WESTERN CREDIT UNION MANAGEMENT SCHOOL

PROJECT I

2025
(For the 2026 session)

James Richie – jamesdrichie@gmail.com

Student's Name and E-Mail Address

Rogue Credit Union

Credit Union Name

1370 Center Dr. Medford, OR 97501

Address

04/14/2026	**$4,200,280,345**
Date Submitted	**End of year asset size (12/2025)**

1582 Myers Ln #207 Medford, OR 97501

Student's Address

Vice President of Payment Services	**916-622-0988**
Credit Union Position	**Daytime Telephone Number**

Contents

I. Background

A. About You: Personal Background, Professional Experience & Career Goals

i. **Provide a brief biographical history that will inform your reader about you, including your formal education and career background up to the time you became employed in the credit union movement.**

My name is James Richie. I am a 34-year-old male and live in Medford, Oregon. I am the son of two brilliant and talented women, Robin, a retired music educator, and Barbara, a retired nurse. I have a sister four years younger than me who serves as a doctor in Portland, Oregon. I was born in Cincinnati, Ohio in July 1991. In 1995, my family moved from Cincinnati to a small but growing town called Rocklin in the eastern suburbs of Sacramento, California. Growing up with two moms (three, when you include my stepmom, beginning in high school) in a culturally conservative area proved to be one of the most defining parts of my character. At an early age, I developed an acute awareness of bias, exclusion, and the importance of advocacy which led me to early involvement in political campaigns and fostered a strong inclination towards leadership and action.

I entered the University of California, Davis in 2009 intending to study Political Science, motivated by this desire to create societal change. However, my academic path quickly veered as I searched for a clearer sense of purpose and a more intriguing field of study, ultimately shifting to the biological sciences with an emphasis on genetics. While I was, and still am, drawn to the intellectual challenge of the scientific method, I struggled to connect the schoolwork to a sustainable and meaningful career path. Having been raised by an educator, I saw firsthand how financially constraining a teaching career could be, but also that I could separate my creative passions from a paycheck and still find enjoyment in both. Beyond that, the time commitment and cost of further schooling if I was to pursue postgraduate degrees – often requirements for high-paying biological sciences careers – diminished any enthusiasm I had for committing to science as my destiny.

In the early spring of 2011, I was hired to work at a student job on campus at the business center for the college's recreation and athletics department where we sold gym memberships to the community and acted as the cashier for students paying for extracurricular athletics and gym programs. A mix of cash handling and customer service proved to be a great training ground for my first professional work, and I quickly became one of the most trusted staff which gave me the opportunity to help build new programs. One I am most proud of is the implementation of passport office services which I helped spearhead with the Department of State and became one of the business center's most-used services. This job also gave me exposure to point of sale devices and customer relationship management programs, which would prove invaluable years later.

Coming off a tumultuous Senior year filled with personal and mental health struggles, and still not in a place I was fully satisfied with my educational direction and career aspirations, I was accepted into a marine biology program at the UC Davis research campus in Bodega Bay, California. That July 5, 2013, I experienced a significant personal crisis that I would later understand was a suicide attempt in which I drove my car off a cliff into the ocean. That moment became a turning point. Through years of reflection and therapy, it reshaped my perspective on resilience, purpose, and the responsibility I have to take care of myself and others.

I completed my degree in Genetics & Molecular Biology that following fall, and most importantly, graduated with a renewed sense of momentum to turn the events of that previous summer into constructive energy by finding work that combined structure, impact, and service. Only months later I would discover the credit union industry which would prove to be an environment whose mission-driven focus and community orientation provided that: credit unions ultimately saved my life. After struggling for years to clarify my life's path, the realization that work could be professionally, spiritually, intellectually, and socially fulfilling changed the game, and I have never looked back.

ii. **Discuss how you became involved in the credit union movement, the various roles you have held, and your history with your current credit union or, if you don't currently work at a credit union, the system partner that employs you.**

Faced with the looming prospect of termination from my student job following completion of my degree, I needed to find employment. My boss suggested that I apply to the local credit union, where her two children worked as tellers, so I did. On March 16, 2014, I began my first day in the credit union movement as a part-time teller at the West Sacramento branch of Yolo Federal Credit Union. At the time, I had zero familiarity with credit unions, let alone what their material differences were from banks; but, I had cash handling experience from my student job on campus and was able to effectively align that with the job responsibilities.

What began as an expectation of a transitional role until I could recalibrate back into the sciences quickly became foundational experience as I developed a strong commitment to the idea of member service and operational excellence. I progressed rapidly through a series of roles, moving from Teller to Financial Services Representative (FSR) within my first year, where my industry knowledge broadened to support consumer lending and account services. During this time, I focused heavily on relationship-building with members and staff in an effort to better serve a diverse set of members across multiple regions, also becoming the go-to support among peers and branch leadership to assist with coverage and volunteer opportunities in the community. Within the first year I was one of the top-producing FSRs in memberships and loan production as a result of my ability to build and scale member relationships I'd begun to cultivate as a teller.

Over the next several years, the confidence of Yolo FCU's leadership continued to support me taking on new roles that fostered my own development and the expansion of member-focused programs, including serving as the Community Relations Officer and later as Member Experience Manager. In these roles, I championed business development efforts, including launching a Select Employer Group program, establishing new community partnerships, and building foundational programs around member experience which included the credit union's first formal Net Promoter Score (NPS) program. My responsibilities further expanded to include staff recruitment, onboarding, and training, where I helped shape the new employee experience to support cultural alignment across the organization. In 2019, I was asked to step into my first leadership role as the new Manager of Digital Payments, responsible for stabilizing and improving a challenged department while leading a team for the first time. This would prove to also be a defining moment in my career trajectory and gave me firsthand experience leading people, enriching my understanding of system operations, and developing and implementing payments strategy.

Seeking broader scale and complexity, I transitioned to SAFE Credit Union in late 2019 where I served as the Senior Card Product Manager. In that role I drove significant growth in card portfolio performance, including increasing member penetration, balances, and spend. I was also fortunate to be selected as the department lead for the core conversion to Fiserv DNA, an effort that bolstered my experience in large-scale systems implementation and fostering organizational change. Coming off the heels of the conversion, I was recruited to Golden 1 Credit Union as their Senior Manager of Money Movement (a role that would later be elevated to

Director) where I oversaw a team of around 80 employees spanning card services, ACH operations, and check processing. I also led the development and deployment of a faster payments function to support the launch of Zelle, further enriching my expertise in emerging payments systems.

In October 2023, I relocated to Medford, Oregon and began my newest role as Vice President of Payment Services, where I have served since. In my current role, I am responsible for the strategic execution, operations, compliance, and servicing of all card and payment products. This represents the culmination of my progression from frontline service to executive leadership within the credit union movement – though I am not done yet.

iii. **Describe your career goals and provide your perspective on any additional professional development you believe will be necessary to accomplish them.**

My goal is to serve as the CEO of a credit union, and I am on the right trajectory to achieve that. In 2018, as I started to understand that financial services – credit unions, seemingly so – were emerging as my career path, I decided to commit to giving this my entire professional energy. It isn't the job title or the pay that attracts me; it's that being CEO represents the culmination of my progression and also bestows such an immense responsibility, which is what drives me: a responsibility to employees that would trust me to continue to provide them jobs; the responsibility to members to be stewards for their funds; and the responsibility to the broader credit union movement that we are fulfilling on our mission as a not-for-profit cooperative and transcending by providing equitable and shared value in contrast to the predatory, profit-driven, and unscrupulous banking industry.

Today, I am progressing on my goals at a faster pace than I initially expected. In 2019, I outlined the milestones I would need to achieve so that I could not only earn the role of CEO, but still accomplish the service objectives of the position and still have a few years to enjoy retirement. I would need to become CEO by 55. I am already ahead of pace on achieving the early rungs of the career ladder, having reached the Director level at Golden 1 at 29, and VP level at Rogue at 32. But as I look across the chasm to the step of SVP, I see a skills gap emerging; not one of talent, but of cultural influence. At some point I started to embrace a more proto-capitalist Jack Welch-ian approach to business, but I'd neglected to continue nurturing the way I applied credit union culture and honed my people leadership. To that end, I have begun using annual 360 evaluations from my peers and leaders to identify and aggregate opportunities to ensure I am building the reputation and personal brand that peers want to work with. Moreover, earning the Certified Credit Union Executive (CCUE) accreditation, which comes upon successful completion of Western Credit Union Management School (WCMS), attracted me to this program, not to mention following in the footsteps of scores of successful and influential leaders that have walked the path before me. The CCUE designation represents a pedigree of industry alignment and knowledge and is held by many credit union CEOs I admire.

Similarly, I see an influence gap emerging. When I look at some of the most influential CEOs I have worked with, their shadow looms large in their community and in the industry. They don't just go punch their timecard in the office, they are working with the Chambers of Commerce, they are serving on volunteer non-profit boards in their city, and are bringing notoriety to their credit union through industry advocacy and involvement. In the Sacramento region where my roots ran deep, I was well-connected, but it has been more challenging since moving to Medford, Oregon. However, I have leaned on our Community Relations team to get plugged in with local organizations so that I can, too, build those same deep roots and community connections required to be an industry scion of goodwill as the face of the credit union.

iv. **How do you anticipate participating in WCMS will impact your ability to achieve those goals?**

My incredibly successful first year of WCMS is already putting me on the path to meet these goals. Against everyone's advice, I entered Year 1 with the mindset that I would be Class President. "You won't sleep," or "you won't get time to study" was advice that struck me as a challenge: don't ever tell me I can't do something; that will only motivate me harder. I lobbied early and hard, helping build bridges between my hundred new classmates before our first meeting. And when the vote came on that first afternoon, in what felt almost orchestrated, the auditorium collectively pointed to me when asked for a nomination for President. This was a unique opportunity for service that immediately elevated me in the eyes of my peers but also showed people how I work and immediately put me on their radar as a diligent and dedicated servant leader.

Additionally, WCMS is helping round out my industry knowledge and expose me to the deeper inner workings of parts of the business I rarely interact with. The emphasis on credit union culture is something I used to teach in my new employee orientations at Yolo FCU but otherwise had been shelved as I'd focused on other programs and roles. However, the reminder that we exist to serve – people, communities, and each other – was timely, and that there is more to our work than spreadsheets and business proposals. It also allowed me to dive deep into parts of the business I have been curious about or peripherally exposed to but had not yet closely explored. The introduction to law and financial management courses in Year 1 helped me put names to strategies I'd heard about in passing or meeting notes but never intimately understood. WCMS is serving as the boot camp for the foundations a modern credit union executive needs to serve. Specifically, it's providing classroom education and fundamentals to both rise to and exceed the expectations of my future career levels.

In addition to getting elected President in Year 1, I also achieved High Honors on the Year 1 Exam, and I hope to continue the trend of excellence by achieving High Honors on this Project 1. Though I am an achievement-focused individual, these successes represent mastery of concepts I can bring back to my organization and apply in the form of program growth, leadership development, and to elevate the reputation of Rogue Credit Union in its community and in the industry. Given Rogue's ongoing support of WCMS, achieving consistent High Honors, like so many successful leaders before me have, would also be a significant recognition at my organization.

B. <u>About Your Credit Union</u>

i. Your Credit Union's Origin to Present Day

a) Briefly review the events that brought your credit union into existence and why it was organized.

Rogue Credit Union can trace its history to a fateful meeting on October 25th, 1956, when Bob Newland, a math teacher and track coach at Medford Senior High, organized a group of ten teachers, principals, and coaches in the Jefferson Elementary school cafeteria during a regularly scheduled meeting of the Medford Education Association. Bob and the others understood that educators had a unique set of financial needs that traditional financial services could not meet: this group sought to provide the means for educators to thrive in their roles and deliver for their students. That day, they signed the credit union charter application, and upon approval of the charter by the state of Oregon on November 13, 1956, Jackson County Teachers Federal Credit Union was born. That first year, the credit union existed in a shoebox in the school cafeteria and held $529.75 among 34 members (Jantzer, History of Rogue, 2016).

b) Provide the original name of the credit union, its original field of membership, year chartered, and the initial charter (state or federal). What other names has your credit union had over the course of its history? What year did each name change occur and what were the circumstances that drove each name change?

Within the first year of incorporation of Jackson County Teachers Federal Credit Union, Jim Johnston was elected the first President of the Board, a role he served in as a volunteer for several years while still teaching. The credit union was first founded under a federal charter, and its field of membership was limited to only educators affiliated with schools in Jackson County, Oregon. Eight years after moving from the Johnstons' garage, Jackson County Teachers Federal Credit Union merged with Rogue Federal Credit Union in 1972 to become Jackson Public Service Federal Credit Union. This merger enabled the credit union to offer new services which included loan notes, share and money market certificates, and "Kwik Cash" loans, a prototype for what presently looks closer to a payday or short-term loan. Concurrently, the field of membership expanded to include all employees affiliated with Jackson County and their family members. In 1980, after 24 years of service, Jim took a well-deserved retirement. Under his tenure, the credit union had reached nearly $20 million in assets. Through succession of the new CEO, Vern Arnold, the credit union changed its name to Rogue Federal Credit Union, and two years later acquired Jackson County Employees Federal Credit Union through which the field of membership evolved beyond solely employees in municipal governments within Jackson County to now serve anyone who worked or lived within Jackson County.

By 2013, Rogue Federal Credit Union had grown to serve over 71,000 members across 5 counties in southern Oregon, holding over $800 million in assets. But, leadership knew that to focus on creating a sustainable credit union for years to come that could serve southern Oregon would require evolution, and following a conversion from a federal charter to state charter, the new institution was renamed Rogue Credit Union, the name we operate under to this day. This was not a simple decision but was necessary to allow continued focus on integrating into the South Coast communities following the acquisition and liquidation of Chetco CU in late 2012. This also facilitated further investment in staff through culture and training, the expansion of student branches – a representation of Rogue's continued commitment to deep integration in the local education system – and the founding of the Rogue Credit Union Foundation dedicated to extensive local charitable giving.

c) **What is your credit union's current field of membership (in general)? What type of charter does it have? Who is its share insurer?**

Rogue Credit Union's current field of membership encompasses 48 counties throughout the states of Oregon, Idaho, and California (Doyle, 2025). Rogue's largest footprint, community presence, and largest member base include Jackson, Josephine, Klamath, and Douglas counties which have also served as its longest-running core service area. Upon the acquisition of Chetco CU through NCUA enforcement in late 2012, Rogue's field of membership expanded to include branches in Coos and Curry counties. Since, Rogue has continually expanded its membership base to all other counties in Oregon with the exception of the northeastern part of the state.

