


Advantis

credit union

2014

ANNUAL REPORT

REPORT OF THE CHAIR & PRESIDENT

The value of credit union membership.

Advantis Credit Union is a not-for-profit, financial cooperative whose only purpose is to serve the interests of our member-owners. In a credit union cooperative, profits are returned to the members in the form of lower account fees, higher interest rates on savings, lower interest rates on loans, and many no-fee services. Banks continually attack the tax exempt status of credit unions, reasoning that we offer many of the same financial products and services. But the key difference between banks and credit unions is our cooperative structure which ultimately delivers more real, tangible value to members.

In 2014, ECONorthwest, an independent research and consulting firm that specializes in measuring the economic impacts of public policies, analyzed information from 450 credit unions to determine the economic impacts of Oregon and Washington credit unions. The study found that Northwest credit unions delivered \$352 million in direct benefit value to credit union members. Member benefit value is calculated by accounting for the differences in credit union and for-profit bank pricing. Advantis Credit Union provided \$3,342,000 in member benefit value – an average of \$59 per member. The Northwest Credit Union Association shared the report with state and national lawmakers to demonstrate the credit union difference in terms of measurable financial value returned to credit union members.

In a cooperative the more services you use, the more value you will receive. As members use more services, our cooperative grows even stronger. We'd like to serve all of your financial needs and help you get the most value from your Advantis membership.

Safe and strong.

2014 was another successful year for Advantis Credit Union, with strong financial performance and the execution of several important strategic initiatives. Many industry, economic, and business factors affected our financial performance in 2014. In-

terest rates remained exceptionally low for the sixth consecutive year, further depressing asset yields for all financial institutions. Increased costs of regulatory compliance, intense competition, challenges with creating sufficient loan demand, and maintaining a high-performing portfolio were challenges faced by all financial institutions. Despite these challenges, Advantis produced solid financial results while making significant investments in our infrastructure and future. Although net income declined from 2013, this was largely due to a change in the market valuation of our mortgage loan servicing portfolio. Advantis ended the year with a net worth ratio of 10.25%, well above the regulatory standard for "well capitalized" credit unions, and up from 9.83% in 2013. Advantis' operating expense to gross income ratio remains low at 54.4%, compared with the credit union average of 71%.

Building value.

We are committed to providing the access and service that our members expect. Advantis made sizeable investments to enhance convenience and service and to improve the ease of doing business with us. In January we opened our sixth metro area branch at West Linn's Central Village on Willamette Drive. At year-end the branch had 413 new members, 892 new accounts, \$13.7 million in deposits, and \$3.3 million in loans. We expanded the capabilities of our call center and added 24/7 availability to improve access for our members.

Our members are embracing all things *mobile*, and they readily adopted the remote check deposit feature we added to our mobile banking application in late 2013, completing over 104,000 remote deposits in 2014. We undertook a major upgrade to our online banking and bill payment systems, completing the transition in January 2015. The new system adds important new features to make it easier for our members to manage their finances and provides added security to keep member information safe. We invested in improved search technology for our website and implemented a new Customer Relationship Management (CRM) system in our branches to make

it easier for our employees to deliver an exceptional service experience.

In 2015 we will continue to build upon the value that we provide and invest in the financial well-being of our members. Plans for the upcoming year include completing an extensive remodel of our Lloyd Center Branch and introducing new video teller technology when the branch re-opens in May. Video tellers help us increase convenience and reduce wait times, and Lloyd will be the first Advantis branch to implement this exciting new technology.

Our board of directors are Advantis members who volunteer their time and talent, and we thank them for their service and unwavering commitment to serve the best interests of our members. We'd also like to thank our dedicated and hardworking employees who model the credit union difference every day. Most importantly, we thank our members for their ongoing support and loyalty.



Patrick G. Hager
Patrick G. Hager

CHAIR



Robert W. Corwin

Robert W. Corwin

PRESIDENT/CEO

RETURNING VALUE TO OUR MEMBERS AND COMMUNITY

\$3,342,000

Direct member benefit value

In a recent independent study by ECONorthwest, Advantis was shown to have returned over \$3.3 million in direct financial value to its membership in 2014. Advantis provided this value through better pricing and lower fees than for-profit banks.



