



Annual Report **2017**



**Vantage West**  
CREDIT UNION

[VIEW REPORT](#)

# OUR MISSION

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

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# EUGENE SANTARELLI

Chairman, Board of Directors



On behalf of the Board of Directors, I want to share how honored we are to represent the Membership in all credit union matters, and to serve as fiduciaries and trustees of Vantage West. The entire Vantage West team comprised of its employees, Supervisory Committee, and Board of Directors is dedicated to ensure you can be proud of your credit union.

As your Board, we set the credit union's strategic direction to achieve our collective success. You are at the heart of our mission to ignite collaborative relationships and reward you for doing business with us. In 2017, we enhanced our feedback channels to ensure your voices are heard. Your message is clear: the Membership wants convenient and easy access to credit union products, services, and locations. In response, Member convenience is now a centerpiece of our strategy, as exemplified by recent upgrades to our online/mobile banking services.

As mentioned in the President's Report, we are very proud that Vantage West won various credit union industry awards in 2017. We attribute these successes to you, our Membership, as you motivate and give us momentum to excel on your behalf.

Today, I am happy to report we continue to grow your stake in the credit union. In 2017:

- Total Assets were up by **14.1%**
- Equity grew **10.8%**
- Membership grew by **4.86%**
- Return on Assets was a healthy **1.19%**, compared to 0.83% in 2016 and 0.82% in 2015.

All of these indicate that Vantage West is financially healthy, which in turn enables us to offer some of the best-in-market dividend and loan rates.

We are also paving the way for our long-term success. For instance, we have started our expansion into the Phoenix market, and are exploring ways to strengthen our support for small business. Likewise, our new corporate building now provides additional office space for growth. It also serves as a technology hub to meet the needs of our Membership, and eventually support other business and community partners as well.

In closing, I would like to affirm our team's commitment to provide an excellent Member experience in-branch, via our call center, or online/mobile banking channels.

On behalf of Vantage West Credit Union, thank you for entrusting your banking relationship with us. We look forward to more opportunities to help you succeed, so we all thrive.

**4.86%**

**MEMBERSHIP GROWTH  
IN 2017**

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# ROBERT D. RAMIREZ

President/CEO



Behind every promise is a purpose. Our purpose is to help our Members thrive and our communities prosper in every way that's meaningful to them. We do this by providing innovative financial products and services and supporting community causes that align with our mission.

Last year, we introduced several initiatives to help our Members thrive - Our Connect Rewards Visa Signature® credit card with up to 5% cash back on eligible purchases, our extremely competitive share certificates, and our Rewards Checking are a few examples. To add a little fun, our direct deposit promotion rewarded monthly winners with up to \$1,000 to recognize their loyalty.

We also found unique ways to help our business Members gain visibility and exposure with our Thrive Tucson and Business Spotlight social media series. And we collaborated with community partners like Local First Arizona, who like Vantage West, is part of the fiber woven throughout the communities we serve.

Another way we support our Members is by making ourselves available as a trusted advisor, providing guidance to assist with financial decision-making and by being a financial literacy advocate. Financial literacy is essential, because it is a deterrent to having history repeat itself in the form of a financial meltdown like the one our nation faced several years ago. Our blog is an example of our overall commitment to this initiative. And our scholarship program engages students by including a financial literacy component in the criteria for applying for one of ten \$1,000 scholarships we award annually.

Because our Members deserve to live in thriving communities, we support numerous social causes. Our primary areas of focus are economic development, financial literacy, military, and education. We also encourage employee fundraisers and volunteer activities, and we partner with many local organizations summarized in our Community Impact Statement on the last page of this Annual Report.

The many awards we received this year speak for themselves. We proudly share the following recognition with our Member-owners: Credit Union of the Year, presented by Mountain West Credit Union Association; Dora Maxwell Award, for our commitment to community and Louise Herring Award, for efforts to stop credit card fraud; Diamond Award for Segmented Marketing, for Hispanic market service; World At Work Seal of Distinction, for excellence in human resources; a consistent 5-Star rating from Bauer Financial, for stability and strong capital position; and "Biggest overall winner" in the Arizona Daily Star Reader's Choice Awards, including Best Bank/Credit Union and more.

In closing, we recognize our success is driven by our Members and our ability to grow Member relationships. Thank you for your Membership and for helping us make our mission come to life.

*"It is easy to make promises, it is hard work to keep them" - BORIS JOHNSON*

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# AUGUSTINE GOMEZ

Treasurer, Board of Directors



As the Treasurer of this award-winning institution, I can proudly state that Vantage West Credit Union remains in strong financial health. The Vantage West team continues to strive for excellence through unparalleled service and strategic growth while never compromising its promise of sound financial decisions on behalf of its Members.

