



ANNUAL REPORT 2017



REPORT OF THE CHAIR & PRESIDENT

2017 was another successful year for both Advantis Credit Union and our members. As a not-for-profit financial cooperative, Advantis exists to serve our members and is dedicated to their financial success. In fact, behind the scenes we refer to ourselves as *passionate advocates* for our members, because we are proud to act in your best interest. We put heart into our work – and our work is entirely about helping you achieve your financial goals.

2017 Financial Highlights

Advantis achieved another year of solid financial performance. We continued to build a safe and strong foundation for future growth. Advantis ended the year with a net worth ratio of 11.04%, well above the regulatory standard for well-capitalized Credit Unions. We produced net income of \$9.4 million, a return of 0.70% on average assets, all of which contributed to the Credit Union's growing capital as we entered 2018.

Advantis continued to carefully manage operational expenses, which were 12.54% lower than our peer average. This allowed us to return more of our earnings back to our members by paying higher rates on deposits, charging lower rates on loans, and providing more free services.

Our members and the local market continued to have demand for Advantis products and services, as the Credit Union achieved growth in several areas. We grew membership by 8.19%, welcoming over 5,500 new member-owners to our cooperative. We achieved growth in loans managed by the Credit Union (including first mortgage loans) of 7.69%, as thousands of members turned to Advantis to finance homes, cars, important projects, and pay off high-interest debt.

2017 Initiatives

You asked and shared. We listened and took action. Many of our initiatives were driven entirely by feedback from members through our new survey system and in-person interviews. Here are just a few of the enhancements and improvements we made in 2017 based on your input:

Making it easy and convenient

We opened two additional locations to serve you in recent months, making it more convenient to get in-person financial advice. Our new Scholls Ferry Branch in Tigard and Woodstock Branch in Southeast Portland were greeted enthusiastically by area members. Both locations feature technology enhancements that allow for faster transactions and a better service experience. We plan to open additional locations in the future to serve our growing and diverse membership.

Advantis made improvements to our online and mobile service channels in 2017. We launched a new responsive website, providing an excellent experience for members visiting advantiscu.org on any type of mobile device. The Credit Union made several improvements to online banking, adding features to our mobile app to make it faster for members to check balances, manage their accounts, deposit checks, and more. We also launched an improved online loan application, making it quicker and easier for members to request and receive financing.

We made it more secure and convenient for members to make purchases. Advantis made chip technology standard for all debit cards in 2017. The microchip allows for data transmission through a one-time encrypted code, providing extra fraud protection. Chip technology is in use in 130 countries worldwide,

so members will enjoy greater card acceptance when traveling. After launching Apple Pay in 2016, Advantis worked on integration with Google Pay and Samsung Pay throughout 2017, launching the services in early 2018. Members can now add their Advantis cards to all three mobile wallet options and pay with a tap of their phone at participating retailers.

Advantis launched an online Financial Education Center in December of 2017, making it easier than ever for members to learn about improving their finances.

New products to fit members' needs

We introduced new mortgage loan products in 2017 to make it easier for members to achieve their dream of home ownership. Our new Home Possible® program makes it more feasible for members with a low household income or down payment to purchase a home. We also launched a new Jumbo Mortgage program that provides financing for larger home purchases - a solution to help members contending with rising home prices in the Portland-Metro market.

Advantis launched a one-of-a-kind Cashback Checking account in September of 2017, offering members the ability to earn unlimited cashback on qualifying debit purchases. Over 1,400 members had opened a free Cashback account by the end of 2017, many of whom are excited to have an alternative rewards product that better fits their needs.

Plans for 2018

Looking forward to 2018, Advantis will continue to improve our product mix and online service channels, providing the value and convenience our members expect. We will refresh our deposit products, introducing new

certificate, money market, and IRA accounts that will offer greater simplicity and financial value for our members. Based on feedback from online surveys and member interviews, Advantis will make further improvements to online banking and our mobile app, making it easier for members to manage and move their money. Advantis will convert to an improved debit and credit card processor, providing greater efficiencies for the Credit Union and more self-service features for our members.

We thank our Board of Directors for their leadership over the past year, and their unwavering commitment to serve in the best interests of our members. The Board, comprised entirely of Advantis members, continues to enhance the strategic planning and implementation process for the Credit Union. Beyond their function as an important oversight body, they regularly provide insightful guidance to the senior team from a member perspective, ensuring that Advantis is growing in a way that continues to provide distinct value to its 73,000 member-owners.