166 / \$10,646,000

Jobs
created

Income generated by
Advantis jobs

\$50,311,000

Direct (and LOCAL) economic impact

In the same study, Advantis was shown to have provided over \$50 million in direct economic impact to our regional communities. This demonstrates how Advantis makes a significant contribution to our local economy through our output of goods and services, capital spending, charitable contributions, and by generating over \$10 million in total income and benefits for our employees.

ADVANTIS IN THE COMMUNITY

For more than 85 years, Advantis has supported organizations that make an impact on the well-being of those in our community. Today, we accomplish this through GROW: The Advantis Community Fund, Advantis employee volunteer programs, free financial education seminars, and nonprofit event sponsorships. These initiatives improve the economic, social and educational conditions for our members and potential members, resulting in a healthier local economy. In 2014, Advantis and its employees provided more than \$166,000 in financial support and in-kind contributions to local organizations for projects that enrich and support our community, resulting in Advantis being named a top corporate philanthropist by the Portland Business Journal for the fifth consecutive year.

Employee Volunteerism

Advantis recognizes that volunteer service is just as critical to the health of local nonprofits as writing a check. That's why Advantis staff members are provided with opportunities throughout the year to volunteer at organizations with their fellow employees. In 2014, Advantis staff provided 561 volunteer hours to local nonprofit and service organizations.



Animal socialization at the Oregon Humane Society is always a popular volunteer event for Advantis staff. Socialization provides needed attention and helps the pets get adopted faster.



Each year, Advantis staff members volunteer their time packing food boxes for The Sunshine Division's annual holiday food box program which provides more than 3,500 boxes to local families in need.



Advantis volunteers partnered with children and mentors from Friends of the Children to plant vegetables and flowers at their SE location.

GROW: The Advantis Community Fund

In 2014, we celebrated the fourth year of GROW: The Advantis Community Fund. During the 2014 campaign, more than 37,000 votes were placed online which helped to award \$50,000 in grant funding to six local organizations that focus on education and youth development, shelter and care for animals, the arts, and critical services. In just four years, GROW has funded 27 projects throughout Portland. When we look back five to ten years from now, we think our members and employees will feel proud of the lasting impact that GROW has had on our community.

Advantis Scholarships

Each year, Advantis college scholarships are awarded to local students for outstanding academic achievement and community service. In 2014, \$23,750 was provided in scholarships to students. Since 2006, Advantis has supported the educational endeavors of 138 students with \$211,250 in scholarship support.

Free Financial Education

We're committed to providing our members with relevant information that will allow them to make informed decisions and reach their financial goals when it comes to home ownership, establishing a budget, or planning for retirement. In 2014, our training specialists provided members with 20 free workshops located across Advantis' six branches.



Café au Play received a \$10,000 GROW grant to support their Night Grounds barista training program for young adults.



Advantis volunteers donated their time to prepare and serve lunch to seniors at the Meals on Wheels People facility in SE Portland.

We're committed

to making a positive impact on our members' lives and on the communities we serve.

STATEMENTS OF FINANCIAL CONDITION

As of December 31, 2014 and 2013

ASSETS	2014	2013
Cash and cash equivalents	\$82,063,793	\$65,616,438
Investments	73,170,115	102,914,688
Loans to members, net of allowance for loan loss	934,744,776	877,349,679
Property & equipment	9,954,885	9,758,979
National Credit Union Share Insurance Fund Deposit	9,158,243	8,444,525
Other assets	56,882,622	48,997,803
TOTAL ASSETS	\$1,165,974,434	\$1,113,082,112
LIABILITIES AND EQUITY		
LIABILITIES		
Members' shares	\$1,020,106,333	\$969,759,456
Accrued expenses and other liabilities	6,151,361	4,643,919
Borrowed funds	20,000,000	30,000,000
Total Liabilities	1,046,257,694	1,004,403,375
EQUITY		
Retained earnings, substantially restricted	119,512,378	109,413,390
Accumulated other comprehensive income	204,362	(734,653)
Total Equity	119,716,740	108,678,737
TOTAL LIABILITIES & EQUITY	\$1,165,974,434	\$1,113,082,112

