



STRONGER TOGETHER



2018 ANNUAL REPORT

President's Report

WOW! What an exciting year 2018 was. Each year, I continue to be amazed at what YOU, our loyal member-owners, are able to help the credit union achieve. Since the financial collapse of 2008, the financial institution landscape of Southern Oregon has changed dramatically; however, through our member-owners' loyalty and trust in their credit union, we are able to remain one of the few financial institutions still headquartered right here in Southern Oregon. YOUR support ensures that Rogue is able to focus on serving the needs of our members and the community. In the nature of being a cooperative, one member's deposits are another member's loan, and this has allowed us to help our members purchase 16,855 vehicles and hundreds of others purchase homes this year.

Over the past year, Rogue grew to over \$1.5 billion in assets and now serves over 134,000 members in six counties in Southern Oregon. YOUR credit union continued to see solid loan growth throughout 2018, ending the year with a portfolio of over \$1.26 billion. The loan and deposit growth over the past year helped Rogue finish the year with a strong Net Worth Ratio of 10.17%, which is far above what our federal regulators consider to be a "well-capitalized," credit union. Growth has never been, or will be, our strategy here at Rogue. It is through YOUR loyalty and participation with YOUR credit union that Rogue was able to see another successful year in 2018.

Here at Rogue, we know that healthy communities are equally as vital to the credit union's success as loans and deposits. In 2018, our member-owners helped Rogue give back a record amount of funds to our communities. Together, we gave back over \$265,000 to various organizations in Southern Oregon, including over \$99,000 to our local Children's Miracle Network hospitals through Credit Unions for Kids! Through programs like Give and Save, folks like you are helping Southern Oregon grow stronger and stay true to the cooperative mindset of "people helping people."

YOU, our member-owners, are the reason that Rogue is in the position that we are today. As we move forward into 2019, we remain rooted in the commitment that a group of ten educators made in 1956; to take care of our member-owners and our community. Here at Rogue, we know that together, we are stronger. Thank you for YOUR loyal membership.



Gene Pelham
President/CEO

Board Chair Report

Over the last ten years, it has been my honor to serve as the Board Chair of Rogue Credit Union. During this time, the credit union has weathered some serious storms and has experienced great success. Through it all, you have remained loyal to Rogue and today, we're stronger than ever.

YOUR Board of Directors is entrusted with the oversight and direction of Rogue Credit Union. Our focus is to ensure the stability and financial soundness of the credit union, for many years to come. All decisions are made with YOU, our loyal member-owners, at the forefront. In 2018, Rogue was recognized as the #1 Credit Union in the state of Oregon by Forbes Magazine – an honor and direct reflection of our loyal member-owners' trust in Rogue.

True to the principles of a not-for-profit financial cooperative, Rogue strives to reward our members for their participation in the credit union. We know that without the trust and support of our members, Rogue would not be here. In 2018, your Board was thrilled to be able to approve a \$4 million Rogue Rewards Loyalty Dividend. This Loyalty Dividend is the result of your active participation in the credit union. This \$4 million Loyalty Dividend was returned directly to our members in the local communities we serve, benefiting our Southern Oregon economy. Together, we're helping to build strong and healthy communities for us all.

Thank you for your continued support and loyal membership at Rogue Credit Union.

“ This \$4 million Loyalty Dividend was returned directly to our members in the local communities we serve... ”



Jerry Hauck
Board Chair

Board of Directors



Jerry Hauck, Board Chair
Retired Coach, Teacher and Administrator,
Ashland High School
Credit Union Member since 1972
Jerry was elected to the Board in 2003.
He has served as the Vice Chair and is currently
serving in his 10th year as Board Chair.



Philip Smith, Vice Chair
Chief Financial Officer for PMCI, Inc.
Former Accounting Professor at SOU
Credit Union Member since 2005
Philip was appointed to the Board in 2011.
Philip currently serves as the Board Vice Chair,
previously serving on the Supervisory Committee,
and other various Board Committees.



Cheryl McMahan, Secretary
College Professor and Retired Engineer
Credit Union Member since 2007
Cheryl was appointed to the Board in 2013.
She has previously served on the Supervisory
Committee and currently serves on various
Board committees.



Tim George, Treasurer
Retired Chief of Police,
Medford Police Department
Credit Union Member since 1978
Tim was elected to the Board in 1992.
He previously served as Secretary and Board
Chair and serves on various Board committees.



