



2012 ANNUAL REPORT

Report of the Chair & President

Advantis Achieves Great Success in 2012

In 2012, our economy continued its slow recovery, and consumers and businesses remained cautious, restraining spending and borrowing. Interest rates lingered at historical low rates for the fourth consecutive year, weighing on all financial institutions' income and margins. Despite this challenging environment, Advantis continued to deliver on our mission to provide consistently superior value and exceptional service to our members, and we achieved another year of strong financial performance as detailed on pages 4 and 5 of this report.

While the current low rate environment is a disadvantage for savers, borrowers have benefitted from aggressive competition for loans that has lowered borrowing costs. Advantis' savings and loan rates were consistently better than bank and credit union averages, and Advantis continues to receive national recognition for the value we provide our members, consistently ranking in the top 1% of credit unions nationwide by Callahan & Associates, a national research and consulting firm.

Many consumers looking for an alternative to big banks found their way to credit unions last year. More people are getting to know us and are making the switch to Advantis. Our membership grew by 7.9%, ending 2012 with 49,490 members. Many who joined are first-time credit union members who are discovering the benefits of belonging to a not-for-profit financial cooperative.

Mortgage loans remained at historically low rates, and we originated a record \$317 million in mortgage loans. Many members reduced their interest rates and monthly payments, saving thousands of dollars in interest. We originated \$22 million in member business loans, bringing our total business loans to \$86 million.



Advantis welcomed **new President/CEO Bob Corwin** in October. Bob has served the credit union industry for over 30 years, and he is dedicated to the credit union philosophy, which he has shown in his former position as CEO of Meritrust Credit Union.

Another measure of success is bringing improved service and convenience to our members. We upgraded our online and mobile banking applications to enhance security and add useful features, and employed sophisticated technology to help protect our members from debit / credit card fraud and to notify them when fraud is suspected. We will continue to move forward in our technologies and our operations to continue to serve our members well.

In October, Ron Barrick, President/CEO for the past 25 years, left Advantis to form his own consulting firm. On behalf of our Board of Directors, employees and members, we would like to acknowledge and thank Ron for his service and for establishing a tradition of excellence and innovation that will help to ensure our future success.

We would also like to thank our staff and volunteers for all their hard work – they exemplify the credit union difference every day. Most importantly, we thank our members for their ongoing loyalty and support. We exist to serve you.

We look to 2013 – the year of our 85th anniversary – confident of our continuing success.

A handwritten signature in black ink that reads "Jacob Jensen".

Jacob Jensen

CHAIR

A handwritten signature in black ink that reads "Bob Corwin".

Bob Corwin

PRESIDENT/CEO

Serving our **local community** for 85 years

Advantis understands that being part of a community means supporting organizations and charities that are often hardest hit during tough financial times. Our support takes many forms beyond direct giving, such as providing volunteers for community projects, fundraising for Doernbecher Children's Hospital and the Sunshine Division, and supporting programs that improve the financial well-being of our members. In 2012, Advantis and its employees' contributed over \$133,000 in direct and in-kind contributions to help our local community. We also provided \$20,000 in scholarships to help Advantis members pay for a college education.

We created **GROW** in 2011 to provide funding for local non-profits to revitalize our communities. In 2012, we provided \$50,000 for short-term projects that promised long-term benefits for those most in need, from the growing number of hungry and homeless, victims of domestic violence, to at-risk children. Over 66,000 votes were cast on the Advantis Facebook page to help determine the final projects selected. Over 20,000 passionate supporters shared the message about GROW with their friends and family.



Helping our community



Statements of Financial Condition

As of December 31, 2012 and 2011

ASSETS	2012	2011
Cash and cash equivalents	\$78,570,276	\$42,458,438
Investments	99,775,805	135,511,450
Loans to members, net of allowance for loan loss	738,928,928	638,238,849
Property & equipment	9,552,658	9,764,590
National Credit Union Share Insurance Fund Deposit	7,608,640	6,816,469
Other assets	53,391,019	31,739,864
TOTAL ASSETS	\$987,827,326	\$864,529,660
LIABILITIES AND EQUITY		
LIABILITIES		
Members' shares	\$866,225,448	\$766,572,064
Accrued expenses and other liabilities	4,763,041	6,897,392
Borrowed funds	20,000,000	10,000,000
Total Liabilities	890,988,489	783,469,456
EQUITY		
Retained earnings, substantially restricted	96,227,205	81,890,308
Accumulated other comprehensive income	611,632	(830,104)
Total Equity	96,838,837	81,060,204
TOTAL LIABILITIES & EQUITY	\$987,827,326	\$864,529,660

