



Advantis

credit union

WITH US YOU CAN

ANNUAL REPORT
2016

REPORT OF THE CHAIR & PRESIDENT

The Value of our Cooperative

As a not-for-profit financial cooperative, Advantis exists to help our members achieve their financial goals. Instead of returning our profits to corporate stockholders (like banks do), we return them to you in the form of better rates, lower fees and more free services. Our cooperative difference adds up to real, tangible financial value for our member-owners.

According to a 2016 study completed by ECONorthwest, an independent research firm, Oregon credit unions delivered \$159 million in direct financial value to their members in 2016.* This value was calculated by accounting for differences in credit union and bank pricing. Advantis provided \$5,477,000 in direct financial value to our members - an average of \$81 per member.

We hope you'll share the cooperative difference with friends and family, and encourage them to join Advantis. As our cooperative grows and members use more of our products and services, we can continue to provide greater value back to our membership.

2016 Financial Highlights

2016 was another successful year for both Advantis and our members. The credit union achieved strong financial performance and growth in several key areas. Advantis produced net income of \$10.8 million, a solid return of 0.85% on average assets. We ended the year with a net worth ratio of 10.77%, well above the regulatory standard for well-capitalized credit unions. Advantis has increased its capital every year for the past seven years, building a safe and strong foundation for future growth. We also continued to carefully manage our operational expenses, which were 14.7% lower than our

peer average, allowing us to return more value to our members. We achieved membership growth of 7.71%, deposit growth of 8.64%, and growth in total loans managed by the credit union (including first mortgage loans) of 10.15% over 2015.

Advantis' strong financial performance means more of our members are achieving their financial goals. Our deposit growth indicates that more members chose the credit union to help build their savings - whether for retirement, their children's education, or a down payment on a first home. And our loan growth tells a compelling story of members doing more and achieving more. In 2016 we helped over 1,000 members finance their homes (with first mortgage loans totaling \$272 million), and funded 7,671 auto loans (totaling \$194 million). We also helped hundreds of members pay down higher-interest debt, complete home improvements, and get other big projects underway by funding 1,152 personal loans and 519 home equity lines of credit.

2016 Initiatives: Making it Easy

We're committed to providing the technology and products that make it easy for our members to do business with us. Advantis introduced Apple Pay in October, providing members with a more convenient way to make purchases. Members can now add their Advantis cards to their mobile wallet and pay with a tap of their iPhone at participating retailers. As of March 2017, over 800 members have activated their Advantis cards with Apple Pay. We plan to launch Android and Samsung Pay in the near future.

Advantis integrated chip technology with all new credit cards. The microchip allows for data transmission through a one-time

*Read the full report at: www.nwcua.org/credit-union-impact

encrypted code, providing extra fraud protection. Chip technology is in use in 130 countries worldwide, so members will also enjoy greater card acceptance when traveling. Advantis is working to make chip technology standard for all new debit cards later this year. We also introduced instant issue for both debit and credit cards, so that members can get immediate access to new or replacement cards at any branch location. Since our launch in January 2017, Advantis has issued over 3,500 cards to members in-branch.

We also launched a new survey system to continually collect member feedback on our service level, products, and online banking platform. This direct feedback has allowed us to improve on the things that matter most to members - especially those things that make it easier to bank with us.

Plans for 2017

Looking forward to 2017, Advantis will expand our retail footprint and improve our online service channels, providing the access and convenience our members expect. We're opening two more locations to serve you, so it's easier to talk with us about your financial goals and get in-person advice. Our seventh branch will open this summer at the Greenway Town Center in Tigard, and an eighth location will follow shortly after in Portland's Woodstock neighborhood. Our new branches will expand our retail presence, and support strong new member growth in both east and west side communities.

