

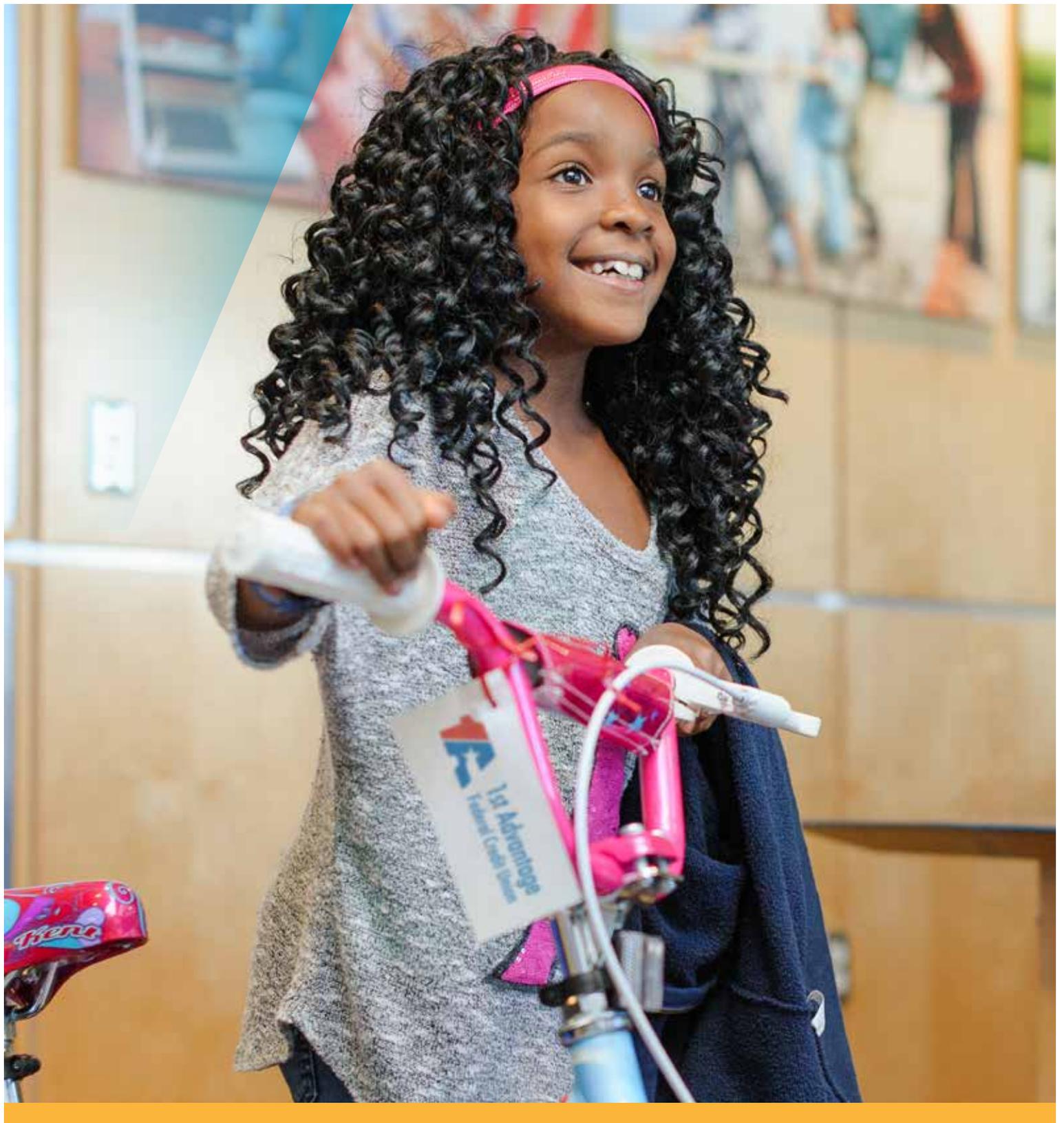
# 2017 Annual Report



Federally  
Insured by  
NCUA



1st Advantage  
Federal Credit Union



**A member of the Boys and Girls Club happily accepts her new bike. 1st Advantage colleagues assembled and donated 23 bikes for the Boys and Girls Club of the Virginia Peninsula during a day of community service on October 10, 2016.**

# Thanks to Our Valued Members

On behalf of your Board of Directors and management team, thank you for your membership and continued support of 1st Advantage Federal Credit Union. For nearly sixty-six years, you have been at the center of everything we do, working together to secure a real advantage for you and your family. It's the foundation of our success and our promise to you.

