



\$6 MILLION REASONS TO **CELEBRATE**

2019 ANNUAL REPORT

SUPPORTING LOCAL



We're giving back **\$6 Million** right here in Southern Oregon to our loyal members. These funds are based on members' loan, deposit and transaction participation with the Credit Union. The **Loyalty Dividend** is placed into a high-yield **Ownership Account** which earns 4.07% APY.*



HIGHEST MEMBER PAYOUT:

\$998



AVERAGE MEMBER PAYOUT:

\$44

In 2019, members earned over **\$7.9 Million** into their **Ownership Account** just through participating in these **Rogue Rewards programs**:



For more ways to participate, please visit us at: roguecu.org/roguerewards

*Annual Percentage Yield as of 3/1/2020 and is subject to change.

GIVING BACK

At Rogue, we take pride in **living, giving** and **supporting local**. That's why this year, we have also allocated \$300,000 to give back to some of our community partners. With Rogue's giving focus on youth, families and education, these funds will go to benefit local organizations such as:



The Rogue Valley Family YMCA has been strengthening our Southern Oregon community since 1944 through their focus on youth development, healthy living and social responsibility.



This year we are thrilled to be the 2020 Azalea Festival Title Sponsor. This historic event brings together our southern coastal community and beyond through its family fun and historic events.



Rogue Credit Union and Brooke Communications have partnered to provide the Wish Upon a Star program, helping local Roseburg families in need during the holiday season.

LIVING GIVING SUPPORTING LOCAL

PRESIDENT'S REPORT

As I reflect back on 2019, I think about all of the things that have transpired here at Rogue and how many reasons we have to celebrate this past year – 6 Million to be exact! It is because of YOU, our loyal member-owners, and your active participation with YOUR Credit Union that we are able to return \$6 Million to our members in the form of a Loyalty Dividend to be paid out in 2020 - the largest ever! We are returning this dividend straight back to our members, including \$300,000 in donations and sponsorships to local non-profit organizations, right here in Southern Oregon. These funds will help strengthen the economies of communities that we serve. Here at Rogue, we know that healthy communities are just as vital to our success as loans and deposits. This dividend is truly not possible without the continued participation from YOU, our member-owners, and the trust that you place in Rogue.

In 2019, Rogue grew to an asset base of over \$1.69 Billion and welcomed 9,700 new members into our family. We finished the year strong with a net worth of 10.67%, which is well above the 7.00% our regulators consider to be a 'well-capitalized' credit union. Growth has never been or will be our strategy here at Rogue, but through YOUR participation, Rogue was able to see another successful year in 2019.

As we move forward into this next decade, 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. Thank you for giving Rogue 6 Million reasons to celebrate 2019 and for YOUR loyal membership!



Gene Pelham, President/CEO

BOARD CHAIR REPORT

For the past 11 years, it has been my honor to serve as the Board Chair of Rogue Credit Union. YOUR Board of Directors is entrusted with the oversight and direction of the Credit Union. Our focus is to ensure the stability and financial soundness of the Credit Union today, and for many years to come. All decisions are made with YOU, our loyal member-owners at the forefront. During this past decade, Rogue has been fortunate to experience great success, but none of that is possible without YOU! 2019 was an exceptional year for the Credit Union, and our members have given us many reasons to celebrate this past year.

True to the principles of being a not-for-profit financial cooperative, Rogue strives to reward our members for their participation in the Credit Union. In 2019, your Board was thrilled to be able to approve a \$6 Million Rogue Rewards Loyalty Dividend to be paid out in 2020. This Loyalty Dividend is the result of your active participation with the Credit Union and the trust that you instill in Rogue to be your financial institution. This \$6 Million Loyalty Dividend is being returned directly to our members and non-profit organizations in the local communities we serve, benefiting all of Southern

Oregon. As we continue on into 2020, and look towards the future, we are certain that through your continued support and active participation this decade will continue to give us many more reasons to celebrate.

