



## 2010 Annual Report

A large, 3D rendering of the word "Advantis" in a light beige, sans-serif font. The letters are mounted on a wall with a vertical wood grain texture. The scene is illuminated from the top, creating soft shadows and highlights on the letters and the wall. The background features abstract, flowing bands of color in shades of orange, yellow, and red, suggesting a sunset or a stylized landscape.

# Report of the Chairman & President

## Succeeding in the “New” Economy

We are pleased to report that Advantis Credit Union achieved record financial results in 2010.

In 2009 the financial services industry and broader economy was hit hard by well publicized events and circumstances that led to the most severe recession experienced in the United States since the Great Depression. It was also a year in which the Credit Union realized its first ever loss as Advantis. Faced with a higher default rate on loans due to member unemployment, assessments to shore up the credit union federal deposit insurance program and decreased demand for loans, Advantis worked with determination to build member value in this “new” economy. In 2010 the Credit Union made a number of strategic and operational adjustments to effectively respond to these new challenges and opportunities. Helped in part by improved economic conditions, Advantis posted net income of \$7.3 million in 2010, a \$9.6 million improvement over 2009.

These results were attained in what remains a difficult lending environment. A healthier economy has clearly led to fewer loan defaults and charge-offs. Nonetheless, many members and consumers are either unemployed or remain uncertain about their job status, and loan demand remains low as a consequence. In addition, the events and experiences of the last two years have caused consumers who have the ability to do so to pay off debt, and the general decline in home values has taken away substantial equity that previously often served as a primary source of loan collateral.

## Building Value for Our Members

Advantis added to its legacy of creating and delivering outstanding financial value in 2010. At \$111 million in funding, the Credit Union generated its second highest first mortgage loan volume ever. Most of these loans replaced higher interest debt, immediately

improving the members’ financial situation by reducing their monthly house payments, often by a significant amount. Advantis also introduced a ten year fixed rate first mortgage loan in September featuring a very low interest rate and minimal closing costs. This product is designed to help members pay off their debt quickly and offers a better “yielding” alternative to today’s lower market deposit rates.

The Credit Union continued to receive national recognition for the value we provide our member-owners. For the quarter ending December 31, 2010 Advantis was ranked fourth out of 202 credit unions in the United States with assets between \$250 million and \$1 billion for returning financial value to members by Callahan & Associates, a national research and consulting firm. Advantis has been recognized as best in the nation a total of six times and has been ranked in the top three percent 21 times in the last 23 quarters.

A major renovation of the S.E. 30th & Belmont Branch was also completed in 2010. The building was in need of many upgrades and it was necessary to provide support staff with more efficient workspace. Several options were considered and it was determined that investing in an improved facility at this site was the most cost effective solution. The new building is designed to provide a better service experience for members who use the Credit Union’s busiest location. The completion of this ten month project was celebrated in January with a two day grand reopening attended by over 800 members and prospective members. For those who have yet to visit the new branch, please do so at your first convenience. We hope you will be pleased with the welcoming design, improved privacy, security and ease of use.

## Partnering With Our Communities

One of the things we are most proud of is the charitable efforts of our staff and volunteers. In fact, one of Advantis' core values is to make a difference in our members' lives and in our community, and that is a responsibility we take seriously. The Credit Union's employees, Board of Directors and Audit Committee volunteer hundreds of hours per year at various local and national causes like Doernbecher Children's Hospital, the Sunshine Division, the American Red Cross and many others.

This past year, in addition to all of its regular work in the community, Advantis was the title sponsor for a project to build two specially adapted homes for severely disabled veterans of our armed forces. After nearly three years of coordinating fundraising activities and seeking donations of materials and labor, the Credit Union was able to give homes to very deserving local heroes. The two homes were 100 percent donated to the veterans by Advantis, Homes for Our Troops and hundreds of people in our community. Visit [www.advantiscu.org](http://www.advantiscu.org) to see videos of the incredible build brigades with hundreds of volunteers and the emotional key ceremonies. It is difficult to imagine a more worthy cause, and Advantis is encouraging other credit unions, community organizations and businesses to sponsor homes for more local veterans who deserve and need help. If your organization would consider sponsoring a home please contact the Credit Union.

## Looking Ahead

As always, a full slate of initiatives is planned for 2011. Two significant activities involve Advantis branches. The 17th Avenue location will be closed in June to make way for TriMet's new North-South light rail line that will run from downtown Portland to Milwaukie. The Credit Union has no choice in this matter as its property is being taken through the process of eminent domain. At the same time,

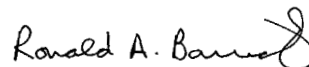
Advantis understands the importance of this project to the community and is working closely with TriMet to complete a smooth transition for all stakeholders, particularly the Credit Union's members.

In July Advantis will be opening its new Fremont Branch, located in the Irvington neighborhood at NE 15th and Fremont. This office is part of Advantis' plan to provide a branch network that is more evenly distributed in the greater metro area. It also fits with the overall objective of placing branches in locations where existing and prospective members live, shop and prefer to do business with their financial institution. It will have the same layout, look and feel as the Belmont and Hillsboro branches.