We help you and your family to grow by always striving to grow in meaningful ways ourselves. We are pleased to report that 1st Advantage remains financially strong, having surpassed **\$630 million** in total assets. Our net worth to total asset ratio at fiscal year-end increased to **11.46%**, significantly exceeding our federal regulator's requirement to be considered well capitalized. A solid financial core helps ensure 1st Advantage can continue to serve your needs.

Once again, 1st Advantage was the recipient of the highest **Five-Star Superior rating** from BauerFinancial Inc., the nation's most well-known independent rating service for banks and credit unions. 1st Advantage continues to receive high marks in the local community. We were selected as "Best Credit Union," "Best Mortgage Company," and "Best Financial Planning Company" in the Coastal Virginia Magazine's Best of Contest. The Daily Press and Virginia Gazette once again named 1st Advantage "Best Financial Institution" in 2016.

Last year, we received approval from our federal regulator to **expand our charter** to include all of the Hampton Roads market including select areas of North Carolina. This expansion increases our service area population to nearly two million residents. A new Virginia Beach Town Center branch location is expected to open in June 2017, expanding our branch footprint to fourteen locations.

As we grow, we recognize the importance of investing in tools and technology that improve the overall member experience. Later this year, we will be rolling out a new online banking system with a responsive design and new features that will make it easier than ever to securely access your money. Whether it's banking on the go, online, or paying bills and depositing checks, we've got what you need.

At 1st Advantage, we take great pride in uplifting our neighbors by supporting local organizations through donations, volunteer hours and scholarships. In 2016, we invested over **\$145,000** in the local community including military and civic organizations, education, community outreach and emergency services, and economic and cultural initiatives.

Our passion for serving extends beyond financial products. For the ninth year, colleagues volunteered on Columbus Day, a holiday most financial institutions are closed. Accomplishments include sewing **135 surgery bears** for Children's Hospital of the King's Daughters patients, creating **250 hearts** for Hearts of Hope and donating enough food to provide **8,000 meals** to the Foodbank of the Virginia Peninsula.

Thank you for your continued trust and confidence in 1st Advantage.



