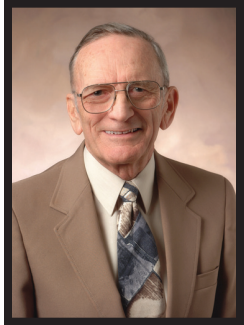




2010 Annual Report



## **Dale R. Whittaker, Chairman, Board of Directors**

As I look back over the last two years, I think of two key virtues that have sustained us: patience and persistence. We bounced back following one of the worst years in history for the financial services industry, even after economists predicted that 2010 would be worse than 2009 and 2008. We ended the year as one of the best-managed credit unions in the country with \$1.1 billion in totals assets, a membership base of more than 108,000, and a capital ratio of more than 11%.

Our dramatic turnaround is the direct result of meeting our members' needs during some of the most tumultuous times in our financial services industry. When other financial institutions were looking for ways to cut costs in order to remain profitable, we took a different approach. Our strategy centered on growing ourselves into profitability by serving our members' needs.

We focused on continuous improvements of our products, services, processes, and our people. We also focused on our goals to provide exceptional service, meet and exceed our members' expectations, and build member loyalty. In 2010, we opened two new branches: one in Tucson and the other in Casa Grande. We also merged with a Phoenix-based credit union and introduced Shared Branching in order to expand our network of services for our membership.

Our strategy is very simple: to become the premier financial services provider for consumers and small business owners in Arizona. On behalf of the Board of Directors, our Supervisory Committee, and our staff, I am pleased to present this annual report to the credit union membership.

*Thank you for helping keep Vantage West Credit Union financially strong!*

## Robert D. Ramirez, President/CEO

Today I ask the ultimate question: *“Would you recommend your family and friends to Vantage West Credit Union?”* Our goal is to have our members respond with a resounding, *“Yes!”* To achieve this, we have been diligent in working through one of the worst financial services crisis in our country’s history.

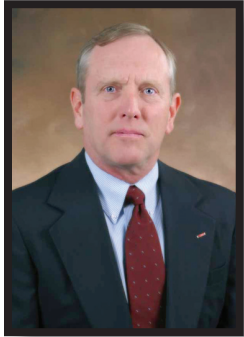
We have chosen a very deliberate path to continuously improve our products and services. This has resulted in new and enhanced offerings that benefit our membership. We also determined that our future will be defined by innovations in the delivery of our products and services.

Having both directions in mind, in 2010, we introduced **Mobile Web Banking/Text Message Banking**, **eAccounts** like **eChecking** and **eShare Certificates** available for **Online Account Opening, My Deposit**, as well as **Remote Deposit Capture** for business accounts. We also added our new **Purchase Rewards Program** for VISA® Debit Cards, and a **Sprint Credit Union Member Discount Plan**. For consumer lending, we launched our **Student Living Loan**, enhanced our **online lending processes**, and continue to offer **competitive consumer and commercial loan pricing**.

I am happy to report that our efforts are paying off. As of December 31, 2010, our net income was at \$14.2 million and our net worth ratio was more than 11%. These represent a substantial turnaround from our financial challenges just two years earlier.

As our economy continues to show signs of recovery, we will persevere with our mission: *“People helping people achieve their financial goals...our #1 priority!”* We know that you have choices to make in meeting your financial needs, and we will continue to work diligently to earn your business and trust. Ultimately, we are focused on having our members answering, *“Yes!”* to the ultimate question!





## **Charles H. Matthewson, Treasurer, Board of Directors**

By some measures, 2010 marked the beginning of “the recovery” of America’s economy. By other measures, it is going to be a long and slow recovery. While the bottom line for your credit union in 2010 was very clearly positive, our members may still be recovering financially.

Two of the most important measures we and our regulators track are the rates of loan delinquencies and loan charge-offs. In 2010, our percentage of delinquent loans rose above 2.5%, nearly a full percentage point above our national peers’ average. The story was similar for charge-offs: Our 2% rate significantly exceeded the 1.1% national peer rate.