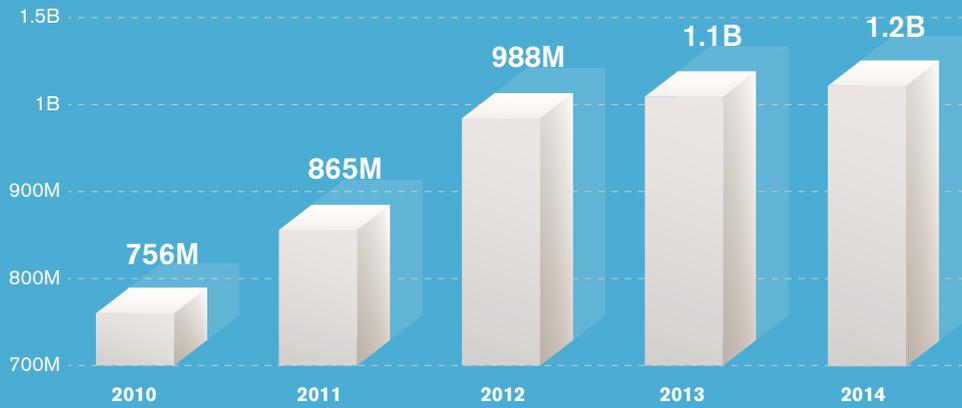
STATEMENTS OF INCOME

For the years ending December 31, 2014 and 2013

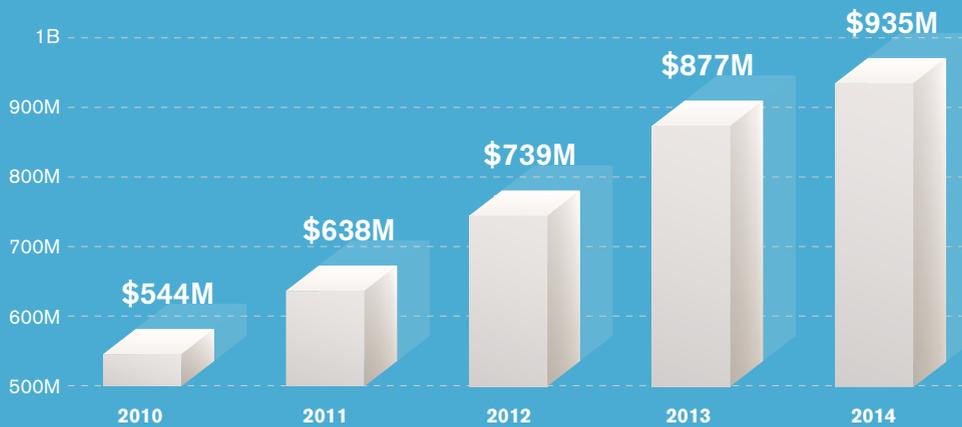
INCOME	2014	2013
Interest on loans to members	\$37,554,488	\$33,652,046
Interest on investments and cash equivalents	1,769,529	2,072,793
Other income	8,548,743	14,048,930
TOTAL INCOME	\$47,872,760	\$49,773,769
EXPENSES		
Salaries & Benefits	\$12,683,266	\$11,282,173
Operations	11,311,834	10,224,591
Occupancy	1,828,407	1,413,233
NCUA Premium Assessment & Impairment Losses	0	675,562
Provision for loan losses	2,998,221	3,389,267
Interest on borrowed funds	95,514	91,444
Dividend expense	8,856,530	9,511,314
TOTAL EXPENSES	\$37,773,772	\$36,587,584
NET INCOME	\$10,098,988	\$13,186,185

