



1st Advantage
Federal Credit Union



ANNUAL REPORT 2023

Thanks To Our Valued Members

On behalf of your Board of Directors and management team, thank you for your membership and continued trust in 1st Advantage Federal Credit Union. We are just as steadfast today in improving the financial well-being of our member-owners as when we first opened our doors over seventy years ago. We are pleased to report that 2022 was another successful year for your Credit Union.

1st Advantage remains financially strong, having surpassed [\\$946 million](#) in total assets, a [\\$35 million](#) increase from last year. Our net worth to total asset ratio at fiscal year-end increased to [11.06%](#), significantly exceeding our federal regulator's requirement to be considered well capitalized. In 2022, 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. Once again, 1st Advantage remains safe, sound, and secure.

1st Advantage continues to receive positive recognition in the local community. In 2022, we were awarded two [COVA Best of Readers' Choice Awards](#), achieving best credit union as well as the best financial planning company on the Peninsula

Designations. We were also awarded [the Doing Well by Doing Good Award](#) in the 4th Annual Mastercard Community Institutions Segment Awards. In addition, 1st Advantage was named a [2022 Top Workplace in Hampton Roads by Inside Business](#). This award would not have been possible without the hard work and dedication of our valued colleagues. All of these honors and awards reflect our commitment to working together to secure a real financial advantage for you and your family.

As we continue to grow, we recognize the importance of continuing to look for ways to help make banking with 1st Advantage easier and more convenient. This past year we introduced an [enhanced chat feature](#) on our website, 1stAdvantage.org, as well as within Online Banking. You can now chat with a 1st Advantage representative in real-time during business hours.

At 1st Advantage, the safety and security of your account information remains a top priority. In 2022, we launched [Credit Score by SavvyMoney](#). This new feature allows you to have secure, instant success to your credit score, credit report, personalized money-saving offers, and financial education tips on how to improve your score or

maintain an already great score. The best part is that it is integrated right into Online Banking and Mobile Banking.

As a community credit union, we take great pride in uplifting our neighbors by supporting local organizations through donations, volunteer hours and scholarships. In 2022, we invested over **\$75,000** in the local community including military and civic organizations, education, community outreach and emergency services, and economic and cultural initiatives. We are also pleased to share that we awarded over **\$12,000** in scholarships to local high school seniors. Each scholarship winner received **\$3,000** to help fund their continued education.

We also had another successful year of colleagues volunteering on Columbus Day, a holiday most financial institutions are closed. This year, record numbers of donations were accomplished including sewing **314 surgery bears** for Children's Hospital of the King's Daughters patients, packing **600 family meal boxes** for the Foodbank of the Virginia Peninsula and assembling **1,000 USO Comfort bags** that were given to the local military community.

As we reflect on our shared accomplishments in 2022, we are thankful for your trust and continued support. Please consider 1st Advantage first when a financial need arises. Our trusted advisors are here to help for every stage of your life.

Best regards,



Paul W. Muse
President/CEO



Sylvester McClellan
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



2022 Accomplishments

204

household and baby items were collected during the Angel Tree Fundraiser

170

baby bags donated to local military base baby pantries

116

packs of diapers were collected during the Member Shred Event in October



Investing In Our Local Communities

While most financial institutions were closed for the Columbus Day holiday, 1st Advantage colleagues rolled up their sleeves and participated in their 15th annual 1A Community Day, a day that is dedicated to giving back to, and reinvesting in, the community that they serve. Throughout the day colleagues worked on different large projects, each one uniquely designed and carefully planned, centered around fulfilling the immediate needs of several local non-profit organizations. 1st Advantage is humbled and honored to partner with these deserving organizations as they continue to selflessly provide for our neighbors. In addition, colleagues completed various projects for other non-profit organizations off-site including Salvation Army, Natasha House, and the Newport News Nursing & Rehabilitation Center.