In late 2020 upon the completion of the acquisition and legal merger of Malheur Federal CU into Rogue, the field of membership further expanded from eastern Oregon into western Idaho. This expanded membership eligibility to any individual who works or lives in Ada, Boise, Canyon, Gem, Owyhee, Payette, and Washington counties in Idaho, and completed the eastward expansion of Rogue through Oregon adding Malheur and Harney counties under the same qualifications. In late 2025 upon completion of the acquisition and legal merger of Members 1st CU into Rogue, the field of membership expanded to include those who reside, work, or worship in the counties of Butte, Glenn, Shasta, and Tehama in northern California. Rogue Credit Union is insured through the National Credit Union Share Insurance Fund (NCUSIF) administered by the National Credit Union Administration (NCUA).

d) In your opinion, what connections exist between your credit union's origins (e.g. the reasons it was organized, its initial field of membership, original name, etc.) and how it is structured today? Provide examples of how the legacy of your credit union influences its current organizational thinking, if at all? If there is no such influence, why do you believe the credit union has gone in a different direction?

The decision by local educators of Jackson County in 1956 to found a credit union still resonates within Rogue's DNA to this very day through our close partnership with local schools, support for educators, and our long-standing commitment to community through its "Giving Local" program with a focus on supporting efforts aligned with youth, family, education, and community sustainability. Moreover, the credit union spirit of "people helping people" manifests in the service culture at Rogue Credit Union and its operating principles.

In one of its most visible and long-standing partnerships with local schools, Rogue Credit Union recognizes a Teacher of the Month in its service regions through partnerships with local media (Teacher of the Month: Argus Observer, 2026). Every month, through nominations by peers and the community, winning educators are highlighted with a social media post which includes a testimonial by the nominator, a gift card, teaching supplies, and a gift bag of Rogue Credit Union swag. Among those nominations, Teachers of the Year are recognized across Rogue's service regions for their contributions in the classroom and community. Furthermore, Rogue Credit Union sponsors a litany of school-focused activities including athletics partnerships at local high schools and colleges and over ten unique annual scholarship programs (Scholarships for Local Students: Rogue Credit Union, 2026). As an example, Rogue recently awarded nearly $500 to South Medford High School for touchdowns scored by the football team through the last season (Rogue Credit Union - Touchdown Club, 2026). Rogue Credit Union also maintains an annual sponsorship of the Southern Oregon University's football team, and recently secured a multi-year partnership with Umpqua Community College (UCC) which introduced a UCC-exclusive debit card image for students who bank with Rogue, and unlocks unique discounts and benefits on campus and within the Roseburg, Oregon community (Rogue Credit Union, 2026). This partnership also expanded our financial education workshops into the UCC campus and student organizations. Finally, Rogue Credit Union also maintains six student-run branches in local high schools, employing over twenty students as tellers each year (Rogue Credit Union, 2026), many of whom go on to employment with Rogue after graduation.

Furthermore, Rogue Credit Union maintains its commitment to community through several community sponsorships and donations. In 2025 alone, employees contributed 1,302 hours in community service as part of the Community Crew, a direct representation of Rogue Credit Union's impact on the community, and beyond that, staff invested over 12,000 hours of total volunteer time as a result of their own community impact (Rogue Credit Union, 2026). Much of this time was spent in park and beach cleanups, nonprofit volunteerism, support for school activities and events, and in service to local boards and chambers of commerce, and over $1 million was donated back to Rogue's service regions through direct contributions to community organizations.

The ongoing legacy of Rogue's founding by educators in southern Oregon still resonates 70 years later through our close partnerships with schools and a commitment to social impact, and this continuity is a competitive differentiator: where other credit unions have abandoned their origins for the sake of growth, Rogue has leaned into its unique and authentic identity.

ii. **Your Credit Union's Guiding Philosophies. Provide your credit union's mission, vision and/or value statement(s). How and why were these determined? What is the process for revisiting and/or revising them? How are these statements manifested in the daily fabric of your credit union's operation? If your credit union DOES NOT have formally articulated mission, vision and/or value statement(s), explain why. How do you believe these principles influence your approach to your job?**

The mission of Rogue Credit Union is to "provide exceptional experiences that build mutually beneficial relationships" and supports our vision of achieving "the most loyal members in the nation!" These are reinforced by our purpose statement, which is to "partner with individuals and communities on their journey to financial well-being." Together, these define the top of our Loyalty Canvas, which also includes our Loyalty Filter, Guiding Values, and Service Promises. A copy of our Loyalty Canvas hangs in every single office and employee area as a reminder of our shared philosophy and code of conduct.

Our Loyalty Filter is the collective way we as an organization and individuals make decisions: the products we develop, the unique and novel ways we can provide individualized member service, and how we remain good stewards of our members' funds. Our Loyalty Filter has three tenets: "Create and keep promoters," "Drive good profits," and "Expect and reward participation." While the first and third are closely linked with our NPS program philosophy, "good profits" does not necessarily mean high revenue; "good profits" are those that are ethically sourced through fair pricing, honest dealing, measured risk-taking, and value creation for our members.

The current vision was clarified in 2008 by then recently-elevated CEO, Gene Pelham, amidst a national recession. As economic uncertainty emerged, leadership adopted the philosophy that if Rogue can take care of the members, everything else would take care of itself. That was the same year Rogue developed and implemented its first Net Promoter Score (NPS) survey to solicit periodic and ongoing quantitative survey feedback. The Rogue Credit Union

NPS program is based on the original NPS survey methodology developed by Fred Reichheld in 2003 and popularized in a Harvard Business Review article (Reichheld, 2003).

Rogue Credit Union has viewed its NPS program and survey scores as the single most important barometer of performance and reinforcement of its original purpose. The rolling 6-month NPS average is front and center of the intranet homepage, is referenced in nearly every team and leadership meeting, and is coupled with a closed-loop program in which any detractor or passive scores are followed-up with and resolved to the maximum extent possible. Since its genesis in 2008, the NPS program and Loyalty Philosophy has continued to be recommitted to every year and has grown to become part of the organization's fabric. Within the first two days of a new employee's onboarding, each new hire participates in an intensive "Loyalty Basics" training where the elements of the Loyalty Canvas are described, modeled, and discussed extensively. Upon completion of one's first full year, every employee is given a set of loyalty-themed poker chips and asked to go all-in by signing one's name on the black chip – the most valuable one – and returning it to our CEO, Matt Stephenson. Every signed black chip is added to a jar which sits atop his desk; a daily reminder to the CEO of the collective commitments the staff have made to loyalty, but also the daily reminder of the ongoing importance of Rogue Credit Union's promises to its members.

When Gene Pelham retired in 2022, following 16 years as CEO, there were questions of whether the Vision of having "the most loyal members in the nation" should change, as well as whether it was time to update the Mission and Vision. As Matt was elevated, the question was decidedly answered: no. In fact, Rogue Credit Union doubled down on the existing Vision and Mission by introducing the Purpose statement, and over the last few years of his tenure, Rogue Credit Union has only leaned further into that purpose. Every annual Board strategy session reviews whether our vision and mission are still serving Rogue's aims and the answer is a resounding yes.

As the Vice President of Payments, helping achieve Rogue Credit Union's vision of "the most loyal members in the nation" is the paramount focus of our operations through resiliency, operational controls, and fraud and risk management in transaction processing. Members may join a credit union and never visit a branch, never access digital banking, and may never even read their disclosures (though they might say they did); however, every member will need to transfer money into their account, and whether by their choice or not, that money will leave the account one day, too. From that first interaction with Rogue to the last, we must ensure that we deliver exceptional experiences every step of the way.

Ensuring frictionless experiences is not just something we strive for to maintain loyalty, but in the world of payments, each transaction can represent a significant and meaningful experience. Debit card transaction volume alone accounts for nearly 70% of all of the transactions Rogue processes each month, while ACH processing represents nearly 70% of the entire value of money moved each month. Together, these two channels represent most of the interactions that members have with Rogue and that we exist to facilitate: groceries on the table for a family dinner; a grandparent's pension disbursements; a child's allowance; the emergency procedure for a beloved pet; or the rent to have a roof overhead. These are the moments that matter, and they are also the moments that can create or destroy loyalty. And, my team in Payment Services powers them all.

iii. **Your Credit Union's Leadership**

a) **Interview the Board Chair of your credit union. Include that person's name, current profession, length of service on the Board of Directors, and length of time as Chair. Discuss that person's duties, responsibilities, time commitment, level of industry engagement (i.e. advocacy efforts with legislators, trade association participation, and interaction with other Board members), Board/CEO functional relationship, Board committees (including composition and function) and regulator interactions.**

Philip Smith serves as the Board Chair for Rogue Credit Union. He joined Rogue Credit Union as a member in 2005, was first elected to the Board in 2011, and has served as Chair since April 2020 (Smith P. , Personal Communication, 2025). Philip is a licensed CPA (Certified Public Accountant) and is the Chief Financial Officer for PMCI Inc, a commercial real estate development company in Medford, Oregon, where he has worked for over twenty years. Prior to PMCI, Philip worked as an auditor with Deloitte, during which he assisted with over 17 mergers and acquisitions of financial institutions in Oregon, but has assisted with external audit functions for "nearly every Oregon-based bank" (Smith P, Personal Communication, 2025). It was from his experience in that role that Philip's road to joining Rogue's Board of Directors began. He was also teaching accounting at Southern Oregon University, and when the call for Board nominations came out, Philip recalls: "I just knew a lot about banking; knew a lot about loan loss, allowance, and all that stuff. I was also teaching accounting at the time, and I was already a member, so I applied" (Smith P. , Personal Communication, 2025).

As Board Chair, Philip is responsible for organizing the monthly Board meeting and serves as the primary contact with the CEO. Rogue's Board operates under a hybrid governance model where the general forward-looking strategy is jointly developed with the CEO and senior management, and there is broad latitude given to the CEO to execute that. In Philip's mind, "Matt [Stephenson] is our sole employee. This Board does a good job of not being in the weeds"

(Smith P. , Personal Communication, 2025). Philip estimates he averages about 20 hours a month in his capacity as Board Chair across his various duties. Some of that time includes more administrative work like reviewing board expenses, reviewing and approving meeting minutes and financial reports, and infrequent conversations with the CEO. However, sometimes the demands are larger to accommodate conference attendance and travel. To help attract and retain Board members and recognize their time spent in service to the credit union, Oregon state law entitles them to a stipend for their service, which is disclosed in the Annual Report (Rogue Credit Union, 2026).

Philip helps coordinate the annual strategic planning for Rogue, which takes place from January through April, during which the Board and the CEO assess what didn't work well over the previous year and deliberate over what opportunities are out in the market. While there is an annual strategy plan, it's not rebuilt every year; the planning session will add more color or extend certain objectives, but it's rare that the plan is entirely recreated every 12 months. For example, Philip notes that "a couple years ago, we finally decided that Redding was the next best option, and how we were going to go about that was a little unclear. As it turned out, after the [former] Members 1st CEO retired, they were much more open to a merger" (Smith P. , Personal Communication, 2025).

Philip has attended the Governmental Affairs Conference (GAC) ten times but hasn't been in the last few years. He approaches conferences with a goal: "Sometimes it's to learn what the latest trends are, network with other board members, and then sometimes it's advocacy. When I joined the Board, the average age was probably in the late 60s, and I was 30. So going to conferences, I was one of the youngest people there" (Smith P. , Personal Communication, 2025). That conference networking has proven beneficial because “when you meet some of those people – when you go into a merger – you know who they are already.”

The relationship between Philip and Matt Stephenson, the current CEO, is very strong, but can be intentionally slow-moving. Since Matt’s elevation in 2023, there has been a shift in philosophy for industry involvement by Board members. Under the previous CEO, Gene Pelham, Board members were more encouraged to attend GAC and other industry events, but those expectations have shifted more onto senior leadership roles instead. For example, Matt sits on the GoWest Credit Union Association Board, so generally he will task Philip when there is a request to understand things like Rogue’s approach to executive compensation or Board member recruitment. The objectives that emerge from strategic planning ultimately end up determining the composition of the CEO’s incentive pay plan for the year.

Philip recalled when he first joined the Board in 2011, it was a more adversarial relationship. The Board was larger then with 11 members – today, the Board has 9 members, formerly 7 until the acquisition of Members 1st Credit Union in late 2025 – and was primarily comprised of retired public employees, representative of Rogue’s legacy field of membership and branding. He feels the right amount is between 7 and 9 members, which facilitates effective and efficient governance, but also helps mitigate recruitment challenges and improves the quality of individual members. The last time the Board had to do active recruitment was 2013 primarily because any additions have been through mergers or geographic strategic decisions, and any subtractions have been a result of natural attrition through retirement.

Philip is intentional to not allow the Board to get bogged down in tactics, and most strategic work is either delegated to Matt directly or through five committees: the Finance Committee, the Governance Committee, the Board Development Committee (which includes recruitment and election of officials), the Supervisory Committee, and the CEO Compensation Committee. Of these, only the Supervisory Committee and Finance Committee include non-Board members; the Supervisory Committee is required to include at least 4 members who do not serve on the Board (as a control in the event the Board needs to be replaced) and includes one Board member (Philip), and the Finance Committee includes Matt, the CEO, and Blake Thurman, the Chief Financial Officer. There are occasional ad hoc subcommittees like the Scholarship Committee, which may include representation by a Board member, but is not a formally defined Board committee. In a similar vein, nearly all management responsibilities are delegated to the CEO and further down, including for regulatory relationships. Philip will normally only meet with the regulators once each year as part of the exit interview of the annual exam, and can only recall a few times he's been consulted outside of that environment, generally as part of standard audits.

One of the strengths of the current Board is its "continuity of philosophy" during Philip's tenure (Smith P. , Personal Communication, 2025). As he mused about the biggest opportunities Rogue has ahead, Philip noted that "Digital is #1. But beyond our territorial footprint…it's finding the right ones that fit with our philosophy and won't distract from actually serving our members. We're still a co-op, and I think sometimes people forget that we're just a collection of members, and all of us are here, paid by them to facilitate their banking needs" (Smith P. , Personal Communication, 2025). Philip demonstrated such high trust in Matt and the organization as ongoing stewards of the Rogue brand and culture.

b) **Interview the Chair of the Supervisory/Audit Committee. Include that person's name, current profession, length of service on the Committee, and length of time as Chair. Discuss the Committee's duties, its size and structure, its responsibility to interact with the board and management, the level of direct involvement by the Committee members in carrying out these duties and whether the Committee delegates any of its responsibilities to third parties.**

Carrie Zippi serves as the Chair of the Supervisory Committee at Rogue Credit Union. She has been a member of Rogue since 1989, first joined the Supervisory Committee in 2018, and was appointed to the role of Chair of the Supervisory Committee in 2020, a position which she has held since. Carrie is a licensed CPA by trade and was first recruited to the Supervisory Committee by a friend of a Rogue Board member and fellow CPA, Heather Johnson. Carrie is the Managing Partner of Ashland Partners & Company LLP, which provides audit support to money managers and investment advisors.

