2016
ANNUAL REPORT
60 YEARS
OF SERVICE

LIVING LOCAL
...it’s a ROGUE thing!
As we reflect and celebrate 60 years of serving Southern Oregon, we want to extend our gratitude to those who paved the way for Rogue Credit Union’s success and for the steady and continued support of our loyal members.

In 1956, a group of ten educators gathered together to form a credit union with the idea that together, they were stronger. Today, that group has grown into an organization with over 400 local employees, serving over 110,000 members throughout Southern Oregon. While we may have outgrown the early days of serving members in the Johnston’s garage, we have not outgrown the values and traditions instilled by our first leaders - people helping people, and taking care of our members, continues to be at the forefront of everything we do and every decision we make.

Today, we’re big enough to matter and have a voice at the table in the ever-changing financial services industry, but small enough to care about each and every one of our members unique needs.

"...we have not outgrown the values and traditions instilled by our first leaders..."

As we celebrate Rogue Credit Union’s 60th year of serving Southern Oregon, I want to take the time to reflect back on the credit union’s rich history of service to its members and community focus.

I am honored to follow in the footsteps of great leaders and serve as Rogue’s fourth President/CEO. My predecessors, Jim Johnston, Vern Arnold and Tim Alford were each the right leader at the right time in the development and growth of YOUR credit union, and have helped shape it into the organization it is today. The success that Rogue Credit Union is experiencing is due to a strong and solid foundation that was built by the selfless dedication and commitment of many before us.

This past year was a wonderfully successful year for YOUR credit union, and I want to acknowledge those who work tirelessly each and every day in taking care of our members – our dedicated Rogue employees. Rogue Credit Union is fortunate to have a highly skilled Leadership Team that are not only experts in their fields, but are fiercely committed to Rogue’s values. Our staff’s commitment and dedication to doing the right thing for our members is, and always will be, our focus.

The strategic vision of our Board of Directors and guidance on doing what’s right for the members, and the outstanding skills and quality of our Leadership Team, continue to drive the foundation of YOUR credit union’s financial strength and success.

Today, Rogue Credit Union is a $1.25 billion organization serving over 110,000 members across Southern Oregon. While we have come a long way from the early days of serving members in the garage, we remain committed to ensuring that the legacy and dedication to service and to our members is at the heart of who we are as an organization.

Your continued loyalty to Rogue Credit Union is what makes this success all possible. Thank you for YOUR loyal membership.
Board Chair Report

It’s my honor to serve as Rogue Credit Union’s Board Chair as we celebrate 60 years of serving Southern Oregon. I want to thank you, our member-owners, for your loyal membership and ongoing support of Rogue Credit Union.

As the financial services industry has dramatically evolved over the years, so has the role of the Board of Directors. Today, YOUR Board of Directors is charged with the oversight of the complexities that come with a billion-dollar organization, which includes increased focus on regulatory requirements, information security and much more.

Each member of the Board of Directors must possess strong financial knowledge, diverse skills and dedication to meet the oversight demands within the competitive and highly-regulated financial services industry. Rogue Credit Union’s Board of Directors is an extremely committed group of individuals, dedicated to ensuring the success and stability of YOUR credit union.

Rogue’s Board of Directors, Leadership Team and staff have not wavered from their commitment to creating a stronger community, while sustaining expenses and creating long-term value for the loyal member-owners. I’m proud to share that 2016 was an exceptional year for YOUR credit union.

Rogue Credit Union experienced a truly outstanding year of success. Rogue saw record growth and ended the year with over $1.25 billion in assets and a strong loan portfolio of over $960 million; a 15.68% increase over last year.

Rogue Credit Union continues to be a trusted local financial institution and has grown to serve over 110,000 members across Southern Oregon. YOUR credit union ended the year with a strong 9.58% Net Worth ratio, well above the 7% our federal regulators require in order to be a “well capitalized” credit union.

