

ANNUAL REPORT 2021





Thanks To Our Valued Members

2020 was marked not only by its challenges, but by how the world met them. We're proud of the meaningful progress 1st Advantage was able to make despite these challenges. Our assets have grown to exceed **\$818 million**; an over **\$105 million** increase from 2019. Our net worth to total asset ratio at fiscal year-end increased to **11.16%**, keeping us in a strong position for continued growth in 2021.

1st Advantage began 2020 with a clear game plan that included a complete system upgrade, allowing us to tap into new technologies and digital enhancements that offer a more streamlined work experience for our colleagues, and more consistent consumer experiences for our members. Then, the COVID-19 pandemic changed the world, disrupting our normal way of life. As a credit union, we have a critical role to play in the recovery – to provide advice and services to the people we serve, to help our communities to thrive, and to assist our local economies growth. While 2020 brought many challenges, it also showcased our ability to execute a total system overhaul even in turbulent times. We benefited from these new investments and capabilities immediately. By shifting our operations, more members were able to have a smooth digital banking experience from the comfort of their own homes, and internal processes continued seamlessly and more efficiently than ever.

In addition to the system upgrade, we also worked tirelessly to ensure that our members had access to the funds that they need during a time of worldwide uncertainty. To better care for our members and community, products were altered or created to reflect the immediate needs that were being faced. This resulted in **1,240 Personal Relief Loans**, totaling **\$10,426,233**. We were also able to approve nearly **9,000 loan deferments** as well as **78 Paycheck Protection Program Loans**, totaling **\$2,085,896.79** in 2020. In addition, we were able to donate over **\$111,000** to local non-profits who offered incredible support to our community in 2020. We were also committed to providing digital financial education to our local schools. Together with EVERFI, a leading education technology company, we were able to bring a digital-based financial education program to **2,659 students** for a total of **12,904 hours of learning** across **12 local schools**.

We were honored to have been awarded the **"Top Lending Partner in Virginia"** by the Business Finance Group. We were also recipients of **Coastal Virginia Magazine's Best of Readers' Choice Award**, and the **Diamond Award**, presented by CUNA, for the second year in a row.

As we approach our 70th anniversary as a credit union, we are excited to build upon our local footprint by acquiring Riverside Health Systems Employees Credit Union (RHSECU). We are excited to add an additional branch inside Riverside Hospital and welcome RHSECU members to the 1st Advantage family.

Although many unexpected and disruptive curveballs came our way in 2020, we have maintained momentum toward our goals and intend to build on them throughout the year ahead.

Credit for these outstanding results goes to the colleagues of 1st Advantage who have demonstrated incredible bravery and commitment to serving our members and communities during these unprecedented times. We appreciate you all for being dedicated to safe operations, improving efficiency, and embracing the accelerated strategic changes across 1st Advantage. We thank our members for trusting us during economic uncertainty and throughout internal changes that will continue to prove to be beneficial. And we appreciate our Board of Directors, whose unwavering support helps to make this local credit union a pillar of strength and trust throughout the community we serve.



Paul W. Muse
President/CEO



Tom O. Cameron
Chairman



1st Advantage Federal Credit Union Foundation

At 1st Advantage Federal Credit Union our passion for serving extends beyond financial products. Our commitment and dedication to our local community dates back to the founding of the credit union in 1951. The credit union and its colleagues have a rich history of giving back to the local areas we serve through volunteering, donations and scholarships.

To honor its heritage, the 1st Advantage Federal Credit Union Foundation supports every branch of the military in the local community, guided by their motto, "Serving those who serve."

Our Military Focus:

- ▶ Children
- ▶ Veterans
- ▶ Families in need

To find out more about our foundation, visit
www.1stAdvantage.org/Foundation



Foundation Hosts Virtual Baby Shower for Local Military Families

The 1st Advantage Foundation hosted a virtual "Red, White & Blue Baby Shower" on Thursday, May 14, 2020 for active duty E1-E6 families. 17 mothers, representing each branch of the military, were showered with gifts and essential items for their babies. The event's focus was to not only provide needed items, but also help the military families feel more at home in their military community.

