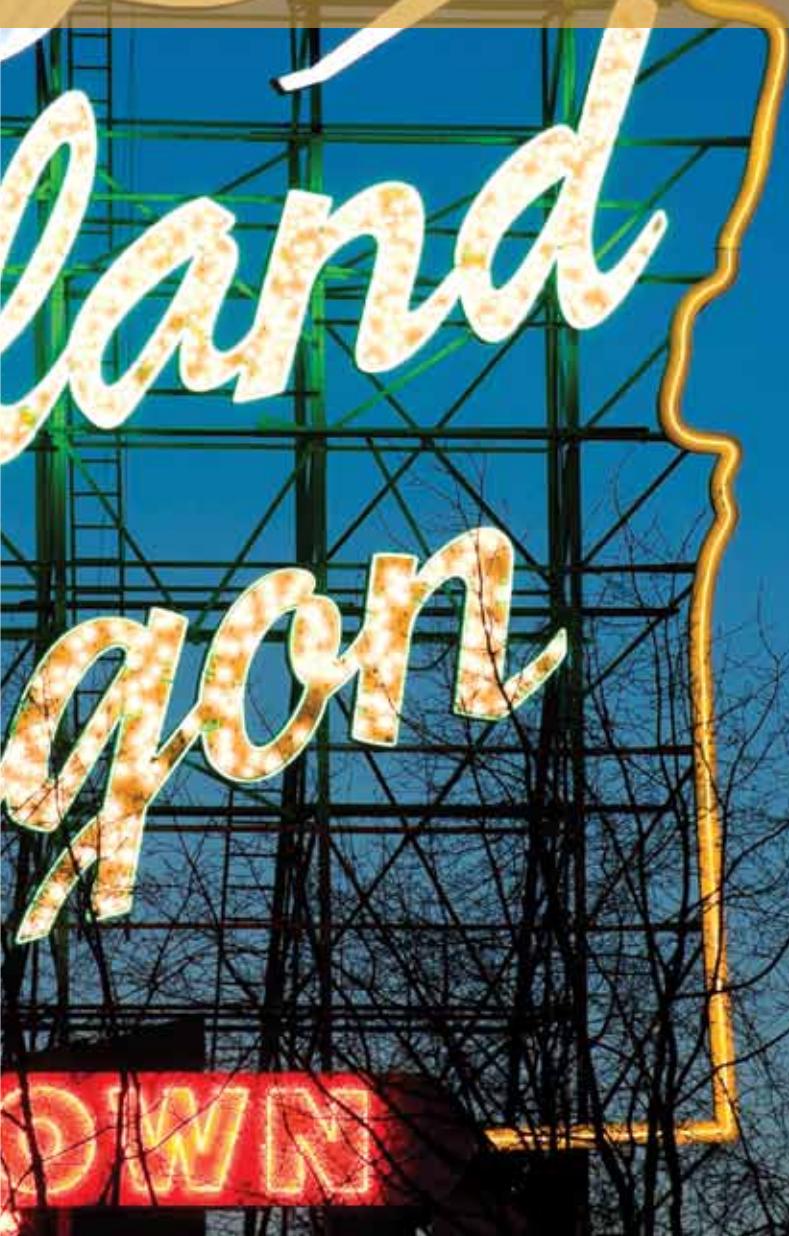




2011 Annual Report



Federally insured by the NCUA

Report of the Chair & President

Dependable Performance

2011 was another in an impressive string of years of providing Advantis members with outstanding service, quality products, innovative delivery channels and exceptional financial value. Evidence of this came in the form of an 8.4% increase in membership; a 15.3% increase in deposits; and a 16.2% increase in loans outstanding as Advantis grew to \$865 million in assets to become the fourth largest credit union in Oregon.

Just as impressive as Advantis' growth were its financial metrics and performance during challenging economic conditions. Advantis tracks its results relative to a peer group of eight of the largest credit unions in Oregon and Southwest Washington as well as to a peer group that includes the nation's largest credit unions.

Very competitive deposit rates enabled the Credit Union to earn a large share of its members' savings, resulting in average member balances of \$16,700, 76% higher than its regional peer group median of \$9,500. Advantis incurred slightly more than \$.52 in overhead expense for every \$1 of income it created in 2011. That ratio is lowest amongst Advantis' regional peer group and is 16% less than the regional peer median of \$.62. It's also one of the primary reasons Advantis is consistently recognized for returning exceptional financial value.