Advantis will introduce a new and improved online loan application, making it quicker and easier for our members to request and receive financing. The credit union will launch a new responsive website that will ensure an excellent experience not only on a

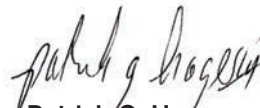
computer, but on any type of mobile device. We'll continue to upgrade our online and mobile banking platforms, introducing new features that will make it easier to manage your finances from anywhere, anytime.

Achieving our Vision

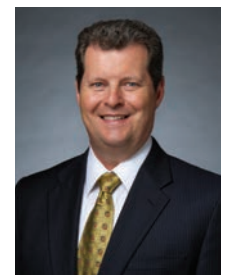
Our vision is to be the best financial institution our members can choose, and the best place our employees have ever worked. In the fall of 2016, your Board of Directors and the Advantis senior team developed a 10-year strategic plan to achieve and sustain this vision. The Board, comprised entirely of Advantis members, greatly enhanced the strategic planning process. They provided insightful guidance from a member perspective, ensuring that Advantis develops the right technology, talent, and products to deliver a distinctive member experience and strong future growth.


We thank our Board for their service and unwavering commitment to serve the best interests of our members. We'd also like to thank our staff, who serve as passionate advocates for our members. And most importantly, we want to thank our members for your ongoing loyalty and support.




Patrick G. Hager

CHAIR




Robert W. Corwin

PRESIDENT/CEO

ADVANTIS IN THE COMMUNITY

As a not-for-profit cooperative, we return value not only by offering great rates and free services, but also by partnering with our employees, nonprofits and neighborhood groups to create and support programs that strengthen our community. For more than 89 years, Advantis has supported organizations that make a positive impact. Today, we accomplish this through GROW: The Advantis Community Fund, employee volunteer programs, free financial education workshops, and event sponsorships for local nonprofits. These initiatives improve the economic, social and educational conditions in our community.



974
HOURS
volunteered by
our employees
in the community



\$78,503
CONTRIBUTED
through event sponsorships
for charitable causes



\$72,973
DONATED
to nonprofit organizations
through corporate, in-kind
and employee match
donations



26
WORKSHOPS
focusing on financial
education presented
free to community
members





The Shadow Project received a 2016 GROW grant that assisted them in providing literacy and sensory tools for low-income children with disabilities at eight local schools.



GROW: The Advantis Community Fund, is an annual Fund established to help Portland’s neighborhoods grow stronger—one project at a time. GROW awards \$50,000 annually and includes the public and Advantis members in determining which projects will receive grant funding. Since its inception in 2011, 39 local community improvement projects have been completed, with \$300,000 in grants provided to local nonprofits.

“It’s rewarding to give back to the community that we’re a part of. It’s nice to have an employer that understands the importance of community involvement and provides employees with so many opportunities to volunteer and provide support to local nonprofits.”

*- Rob Halleman
Assistant Branch Manager*



STATEMENTS OF FINANCIAL CONDITION

As of December 31, 2016 and 2015

ASSETS	2016	2015
Cash and cash equivalents	\$145,142,672	\$91,296,878
Investments	48,361,511	59,484,541
Loans to members, net of allowance for loan loss	1,063,743,800	1,015,182,170
Property & equipment	9,436,727	10,240,051
National Credit Union Share Insurance Fund Deposit	10,089,962	9,429,285
Other assets	42,953,618	41,795,015
TOTAL ASSETS	\$1,319,728,290	\$1,227,427,940
LIABILITIES AND EQUITY		
LIABILITIES		
Members' shares	\$1,151,698,471	\$1,060,144,621
Accrued expenses and other liabilities	6,093,604	6,134,504
Borrowed funds	20,000,000	30,000,000
Total Liabilities	1,177,792,075	1,096,279,125
EQUITY		
Regular reserves	16,965,039	16,965,039
Retained earnings	125,113,693	114,327,405
Accumulated other comprehensive income	(142,517)	(143,629)
Total Equity	141,936,215	131,148,815
TOTAL LIABILITIES & EQUITY	\$1,319,728,290	\$1,227,427,940