Tom O. Cameron  
*Chairman*

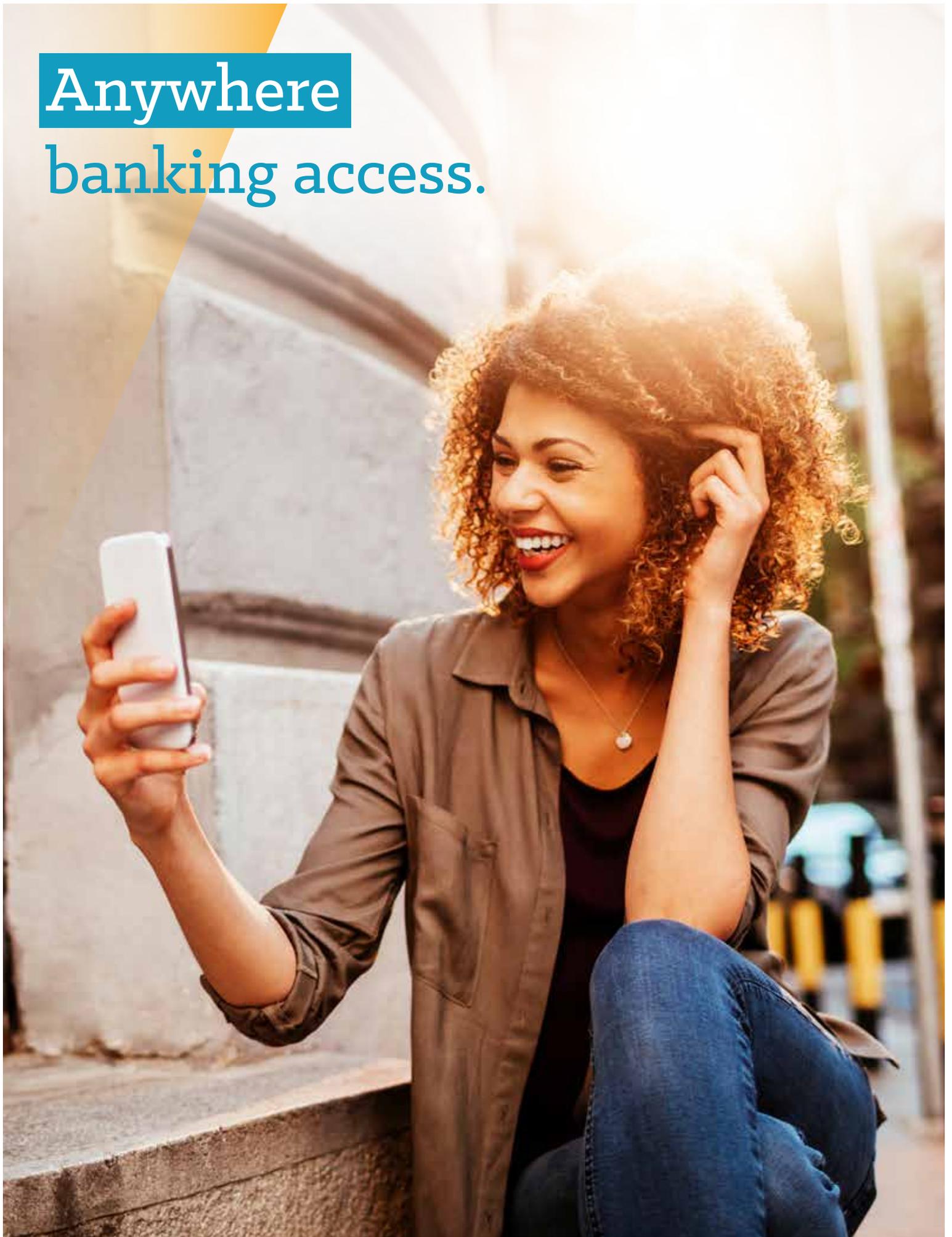
A handwritten signature in black ink, appearing to read "Tom".



Paul W. Muse  
*President/CEO*

A handwritten signature in black ink, appearing to read "Paul W. Muse".

Anywhere  
banking access.



# 24/7 Access for your Convenience

1st Advantage takes convenience to a whole new level. As a member you have access to the tools you need to help make managing your money easier. Whether it's banking on the go, online, or paying bills and depositing checks, we've got what you need.

## 5,000+ Shared Branches

You don't always have to be in the local area to manage your 1st Advantage accounts in person. The CO-OP Shared Branches network provides more than 5,000 full-service branches nationwide. Visit [1stAdvantage.org/SharedBranches](https://1stAdvantage.org/SharedBranches) for locations.

## 65,000+ Surcharge-Free ATMS\*

As a member with a 1st Advantage VISA Debit Card, you have access to our network of 65,000+ surcharge-free ATMs\* to get your cash wherever you are and without the ATM fees! Visit [1stAdvantage.org/ATM](https://1stAdvantage.org/ATM) for ATM locations.

## Phone Banking

24-hour access to your 1st Advantage account is just a phone call away with Call-A-Teller and Text Banking. This is phone banking at its best, with prompts that are easy to follow and remember. Save more time when you bank by phone.

## Online Banking

There's no easier way to stay on top of your finances and get your banking done. We give you access to your account 24/7 from your computer so you can bank on your time, not ours.

## Mobile Banking

Your mobile device rarely leaves your side, and our free Mobile Banking App lets you access accounts while you're on the move, day or night.

Perform convenient and secure transactions such as paying bills, Mobile Check Deposit<sup>^</sup> and person-to-person pay, all from your smartphone or tablet device. Find our app in the App Store™ or Google Play™.

Visit [1stAdvantage.org/mobile](https://1stAdvantage.org/mobile) to learn more.

## Bill Pay

Bill Pay is the easiest way to manage and pay your monthly bills in one convenient and secure location. When you sign up for Online Banking, you can start sending electronic payments to cover your mortgage, electric bill, credit card and more.