Accomplishments included:

- ▶ Packed **600 family meal boxes** for the Foodbank of the Virginia Peninsula
- ▶ Assembled **1,000 USO comfort bags** to be given to our local military community
- ▶ Created **1,000 personalized thank-you notes** for our local military community
- ▶ Made **103 blanket wraps** for New Beech Grove Baptist Church Homeless Ministry
- ▶ Made **80 pet blankets** for the Peninsula SPCA
- ▶ Assembled **4 Adirondack Chairs** for the Victory Family YMCA
- ▶ Created **314 surgery bears** for the Children's Hospital of the King's Daughters patients
- ▶ Assembled **180 toiletry bags** for New Beech Grove Baptist

In addition, 1st Advantage invested

\$75,000

within the local community in 2022



COMMUNITY
— DAY —



Providing Digital Education To The Community

At 1st Advantage, 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 2,817 students for a total of 9,564 hours of learning across 11 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 48%! 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.

2021/2022 School Year



2,817

Students



11

Schools



9,564

Hours of Learning



Statements of Financial Condition

ASSETS

	2022	2021
Cash and cash equivalents	\$115,852,764	\$189,777,672
Investments:		
Equity Securities	\$2,532,048	\$45,065,031
Available-for-sale	\$131,527,688	\$64,758,102
Other	\$18,274,410	\$19,211,736
Federal Home Loan Bank (FHLB) stock	\$463,700	\$425,700
Loans held-for-sale	—	\$433,631
Loans receivable, net of allowance for loan losses	\$643,244,590	\$560,081,611
Accrued interest receivable	\$2,482,237	\$1,975,757
Premises and equipment, net	\$14,931,461	\$16,175,803
National Credit Union Share Insurance Fund Deposit	\$7,805,321	\$7,270,101
Right to use assets	\$1,045,832	—
Assets Acquired in Liquidation	\$213,383	\$212,500
Other assets	\$7,631,788	\$6,305,818
Total Assets	\$946,005,222	\$911,693,462

LIABILITIES AND MEMBERS' EQUITY

Liabilities

	2022	2021
Members' share and savings accounts	\$830,123,983	\$800,102,537
Dividends payable	\$396	\$33
Lease liabilities	\$1,045,832	—
Accrued expenses and other liabilities	\$15,725,515	\$14,113,716
Total liabilities	\$846,895,726	\$814,216,286

COMMITMENTS AND CONTINGENT LIABILITIES

Members' Equity

	2022	2021
Undivided earnings	\$102,209,006	\$94,185,857
Accumulated other comprehensive income (loss)	\$(5,525,394)	\$865,435
Equity acquired in merger	\$2,425,884	\$2,425,884
Total members' equity	\$99,109,496	\$97,477,176
Total Liabilities and Members' Equity	\$946,005,222	\$911,693,462

Statements of Income

INTEREST INCOME

	2022	2021
Interest on loans receivable	\$27,200,823	\$27,464,610
Interest on investments	\$2,117,443	\$1,292,531
Interest Income	\$29,318,266	\$28,757,141

Interest Expense

Dividends on members' share and savings accounts	\$1,697,082	\$2,368,722
Interest on borrowed funds	\$33,984	—
Interest on borrowed funds	\$1,731,066	\$2,368,722

Net Interest Income

\$27,587,200 **\$26,388,419**

Provision for Loan Losses

\$411,341 **\$2,399,622**

Net Interest Income After Provision for Loan Losses

\$27,175,859 **\$23,988,797**

Non-Interest Income

Fees and service charges	\$5,083,737	\$5,834,749
Card income	\$5,084,603	\$4,809,495
Other non-interest income	\$2,336,953	\$894,691
Insurance commission income	\$560,334	\$476,452
Equity Investment	\$25,980	\$35,448
Gain on disposition of assets acquired in liquidation, net	\$3,610	—
Equity securities profits, net	—	\$139,149
Gain on Disposition of premises and equipment, net	—	\$800
Non-interest income	\$13,095,217	\$12,190,784
	\$40,271,076	\$36,179,581

