



Annual Report **2018**



**Vantage West**  
CREDIT UNION

[VIEW REPORT](#)

# OUR MISSION

Igniting collaborative relationships with our Members and the communities we serve so we can thrive together.

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# OSCAR LIZARDI

Chairman, Board of Directors



Dear Members,

On behalf of the Board of Directors, I am pleased to reaffirm our commitment to you, our Member-Owners. The role of the Board is to work with Credit Union leadership to set the strategic direction for Vantage West. Our objective is to ensure the strategies we deploy yield a financially secure and thriving credit union.

I am pleased to share that 2018 was a solid year. We measure the Credit Union's strength by Return on Assets (ROA) and capitalization ratios. As you will read in the Treasurer's Report and financials, both figures are strong for 2018.

Maintaining financial strength positions us to provide value to you, our Member-Owners. One way we measure the value is through the Member Benefits Report from Credit Union National Association (CUNA). I'm pleased to share the 2018 results which revealed that Vantage West provided **\$14,562,519** in financial benefits to you, our Members. These savings are calculated by money saved on lower loan rates and earnings from higher dividends compared to banks.

Those savings not only help Members directly, but also indirectly, by creating the opportunity for dollars to be re-invested in the communities we serve and where we live.

By choosing to be a Member of Vantage West, you have made the decision to keep your dollars local. According to an economic impact study completed by a business consulting team from The University of Arizona's Eller College of Management, Vantage West's total economic impact on the local economy was **\$119 million** in 2018.

Our economic impact is directly aligned with our mission of collaborating with Members and the communities we serve, so we can thrive together. It shows that your Membership truly makes a difference for us all.

In closing, the Board is fully committed to the Membership and dedicated to continuing to pursue strategies that will strengthen the Credit Union and add value to your Membership.

**\$14.5M**

**IN FINANCIAL BENEFITS  
TO OUR MEMBERS**

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# FRANK TREMBULAK

## Chief Executive Officer



Dear Fellow Members,

In June of this year, my Board colleagues called upon me to assist with the transition of President/CEO Robert D. Ramirez into his retirement from the Credit Union after nearly 35 years of service.

Serving as Co-Vice Chair of the Board, I had already experienced the pleasure of representing the Membership of the Credit Union. So when they asked me to assume the role of CEO, I did not hesitate in accepting their request. I was enthusiastic about the opportunity to elevate my commitment to Vantage West and especially to all of you, our Member-Owners.

Although my Board service began in November 2018, I was first a Member of the Credit Union. That afforded me the opportunity to experience both Membership and leadership. Some of the highlights I observed and enjoyed in 2018 are as follows.

The Credit Union began the year with a focus on modernizing our Board of Directors Governance. That process landed me in my position as Co-Vice Chair and launched the online voting opportunity which many of us used to elect the 2019 Board of Directors.

We also launched our "Banks Own You. You Own Us." campaign to emphasize our re-commitment to our Member-Owners. As part of that re-commitment, we laid the groundwork for a more Member-friendly mobile banking platform that launched in early 2019. We also expanded our ATM network to include Target stores across Arizona and CVS Pharmacies in Phoenix's East Valley and unveiled a more Member-friendly line of Home Equity offerings.

We ended the year with the grand opening of our Cooper Square retail location in Gilbert and opened our North Stapley, Mesa location in early 2019. Our strategic growth in the Phoenix metro will position us to grow, and as a result, better serve the nearly 40,000 Members there and the entire Membership.

As we sharpen our focus on you, we will prioritize finding ways to exceed your expectations beyond our product and service offerings. We will continuously strive to make you proud of being a Vantage West Member-Owner. Thank you for your continued trust in Vantage West and for your loyal Membership.

**4.0%**

**TOTAL MEMBERSHIP  
GROWTH IN 2018**

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# DOUG ZIMMERMAN

Treasurer, Board of Directors



As Treasurer of Vantage West Credit Union's Board of Directors, my responsibility is to ensure that the Membership comes first in our financial decisions. I am pleased to report that in 2018 we honored our commitment to the Membership:

## **\$1.9 Billion in Assets**

Last year, the Credit Union grew in total assets by 3%, or \$60 million. Our net worth ratio grew to 11.73%, which is healthy in comparison to regulatory requirements and our peers. Our strong capital position allows us to reinvest into the operations of the Credit Union in support of the Member experience. Those reinvestments include a capital commitment to add new retail branch locations, redesign our existing locations, enhance our online and mobile user experience, and continue to provide competitively priced financial offerings.

