

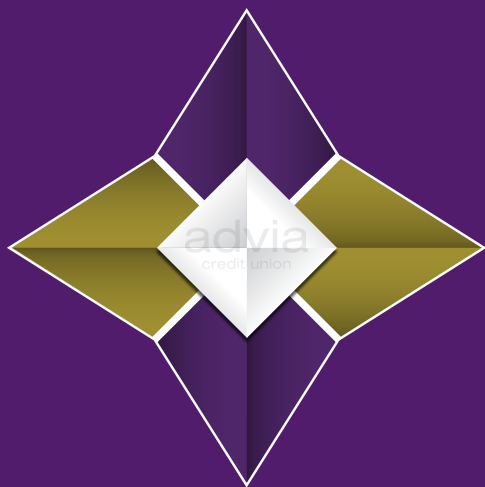
# advia

credit union

Real Advantages for Real People.™

## Providing Financial Advantages

2021 Financial Condition Reporting of Advia Credit Union





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

Advia Credit Union is financially sound and continues to grow stronger. You'll see within this annual report that Advia's net income for 2021 is well positioned, and that is based on a prudently managed and member-centric approach to being prepared to weather turbulent economic conditions. Contributing to the net income realized in 2021, we look back further to 2020. In the height of the pandemic, a higher allocation was afforded to reserving for potential future loan losses. Since those losses did not materialize in 2021, we were fortunate to be able to underfund this allocation throughout this past year. We assure you that we will continue to monitor and respond appropriately to potential economic challenges and be ready.

In 2021, Advia exceeded \$2.6 Billion in total assets held. These assets are supported by an equally strong net equity position and commitment of operating efficiently. Also, more members chose Advia this past year as a haven for their savings, daily financial transactions and as their borrowing resource. As a result, your financial cooperative continues to be well positioned to live its mission of providing financial advantages for its members and communities.

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**

Throughout my tenure as Advia's President & CEO, there have been numerous occasions when I was faced with challenges that impacted our membership and team. Each time, I've been reminded of the importance in aligning business decisions within the framework of our core values. In 2021, all our core values were honored as we navigated an ongoing pandemic that touched so many aspects of our operations, financial considerations, and membership.

The core value of **keeping people at the core** is first on my list of reference. In 2021, we continued to seek input from our membership on ways to improve our service delivery, and we took steps to maintain a safe and healthy environment for those visiting our locations. Our team was diligent in working to serve our members in new ways, introducing tools such as SMS text messaging, video teller service delivery, and phone appointment scheduling.

**Driving innovation** is another core value that I consider key to our success. This past year, we've taken steps to introduce perpetual pre-approval offers, numerous upgrades to our consumer and commercial lending platforms, enhanced digital banking tools, a new online account opening system, new safe deposit box facial recognition security and more. As we experience less in-person visits, and greater use of digital technology, these types of investments are increasingly critical.

We consider **having integrity** as our "true north" guiding core value. Numerous steps we took in 2021, including introducing an enhanced method of processing transactions to reduce member overdrafts, and evaluate branch hours based on the adjusted needs of our membership while maintaining the best organizational efficiency were great examples of this being put into action.

Finally, the core value of **building and strengthening relationships** is one of my most cherished core values for Advia, as it aligns with the steps we took throughout the year to improve our management training tools, team feedback surveys, community involvement initiatives, and member give-back of over \$12 million in saved interest by transferring higher rate loans to Advia.

As we introduce 2022, and move into our new headquarters in Oshtemo (Kalamazoo), Michigan, I am so excited to see what the new year brings to our communities, membership, and team. And as always, I want to thank you for choosing Advia. Our core values guide our decisions, but our ongoing strength is a direct result of your loyalty and confidence.

## 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 additional petitions were received.

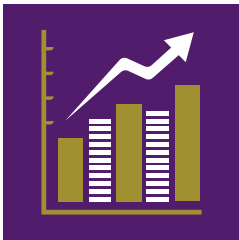
**Nicole Kalmbach** – Nicole has served as a Board Director since 2009. In 2020, Nicole moved into the role of Chair, previously serving as our Vice Chair. Nicole has been employed by Western Michigan University for over 13 years, focusing her work in the areas of business and finance. Nicole has many years of financial experience with specific emphasis on auditing credit union financial statements. Nicole holds a Masters of Science in Accounting and Bachelors of Business Administration in Accounting.

**Rich Seim** – Rich has served as an Advia Board Director since 2010 and currently serves as the Chair of the Governance Committee. Rich received a MA in Engineering from the University of Michigan and his BA in Physics, Mathematics and Engineering from Albion College. Rich is Managing Partner of RHZS Holdings, LLC in Michigan.