The Supervisory Committee has five members which are elected by the board of Directors: four non-Board members, and one Board member representative; the committee bylaws require an odd number of members. The core responsibility is to serve as oversight of the internal audit function at Rogue Credit Union. Consequently, experience representative of a CPA is preferred, though the current Supervisory Committee includes two non-CPA members who bring significant business management expertise. The Supervisory Committee meets bimonthly, and each member has rotating attendance at the monthly Board meeting and a responsibility to report back on these discussions. On average, committee members may spend about 3-5 hours each month in their responsibilities between meeting attendance and preparation, but as Chair, Carrie spends more time supporting Board-level activities like guidance through strategic planning conversations, and supporting regulator and exam needs. Carrie sees the Supervisory Committee as dually responsible: first to the Board, as an elected body by the Board who is also accountable to them, but second to the regulators as well to ensure effective governance and management by the Board, too.

According to Carrie, she sees the primary responsibility of the Supervisory Committee as being the "independent audit committee" (Zippi, Personal Communication, 2025). Among the required responsibilities, they delegate and contract for the third-party auditor, Baker Tilly, to conduct financial statements audits. The committee oversees the enterprise complaint reporting process, including having oversight and monitoring of complaints through the federal and state reporting agencies, though they direct execution and responses through internal staff. The committee also reviews and advises on internal audit findings. Carrie regularly meets with Shantell Goodwin, the AVP of Compliance and Internal Audit, to develop Supervisory Committee priorities and agendas. Carrie notes that "the internal audit group at Rogue brings forth the recommendations. In theory, the Supervisory Committee could say 'I don't like your recommendation, do this,' but generally there's thought behind it, there's logic behind it. So, then we go with what their recommendation is" (Zippi, Personal Communication, 2025). In general, staff are empowered to effectively run their internal audit program without close involvement or intervention by the Supervisory Committee itself.

As Chair, Carrie is interviewed every year during the annual regulatory exam but is understood to have a bird's eye view of the internal audit functions. In Carrie's experience, "[the regulators] don't tend to get too nitty gritty, but often times they'll look to understand [the Supervisory Committee's] functions: how often we meet, what we talk about, who is on the committee, and my background and biography" (Zippi, Personal Communication, 2025). In Carrie's eight years of service, while the responsibility of the Supervisor Committee hasn't changed significantly, she can easily see that the scope of the internal audit functions has increased greatly to support that scale. Surprisingly, she noted however, the volume of complaints has not grown as Rogue itself has doubled, which she attributed to “Rogue’s well-oiled machine in client service” (Zippi, Personal Communication, 2025).

c) **Interview your CEO. Include their name, and discuss their principal duties and those of their direct reports. Describe the Board/CEO relationship from the CEO’s perspective. Discuss their level of industry engagement and why they prioritize it as they do. What does the CEO identify as the two most significant opportunities and the two most significant challenges the credit union industry will be facing in the next three years?**

Matt Stephenson is the President and CEO at Rogue Credit Union and was promoted into the role in 2022 concurrent with the retirement of Gene Pelham. He first began his career at Rogue Credit Union in 2004 as the Manager over the Information Services Department, and in the ensuing years served as the Vice President of Sales and Operations, Chief Operations Officer, Chief Financial Officer, and Executive Vice President. Prior to his promotion to CEO, Matt served as the Executive Vice President/Chief Operating Officer, a title he assumed in 2017.

Matt has four direct reports which collectively comprise the Executive Team at Rogue Credit Union (Rogue Credit Union Organizational Chart, 2026). Jeanne Pickens serves as the EVP/Chief Operating Officer and is responsible for the administrative functions of the credit union including human resources, loyalty support, employee development, and all strategic initiatives, in addition to all delivery and growth channels including digital experience, marketing and community outreach, the contact center and branch network, and facilities teams through her new direct report (and also a member of the Executive Team), Scott Mulkins, the Chief Experience Officer. Marcus Wertz serves as the Chief Lending Officer (CLO) and is responsible for all lending services including originations, underwriting, fulfilment, and collections across consumer, commercial, and mortgage lending products. Blake Thurman serves as the Chief Finance Officer (CFO) and is responsible for all accounting and finance functions, treasury management, and investment services, and leads the Asset & Liability Management Committee. Finally, Jeff Roberson serves as the Chief Information Officer (CIO) and oversees all information technology functions including analytics, infrastructure, security, support, and development, all operations teams for payment and account servicing, the enterprise project management office, and uniquely, all risk management functions including audit, fraud services, vendor management, and compliance.

Matt has a close relationship with Philip Smith, the Board Chair, and praised his predecessor CEO, Gene Pelham, and previous Board leadership in having a well-built foundation for him to start from. Governance and policies around "tricky things" like CEO compensation, expectations, and performance goals were clearly defined. "As a new leader to not have to deal with that, was a huge blessing for me" (Stephenson, Personal Communication, 2025). Specifically, Matt applauds the Board for knowing their place, which is not always common in credit unions. "They know their roles and don't meddle in things they shouldn't meddle in. In fact, they've even caught me a couple of times where I'll go ask them a question, and they'll [turn it back to me] and say 'This isn't really our decision. We want to support you'" (Stephenson, Personal Communication, 2025). Matt reinforced Philip's perspective that the credit union operates under a "guided hybrid approach" in which the Board and CEO review and affirm the general strategic direction, which Matt returns to his Executive Team to then build out the actual strategy and plans with, and return to the Board for approval, which is often closer to a "rubber stamp" (Stephenson, Personal Communication, 2025). Testifying he knows of other credit union Boards that are more actively involved, this approach at Rogue demonstrates a clear reflection of the Board's strong confidence in Matt and the organization to deliver effective results.

Matt is immersed in the credit union industry. Most recently, he was appointed the Associate Dean of Projects for WCMS where he also serves as faculty, but Matt also prominently serves on the GoWest Governmental Affairs Committee, Federal Reserve's Advisory Council for Community Depository Institutions (CDIAC), the Board of Directors for the Federal Home Loan Bank (FHLB) of Des Moines, and on the Credit Union National Association Regulatory Affairs Committee (Rogue Credit Union, 2026). Outside of industry involvement, Matt also serves on the Boards of several regional and nonprofit organizations. He prioritizes his involvement by looking at opportunities that will provide the most value and knowledge back to the credit union. In fact, he reflected on how some of these advocacy opportunities presented early in his CEO tenure and demonstrated an effective and trusted partnership with the Board – they blessed and encouraged this participation – but also supported the elevation of Jeanne Pickens into the EVP role to help administer the organization in Matt's absence. Matt's involvement in credit union-focused bodies like the GoWest Association and WCMS are part of "just making sure that remains to be something good for the movement in general", but his work with FHLB and the Federal Reserve are also to ensure credit unions are influencing key decisions and that "the bankers don't run roughshod over the credit unions – that is an incredibly important part" (Stephenson, Personal Communication, 2025).

In his own words, Matt's primary responsibility is that he "goes to meetings and makes decisions. That's really what I do!" (Stephenson, Personal Communication, 2025). But, he sees the most important thing he does is "communicate; that what we're trying to do is both philosophically and strategically clear to the leaders that are going to go execute it" (Stephenson, Personal Communication, 2025). Given the organization's rapid growth over the last few years, he doesn't have the capacity or ability to direct influence every staff member all day and sees his duty to ensure leaders understand and exhibit that message. “It’s about influence. It’s about presence and helping people get along” (Stephenson, Personal Communication, 2025).

Matt sees the opportunities and challenges within the industry as closely linked. He reminisces back to the early 2010s when there was an omnipresent threat by large technology companies from starting their own bank: “The PayPals of the world, the Starbucks, Amazon, you name it, that they’re going to make their own bank and monopolize this. That Walmart could make their own bank” (Stephenson, Personal Communication, 2025). But fortuitously, the regulatory environment and ability to stand-up banking infrastructure prevented them from doing that, so in their business model pivot, they had to incorporate back to a traditional checking account or debit card. And within that, one of the industry’s key opportunities lies: “The typical checking account now has 40 some-odd things tied to it and it’s the most sticky product on Earth. Nobody’s going to change because it’s painful. We’re seeing that right now as we’re trying to get people to change it [to us]. If you can get that direct deposit, that transaction account, and keep people happy, it’s a stable source of funding indefinitely” (Stephenson, Personal Communication, 2025). Conversely, one of the largest challenges that now lies for the industry ahead is protecting both the service and expectations of members to retain that core deposit relationship, but also to combat the still-evolving further disintermediation of financial services to smaller providers. Even in Rogue Credit Union’s own data he sees “there is this massive shift in how funds are going to be kept and relationships are going to happen. The days of the primary financial institution (PFI) – you can do all your relationship with it – are gone. They will never be back” (Stephenson, Personal Communication, 2025). So, while the concept of being the member’s provider for the entirety of financial services is deteriorating, Rogue is trying to position itself to retain supremacy of the core Checking Account relationship. Where there is the opportunity to become that nexus of where a members' direct deposit posts to and they link their many payment relationships from, there is also a great threat of further deterioration of maintaining relationship primacy.

The other looming challenge Matt sees for the credit union industry is the ongoing compression of non-interest income margins. Historically, credit unions could fund their operations through a solid interest margin, but "that ship sailed two decades ago" (Stephenson, Personal Communication, 2025). So new non-interest revenues emerged, most prominently through card interchange and overdraft service fees. But regulatory pressures have slowly whittled away at both. Matt sees the reduction in interchange revenue, both put in practice by network competition and the encroaching $10 billion threshold for Rogue Credit Union, which triggers the application of the Regulation II interchange cap, as the most proximal threats to our own non-interest income margins, but more broadly, he sees these threats driving smaller credit unions to find ways to scale rapidly, often through mergers. "How we offset that piece of income without negatively impacting [our members] is the challenge. You pull interchange out of [non-interest income] and you gotta start making it up on net interest margin, and I don't think those days are ever coming back" (Stephenson, Personal Communication, 2025). And from that secondary challenge, Matt sees the opportunity in providing and expanding more value-add services with complementary fees, as well as a need to find scale quickly too. He noted that the need for scale to help support this margin compression is singlehandedly driving many merger explorations even today, with Rogue Credit Union's acquisition of Members 1st Credit Union in northern California as a recent example. But where mergers may be unavailable, new non-interest income streams are the opportunity which we see arising in the form of transaction-minimum checking accounts, kickbacks from referrals for investments and retirement planning partners, and cost recovery offsets in legacy services like mailed statements. However, there's a theoretical ceiling to what members will tolerate in the form of new fees for standard services, so the key lies in finding ways to monetize programs in ways that do not harm the core membership.

iv. **Using information gathered in the above question (iii.), provide your perspectives on: The impacts each of the opportunities and challenges raised in the CEO's response will have on the credit union industry. How do you think your credit union should react to each of those opportunities and challenges? How do you think those opportunities and challenges could affect your current role and the work you personally do on a daily basis?**

Matt's prescience about the opportunity of primacy for holding the core checking relationship hits close to home. If the core deposit relationship continues to evolve as the de facto "home base" for a member's financial life and be the credit union opportunity for growth, we as an industry will need to take a hard look at our technology and service structure to support that. First and foremost: speed and security. As of early 2026, over 1,600 financial institutions are plugged into the FedNow real-time payments network (Woodward, 2026), and more are in the pipeline, and many are beginning to enable real-time send capabilities. Consumers expect convenience and speed – this became abundantly clear during the many behavioral shifts that have persisted since the pandemic – and credit unions are already seeing this manifest in payment choice. Similarly, the proliferation of person-to-person (P2P) networks like Zelle demonstrate a clear desire for immediacy of money movement. However, many credit unions are clinging to legacy core platforms that technologically cannot support real-time and immediate payments, or antiquated service models that delay member access to funds through onerous holds and support channels. The credit unions that survive will not do so by implementing an unsustainable patchwork of tertiary work-arounds; they will take a strategic approach to rebuilding the underlying hardware and transform their service models.

As the Vice President of Payment Services at Rogue, my goal is to develop and support ways of moving money that exceed our members' expectations in every way: security, speed, convenience, and cost. Every instance we inject friction into that experience presents an opportunity to lose that relationship primacy. So, we are constantly assessing how we meet that through approval rates, payment volumes by channel to gauge needs, NPS and survey comments to detect common pain points, and reviewing services and fee structures. Members rarely leave their financial institution because of one bad payment experience; but in aggregate will cause that attrition. Furthermore, as we see further deterioration of card as the chosen payment relationship, both by competition from merchants promoting pay-by-bank purchases and further deposit disruption of retailer-held micro-wallets like Starbucks, the ability to support immediate money movement will bolster institutions that can support it and lead to the closure of those that cannot.

At some point, I share Matt's belief that debit cards will one day no longer be a profitable business: credit unions must begin developing their payment services in a way that can support the strategic business shift before it happens, otherwise that primacy will likewise be lost to those that can support instant money movement. As Matt identified a secondary challenge in interchange compression and the need to identify new non-interest income opportunities, the industry must be ready to proactively respond. Developing instant payments capabilities is one way to prepare, but the need for new fee income similarly must start today. As both regulatory and philosophical pressures have depressed overdraft fee income opportunities, Rogue and others have responded through new deposit products with transaction minimums, lest a fee be assessed. This supports both the implicit strategy of account primacy and introduces a fee income opportunity from less-engaged members.

Alternatively, the silver lining to the diminishing profitability of debit cards is that credit cards have continued to be the product with the industry's highest ROA. Many issuers have decided to outsource or sell their credit card programs to third parties, which I believe is a foolish move. As with any vendor relationship, the costs grow, the revenue opportunities shrink, and the credit union loses the ability to serve those cardholders intimately and uniquely. Most concerning, buying those programs back often comes at great cost, so the financial opportunity never materializes. But the opportunity for those who have continued to hold their card programs in-house has a unique opportunity to pivot their product designs and lean further into both rewards and loyalty programs. A quiet shift has happened in large issuer loyalty programs since the pandemic where rewards are being replaced through value-add discounts at travel, entertainment, and recreation retailers; a modern-day Entertainment Coupon Book. Credit unions, through their unique connections to well-defined fields of membership, local connections, and member-focused programs are distinctly positioned to capitalize on loyalty programs through credit cards that no large issuer could recreate, through which new non-interest income opportunities could be created, while still maintaining profitability in their card program long past the inflection point of debit card unprofitability. In the Payments Department at Rogue Credit Union, this would mean an expansion of my team's responsibilities from instead managing rewards program margins to evolving to manage local vendor relationships in partnership with our Business Services team, as well as pivoting a product strategy to support BNPL (buy now, pay later) programs.