## Pay people with Popmoney

The Popmoney® personal payment service lets you send money to friends, family or almost anyone. All you need is their name and email address or mobile telephone number to move money from your bank account to theirs.

\*Applicable at CO-OP, Allpoint and 1st Advantage ATMs only with VISA Debit Card.

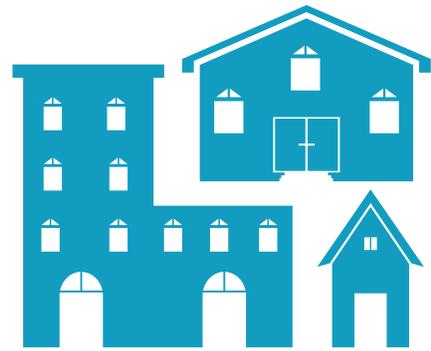
<sup>^</sup>Restrictions may apply.

# INVESTING IN OUR LOCAL COMMUNITIES

Our passion for serving extends beyond financial products. 1st Advantage has a long tradition of building stronger communities and takes great pride in supporting our local nonprofit organizations through donations, sponsorships and volunteering.

# \$145,000

invested in the local community in 2016



**31%**  
Education

**25%**  
Military &  
Civic Organizations

**15%**  
Economic and  
Cultural Initiatives

**29%**  
Community  
Outreach &  
Emergency Services

## Major Sponsorships

**Z104 Stuff the Bus**  
presenting sponsor



Collected thousands of toys for local children.

**Warrior Run**  
presenting sponsor



WAVY-TV 10 School Supply Drive

**50,000+**  
School Supplies  
collected



Back-to-School  
Brigade  
Supporter



WAVY-TV 10 Coats for Families

# A Day of Service: October 10, 2016

While most financial institutions are closed on the Columbus Day holiday, over 200 1st Advantage colleagues were hard at work assisting local non-profit organizations in our community.

1st Advantage accomplishments:

Assembled and donated  
**23** bicycles  
for Boys and Girls Club



Created  
**135**  
CHKD  
Surgery Bears



**8,000**  
Meals  
provided  
to the VA Peninsula Food Bank



**103**  
Blanket Wraps  
for the homeless

Gave  
**23** units of blood  
for the American  
Red Cross

**825** Assembled  
Alzheimer's  
Flowers



CREATED  
**250**  
HEARTS OF HOPE  
for local veterans

# 1st Advantage Federal Credit Union Statements of Financial Condition

## ASSETS

	2016	2015
Cash and cash equivalents	\$11,765,608	\$11,733,298
Investments:		
Available-for-sale	\$27,934,724	\$34,152,244
Held-to-maturity	-	\$1,170,000
Other	\$39,747,911	\$67,249,915
Federal Home Loan Bank (FHLB) stock	\$561,500	\$552,900
Loans held-for-sale	\$726,934	\$352,644
Loans receivable, net of allowance for loan losses	\$488,472,495	\$445,284,283
Accrued interest receivable	\$1,583,628	\$1,419,043
Premises and equipment, net	\$16,491,801	\$17,026,477
National Credit Union Share Insurance Fund Deposit	\$5,169,566	\$4,969,985
Assets Acquired in Liquidation	\$3,166,460	\$447,463
ACH receivables	\$26,919,763	\$18,401,388
Other assets	\$11,682,774	\$12,183,783
<b>Total Assets</b>	<b>\$634,223,164</b>	<b>\$614,943,423</b>

## LIABILITIES AND MEMBERS' EQUITY

	2016	2015
<b>Liabilities</b>		
Members' share and savings accounts	\$524,694,430	\$518,941,509
Borrowed funds	-	-
Interest payable	\$306,432	\$332,296
ACH payables	\$26,917,308	\$18,400,833
Accrued expenses and other liabilities	\$9,327,694	\$8,702,585
<b>Total Liabilities</b>	<b>\$561,245,864</b>	<b>\$546,377,223</b>

## COMMITMENTS AND CONTINGENT LIABILITIES

### Members' Equity

Regular reserve	\$8,824,404	\$8,824,404
Undivided earnings	\$62,463,570	\$58,442,888
Accumulated other comprehensive income (loss)	\$261,362	-\$129,056
Equity acquired in merger	\$1,427,964	\$1,427,964
Total members' equity	\$72,977,300	\$68,566,200
<b>Total Liabilities and Members' Equity</b>	<b>\$634,223,164</b>	<b>\$614,943,423</b>

