

2010 Annual Report

*It's a* **Great Time**  
*to be a*  
**MEMBER**



**IN**terra  
CREDIT UNION

On behalf of the entire Board of Directors of Interra Credit Union, it is my pleasure to write the 79th annual report. The board members include Richard Snider, Elroy Miller, Linda Garber, Kathy Brewton, David Myers, Loren Eash and myself. As Elroy Miller has chosen to retire and not seek another term, we thank him for his many years of dedicated service. 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.

It really is a great time to be a member of Interra Credit Union. As we look forward to a brighter economic future, I am pleased to report to you that your credit union remains a strong and stable financial cooperative, poised to grow with you. This is exemplified by the capital ratio of 12.7%, which exceeds peer comparisons. In addition, the low delinquency and charge-off ratios continue to exceed our peer groups.

With a sound foundation, Interra Credit Union continues to offer convenient locations and the full menu of e-Services to meet the needs of an ever-changing membership. There is access to high-quality personal service, as well as the 24/7 online services to assist members in managing their finances and achieving their financial goals.

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.

**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 serves members most effectively by working together through local, regional, national 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 to, on your behalf, support the mission of this credit union, "To be our members' most trusted and valued financial resource." Thank you for choosing Interra Credit Union. We hope you agree, it is a great time to be an Interra member!

Steve Warner  
Chairman of the Board

## It's a great time to be an Interra Credit Union member

Members can take pride in the accomplishments of their credit union in 2010. The trend of sustainable growth continues in all areas of operation. Interra Credit Union outperformed our peer group in virtually every area we track – earnings, loans, deposits, membership growth and in service excellence.

Earnings, as measured by return on assets, ended the year at .68% exceeding both Interra's budget of .59% and the large credit union peer average of .53%.

Loan growth ended the year at a 2.3% increase, exceeding large credit union peers of -.5%. Deposit growth increased 8%, meeting budget expectations and exceeding peer average of 4.9%.

Membership growth increased 3.4% during the last year, as compared to the peer average of 1.5%. That translates into a net increase of more than 1,525 members. The best referral source we have is from friends and family members, which provides a testimonial to the trust and confidence members place in the credit union.

Interra's commitment to service excellence means that we continually work to provide each member with exceptional member service experience. We take this seriously enough to solicit regular member feedback as a tool for continuous improvement.

As part of the strategic growth initiative within the credit union's service area, Interra opened the newly-constructed Nappanee office early last year. This is an example of Interra's strategy to invest in communities where we can improve convenience to members and facilitate growth.

Our investment in growth is much more than brick and mortar. Additional products and services introduced during 2010 included Interra Online Deposit, INtunes checking and ZashPay person-to-person payment capabilities, while other products and services were enhanced and upgraded to meet member needs. Looking forward, there is continued emphasis and investment in new technology and in member convenience.

Not only did we achieve member-focused goals in 2010, the credit union is in a financial position to execute strategic growth initiatives in 2011 and beyond. The focus is set on strengthening member relationships – in convenience, better products to save time or money, and to help members achieve their financial goals.

On behalf of Interra Credit Union, thank you for the opportunity to work with a committed board of directors and supervisory committee and with a dedicated staff. Most of all, thank you for the opportunity to serve you, Interra members. It's a great time to be a member!

The Executive Loan Committee of Interra Credit Union met on a weekly basis in 2010 to review real estate, commercial and agricultural loans. Committee members are Andy Gangwer, Sanford Miller and Stan Yoder. We have missed the late Leon Yoder, who served on the committee and as a loan officer at Interra.

During the year, 5,570 member loans were approved by loan officers or by the loan committee for a total loan amount of more than \$133.5 million. Interra members still face the continued economic challenges, some sectors more than others.

In 2010, the credit union was subject to several mandated regulations from the federal government. As we move into 2011, more mandated regulations will continue to impact staff and financial resources. As we know, unemployment continues to run high, a little more than 13% in Elkhart County.

On the positive side, Interra continues to experience low loan charge-off and delinquency numbers, below that of our peer group. Also, the number of members seeking financial relief declined significantly from 2009 to 2010.

With the low rate environment, the credit union's mortgage activity was substantial in 2010. Many members were able to save money and/or shorten terms by refinancing their first mortgage loans. There was also increased interest in the student loan program. With just over a year into the program, we ended the year with 210 student loans totaling just under \$2 million.

At Interra Credit Union, we are always striving to provide new products and services, new technologies and other resources to meet our members' needs. At the same time, we hold onto the basic principles of sound loan underwriting. As members and prospective members consider the options in the financial marketplace, we hope they choose Interra Credit Union, because of the trust, commitment and knowledge shown to help them fulfill their financial needs.