## **155,000 Members and growing**

Our bold, new marketing campaign slogan, Banks Own You. You Own Us., is more than just a tagline. We take it to heart. It gets back to the roots of what our Credit Union stands for. It appears the statement meant something to you as well, as we added approximately 6,000 new Members last year, for a 4% pace of growth.

## **19 Locations...and more on the way**

In December we opened our Cooper Square (Gilbert) location. This is the first of ten new branches planned for our retail network over the next five years. This investment reflects our commitment to serving our existing nearly 40,000 Phoenix Members and growing our reach throughout the state. When the Credit Union grows, it benefits the entire Membership.

In closing, we had a solid year because of you, our Members. Thank you for selecting Vantage West Credit Union as your financial partner. We will honor our continued commitment to you and our entire Membership. Whether you are a brand-new Member or a long-standing one, remember that when our Members and communities thrive, we all thrive. Thank you again for choosing Vantage West.

**\$119M**

**TOTAL IMPACT ON  
THE LOCAL ECONOMY**

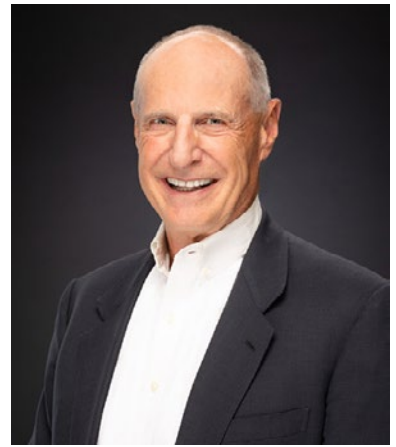
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# STEPHEN PEARY

## Chairman, Supervisory Committee

*Functioning independently of the Board of Directors and management, Vantage West Credit Union's Supervisory Committee provides oversight to our operations through independent audits of financial statements, internal controls, and risk analysis.*



Reporting on behalf of the Supervisory Committee, I am pleased to see the progress towards the modernization of governance at Vantage West. This journey that started last year is now coming to fruition, and I am confident that the changes are in the best interest of the Membership.

The Supervisory Committee is dedicated to maintaining open and clear communication throughout the organization and with external partners. This includes the National Credit Union Administration (NCUA), the federal agency insuring Member deposits, the Arizona Department of Financial Institutions (AZDFI), the state agency that ensures your credit union is in compliance with the State's laws, rules and regulations, and most importantly – you, the Credit Union Membership.

At our Supervisory Committee meetings, the agenda regularly includes members of the Internal Audit Department who provide updates on critical financial and operational risk performance for the Credit Union. The Credit Union Board of Directors and senior managers also report on their activities and projects.

The Supervisory Committee is statutorily charged with ensuring the Credit Union maintains sound internal controls and practices and procedures that comply with applicable law and regulations. To assist the Supervisory Committee in discharging this responsibility, we engage independent outside auditors to report on the financial condition of the organization.

We also review and monitor Member feedback. The Supervisory Committee works with Associates of the Credit Union to ensure satisfactory input and resolution management as we focus on serving our Members together.

The Statements of Financial Condition and the Statements of Income are included in this annual report. Vantage West's financial performance indicates the Credit Union is a well-capitalized and sound institution with strong financial controls.

As a final note, I want to personally thank each of the organization's Board members and my fellow Supervisory Committee members (Janet Flores and Ron Sharp) for their unfailing commitment to the Credit Union. Each volunteer contributes significant hours to the organization because we believe in the Credit Union's mission.

# STATEMENTS OF FINANCIAL CONDITION

AS OF DECEMBER 31,

ASSETS	2018	2017
Cash & cash equivalents	\$211,604,997	\$286,439,149
Investments		
Available-for-sale	37,215,466	5,053,579
Trading	129,692,750	27,615,363
Federal Home Loan Bank Stock	4,662,000	7,965,000
Loans to Members, net of allowance for loan losses	1,502,111,685	1,503,810,593
Accrued interest receivable	5,143,898	4,748,573
Loans held for sale	907,330	1,039,459
Prepaid and other assets	24,923,299	23,100,301
Other real estate owned	2,558,288	2,558,288
Goodwill	1,431,943	1,670,600
Property and equipment, net	38,243,941	36,953,320
NCUSIF deposit	15,453,396	14,470,438
<b>TOTAL ASSETS</b>	<b>\$1,973,948,993</b>	<b>\$1,915,424,663</b>