This event would not have been possible without the support and generous donations of 1st Advantage members, colleagues, and sponsors.



Investing In Our Local Communities

Throughout each year 1st Advantage colleagues contribute funds to participate in “Dress Down Fridays.” These funds normally go toward 1st A.I.D.E. Day, an annual day of giving, where all colleagues get together to work on projects for local non-profits.

Due to COVID-19, the 2020 1st A.I.D.E Day was not able to take place and these funds went unused. Living up to the guiding principle of “people helping people”, colleagues chose to submit the names of their favorite local non-profits and each was given a donation from the 1st A.I.D.E Day fund.

It is the hope of everyone at 1st Advantage that these contributions will help as they continue their important work in our community.

Donation Recipients Include:

- ▶ Children’s Hospital of the King’s Daughters
- ▶ Virginia Peninsula Foodbank
- ▶ The Peninsula SPCA
- ▶ The 1st Advantage Foundation
- ▶ Menchville House Ministries
- ▶ THRIVE Peninsula
- ▶ Edmarc Hospice for Children
- ▶ Hampton Roads Ecumenical Lodgings and Provisions, Inc.
- ▶ Williamsburg House of Mercy
- ▶ Avalon Center
- ▶ Helping the Homeless Ministry
- ▶ Parents Against Bullying, VA
- ▶ Tidewater Autism Society of America
- ▶ Hospice House & Support Care of Williamsburg
- ▶ Animal Aid Society
- ▶ Natasha House
- ▶ Peninsula Rescue Mission
- ▶ Insight Enterprises, Inc., Peninsula Center for Independent Living
- ▶ Gloucester Boys & Girls Club

\$111,000

Invested in the local community in 2020

2020 Collection Drive

1st Advantage hosted a collection drive during the summer months and was able to collect:



1,301 Pounds of Food
that was donated to the Virginia Peninsula Foodbank.



264 Children’s Books
that will be used to replenish Little Free Libraries located all over our community.



117 Packs of Diapers
that were donated to local military families through the 1st Advantage Foundation.

Providing Digital Education to the Community



At 1st Advantage Federal Credit Union supporting our communities also means supporting our students.

Together with EVERFI, a leading education technology company, we were able to bring a digital-based financial education program to 2,659 students for a total of 12,904 hours of learning across 12 local schools. The program enabled students to practice and develop healthy financial habits through real-world scenarios and engaging educational interactions.

Prior to the start of the program, students took a financial education assessment. At the end of the program, another assessment was given and showed that students had increased their scores by 55%! Our learners saw the most gains in the areas of credit & debt, insurance, and budgeting.

1st Advantages’ partnership with EVERFI has allowed students to learn important financial skills at no cost to the district, schools, or teachers. Our goal remains to give as many students as possible access to this crucial financial education program. The combination of knowledge, confidence, and

healthy habits sets learners up for financial well being now and in the future. These skills will undoubtedly serve students well in their journey to financial success.

2019/2020 SCHOOL YEAR



REACH

2,659 Students 12 Schools



IMPACT

12,904 Hours of Learning 35% Knowledge Gain

COVID-19 Support Programs

1st Advantage is committed to being there for our members during challenging times. The COVID-19 pandemic proved to be no different.



Financial Relief:

1240 Personal Relief Loans totaling **\$10,426,233**

Almost **9,000** Loan Deferments



Small Business Support:

78 PPP Loans totaling **\$2,085,896.79**

In-Kind Donations:

453 Meals were donated to ICU nurses and volunteers at Sentara Regional Medical Center.



Colleagues sewed over **300** masks to be given to the local community.



125 masks were donated to Riverside Regional Medical Center.