Similarly, implementing new cost-recovery programs to drive to less expensive complementary services will need to emerge to help maintain healthy non-interest income margins in the absence of mergers. At Rogue Credit Union, we have taken a too-liberal approach in supporting free instant issuance card services in all branches. At a real cost of $10/plastic, it can take up to three months just to recoup that initial issuance cost from interchange revenue, notwithstanding the consideration of all other operational expenses for processing expenses, fraud prevention, and staff overhead. Consequently, pivoting to a digital-only issuance model is not a matter of if, but when. This would be coupled with a reduction of branch issuance services to transform more closely to a hub-and-spoke model, ideally followed entirely by elimination of the physical instant issuance service. As part of this strategy, we would inevitably introduce a fee for instant issuance in the same way we pass the costs for a rush card on to members today.

In short, like Matt saw a close marriage between the challenges facing the industry and the opportunities for us, the challenges of compression of non-interest income and need to support primacy of the core deposit relationship are directly intertwined with the opportunities too: the novel ways to maintain and grow member loyalty to retain that relationship, and the untapped methods to grow fee income. Excitingly, both opportunities lie squarely within member payment experiences – my domain – and are topics that not only dominate many of our daily meetings but are key focus areas for Rogue Credit Union’s growth strategy.

II. Business Management

A. Organizational Structure

i. **What is your current position at the credit union? Who do you report to, including that person's title and function? Briefly describe 3-5 of your major responsibilities.**

I currently serve as the Vice President of Payment Services for Rogue Credit Union. I report to the Senior Vice President of Strategic Execution, Mike Snyder, whose purview is ultimately responsible for the successful delivery of payment and account servicing operations, project execution, the enterprise governance and compliance framework, and internal staff support and knowledge management functions at Rogue Credit Union.

My direct leader, Mike, has three other direct reports: Micayla Gavin who serves as the Vice President of Enterprise Risk Management (ERM), David Charlton who serves as the Vice President of Projects & Strategic Execution (PSE), and Amy Durst who serves as the Assistant Vice President of Internal Support. The ERM team encompasses the traditional Compliance team, which provides second-line compliance support and performs internal audit functions, a third-line risk management team, and a fraud prevention and loss management team. The PSE department also includes three distinct areas: a project management office dedicated to stewarding and implementing the project funnel, a team of business system analysts, and a process improvement group which applies lean methodology to advance automation and efficiency within the organization. Finally, Internal Support encompasses ownership of the knowledge management platform that houses all enterprise procedures, and includes an internal call center for all non-technical support. Additionally, the Internal Support team includes a subset of deposit account operations staff which process and audit new account services and specialty accounts.

I am responsible for two distinct business units: the Card Services department and Money Movement department, each led by its respective Manager. Two separate individual contributors also report to me, a Product Manager that is responsible for driving growth, utilization, and profitability in our card and payment channels, and a Program Analyst that is responsible for all department and payment data management, reporting functions, and the analytics strategy. Broadly, the payment channels at Rogue Credit Union today include full in-house debit and credit card processing, check issuance and deposit processing through branches, mobile, mail, and inclearing, inbound and outbound wire transfers, Zelle and P2P transfers, Bill Pay, and all ACH entry and file processing.

My four key responsibilities are: first, the operational management and successful delivery of payment channels to members of Rogue Credit Union, second, the compliance and risk management of those payment channels including fraud prevention efforts through the full payment lifecycle and dispute processing in all payment channels, third, vendor and budget management for all providers and channels in which money moves, and finally, the ideation, development, and management of all payment-related strategy.

ii. **Discuss the organizational structure of your credit union. How does this structure influence the decision making within the credit union and its internal communications? Describe any changes you would suggest to the organizational structure and what you would seek to accomplish via those changes.**

Quite frankly, the organizational structure at Rogue Credit Union is long overdue for cleanup, and part of the reason for the current state is attributed to extremely low leadership turnover, which minimizes the organic opportunities for restructures when key personnel leave. Additionally, Rogue has benefitted from rapid growth since 2021 through the acquisition of two credit unions which has obfuscated key organizational deficiencies that haven't yet fully manifested. In fact, the last significant restructuring occurred at the end of 2021, at a time in which the then-CEO Gene Pelham and another senior leader were preparing for retirement, the acquisition of one of those acquired credit unions, Malheur FCU, was concluding, and the financial and organizational impacts of the pandemic were receding into distant memory. In that restructure, there was an expansion of the Vice President layer to add several new positions to lead lines of business like Business Services, Consumer Lending, and Software & Data Engineering, the creation of a new Assistant Vice President (AVP) layer to manage the growing complexity in some departments like Internal Support, Operations, and Lending Services, and finally, the elevation of a new layer of leadership: the Senior Vice Presidents (SVPs). The SVPs would report directly to the Chief layer, which subsequently reported to the CEO, and these new SVP roles had strategic oversight and direction over multiple departments. As Matt identified in his announcement of this restructure, "our existing structure was designed to support a $1 billion dollar credit union. We now need one to support a $3 billion credit union and beyond" (Stephenson, Organizational Structure Changes, 2021). At end of 2021, Rogue Credit Union had just shy of $3 billion in assets; in contrast, assets in Q1 2026 now total closer to $4.5 billion. In these past four years, the general composition of the leadership structure has remained largely unchanged, though both organizational functions and the world have. These SVPs were originally selected for the way they operate – specifically, their inclination to collaborate and lean into the loyalty-focused philosophy of service – and less their individual performance, a consequence that has resonated in deficiencies in key operating ratios due to lack of clear ownership. Consequently, the SVP layer functions more like a council through consensus and unwillingness to provoke or challenge each other, so rather than tackle challenging conversations by addressing failures, I see them papered over through avoidance of harming each other's feelings.

The single reason I worry that Rogue is overdue for a structural reassessment is that many of these leaders are homegrown products of the organization itself – many of them with 7+ years in service tenure – which stifles the creativity and perspective needed to effectively overcome an organization's own blind spots. We absolutely should celebrate this success in talent retention and evidence of healthy organizational culture, but also recognize the incredibly myopic perspectives these leaders have individually experienced with their limited industry breadth outside of Rogue Credit Union. This pain is being felt in our metrics: organic deposit and membership growth significantly lag peers which I believe is due to antiquated acquisition strategies. Rogue's philosophical hegemony purports growth from loyalty by driving sales from promoters under the NPS strategic mindset. This can be effective in a pre-digital era, but the way potential members select a credit union partner and the way those service expectations are met has vastly changed. Unfortunately, Rogue Credit Union continues to operate as if promoters singularly drive growth while the fastest growing companies of the last two decades have understood that effective investments in mass marketing drive novel growth. Though a recently created new Chief Experience Officer role seeks to address this, it's too early to see how this structural change may galvanize a broader philosophical change in growth strategy.

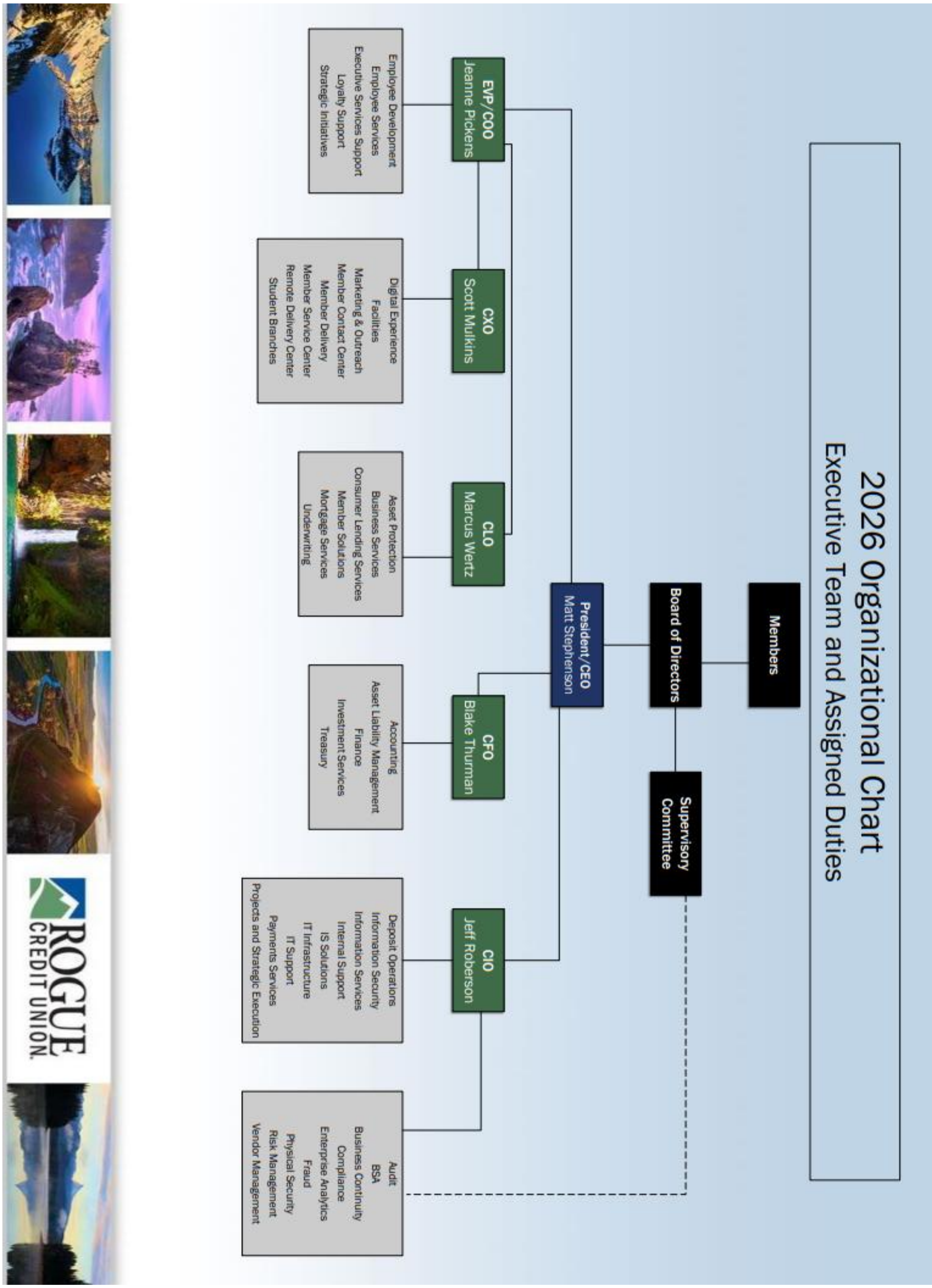
Compared to the three other credit unions I have worked for, Rogue lives between a flat operating model and defined hierarchical model; some teams have clearer operating structures than others, but in general, most management functions live within a 3-5 role reach of the CEO. This contrasts with organizations like Yolo Federal Credit Union, admittedly small, where a teller was only 4-roles away from the CEO, or Golden 1 Credit Union, where a teller operated 10+ roles from the CEO. Putting aside the need to support scale, a leader should have a clear understanding of both the tasks and value output of roles proximally within their purview, which is demonstrably not the case at Rogue. This is evidenced in feedback continually noted in employee engagement surveys and in leadership roundtables where staff express both misaligned tasks and a lack of capacity to meet evolving expectations. Yet, specialized roles have been slow to materialize in support departments to reflect these gaps which exist at more internally aware like-sized credit unions. Moreover, internal communications suffer as there is no agreed-upon forum for centralized announcements, incident or outage communications, staff recognition, or procedural updates, so leaders disseminate this through their own respective structures which has and continues to lead to staggered, incorrect, or misunderstood interpretations that manifest in compliance gaps, ineffective product roll-outs, and operational issues which impact members.

First, I would start by elevating a new SVP over Service Operations, though keep this as a report to the CIO for close alignment for technological support functions. This role would allow centralized ownership of all operational functions for deposit accounts, internal support, payment operations, fraud management and servicing, and support services functions which lack clear ownership today like document management, internal communications, and quality control monitoring. As part of this evolution, knowledge management functions should be decoupled from the present-day Internal Support team and transition into the Employee Development vertical to ensure closer alignment of procedural updates with the training strategy. Furthermore, I would downsize the Internal Support team which serves as a tier 2 internal call center for staff while increasing accountability on leaders across the organization to own awareness of process knowledge and changes. Having an internal call center reduces individual and team ownership for their own training and awareness of changes, but also serves as an unsustainable crutch if this team will be required to proportionally scale to support frontline staff growth, too.

Consequently, this change would allow the PSE team and my direct leader to expand the project management office to effectively support the vast strategic initiative pipeline and better deliver on the process improvement backlog – today sitting at over 300 items with some dating back to the core conversion in 2020. These opportunities present real cost savings, efficiencies, and revenue opportunities but are otherwise unacted upon due to ineffective execution autonomy and resource alignment. Process Improvement as a team needs to have increased visibility and autonomy outside of the traditional project office – ideally at least at the AVP level – to serve as its own self-development engine through fulfillment on this backlog, as well as in prospecting their own opportunities through job shadowing, procedure and P&L mining, and traditional lean management practices.

Finally, smaller structural changes are overdue that would increase organizational throughput. Realigning Facilities functions from Marketing to under the CIO in the form of a dedicated team led by an AVP would support clearer partnership for all infrastructural needs and increase coordination and security of all technological needs that closely impact modern facilities management. Furthermore, Marketing just needs more staff to support the defined growth goals. Rogue Credit Union partnered with Cornerstone Advisors in 2025 and identified Rogue under-indexes to peers on headcount in Marketing by nearly 50%. In short, we should have nearly double the staff we have today for our size, and we should start with an expanded and dedicated team to drive digital lead generation and brand awareness through improved search engine optimization, website modernization, and deeper integration into connected digital channels to drive more effective internal sales conversion.

iii. **Insert a single page organizational chart.**



iv. **What was the last change your credit union made that altered the reporting structure, added or eliminated positions? When and why was it made, and what impacts did it have on the organization?**

The most recent change to the organization's reporting structure occurred in January 2026 when Scott Mulkins was promoted from the SVP of Enterprise Risk Management (ERM) to the newly created Chief Experience Officer role which has direct responsibility for all branch and retail channels, the call center, digital experience (DX) channels, and marketing teams. At that time, Analytics was reorganized under the Information Technology umbrella, and ERM was moved under the purview of my leader, Mike Snyder, the SVP of Strategic Execution.