FINANCIAL TRENDS

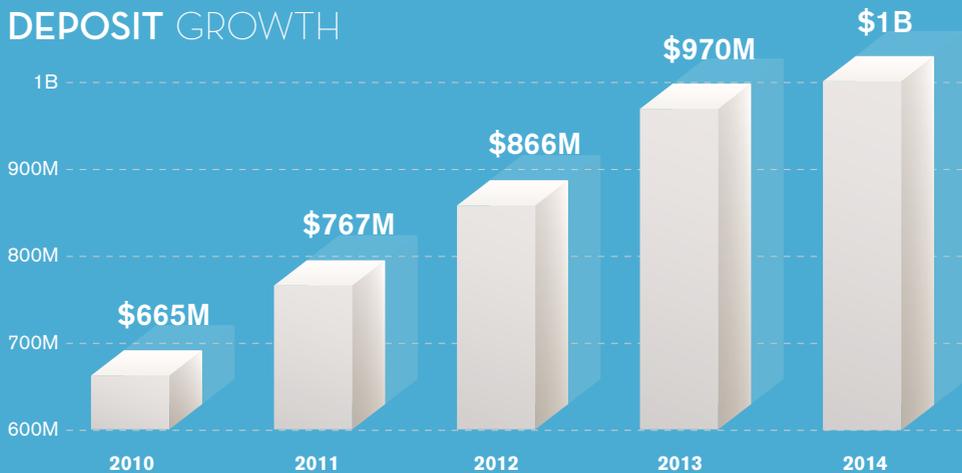
ASSET GROWTH



LOAN GROWTH

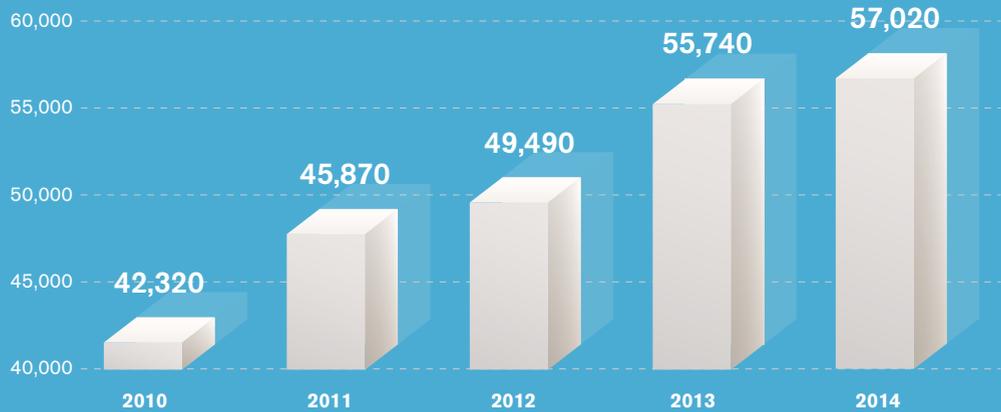


DEPOSIT GROWTH



FINANCIAL TRENDS

MEMBERSHIP GROWTH



CAPITAL GROWTH



57,020
Members Strong

As of December 31st	2014
Assets	\$1,200,000,000
Deposits	\$1,020,000,000
Loans	\$935,000,000

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 2014, 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.

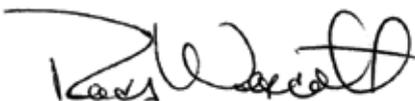
In fulfilling statutory duties and obligations to safeguard member assets, the Audit Committee's primary responsibilities includes strategic oversight of (1) the independent external financial audit of the financial statements and records, (2) internal assessments of the control structures for the Credit 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, 2014; Info@Risk to perform an independent IT and information 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 2014, 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
3/09/2015

If you've wondered what makes Advantis different,

it's our cooperative, not-for-profit, member-owned structure. Advantis' mission is to improve the financial lives of our members, and our primary focus is to provide relevant, valued financial services to our members while maintaining the financial strength of the credit union. We do not pay dividends to outside stockholders; credit union income is returned to members in the form of better rates, lower fees, and innovative services. Advantis acts as a trusted advisor to our members, helping them make financial decisions that are in their best interest. We are committed to easy access with extraordinary service, and everything we do is guided by our values: safe and strong, integrity, passion and teamwork.

Board of Directors

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

Audit Committee

Ross Wescott – Chair
Lucrecia Choto
Andy Dolberg
Tom Hoang
Debra Horvath

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
Griff O'Brien
SVP/Chief Membership Officer
Jeff Schwarz
SVP/Chief Lending Officer
Laurie Wilson
SVP/Chief Financial Officer

Administration Office

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