**Mike Segal** – Mike served on Advia's former Supervisory Committee from 2012 to 2018. Mike is currently our Board Treasurer and has been a Board Director since 2016. Mike is the IT and Cyber Security Manager at The Connable Office in Kalamazoo.

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

## Treasurer's Report, Mike Segal



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 \$269 Million in 2021, which equates to over 11% annual growth. By year end, our assets exceeded \$2.6 Billion.

For the year, we recorded a Return on Average Assets (ROAA) of 1.24%. At year end, our regulatory net worth ratio was 9.35%, 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

**Donna Kalmeta**, Secretary

**Mike Segal**, Treasurer

**Rich Seim**, 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, 2021 and 2020

ASSETS	2021	2020
Cash and Cash Equivalents	\$193,827,560	\$153,762,654
Investments	455,284,893	416,168,052
Loans, Net of Loan Loss Allowance	1,901,041,704	1,726,155,189
Accrued Interest Receivable	5,971,544	6,504,897
Property & Equipment, Net of Depreciation	69,276,266	53,598,891
National Credit Union Share Insurance Fund Deposit	20,147,253	17,423,542
Other Assets	49,056,846	51,545,296
<b>TOTAL ASSETS</b>	<b>\$2,694,606,066</b>	<b>\$2,425,158,521</b>

LIABILITIES, MEMBERS' SHARES & MEMBERS' EQUITY	2021	2020
Accounts Payable	\$13,275,448	\$11,937,097
Dividends Payable	123	819
Accrued Expenses	4,384,303	4,145,148
Borrowings	15,000,000	15,000,000
Other Liabilities	10,312,340	7,032,554
<b>Total Liabilities</b>	<b>\$42,972,214</b>	<b>\$38,115,618</b>
<b>Members' Shares</b>		
Shares	\$2,111,516,358	\$1,751,894,195
Certificates	297,576,249	416,770,017
<b>Total Members' Shares</b>	<b>\$2,409,092,607</b>	<b>\$2,168,664,212</b>
<b>Members' Equity</b>		
Undivided Earnings	\$192,914,650	\$161,083,952
Regular Reserves and Capital Acquired in Mergers	51,269,830	51,269,830
Other Comprehensive Income	(1,643,235)	6,024,909
<b>Total Members' Equity</b>	<b>242,541,245</b>	<b>218,378,691</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$2,694,606,066</b>	<b>\$2,425,158,521</b>

## Regulatory Capital Adequacy - December 31, 2021

GENERAL CAPITAL REQUIREMENTS	AMOUNT	RATIO
Amount Required to Be Classified as "Adequately Capitalized"	\$161,676,364	6.00%
<b>ACTUAL REGULATORY NET WORTH</b>	<b>\$251,958,547</b>	<b>9.35%</b>

OTHER RATIOS	RATIO
Delinquency Ratio	0.59%

Statement of Income for the Years Ended: **December 31, 2021 and 2020**

<b>INTEREST INCOME</b>	<b>2021</b>	<b>2020</b>
Interest on Loans	\$74,094,155	\$80,511,891
Interest on Investments and Cash Equivalents	5,983,669	6,238,727
<b>Total Interest Income</b>	<b>\$80,077,824</b>	<b>\$86,750,618</b>

<b>INTEREST EXPENSE</b>	<b>2021</b>	<b>2020</b>
Dividends Paid	\$12,548,650	\$18,506,801
Interest on Borrowed Money	568,694	2,015,951
<b>Total Interest Expense</b>	<b>\$13,117,344</b>	<b>\$20,522,752</b>
<b>Net Interest Income</b>	<b>\$66,960,480</b>	<b>\$66,227,866</b>
Provision for Loan Losses	(766,361)	10,850,536
<b>Net Interest Income After Loan Loss Provision</b>	<b>\$67,726,841</b>	<b>\$55,377,330</b>
Other Non-Interest and Fee Income	34,210,468	28,731,275
<b>TOTAL NET INTEREST AND FEE INCOME</b>	<b>\$101,937,309</b>	<b>\$84,108,605</b>

<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	<b>2021</b>	<b>2020</b>
Compensation and Benefits	\$37,922,726	\$37,654,639
Office Operations	30,108,568	28,327,077
Office Occupancy	5,002,551	4,272,451
<b>Total Operating Expense</b>	<b>\$73,033,845</b>	<b>\$70,254,167</b>
<b>Net Income from Operations</b>	<b>\$28,903,464</b>	<b>\$13,854,438</b>
Non-Operating Gain (Loss)	2,927,235	3,957,776
<b>TOTAL NET INCOME</b>	<b>\$31,830,699</b>	<b>\$17,812,214</b>

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## **Contact** Information

844.ADVIA.CU (844.238.4228)

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

Federally Insured by NCUA.