Advantis' asset quality remained excellent. 2011 loan delinquencies were .62%, which is 59% less than the national peer average of 1.51%. Likewise, Advantis' net loan charge-off ratio of .76% was 15% below the national peer average of .89%. After posting record \$7.3 million net income in 2010, the Credit Union had a bottom line of \$6.0 million in 2011. Advantis ended 2011 with a net worth ratio of 9.5%, leaving it in excellent financial condition and very well positioned for future expansion of services and infrastructure.

Dependable During Uncertain Times

While certainty is difficult to find in an economy that is still in the early stages of recovering from the worst recession since the 1930s, members can be certain of Advantis' willingness and ability to partner with them to improve their financial situation.

The Credit Union helped its members take advantage of the lowest interest rate environment in generations by disbursing \$147 million in first mortgage loans in 2011, its second highest volume ever. While many of these loans were used to purchase new homes, most replaced more expensive debt, typically reducing the recipient's monthly loan payments by a substantial amount and/or reducing their interest expenses by thousands of dollars.

Advantis continues to receive national recognition for the value provided to its member-owners. For each one of the four quarters in 2011 Advantis was ranked first in the United States out of 200 plus credit unions with assets between \$250 million and \$1 billion for returning financial value to members by Callahan & Associates, a national research and consulting firm. This index is a composite measure that cites those that pay high deposit rates and return a large proportion of gross income to members; charge low loan rates and service fees; and credit unions whose members make extensive use of their services. Advantis has earned top honors a total of 10 times and has been ranked in the top one percent 18 times in the last 25 quarters.

Other ways the Credit Union added value in 2011 included the July opening of its new Fremont Branch at N.E. 15th and Fremont. This office has been very well received in the Irvington neighborhood, quickly producing a significant amount of business. At the same time, recognizing that the world is becoming ever more digitized and less dependent on brick on mortar, Advantis also introduced its new mobile banking service and a platform to open and fund deposit accounts online.

Dependable Member of the Community

Advantis continues to partner with a variety of organizations to find innovative ways to improve the community in which we all work, live and call home.

The Credit Union was recognized in both 2010 and 2011 with the Portland Business Journal Philanthropy Award as one of the top 10 small companies that support our community with volunteer and financial resources. In 2011, Advantis also received the Business Journal's prestigious Innovative Partnership in Philanthropy Award for its collaboration with the non-profit Homes for Our Troops to build and gift specially adapted homes to two severely disabled Oregon veterans.

Advantis introduced a new community fund called GROW to help revitalize local communities one project at a time. In its inaugural year, this unique program awarded \$51,000 in grants of up to \$10,000 to eight area charities for much needed services or capital improvement projects.

Aside from these activities, the Credit Union's employees and volunteers raised funds and donated hundreds of hours to many worthy organizations that provide essential services to those in need in our community, such as Doernbecher Children's Hospital, Hillsboro Family Resource Center, Reach Community Development, Sunshine Division and the Toy and Joy Makers.

Dependable Into the Future

In order to remain a vibrant, growing organization, Advantis must continue to innovate and provide products that meet its members' financial service needs. Several initiatives are planned for 2012 with that in mind. Remote deposit capture, which enables users to scan and deposit checks to their accounts via mobile devices, is on tap for later this year. The Credit Union's business model places a great deal of emphasis on electronic and remote delivery systems

rather than physical locations, thus a variety of delivery channel and point of purchase lending program enhancements are being explored that will make it more convenient to conduct business with Advantis without visiting a branch. However, the Credit Union continues to selectively look for opportunities to add branch locations as appropriate.

Aside from the usual changes that take place to adapt to an evolving market, 2012 will be a year of transition for Advantis in other important ways. After more than 25 years leading Advantis and one of its predecessors, PACE Credit Union, and a total of nearly 30 years overall serving in the capacity of President/CEO, Ron Barrick has chosen to resign his position effective at the end of the third quarter. The Credit Union's Board of Directors began the process of searching for and identifying his successor in January. Given Advantis' historical performance and reputation in the industry, there is a significant amount of interest in the job. The board expects to name a highly qualified individual, who is capable of building on the existing foundation and guiding the Credit Union to new heights, prior to Mr. Barrick's departure.