The Credit Union is also working on several delivery channel and service enhancements for 2011, highlighted by the introduction of its mobile banking platform in April. Users of either Android or iPhone smartphones will be able to access their accounts and utilize nearly all the same functionality that is available via Advantis' extremely popular online banking service, bringing unprecedented convenience to members' thumb tips.

We would like to acknowledge and thank our staff and volunteers for all their hard work to make Advantis the financial institution of choice for our members. And, most importantly, we want to thank our members for their ongoing loyalty and support and choosing to do business with Advantis.

**Jake Jensen**  
CHAIR

  
**Ronald A. Barrick**  
PRESIDENT / CEO

# Statement of Financial Condition

As of December 31, 2010 and 2009

<b>ASSETS</b>	<b>2010</b>	<b>2009</b>
Cash and cash equivalents	\$65,433,375	\$22,551,417
Investments	118,438,064	100,064,082
Loans to members, net of allowance for loan loss	544,106,690	576,701,204
Property & equipment	10,250,900	7,540,005
National Credit Union Share Insurance Fund Deposit	6,127,283	6,080,942
Other assets	11,992,963	10,615,001
<b>TOTAL ASSETS</b>	<b>\$756,349,275</b>	<b>\$723,552,651</b>
<b>LIABILITIES AND EQUITY</b>	<b>2010</b>	<b>2009</b>
<b>Liabilities</b>		
Members' shares	\$664,780,283	\$634,225,206
Accrued expenses and other liabilities	6,040,117	6,283,432
Borrowed funds	10,068,649	14,822,438
Total Liabilities	680,889,049	655,331,076
<b>Equity</b>		
Retained earnings, substantially restricted	75,852,373	68,549,123
Accumulated other comprehensive income	(392,147)	(327,548)
Total Equity	75,460,226	68,221,575
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$756,349,275</b>	<b>\$723,552,651</b>

# Statement of Income

For the years ending December 31, 2010 and 2009

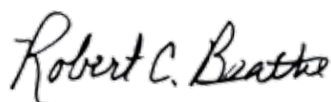
<b>INCOME</b>	<b>2010</b>	<b>2009</b>
Interest on loans to members	\$31,221,195	\$30,907,006
Interest on investments and cash equivalents	2,718,109	3,653,685
Other income	6,125,960	6,255,405
<b>TOTAL INCOME</b>	<b>\$40,065,264</b>	<b>\$40,816,096</b>
<b>EXPENSES</b>	<b>2010</b>	<b>2009</b>
Salaries & benefits	\$7,484,222	\$7,258,348
Operations	7,977,714	7,825,312
Occupancy	1,295,390	1,044,656
NCUA premium assessment & impairment losses	1,754,307	2,974,715
Provision for loan losses	4,966,285	9,647,478
Interest on borrowed funds	280,733	598,503
Dividend expense	9,003,363	13,768,317
<b>TOTAL EXPENSES</b>	<b>\$32,762,014</b>	<b>\$43,117,329</b>
<b>NET INCOME</b>	<b>\$7,303,250</b>	<b>\$(2,301,233)</b>

# Audit Committee Report

Your Advantis Audit Committee is currently comprised of the following volunteers—Ross Wescott, Renee Halpern, Martin Dieterich, Laura Andersen and myself. We have the responsibility to oversee and verify that Advantis has established and maintains an internal control framework that provides reasonable assurance as to the reliability and integrity of the financial statements and compliance with laws and regulations.

We have fulfilled this responsibility primarily in two ways. We employ an Internal Auditor and have engaged an external audit firm to audit the financial statements. We have engaged the services of Moss Adams to perform as our External Auditor. We also utilize other expert resources as needed to assist us in our responsibilities. A copy of the complete audited financial statements with Moss Adam's opinion is available at the administrative office of Advantis.

Audit Committee members attend and participate in the monthly Board of Directors' meetings. The Audit Committee also meets separately once a quarter. At these meetings we review the work of the internal auditor, management and the external auditor to ensure the Committee's responsibilities are properly discharged. We also meet individually with the internal and external auditors without management present to discuss relevant issues and assure their independence from management.



**Robert C. Beattie**

AUDIT COMMITTEE CHAIR

2/25/11

**43,300**  
Members Strong

As of December 31st	2010
<b>Assets</b>	\$756,000,000
<b>Deposits</b>	\$665,000,000
<b>Loans</b>	\$544,000,000



# We're Proud to Serve Our Community

Making a difference in the communities we serve is a core value at Advantis. During 2010, we sponsored events, raised money, and organized our employees to volunteer their time in support of many charities and community programs. We proudly supported initiatives to help children, needy families, neighborhood development, and housing for injured veterans.

## Building Homes for Our Troops

The entire community joined Advantis to help build homes for two local heroes, Army National Guard Staff Sergeant Christian Bagge and Army Specialist Kevin Pannell, who returned from service with severe disabilities. Advantis partnered with national non-profit Homes for Our Troops and hundreds of local volunteers to build specially adapted homes that accommodate their disabilities and restore some of their personal independence.



