

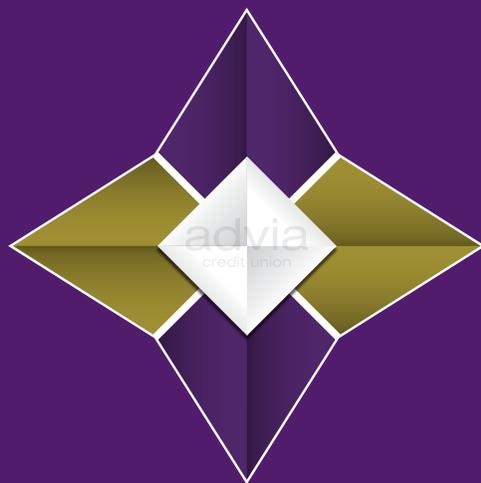
advia

credit union

Real Advantages for Real People.™

Providing Financial Advantages

2019 Financial Condition Reporting of Advia Credit Union





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

Celebrating important milestones always feel even better when you're able to do so with those you care about. While that's true in our personal lives, it is equally true when those you want to celebrate with are nearly 170,000 individuals, families and business owners who rely on you every day to serve their financial needs with the greatest level of care. Therefore, I am thrilled to celebrate with you that in 2019, Advia exceeded \$2 billion in total assets held. The importance of this milestone is that it reflects the growth trajectory that your credit union is on, accomplished by innovative leadership, balanced with a commitment to strong financial management.

The purpose of this Annual Report is to present you with the financial standings of Advia, which you will see are strong and growing more so each year. In addition to the financial soundness being reported, Advia's membership grew by nearly 9%, their branch footprint grew with three new locations, and a new surcharge-free ATM network was added to provide even greater service convenience.

As a volunteer Board Member for Advia, and your fellow member, I am so pleased to be able to share this past year's milestones with you as examples of why I feel you've made the best decision in choosing Advia as your financial partner. On behalf of the other volunteer Board members, I thank you for your ongoing membership, and encourage you to share with others to consider Advia for their financial needs.



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

As I consider the progress and growth that we accomplished in 2019, it confirms for me that Advia is meeting the ever-changing needs of our membership and living to our mission of providing financial advantages to those we serve. In terms of growth, we expanded further into Illinois, now with thirty-three (33) locations throughout Michigan, Illinois and Wisconsin. Our membership grew to nearly 170,000 and our financial position was strengthened by even greater participating member relationships.

In the spring of 2019, we broke ground on a new headquarters, which is anticipated to be completed in early 2021. This facility will add another location to serve members, introduce new video-aided ATM technology and house nearly half of our multi-state team, now well over 600 strong.

Members continue to save by transferring loans to Advia, and in 2019 we calculated an aggregate give-back amount exceeding \$5 million in reduced interest payments over the life of transferred loans. Other areas where we saw tremendous growth were in competitively priced mortgages, commercial lending and savings held. These signs of growth resonate member confidence in our ability to serve your financial needs, and as your President & CEO, nothing could please me more than honoring that trust.

We are continuing to grow for you. As 2020 unfolds, it comes with new opportunities for Advia. When considering these opportunities, please be assured that every decision we make is guided by maintaining the highest level of integrity, driving progress and having our members' interests in mind. Living to these core values allows us to move forward quickly while knowing we are staying on the right path.

As always, I want to thank you for choosing us and for being such a vital part of our continued growth. Our accomplishments are truly a result of your loyalty and confidence – we will celebrate that by looking for more ways to provide you with financial advantages in the years ahead!

Statement of Financial Condition: **December 31, 2019 and 2018**

| ASSETS | 2019 | 2018 |
|--|------------------------|------------------------|
| Cash and Cash Equivalents | \$94,919,667 | \$58,530,576 |
| Investments | 173,864,337 | 216,133,597 |
| Loans, Net of Loan Loss Allowance | 1,712,594,466 | 1,401,861,727 |
| Accrued Interest Receivable | 6,290,633 | 5,227,383 |
| Property & Equipment, Net of Depreciation | 37,849,889 | 28,955,959 |
| National Credit Union Share Insurance Fund Deposit | 14,875,130 | 13,042,406 |
| Other Assets | 44,131,111 | 25,271,095 |
| TOTAL ASSETS | \$2,084,525,233 | \$1,749,022,743 |