To that end, 2017 was another exemplary year for our Membership, with solid performance in asset growth, net income, deposits, and Membership growth as stated below.

## ASSET GROWTH

Total assets grew by \$237 million or 14% to total more than \$1.9 billion. This growth stemmed from a continued effort to raise cash for future investment into credit union operations to better serve our Members.

## NET INCOME

The credit union ended the year with \$21 million in net income. The majority of this was driven by a larger loan portfolio and lower loan losses. In an increasingly competitive lending environment, Vantage West has maintained a position of being a prudent lender by consistently gaining market share and reducing charge-offs.

## DEPOSITS

Total deposits grew by 4% in 2017. Our deposit growth is a direct result of our success, not only as a service-based lender, but also as an institution that helps its Members and its communities save. Our goal for 2018 is to continue to grow deposits so we can better serve our Membership. We intend to do this while maintaining our position as the lender of choice within the community.

## MEMBERSHIP GROWTH

Our Membership grew by a healthy 4.9% in 2017. This is consistent with the growth we achieved in 2016. However, with our Phoenix market expansion and other growth-based initiatives, we are looking forward to even more robust results in 2018 that will benefit the entire Membership.

It is a privilege to be a part of such an impressive institution and a Board that views our Members as its primary priority. The Board of Directors at Vantage West never forgets that we are only as strong as our Membership and we thank you endlessly for your dedication and trust in us to serve you.

14.1%

GROWTH IN TOTAL  
ASSETS IN 2017

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# BRANDON SAX

Chairman, Supervisory Committee



The Supervisory Committee is responsible for monitoring and auditing the operational functions of Vantage West Credit Union. Our primary duty is to engage an external audit firm to conduct the annual audit of the credit union's financial statements. While this is our prescribed responsibility, the Committee is also expected to be on the watch for unidentified or unaddressed risks of the institution. Vantage West's size requires a highly engaged and able Committee to ensure the safekeeping of the Members' assets. The Committee is in a state of having extremely engaged and able Members that you can be assured are completing their duties to the deepest level of diligence. Further, it is my pleasure to report that the external annual audit received an Unmodified Opinion, meaning that our financial statements are presented, in all material aspects, in accordance with applicable financial reporting framework.

In addition to overseeing the annual financial audit, the Committee also supervises the Internal Audit Department. The Internal Audit Department conducts periodic audits of the branch system and operational functions. These audit results are reviewed by the Committee, and remediation of any findings are monitored to ensure the timely and appropriate completion of corrections committed to by management. All findings detailed in the internal audits have received satisfactory prescribed remediation.

The health of the governance structure of a financial institution is a significant factor in determining how financially sound an organization is positioned to perform. As a brief overview, governance of the credit union is as such: Board of Directors – responsible for setting the strategic direction of the institution; Management – responsible for providing input into the strategy, but ultimately for executing the strategy approved by the Board of Directors; and the Supervisory Committee – responsible for monitoring the activities of the institution to ensure compliance with laws, regulations, credit union bylaws, and policies.

When this structure is healthy and operating as designed, the institution can realize its greatest potential and continue to adapt to the needs of its Membership. It is my position that these three branches of governance of Vantage West are currently poised to address the near- and long-term challenges of this industry and to meet the needs of Membership.

In conclusion, I can assure you that your personal and business financial assets housed with Vantage West are safe. I appreciate the opportunity to serve as the chairman of the Supervisory Committee and look forward to continue serving the Membership of this great institution.

**10.8%**

**GROWTH IN MEMBERS'  
EQUITY IN 2017**

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# STATEMENTS OF FINANCIAL CONDITION

