

Delivering on a Promise

Annual Report **2016**



VantageWest
CREDIT UNION

Federally insured by NCUA

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Serving our members and the community

Since embarking on our mission more than 60 years ago, each day presents opportunities for Vantage West Credit Union to deliver on our promise to serve, innovate, and be good corporate citizens in our communities.

Guided by this thought, 2016 proved to be another eventful year in our credit union's history. We focused on fulfilling commitments made to our more than 140,000 members across four counties in Arizona. We also cultivated relationships with local nonprofits, community leaders, and industry partners with whom we share the common goal of building a vibrant Arizona economy.

Tangible results

In 2016, we continued to align our products and services with the evolving needs of our growing membership, including business members, millennials, and the Hispanic market. For those looking for a faster way to open accounts, we have streamlined our in-branch and online account opening processes to make it easier to bank with us. We have also invested in a corporate expansion which will house both our growing Vantage West team and a technology hub that will eventually support other organizations as well.

In carrying out our mission to serve, we will always value each member as a person, rather than an account number. This is our promise.



2016

We closed 2016 with more than \$1.6 billion in assets, expanding our membership beyond 140,000.



Mitch S. Pisik
Chairman, Board of Directors

On behalf of the Board of Directors, I want to thank you for the opportunity to serve you. The Vantage West team of outstanding employees, Supervisory Committee Members and Board of Directors works hard to ensure you can always be proud of your credit union.

Vantage West prides itself on working together with members to deliver the most beneficial and appropriate products and services. This clearly sets us apart from financial institutions with interests that stray from doing what’s best for their customers.

We are proud that news about Vantage West has all been positive. You deserve nothing less, and this is by design. Our overriding focus and priority is having the most skilled, experienced, and devoted people working to provide you with a wonderful experience in every encounter you have with every Vantage West employee and every technology, all with the common goal of generating strong financial results.

It has been said that, “*We can’t do good until we do well.*” On that note, I am pleased to report that 2016 was another record year for contributions to our communities. Based on the expressed desires and communications from our members, our targeted charitable and community support is directed at organizations dedicated to financial literacy, education, military, and economic development.

It brings me great pride to report that last year, more financial contributions and volunteer time was donated than in any prior year.

In closing, I’d like to share these significant numbers, which reflect upon the growth we’ve recently experienced:

Since 2010:

- The number of members has grown by 38,283 (that’s an average of 17 each day for the past six years)
- Our assets have grown by \$606,000,000

In 2016:

- Membership grew an additional 4.8%
- Member deposits grew 5.6%

This is significant in that it demonstrates a positive trend that is only getting better. Growth produces resources to invest in enhancements to our portfolio of innovative new products developed for the purpose of continually enhancing your financial transaction experiences, offering more convenience and supporting your financial well-being.

On behalf of Vantage West Credit Union, I look forward to continuing to work together toward our shared goals of a promising future.

4.8% Membership growth in 2016.



Robert D. Ramirez

President/CEO

As a member-owned credit union, Vantage West works hard to meet the financial needs of our members. We make them our priority.

We deliver on our promise of member service by consistently making enhancements and by applying ongoing innovative solutions to our delivery channels for added convenience. One recent example is our new Debit PINnow, which allows debit and ATM card holders to change their PIN conveniently over the phone.

We also made recent enhancements to our online and mobile banking delivery channels, making it easier than ever to open new accounts, apply for loans, and bank anytime from a variety of mobile devices— from smartphones to smartwatches. And we are always working behind the scenes to add security and convenience to our ATM network.

For members who prefer the personal touch, we are always ready to offer service in any of our 17 branches across Arizona. We also

added in-branch Mortgage Specialists and Small Business Experts to better assist growing interest in these specific areas.

As the financial landscape continues to change and technology and innovation become a bigger part of our everyday lives, members can be confident we will continue to leverage our resources to respond to member feedback by exceeding expectations.

As we reflect on another year, we are proud that Vantage West continues to be a market leader by consistently taking care of our members. Our success model is simple: *“working together to meet our members’ financial needs.”* It has served us for the past 61 years, and we trust it will continue to serve us as we continue to earn our members’ business by working together, for many years to come.



“A brand for a company is like a reputation for a person. You earn reputation by trying to do hard things well.”