This was motivated by two key factors: a need for member experience alignment to drive growth, and to create strategic bandwidth for Jeanne Pickens, the EVP. First, discussion of need for a dedicated growth officer at Rogue has existed for some time. Membership and deposit growth have underperformed for the last several years, so the Executive Team has regularly discussed the value and positioning of an equivalent role. However, it wasn't until the resignation by the former Chief Lending Officer (CLO) in mid-2025 that motivated a more urgent reexamination of the Executive Team structure. Following the Fall strategic planning session, a clear picture emerged that growth would be channel-driven, which would require closer alignment between the retail branches, marketing, and digital channels. Until that point, DX reported under Jeff Roberson, the Chief Information Officer. As part of the new Chief Experience Officer build-out, that DX team was realigned under this new role, which incidentally had started to add new roles around user experience design and digital product ownership in the preceding year. Under this new structure, those roles could take a broader and more holistic view to experience alignment across all channels. Similarly, the Marketing team had started to explore new digital means of sales generation which needed to complement well-designed digital channels and experiences. So, the pivot from a dedicated growth officer to one that had complete ownership over the full member experience – the Chief Experience Officer – began to emerge.

Second, at that time, the respective Senior Vice Presidents over Branch Experience and Marketing reported directly to Jeanne Pickens, the Executive Vice President, who also had direct management over the Senior Vice President over Loyalty and Employee Services, the SVP over Strategic Initiatives, and the Executive Services Manager, who manages the team of Executive Assistants. Meanwhile, the growing advocacy and industry involvement requirements on Matt Stephenson, the CEO, had started to balloon, so more daily operational responsibility fell on Jeanne; it was simply unsustainable. The need for closer alignment between Marketing and the branches was already clear in growth metrics, and a central owner would reduce the management burden on Jeanne so she could take a more strategic focus on credit union operations and allow Matt to further support the expectations for industry involvement the Board had of him.

This strategic realignment had immediate impact. Understated, but immediately felt, was the new proximity of Analytics now realigned under the SVP over Information Services. Reporting and dashboard development accelerated, and the data engineering teams had better visibility and strategic insights into the demands from the Analytics group. Similarly, channel alignment under the Chief Experience Officer highlighted both gaps and deficiencies in channel parity. While historically branch experiences were constructed in a silo, already Scott has championed dual experience development – nothing can be built to be either branch- or digital-only: omnichannel support is the new standard. Finally, this alignment has created more centralized ownership of a key internal metric Rogue Credit Union monitors: Actively Participating Members (APM). A member is considered actively participating, or an APM, if they conduct at least 10 automated transactions in a month and have at least $500 in deposit or loan balances. Historically, ownership of the APM metric lived with branch leadership, but in the ensuing months following this restructure, strategies to drive APM growth now originate with the Marketing team, are stewarded and accelerated through the branch and digital channels, and are amplified through frontline sales programs deployed in branches over the last year.

v. **Graphs: There are no graphs required for the organizational structure section.**

B. Strategic Planning

i. **Does your credit union have a written strategic plan? Why or why not? If so, who is involved in developing that plan, what is the process for doing so and how frequently is it done?**

Rogue Credit Union has a written strategic plan which is annually reviewed, updated, and published on RogueNet, the employee intranet. The strategic plan exists to reinforce the philosophy of how the credit union operates and delivers service, the key focus areas expected to drive growth, and the way that will be measured. It is not merely a performative exercise; the strategic plan is accessible by all employees so there is a shared understanding of why and how the credit union is making the decisions it does, and staff are regularly encouraged to review and engage with it.

The Rogue Credit Union Strategic Business Plan includes four key sections: first, an executive summary reviewing the previous year's performance and reflecting on the year ahead, second, the strategic plan itself, which includes the annual strategic objectives and focus areas and the mechanisms by which those will be achieved, in addition to a detailed SWOT analysis and financial projections, third, the annual business plan and budget, and fourth, the annual key performance metrics and all department business plans.

Development of the annual strategic plan begins as early as the preceding spring when the Executive Team and Board of Directors conduct a joint multiday offsite planning session. At this time, the strategic assumptions that will both impact and drive the credit union in the following year begin to emerge. These assumptions materialize into the precepts that will influence the trajectory of any staff restructurings or new large investments, significant enterprise projects, and the execution framework to deliver on all initiatives. This planning session also serves to review – and traditionally and ultimately recommit – to the philosophical underpinnings for Rogue's culture.

The following year's strategic plan begins to mature through a second multiday offsite planning session that takes place in Fall with the entire FOCUS Team (all Vice Presidents and above) during which those strategic assumptions are reviewed to ensure they are still timely and relevant. Additionally, department business plan initiatives begin to get socialized and the strategic framework – the way the work will get accomplished – materialize. Of the two planning sessions at Rogue that I have attended, much of the time is spent building awareness and consensus on organizational priorities, reviewing and updating the SWOT Analysis, and clarifying market trends and opportunities through internal data. This FOCUS Team planning session is immediately followed by another joint offsite planning session again with the Executive Team and Board of Directors. Here, any necessary changes that emerged from the preceding two days are reviewed and incorporated into the strategic plan which is beginning to take its final shape.

Concurrently, the annual budget process begins in earnest in late August so that a rough understanding of budget projections and financial performance are available by early October. At that point, the required financial changes, either new investments or expense reductions, are identified to help support the strategic direction that emerged on the heels of these multiple planning sessions. Similarly, all department business plans are approaching completion which will outline how each team will apply the strategic objectives to deliver the anticipated results to support those projections. By late November the annual operating budget has been mostly defined and is aligned to the strategic directions previously identified, and all organizational KPIs have been proposed. The plan is approved by the Board in the December meeting and published to the organization the following January.

i. **How does the execution of the strategic plan impact the operations of the credit union and its employees? How does your credit union gauge its plan's success?**

The strategic plan sets the guideposts and goalposts for the types of initiatives and projects the organization will undertake throughout the year. Each key enterprise strategic initiative should be aligned to at least one of the three strategic objectives: team member loyalty, measured by an employee engagement score of at least 80%, member loyalty, measured by an external NPS survey program of at least 75%, or financial soundness, measured by a net worth ratio of 9.5%-10.5%. The ongoing performance against these three objectives is presented on the homepage of RogueNet every time an employee opens an internet browser. This is done to create ongoing visibility and transparency to current performance and any fluctuations, empower individual ownership over results, and foster inter-team collaboration to drive results. Ultimately, success of the strategic plan is measured through achievement on all three objectives.

In addition to the three strategic objectives, the plan also outlines two strategic focuses which have remained unchanged for several years: Active Member Participation, measured by the number of members with active balance and transactional relationships, and Good Profits, measured by targeting a rate of 1.00% Return on Assets (ROA). These focuses reinforce and align with the strategic objectives but are unique in that they serve as more microscopic assessments on the credit union's ability to deliver exceptional member experiences without straying from its purpose nor need to remain profitable. In recent years, achievement on meeting the Active Member Participation strategic focus has been challenging, which has led to the implementation of new sales programs to deepen member engagement, as well as expansion of the digital experience team through new UX-focused roles to reduce friction and improve adoption of automated and self-service features.

The strategic plan also outlines the mechanisms and framework through which the objectives are met in the form of four Strategic Drivers: Digital Delivery Experience, Personal Delivery Experience, Talent & Employee Experience, and Financial Soundness. These Drivers serve as steering committees for project work, develop and monitor leading metrics and KPIs, and create alignment across capabilities and competencies to ensure advancement of the three strategic objectives.

ii. **Are the employees affected in any way by the results achieved relative to the plan?**

The achievement of the strategic plan results directly impacts employees in the form of how their annual incentive bonus is calculated, called Rogue Rewards. In addition to individual and department performance, 20% of an individual's annual incentive is influenced by performance on the organization's Member Loyalty score which is measured through NPS survey results. Furthermore, 20% of Rogue Rewards are influenced by the organization's achievement on growing the Actively Participating Member segment, and 20% additionally defined by the organization's annual loan production. As a result, the majority of an employee's annual incentive is not defined by their own performance but based on the organization's success against its strategic plan.

iii. **What are your perspectives on the importance and effectiveness of strategic planning for credit unions given the rapidly changing environment in the financial services sector?**

Even though credit unions operate in a rapidly changing environment, the strategic plan process is still a critical exercise to ensure there is a north star that all employees are operating in alignment with, that organizational goals are still clearly understood, and that there is a consistent definition of what success looks like. Additionally, barring a drastic leadership change, it should be unusual for a strategic plan to undergo such significant revisions each year that a guiding document would vastly change in scope or direction. I reject the idea that our industry is in the midst of a "rapidly changing environment" unique only to the present: rapid change and disruption has existed not just in the financial services industry but all industries forever. A business's survival has always depended on the need to remain flexible, open-eyed, and open-minded, but that shouldn't mean not undertaking the exercise at all.

As an example of the value of having and sticking to a strategic plan through a recent disrupting event, the pandemic, Rogue's mission and vision remained unchanged. Nothing in the strategic plan of 2020 was abandoned, and the three strategic objectives remained the focus. When there was a nearly overnight transition to remote work for many back-office roles, ensuring high employee engagement remained paramount. When new branch safety measures were adopted to promote social distancing and hygiene and digital services saw lifts in utilization, ensuring member satisfaction across all channels remained paramount. And when the dual-impact of federal and state stimulus ballooned deposit growth by over 30% from the previous year and the net worth ratio briefly plummeted over 200 basis points, ensuring financial soundness not only remained paramount but was more important than it had ever been. In fact, had it not been for a mature and agreed-upon strategic plan that outlined the credit union's key focus areas, the organization that emerged in 2021 could have looked very different, if it even existed. It was having that strategic plan that definitively stated what was important to how Rogue Credit Union operated which allowed it to weather that disruption, complete a core conversion, acquire another credit union and expand the field of membership further, and also understand that digital platform growth would continue to be a key priority which is why the process not only remains important, but demonstrates both the short-term and long-term impacts and value of a well-built plan. If anything, both the business that remains so steadfastly resolute to the specifics of their plan, and the business so strategically blind, would falter.

iv. **Graphs: There are no graphs required for the strategic planning section.**

C. Charter, Bylaws & Policies

i. **Describe the purpose and general content of your credit union's charter.**

The charter for Rogue Credit Union by the State of Oregon was issued by the Department of Consumer and Business Services division of Finance and Corporate Securities on December 22, 2014 (Charter To Do a Credit Union Business, 2014). It notes that Articles of Incorporation were filed with that office on October 30, 2014 and certifies the corporation "Rogue Credit Union" to have been duly organized for the purpose of conducting a credit union business subject to the laws of the State of Oregon. The charter enables the credit union to commence business under the new charter effective on December 31, 2014.

ii. **Describe the purpose of your credit union's bylaws.**

The bylaws of Rogue Credit Union serve as the legal framework for how the organization operates. They establish the authority, responsibilities, and duties of the credit union, and the organization is legally required to operate in accordance with these bylaws. Though formerly a federally chartered credit union, since converting to a state charter in 2014, only minor modifications have been made since to the former framework. The bylaws include a number of provisions that dictate requirements of how the organization operates, including membership requirements, the responsibilities, conduct, and election of Board members, the process for amendments to bylaws, and the Board-mandated committees.

iii. **Who is responsible for keeping your credit union's bylaws current and what role does the regulator play in that process?**

Responsibility for maintenance of the bylaws is held by the Board of Directors to ensure they remain current. However, the CEO plays a large role in the execution and facilitation of that process, and much of that work is delegated to the Executive Services team. Most updates to the bylaws occur within the Board itself through a two-thirds affirmative vote, but occasionally votes have needed to extend to the full membership; most recently, the change to a state charter in 2013 (Esqueda, Personal Communication, 2026). The regulators have not traditionally played an active role in requiring changes to Rogue's bylaws, though any amendments are required to be submitted to the State of Oregon, which has authority to approve or reject those.

iv. **How many Board approved policies (not procedures or guidelines) does your credit union have? What was the most recent new policy implemented? When did that occur? Why was it established and what was the process for creating it? How does the credit union ensure that policies remain current and relevant?**

Rogue Credit Union has 57 Board-approved policies. The most recent policy, the Credit Union Service Organization (CUSO) Policy, was implemented in February 2022 as a result of a growing need for governance over the organization's ongoing growth and utilization of CUSOs for novel revenue channels and industry collaboration (Esqueda, Personal Communication, 2026). The policy outlines authority, guidance, monitoring, and limits on how CUSOs are engaged with and implements an annual review cadence for performance and monitoring. The policy was first drafted among the Executive Services team in collaboration with Executive Team members, proposed to, and approved by the Board at the January 2022 meeting.

All Board Policies are reviewed by the relevant department and Chief Executive at least annually according to a defined schedule by responsibility area, and they are responsible for identifying and recommending any updates or changes. Any updates or revisions are submitted to and reviewed by the Board Governance Committee which is comprised of three board members. The one exception is that all Finance policies are reviewed and approved by the Finance Committee, a separate subcommittee of the Board. Small or minor updates can be approved by the respective Committee itself, however, substantial changes or new policies are required to be reviewed and approved by the entire Board of Directors.

v. **Graphs: There are no graphs required for the Charter, Bylaws and Policies section.**

D. <u>Deposits</u>

i. **Provide a brief description (including general terms, minimum balances, transaction limitations, unusual benefits or nuances, etc.) of each of the top three deposit products that your credit union offers as defined by total balances. Include only specific, distinct products, not broad categories like those listed on the call report. What features do these deposit products have that make them attractive to members?**

The top three deposit products at Rogue Credit Union, in order of total balances at the end of 2025, are the Regular Savings Account, the Money Market Account, and the Regular Checking Account, and yes those are the actual product names! Rogue's product names tend to be straightforward for simple recognition by members, but they also lack clear market differentiation and come with basic feature sets. Rogue's value proposition is less in the deposit product feature set itself and instead demonstrated through exceptional service and transparent pricing.

The Regular Savings Account holds the greatest share of deposits compared to any other product, ending 2025 with $594,260,467 in balances (Rogue Credit Union, 2025). This account has no minimum balance requirements and can begin to accrue dividends on balances greater than $100.00 at 0.05% APY as of April 1, 2026 (Rogue Credit Union, 2026). The Regular Savings Account establishes membership with Rogue Credit Union, and begins to assess a monthly $5 membership participation fee after the third month of membership, but is waived if any one of the following conditions are met: 1) the individual has been a member for greater than 10 years, 2) holds at least $500 in combined average deposits across all owned accounts, 3) has a current or paid-off loan, 4) has a Checking Account with direct deposit and paper statement enrollment, 5) is under the age of 25, or 6) has a portfolio with Rogue Investment Services. The Savings Account can be used as overdraft protection for members with a Checking Account and, in the absence of that corresponding Checking Account, also permits ATM access with an ATM card, and is accessible through all branches and digital banking platforms.