| LIABILITIES, MEMBERS' SHARES & MEMBERS' EQUITY | 2019 | 2018 |
|---|------------------------|------------------------|
| Accounts Payable | \$11,169,783 | \$8,996,006 |
| Dividends Payable | 160 | 211 |
| Accrued Expenses | 8,137,040 | 6,011,225 |
| Borrowings | 60,300,000 | 60,798,823 |
| Other Liabilities | 5,732,114 | 4,283,634 |
| Total Liabilities | \$85,339,097 | \$80,089,899 |
| Members' Shares | | |
| Shares | \$1,174,114,379 | \$1,055,386,315 |
| Certificates | 631,837,979 | 437,278,463 |
| Total Members' Shares | \$1,805,952,358 | \$1,492,664,778 |
| Members' Equity | | |
| Undivided Earnings | \$143,271,737 | \$129,126,456 |
| Regular Reserves and Capital Acquired in Mergers | 48,985,830 | 48,985,830 |
| Other Comprehensive Income | 976,211 | (1,844,220) |
| Total Members' Equity | 193,233,778 | 176,268,066 |
| TOTAL LIABILITIES & EQUITY | \$2,084,525,233 | \$1,749,022,743 |

Regulatory Capital Adequacy - **December 31, 2019**

| GENERAL CAPITAL REQUIREMENTS | AMOUNT | RATIO |
|--|----------------------|--------------|
| Amount Required to Be Classified as "Adequately Capitalized" | \$125,071,514 | 6.00% |
| ACTUAL REGULATORY NET WORTH | \$202,393,882 | 9.71% |

| OTHER RATIOS | RATIO |
|---------------------|--------------|
| Delinquency Ratio | 0.83% |

Report of the Search Committee

In accordance with the Board Nomination Policy, the following incumbents were nominated for Board of Director positions within Advia Credit Union. No petitions were received. These individuals were therefore approved by acclamation:

Donna Kalmeta - Donna has served as a Board Director since 2008 and as our Board Secretary since 2018. Donna is employed with Marco and lives in Marine City, MI.

Danielle Streed - Danielle has served as a Board Director since 2004 and currently serves as our Board Treasurer. Danielle is an Estate Planning Attorney with Danielle Streed and Associates.

Jim Bouma - Jim has served as a Board Director since 2018. Previously, he served as Chairperson of our Supervisory Committee. He is a long-time member of our credit union and is retired.

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

Treasurer's Report, **Danielle Streed**



Advia Credit Union is financially strong, positioned within the top 10 credit unions in Michigan, and within the top 3% of credit unions in the United States in terms of asset size. Total assets increased by over \$335 million in 2019, which equates to over 19% annual growth. By year end, our assets were nearly \$2.1 billion.

For the year, we recorded a Return on Average Assets (ROAA) of 0.74%. At year end, our regulatory net worth ratio was 9.71%, 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.

Volunteer Board of Directors

Marty Doorn, Board Chair
Nicole Kalmbach, Vice Chair
Danielle Streed, Treasurer
Donna Kalmeta, Secretary
Rich Seim, Director
Mike Segal, Director
Jim Bouma, Director

Executive Team

Cheryl A. DeBoer
President & CEO
Jeff Fielder
EVP of Finance
Ray Black
EVP of Member Service & Marketing
Tim Merwin
EVP of Lending

Statement of Income for the Years Ended: **December 31, 2019 and 2018**

| INTEREST INCOME | 2019 | 2018 |
|--|---------------------|---------------------|
| Interest on Loans | \$79,502,686 | \$69,806,017 |
| Interest on Investments and Cash Equivalents | 5,639,845 | 4,471,381 |
| Total Interest Income | \$85,142,531 | \$74,277,398 |

| INTEREST EXPENSE | 2019 | 2018 |
|--|---------------------|---------------------|
| Dividends Paid | \$18,851,353 | \$12,194,737 |
| Interest on Borrowed Money | 1,296,757 | 1,453,280 |
| Total Interest Expense | \$20,148,110 | \$13,648,017 |
| Net Interest Income | \$64,994,421 | \$60,629,381 |
| Provision for Loan Losses | 7,996,306 | 9,372,861 |
| Net Interest Income After Loan Loss Provision | \$56,998,115 | \$51,256,520 |
| Other Non-Interest and Fee Income | 30,370,789 | 28,635,170 |
| TOTAL NET INTEREST AND FEE INCOME | \$87,368,904 | \$79,891,690 |

| GENERAL AND ADMINISTRATIVE EXPENSES | 2019 | 2018 |
|--|---------------------|---------------------|
| Compensation and Benefits | \$38,686,537 | \$38,898,656 |
| Office Operations | 28,574,946 | 28,171,229 |
| Office Occupancy | 4,215,018 | 3,971,805 |
| Total Operating Expense | \$71,476,501 | \$71,041,690 |
| Net Income from Operations | \$15,892,403 | \$8,850,000 |
| Non-Operating Gain (Loss) | (1,747,122) | 383,968 |
| TOTAL NET INCOME | \$14,145,281 | \$9,233,968 |

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Contact Information

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adviacu.org

Federally Insured by NCUA.