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. Most importantly, we want to thank our members for their ongoing loyalty and support and choosing to do business with Advantis.



Jacob Jensen
CHAIR



Ronald A. Barrick
PRESIDENT / CEO

Statement of Financial Condition

As of December 31, 2011 and 2010

ASSETS	2011	2010
Cash and cash equivalents	\$42,458,438	\$65,433,375
Investments	135,511,450	118,438,064
Loans to members, net of allowance for loan loss	638,238,849	544,106,690
Property & equipment	9,764,590	10,250,900
National Credit Union Share Insurance Fund Deposit	6,816,469	6,127,283
Other assets	31,739,864	11,992,963
TOTAL ASSETS	\$864,529,660	\$756,349,275

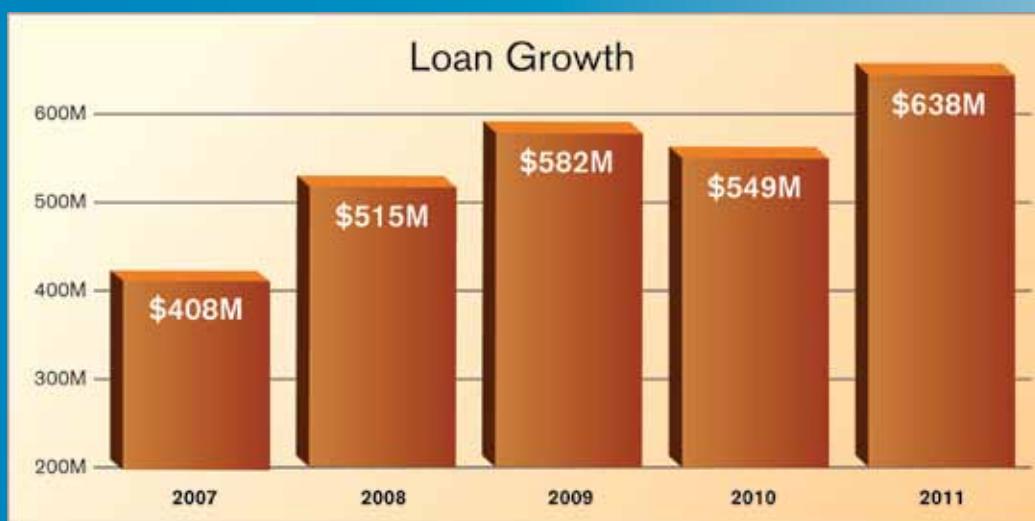
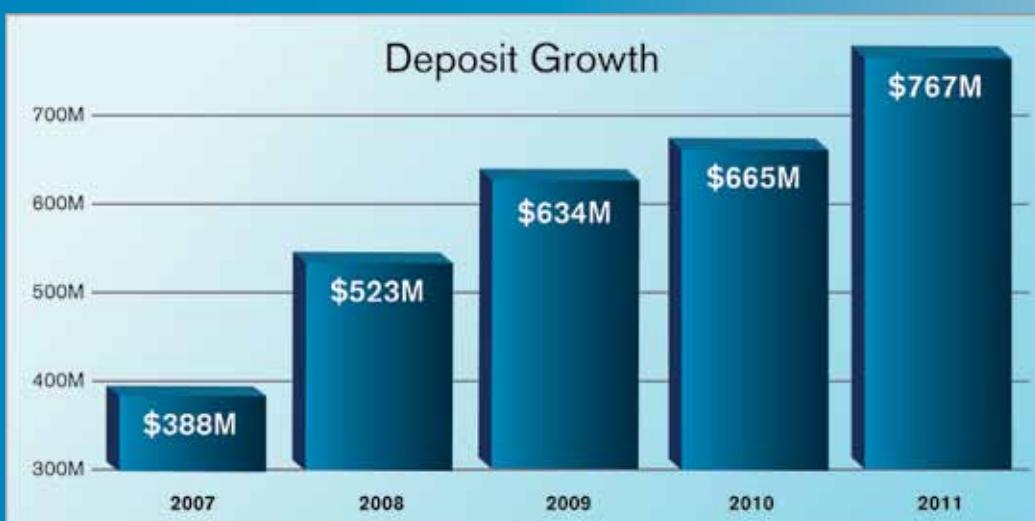
LIABILITIES AND EQUITY		
LIABILITIES		
Members' shares	\$766,572,064	\$664,780,283
Accrued expenses and other liabilities	6,897,392	6,040,117
Borrowed funds	10,000,000	10,068,649
Total Liabilities	783,469,456	680,889,049
EQUITY		
Retained earnings, substantially restricted	81,890,308	75,852,373
Accumulated other comprehensive income	(830,104)	(392,147)
Total Equity	81,060,204	75,460,226
TOTAL LIABILITIES & EQUITY	\$864,529,660	\$756,349,275

