Safe, Strong and Growing

2013 was another successful year for Advantis Credit Union, with strong growth in assets, loans, deposits, and membership. Membership increased by 12%, ending 2013 with 55,743 members who find value in our financial cooperative. Advantis reached $1 billion in assets in March 2013 – a significant milestone as credit unions of this size can achieve economies of scale to control their expenses and serve their members more efficiently. Of the nation’s 8,687 credit unions, only 209 have assets of $1 billion or more.

Interest rates remained at historical lows for the fifth consecutive year, further depressing asset yields for all financial institutions as new, lower rate loans and investments replace maturing assets booked during higher rate periods. The amount of regulation that financial institutions face is at an all-time high and growing, and credit unions will have to dedicate more financial and human resources to compliance management. Despite thin margins and intense competition, Advantis produced strong financial results while continuing to build capabilities necessary to sustain our member-focused mission. Our continued success in a challenging interest rate environment reflects our commitment to manage risk effectively and operate efficiently. We ended the year with a net worth ratio of 9.83%, well above the regulatory standard for “well capitalized” credit unions, and up from 9.74% in 2012.

Protecting Our Tax Status

As Congress contemplated tax reform legislation and big banks attacked the credit union tax exempt status, the Credit Union National Association (CUNA) launched the “Don’t Tax My Credit Union” campaign. Advantis members were active participants in the campaign, making 2,273 contacts with their congressional representatives and senators since last May. Nationally, the grassroots effort resulted in 30 million contacts with Congress. Thank you for taking time to respond to this important call to action – our collective voice was heard, and credit unions’ tax status was left untouched in a tax reform plan released by the House Committee on Ways and Means on February 26, 2014. This is a win for credit union members, but the industry is remaining vigilant because the bank lobby continues to try to attack our tax status.

Advantis was recognized with the “Top of the Hill Award” by the Northwest Credit Union Association (NWCUA) for our strong legislative advocacy, and Advantis Board Chair Jake Jensen was named the NWCUA 2013 Oregon Credit Union Advocate of the Year. Over the past year, Jake has worked tirelessly on behalf of the credit union movement, delivering the credit union message in person to members of Congress, and by hosting an Oregon congressman at Advantis for a town hall meeting.

Enhancing Members’ Service Experience

Last year we completed a number of projects to enhance our members’ service experience. We redesignated our website with a new look and improved navigation and online features. In early December, we added a convenient mobile check deposit feature to our mobile banking application for Android and Apple devices. Making a deposit is now as easy as snapping a picture of your check and submitting it with our application. Advantis’ existing downtown branch, located at Second and Taylor, underwent extensive renovations to provide a thoughtfully-designed space with enhanced convenience for our members. In January 2014, we opened our sixth metro area branch at West Linn’s Central Village on Willamette Drive.

Plans for 2014

As we look forward to the coming year, we will continue to build upon the value that we offer and invest in the financial well-being of our members. Plans for the upcoming year include technology improvements, such as an exciting new online banking and bill pay system, and internal emphasis on efficiency and process improvement.

The board of directors is made up of Advantis members who volunteer their time and remain committed to making a difference, and we thank them for their time, energy, and service. We would also like to thank our employees for all their hard work and for exemplifying the credit union difference every day. Most importantly, we thank our members for their ongoing support and loyalty. We value your membership and look forward to helping you make 2014 a great year.
Advantis is committed to making a positive impact on our members’ lives and in the communities we serve. In 2013, Advantis and its employees provided over $160,000 in financial support and in-kind contributions to 45 non-profits and service organizations for projects that enrich our communities. Our outreach takes many forms beyond direct giving, such as providing volunteers for community projects, fundraising on behalf of Doernbecher Children’s Hospital, organizing food drives for the Sunshine Division, and providing free financial education. The generosity and participation of our employees contributed greatly to the success of these initiatives, and Advantis was named one of Portland’s top corporate philanthropists by the Portland Business Journal for the fourth consecutive year.

Advantis in the Community

We’re committed to making a positive impact on our members’ lives and in the communities we serve.

GROW: The Advantis Community Fund

Advantis celebrated the third year of GROW, a fund established to help our communities grow stronger. In 2013, GROW provided six local non-profits with funds totaling $50,000. Projects ranged from creating community gardens that feed low-income elementary students to refurbishing a home that provides teen girls in the foster care system a safe and comfortable place to live. Advantis members and the public were actively engaged in the campaign, submitting over 42,000 votes to determine which community projects would receive funding. GROW has invested $150,000 to benefit our community since it began in 2011.

Growing Gardens received $10,000 to purchase garden tools and supplies for the school garden program for elementary students.