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, 2010. The audit was performed in accordance with auditing standards generally accepted in the United States of America. 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, 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

2010 was a great year to be in the investment markets. Nearly across the board, equity markets notched double digit returns, while bonds benefitted from historically low interest rates. Market volatility, however, is a strong reminder that even during periods of positive returns, it is equally important to have someone to turn to, someone you trust. Members find people they trust in the financial professionals at Interra Investments, who will listen to your financial goals, work with you to establish a plan and help you navigate through the peaks and valleys of the markets.

Members continue to turn to Interra Investments for assistance because they know they can trust a team of advisors who keep their best interests at heart. Affirmation of this trust can be seen in the consistent year-over-year growth we have achieved. Total investments under management at Interra Investments increased by 15% in 2010. At the same time, total member deposits at Interra Investments increased by more than 35%.

Our commitment to member education is demonstrated by the breadth and variety of educational seminars and workshops presented by the professionals at Interra Investments. We strive to provide timely, up-to-date topics including retirement planning, understanding employer-sponsored retirement plans, the basics of investing, women and investing, to investing for young adults and much more.

You can count on the trusted advisors at Interra Investments to help you build a customized financial plan, uniquely tailored to meet your individual needs. We work hard to earn and keep your trust, the foundation on which long-term relationships are built. It's a great time to be a member!

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**  
Administrative Assistant