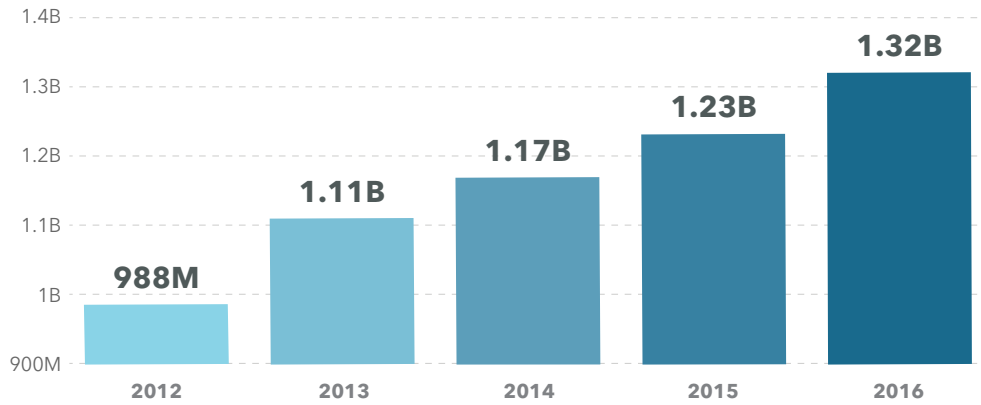
STATEMENTS OF INCOME

For the years ending December 31, 2016 and 2015

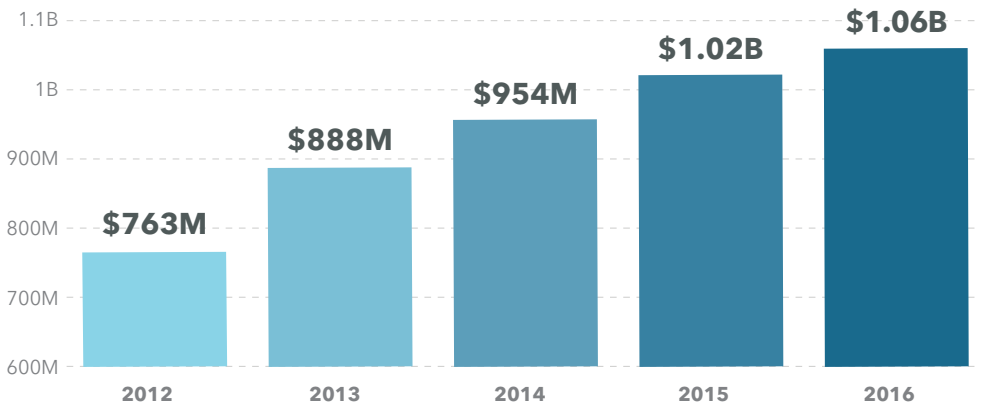
NET INTEREST INCOME	2016	2015
Interest on loans	\$42,049,430	\$39,612,050
Interest on investments and cash equivalents	1,846,903	1,409,047
Dividend expense	8,189,296	7,861,609
Interest expense on borrowed funds	385,539	158,357
Provision expense for loan losses	5,393,778	3,772,897
Net interest income after provision expense	29,927,720	29,228,234
OTHER INCOME	14,217,490	11,956,551
OPERATING EXPENSES		
Salaries & Benefits	15,338,608	13,962,638
Operations and Occupancy	18,020,314	15,442,081
Total operating expenses	33,358,922	29,404,719
NET INCOME	\$10,786,288	\$11,780,066