Heather Johnson
Certified Public Accountant and
Chief Financial Officer of Blackstone Publishing
Credit Union Member since 1988
Heather was appointed to the Board in 2018
and serves on the Supervisory Committee in
addition to various other Board committees.



Bern Case
Retired Director of the
Rogue Valley International Airport
Credit Union Member since 1994
Bern was appointed as the Associate
Board Member in 2018 and serves
on various Board committees.



Alex Palm
Professional Civil Engineer and
Principal at i.e. Engineering, Inc.
Credit Union Member since 2015
Alex was appointed to the Board in 2017
and serves on various Board committees.



Peter Angstadt
Retired President of Rogue Community College
Credit Union Member since 2014
Peter was appointed as an Associate
Board Member in 2018 and serves
on various Board committees.

Supervisory Committee

The Supervisory Committee is appointed by Rogue's Board of Directors to act as the members' representatives in ensuring the safety and soundness of YOUR credit union. The Supervisory Committee is confident in reporting that throughout 2018, Rogue Credit Union maintained a well-capitalized Net Worth Ratio, while meeting the regulatory guidelines set forth by the State of Oregon and its federal regulatory bodies.

In July, the State of Oregon Department of Financial Regulation and the National Credit Union Association (NCUA) reported back to the credit union any findings from its examination and they were subsequently reviewed by your Supervisory Committee.

Your Supervisory Committee, along with the Board of Directors, are in agreement with all the exams. We are confident that Rogue Credit Union is meeting the needs of its members, continuing to keep current with the rules and regulations, while providing a safe and sound local option for your financial needs. As we journey through 2019, we will continue to work closely with our regulators in the State of Oregon and the NCUA, making certain that you can rest assured your credit union is safe, stable and secure.