- Jeff Bezos, Amazon founder and CEO



Ernie Norzagaray
Chairman, Supervisory Committee

Functioning independently of the Board of Directors and management, members of the Vantage West Credit Union's Supervisory Committee provide oversight to our operation through independent audits of financial statements, internal controls, and critical processes.

We ensure that the credit union's Internal Audit Department and management implement sound internal controls, and maintain practices and procedures that comply with applicable laws and regulations. In doing so, we carry out our primary responsibilities as follows:

- Ensure that directors, committee members and employees of our credit union comply with the rules and regulations set forth by Arizona law and enforced by the Arizona Department of Financial Institutions (AZDFI)
- Engage the certified public accounting firm of Orth, Chakler, Murnane and Company to perform an audit of our financial statements to ensure they comply with generally accepted accounting principles and fairly represent the financial conditions of Vantage West Credit Union
- Work directly with the Internal Audit Department and review audit results to ensure regulations, policies, and procedures are being followed
- Review and monitor member feedback to ensure a satisfactory disposition of all complaints in our quest to better serve our membership
- Ensure Vantage West Credit Union provides our membership the best possible service

I am very pleased to report that all reviews of Vantage West's performance indicate that the credit union is a safe and sound financial institution with strong financial controls, and is a highly capitalized financial institution.

Congratulations to all Vantage West staff, management, and volunteers for their part in making the credit union a great success.



Scott B. Odom
Chief Financial Officer

Vantage West Credit Union exists to provide value to our membership, and when we are successful at delivering on this promise, our results show it. I am happy to report that our key results for 2016 confirm a sustained dedication to this purpose, a mission that is now 61 years in the making.

We continue to serve our members' needs while maintaining a sound financial position. Our membership grew by 4.8%, with a total member count exceeding 140,000 as of year-end. Steady growth was achieved in deposit balances, with total member shares rising 5.6% or \$77 million. Nearly all categories of deposits contributed to this increase, including checking, savings, money market, and IRA shares.

Similarly, our loan portfolio grew through a broad-based contribution from all major loan categories. Total loan growth was \$96 million during the period, a 6.8% rise in the total portfolio that resulted from increases in mortgage, vehicle, credit card, and commercial loans.

What is even more important than growth in members, loans, and deposits is the ability to achieve such growth in a prudent manner. Though we have been navigating a challenging interest rate environment with sustained downward pressure on net interest margins, the credit union was able to earn net income sufficient to support our institution's growth and our dedication to enhancing member service and technology. For the year ended December 31, 2016, our net income of \$13.6 million resulted in a healthy return on average assets of 0.83% and an increase in our net worth ratio to 11.73%.

With our strong financial results for the year 2016, Vantage West is well-positioned to serve our membership going forward. Beyond this, I expect many successful years ahead as we keep focus on our promise to add value to the membership with each decision we make.

\$1.6
BILLION

Vantage West Credit Union ended 2016 with more than \$1.6 billion in total assets.



Statements of Financial Condition

As of December 31,

Assets	2016	2015
Cash & Cash Equivalents	\$71,666,992	\$61,141,992
Investments		
Trading Securities	26,117,423	25,097,856
Available-for-Sale	5,112,196	17,698,590
Federal Home Loan Bank Stock	6,000,000	6,000,000
Loans, Net of Allowance for Loan Loss	1,495,591,549	1,401,214,515
Accrued Interest Receivable	4,635,635	4,171,720
Loans Held for Sale	694,232	938,871
Note Receivable	866,318	891,868
Prepaid and Other Assets	18,807,302	19,696,206
Other Real Estate Owned (OREO)	2,822,470	2,783,451
Goodwill	1,909,258	2,147,915
Property and Equipment, Net of Depreciation	31,067,707	29,382,740
NCUA Share Insurance Deposit	13,417,775	12,568,574
TOTAL ASSETS	\$1,678,708,857	\$1,583,734,298
Liabilities		
Members' Share Accounts	\$1,458,232,752	\$1,381,144,054
Dividends Payable	134,376	128,393
Accounts Payable and Accrued Liabilities	23,624,408	19,346,370
TOTAL LIABILITIES AND MEMBER SHARES	\$1,481,991,536	\$1,400,618,817
Equity		
Regular Reserve	\$14,105,367	\$14,105,367
Undivided Earnings	179,850,107	166,281,421
Accumulated Other Comprehensive Income (Loss)	(38,153)	(71,307)
Equity Acquired in Merger	2,800,000	2,800,000
TOTAL EQUITY	\$196,717,321	\$183,115,481
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$1,678,708,857	\$1,583,734,298