# 1st Advantage Federal Credit Union Statements of Income

## INTEREST INCOME

	2016	2015
Interest on loans receivable	\$24,469,321	\$22,824,037
Interest on investments	\$975,684	\$305,012
Interest Income	\$25,445,005	\$23,129,049

## Interest Expense

Dividends on members' share and savings accounts	\$1,589,929	\$1,650,052
Interest on borrowed funds	-	-
	\$1,589,929	\$1,650,052

## Net Interest Income

**\$23,855,076**      **\$21,478,997**

## Provision for Loan Losses

**\$4,099,179**      **\$4,883,773**

## Net Interest Income After Provision for Loan Losses

**\$19,755,897**      **\$16,595,224**

## Non-Interest Income

Fees and service charges	\$5,503,781	\$5,436,911
Other non-interest income	\$4,958,558	\$4,862,059
Gain on sale of investments, net	\$4,960	-
Gain on disposition of premises and equipment, net	-	-
Non-interest income	\$10,467,299	\$10,298,970
	\$30,223,196	\$26,894,194

## Non-Interest Expense

Compensation and employee benefits	\$13,321,898	\$12,375,452
Other operation expense	\$4,370,995	\$4,519,941
Loan servicing expense	\$3,868,798	\$3,594,418
Occupancy expense	\$1,617,519	\$1,587,821
Professional and outside services	\$1,866,704	\$1,635,767
Education and promotion expense	\$1,043,475	\$740,247
Impairment of corporate cu membership capital	-	-
NCUSIF impairment and assessment	-	-
Loss on disposition of assets acquired in liquidation, net	\$113,125	\$378,400
Loss on disposition of premises and equipment, net	-	-
	\$26,202,514	\$24,832,046

## Net Income

**\$4,020,682**      **\$2,062,148**

# Financial Highlights

## Assets



## Net Worth



## Deposits



## Loans Outstanding



## 2016 Awards

**Best Credit Union**, Coastal Virginia Magazine's Best of Contest

**Best Mortgage Company**, Coastal Virginia Magazine's Best of Contest

**Best Financial Planning Company**, Coastal Virginia Magazine's Best of Contest

**Best Financial Institution**, Daily Press Choice Awards

**Best Financial Institution**, Virginia Gazette's Best of Williamsburg Contest

# Volunteer Board of Directors



Tom O. Cameron  
*Chairman*



Sylvester McClellan  
*Vice Chairman*



Laurence Smail  
*Treasurer*



Brenda B. Dawson  
*Secretary*



Paul J. Adamo  
(LTC, USA Ret)  
*Director*



Barbara Ballard  
*Director*



Melissa Gutridge  
*Director*



Larry Tonneson  
*Director*



Andrae Via  
*Director*

Fred E. Blough  
*Director Emeritus*

Blair E. Smith  
(LTC, USA Ret)  
*Director Emeritus*

Betty L. Wiggins  
*Honorary Director Emeritus*



Paul W. Muse  
*President/CEO*

## **Supervisory Committee**

Sylvester McClellan  
*Chairman*

Julie Phelps

William Ramsey

## Branch Locations

### Gloucester

6511 G. Wash. Mem. Hwy.

### Hampton

5003 W. Mercury Blvd.  
2014 Coliseum Dr.

### Newport News

1317 Patton Ave.  
(Joint Base Langley-Eustis)  
12891 Jefferson Ave.  
12490 Warwick Blvd., Ste. B

### Richmond

1201 Broad Rock Blvd.  
(McGuire VA Med. Ctr.)

### Williamsburg

224 Commons Way  
4800 Courthouse St.  
400 Sentara Cir., Ste. 102  
(Sentara Wmbg. Med. Ctr.)

### Yorktown

110 Cybernetics Way  
6035 G. Wash. Mem. Hwy.  
200 Main Road, Building 1822  
(Naval Weapons Station)

### Virginia Beach

**Coming Summer 2017**  
4525 Columbus St.,  
Virginia Beach Town Center