We recognize that many of our members continue to struggle to meet their financial commitments. While being aware of this, we managed your credit union in a way that yielded significant net income while absorbing above-average charge-offs. We could have avoided higher delinquencies by tightening credit standards to ensure higher quality loans. However, loyalty is an important value at Vantage West, and we chose to take a calculated risk to continue serving our members during tough times.

The result was a net income of 18.5% (as a percentage of gross revenue) for the year, compared to -32% to 12% for our Arizona peer institutions. This means that our performance was 50% better than our best-performing peer. Our 2% charge-off rate was also the best among these same regional peers, with our competitors ranging from 2.9% to 9.6%.

We believe this demonstrates good business: achieving a great bottom line while managing risks and remaining loyal. Convinced that loyalty begets loyalty, we look forward to more business from you and an even better year for all of us in 2011.

## Ernie Norzagaray, Chairperson, Supervisory Committee

The members of Vantage West Credit Union's Supervisory Committee are appointed by the credit union's Board of Directors, in accordance with Arizona law and the credit union's bylaws. The committee's primary responsibility is to ensure that the directors, committees 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). General credit union operations for Vantage West are overseen and regulated by the AZDFI, in accordance with Arizona's financial institution laws as well as by the National Credit Union Administration (NCUA). The AZDFI conducts the credit union's regular safety and soundness examinations.



The Supervisory Committee also conducts an annual comprehensive review of the credit union's internal controls in association with the certified public accounting firm of Orth, Chakler, Murnane and Company, CPAs; and retains an internal auditor on staff.

I am pleased to report that all reviews of Vantage West's performance indicate that the credit union is a strongly capitalized financial institution. Congratulations to all Vantage West staff, management and volunteers for their part in making the credit union a success.



Federally insured by the NCUA

## Vantage West Credit Union Officers

### Board of Directors

Dale R. Whittaker	Chairman
Wilmer L. "Lou" Gum	Vice Chairman
Charles H. "Matt" Matthewson	Treasurer
Gloria Gonzalez	Secretary
Tomas L. Valdez	Director
Edward L. Sorrell	Director
Gary W. Smith	Director
Telesforo "Soonie" Marin	Associate Director

### Supervisory Committee

Ernie Norzagaray	Chairperson
Sophie Elder	Secretary
Helen Arnold	Member
Richard Diaz	Member
Miland Wilken	Member
Patricia Raymond	Alternate Member
Charles Wilson	Alternate Member

### Senior Management

Robert D. Ramirez	President/CEO
Rene S. Almazan	Sr. Vice President, Chief Lending Officer
Gary S. Bram	Sr. Vice President, Marketing
Steven M. Mott	Sr. Vice President, Technology
Tamara Achilles	Vice President, Compliance
James "Rocky" Chandler	Vice President, Indirect Lending
Daniel Clemens	Vice President, Enterprise Risk Management
Doris Gant	Vice President, Operations
Stefan Harris	Vice President, Technology
Jamie S. Hernandez	Vice President, Regional Sales Manager
Sandra B. Lueders	Vice President, Human Resources
Scott B. Odom	Vice President, Finance
Charles "Chuck" Powell	Vice President, Asset/Liability Management
Kathy Ramirez	Vice President, Business Lending & Services
Jason Smalarz	Vice President, Loss Mitigation and Loan Servicing