As we celebrate Rogue Credit Union’s 60th Anniversary, we look back with gratitude to our roots. YOUR Board of Directors is dedicated to ensuring that we honor the legacy of service and commitment to community that began 60 years ago, when 10 educators gathered together in the cafeteria of Jefferson Elementary school and decided to form a credit union.
SUPERVISORY REPORT

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 2016, 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 Finance and Corporate Securities and the National Credit Union Association (NCUA) reported back to the credit union any findings from its audits and they were subsequently reviewed by your Supervisory Committee.

Rogue’s 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 by continuing to keep current with the rules and regulations, while providing a safe and sound local option for your financial needs. Throughout 2017, 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.
OUR LOCATIONS

ROGUE VALLEY

Ashland
415 Lithia Way
SOU Campus
1118 Siskiyou Boulevard
Central Point
1249 A Plaza Boulevard
Eagle Point
10572 Highway 62
West Grants Pass
590 Union Avenue
Downtown Grants Pass
751 SE 7th Street
East Medford
955 N Phoenix Road
Medford Front Street Drive-Up
102 N Front Street
North Medford Plaza
1330 Poplar Drive
South Medford Plaza
1370 Center Drive

ROSEBURG

East Roseburg
1337 NE Stephens Street

SOUTH COAST

Bandon
1010 First Street SE
Brookings
729 Chetco Avenue
Gold Beach
29620 Ellensburg Avenue
Harbor
16147 Highway 101
Port Orford
1000 Oregon Street

KLAMATH BASIN

Klamath Falls
3211 Washburn Way

COMING IN 2017

South Grants Pass
249 Terry Lane
West Roseburg
1370 NW Garden Valley Boulevard
West Medford Drive-Up
51 Clover Lane

REMOTE DEPOSIT

Depositing checks is as easy as taking a picture with Remote Deposit! Download Rogue's Mobile App to get started today.

MOBILE PAY

Forgot your wallet at home? You can now link your Rogue Credit Union debit and credit cards with Mobile Pay Apps for Apple, Samsung and Android devices. Mobile Pay Apps are an easy, convenient and secure way to pay at many local retailers!

DRIVE-UP TELLERS

It may look like an ATM, but it’s so much more! Simply touch the screen and you’ll be connected to a live and local teller. Now, open to serve members with extended hours! Monday-Friday 7am-7pm Saturday 8am-4pm

roguecu.org | 9
# Consolidated Statement of Income
For the year ended December 31, 2016

<table>
<thead>
<tr>
<th>Income &amp; Expense</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan Income</td>
<td>$46,967,198</td>
</tr>
<tr>
<td>Investment Income</td>
<td>$3,531,619</td>
</tr>
<tr>
<td>Loan Income from Acquired Loans</td>
<td>$4,785,528</td>
</tr>
<tr>
<td>Total Interest Income</td>
<td>$55,284,345</td>
</tr>
<tr>
<td>Cost of Funds</td>
<td>$(2,811,567)</td>
</tr>
<tr>
<td>Net Interest Income</td>
<td>$52,472,778</td>
</tr>
<tr>
<td>Provision for Loan Losses (PLL)</td>
<td>$(6,389,746)</td>
</tr>
<tr>
<td>Net Interest Income after PLL</td>
<td>$46,083,032</td>
</tr>
<tr>
<td>Fee Income</td>
<td>$4,152,982</td>
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<td>Other Operating Income</td>
<td>$5,314,180</td>
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<td>$15,710,451</td>
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<tr>
<td>Employee Compensation &amp; Benefits</td>
<td>$(26,241,558)</td>
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<tr>
<td>Other Operating Expense</td>
<td>$(16,540,219)</td>
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<tr>
<td>Total Non-Interest Expense</td>
<td>$(42,781,778)</td>
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<tr>
<td>Net Income</td>
<td>$19,011,705</td>
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</tbody>
</table>