## Board of Directors

Jake Jensen – Chair  
Patrick Hager – Vice Chair  
Amanda Owings – Secretary  
Jim Baggenstos  
Greg Carlson  
Roger Hediger  
John Hren  
Bob Pearson  
Josh Roberts

## Alternate Directors

Carolyn Benolken  
Hilary Gold  
David Rossi  
Shannon Sivell  
Tammy Teske

## Branch Locations

**17th Avenue**  
3717 S.E. 17th Avenue, Portland, OR 97202

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

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

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

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

## Executive Leadership Team

Ron Barrick  
President/CEO  
Chris Anderson  
Vice President of Lending  
Tim Clouse  
Vice President of Information Technology  
Wendy Edwards  
Vice President of Marketing & Human Resources  
Laurie Wilson  
Vice President of Finance

## Audit Committee

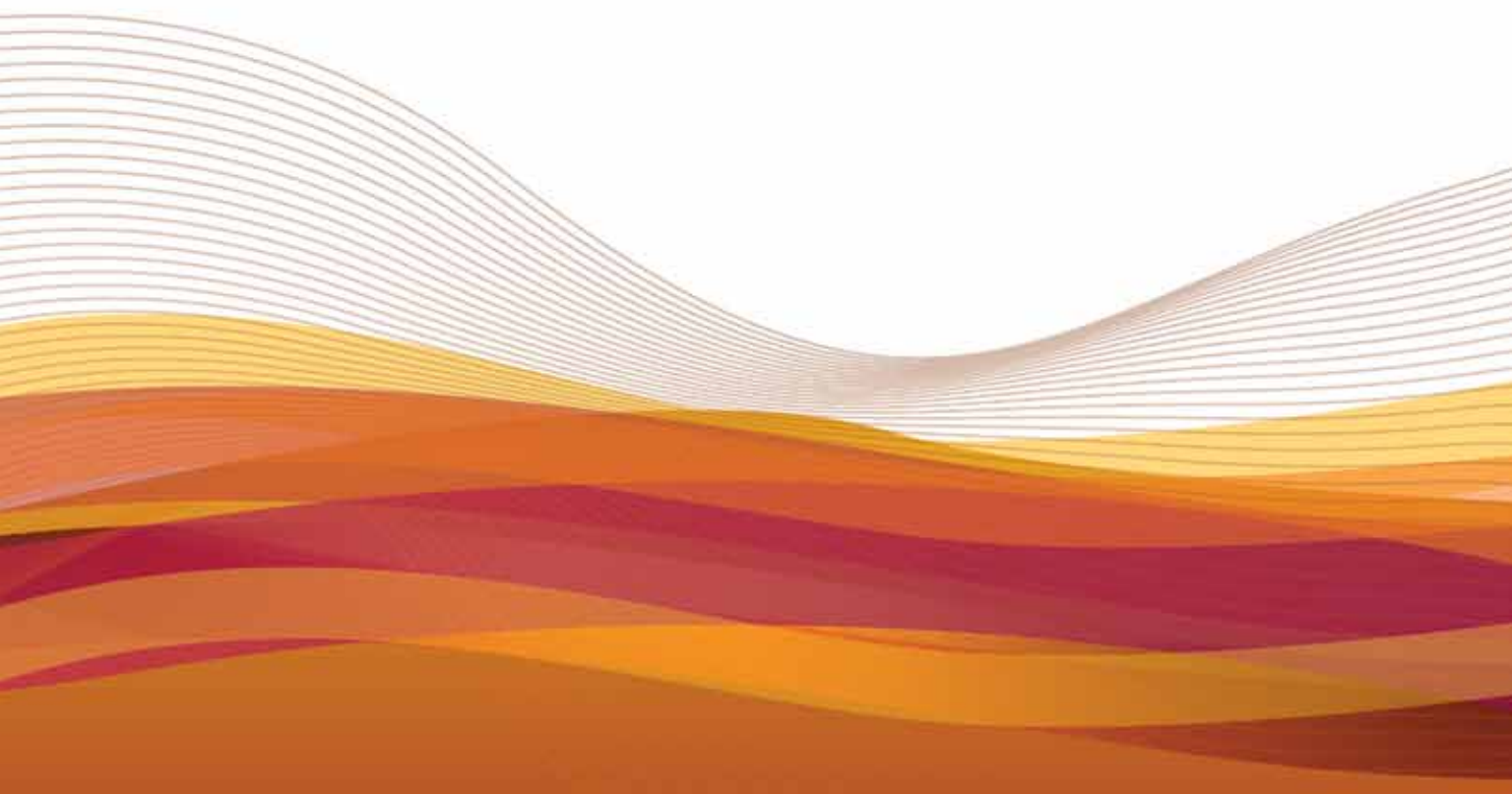
Bob Beattie – Chair  
Ross Wescott – Secretary  
Laura Andersen  
Martin Dieterich  
Renee Halpern

## Administration Office

10501 S.E. Main Street  
Milwaukie, OR 97222

## Contact Us

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800-547-5532  
[www.advantiscu.org](http://www.advantiscu.org)



**Advantis**  
*credit union*