Jeny Grupe
Secretary



Heather Johnson



Neil Itzen
Chair



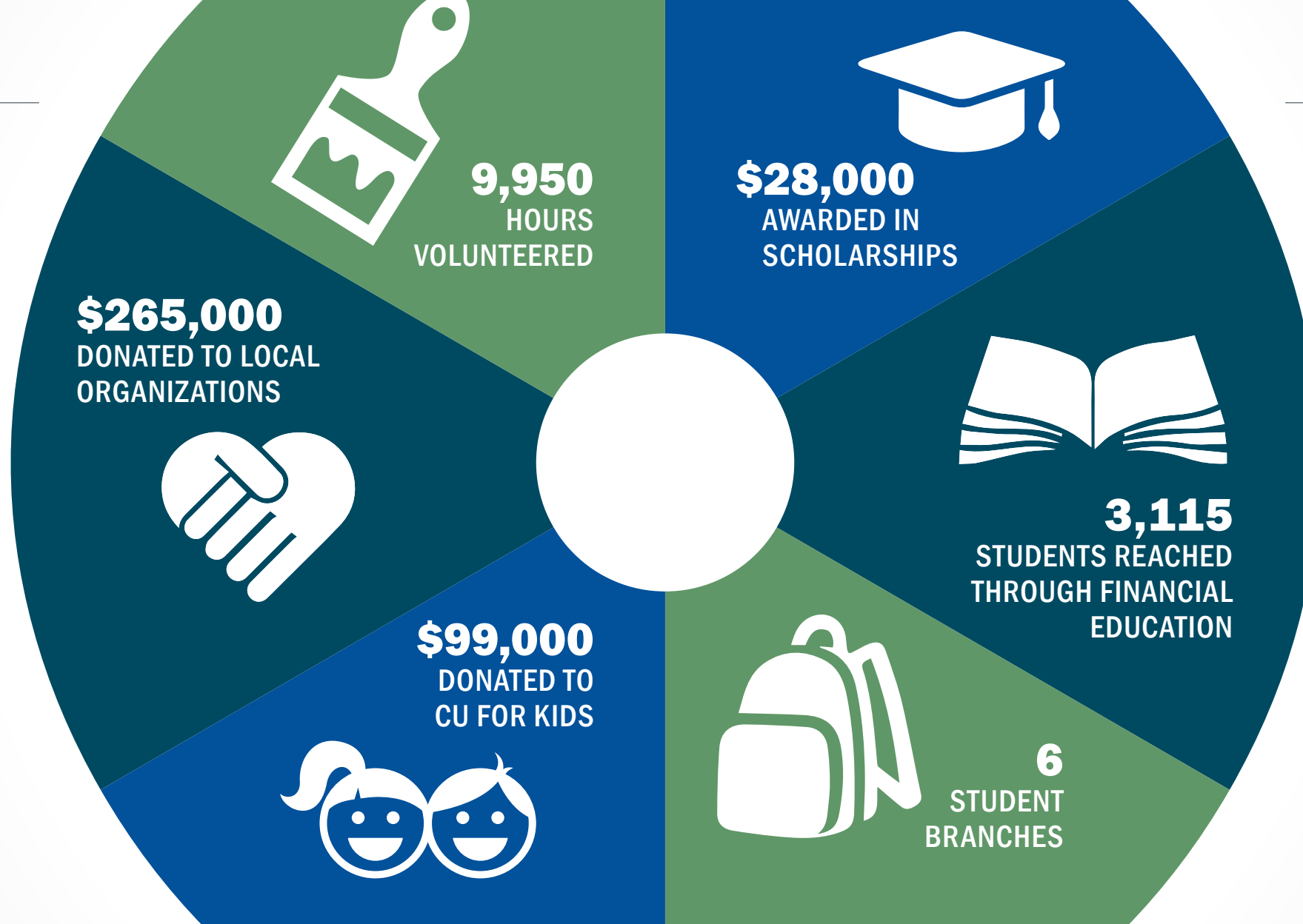
CJ McPhail



Carrie Zippi

Community Impact

In 2018, YOUR credit union continued its positive impact in our Southern Oregon communities through donations, scholarships and volunteer hours. Rogue, with the generosity of our members, increased its contribution to the Children's Miracle Network in 2018 to \$99,000! Additionally, through sponsorships like the Bandon Cranberry Festival, the Klamath Snowflake Festival, the Umpqua Valley Festival of Lights and the Pear Blossom Festival, Rogue remains committed to our local communities, and to making Southern Oregon a great place to live!



Financial Education

Rogue implemented a robust new curriculum for Financial Education in 2018, with both online and in-person classes. Through the Dollars+\$ense Program, we feature practical monthly advice in areas like budgeting, home ownership, and preventing identity theft. New online classes feature topics like Budgeting Basics and tips for Getting Out of Debt, while the award-winning U-Teach curriculum, designed for our local schools, helps teach kids about saving for college, loans, and planning for the future. Starting as a teacher's credit union, Rogue's commitment to financial education has always been a vital part of our DNA.



Our Locations

Rogue Valley

Downtown Ashland
415 Lithia Way

South Ashland
1661 Ashland Street

SOU Campus
1118 Siskiyou Blvd

Central Point
1200 Plaza Blvd

Eagle Point
10572 Highway 62

East Medford
955 N Phoenix Road

Downtown Medford Drive-Up
102 N Front Street

West Medford Drive-Up
51 Clover Lane

North Medford Plaza
1330 Poplar Drive

South Medford Plaza
1370 Center Drive

“ At Rogue, I’m **not just a number** but a **part of a big family**. I’m always greeted like you’re happy to see me. ”

