 55,798,447  | 98,097,786  | 13,024,693      |
| 1995 | 137,658,854 | 92,379,739  | 160,603,902 | 22,543,035      |
| 2000 | 210,230,940 | 163,563,506 | 244,752,409 | 33,954,117      |
| 2005 | 317,688,468 | 259,857,319 | 370,000,738 | 50,845,212      |
| 2006 | 344,943,639 | 281,694,064 | 402,006,911 | 55,548,025      |
| 2007 | 369,673,158 | 287,349,985 | 430,808,347 | 59,445,263      |
| 2008 | 394,667,493 | 293,645,337 | 459,765,147 | 63,027,873      |

Our Mission

*To be our members' most trusted and valued financial resource*

Committed to Excellence

We are committed to:

- provide you with an exceptional level of service.
- make it easy for you to do business with us.
- treat you with the highest standards of respect and professionalism.
- identify your financial needs and offer solutions that will improve your financial life.
- deliver accuracy in all of our work.

|                                 | 2008                 | 2007                 |
|---------------------------------|----------------------|----------------------|
| <b>Income</b>                   |                      |                      |
| Interest Income-Loans           | \$ 18,326,909        | \$ 18,758,183        |
| Interest Income-Investments     | 5,436,452            | 4,610,854            |
| Other Income                    | 4,663,273            | 4,856,123            |
| <b>Total Income</b>             | <b>28,426,634</b>    | <b>28,225,160</b>    |
| <b>Expenses</b>                 |                      |                      |
| Payroll & Benefit Expense       | \$ 7,286,251         | \$ 6,779,347         |
| Office Occupancy                | 2,316,781            | 2,227,859            |
| Office Operations               | 1,626,245            | 1,747,507            |
| Members Services                | 1,298,979            | 1,261,860            |
| Other Expenses                  | 2,528,285            | 2,235,834            |
| <b>Total Expense</b>            | <b>15,056,541</b>    | <b>14,252,407</b>    |
| <b>Net Income</b>               | <b>\$ 13,370,093</b> | <b>\$ 13,972,753</b> |
| <b>Distribution of Earnings</b> |                      |                      |
| Dividends                       | \$ 9,471,909         | \$ 10,075,499        |
| General Reserve Fund            | 1,421,331            | 1,620,277            |
| Undivided Earnings              | 2,476,853            | 2,276,977            |
| <b>Net Income Distributed</b>   | <b>\$ 13,370,093</b> | <b>\$ 13,972,753</b> |

|  | 2008                  | 2007                  |
|--|-----------------------|-----------------------|
| <b>Assets</b>                            |                       |                       |
| Cash and Investments                     | \$ 140,243,782        | \$ 118,560,995        |
| Loans, net                               | 293,645,337           | 287,349,985           |
| Property & Equipment                     | 17,639,544            | 17,730,008            |
| Other Assets                             | 8,236,484             | 7,167,359             |
| <b>Total Assets</b>                      | <b>\$ 459,765,147</b> | <b>\$ 430,808,347</b> |
| <b>Liabilities &amp; Members' Equity</b> |                       |                       |
| <b>Liabilities</b>                       |                       |                       |
| Share Accounts                           | \$ 394,667,493        | \$ 369,673,158        |
| Other Liabilities                        | 2,069,781             | 1,689,926             |
| <b>Total Liabilities</b>                 | <b>396,737,274</b>    | <b>371,363,084</b>    |
| <b>Members' Equity</b>                   | <b>63,027,873</b>     | <b>59,445,263</b>     |
| <b>Total Liabilities &amp; Equity</b>    | <b>\$ 459,765,147</b> | <b>\$ 430,808,347</b> |

Equity • Shares • Loans • Assets • Membership

