

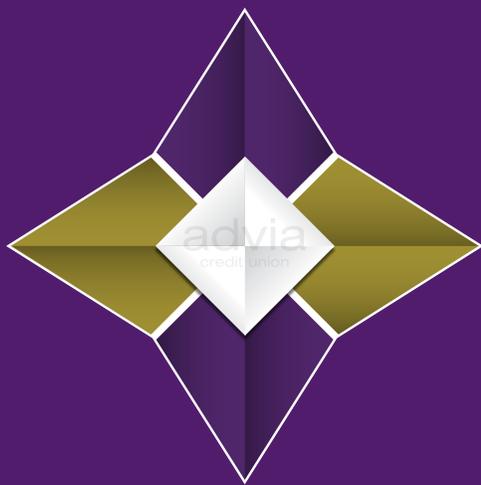
# advia

credit union

Real Advantages for Real People.™

## Providing Financial Advantages

2017 Financial Condition Reporting of Advia Credit Union





## Message from our Board Chair, **Marty Doorn**

Being a volunteer Board Member for Advia Credit Union comes both with a great level of responsibility and pride. Your volunteer Board and Supervisory Committee work closely with Advia's management team, financial regulators and auditing services to help assure members that they have chosen the best partner to entrust their financial well-being. In today's environment that includes new threats regularly from outside forces working to gain access to your personal financial information, it is of utmost importance that your credit union works to protect you.

The pride in being a volunteer comes from the confidence I have in being able to assure you that Advia Credit Union is continually growing stronger in a multitude of ways financially, technologically, and within its organizational infrastructure.

Some of the accomplishments that resonate Advia's commitment to you includes their level of expertise and focus on building layers of cyber security protection, continued asset growth and Return on Average Assets as outlined within our Treasurer's Report, and highly competitive savings and loan product offerings.

Advia is healthy and with its continued regional diversity, team expansion, and product development, the future brings even greater opportunity and benefits for you as a member.



## Message from our President & CEO, **Cheryl A. DeBoer**

Each year, we look for more ways to provide financial advantages for member-owners. In 2017, we are proud to celebrate key accomplishments that reflect our commitment to living this mission.

First, we understand that the member experience we seek to provide begins with a well-trained, engaged staff. So, in early 2017, when Advia was named both a "Best and Brightest Organization to Work For" as well as "Cool Place to Work", we were honored to receive this recognition, both for the betterment of our team that now exceeds 500, and members that now nears 150,000 throughout Michigan, Wisconsin and Illinois.

Also, early in the year, we announced our intent to acquire Peoples Bank, headquartered in Elkhorn, WI. This was officially completed in September, and we are very excited about our continued growth into Wisconsin as well as the additional expertise provided in commercial lending and account servicing. Our commitment continues as we are investing in new technology that will help us serve our growing businesses in all communities where we operate.

In the Summer of 2017, we introduced a new digital banking solution, allowing members to perform more financial transactions with ease whether on a computer, mobile phone or tablet. As members seek convenience and full-service access from all devices, this transition provided a positive impact for over 60,000 members who use this service daily.

Our commitment to giving back was strong in 2017 - contributing \$300,000 into area communities through donations, sponsorships and local outreach. Something special for us is calculating the annual savings for members when they transfer higher cost loans to Advia. In 2017, we proudly report an estimated \$10 Million in savings for members!

Finally, in 2017, we announced our intention to build a new headquarters in Kalamazoo, Michigan (building details and completion date yet to be finalized). Our commitment to Parchment will continue as we will retain branch service here while we work to add new work space and more branch locations for our growing team and members.

Thank you for your continued trust in me as Advia's President & CEO. As we celebrate the many accomplishments of 2017, know that our team will continue to work to provide the best possible return for you in the future, and report additional examples of introducing financial advantages designed for you.

## Supervisory Committee Report, **Jim Bouma**



The mission of Advia Credit Union's volunteer Supervisory Committee is to protect the assets and interest of the membership by ensuring that financial and operational activities are performed accurately and in compliance with State and Federal regulations. To accomplish this mission, the Supervisory Committee meets and consults with our external auditors, internal auditors and members of both management and Board of Directors.

As indicated by the Statement of Financial Condition, included within this annual report, 2017 was a strong year for our credit union. We achieved continued growth in loan balances, share deposits and total assets. This continued strong performance equates to greater services and better rates for our members.

On behalf of the committee, I am proud to report that Advia Credit Union is a financially thriving cooperative, dedicated to serving its members while maintaining strong financial and operational practices. During the year the credit union's operations and financial results were audited by Doeren Mayhew, Certified Public Accountants, and by our own internal Audit team, who report to our Committee.

## Report of the Search Committee – **Julie Birman**

In accordance with the Board Nomination Policy, the following incumbent was nominated for a Board of Director position within Advia Credit Union. No petitions were received. This individual was therefore approved by acclamation:

**Marty Doorn** – Marty has served as a Board Director since 2011, and as Board Chair of Advia since 2016. Marty is owner and founder of WGRT in Port Huron, MI.

All members of Advia Credit Union's Board of Directors are volunteer representatives of our membership and serve without compensation.