Grants Pass

West Grants Pass
590 Union Avenue

Downtown Grants Pass
751 SE 7th Street

South Grants Pass
249 NE Terry Lane

Umpqua Valley

East Roseburg
1337 NE Stephens Street

West Roseburg
1390 NW Garden Valley Blvd

South Coast

Bandon
1010 First Street SE

Brookings
729 Chetco Avenue

Gold Beach
29620 Ellensburg Avenue

Port Orford
1000 Oregon Street

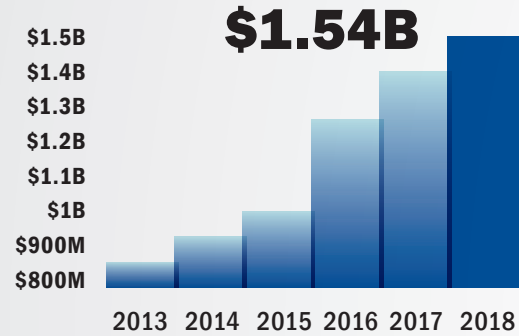
Klamath Basin

Klamath Falls
3211 Washburn Way

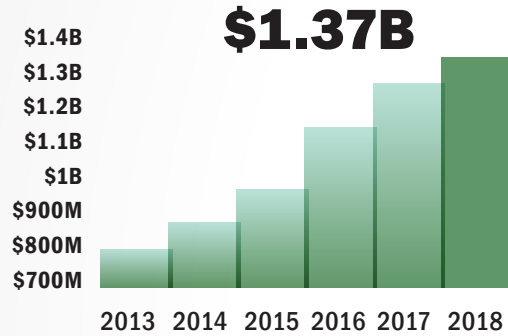
20
locations throughout
Southern Oregon

Rogue Credit Union Financials 2018

Total Assets

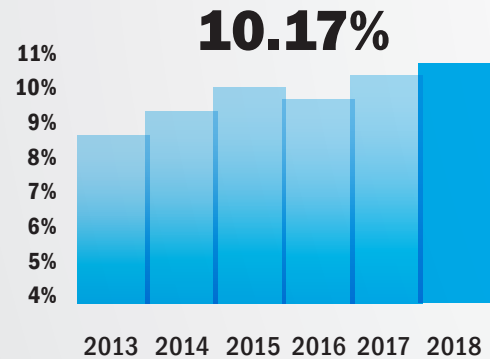


Total Deposits

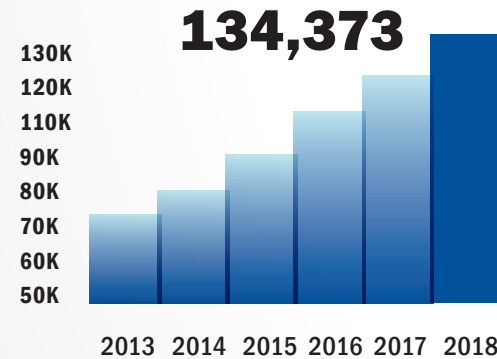


Over the past year, Rogue grew to **over \$1.5B in assets** and now serves **over 134,000 members** in six counties in **Southern Oregon.**

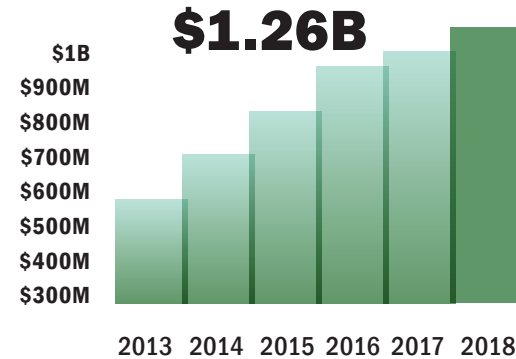
Net Worth



Total Members



Total Loans



CONSOLIDATED STATEMENT OF INCOME

For the year ended December 31, 2018
(in Thousands)

Income & Expense

Loan Income	\$60,138
Investment Income	\$5,421
Loan Income from Acquired Loans	\$2,719
Total Interest Income	\$68,278
Cost of Funds	(\$7,019)
Net Interest Income	\$61,259
Provision for Loan Losses (PLL)	(\$7,807)
Net Interest Income after PLL	\$53,452
Fee Income	\$5,628
Interchange Income	\$9,711
Other Operating Income	\$5,503
Total Non-Interest Income	\$20,842
Employee Compensation & Benefits	(\$33,762)
Other Operating Expense	(\$22,917)
Total Non-Interest Expense	(\$56,679)
Net Income	\$17,615

CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

For the year ended December 31, 2018
(in Thousands)

Assets

Cash & Cash Equivalents	\$41,888
Investments	\$161,212
Total Loans	\$1,256,373
Allowance for Loan Losses	(\$10,608)
Land & Buildings	\$63,044
Other Fixed Assets	\$8,154
NCUSIF Deposit	\$12,870
Other Assets	\$12,045
Total Assets	\$1,544,978

Liabilities, Shares & Equity

Total Liabilities	\$21,204
Total Shares	\$1,369,248
Total Equity	\$154,526
Total Liabilities, Shares & Equity	\$1,544,978

Board Compensation

Rogue Credit Union has established a Compensation Policy to provide reasonable compensation for members of its Board of Directors and Supervisory Committee for their time, service, and contributions to the credit union; as allowed by Oregon law and the Credit Union's Bylaws.