FINANCIAL TRENDS

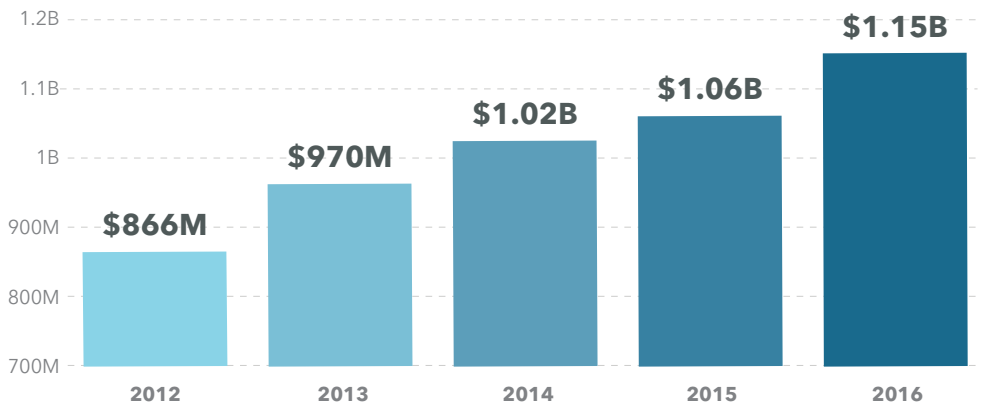
ASSET GROWTH



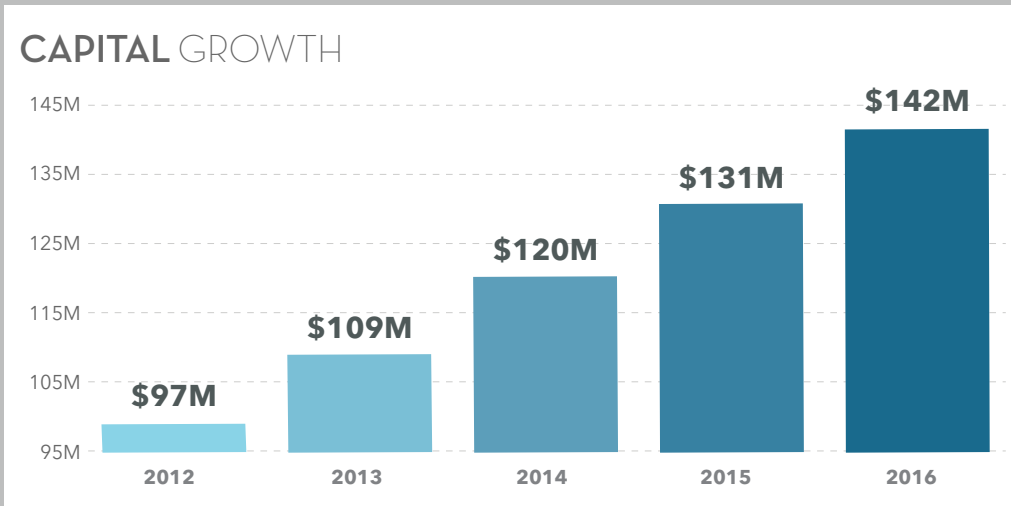
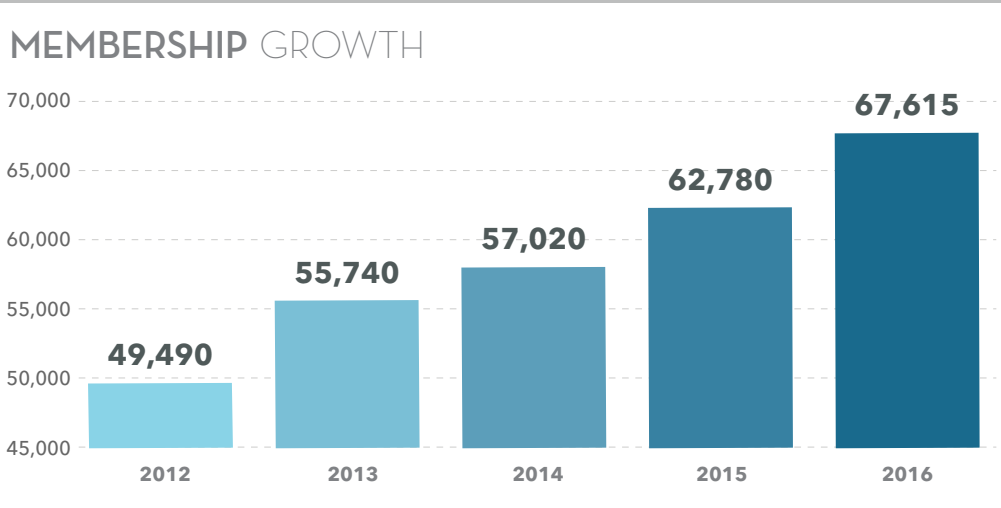
LOAN GROWTH