Non-interest Expense

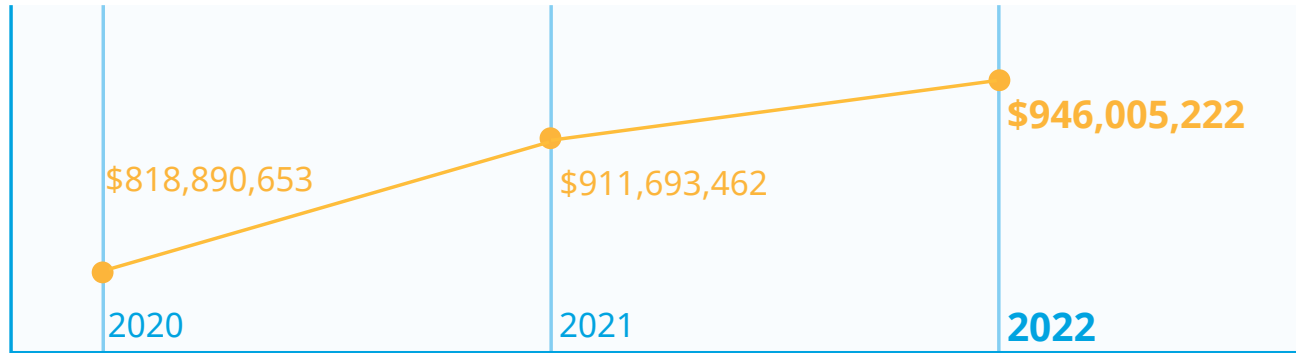
Compensation and employee benefits	\$16,194,482	\$17,122,021
Other operation expense	\$4,487,750	\$4,864,540
Loan servicing expense	\$4,468,377	\$4,580,968
Occupancy expense	\$1,748,390	\$1,748,438
Professional and outside services	\$2,614,190	\$2,606,825
Equity securities losses, net	\$1,901,723	
Education and promotion expense	\$833,015	\$983,506
Loss on disposition of assets acquired in liquidation, net	—	\$141,859
Loss on disposition of premises and equipment, net	—	—
Non-interest expense	\$32,247,927	\$32,048,157

Net Income

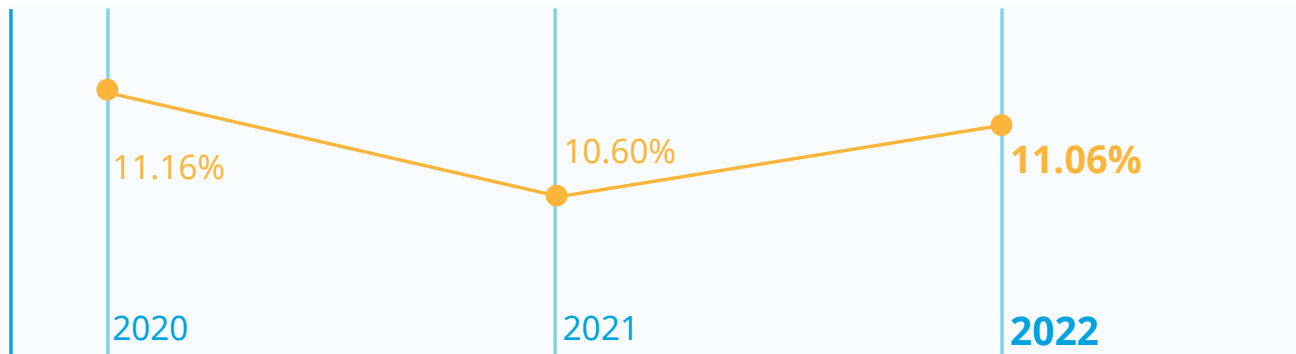
\$8,023,149 **\$4,131,424**

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, 2022, is available upon request from: **1st Advantage Supervisory Committee**, P.O. Box 2327, Newport News, VA 23609-0327