Rogue's focus is, and always will be, on serving its members and our communities as a trusted partner in financial services that provides exceptional services. Rogue's Board of Directors believes that compensation to the Board and Supervisory Committee members will enhance the credit union's ability to attract and retain qualified Directors to represent the members while continuing the legacy of a locally-based Southern Oregon credit union.

Board & Supervisory Committee Responsibilities – The Board of Directors is responsible for setting the general direction of the credit union. Directors serve on multiple committees and meet regularly as a Board to establish policy and business strategy, to provide feedback and counsel to the President/CEO who is hired by, and reports to the Board, to review financial performance, and to review the credit union's progress in achieving its goals and objectives. The Supervisory Committee is responsible for overseeing the audit function of the credit union to ensure the members' funds are protected. The Supervisory Committee is responsible for an annual audit of the financial statements, verifying the accuracy of members' accounts, and ensuring the Credit Union's financial records and operations are in order.

The sophisticated products and services of Rogue require a Board and Supervisory Committee with strong financial knowledge, diverse skills

and dedication to meet the oversight demands within the competitive and highly regulated financial services industry. The time commitments for the Board and Supervisory Committee member meetings, meeting preparation, regulatory training and continuing education are significant and ever-increasing. This warrants fair and reasonable compensation.

Rogue's Financial Performance – Rogue has consistently achieved strong financial performance that supports reasonable compensation, through the balanced delivery of financial services to our members, while ensuring safety and soundness of our Credit Union. To ensure a sound future, Rogue has built a net worth that exceeds the levels required by its regulators to be classified as well-capitalized, achieved a strong net income to maintain net worth, and managed risks within its operations to provide for consistent ongoing and future operational results. For more information about Rogue's financial performance, please visit our web site at: www.roguecu.org/annual-report

Due Diligence – The Board conducted thorough due diligence to consider and determine compensation that would be reasonable and commensurate with the responsibilities of the applicable positions. The due diligence information included a study by an independent consulting firm of compensation ranges of similar size credit unions, community banks and other nonprofit organizations that compensate their Boards and audit committees. Based on Rogue's strong financial condition, market conditions and progressive mission and goals, the Board established a compensation schedule that is reasonable and consistent among peer credit unions of similar performance and size in Oregon and Washington.

Board & Supervisory Committee Compensation

Compensation Schedule – The credit union will provide reasonable compensation in the form of an annual stipend, based on the position held. This structure supports individual Board and Supervisory Committee members equally with respect to the importance of their respective duties and responsibilities, and provides compensation commensurate with the time commitments of the different positions. The following annual compensation schedule was approved for the Board of Directors and Supervisory Committee members.

Board Chair	\$25,000
Board Executive Committee or Committee Chair or Board Supervisory Committee Member	\$21,000
Board Member	\$18,000
Supervisory Committee Chair	\$7,500
Supervisory Committee Member	\$6,000

The following annual compensation is scheduled and approved for the Board of Directors and Supervisory Committee members for 2019-20, following member notification of the decision to compensate Directors and Supervisory Committee members.

Jerry Hauck, Board Chair	\$25,000
Philip Smith, Board Vice Chair	\$21,000
Cheryl McMahan, Secretary	\$21,000
Tim George, Treasurer	\$21,000
Heather Johnson, Director and Supervisory Committee	\$21,000
Peter Angstadt, Director and Committee Chair	\$21,000
Alex Palm, Director	\$18,000
Neil Itzen, Supervisory Committee Chair	\$7,500
CJ McPhail, Supervisory Committee	\$6,000
Jeny Grupe, Supervisory Committee	\$6,000
Carrie Zippi, Supervisory Committee	\$6,000

Rogue Rewards Loyalty Programs

At Rogue, success is a reflection of our member-owners' participation in the credit union. As a financial cooperative, we all share in that success and are rewarded for our participation. Rogue doesn't answer to stockholders – we answer to you! Each and every decision is made with our members in mind. The Rogue Rewards Loyalty Programs are our way of rewarding you for your active participation in the credit union.



Are **YOU** taking advantage of all the **Rogue Rewards Loyalty Programs?**



Learn more at roguecu.org



In **2018**, we returned over **\$4 MILLION** to our members with a **Loyalty Dividend**, and they added even more to their High Yield Ownership Accounts through the **Rogue Rewards Loyalty Programs**.



**STRONGER
TOGETHER**

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