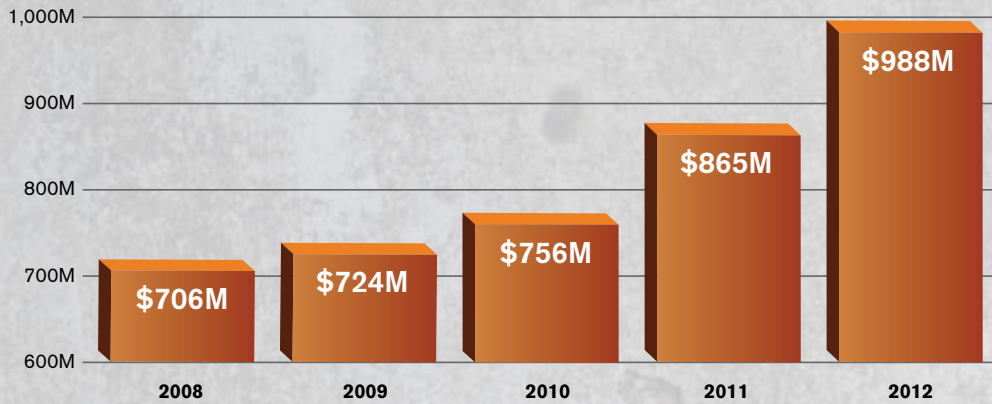
Statements of Income

For the years ending December 31, 2012 and 2011

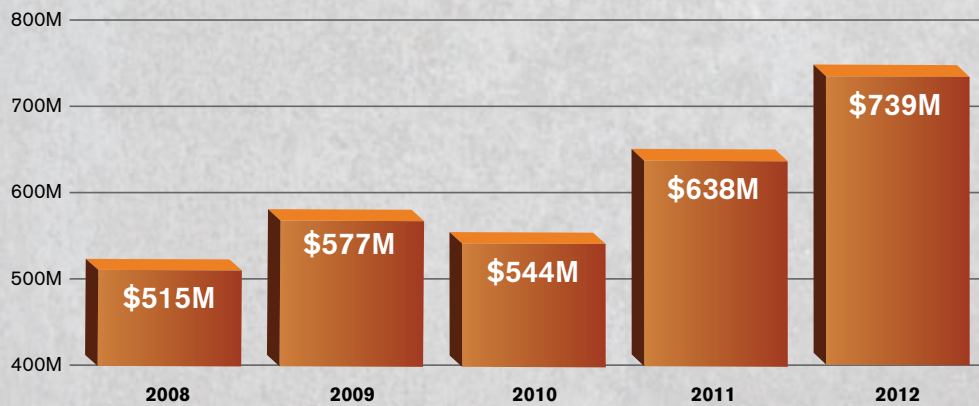
INCOME	2012	2011
Interest on loans to members	\$32,814,806	\$30,426,483
Interest on investments and cash equivalents	1,956,247	2,409,827
Other income	11,071,186	6,836,915
TOTAL INCOME	\$45,842,239	\$39,673,225
EXPENSES		
Salaries & Benefits	\$10,330,588	\$8,299,370
Operations	9,881,828	8,876,324
Occupancy	1,321,898	1,301,449
NCUA Premium Assessment & Impairment Losses	520,666	1,906,272
Provision for loan losses	467,737	4,290,903
Interest on borrowed funds	298,133	281,501
Dividend expense	8,684,492	8,679,471
TOTAL EXPENSES	\$31,505,342	\$33,635,290
NET INCOME	\$14,336,897	\$6,037,935

