

2016

Annual Report



*We will work together to secure a real
advantage for you and your family.*

1stAdvantage.org

Federally Insured by NCUA



1st Advantage
Federal Credit Union



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. Our promise to you, our valued member, is to work together to secure a real **advantage** for you and your family. This promise not only inspires us to help you reach your financial goals, but also guides our business decisions.

1st Advantage surpassed **\$610 million** in total assets and remains financially strong. Our net worth to total asset ratio at fiscal year-end increased to **11.17%**, significantly exceeding the **7.00%** requirement of a well-capitalized credit union, set by our federal regulator. 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.

We are greatly honored to be recognized for our hard work. In 2015, 1st Advantage was once again selected as "Best of Readers' Choice" by Coastal Virginia Magazine and won "Best Financial Institution" by the Daily Press and the Virginia Gazette.

Last year, we embarked on an organizational initiative of building a differentiated brand identity. Among other findings, member feedback confirmed that 1st Advantage's primary competitive advantage is our engaged colleagues. We've always valued our staff, and recognize that a highly **engaged team** is essential in delivering relevant advice to help you achieve your goals. As we continue to increase community awareness, we hope you enjoy our updated messaging reflective of our integrated brand.

We remain committed to assisting our member-owners reach their financial goals. In 2015, 1st Advantage funded nearly **\$200,000,000** in new loans and of that, over **5,500 loans** were granted to credit challenged members, helping families gain access to affordable credit.

Throughout every stage of your life, we're there with helpful tools and advice you need. Last year we upgraded our Mobile Banking App to include Mobile Check Deposit, providing additional convenience. So far over **11,000 members** have utilized Mobile Banking and **thousands of checks** were deposited with the new Mobile Check Deposit feature in 2015.

As a way of increasing financial literacy in the local community, 1st Advantage hosted over **28 financial education seminars** reaching more than **500 students** and community members. In addition to the seminars, 1st Advantage and Bruton High School have formed a partnership to promote financial literacy and to prepare students for the work force through a student-operated branch of the credit union. This partnership is reflective of our commitment to financial education in our community.

For the eighth consecutive Columbus Day holiday, 1st Advantage colleagues worked together to assist local community organizations. Impressive accomplishments included sorting and gift wrapping over **700 holiday gifts** for Operation Homefront, sewing **217 surgery bears** for the Children's Hospital of the Kings Daughters, and donating **\$4,066** to the Foodbank of the Virginia Peninsula to provide **16,264 meals** to the local community.

As we enter our 65th year serving the financial needs of our member-owners, we look forward to building upon our success in 2016 and beyond. Thank you for your trust and confidence in 1st Advantage.



Tom O. Cameron
Chairman

A stylized, handwritten signature of Tom O. Cameron in black ink.



Paul W. Muse
President/CEO

A stylized, handwritten signature of Paul W. Muse in black ink.



Commitment to our Communities

Our passion for serving extends beyond financial products. At 1st Advantage, we take great pride in uplifting our neighbors by supporting local nonprofit organizations through donations, volunteer hours and scholarships. We are honored to provide this overview of the activities and groups 1st Advantage supported in 2015.

Investing In Our Local Community



We helped raise over **\$33,000** for the St. Baldrick's Foundation to fight childhood cancer.

2,957

Small Personal Loans

The amount may be small but these loans for \$1,000 or less have a large impact on improving an individual's quality of life.

5,415

Alternative Payday Loans

1st Advantage provides a low cost alternative to payday loans to help combat predatory lending. In addition, 5% of the loan advance is deposited in a special savings account, helping establish good saving habits.

5,535

Loans to Credit Challenged Individuals

Lending decisions are made beyond credit score. 1st Advantage helps individuals that are credit challenged or have no established credit history gain access to affordable credit.

Community Engagement



1st Advantage donated \$15,000 to *An Achievable Dream*, a nationally recognized K-12 program dedicated to the belief that all children can learn and succeed regardless of their socioeconomic background.

**Photo credit to Achievable Dream*



Colleagues adopted over 150 local senior citizens during the holidays. By fulfilling simple wish list items, colleagues were able to help the holidays shine a little brighter.



1st Advantage provided \$10,000 in educational scholarships to local high school seniors in 2015.



1st Advantage is a strong supporter of Operation Homefront's Back to School Brigade and Holiday Toy Drive.

Coats for Families

1st Advantage partnered with WAVY-TV 10 to help keep Hampton Roads warm this winter. *Coats for Families* is an annual effort to provide new or gently used coats to those in need from the Southside to the Peninsula. The coats were collected, professionally cleaned and then given to those in need through two distribution events. 1st Advantage, along with other community partners, helped collect over 11,000 coats during the three-month drive.



1st Advantage
Held 28
Financial Education Seminars
Reaching Over
500 Students & Community Members

Student-Operated Branch

1st Advantage and Bruton High School have formed a partnership to promote financial literacy and to prepare students for the work force through a student-operated branch of the credit union. The branch opened in the fall of 2015. Seven students and two teachers run the Panther Branch. They design promotions and marketing material as part of a Direct Study Business class. This partnership is reflective of 1st Advantage's commitment to financial education in our community.