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.



Amanda Owings

Amanda M. Owings

CHAIR



Robert W. Corwin

Robert W. Corwin

PRESIDENT/CEO

ADVANTIS IN THE COMMUNITY

When you bank with Advantis, you add value to the local community. As a not-for-profit cooperative we not only return financial value to you through great rates and more free services, but also donate time and resources to help our local communities grow stronger. The more our cooperative grows, the more we can return to our community.

2017 Community Giving:



1,035
HOURS
volunteered by
our employees
in the community



\$70,344
CONTRIBUTED
through event sponsorships
for charitable causes



\$59,708
DONATED
to nonprofit organizations
through corporate, in-kind
and employee match
donations



15
WORKSHOPS
focusing on financial
education presented
free to community
members



Twice per year, Advantis staff volunteer at *Habitat for Humanity*, working as a team to help make homeownership a reality for local families.



Advantis volunteers partnered with *SOLVE* last spring to remove ivy, plant trees and create trails at Mary S. Young Park in West Linn.



Our House of Portland received a 2017 GROW grant to install shelving, storage and new refrigeration and freezer systems at their Esther's Pantry facility. Esther's Pantry provides food and personal care items to low-income people living with HIV.



GROW: The Advantis Community Fund is our annual \$50,000 grant-making fund designed to provide nonprofit organizations with resources to address a wide range of needs in the community, one project at a time. Since its launch in 2011, GROW has contributed over \$350,000 to local organizations and funded 46 projects.

“It’s nice to have an employer that recognizes the value of volunteerism and giving back to the community that we’re a part of. Our volunteer events provide a way to connect with each other on a human level that you don’t find in an office environment.”

*- Erika Ordaz
Home Equity Lending Supervisor*



STATEMENTS OF FINANCIAL CONDITION

As of December 31, 2017 and 2016

ASSETS	2017	2016
Cash and cash equivalents	\$108,958,326	\$145,142,672
Investments	37,467,489	48,361,511
Loans to members, net of allowance for loan loss	1,158,111,027	1,063,743,800
Property & equipment	10,979,288	9,436,727
National Credit Union Share Insurance Fund Deposit	10,943,713	10,089,962
Other assets	46,200,169	42,953,618
TOTAL ASSETS	\$1,372,660,012	\$1,319,728,290
LIABILITIES AND EQUITY		
LIABILITIES		
Members' shares	\$1,187,993,374	\$1,151,698,471
Accrued expenses and other liabilities	13,111,573	6,093,604
Borrowed funds	20,000,000	20,000,000
Total Liabilities	1,221,104,947	1,177,792,075
EQUITY		
Regular reserves	16,965,039	16,965,039
Retained earnings	134,518,412	125,113,693
Accumulated other comprehensive income	71,614	(142,517)
Total Equity	151,555,065	141,936,215
TOTAL LIABILITIES & EQUITY	\$1,372,660,012	\$1,319,728,290