Statements of Financial Condition

ASSETS	2020	2019
Cash and cash equivalents	\$110,984,940	\$72,441,015
Investments:		
Equity Securities	\$2,460,256	\$2,539,485
Available-for-sale	\$72,892,021	\$16,398,910
Other	\$8,649,067	\$2,977,881
Federal Home Loan Bank (FHLB) stock	\$655,900	\$622,000
Loans held-for-sale	\$2,716,821	\$1,753,761
Loans receivable, net of allowance for loan losses	\$562,404,887	\$566,859,810
Accrued interest receivable	\$2,537,289	\$1,809,583
Premises and equipment, net	\$16,224,314	\$15,630,198
National Credit Union Share Insurance Fund Deposit	\$6,109,519	\$5,802,693
Automated Clearing House (ACH) receivables	\$26,340,550	\$20,943,902
Assets Acquired in Liquidation	\$1,908,178	\$2,214,500
Other assets	\$5,006,911	\$3,458,318
Total Assets	\$818,890,653	\$713,452,056
LIABILITIES AND MEMBERS' EQUITY	2020	2019
Liabilities		
Members' share and savings accounts	\$710,049,598	\$611,429,037
Dividends payable	\$702,004	\$726,969
ACH payables	\$3,705,848	\$3,093,443
Accrued expenses and other liabilities	\$11,371,188	\$11,860,420
Total liabilities	\$725,828,638	\$627,109,869
COMMITMENTS AND CONTINGENT LIABILITIES		
Members' Equity		
Regular reserve	\$8,824,404	\$8,824,404
Undivided earnings	\$81,230,029	\$75,969,303
Accumulated other comprehensive income (loss)	\$1,579,618	\$120,516
Equity acquired in merger	\$1,427,964	\$1,427,964
Total members' equity	\$93,062,015	\$86,342,187
Total Liabilities and Members' Equity	\$818,890,653	\$713,452,056



Statements of Income

INTEREST INCOME	2020	2019
Interest on loans receivable	\$30,013,386	\$30,800,177
Interest on investments	\$1,872,098	\$1,663,657
Interest Income	\$31,885,484	\$32,463,834
Interest Expense		
Dividends on members' share and savings accounts	\$4,373,052	\$3,215,978
Interest on borrowed funds	\$4,373,052	\$3,215,978
Net Interest Income	\$27,512,432	\$29,247,856
Provision for Loan Losses	\$3,293,492	\$3,143,979
Net Interest Income After Provision for Loan Losses	\$24,218,940	\$26,103,877
Non-Interest Income		
Fees and service charges	\$4,951,144	\$5,129,662
Card income	\$4,341,481	\$4,476,472
Miscellaneous income	\$1,419,071	\$1,213,830
Insurance commission income	\$486,234	\$432,324
Non-interest income	\$11,197,930	\$11,252,288
	\$35,416,870	\$37,356,165
Non-interest Expense		
Compensation and employee benefits	\$15,386,898	\$15,605,787
Other operation expense	\$5,013,212	\$4,814,304
Loan servicing expense	\$4,672,228	\$4,732,123
Occupancy expense	\$1,762,641	\$1,771,394
Professional and outside services	\$2,202,608	\$2,128,491
Education and promotion expense	\$1,048,734	\$1,006,417
Equity securities/Trading investment losses,net	\$51,924	
Loss on disposition of assets acquired in liquidation, net	\$17,846	\$489,101
Loss on disposition of premises and equipment, net	\$53	
	\$30,156,144	\$30,547,617
Net Income	\$5,260,726	\$6,808,548

*Certain 2019 financial statement amounts have been reclassified to conform with classifications adopted in the current year. This reclassification did not have any change on net income or members' equity.