A Day of Service: October 12, 2015

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

1st Advantage's accomplishments:

- Donated \$4,066 to The Foodbank of the Virginia Peninsula to provide 16,264 meals
- Made 217 surgery bears for Children's Hospital of the Kings Daughters patients
- Collected and wrapped over 700 children's gifts for Operation Homefront
- Made 50 blanket wraps for New Beech Grove Homeless Ministry
- Assembled 475 fundraiser cups for the General Stanford Elementary PTA
- Assembled 120 informational packets for The Center for Sexual Assault Survivors
- Created over 600 items to benefit the residents at the Natasha House



1st Advantage Federal Credit Union Statements of Financial Condition

ASSETS

	2015	2014
Cash and cash equivalents	\$11,727,886	\$12,509,696
Investments:		
Available-for-sale	\$34,152,244	\$49,686,520
Held-to-maturity	\$1,170,000	\$2,955,343
Other	\$67,255,327	\$56,086,407
Federal Home Loan Bank (FHLB) stock	\$552,900	\$530,600
Loans held-for-sale	\$352,644	-
Loans receivable, net of allowance for loan losses	\$445,284,283	\$429,555,731
Accrued interest receivable	\$1,419,043	\$1,493,709
Premises and equipment, net	\$17,026,477	\$17,634,578
National Credit Union Share Insurance Fund Deposit	\$4,969,985	\$4,911,174
Assets Acquired in Liquidation	\$447,463	\$697,777
ACH receivables	\$18,401,388	\$18,123,122
Other assets	\$12,183,783	\$11,291,912
Total Assets	\$614,943,423	\$605,476,569

LIABILITIES AND MEMBERS' EQUITY

	2015	2014
Liabilities		
Members' share and savings accounts	\$518,941,509	\$511,816,917
Borrowed funds	-	-
Interest payable	\$332,296	\$338,312
ACH payables	\$18,400,833	\$18,122,567
Accrued expenses and other liabilities	\$8,702,585	\$9,452,366
Total liabilities	\$546,377,223	\$539,730,162

COMMITMENTS AND CONTINGENT LIABILITIES

Members' Equity

Regular reserve	\$8,824,404	\$8,824,404
Undivided earnings	\$58,442,888	\$56,380,740
Accumulated other comprehensive income (loss)	-\$129,056	-\$886,701
Equity acquired in merger	\$1,427,964	\$1,427,964
Total members' equity	\$68,566,200	\$65,746,407
Total Liabilities and Members' Equity	\$614,943,423	\$605,476,569

1st Advantage Federal Credit Union Statements of Income

INTEREST INCOME

Interest on loans receivable
Interest on investments
Interest Income

2015

\$22,824,037
\$305,012
\$23,129,049

2014

\$21,656,036
\$940,687
\$22,596,723

Interest Expense

Dividends on members' share and savings accounts
Interest on borrowed funds

\$1,650,052
-

\$1,706,365
-

\$1,650,052

\$1,706,365

Net Interest Income

\$21,478,997

\$20,890,358

Provision for Loan Losses

\$4,883,773

\$3,986,903

Net Interest Income After Provision for Loan Losses

\$16,595,224

\$16,903,455

Non-Interest Income

Fees and service charges
Other non-interest income
Gain on sale of investments, net
Gain on disposition of premises and equipment, net
Non-interest income

\$5,436,911
\$4,862,059
-
-
\$10,298,970

\$5,150,587
\$5,030,748
-
-
\$10,181,335

\$26,894,194

\$27,084,790

Non-Interest Expense

Compensation and employee benefits
Other operation expense
Loan servicing expense
Occupancy expense
Professional and outside services
Education and promotion expense
Impairment of corporate cu membership capital
NCUSIF impairment and assessment
Loss on disposition of assets acquired in liquidation, net
Loss on disposition of premises and equipment, net

\$12,375,452
\$4,519,941
\$3,594,418
\$1,587,821
\$1,635,767
\$740,247
-
-
\$378,400
-

\$12,141,917
\$4,805,483
\$3,440,971
\$1,621,125
\$1,410,164
\$435,433
-
\$112,021
\$554,432
\$4,213

\$24,832,046

\$24,525,759

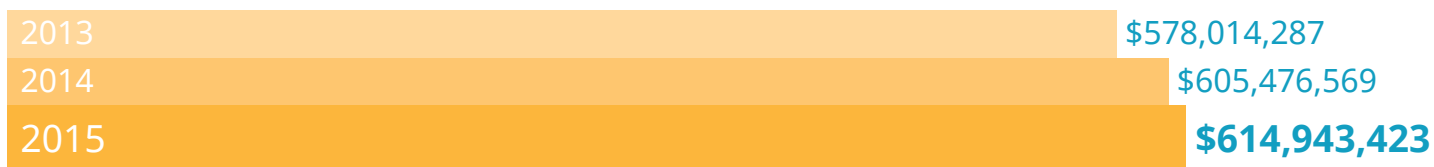
Net Income

\$2,062,148

\$2,559,031

Financial Highlights

Assets



Net Worth



Deposits



Loans Outstanding



2015 Awards

Best of Readers' Choice Awards, Coastal Virginia Magazine

Best Financial Institution, Daily Press Choice Awards

Best Financial Institution, the 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
Director Emeritus

Supervisory Committee

Sylvester McClellan
Chairman

Julie Phelps



Paul W. Muse
President/CEO

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)



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757-877-2444

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