

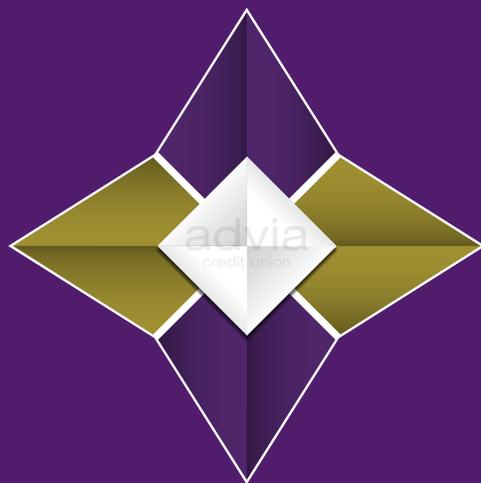
advia

credit union

Real Advantages for Real People.™

Providing Financial Advantages

2020 Financial Condition Reporting of Advia Credit Union





Message from our Board Chair, **Nicole Kalmbach**

It's well understood that you're only able to build a great house on a strong foundation. In 2020, like so many other years before it, Advia Credit Union was well prepared to prosper because of the incredibly strong foundation on which it is built. This is based on a culmination of expert management practices, strong infrastructure, and a loyal membership base that is both contributing to and benefiting by our not-for-profit financial cooperative business model.

In 2020, Advia exceeded \$2.4 billion in total assets held. This "house" of assets is supported by an equally strong net equity position, member give-back philosophy and forward-thinking approach to growth. As we look at 2021 as the year of introducing our new headquarters to serve our growing membership, this analogy takes on even more significance for us as an organization.

Our Annual Report presents you with the financial standing of Advia, which is strong and growing more so each year. In addition to the financial soundness being reported, Advia's membership grew by nearly 6% which is well above industry average and speaks to the continued trust that individuals and businesses have in Advia's ability to serve their financial needs.

On behalf of the other volunteer Board members of Advia, 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**

The year 2020 is one that we will look back and consider with mixed emotions. It was a year eclipsed by a global pandemic that resulted in an unprecedented health crisis coupled with economic turmoil and logistical challenges for so many organizations and families. However, it is also a time that we saw great resiliency and ability to face these obstacles head on. Advia was well prepared to manage during this time of change, deploying a remote support workforce, introducing numerous innovations to serve our growing membership, committing ourselves to operational efficiency, and continuing to grow into new markets. We successfully merged in Riverview Community FCU (St. Clair, MI), our membership grew to nearly 180,000 and our financial position was strengthened by even greater participating member relationships.

Faced with a slight delay in building progress due to state-mandated controls, our new headquarters continued to come to life, anticipated now to be completed in summer of 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 over 500 strong.

Our members were resilient as well! They adapted more to digital channel service delivery like mobile deposit, online account opening and loan applications, and service appointments held by phone. They additionally benefited by historically low mortgage and other personal loan rates. We experienced a surge of savings held on deposit, and we had another amazing year of helping members save money - well over \$4 million in reduced interest payments over the life of transferred loans.

Like you, we welcome 2021 and all the new opportunities it presents in terms of growing even stronger financially and in terms of service delivery for our membership. As always, I want to thank you for choosing Advia. Our strength is a result of your loyalty and confidence. We will continue to honor that by looking for new ways to reward you this year and for many more to come!

Report of the Search Committee

In accordance with the Board Nomination Policy, the following incumbent was nominated for a Board of Director position within Advia Credit Union. No additional petitions were received.

Marty Doorn - Marty has served on the Advia Board of Directors since 2011. He is the owner and president of WGRT Radio station in Port Huron, Michigan. Marty is the founder and executive director of the Eastern Michigan Christian Foundation, the Board Chair of Our Daily Bread Ministry and the Board Chair of East Shore Leadership Academy. Marty received his MA degree in divinity from Michigan Theological Seminary.

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 \$340 million in 2020, which equates to over 16% annual growth. By year end, our assets exceeded \$2.4 billion.

For the year, we recorded a Return on Average Assets (ROAA) of 0.79%. At year end, our regulatory net worth ratio was 9.08%, 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

Nicole Kalmbach, Board Chair

Marty Doorn, 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 Financial Condition: December 31, 2020 and 2019

ASSETS	2020	2019
Cash and Cash Equivalents	\$153,762,654	\$94,919,667
Investments	416,168,052	173,864,337
Loans, Net of Loan Loss Allowance	1,726,155,189	1,712,594,466
Accrued Interest Receivable	6,504,897	6,290,633
Property & Equipment, Net of Depreciation	53,598,891	37,849,889
National Credit Union Share Insurance Fund Deposit	17,423,542	14,875,130
Other Assets	51,545,296	44,131,111
TOTAL ASSETS	\$2,425,158,521	\$2,084,525,233

LIABILITIES, MEMBERS' SHARES & MEMBERS' EQUITY	2020	2019
Accounts Payable	\$11,937,097	\$11,169,783
Dividends Payable	819	160
Accrued Expenses	4,145,148	8,137,040
Borrowings	15,000,000	60,300,000
Other Liabilities	7,032,554	5,732,114
Total Liabilities	\$38,115,618	\$85,339,097
Members' Shares		
Shares	\$1,751,894,195	\$1,174,114,379
Certificates	416,770,017	631,837,979
Total Members' Shares	\$2,168,664,212	\$1,805,952,358
Members' Equity		
Undivided Earnings	\$161,083,952	\$143,271,737
Regular Reserves and Capital Acquired in Mergers	51,269,830	48,985,830
Other Comprehensive Income	6,024,909	976,211
Total Members' Equity	218,378,691	193,233,778
TOTAL LIABILITIES & EQUITY	\$2,425,158,521	\$2,084,525,233

Regulatory Capital Adequacy - December 31, 2020

GENERAL CAPITAL REQUIREMENTS	AMOUNT	RATIO
Amount Required to Be Classified as "Adequately Capitalized"	\$145,509,511	6.00%
ACTUAL REGULATORY NET WORTH	\$220,127,849	9.08%

OTHER RATIOS	RATIO
Delinquency Ratio	0.73%

Statement of Income for the Years Ended: **December 31, 2020 and 2019**

INTEREST INCOME	2020	2019
Interest on Loans	\$80,511,891	\$79,502,686
Interest on Investments and Cash Equivalents	6,238,727	5,639,845
Total Interest Income	\$86,750,618	\$85,142,531

INTEREST EXPENSE	2020	2019
Dividends Paid	\$18,506,801	\$18,851,353
Interest on Borrowed Money	2,015,951	1,296,757
Total Interest Expense	\$20,522,752	\$20,148,110
Net Interest Income	\$66,227,866	\$64,994,421
Provision for Loan Losses	10,850,536	7,996,306
Net Interest Income After Loan Loss Provision	\$55,377,330	\$56,998,115
Other Non-Interest and Fee Income	28,731,275	30,370,789
TOTAL NET INTEREST AND FEE INCOME	\$84,108,605	\$87,368,904

GENERAL AND ADMINISTRATIVE EXPENSES	2020	2019
Compensation and Benefits	\$37,654,639	\$38,686,537
Office Operations	28,327,077	28,574,946
Office Occupancy	4,272,451	4,215,018
Total Operating Expense	\$70,254,167	\$71,476,501
Net Income from Operations	\$13,854,438	\$15,892,403
Non-Operating Gain (Loss)	3,957,776	(1,747,122)
TOTAL NET INCOME	\$17,812,214	\$14,145,281

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Contact Information

844.ADVIA.CU (844.238.4228)

adviacu.org

Federally Insured by NCUA.