AS OF DECEMBER 31,

ASSETS	2017	2016
Cash & cash equivalents	\$286,439,149	\$ 71,666,992
Investments		
Available-for-sale	5,053,579	5,112,196
Trading	27,615,363	26,117,423
Federal home loan bank stock	7,965,000	6,000,000
Loans to Members, net of allowance for loan losses	1,503,810,593	1,495,591,549
Accrued interest receivable	4,748,573	4,635,634
Loans held for sale	1,039,459	694,232
Prepaid and other assets	23,100,301	19,673,621
Other real estate owned (oreo)	2,558,288	2,822,470
Goodwill	1,670,600	1,909,258
Property and equipment, net	36,953,320	31,067,707
NCUSIF deposit	14,470,438	13,417,775
<b>TOTAL ASSETS</b>	<b>\$1,915,424,663</b>	<b>\$1,678,708,857</b>
Shares and savings accounts	\$1,516,198,190	\$1,458,232,752
Interest payable	347,883	134,376
Accrued expenses and other liabilities	25,848,518	23,624,408
Borrowed funds	155,000,000	—
<b>TOTAL LIABILITIES</b>	<b>\$1,697,394,591</b>	<b>\$1,481,991,536</b>
<b>EQUITY</b>		
Regular reserve	\$14,105,367	\$14,105,367
Undivided earnings	201,168,954	179,850,107
Accumulated other comprehensive loss	(44,249)	(38,153)
Equity acquired through acquisition	2,800,000	2,800,000
<b>TOTAL MEMBERS' EQUITY</b>	<b>\$218,030,072</b>	<b>\$196,717,321</b>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$1,915,424,663</b>	<b>\$1,678,708,857</b>

# STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31,

## INTEREST INCOME

	2017	2016
Loans to Members	\$75,348,789	\$71,038,739
Investments	2,789,950	1,186,568
Cash and cash equivalents	2,216,029	2,003,588
<b>TOTAL INTEREST INCOME</b>	<b>\$80,354,768</b>	<b>\$74,228,895</b>

## DIVIDEND AND INTEREST EXPENSE

Shares and savings accounts	\$8,101,861	\$8,308,117
Borrowed funds	2,404,660	939,713
Other interest	109,432	93,532
Total interest expense	\$10,615,953	\$9,341,362
Net interest income	\$69,738,815	\$64,887,533
Provision for loan losses	\$10,704,202	\$15,618,000
<b>NET INTEREST INCOME AFTER PROVISION</b>	<b>\$59,034,613</b>	<b>\$49,269,533</b>

## NON-INTEREST INCOME

Fees and service charges	\$12,713,256	\$11,481,687
Interchange income	8,952,002	8,071,975
Gain on sale of loans	1,610,366	1,337,081
Miscellaneous non-interest income	1,486,706	1,666,936
<b>TOTAL NON-INTEREST INCOME</b>	<b>\$24,762,330</b>	<b>\$22,557,679</b>

## NON-INTEREST EXPENSE

Salaries and benefits	\$34,398,649	\$31,584,824
Office operations	22,588,259	20,889,258
Office occupancy	2,786,916	2,673,662
Other expense	1,855,569	2,158,291
Professional and outside services	848,703	952,491
<b>TOTAL NON-INTEREST EXPENSE</b>	<b>\$62,478,096</b>	<b>\$58,258,526</b>
<b>NET INCOME</b>	<b>\$21,318,847</b>	<b>\$13,568,686</b>



# LEADERSHIP

## EXECUTIVE TEAM

Robert D. Ramirez	President/CEO
Brenda Gordon	Chief Legal Officer
Dan Clemens	Chief Strategy Officer
Danielle Bridges	Vice President, Retail Sales and Operations
Rene Almazan	Senior Vice President, Chief Lending Officer
Sandra Lueders	Chief Human Resources Officer
Scott Odom	Chief Financial Officer
Steve Mott	Senior Vice President, Technology

## BOARD OF DIRECTORS

Eugene Santarelli	Chairman
John Driskill	Vice Chairman
Augustine Gomez	Treasurer
Ana Archer	Secretary
Gregory Good	Director
Dr. Paul Melendez	Director
Jeff Post	Director
Randy Kohout	Associate Director

## SUPERVISORY COMMITTEE

Brandon Sax	Chairman
Paul Tosch	Secretary
Ann McGrath	Member
Michiko Pinnington	Member

## CONTACT INFORMATION

### PHONE

520.298.7882    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

# 2017 COMMUNITY IMPACT

Investing our time and profits to improve the lives of our Members, by promoting financial readiness, investing in education, honoring our military, being good corporate citizens, and driving economic growth so we can all flourish.

**\$101k**

**TO SUPPORT EDUCATION AND A WELL-EDUCATED WORKFORCE**

**\$70k**

**IN CHARITABLE DONATIONS TO 126 ORGANIZATIONS**

**\$75k**

**INVESTMENT IN COMMUNITY EVENT SPONSORSHIPS**

**2,956**

**EMPLOYEE VOLUNTEER HOURS**

**100**

**DONATED COMPUTERS**

to give low income students access to technology

**57**

**EDUCATIONAL CLASSES**

to help promote financial readiness

**14**

**STUDENT INTERNS**

to whom we provided work experience

**19**

**OUTREACH EFFORTS**

to appreciate & honor our military

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**VantageWest.org**

NMLS# 485751

Federally insured by NCUA.