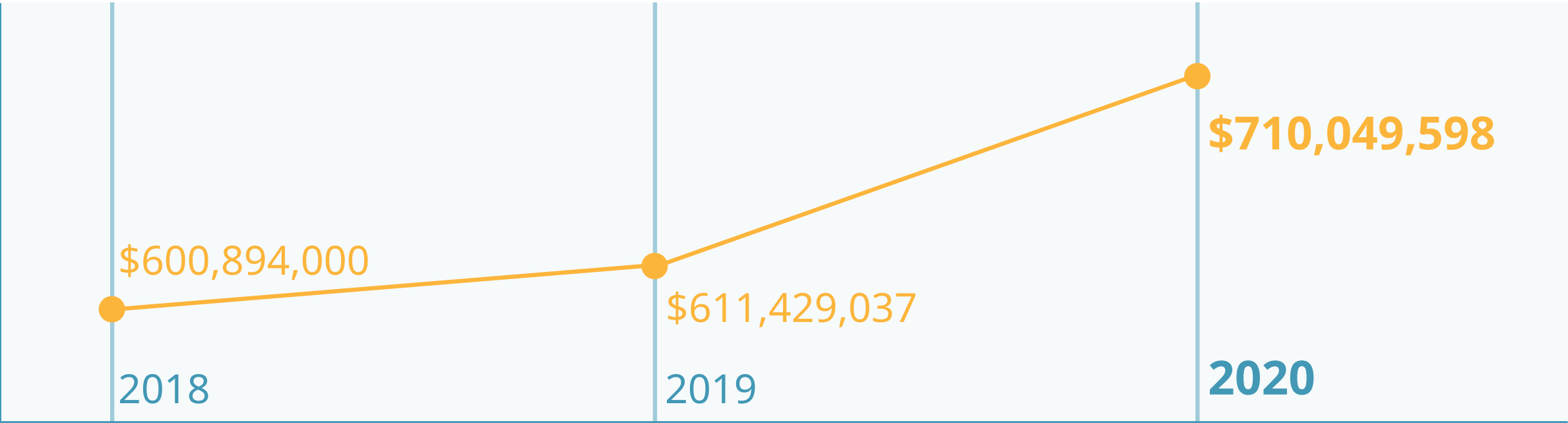
The Supervisory Committee is responsible for the annual audit of the financial statements of the Credit Union. A copy of the audited financial statements, including foot notes and supplemental schedules, as of June 30, 2020, is available upon request from: **1st Advantage Supervisory Committee**, P.O. Box 2327, Newport News, VA 23609-0327