# Consolidated Statement of Financial Condition
For the year ended December 31, 2016

<table>
<thead>
<tr>
<th>Assets</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; Cash Equivalents</td>
<td>$41,289,688</td>
</tr>
<tr>
<td>Investments</td>
<td>$201,941,520</td>
</tr>
<tr>
<td>Total Loans</td>
<td>$960,714,240</td>
</tr>
<tr>
<td>Allowance for Loan Losses</td>
<td>$(7,867,433)</td>
</tr>
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<td>Land &amp; Buildings</td>
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<td>Other Fixed Assets</td>
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<td>NCUSIF Deposit</td>
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<tr>
<th>Liabilities, Shares &amp; Equity</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Total Liabilities</td>
<td>$20,557,386</td>
</tr>
<tr>
<td>Total Shares</td>
<td>$1,134,989,316</td>
</tr>
<tr>
<td>Total Equity</td>
<td>$119,843,566</td>
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- **Other Operating Expense**: $(16,540,219)
- **Total Non-Interest Expense**: $(42,781,778)
- **Net Income**: $19,011,705

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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 local-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, review financial performance, and 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 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 net worth that exceeds the levels required by its regulators to be classified as well capitalized, achieved 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 AND SUPERVISORY COMMITTEE COMPENSATION**

**Compensation Schedule** – The Credit Union will provide reasonable compensation in the form of an annual stipend, based on the position held by 7 Board Members and 5 Supervisory Committee Members. 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. Payment will begin January 1, 2017.

<table>
<thead>
<tr>
<th>Position</th>
<th>Compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board Chair</td>
<td>$25,000</td>
</tr>
<tr>
<td>Board Executive Committee or Chair or</td>
<td>$21,000</td>
</tr>
<tr>
<td>Board Supervisory Committee Member</td>
<td>$18,000</td>
</tr>
<tr>
<td>Supervisory Committee Chair</td>
<td>$7,500</td>
</tr>
<tr>
<td>Supervisory Committee Member</td>
<td>$6,000</td>
</tr>
</tbody>
</table>

The Board elects the Board Officers following the Annual Meeting held each March.
In 1956, a small group of educators joined together in the Jefferson Elementary Cafeteria and began what is now Rogue Credit Union. From humble beginnings, the Credit Union began its operation out of the living room, and later the garage of the Credit Union's founding father Jim Johnston (along with the support of his wife, Harriet).

In 1957, Brookings Plywood Company employees started Chetco Federal Credit Union with less than 12 subscribers and $38 in capital. The Johnston's outgrew their 100-square-foot garage and purchased a home on the corner of Newtown and Stewart, from where the Credit Union would continue to operate.

The Johnston's outgrew their new home and purchased a home on the corner of Newtown and Stewart, from where the Credit Union would continue to operate. The Credit Union merged with Rogue Federal Credit Union in 1972 to become Jackson Public Service Federal Credit Union. The merger enabled the credit union to offer new services.

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Rogue opened the first student branch in the state of Oregon at South Medford High School in 1993, which continues to offer a valuable learning experience for students while serving the members that are staff and students.

Rogue converted to a state charter which changed its name to Rogue Credit Union. Rogue also opened its first Campus branch at Southern Oregon University, its first branch in Roseburg, and a new branch in East Medford. Rogue employed over 360 people across Southern Oregon and was voted the #1 Large Nonprofit to work for in Oregon, by Oregon Business Magazine.

Rogue reached a new milestone with 100,000 members. Rogue celebrated this milestone by recognizing the 100,000th member, Kelly Hink, at the Annual Meeting as well as Rogue's 1st member and former treasurer for the Credit Union, Curtis Kinney.

1956
Jim & Harriet Johnston

1957

1964
First official credit union building

1972
A merger allows for additional services

1984
Ashland branch opens

1993
First student branch opens

2012
Acquired Chetco Federal Credit Union

2015
Southern Oregon University campus branch opens

2016
Kelly Hink & Curtis Kinney