Financial Trends

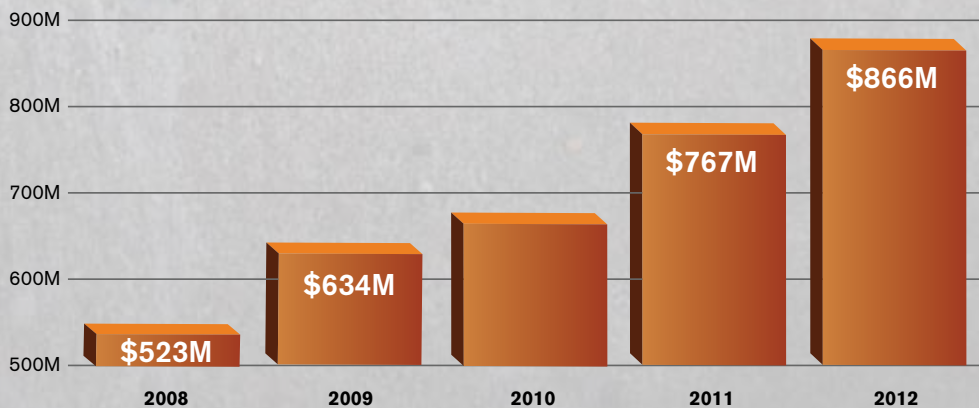
ASSET GROWTH



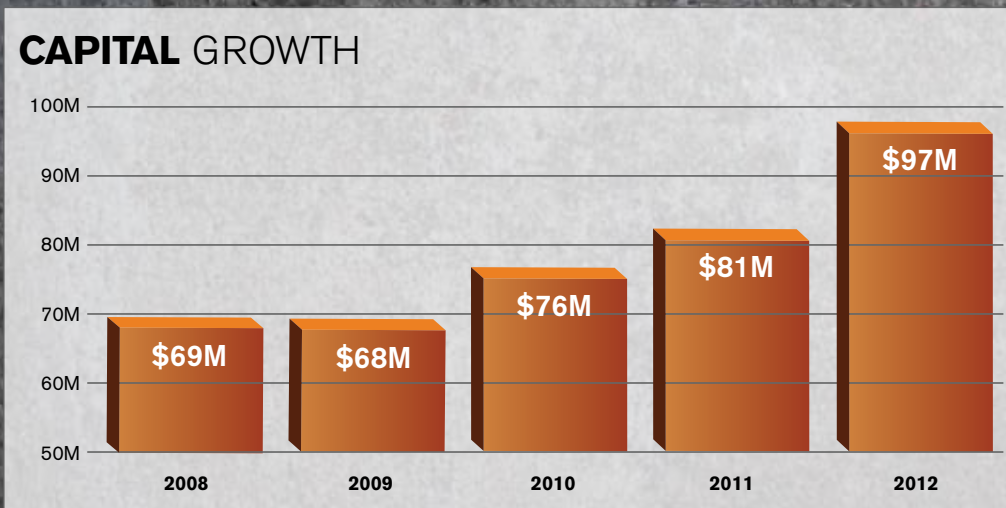
LOAN GROWTH



DEPOSIT GROWTH



Financial Trends



49,500
Members Strong

As of December 31st	2012
Assets	\$988,000,000
Deposits	\$866,000,000
Loans	\$739,000,000

Audit Committee Report

Committee Oversees Financial Safety, Protects Members' Interests

The role of the audit committee is to ensure that the credit union safeguards its assets, complies with regulatory requirements, and maintains adequate systems of internal control and financial reporting. The committee has quarterly meetings with Advantis' Senior Audit Officer, participates in monthly meetings of the Board of Directors, and examines the credit union's monthly financial reports.

The Audit Committee appoints and oversees an external public accounting firm in an annual financial examination. This audit helps to ensure that your assets are appropriately safeguarded and that the financial statements are accurately stated. The committee retained Moss Adams, an independent external auditor, to perform an audit of Advantis Credit Union's financial statements for the year ended December 31, 2012. The results of this oversight and the annual audit are reported to the Board of Directors. A copy of the complete audited financial statements with Moss Adams' report is available at the administrative office at Advantis.

In addition, the Audit Committee's responsibilities include:

- Reviewing the results of the external audit and reporting the results to the board
- Providing open access to the Audit Committee by the internal and external auditor and the regulatory agencies to discuss issues and concerns.
- Approving the annual internal audit plan and reviewing the reports prepared by the internal auditor
- Confirming that employee's and other stakeholders have a confidential way to report concerns regarding fraud, financial impropriety, and misuse of funds without fear of retaliation
- Overseeing an assessment of the business risks and assessing the internal controls over those risks

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



Ross E. Wescott MA CIA CISA
Audit Committee Chair
3/14/2013

Board of Directors

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

Alternate Directors

Laura Andersen
Aaron Knott
David Rossi

Branch Locations

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

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

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

Lloyd Center
825 N.E. Multnomah, Suite 100,
Portland, OR 97232

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

Executive Leadership Team

Bob Corwin
President/CEO
Tim Clouse
Vice President of Information Technology
Wendy Edwards
Vice President of Marketing & Human Resources
Jeff Schwarz
Vice President of Lending
Laurie Wilson
Vice President of Finance

Audit Committee

Ross Wescott — Chair
Bob Beattie
Andy Dolberg

Administration Office

10501 S.E. Main Street
Milwaukie, OR 97222

Contact Us

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