**Vantage West Credit Union**  
**Statements of Financial Condition**

	<b>As of December 31,</b>	
	<b>2010</b>	<b>2009</b>
<b>Assets</b>		
Cash & Cash Equivalents	\$ 64,282,632	\$ 87,874,831
Investments	120,464,076	107,927,090
Loans, Net of Allowance for Loan Loss	823,021,100	831,708,959
Accrued Interest Receivable	3,902,162	4,094,949
NCUA Share Insurance Deposit	9,496,883	9,539,716
Property and Equipment, Net of Depreciation	27,206,056	20,041,553
Other Assets	25,556,662	11,097,817
Total Assets	1,073,929,571	1,072,284,915
<b>Liabilities</b>		
Borrowed Funds	-	25,000,000
Accounts Payable and Accrued Liabilities	8,588,403	7,529,991
Member Deposit Accounts	946,223,217	937,152,512
Total Liabilities	954,811,620	969,682,503
<b>Equity</b>		
Reserves	116,524,176	102,296,259
Equity Acquired in Merger	2,800,000	-
Accumulated Other Comprehensive Income (Loss)	(206,225)	306,153
Total Equity	119,117,951	102,602,412
Total Liabilities & Equity	\$ 1,073,929,571	\$ 1,072,284,915

**Vantage West Credit Union  
Statements of Income**

	For the years ended December 31,	
	2010	2009
Interest Income		
Loan Interest	\$ 57,891,624	\$ 57,456,080
Investment Income	2,807,556	2,018,527
Total Interest Income	<u>60,699,180</u>	<u>59,474,607</u>
Dividend and Interest Expense		
Dividend Expense	6,851,873	13,838,343
Interest on Borrowed Funds	2,709	198,429
Total Dividend and Interest Expense	<u>6,854,582</u>	<u>14,036,772</u>
Net Interest Income	53,844,598	45,437,835
Provision for Loan Losses	<u>15,396,000</u>	<u>24,250,000</u>
Net Interest Income after Provision	<u>38,448,598</u>	<u>21,187,835</u>
Non-Interest Income		
Fees and Commission Income	13,511,365	12,556,248
Gain from Bargain Purchase - Acquisition	2,234,554	-
Income from NCUSIF	-	5,254,466
Miscellaneous Non-Interest Income	422,471	270,986
Total Non-Interest Income	<u>16,168,390</u>	<u>18,081,700</u>
	<u>54,616,988</u>	<u>39,269,535</u>
Non-Interest Expense		
Salaries and Benefits	20,961,750	17,009,174
Office Operations	13,164,365	11,731,794
Impairment of NCUSIF Deposit	-	5,254,466
Office Occupancy	1,949,680	1,802,308
NCUSIF Premium Assessment	2,460,490	1,430,957
Other Expense	1,187,965	874,627
Professional and Outside Services	664,820	737,075
Total Non-Interest Expense	<u>40,389,070</u>	<u>38,840,401</u>
Net Income (Loss)	<u>\$ 14,227,918</u>	<u>\$ 429,134</u>

## Phone Numbers

520.298.7882

800.888.7882

## Website

Vwestcu.org

## Email

Info@Vwestcu.org

## Corporate Address

2480 N. Arcadia Ave., Tucson, AZ 85712

## Mailing Address

P.O. Box 15115, Tucson, AZ 85708

## Branch Locations

### Pima County

Broadway

Craycroft

DM Air Force Base (*Limited Access*)

Marana (*AZ Pavilions*)

Northwest

Rita Ranch

Southwest

Tanque Verde/Sabino Canyon

(*NE corner Safeway shopping center*)

University

Wilmot

### Maricopa County

32<sup>nd</sup> & Shea

Black Canyon (*Phoenix*)

### Pinal County

San Manuel

Casa Grande

8465 E. Broadway Blvd.

2222-4 S. Craycroft Rd.

3320 S. Craycroft Rd., Bldg 2520

8290 N. Cortaro Rd.

550 W. Magee Rd.

7394 S. Nexus Rd.

3125 E. Valencia Rd.

7163 E. Tanque Verde Rd.

801 E. Speedway Blvd.

1100 N. Wilmot Rd.

10440 N. 32<sup>nd</sup> St.

3416 N. 24<sup>th</sup> Ln.

141 W. 8<sup>th</sup> Ave.

2008 E. Florence Blvd.