Thank you for your loyal membership!



Jerry Hauck

Jerry Hauck, Board Chair



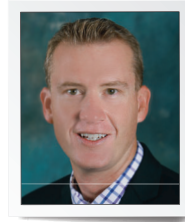
BOARD OF DIRECTORS

Rogue Credit Union, and all credit unions, are member-owned, not-for-profit financial cooperatives dedicated to serving their members and bettering the communities they serve. Rogue Credit Union is a democratically-controlled cooperative, overseen by a highly-qualified and committed Board of Directors. YOUR Board of Directors is charged with guiding Rogue's strategic direction and ensuring that YOUR Credit Union continues to be a safe and stable financial institution for Southern Oregon.



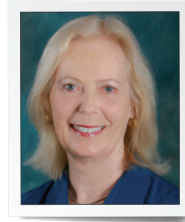
Jerry Hauck, Board Chair
Retired Coach, Teacher and Administrator,
Ashland High School
Credit Union Member since 1972

Jerry was elected to the Board in 2003. He has served as the Vice Chair and is currently serving in his 11th year as Board Chair.



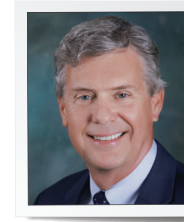
Philip Smith, Vice Chair
Chief Financial Officer for PMCI, Inc.
Former Accounting Professor at SOU
Credit Union Member since 2005

Philip was appointed to the Board in 2011 and previously served on Rogue's Supervisory Committee and as Board Treasurer.



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.



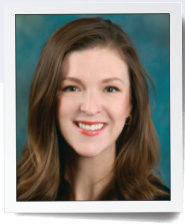
Tim George, Treasurer
Retired Chief of Police,
Medford Police Department
Credit Union Member since 1978

Tim was elected to the Board in 1992. He previously served as Secretary and Board Chair and serves on various Board committees.



Peter Angstadt
Retired President of Rogue Community College
Credit Union Member since 2014

Peter is proud to represent Josephine County on the Board. He was appointed as an Associate Board Member in 2018 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. She currently serves on the Supervisory Committee in addition to various other Board committees.



Alex Palm
Professional Civil Engineer and
Principal at i.e. Engineering, Inc.
Credit Union Member since 2015

Alex is proud to represent Douglas County. He was appointed to the Board in 2017, and serves on various Board committees.

27 YEARS OF SERVICE

We would also like to give a special thank you to former Board member, Tim George, who served on the Board for the past 27 years. Tim became a member in 1978 and was elected to the Board of Directors in 1992. He has served numerous roles including Chair, Treasurer and Secretary during his tenure. Tim also helped to advise three out of the four CEO's in Rogue's history and has played an integral part of setting the direction for Rogue throughout the years. During Tim's tenure, the Credit Union grew from less than \$100 million in assets to over \$1.69 billion. He also played an instrumental role during the Great Recession when Rogue was able to forego making any staff cuts; an area Tim supported strongly. We are thankful for all of the contributions Tim and his wife Tami have made and are forever grateful.



Thank you

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 2019, 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 June, 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, all the while providing a safe and sound local option for your financial needs. As we journey through 2020, we will continue to work closely with regulators from the State of Oregon and the NCUA, making certain that you can rest assured that your Credit Union is safe, stable and secure.



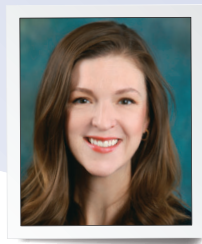
Neil Itzen, *Chair*



Carrie Zippi, *Secretary*



Jeny Grupe



Heather Johnson



CJ McPhail

COMMUNITY IMPACT & FINANCIAL EDUCATION

In 2019, 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 2019 to over \$132,000! 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!