The second largest deposit account by balances is the Money Market Account, which until July 2025 was formerly called the Money Maker Account, and held $457,930,760 at the end of December 2025. The Money Market Account requires at least a $2,000 minimum average daily balance to avoid a $10 monthly fee (Rogue Credit Union, 2026). Similar to the Regular Savings Account, members can access their account through digital banking and in-branch, as well as at ATMs with an ATM card. The Money Market Account also supports unlimited check writing and can also be used as an overdraft protection source. Dividend rates on the Money Market Account tier based on the balances beginning at 0.50% for balances greater than $2,000. From there, balances greater than $10,000 yield 0.60%, balances greater than $25,000 yield 0.75%, balances greater than $50,000 yield 0.90%, and balances greater than $100,000 yield 1.00%.

Finally, the deposit account with the third highest balances is the Regular Checking Account, which held $415,473,624 at the end of 2025. This account has no minimum balance requirements and no fees associated with it but also doesn't earn dividends (Rogue Credit Union, 2026). Similar to all other accounts, this can be accessed through digital banking or at any Rogue-operated or Co-op ATM through a debit card. Members receive one free box of checks upon account opening and can link other accounts as overdraft protection without any fees to maintain peace of mind for unexpected large-dollar transactions. Additionally, a Courtesy Pay service allows members to still have checks and ACH transactions paid when they have insufficient funds for a $25 fee, which in May 2026 will decrease to only $14. Members receive a complimentary debit card, with instant issuance available in all branches, central issuance through mail, and digital issuance available through the mobile app. Members can enroll in a program called Save The Change which will automatically round any debit card transaction to the nearest dollar and transfer that difference to the high-yield Ownership Account, a beloved member perk that individually holds around 10% of the entire deposit balances alone.

ii. **Provide a brief description of each of the three least useful deposit products your credit union offers. A) Include only specific, distinct products, not broad categories like those listed on the call report. "Least useful" may be defined any way you choose, but provide your definition and show the connection between that definition and each of the three products you selected. It is acceptable to include one or more of the credit union's top three products in this grouping as well. B) Discuss why your credit union continues to offer each of those products. C) Provide your opinion on whether each of them should be enhanced (describe the enhancements that should be made) or eliminated.**

In my opinion, the three least useful deposit products at Rogue Credit Union are the Super Checking Account, Rogue Rangers Savings Account, and Club Savings Account. I consider these the least useful deposit products because they lack a clearly defined feature set that aligns with a member persona or clear segment of the membership and hold the lowest balances in relation to their sister products.

The Super Checking Account is probably the least useful deposit account at Rogue in light of the expansion of the deposit portfolio in August 2025 with the launch of the new MyRewards Checking Account and complementary MyRewards Money Market Account, which together offer a far richer dividend rate and feature set. At the end of December 2025, the Super Checking Account held $90,572,431 in balances. In contrast, the MyRewards Checking Account has been in market for only six months and has already accrued $30,455,650, or nearly 30% of the balances the Super Checking holds, driven in part through new money deposits and migrations from legacy deposit products. This product used to be the answer for members looking to earn dividends on their checking account, with 0.05% APY earned on balances greater than $1,000, or else a $5 monthly fee would be assessed (Rogue Credit Union, 2026). This product continues to be offered primarily to help anchor a member's selection journey towards either the Regular Checking, with no fee and no dividends, or to the higher fee and higher dividend premium account, MyRewards Checking. In launching the MyRewards Checking, we decided not to force existing Super Checking accountholders to migrate and instead wanted the new product to stand on its own. However, now this account lacks a clear market segment alignment. While it probably doesn't deserve full elimination yet, this product could be enhanced by steering it closer to a "non-digital service"-oriented account. One continual pain point for vintage members with the new MyRewards accounts is the requirement for electronic statements, and there is a clear opportunity to reframe Super Checking as being branch-service driven. This could also involve an optional fee add-on which moves it closer to a private client-style relationship account with more concierge-level service. Though historically Rogue has avoided tranching members by net worth, this product inherently now preys on the unengaged or non-digital member by not driving them to higher-yielding products, so enhancements that support more member engagement would support both the credit union mission and drive clearer segment alignment.

I believe the second least useful deposit account is the Rogue Rangers Savings Account, a dedicated and unique savings account for children ages 12 and under, and as of December 2025 held $8,573,814 in balances. On its face, an account like this is a no-brainer for a credit union to offer: it aligns closely with the philosophy, promotes thrift and positive spending habits, and builds a relationship pipeline for driving engagement with future active members. However, this account also requires high-touch personal engagement through local Rogue Rangers-specific events in branches and local museums, branch-based depository activity incentives, goodie bags, birthday treats, and educational materials (Rogue Credit Union, 2026). The reason this is one of the least useful accounts, though, is in its antiquated approach to developing a pipeline to active long-term membership. Traditional thinking is that exposing young members to the credit union will build long-term loyalty, but consistently that is proven untrue: Millennials and Gen Z are consistently and overwhelmingly choosing large national banks and forgoing the legacy brick-and-mortar institutions they held accounts with as children (Demenna, 2026). The Rogue Rangers program propagates this legacy thinking and requires significant overhead and investment to support. In my opinion, the existing program should be eliminated entirely and rebuilt with modern thinking: large national youth banking programs like Greenlight and Acorns have found success through digital-first engagement, simple embedded controls for parents through their relationship, and intangible relationship rewards beyond coloring books and branch-focused punch cards. Simply: meet youth where they are at – digital ecosystems using electronic payments – and give parents simple means of managing and funding those accounts, and success will follow. Having a distinct account, instead of a broader program strategy for youth, is not the correct or a modern approach.

Finally, I believe the third least useful deposit account is the Club Savings and Checking portfolio, specifically designed for local groups operating under a larger organization's umbrella. In Rogue's membership, this is predominantly 4H Clubs. As of the end of 2025, the collective Club Account portfolio (both Savings and Checking) held $10,177 and $177,409 respectively, representing negligibly zero of the entire deposits at the organization. Yet, these accounts are categorized as business accounts and require a significantly more complex yet less common type of documentation and account relationship to open than a traditional business account. Comparatively, the more appropriate and equivalent Association accounts held $16,834,988 in the same period, a nearly 90x difference in balances alone. As a result, staff avoid recommending and supporting this product, and these are proportionally the costliest to support, per account, given the commercial account compliance requirements. I would recommend this account also be eliminated for servicing and compliance simplicity and that the more common Association accounts be the only offering. The only impact in eliminating these accounts would be to 4H-style programs, nearly all of which could be supported still through existing products like the Association accounts or individual youth consumer accounts.

iii. **Determine one new deposit product you would like to offer at your credit union. Explain why you chose it, how it would work, how it would benefit the credit union and how it would benefit the membership.**

I am actively working on developing a business case to launch a Health Savings Account (HSA) at Rogue Credit Union, and I believe this is the next best deposit product Rogue Credit Union could offer due to close demographic market alignment, an incredible market need, and easily communicated value proposition. First, an HSA resonates with the core market demographic and existing membership of the credit union. In 2024, it was estimated that nearly 50% of US workers have a High-Deductible Health Plan available to them, and the median annual deductible was $2,750 (US Bureau of Labor Statistics, 2025). It stands to reason that this should closely mirror Rogue's membership, representing an opportunity of up to 100,000 accounts that Rogue can extend its exceptional service to through a product that supports financial well-being. Second, the core service area of the Rogue Valley skews older and more financially strained. The Rogue Valley's average age skews significantly higher than most medium-sized metropolitan areas, and Rogue's specific membership also over-indexes to older members, a demographic that tends to have higher medical-related expenses (Census Reporter, 2026). Personal incomes lag those of the State of Oregon and the entire United States (Tauer, 2025) demonstrating a core need to promote savings. Healthcare spending specific to the Rogue Valley has also outpaced statewide and national rates, reinforcing the need for dedicated plans that promote financial incentives (Terry, 2023). Third, an HSA has a clear and easily communicated value proposition: higher net worth individuals and savvy consumers are interested in ways to reduce their taxable income, and an HSA is inherently positioned to help members save money and grow their wealth. Conclusively, an HSA is also good for Rogue; in addition to a new way to hold and grow core deposits, a corresponding debit card can drive new interchange revenue, and the costs to support this program are rather negligible as the credit union already offers retirement and tax-incentivized accounts through Ascensus, so the marginal overhead of this new product is mitigated through existing services.

iv. **Graphs: This section requires inclusion AND comprehensive written analysis of the following graphs:**

a) Historical Share Composition ($)

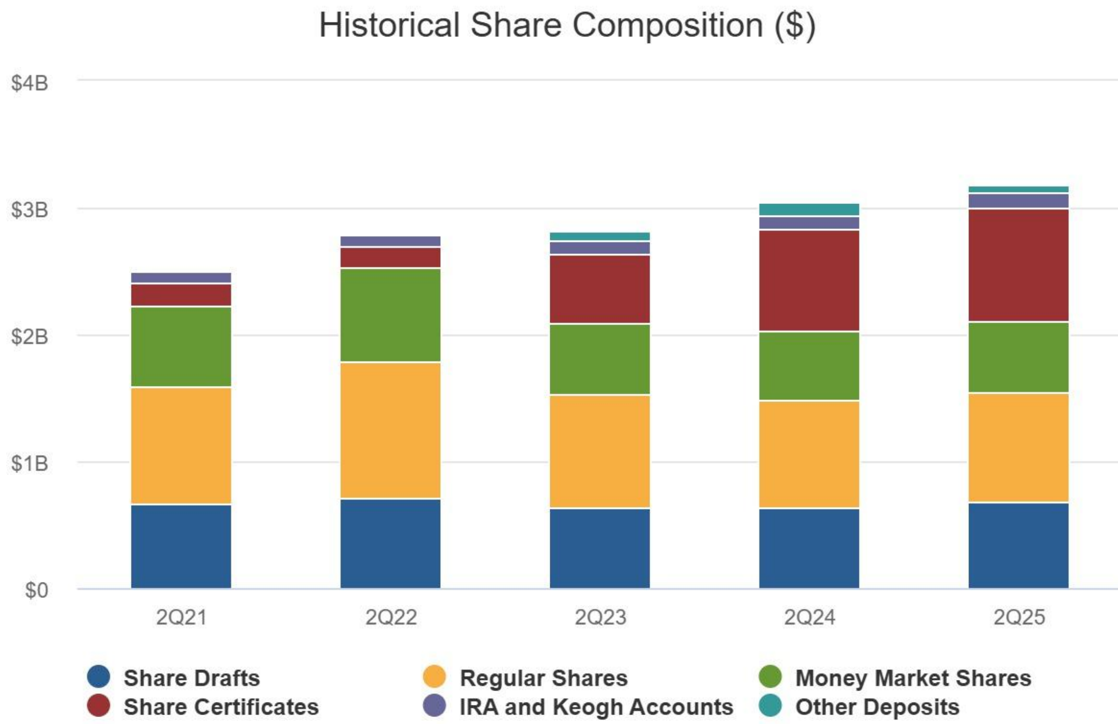


Figure 1

b) Historical Share Composition (%)

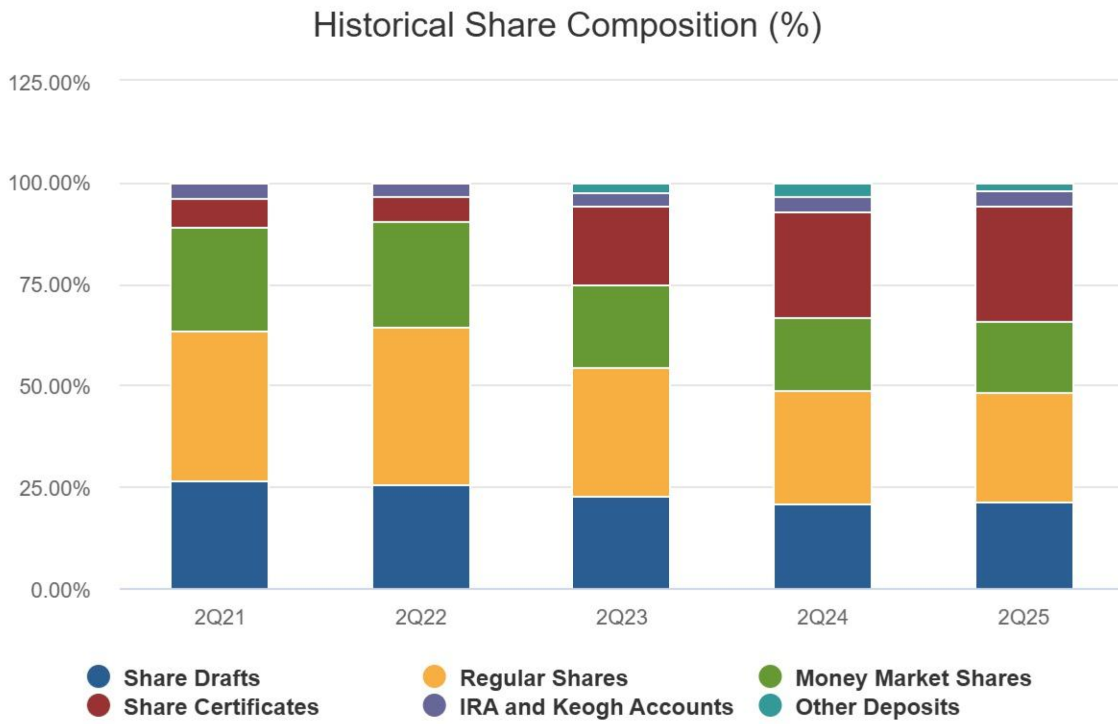


Figure 2

c) Share Composition Comparison (%)