Boys & Girls Aid used their $5,500 in GROW funding to provide furnishings and décor for the Seneca House, a home that provides a safe living environment for teen girls in the foster care system.

DoveLewis Emergency Animal Hospital, recipient of $9,500 in GROW funding, provides 24-hour emergency and critical care to animals within our community.

Advantis Scholarships

Advantis college scholarships are awarded for outstanding academic achievement and community service. In 2013, $22,000 was provided in scholarships to student-members. Since 2006, Advantis has awarded over $187,000 to assist 125 members with their higher education endeavors.

Advantis employees pack Sunshine Division holiday food boxes. Each December, the organization delivers 3,500 boxes to families in need.

Financial Education

Free financial education is one way that Advantis has been fulfilling our mission. Advantis offers seminars focused on helping individuals make wise choices in all areas of personal financial management, with an emphasis on saving, credit management, home ownership, investing, and retirement planning. Our personal financial educators can provide one-on-one assistance with budgeting, debt management, and rebuilding credit. A complete list of financial resources and seminars can be found at www.advantiscu.org/resources.

A group of 11 Advantis employees spent the afternoon pulling ivy and other invasive species at Forest Park.

Each summer, Advantis staff devotes an afternoon to animal socialization at the Oregon Humane Society.
Statements of Financial Condition
As of December 31, 2013 and 2012

ASSETS
- Cash and cash equivalents: $65,616,438 in 2013, $78,570,276 in 2012
- Investments: 102,914,688 in 2013, 99,775,805 in 2012
- Loans to members, net of allowance for loan loss: 877,349,679 in 2013, 738,928,928 in 2012
- Property & equipment: 9,758,979 in 2013, 9,552,658 in 2012
- National Credit Union Share Insurance Fund Deposit: 8,444,525 in 2013, 7,608,640 in 2012
- Other assets: 48,997,803 in 2013, 53,391,019 in 2012

TOTAL ASSETS: $1,113,082,112 in 2013, $987,827,326 in 2012

LIABILITIES AND EQUITY

LIABILITIES
- Members' shares: $969,759,456 in 2013, $866,225,448 in 2012
- Accrued expenses and other liabilities: 4,643,919 in 2013, 4,763,041 in 2012
- Borrowed funds: 30,000,000 in 2013, 20,000,000 in 2012
- Total Liabilities: 1,004,403,375 in 2013, 890,988,489 in 2012

EQUITY
- Retained earnings, substantially restricted: 109,413,390 in 2013, 96,227,205 in 2012
- Accumulated other comprehensive income: (734,653) in 2013, 611,632 in 2012
- Total Equity: 108,678,737 in 2013, 96,838,837 in 2012

TOTAL LIABILITIES & EQUITY: $1,113,082,112 in 2013, $987,827,326 in 2012

Statements of Income
For the years ending December 31, 2013 and 2012

INCOME
- Interest on loans to members: $33,652,046 in 2013, $32,814,806 in 2012
- Interest on investments and cash equivalents: 2,072,793 in 2013, 1,956,247 in 2012
- Other income: 14,048,930 in 2013, 11,071,186 in 2012
- TOTAL INCOME: $49,773,769 in 2013, $45,842,239 in 2012

EXPENSES
- Operations: 10,169,656 in 2013, 9,881,828 in 2012
- Occupancy: 1,413,233 in 2013, 1,321,898 in 2012
- NCUA Premium Assessment & Impairment Losses: 675,562 in 2013, 520,666 in 2012
- Provision for loan losses: 3,389,267 in 2013, 467,737 in 2012
- Interest on borrowed funds: 91,444 in 2013, 298,133 in 2012
- Dividend expense: 9,511,314 in 2013, 8,684,492 in 2012
- TOTAL EXPENSES: $36,587,584 in 2013, $31,505,342 in 2012

NET INCOME: $13,186,185 in 2013, $14,336,897 in 2012
The Advantis Credit Union Audit Committee is a four 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. 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.

In fulfilling statutory duties and obligations to safeguard member assets, the Audit Committee’s primary responsibilities include overseeing the completion of (1) an independent external financial audit of the financial statements and records, (2) internal control reviews of the Credit Union, (3) verification of members’ accounts, and (4) reviews of closed accounts. In addition, the committee provides oversight to 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, 2013; Info@Risk to perform independent IT and information security audits; and the Credit Union’s internal audit staff to provide internal audit services.

The Credit Union was also examined by its government regulators during 2013, 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
3/11/2014

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

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

Alternate Directors
Aaron Knott
David Rossi

Audit Committee
Ross Wescott — Chair
Bob Beattie
Andy Dolberg
Kim Johnsen

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

Administration Office
10501 S.E. Main Street
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