2015 was another successful year for Advantis Credit Union and its members. As a mission-driven financial cooperative, Advantis strives to help its member-owners build strong financial futures. As a cooperative, when our members do well, so does the credit union. The more products and services our members use, the more value we can provide every year. We return profits to our members through better rates, low or no-fee services, and investments in innovative technology to make it easy to manage your finances from anywhere. Doing business with Advantis also adds value to the local community, as we invest money and volunteer our time to help support and strengthen our communities.

2015 Financial Highlights
Advantis produced solid financial results and ended the year with strong earnings of 0.98% and a net worth ratio of 10.70%, well above the regulatory standard for “well capitalized” credit unions. Careful management of operating expenses, which are 18% lower than our peer average, enables us to rely less on fee income, which translates into more free or low cost services for our members.

A recovering economy and a strong local job market fueled an increase in loan demand. The Portland residential real estate market was strong throughout 2015, and it was a busy year for Advantis Mortgage Services. We helped 990 members finance their homes with first mortgage loans totaling over $228 million, and we had a record year in auto lending, funding 7,765 auto loans totaling $203 million. For the first time since the beginning of the Great Recession in 2008, we must focus efforts on growing deposits to meet our members’ borrowing needs.

2015 Initiatives
We are committed to providing the access and convenience our members expect. In January 2015 we converted our online and mobile banking systems to a new platform offering new features and the ability to support emerging technologies that our members have requested. Conversions of this type are never easy, and some members expressed frustration with having to set up new passwords and security questions. We apologize for any inconvenience you may have experienced during the transition. Enhanced security, opportunity for customization, better integration with our systems, and an improved user experience are key benefits of the new system.

The way members use our branches is changing as more people choose the convenience of online and mobile services to conduct their everyday banking transactions. Mobile deposits now nearly equal the number of deposits made in our branches, which has reduced branch traffic. Although our members embrace electronic delivery channels for routine transactions, research tells us they strongly prefer a conveniently located branch for complex transactions, opening new deposit accounts, or seeking financial guidance. With these changes in the way branches are used, we are exploring new technologies that will enable us to staff our branches more efficiently and potentially expand our network with branches that have a smaller footprint.

In May we opened our newly remodeled Lloyd Center Branch where we are piloting new Video Teller Machine (VTM) technology. VTMs allow tellers who are centrally located to assist members in the branch using a “smart” ATM and live video chat to provide a more personal service experience. Overall, Advantis member response has been positive; however, some members prefer not to use the VTMs. While we are still piloting this technology, we view this as a great opportunity to embrace new technologies that will allow us to improve service and expand our branch network. We have appreciated your thoughtful survey feedback as we work to find the right combination of automation and personal service that best serves our membership.
MEMBERS SAY IT BEST

I just wanted to send a message thanking you for your great personal loan program. I got a personal loan last year to consolidate and payoff some credit card debt and I just made the final payment today. Because of the lower interest rate you offered I was able to pay down more than $16,000 in debt (which I had carried around with me in some form or another for 10 years) in just a year. I can’t tell you what an amazing feeling it is to have that debt gone and Advantis helped me get there.

Thanks for the work you do!

- Abby H.

Frustrated with the bureaucracy of a large national bank, we opened an account at Advantis. Our only regret is that we waited so long to do so. We received much better rates on our home equity line of credit and car loan through Advantis than national banks offer. Furthermore, the speed and ease of the loan processes were impressive. The employees at the Fremont branch really go the extra mile for members and are very friendly.

- Patrick G.

I love my Advantis. Everyone is so friendly and there is never a long wait. When I switched to them from a bank, they were so helpful and easy and were very thorough. I’d recommend them to anyone. I also switched my credit card over to Advantis and was offered a significantly lower interest rate. Love you Advantis!

- Kelsey L.

Plans for 2016

Looking forward to 2016, we will continue to invest in our technology infrastructure and talent to support future growth. With assets of $1.2 billion and 63,000 members, our technology needs are complex and growing. In this new era of cyber security concerns, we are proactive in protecting systems and member data. We will focus on improving systems and processes to make doing business with Advantis easy and convenient whether using a branch or a remote service channel. We will focus on new member and deposit growth, and ensure we have the right product mix for our membership. We will rethink how we design our branches in terms of staffing and technology, and continue to look for new branch locations that will support strong new member growth.

Your Board of Directors are focused on strategic planning to ensure that Advantis has the right products, facilities, technology and talent to thrive as an organization now and in the future. On behalf of our Board and staff, we thank you for your continued support of the credit union. We’d also like to thank our Board and Audit Committee volunteers who generously donate their time and talent to make Advantis strong, and our dedicated employees who are the heart of Advantis.

Patrick G. Hager
CHAIR

Robert W. Corwin
PRESIDENT/CEO

Patrick G. Hager
Robert W. Corwin
ADVANTIS IN THE COMMUNITY

Our community involvement initiatives allow Advantis to connect with and truly understand the needs of those living in Portland area neighborhoods. In 2015, Advantis partnered with more than 50 nonprofit organizations and provided nearly $200,000 in grants, sponsorships, and scholarships. By supporting causes that directly impact the community, Advantis is improving the economic, social and educational conditions for our members and potential members, resulting in a healthier local economy.