9,850
HOURS
VOLUNTEERED



\$34,500
AWARDED IN
SCHOLARSHIPS



2,000
MEMBERS REACHED
THROUGH FINANCIAL
EDUCATION



\$132,000
DONATED TO CREDIT
UNIONS FOR KIDS



\$238,555
DONATED TO LOCAL
ORGANIZATIONS

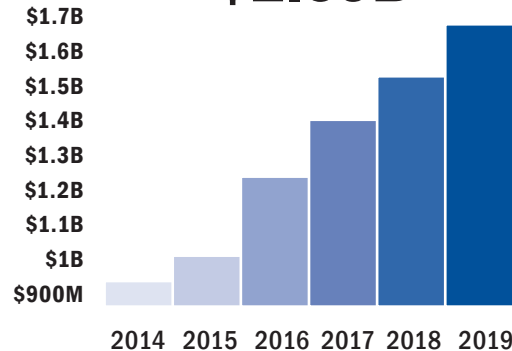


Rogue's Financial Education program served over 2,000 members in 2019 across multiple channels. Our monthly Dollars+\$ense Program featured practical advice in building credit, travel hacking, estate planning, investing and more. Our newsletters and email series featured articles and information focusing on topics such as compound interest, tracking spending, home equity loans, saying goodbye to debt and paying for college. Our website was a vital tool to assist in these efforts, providing our members a 24/7 space where they can access personal finance learning resources. Starting as a teacher's credit union, Rogue's commitment to financial education has always been a vital part of our DNA.

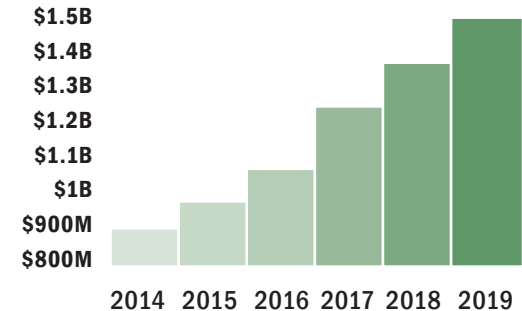
ROGUE CREDIT UNION FINANCIALS 2019

Over the past year, Rogue grew to **over \$1.6B in assets** and now serves **over 144,000 members** in six counties in **Southern Oregon.**

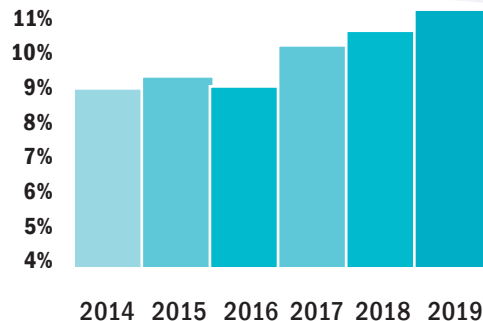
TOTAL ASSETS \$1.69B



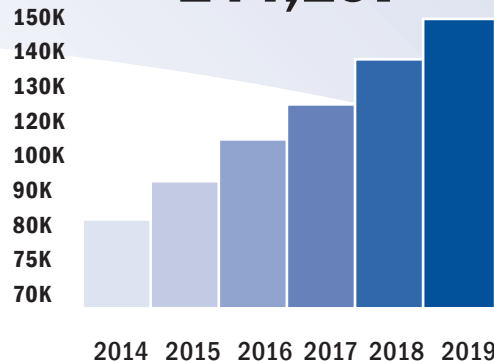
TOTAL DEPOSITS \$1.48B



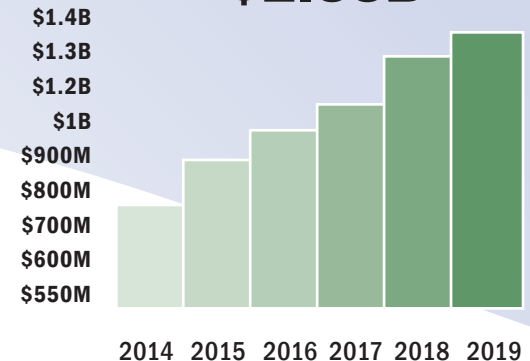
NET WORTH 10.67%



TOTAL MEMBERS 144,167



TOTAL LOANS \$1.33B



CONSOLIDATED STATEMENT OF INCOME

For the year ended December 31, 2019
(in Thousands)

