

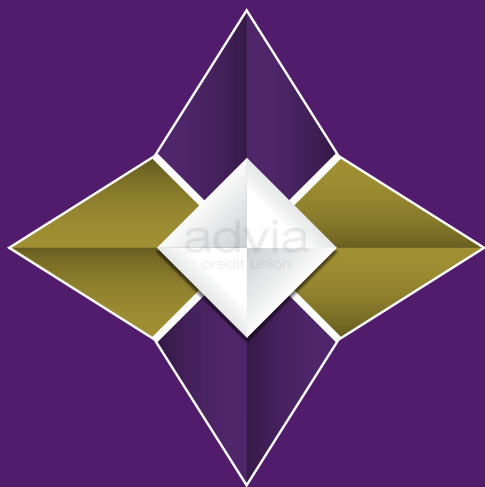
# advia

credit union

Real Advantages for Real People.™

## Providing Financial Advantages

2018 Financial Condition Reporting of Advia Credit Union





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

Your membership with Advia Credit Union is a choice you make every day. We understand that in our everchanging world, you have a growing number of financial service options presented to you. We also acknowledge that we must continue to impress upon you the value of your choice and earn your ongoing trust in our ability to serve all your financial needs.

As a volunteer Board Member for Advia, and fellow member representative for you, I am pleased to share all the good that Advia's management and staff do to contribute to your choice of membership. I see this evidenced in their commitment to maintaining strong financial oversight, opportunities provided for staff to grow within their roles (Advia promoted over 100 team members to new positions within 2018), outstanding community involvement and continued effort to grow member relationships.

You'll read within this Annual Report about the strong financial positioning of Advia in terms of asset strength, member deposit growth, retained earnings and other financial metrics. At the heart of this strength is a sound commitment to organizational health and innovative financial solutions provided to members.



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

Reviewing the successes and opportunities from the most recent year is always an exciting moment for me. It allows me to celebrate all that we have accomplished, while also look forward to all the new year brings for Advia in our ongoing mission of providing financial advantages for our growing membership.

In terms of growth for 2018, we had numerous accomplishments that will help position us to better serve our membership and communities moving forward. Our team grew to nearly 600 to support our expanding footprint in Michigan, Wisconsin and Illinois. Our locations grew to twenty-nine (29) following our new branch opening in Royal Oak, Michigan (Oakland County), and our membership grew to over 155,000. We expanded our commercial services and real estate lending, and we announced an intended acquisition of Golden Eagle Community Bank

(headquartered in Woodstock, Illinois).

In terms of progress, we upgraded to a new commercial lending platform, we transitioned 10,000 member accounts from the former Peoples Bank onto our member operating systems, we invested in new technology within our digital banking to help members better manage their accounts, and continued to increase our focus and protection measures for member data security. You'll begin to see more progress in 2019 when Advia breaks ground on our new headquarters in Kalamazoo, Michigan.

Our give back to members was strong in 2018 with better interest rates on deposits held, millions of dollars in savings on payments by transferring higher rate loans held at other financial institutions, highly competitive offerings on personal loans and mortgages, and over 3,000 hours volunteered within our communities. We were additionally awarded a Community Development Financial Institution (CDFI) Financial Assistance Grant to contribute to our ongoing efforts to provide affordable lending programs to members with low to moderate income levels.

As we celebrate the many accomplishments of 2018 and look forward to all that 2019 will become, I continue to be very proud to lead Advia Credit Union. We are strong and growing stronger each day – as a result of members who trust us as their partner financial institution. Thank you for choosing us and for being such a vital part of our continued growth.

## 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, federal examiners, internal auditors and members of both management and Board of Directors.

As indicated by the Statements of Financial Condition, included within this annual report, 2018 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 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 incumbents were nominated for Board of Director positions within Advia Credit Union. No petitions were received. These individuals were therefore approved by acclamation:

**Nicole Kalmbach** - Nicole has served as a Board Director since 2009, becoming our Vice Chair in 2018. Nicole is employed by Western Michigan University. Nicole provides years of experience auditing credit union financial statements.

**Rich Seim** - Rich has served as a Board Director since 2010. Rich is Executive Vice President of Michigan Petroleum Technologies in Port Huron, MI.

**Mike Segal** - Mike has served on Advia's Supervisory Committee since 2012, becoming Supervisory Committee Chair in 2014. Mike additionally joined as a Board Director in 2016. Mike is an Information Technology Executive.

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  
**Nicole Kalmbach**, Vice Chair  
**Danielle Streed**, Treasurer  
**Donna Kalmeta**, Secretary  
**Julie Birman**, Director  
**Rich Seim**, Director  
**Mike Segal**, Director

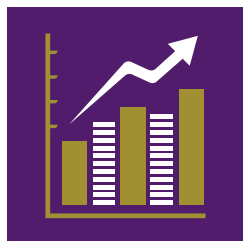
### **Supervisory Committee Members**

**Jim Bouma**, Chair  
**Carter Hitesman**, Secretary  
**Danielle Moore**, Member

### **Executive Team**

**Cheryl A. DeBoer**  
President & CEO  
**Jeff Fielder**  
EVP of Finance  
**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 \$65 Million in 2018, which equates to nearly 4% annual growth. By year end, our assets were nearly \$1.75 Billion.