Employee Volunteerism
Advantis recognizes that volunteer service is just as critical to the health of local nonprofits as financial support. That’s why Advantis staff members are provided with opportunities throughout the year to volunteer at local organizations.

Advantis staff volunteered more than 50 hours at the Sunshine Division warehouse in 2015, sorting canned goods and assembling holiday food boxes for local families in need.

$26,500 IN AWARDED SCHOLARSHIPS

Each year, Advantis college scholarships are awarded to local students for outstanding academic achievement and community service.

Since 2006, Advantis has supported the educational endeavors of 155 students.

“Employee volunteer opportunities allow our teams to achieve something together, create a shared sense of accomplishment and ultimately build stronger, more cohesive relationships with one another.”

- Shelan S., Employee Volunteer
GROW: The Advantis Community Fund

GROW: The Advantis Community Fund, is an annual Fund established to help Portland’s neighborhoods grow stronger—one project at a time. GROW awards $50,000 annually and includes the public and Advantis members in determining which projects will receive grant funding. Since its inception in 2011, 33 local community improvement projects have been completed, with $250,000 in grants given to local nonprofits. Additionally, GROW was honored with a Dora Maxwell Social Responsibility Community Service Award by the Northwest Credit Union Association in 2015.

In 2015, Advantis was recognized as one of Portland’s top corporate philanthropists by the Portland Business Journal for the sixth consecutive year.

Financial Education

We’re committed to providing our members with financial education to help them make informed decisions and reach their financial goals. In 2015, our staff provided 34 free educational workshops and our members participated in 682 free personal finance education sessions.
### Statements of Income
For the years ending December 31, 2015 and 2014

<table>
<thead>
<tr>
<th>NET INTEREST INCOME</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on loans</td>
<td>$39,612,050</td>
<td>$37,554,488</td>
</tr>
<tr>
<td>Interest on investments and cash equivalents</td>
<td>$1,409,047</td>
<td>$1,769,529</td>
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<tr>
<td>Dividend expense</td>
<td>$7,861,609</td>
<td>$8,856,530</td>
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<tr>
<td>Interest expense on borrowed funds</td>
<td>$158,357</td>
<td>$95,514</td>
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<tr>
<td>Provision expense for loan losses</td>
<td>$3,772,897</td>
<td>$2,998,221</td>
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<tr>
<td><strong>Net interest income after provision expense</strong></td>
<td><strong>29,228,234</strong></td>
<td><strong>27,373,752</strong></td>
</tr>
<tr>
<td>OTHER INCOME</td>
<td>12,012,888</td>
<td>8,548,743</td>
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</table>

<table>
<thead>
<tr>
<th>OPERATING EXPENSES</th>
<th>2015</th>
<th>2014</th>
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</thead>
<tbody>
<tr>
<td>Salaries &amp; Benefits</td>
<td>$13,931,487</td>
<td>$12,683,266</td>
</tr>
<tr>
<td>Operations and Occupancy</td>
<td>$15,529,569</td>
<td>$13,140,241</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td><strong>29,461,056</strong></td>
<td><strong>25,823,507</strong></td>
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<tr>
<td><strong>NET INCOME</strong></td>
<td><strong>$11,780,066</strong></td>
<td><strong>$10,098,988</strong></td>
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As of December 31st 2015

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Assets</td>
<td>$1,227,000,000</td>
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<tr>
<td>Deposits</td>
<td>$1,060,000,000</td>
</tr>
<tr>
<td>Loans</td>
<td>$1,015,000,000</td>
</tr>
</tbody>
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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 2015, 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, and (5) the internal audit function.

To accomplish these responsibilities, the Audit Committee retained the services of CliftonLarsonAllen LLP, an independent external auditor, to perform an audit of the Credit Union’s financial statements for the year ended December 31, 2015; 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 2015, 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
3/17/2016
Board of Directors
Patrick Hager – Chair
Amanda Owings – Vice Chair
Carolyn Benolken – Secretary/Treasurer
Andy Dolberg
Renee Halpern
Roger Hediger
Jake Jensen
Bob Pearson
Tammy Teske

Audit Committee
Ross Wescott – Chair
Lucrecia Choto
Tom Hoang
Debra Horvath
Brandon Lepley

Executive Leadership Team
Bob Corwin
President/CEO
Tim Clouse
SVP/Chief Innovation Officer
Wendy Edwards
SVP/Chief Administrative Officer
Keli Myers
VP of Retail Lending
Griff O’Brien
SVP/Chief Membership Officer
Laurie Wilson
SVP/Chief Financial Officer

Alternate Directors
Tarun Gudz
Heath Kula

Administration Office
9200 S.E. Sunnybrook Blvd., Suite 300
Clackamas, OR 97015

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

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