DEPOSIT GROWTH



FINANCIAL TRENDS



67,615
Members Strong

As of December 31st **2016**

Assets	\$1,320,000,000
Deposits	\$1,152,000,000
Loans	\$1,064,000,000

AUDIT COMMITTEE REPORT

The Advantis Credit Union Audit Committee is a five-member team appointed by the Board of Directors and is responsible for ensuring that the credit union safeguards its assets, complies with regulatory requirements, and maintains adequate systems of internal control and financial reporting. In 2016, the Committee held quarterly meetings with Advantis' Senior Audit Officer, participated in all monthly meetings of the Board of Directors, and examined the credit union's monthly financial reports.

In fulfilling statutory duties and obligations to safeguard member assets, the Audit Committee's primary responsibilities includes strategic oversight of (1) the independent external financial audit of the financial statements and records, (2) internal assessments of the control structures for the Credit Union, (3) the verification of members accounts, (4) the ongoing reviews of closed accounts, (5) the internal audit function.

To accomplish these responsibilities, the Audit Committee retained the services of Moss Adams, LLP, an independent external auditor, to perform an audit of the Credit Union's financial statements for the year ended December 31, 2016; CliftonLarsonAllen, LLP to perform an independent IT and information security audit; Info@Risk to perform an independent physical security audit; and the Credit Union's Internal Audit staff to provide internal audit services.

The Credit Union was also examined by its government regulators during 2016, the Oregon Department of Consumer and Business Services, Division of Finance and Corporate Securities (DFCS) and the National Credit Union Administration (NCUA).

It is the conclusion of the Audit Committee that Advantis Credit Union is operated in a safe and sound financial manner and the assets of the membership are being effectively safeguarded.

We appreciate the opportunity to serve the Advantis family in this capacity.



Ross E. Wescott MA CIA CISA CCP

Audit Committee Chair
3/23/2017

Board of Directors

Patrick Hager – Chair
Amanda Owings – Vice Chair
Andy Dolberg – Secretary/Treasurer
Carolyn Benolken
Renee Halpern
Roger Hediger
Jake Jensen
Bob Pearson
Tammy Teske

Associate Directors

Tarun Gudz
Rick Veira

Audit Committee

Ross Wescott – Chair
Joseph Albert
Tom Hoang
Brandon Lepley

Branch Locations

Belmont
3010 S.E. Belmont Street, Portland, OR 97214

Downtown
120 S.W. Taylor Street, Portland, OR 97204

Fremont
3515 N.E. 15th Avenue, Portland, OR 97212

Lloyd Center
825 N.E. Multnomah Street, Suite 110
Portland, OR 97232

Hillsboro
7387 N.E. Butler Street, Hillsboro, OR 97124

West Linn
21900 Willamette Drive, Suite 204
West Linn, OR 97068

Executive Leadership Team

Bob Corwin
President/CEO

Tim Clouse
SVP/ Chief Innovation Officer

Wendy Edwards
SVP/ Chief Administrative Officer

Keli Myers
SVP/ Chief Credit Officer

John Nichols
Vice President of Marketing

Laurie Wilson
SVP/ Chief Financial Officer

Administration Office

9200 S.E. Sunnybrook Blvd., Suite 300
Clackamas, OR 97015

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