Income & Expense	
Loan Income	\$69,540
Investment Income	\$6,172
Loan Income from Acquired Loans	\$1,334
Total Interest Income	\$77,046
Cost of Funds	(\$10,243)
Interest on Borrowed Money	(\$10)
Total Interest Expense	(\$10,253)
Net Interest Income	\$66,793
Provision for Loan Losses (PLL)	(\$7,712)
Net Interest Income after PLL	\$59,081
Fee Income	\$6,029
Interchange Income	\$11,266
Other Operating Income	\$7,520
Total Non-Interest Income	\$24,815
Employee Compensation & Benefits	(\$35,818)
Other Operating Expense	(\$23,929)
Total Non-Interest Expense	(\$59,747)
Net Income	\$24,149

CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

For the year ended December 31, 2019
(in Thousands)

Assets	
Cash & Cash Equivalents	\$53,349
Investments	\$191,041
Loans Held for Sale	\$31,096
Total Loans	\$1,334,127
Allowance for Loan Losses	(\$11,058)
Land & Buildings	\$63,303
Other Fixed Assets	\$7,512
NCUSIF Deposit	\$13,629
Other Assets	\$14,280
Total Assets	\$1,697,279
Liabilities, Shares & Equity	
Total Liabilities	\$28,654
Total Shares	\$1,485,575
Total Equity	\$183,050
Total Liabilities, Shares & Equity	\$1,697,279

BOARD COMPENSATION

Rogue Credit Union has established a Compensation Policy to provide reasonable compensation to 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 while providing exceptional service. Rogue's Board of Directors and Leadership Team 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 interest of members, while continuing the legacy of a having a Board comprised of members of the Southern Oregon community.

Board & Supervisory Committee Responsibilities – The Board of Directors is responsible for setting the general direction of the Credit Union that aligns with the mission and vision of the organization. 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 YOUR 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 website 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 for 2020.

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 stipends were paid for service provided by the Board of Directors and Supervisory Committee members for 2019.

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

DIGITAL BANKING SOLUTIONS

Express Teller Machines

Expanded technology and hours to better serve our members



- Live Video Teller Sessions: **172,138**
- Live Video Teller Transactions: **251,720**

- Number of Teller Sessions after 5:00pm (extended hours): **27,039**

Improved Mobile Application

Your finances at your fingertips



- **31,109** Chats
- **111,553** Checks Remotely Deposited

Online Statements • Money Management • FICO® Score Improved Bill Pay • Enhanced Profile Control

Enhancements



Appointment Scheduling

Schedule a time convenient for you online or via our mobile app



Money Management Budgeting Tools & Alerts

12,832 registered users



FICO® Score Reporting

Stay on top of your credit when you log into Online Banking



Enhanced Chat

Specialists provide an exceptional experience for members online



Business Online Banking

More member controls allow business owners the ability to delegate bill pay access

LENDING SOLUTIONS

Rogue is committed to offering a variety of lending solutions and competitive rates to our members right here in Southern Oregon.



Mortgage

\$200,718,591 in closings for **879** total loans



Auto Loans

\$311,956,992 for **14,895** total loans



Business Services

Total Business Deposits **\$140,000,000**

Total Business Loans **\$132,000,000**

EMPLOYING LOCAL

Through ongoing development and education of our Rogue team members, we are focused on investing in them so they can better serve our members.



199 Training classes taught



1,244 In-person trainees



18,329 Online classes completed



\$119,166 In tuition reimbursement



9 Degrees Earned by team members

- **485** Total team members in 2019
- **104** Team members hired in 2019