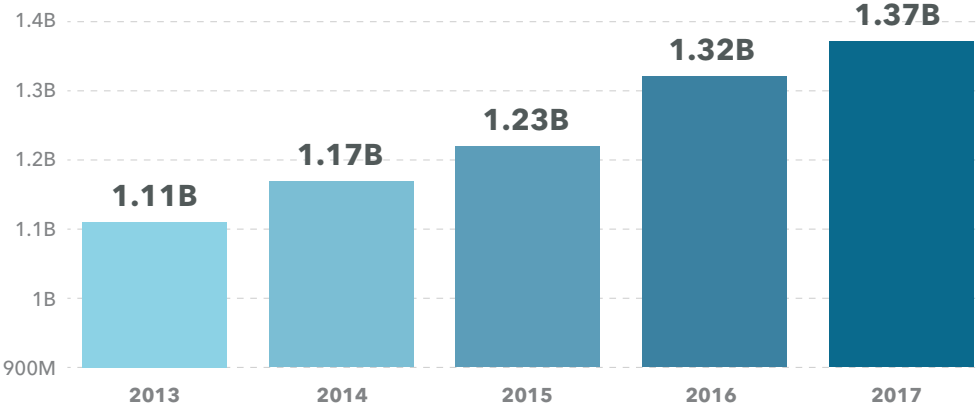
STATEMENTS OF INCOME

For the years ending December 31, 2017 and 2016

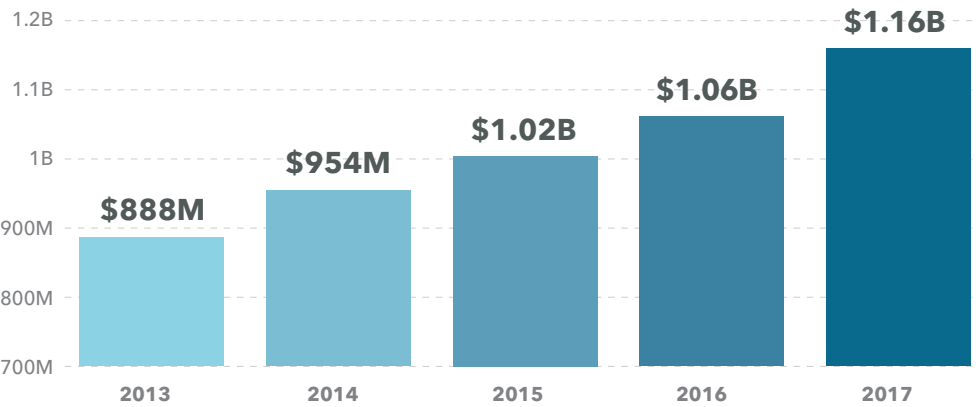
NET INTEREST INCOME	2017	2016
Interest on loans	\$47,170,378	\$42,049,430
Interest on investments and cash equivalents	2,514,912	1,846,903
Dividend expense	8,779,019	8,189,296
Interest expense on borrowed funds	314,306	385,539
Provision expense for loan losses	7,817,019	5,393,778
Net interest income after provision expense	32,774,946	29,927,720
OTHER INCOME	13,136,157	14,217,490
OPERATING EXPENSES		
Salaries & Benefits	17,158,746	15,338,608
Operations and Occupancy	19,347,638	18,020,314
Total operating expenses	36,506,384	33,358,922
NET INCOME	\$9,404,719	\$10,786,288