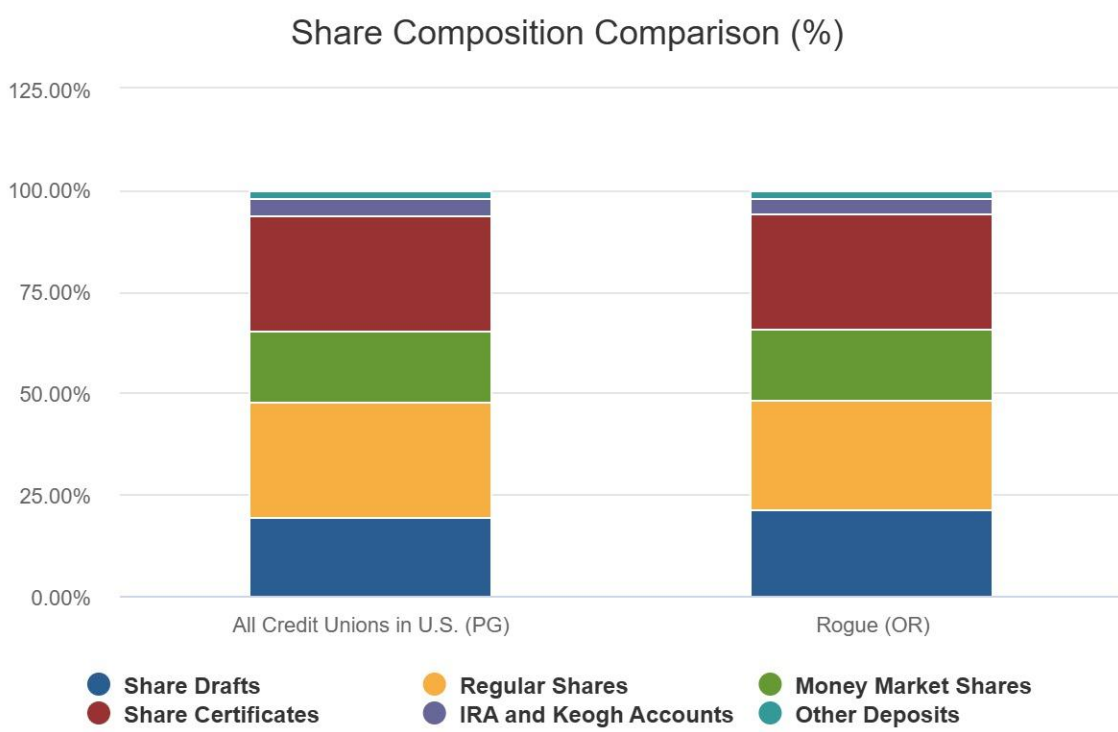


Figure 3

d) **Share Penetration & Average Balances Summary**

Share Penetration & Average Balances Summary - Rogue (OR)					
Formula	**Jun-2021**	**Jun-2022**	**Jun-2023**	**Jun-2024**	**Jun-2025**
Penetration					
Share Draft Penetration	76.92%	79.20%	82.36%	88.76%	94.61%
Regular Share Penetration	232.53%	236.63%	241.74%	255.65%	269.25%
Money Market Share Penetration	6.26%	6.40%	6.77%	7.41%	8.18%
Share Certificate Penetration	2.22%	4.73%	6.30%	8.88%	9.87%
IRA/KEOGH Penetration	2.93%	3.77%	3.37%	3.77%	4.03%
Average Balance					
Average Share Draft Balance	$5,027	$4,690	$3,770	$3,438	$3,335
Average Regular Share Balance	$2,340	$2,355	$1,797	$1,581	$1,492
Average Money Market Share Balance	$59,660	$59,613	$40,367	$34,400	$32,057
Average Share Certificate Balance	$47,635	$18,475	$42,007	$42,964	$42,163
Average IRA/KEOGH Balance	$18,044	$12,710	$14,569	$14,004	$14,063

Table 1

e) **Cost of Funds**

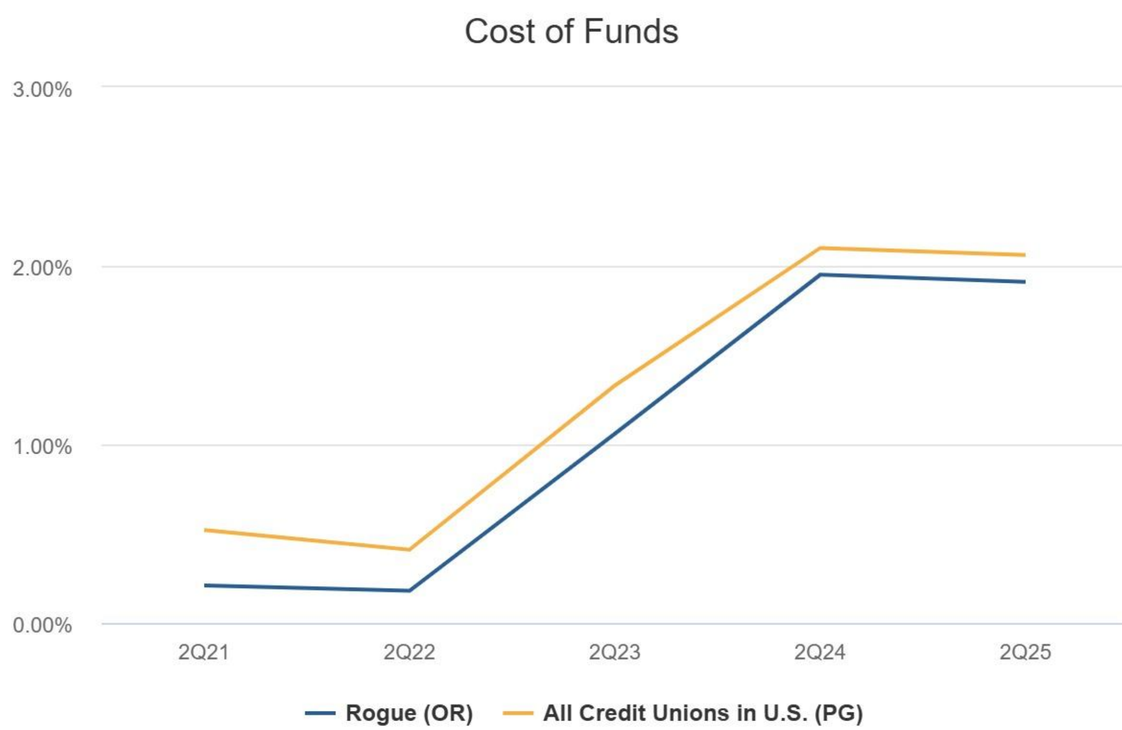


Figure 4

Graph Analysis – Deposits

Completion of the acquisition of Malheur FCU in 2020, coupled with an influx of deposits from state and federal stimulus during the pandemic, was followed immediately by the completion of a core conversion in early 2021, resulting in a well-balanced portfolio of almost entirely liquid core deposits (Figure 1). The 11% growth in deposits from Q2 2021 to Q2 2022 was a byproduct of intentional effort to lean further into the new core platform's capabilities and expanded market presence in eastern Oregon, which is reflected in similar overperformance in membership growth through this period too (Figure 16, in Marketing). This was achieved through alignment of targeted deposit-oriented growth campaigns and promotional rates on shorter term CDs, but was counterbalanced by maintaining near-zero rates on Share Savings and Share Draft accounts to maintain a negligible change in the cost of funds. As a result, penetration of CDs doubled in this period with the proliferation of small-dollar short-term CDs (Table 1) which likewise depressed the average CD balance.

However, amid the rising rate environment from 2022-2023, members started to look towards higher yielding products, which exacerbated the explosion of CDs in 2023. In addition to seeking higher rates on the small-dollar CDs they opened in 2022, two other key factors contributed: a growing sales focus in branches with a mindset of supporting member financial wellbeing, which naturally drove members to even yet higher-yielding and longer-term CDs, and a subsequent migration of balances from money markets to CDs, resulting in the halving of average Money Market balances (Figure 2), a persistent trend in years since (Table 1). CDs at Rogue are even more attractive because of the Dividend Max program which allows members to have dividends automatically transferred to the high-yield Ownership Account, compounding their return further. Rogue intentionally prices its deposit product rates below market across the board which allows us to maintain a lower cost of funds compared to peers (Figure 4).

E. <u>Lending</u>

i. **How does your credit union determine the level of risk it is willing to take in its various major lending categories (e.g. consumer, credit card, mortgage, business). How are adjustments made to those risk levels, what is the process for making them, and who is involved in those decisions?**

According to Rob Overton, the SVP over Consumer & Mortgage Lending, Rogue takes a unique approach to managing lending portfolio risk: "Traditionally you'll hear that [risk-based lending] is all about 'keep your charge off and delinquency in check.' That's what you're supposed to do. But I believe it has nothing to do with that and everything to do with net interest margin. So, we look at [that] as an indicator of how well the portfolio is performing" (Overton, 2025). Consequently, this strategy allows Rogue to lend into deeper and riskier tranches which helps drive higher overall net interest margin, but most importantly, enables serving a broader share of members, especially those who may otherwise be declined by more risk-averse lenders. Across the entire lending portfolio, Rogue tries to stay "in the high threes and low fours [percent]" net interest margin (Overton, 2025).

Lending Guidelines dictate a range of target percentages of concentration for each loan type among the entire portfolio, in addition to target delinquency and loss rates by risk tier. These targets are specifically defined and designed to reinforce this margin-focused strategy, and support the broader pricing strategy to be "higher than peers, but not so high that we lose too much business" (Stephenson, Personal Communication, 2025). These target concentrations by product and tranch are monitored in real-time through internal reporting and broadly reviewed each month in the Asset & Liability Committee, at which point pricing changes may be recommended to offset growing losses or strategically drive growth in higher risk tranches. Individual product line leaders are responsible for ongoing management of their alignment to these targets.

Both consumer loans and credit cards are priced to reflect the inherent loss risk of a given risk tier. Risk tiers are assigned a letter from F to A+ and defined by range of FICO Scores from 399-760+, respectively. An individual loan application will be scored based on the primary borrower's credit activity, assigned a specific rate price based on the risk tier the score falls within, and approval can be influenced by the borrower's debt-to-income levels, securitization by asset type, and broader credit history. Mortgage loan risks are determined through a similar methodology as consumer loans, but compounded by the inherent risk of the underlying property including its location, development status, borrowing amount, conformity to conventional loan guidelines to enable secondary sales. Commercial loans are individually underwritten based on the characteristics of the purpose of the loan, the financial position and assets of the business owners, and the industry the loan would support. The commercial loan portfolio defines maximum industry-level concentrations as a function of Rogue's net worth to minimize exposure of loss and institutional instability as a result of industry-wide impacts, a policy that helped mitigate losses during tumult in the food services industry during the pandemic.

ii. **How effective are your lending channels in rendering credit decisions and funding loans at the pace desired by your credit union and the members? Be sure to cover all the major lending categories noted in the question above.**

Traditionally, the pace of making credit decisions and funding loans at Rogue has been slow, but recent improvements to the consumer lending platform, MeridianLink, are expected to increase the speed across the entire pipeline from intake to review to funding. In 2025, an average consumer loan application would be touched within 30 minutes by an underwriter and reviewed within 10 minutes (Rogue Credit Union, 2026). However, it could take close to 2 days for the application to book, and far longer during weekends or in extreme circumstances. As a result, on average, it took close to 5 days per consumer loan from intake to funding. The greatest delays were for dealer-originated loans as a result of high weekend volume. Surprise demand for the new Visa Signature Rewards card in fall 2025 further highlighted bottlenecks in the fulfillment process as timeframes to communicate application decisions to members exceeded four days at one point. Consequently, the current pace does not meet member nor internal expectations, so in-development improvements to the platform are expected to reduce the manual touchpoints funders have to take today to discuss and apply loan add-ons like debt protection or vehicle gap insurance. Moreover, to maintain speed of review and funding for dealer vehicle loans, a separate lending team was created under the Indirect Lending umbrella to support weekend application volumes.

Mortgage loan pace is in a far better place than consumer loans. New loan applications are reviewed and responded to within one business day, and traditionally, a 30-day close is supported. Due to the unexpected departure of several mortgage personnel in 2025, mortgage production delays arose which led to a temporary and intentional throttling of business, but have since rebounded to standard turnaround timeframes. Commercial loan applications and decisions are entirely managed within the Business Services department, and underwriting reviews can vary based on loan type and complexity, underlying loan and industry risk, and requested amount.

iii. **What is the most recent new loan product your credit union has introduced, and when did that happen? (This must be an entirely new product, not an adjustment to features of an existing one.) How was it conceived, designed and brought to market at your credit union? What factors influence the structure and features of such new loan products?**

The most recent loan product Rogue Credit Union introduced was the Signature Rewards Visa Credit Card which launched in November 2025. This product offers up to 4% unlimited cash back on spending (4% on dining, 3% on fuel and electric vehicle charging, 2% on groceries, and 1% on all other spend categories) with no annual transfer, balance transfer, or cash advance fees. I originally conceived and designed this product beginning in the spring of 2024 shortly after joining the credit union because of seeing years-long stagnation of spend and balance growth in the Rogue card portfolio. The genesis of what became the Signature Rewards Visa Credit Card was first identified by the lack of a rewards-rich credit card offering. At that time, Rogue only had a low-limit no-rewards card, the Visa Classic, and a low-rate card that offered a monthly disbursement of 1% cash back against purchases, the Visa Platinum. Having developed and launched like cards for two former credit unions, the rewards-motivated and high-spend segment is often overlooked yet can quickly become one of the most profitable products in the portfolio. Consumers tend to overestimate their ability to not revolve balances and, as a function of the high spend, can more quickly accrue balances. We developed these member personas through the summer of 2024, and after identifying the rewards structure, interviewed several potential common rewards platform vendors. However, the cost and integration proved to be prohibitive for a simple cash-back card, and having built platforms like this in-house before, encouraged the project team to assess feasibility; it turned out to be an outstanding proving ground for the first homegrown member-facing digital solution.

In February 2025, internal development work began on this rewards platform so cardholders could see their incremental rewards by category and transaction, as well as manually redeem rewards into any account of their choosing, a limitation of the Visa Platinum which only automatically deposited rewards monthly into the Ownership Account. Concurrently, Fiserv, the card processing vendor for Rogue, initiated their project to build the new card type and enable transaction processing. By August 2025, we had cards in-hand for internal testers, and after fairly straightforward and positive results, developed internal training and communications to align with a launch on November 11, 2025. As of March 31, 2026, the new card has individually added over 2,000 new cards to the portfolio, a 5% increase.