For the year, we recorded a Return on Average Assets (ROAA) of 0.54%. At year end, our regulatory net worth ratio was 10.96%, 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, 2018 and 2017**

<b>INTEREST INCOME</b>	<b>2018</b>	<b>2017</b>
Interest on Loans	\$69,806,017	\$57,946,032
Interest on Investments and Cash Equivalents	4,471,381	3,904,838
<b>Total Interest Income</b>	<b>\$74,277,398</b>	<b>\$61,850,870</b>

<b>INTEREST EXPENSE</b>	<b>2018</b>	<b>2017</b>
Dividends Paid	\$12,194,737	\$7,756,061
Interest on Borrowed Money	1,453,280	1,038,035
<b>Total Interest Expense</b>	<b>\$13,648,017</b>	<b>\$8,794,096</b>
<b>Net Interest Income</b>	<b>\$60,629,381</b>	<b>\$53,056,774</b>
Provision for Loan Losses	9,372,861	9,404,888
<b>Net Interest Income After Loan Loss Provision</b>	<b>\$51,256,520</b>	<b>\$43,651,886</b>
Other Non-Interest and Fee Income	28,635,170	27,144,166
<b>TOTAL NET INTEREST AND FEE INCOME</b>	<b>\$79,891,690</b>	<b>\$70,796,052</b>

<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	<b>2018</b>	<b>2017</b>
Compensation and Benefits	\$38,898,656	\$30,813,215
Office Operations	28,171,229	24,305,282
Office Occupancy	3,971,805	3,785,792
<b>Total Operating Expense</b>	<b>\$71,041,690</b>	<b>\$58,904,289</b>
<b>Net Income from Operations</b>	<b>\$8,850,000</b>	<b>\$11,891,763</b>
Non-Operating Gain (Loss)	383,968	817,293
<b>TOTAL NET INCOME</b>	<b>\$9,233,968</b>	<b>\$12,709,056</b>

## Statement of Financial Condition: December 31, 2018 and 2017

<b>ASSETS</b>	<b>2018</b>	<b>2017</b>
Cash and Cash Equivalents	\$58,530,576	\$65,555,454
Investments	216,133,597	176,900,638
Loans, Net of Loan Loss Allowance	1,401,861,727	1,368,899,779
Accrued Interest Receivable	5,227,383	4,979,648
Property & Equipment, Net of Depreciation	28,955,959	28,843,402
National Credit Union Share Insurance Fund Deposit	13,042,406	11,175,346
Other Assets	25,271,095	27,604,604
<b>TOTAL ASSETS</b>	<b>\$1,749,022,743</b>	<b>\$1,683,958,871</b>

<b>LIABILITIES, MEMBERS' SHARES &amp; MEMBERS' EQUITY</b>	<b>2018</b>	<b>2017</b>
Accounts Payable	\$8,996,006	\$8,944,550
Dividends Payable	211	61,221
Accrued Expenses	6,011,225	4,440,238
Borrowings	60,798,823	107,096,340
Other Liabilities	4,283,634	3,337,521
<b>Total Liabilities</b>	<b>\$80,089,899</b>	<b>\$123,879,870</b>
<b>Members' Shares</b>		
Shares	\$1,055,386,315	\$1,093,184,361
Certificates	437,278,463	298,916,868
<b>Total Members' Shares</b>	<b>\$1,492,664,778</b>	<b>\$1,392,101,229</b>
<b>Members' Equity</b>		
Undivided Earnings	\$129,126,456	\$119,892,488
Regular Reserves and Capital Acquired in Mergers	48,985,830	48,985,830
Other Comprehensive Income	(1,844,220)	(900,546)
<b>Total Members' Equity</b>	<b>176,268,066</b>	<b>\$167,977,772</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$1,749,022,743</b>	<b>\$1,683,958,871</b>

## Regulatory Capital Adequacy - December 31, 2018

<b>GENERAL CAPITAL REQUIREMENTS</b>	<b>AMOUNT</b>	<b>RATIO</b>
Amount Required to Be Classified as "Adequately Capitalized"	\$104,941,365	6.00%
<b>ACTUAL REGULATORY NET WORTH</b>	<b>\$191,659,025</b>	<b>10.96%</b>

<b>OTHER RATIOS</b>	<b>RATIO</b>
Delinquency Ratio	0.94%

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## **Contact** Information

844.ADVIA.CU (844.238.4228)

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

Federally Insured by NCUA.