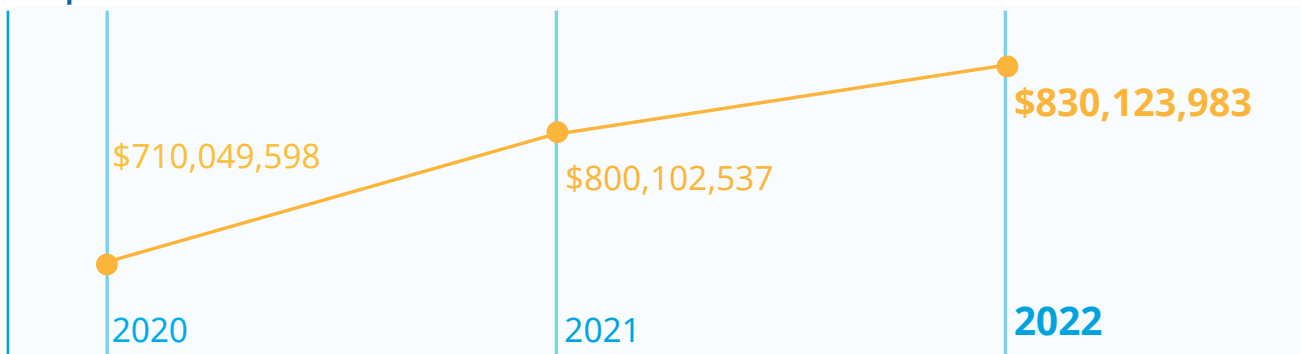
Assets



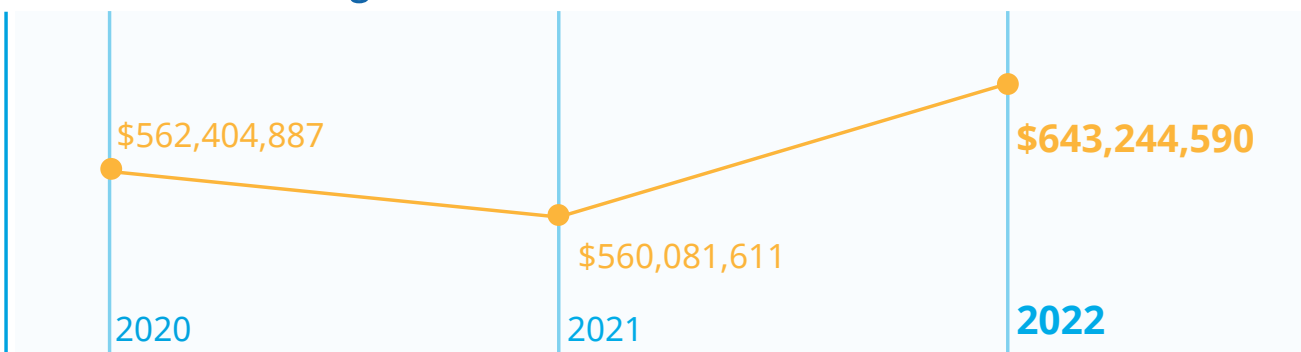
Net Worth



Deposits



Loans Outstanding



VOLUNTEER BOARD OF DIRECTORS



Paul W. Muse
President/CEO



Sylvester McClellan
Chairman



Andrae Via
Vice Chairman



Laurence Smail
Treasurer



Brenda B. Dawson
Secretary



Paul J. Adamo
(LTC, USA Ret)
Director



Barbara Ballard
Director



Michael J. Doucette
Director



Larry Tonneson
Director



William Ramsey
Director

Fred E. Blough
Director Emeritus

Tom O. Cameron
(LTC, Ret)
Director Emeritus

Betty L. Wiggins
Honorary Director Emeritus

Supervisory Committee

Josephine Krantz
Chairperson

Nicholas A. Nunes

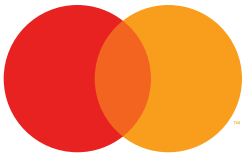
Denise Peterson

Jacqueline Wynn

2022 Awards & Certifications



1st Advantage was voted one of the Top Workplaces in the Hampton Roads by Inside Business.



Mastercard Doing Well by Doing Good Award

1st Advantage was awarded the Doing Well by Doing Good Award in the 4th Annual Mastercard Community Institutions Segment Awards.



1st Advantage was recognized as the Best Credit Union and Best Financial Planning Company on the Peninsula by Coastal Virginia Magazine Best of Readers Choice Awards.



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.



We're proud to have earned BauerFinancial Inc.'s (BFI) 5-Star Rating, an honor reserved for credit unions that receive an excellent or superior rating for 11 consecutive quarters.

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
(Riverside Regional Med. Ctr.)
12368 Warwick Blvd., Unit 112

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!



1st Advantage
Federal Credit Union

1stAdvantage.org

Federally
Insured
by
NCUA



NMLS# 509408



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