**Jordan Adams**  
Management Trainee

**Susie Adkins**  
Teller

**Luis Aguilar**  
Branch Float

**Christina Alejandro**  
Teller

**Esther Alwine**  
Member Service Verifier

**Larry Bayless**  
Loan Review Specialist

**Marcile Beard**  
Administrative Assistant

**Ben Bemiller**  
Teller

**Jessica Biller**  
Training Assistant

**David Birky**  
President - Interra  
Investments

**Mike Blosser**  
Branch Manager

**Donna Borkholder**  
Teller

**Liz Borntreger**  
Branch Manager

**Elta Bradford**  
Teller

**Ashley Braun**  
Teller Float

**Kathy Brovont**  
Head Teller

**Tavia Brubacher**  
Teller

**Brandi Burdette**  
Card Services  
Representative

**Esther Burgos**  
Teller

**Allison Burkholder**  
Administrative Assistant

**Odalis Chacon**  
IS Technician

**Angie Clem**  
MSR

**Leslie Compton**  
Teller

**Rebecca Cool**  
Mortgage Processor

**Becky Coppens**  
Head Teller

**Stacey Darr**  
Systems Coordinator

**Michelle Davis**  
Teller

**Diane Dearth**  
Accounting Clerk

**David Dekker**  
Call Center Manager

**Terri Dewald**  
Training & Development  
Manager

**Richelle Dick**  
Administrative Assistant

**Bob Donegan**  
Maintenance

**Dawn Douma**  
Head Teller

**John Eicher, Jr.**  
MSR

**Rachel Ely**  
Mortgage Loan Officer

**Eric Erlenwein**  
Collector

**Rhonda Eslinger**  
Director of Human  
Resources

**Liz Fawley**  
Management Trainee

**Jon Flickinger**  
Ag & Mortgage Loan Officer

**Allison Frye**  
Teller

**Maria Galindo**  
Teller

**Michael Galinowski**  
Systems Programmer

**Cici Gallegos**  
MSR

**Peggy Ganger**  
Teller

**Andy Gangwer**  
Executive Vice President

**Deb Garman**  
Director of Operations

**Paul Gayler**  
Financial Services  
Representative – Insurance  
Specialist

**Jason Golden**  
Ag Loan Officer

**Carmen Gonzalez**  
Call Center Representative

**Staci Goss**  
Mortgage Loan Officer

**Melaine Gough**  
Loan Clerk

**Kevin Graber**  
Network Coordinator

**Jessica Green**  
Head Teller

**Nikki Gruesser**  
Head Teller

**Bev Harman**  
MSR

**Leanne Heckaman**  
Teller Supervisor

**Teresa Hendricks**  
MSR – Member Education  
Specialist

**Tonya Henry**  
Teller

**Greicy Hernandez**  
Branch Float

**Rex Hochstedler**  
Chief Financial Officer

**Nancy Hoover**  
Loan Clerk

**Kim Hostetler**  
Float

**Michelle Huddleston**  
Loan Dept. Coordinator

**Tara Hudson**  
Collector

**Dan Hulse**  
Help Desk Technician

**Aubrey Hunsberger**  
Compliance Assistant

**Cara Jeeves**  
Marketing Coordinator

**Blair Juarez**  
Loan Clerk

**Mike Kauffman**  
Branch Manager

**Vickie Kauffman**  
Records & Research

**Pam Kemmerling**  
Mortgage Processor

**Kim Kern**  
Branch Float

**Becky Kirkdorffer**  
Teller

**Laura Kroetz**  
ICE Intern

**Jill Lechlitner**  
Teller

**Randy Lehman**  
Loan Officer

**Stephanie Lehman**  
Call Center Representative

**Amanda Lengacher**  
Teller

**Katie Lindzy**  
Administrative Assistant

**Melena Long**  
Teller

**Deb Madlem**  
Teller

**Tosha Maran**  
ACH Specialist

**Jill Martin**  
Teller

**Brodi Mast**  
Float

**Fern Mast**  
Bookkeeper

**Liz Mast**  
IRA/HSA Processor

**Tracy Mast**  
Administrative Assistant

**Marilyn Mathews**  
Teller

**Judy Maurer**  
Information Security Coordinator

**Cynthia Medina**  
Receptionist

**Maria Mendoza**  
Teller

**Tatyana Merezko**  
Teller

**Curtis Meyer**  
Branch Float

**Alesya Mikhaylenko**  
Branch Float

**Angela Miller**  
Teller

**Ashley Miller**  
Teller

**Effie Miller**  
Teller

**Charlie Miller**  
MSR

**Cherry Miller**  
Records & Research/  
Electronic Services

**Sanford Miller**  
Vice President of Branch  
Administration

**Willie Miller**  
Courier

**Stephanie Mishler**  
Marketing Specialist/Analyst

**Amy Nichols**  
Teller

**Haley Nickell**  
Teller

**Pam Oberlin**  
Teller

**Becky Olsen**  
Teller

**Carla Oplinger**  
Special Projects

**Debbie Ott**  
Mortgage Loan Assistant

**Misty Overholser**  
Branch Manager

**Martha Packer**  
Director of Loss Prevention

**Eva Parcell**  
Registered MSR

**Dave Parsons**  
Branch Manager

**Kathryn Paulus**  
Records & Research

**Ruth Peshina**  
Loan Verifier

**Dee Phenis**  
Branch Float

**JoAnne Pickens**  
MSR - Trust Specialist

**Christin Pinckert**  
Recruiter/Benefits Specialist

**Angie Pletcher**  
Compliance Officer

**Sue Purdue**  
Financial Services  
Representative

**Roger Ramer**  
Courier

**Tane Reed**  
Branch Manager

**Joel Richard**  
Branch Manager

**Esmi Rivera**  
Call Center Representative

**Tyler Roth**  
Loan Officer

**Jenny Roush**  
Teller

**Jody Saige**  
Director of Information  
Systems

**Lucy Sanchez**  
MSR – Hispanic Service  
Specialist

**Gretchen Santiago**  
Member Service Manager

**Joe Schneider**  
Teller

**Erin Schrader**  
Call Center Representative



**Kallie Schuetz**  
Senior Card Services  
Representative

**Jack Sheets**  
President

**Jamie Shepherd**  
Receptionist

**Kathryn Shepherd**  
Teller

**Brenda Sherman**  
Branch Float

**Nicky Shields**  
Teller

**Becky Shultz**  
Head Teller

**Jessica Slagel**  
Branch Float

**Gynelle Slayton**  
Administrative Assistant

**Chris Smith**  
Business Development  
Manager

**Ali Smith**  
Teller

**Sue Snider**  
Teller

**Annette Stauffer**  
Float

**Karen Steffensen**  
Director of Marketing

**Waneta Stutzman**  
Mortgage Clerk

**Martha Swartzentruber**  
Branch Float

**Kate Swartzentruber**  
Teller

**Dan Temple**  
Mortgage Loan Officer

**Norma Terrazas**  
Administrative Assistant

**Sandi Trenshaw**  
Records & Research

**Brittany Troyer**  
Branch Float

**Katie Ulrich**  
Teller

**Janet VanderMeer**  
Human Resources Assistant

**Heather Vargas**  
Teller

**Debra Walsh**  
Administrative Assistant

**Rajesh Wankhade**  
Teller

**Brenda Weatherton**  
Branch Manager

**Kari Weaver**  
Head Teller

**Collette Weaver**  
Teller

**Sherry Wenger**  
Internal Auditor

**Sherrie Wert**  
Records & Research  
Supervisor

**Carl Westerbeeck**  
Facilities Manager

**Phil Wiens**  
Commercial Loan Officer

**Char Willett**  
Executive Administrative  
Assistant

**Erin Wilson**  
Director of Accounting

**Martin Wilson**  
MSR – Business Services  
Specialist

**Jenna Wisler**  
Teller

**Wongel Worabo**  
MSR – IRA Specialist

**Brandon Yoder**  
Branch Manager

**Renee Yoder**  
Coordinator/Sales Assistant

**Stan Yoder**  
Senior Mortgage Loan Officer

**Tammy Yoder**  
MSR

**Alan Zimmerman**  
Financial Analyst

## Our Mission

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

## Committed to Excellence

We are committed to:

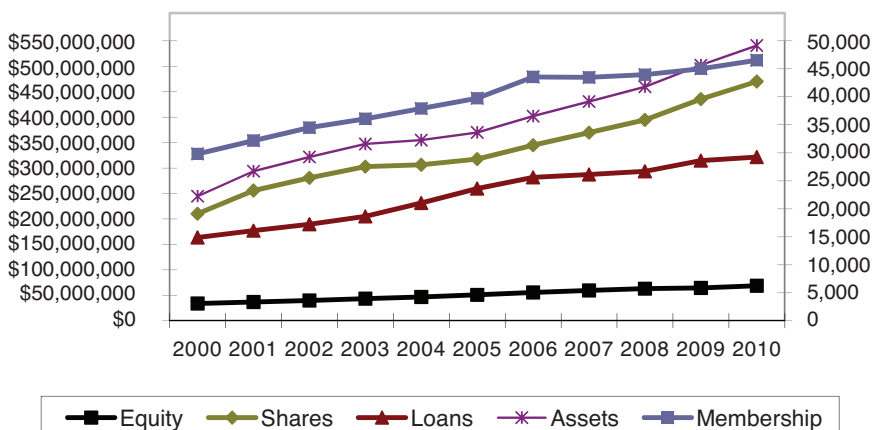
- providing you with an exceptional level of service.
- making it easy for you to do business with us.
- treating you with the highest standards of respect and professionalism.
- identifying your financial needs and offer solutions that will improve your financial life.
- delivering accuracy in all of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

## Operating Statement

	<b>2010</b>	<b>2009</b>
<b>Income</b>		
Interest Income – Loans	\$ 18,219,279	\$ 18,008,057
Interest Income – Investments	3,648,828	4,059,853
Other Income	5,243,299	4,708,495
<b>Total Income</b>	<b>27,111,406</b>	<b>26,776,405</b>
<b>Expenses</b>		
Payroll & Benefit Expense	\$ 8,878,494	\$ 7,952,245
Office Occupancy	2,412,476	2,224,809
Office Operations	1,792,000	1,494,649
Members Services	1,194,742	1,228,328
Provision for Loan Loss	759,848	1,211,572
Corporate Capital Write-Off	-	2,569,114
ASI Special Premium	718,651	635,767
Other Expenses	1,914,777	1,620,323
<b>Total Expense</b>	<b>17,670,988</b>	<b>18,936,807</b>
<b>Net Income</b>	<b>\$ 9,440,418</b>	<b>\$ 7,839,598</b>
<b>Distribution of Earnings</b>		
Dividends	\$ 5,746,356	\$ 6,836,570
General Reserve Fund	1,355,570	1,338,820
Undivided Earnings	2,338,492	(335,792)
<b>Net Income Distributed</b>	<b>\$ 9,440,418</b>	<b>\$ 7,839,598</b>

	2010	2009
<b>Assets</b>		
Cash and Investments	\$ 192,105,701	\$ 160,226,721
Loans, net	321,752,983	314,575,912
Property & Equipment	19,179,658	19,050,825
Other Assets	7,859,746	8,378,887
<b>Total Assets</b>	<b>\$ 540,898,088</b>	<b>\$ 502,232,345</b>
<b>Liabilities &amp; Members' Equity</b>		
<b>Liabilities</b>		
Share Accounts	\$ 470,273,201	\$ 435,527,979
Other Liabilities	1,915,110	2,144,774
<b>Total Liabilities</b>	<b>472,188,311</b>	<b>437,672,753</b>
<b>Members' Equity</b>	<b>68,709,777</b>	<b>64,559,592</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$ 540,898,088</b>	<b>\$ 502,232,345</b>

### Equity • Shares • Loans • Assets • Membership



## Interra Credit Union's Financial History

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
2009	435,527,979	314,575,912	502,232,345	64,559,592
2010	470,273,201	321,752,983	540,898,088	68,709,777