Financial Highlights

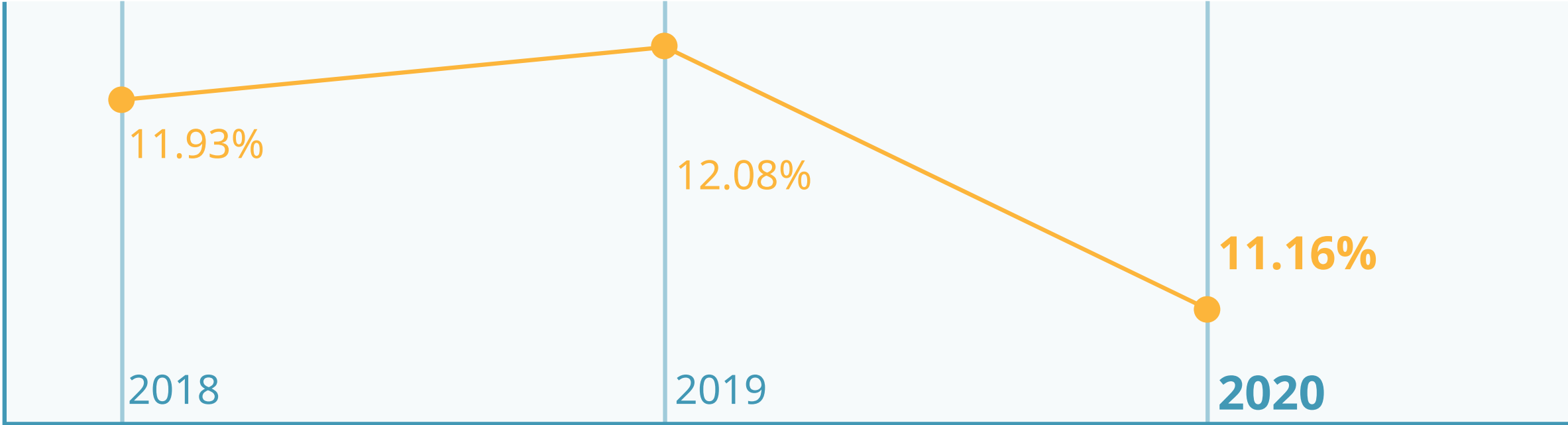
Assets



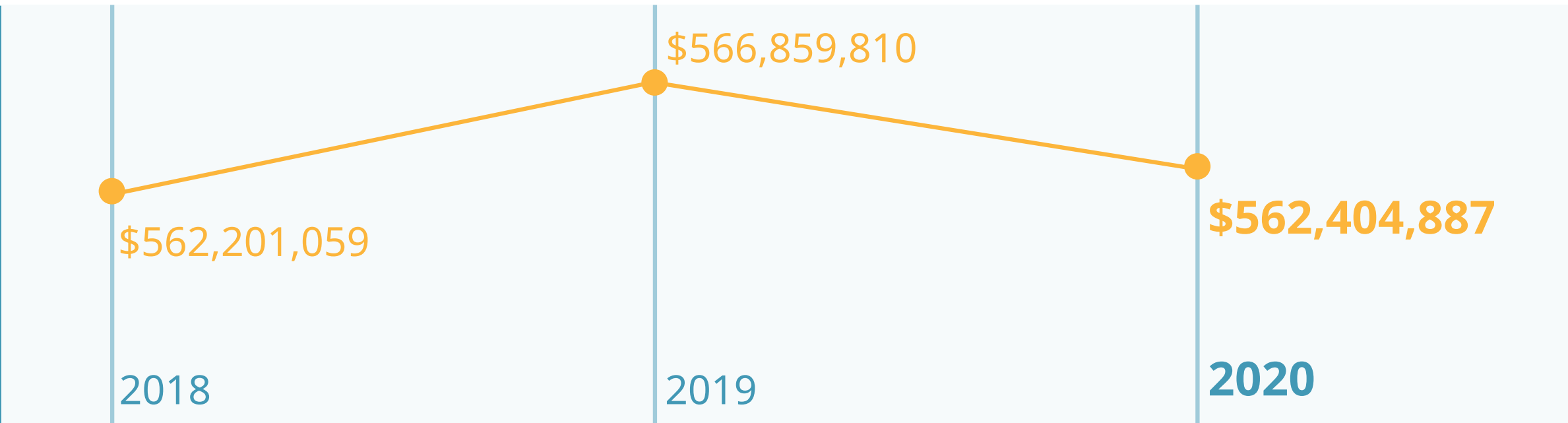
Deposits



Net Worth



Loans Outstanding



Volunteer Board of Directors



Paul W. Muse
President/CEO



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



William Ramsey
Director



Larry Tonneson
Director



Andrae Via
Director

Fred E. Blough
Director Emeritus

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

Betty L. Wiggins
Honorary Director Emeritus

Supervisory Committee

Sylvester McClellan
Chairman

Josephine Krantz

Denise Peterson

Jacqueline Wynn

2020 Awards & Certifications



*Top Lending Partner in Virginia
by the Business Finance Group*



*Coastal Virginia Magazine
Best of Readers' Choice 2020*



*2020 Diamond Awards
Cutting Edge:
Advantage Ambassador Program*



Virginia Values Veterans (V3) is a groundbreaking program administered by DVS that works with companies as well as state and local governmental agencies across the Commonwealth to promote the recruitment, hiring and retention of military veterans in the Virginia workforce.



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
500 J Clyde Morris Blvd,
Tower, Lower Level **NEW!**
(Riverside Regional Med. Ctr.)

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.
Shupper Road, Building 2006
(Naval Weapons Station)

Virginia Beach

4525 Columbus St.

Lets get social!



Federally
Insured
by
NCUA