### **Volunteer Board of Directors**

**Marty Doorn**, Board Chair

**Julie Birman**, Vice Chair

**Danielle Streed**, Treasurer

**Nicole Kalmbach**, Secretary

**Donna Kalmeta**, Director

**Rich Seim**, Director

**Mike Segal**, Director

### **Supervisory Committee Members**

**Jim Bouma**, Chair

**Carter Hitesman**, Secretary

**Danielle Moore**, Member

### **Executive Team**

**Cheryl A. DeBoer**

President & CEO

**Jeff Fielder**

EVP of Finance

**Kristin Marschner**

EVP of Risk Management

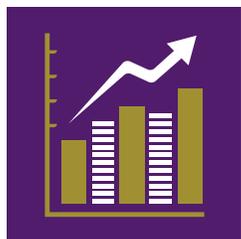
**Ray Black**

EVP of Member Service  
& Marketing

**Tim Merwin**

EVP of Lending

## Treasurer's Report, **Danielle Streed**



Advia Credit Union is financially strong, positioned within the top 10 credit unions in Michigan, and, when measured by total assets, within the top 3% of credit unions in the United States. Total assets increased by over \$336 Million in 2017, which equates to 24.95% annual growth. By year end, our assets were over \$1.68 Billion.

For the year, we recorded a Return on Average Assets (ROAA) of 0.84%. At year end, our regulatory net worth ratio was 10.52%, which is well above the 7.00% amount required to be classified as "Well Capitalized".

We continue to remain focused on providing the best possible return to our members in the form of competitive deposits, low personal and business loan rates, soundness and integrity in our financial operations, and with a commitment to future growth to maintain sustainability within our regions.

### Statement of Income for the Years Ended: **December 31, 2017 and 2016**

<b>INTEREST INCOME</b>	<b>2017</b>	<b>2016</b>
Interest on Loans	\$57,946,032	\$45,189,627
Interest on Investments and Cash Equivalents	3,904,838	4,322,709
<b>Total Interest Income</b>	<b>\$61,850,870</b>	<b>\$49,512,336</b>

<b>INTEREST EXPENSE</b>	<b>2017</b>	<b>2016</b>
Dividends Paid	\$7,756,061	\$5,983,287
Interest on Borrowed Money	1,038,035	495,484
<b>Total Interest Expense</b>	<b>\$8,794,096</b>	<b>\$6,478,771</b>
<b>Net Interest Income</b>	<b>\$53,056,774</b>	<b>\$43,033,565</b>
Provision for Loan Losses	9,404,888	6,675,734
<b>Net Interest Income After Loan Loss Provision</b>	<b>\$43,651,886</b>	<b>\$36,357,831</b>
Other Non-Interest and Fee Income	27,144,166	23,297,515
<b>TOTAL NET INTEREST AND FEE INCOME</b>	<b>\$70,796,052</b>	<b>\$59,655,346</b>

<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	<b>2017</b>	<b>2016</b>
Compensation and Benefits	\$30,813,215	\$24,636,366
Office Operations	24,305,282	20,961,774
Office Occupancy	3,785,792	3,494,919
<b>Total Operating Expense</b>	<b>\$58,904,289</b>	<b>\$49,093,059</b>
<b>Net Income from Operations</b>	<b>\$11,891,763</b>	<b>\$10,562,287</b>
Non-Operating Gain (Loss)	817,293	980,233
<b>TOTAL NET INCOME</b>	<b>\$12,709,056</b>	<b>\$11,542,520</b>

## Statement of Financial Condition: December 31, 2017 and 2016

<b>ASSETS</b>	<b>2017</b>	<b>2016</b>
Cash and Cash Equivalents	\$65,555,454	\$35,070,275
Investments	176,900,638	191,256,771
Loans, Net of Loan Loss Allowance	1,368,899,779	1,063,240,775
Accrued Interest Receivable	4,979,648	3,598,595
Property & Equipment, Net of Depreciation	28,843,402	22,727,036
National Credit Union Share Insurance Fund Deposit	11,175,346	9,442,539
Other Assets	27,604,604	22,355,770
<b>TOTAL ASSETS</b>	<b>\$1,683,958,871</b>	<b>\$1,347,691,761</b>

<b>LIABILITIES, MEMBERS' SHARES &amp; MEMBERS' EQUITY</b>	<b>2017</b>	<b>2016</b>
Accounts Payable	\$8,944,550	\$7,172,712
Dividends Payable	61,221	1,275
Accrued Expenses	4,440,238	3,489,922
Borrowings	107,096,340	60,000,000
Other Liabilities	3,337,521	3,202,185
<b>Total Liabilities</b>	<b>\$123,879,870</b>	<b>\$73,866,094</b>
<b>Members' Shares</b>		
Shares	\$1,093,184,361	\$898,755,538
Certificates	298,916,868	224,642,961
<b>Total Members' Shares</b>	<b>\$1,392,101,229</b>	<b>\$1,123,398,499</b>
<b>Members' Equity</b>		
Undivided Earnings	\$119,892,488	\$107,183,433
Regular Reserves and Capital Acquired in Mergers	48,985,830	43,985,830
Other Comprehensive Income	(900,546)	(742,095)
<b>Total Members' Equity</b>	<b>\$167,977,772</b>	<b>\$150,427,168</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$1,683,958,871</b>	<b>\$1,347,691,761</b>

## Regulatory Capital Adequacy - December 31, 2017

<b>GENERAL CAPITAL REQUIREMENTS</b>	<b>AMOUNT</b>	<b>RATIO</b>
Amount Required to Be Classified as "Adequately Capitalized"	\$101,037,532	6.00%
<b>ACTUAL REGULATORY NET WORTH</b>	<b>\$177,100,687</b>	<b>10.52%</b>

<b>OTHER RATIOS</b>	<b>RATIO</b>
Delinquency Ratio	1.19%

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## **Contact** Information

844.ADVIA.CU (844.238.4228)

[www.adviacu.org](http://www.adviacu.org)

Federally Insured by NCUA.