Statements of Income

For the years ended December 31,

Interest Income	2016	2015
Loan Interest	\$71,038,739	\$66,749,266
Investment Income	3,190,156	1,582,728
TOTAL INTEREST INCOME	\$74,228,895	\$68,331,994
Dividend and Interest Expense		
Dividend Expense	\$8,308,117	\$7,326,455
Other Interest	1,033,245	371,589
Total Dividend and Interest Expense	\$9,341,362	\$7,698,044
Net Interest Income	\$64,887,533	\$60,633,950
Provision for Loan Losses	\$15,618,000	\$12,319,000
NET INTEREST INCOME AFTER PROVISION	\$49,269,533	\$48,314,950
Non-Interest Income		
Fees and Commission Income	\$11,481,687	\$10,716,709
Interchange Income	8,071,975	7,309,260
Miscellaneous Non-Interest Income	1,407,251	953,021
Gain on Sale of Loans	1,337,081	299,360
Gain on Sale of Investments	259,685	-
TOTAL NON-INTEREST INCOME	\$22,557,679	\$19,278,350
TOTAL NET INTEREST PLUS NON-INTEREST INCOME	\$ 71,827,212	\$ 67,593,300
Non-Interest Expense		
Salaries and Benefits	\$31,584,824	\$30,969,799
Office Operations	20,889,258	19,429,786
Office Occupancy	2,673,662	2,721,171
Other Expense	2,158,291	1,550,470
Professional and Outside Services	952,491	608,002
TOTAL NON-INTEREST EXPENSE	\$58,258,526	\$55,279,228
NET INCOME (LOSS)	\$13,568,686	\$12,314,072

Leadership



Board of Directors

Mitch Pisik	<i>Chairman</i>
Eugene Santarelli	<i>Vice Chairman</i>
Dr. Paul Melendez	<i>Treasurer</i>
John Driskill	<i>Secretary</i>
Gregory Good	<i>Director</i>
Ana Archer	<i>Director</i>
Augustine Gomez	<i>Director</i>
Dr. James Manilla	<i>Associate Director</i>
Jeff Post	<i>Associate Director</i>

Supervisory Committee

Ernie Norzagaray	<i>Chairman</i>
Harry Percupchick	<i>Treasurer</i>
Joe Rodriguez	<i>Member</i>
Barry Holbert	<i>Member</i>
Ann McGrath	<i>Member</i>
Brandon Sax	<i>Alternate Member</i>

Executive Team

Robert D. Ramirez	<i>President/CEO</i>
Rene Almazan	<i>Sr. Vice President, Chief Lending Officer</i>
Daniel Clemens	<i>Chief Strategy Officer</i>
Brenda Gordon	<i>Vice President, Legal Counsel</i>
Jamie Hernandez	<i>Vice President, Regional Sales Manager</i>
Sandra Lueders	<i>Vice President, Human Resources and Development</i>
Scott Odom	<i>Chief Financial Officer</i>
Steven Mott	<i>Sr. Vice President, Technology</i>

Senior Management

Danielle Bridges	<i>Vice President, Consumer Lending</i>
Stefan Harris	<i>Vice President, Technology</i>
Timothy Overton	<i>Vice President, Business Banking</i>
Jill Casey	<i>AVP, Communications and Content Marketing</i>

Locations

Pima County

1st Avenue	4280 N. 1st Ave.
Broadway	8465 E. Broadway Blvd.
Catalina	16460 N. Oracle Rd.
Craycroft	2222-4 S. Craycroft Rd.
DM Air Force Base	3320 S. Craycroft Rd., Bldg. 2520
Marana	8290 N. Cortaro Rd.
Northwest	550 W. Magee Rd.
Rita Ranch	7394 S. Nexus Rd.
Southwest	3125 E. Valencia Rd.
Tanque Verde	7163 E. Tanque Verde Rd., Ste. C114
University	801 E. Speedway Blvd.
Wilmot	1100 N. Wilmot Rd.

Maricopa County

32nd & Shea	10440 N. 32nd St.
Black Canyon	3416 N. 24th Ln.

Pinal County

Casa Grande	2008 E. Florence Blvd.
San Manuel	141 W. 8th Ave.

Cochise County

Tombstone	218 S. Sumner St.
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Contact Information



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