## LIABILITIES

Shares and savings accounts	\$1,660,657,271	\$1,516,198,190
Interest payable	413,118	347,883
Accrued expenses and other liabilities	26,631,801	25,848,518
Borrowed funds	55,000,000	155,000,000
<b>TOTAL LIABILITIES</b>	<b>\$1,742,702,190</b>	<b>\$1,697,394,591</b>

## EQUITY

Regular reserves	\$14,105,367	\$14,105,367
Undivided earnings	214,381,283	201,168,954
Accumulated other comprehensive loss	(39,847)	(44,249)
Equity acquired through acquisition	2,800,000	2,800,000
<b>TOTAL MEMBERS' EQUITY</b>	<b>\$231,246,803</b>	<b>\$218,030,072</b>

<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$1,973,948,993</b>	<b>\$1,915,424,663</b>
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# STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31,

## INTEREST INCOME

	2018	2017
Loans to Members	\$71,497,586	\$75,348,789
Investments	5,319,152	2,789,950
Cash and cash equivalents	2,216,027	2,216,029
<b>TOTAL INTEREST INCOME</b>	<b>\$79,032,765</b>	<b>\$80,354,768</b>

## DIVIDEND AND INTEREST EXPENSE

Shares and savings accounts	\$11,846,237	\$8,101,861
Borrowed funds	2,043,824	2,404,660
Other interest	125,363	109,432
Total interest expense	\$14,015,424	\$10,615,953
Net interest income	\$65,017,341	\$69,738,815
Provision for loan losses	\$11,219,003	\$10,704,202
<b>NET INTEREST INCOME AFTER PROVISION</b>	<b>\$53,798,338</b>	<b>\$59,034,613</b>

## NON-INTEREST INCOME

Fees and service charges	\$14,421,731	\$12,713,256
Interchange income	10,115,927	8,952,002
Gain on sale of loans	948,469	1,610,366
Miscellaneous non-interest income	907,337	1,486,706
<b>TOTAL NON-INTEREST INCOME</b>	<b>\$26,393,464</b>	<b>\$24,762,330</b>

## NON-INTEREST EXPENSE

Salaries and benefits	\$35,412,785	\$34,398,649
Office operations	25,362,762	22,588,259
Office occupancy	3,103,487	2,786,916
Other expense	2,153,731	1,855,569
Professional and outside services	946,708	848,703
<b>TOTAL NON-INTEREST EXPENSE</b>	<b>\$66,979,473</b>	<b>\$62,478,096</b>
<b>NET INCOME</b>	<b>\$13,212,329</b>	<b>\$21,318,847</b>





# LEADERSHIP

as of August 31, 2019

## BOARD OF DIRECTORS

Oscar Lizardi	Chairman
Olivia Smith	Vice-Chair
Frank Trembulak	Vice-Chair
Doug Zimmerman	Treasurer
Maricela Meza	Secretary
Manuel Lucero	Member

## SUPERVISORY COMMITTEE

Stephen Peary	Chairman
Janet Flores	Member
Ron Sharp	Member
Mike Wilken	Alternate Member

## CONTACT INFORMATION

### PHONE

800.888.7882

### ONLINE

[VantageWest.org](http://VantageWest.org)  
[Info@VantageWest.org](mailto:Info@VantageWest.org)

### CORPORATE ADDRESS

2480 N. Arcadia Ave.  
Tucson, AZ 85712

### MAILING ADDRESS

P.O. Box 15115  
Tucson, AZ 85708

# 2018 COMMUNITY IMPACT



**\$92,595** INVESTMENT IN COMMUNITY PARTNERS

**\$21,946** ASSOCIATE FUNDED CHARITABLE DONATIONS

**\$14 MILLION**  
IN MEMBER BENEFITS



**93** PCs DONATED TO GIVE LOW INCOME STUDENTS ACCESS TO TECHNOLOGY



**4,990** VOLUNTEER HOURS

**\$49,933**  
IN SUPPORT



FINANCIAL LITERACY



ECONOMIC DEVELOPMENT



EDUCATION



MILITARY

## EDUCATIONAL SUPPORT

**\$46,000** INTERN TUITION REIMBURSEMENT

**\$10,500** IN SCHOLARSHIPS AWARDED



**14**

INTERNSHIPS WITH LOCAL SCHOOLS AND UNIVERSITIES

**71**

EDUCATIONAL CLASSES TO PROMOTE FINANCIAL READINESS

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**VantageWest.org**

NMLS# 485751

Federally insured by NCUA.