Statement of Income

For the years ending December 31, 2011 and 2010

INCOME	2011	2010
Interest on loans to members	\$30,426,483	\$31,221,195
Interest on investments and cash equivalents	2,409,827	2,718,109
Other income	6,836,915	6,125,960
TOTAL INCOME	\$39,673,225	\$40,065,264
EXPENSES		
Salaries & benefits	\$8,299,370	\$7,484,222
Operations	8,876,324	7,977,714
Occupancy	1,301,449	1,295,390
NCUA premium assessment & impairment losses	1,906,272	1,754,307
Provision for loan losses	4,290,903	4,966,285
Interest on borrowed funds	281,501	280,733
Dividend expense	8,679,471	9,003,363
TOTAL EXPENSES	\$33,635,290	\$32,762,014
NET INCOME	\$6,037,935	\$7,303,250

A Tradition of Growth



Audit Committee Report

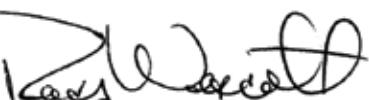
The following dedicated volunteers of the Advantis Audit Committee and I have been proud to serve the Advantis family this year: Bob Beattie, Martin Dieterich and Renee Halpern. The Audit Committee is responsible for overseeing the adequacy of the Credit Union's internal control structure to meet the Credit Union's operational, compliance, and reporting objectives.

In that capacity, we fulfilled our responsibility in two major ways.

1. In consultation with the VP of Finance, we oversaw the work of the Internal Auditor who administered and performed audits on a risk-based, internal audit plan. The Committee reviewed all findings and recommendations, discussed significant findings and management's responses, and summarized internal audit activity to the Board of Directors.
2. In consultation with Management and the Internal Auditor, we provided oversight for the work of Moss Adams, our independent external auditor, on the annual audit of the financial statements. Results of this oversight and the annual audit were also reported to the Board of Directors. A copy of the complete audited financial statements with Moss Adam's opinion is available at the administrative office at Advantis.

Audit Committee members attended and participated in the monthly Board of Directors' meetings in addition to holding our own quarterly meetings. During the year, we discharged our activities to ensure the Committee's responsibilities were properly accomplished. As needed, we also consulted with the internal auditor on emerging activities and issues.

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



Ross E. Wescott MA CIA CISA

AUDIT COMMITTEE CHAIR

3/22/2012

45,870
Members Strong

As of December 31st	2011
Assets	\$864,500,000
Deposits	\$766,600,000
Loans	\$638,200,000

We're improving our community – one project at a time.

"Local" means more to us than simply being down the street – it's how we serve our neighbors and our community. During 2011, Advantis sponsored local events, raised money, and organized our employees to volunteer their time to make a difference right here in Portland. We supported initiatives to help children, needy families, neighborhood development, disabled adults, and many other causes. That's "local" to us.



We're providing \$51,000 in funding to help our communities grow.

In 2011, we launched GROW: The Advantis Community Fund to provide local non-profits with financial resources to address significant needs in our community - one project at a time. The GROW name and logo represents our commitment to "seed" projects that can be nurtured by the community to grow and benefit many people. In our inaugural year, we donated over \$51,000 to eight local organizations!

Board of Directors

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

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

Alternate Directors

Laura Andersen
Carolyn Benolken
David Rossi

Audit Committee

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

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

Administration Office

10501 S.E. Main Street
Milwaukie, OR 97222

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