FINANCIAL TRENDS

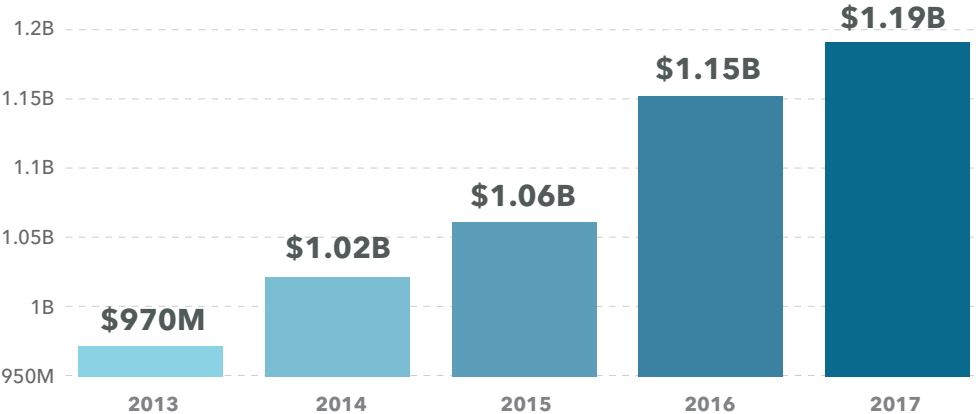
ASSET GROWTH



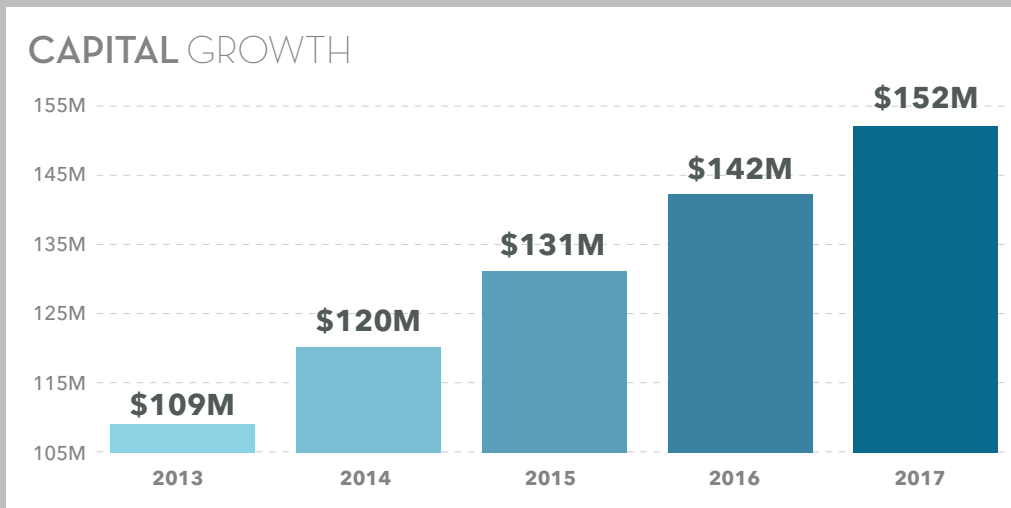
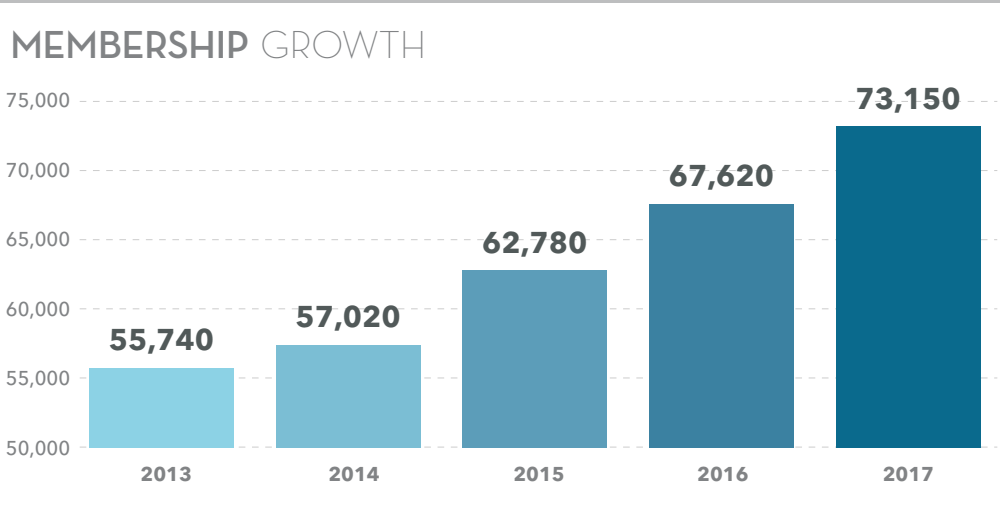
LOAN GROWTH



DEPOSIT GROWTH



FINANCIAL TRENDS



73,153
Members Strong

As of December 31st **2017**

Assets	\$1,373,000,000
Deposits	\$1,188,000,000
Loans	\$1,158,000,000

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 2017, the Committee held quarterly meetings with Advantis' Senior Audit Officer, held additional meetings with high-risk area vice-presidents, 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, 2017 and the Credit Union's Internal Audit staff to provide internal audit services.

The Credit Union was also examined by its government regulators during 2017, 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 CUERME

Audit Committee Chair
3/20/2018

Board of Directors

Amanda Owings, Chair
Andy Dolberg, Vice Chair
Tammy Teske, Secretary/Treasurer
Carolyn Benolken
Tarun Gudz
Patrick Hager
Renee Halpern
Roger Hediger
Jake Jensen

Associate Directors

Rick Veira
Frederic Dupeyroux

Audit Committee

Ross Wescott, Chair
Joseph Albert
Tom Hoang
Brandon Lepley

Branch Locations

Belmont
3010 SE Belmont Street
Portland, OR 97214

Downtown
120 SW Taylor Street
Portland, OR 97204

Fremont
3515 NE 15th Avenue
Portland, OR 97212

Hillsboro
7387 NE Butler Street
Hillsboro, OR 97124

Lloyd Center
825 NE Multnomah Street, Suite 110
Portland, OR 97232

Scholls Ferry
12262 SW Scholls Ferry Rd
Tigard, OR 97223

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

Woodstock
4235 SE Woodstock Blvd
Portland, OR 97206

Executive Leadership Team

Bob Corwin
President/CEO
Tim Clouse
SVP/Chief Innovation Officer
Wendy Edwards
SVP/Chief Administrative Officer
Chris Groshko
SVP/Chief Retail Officer
Keli Myers
SVP/Chief Credit Officer
John Nichols
Vice President of Marketing
Laurie Wilson
SVP/Chief Financial Officer

Administration Office

9200 SE Sunnybrook Blvd., Suite 300
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