The factors that influence developing a new loan product are profitability, market share opportunity, and alignment to unfulfilled member needs. In the case of the new Signature Rewards Visa, we identified a product gap against market and member expectations. This was seen anecdotally in member feedback, financially in the underperformance to origination benchmarks by Visa and Fiserv we consulted with, and qualitatively against comparison to card portfolios of regional competitors. Even staff had shared feedback over the years about how unattractive Rogue cards were compared to others in their wallet like Apple or Chase cards. But, through existing business partnerships and local rewards, this new card also presents a novel opportunity to partner and drive traffic through regional retailer comarketing, a strategy planned for late 2026. And finally, by realigning the rate structure of the card portfolio in tandem with this product launch, net average yield on balances is expected to increase by 2-3% over the next two years even with the minor reduction in interchange revenue against the higher rewards, increasing profitability. Even though the card offers up to 4% cash back, the cost of rewards averages to only about 1.50%, which still maintains a 20-30bp margin on spend, compounding balance accumulation and yield growth even more through higher total spend. In short, a new loan product must be good for the members, good for the credit union, and good for the community: the new Signature Rewards supported all three.

iv. **Graphs: This section requires inclusion AND comprehensive written analysis of the following graphs:**

a) **a. Historical Loan Composition ($)**

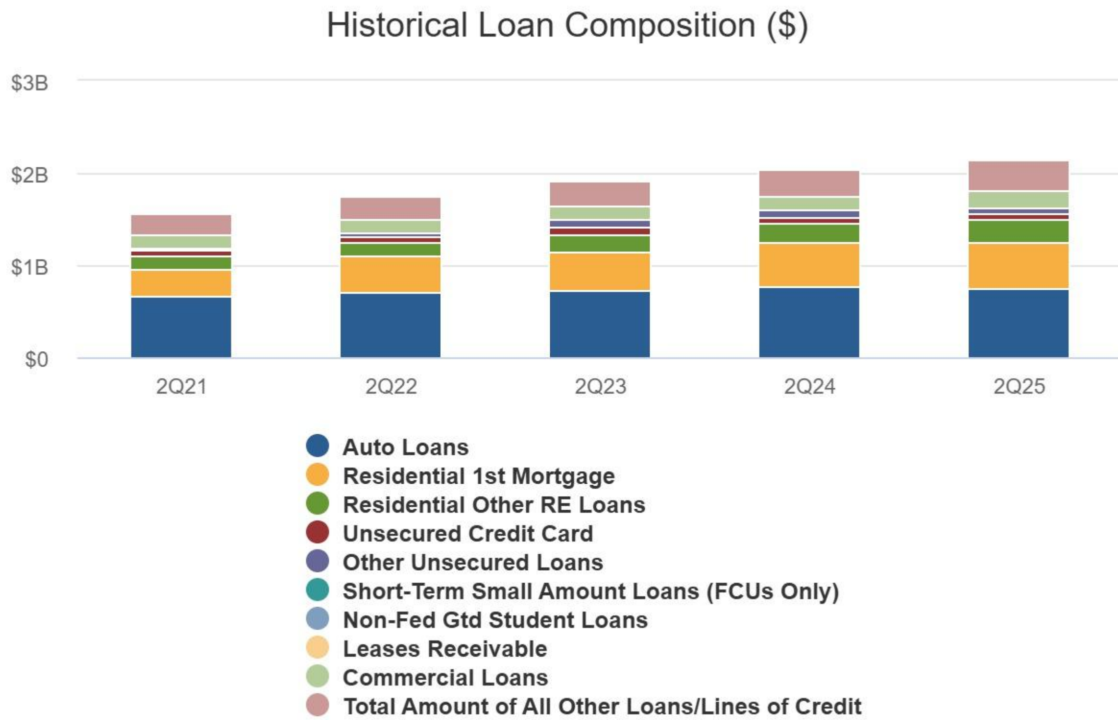


Figure 5

b) b. Historical Loan Composition (%)

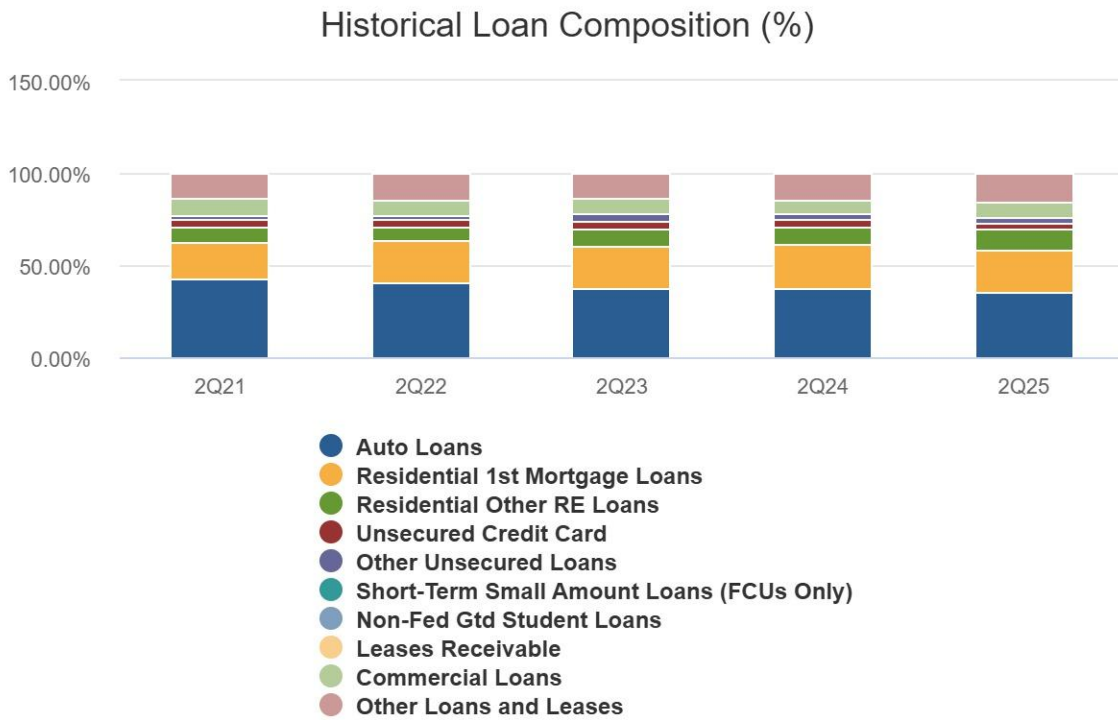


Figure 6

c) c. Loan Composition Comparison (%)

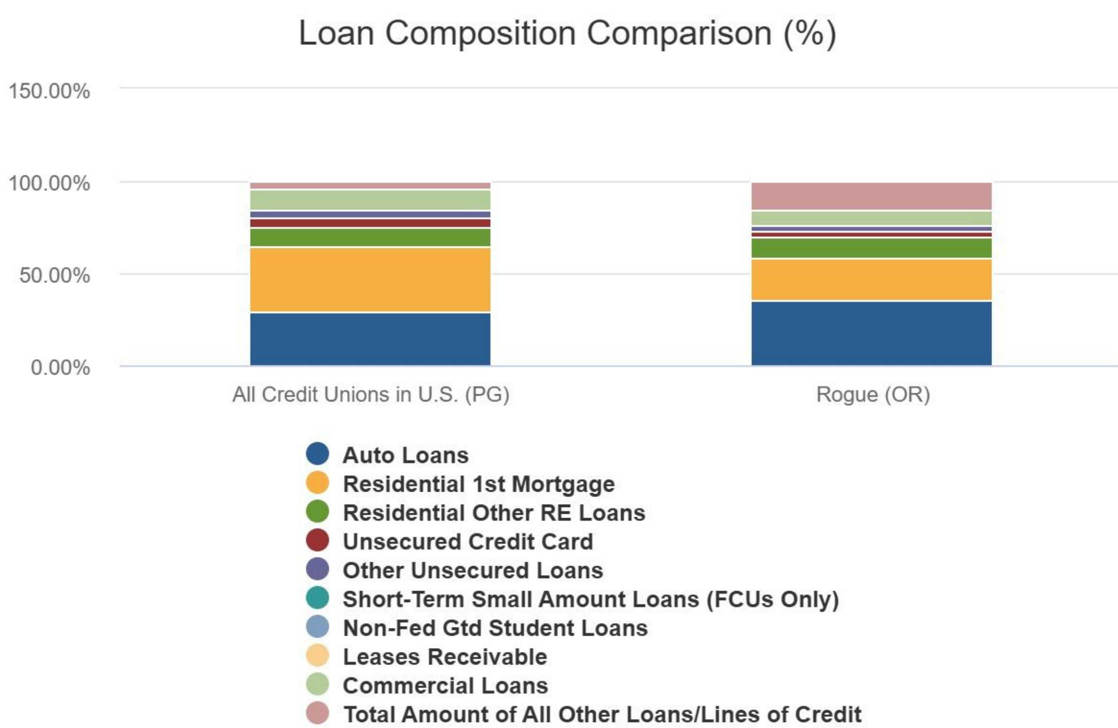


Figure 7

d) d. Comparison Loan Growth

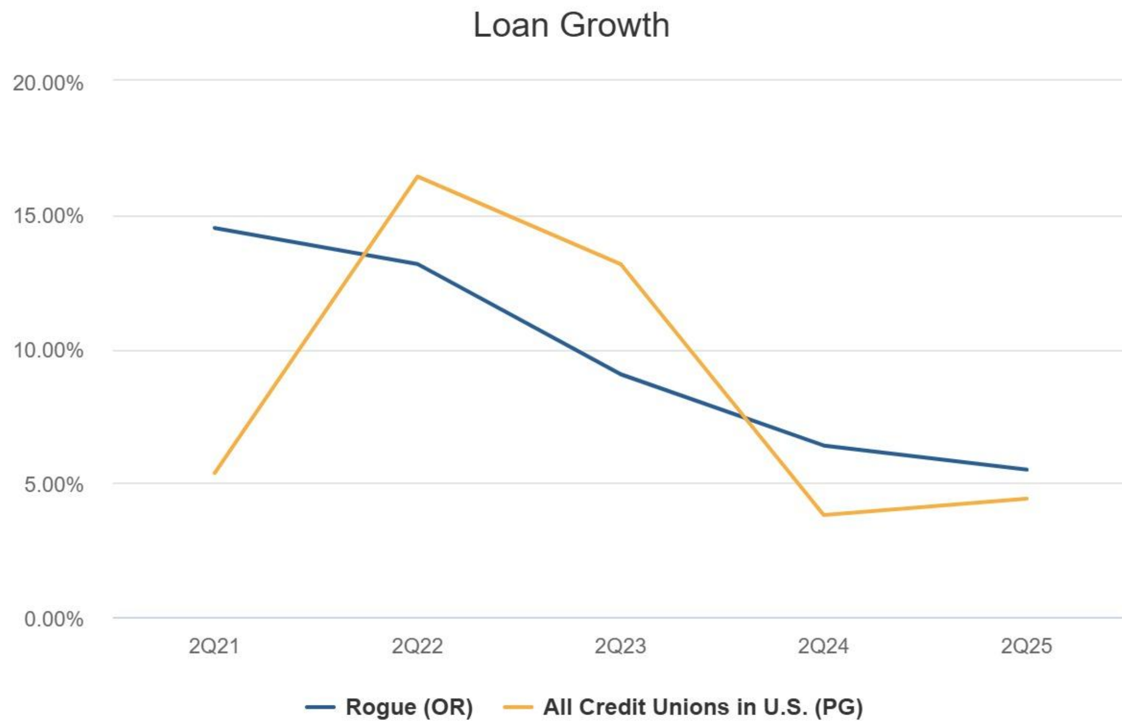


Figure 8

e) e. Yield on Loans

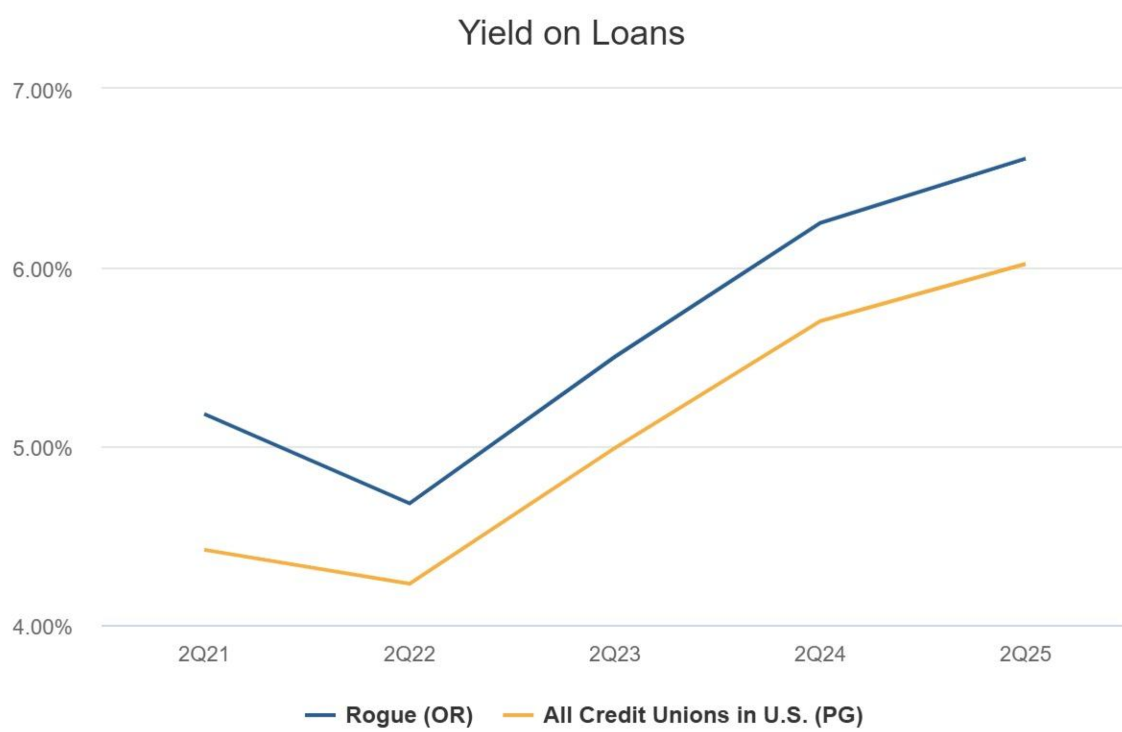


Figure 9

Graph Analysis – Lending

Traditionally, vehicle lending has been a strength of Rogue Credit Union built on the backs of well-nurtured dealer relationships to feed a consistent funnel of loan production coupled with loyal members who prioritize Rogue as their lender of choice, resulting in a higher concentration of vehicle loans in the loan portfolio than the industry average (Figure 7). Below the surface, though, vehicle loan volume has shifted from new to used autos, in many cases the used vehicle loans representing instead cash-out refinances and less purchases. As of November 2023, used vehicle loan balances have exceeded new vehicle loan balances.

In fact, while aggregate vehicle loan balances have remained rather flat over the last five years, balanced by a consistent run rate on payoffs against that steady fulfillment pipeline, the change in composition has been driven by growth in the real estate loan portfolio, which has decreased the concentration of vehicle loans by over 7% in the previous five years. The near-proportional increase in real estate loan balances has been motivated by buyers looking to lock in lower rates amid the rising rate environment and property value appreciation (Figure 6). In Q2 2021-2022, Residential 1st Mortgage balances grew by 30%, though slowed in subsequent years. However, the collective real estate portfolio led overall loan growth: from Q2 2021-2022 it grew 21%, in 2022-2023 grew 14%, and in 2023-2024 grew 13%, rates surpassing the industry average loan growth rates (Figure 8). This growth was a byproduct of not just new residential home sales but also members establishing lines of credit with the equity (HELOCs) from their recently elevated home valuations. Furthermore, a new "Equity Builder" adjustable-rate mortgage product was launched in 2023 meant to support first-time buyers, which establishes a fixed monthly payment towards a HELOC on top of an adjustable-rate mortgage to help offset down payment challenges. Then, as the adjustable-rate decreases, any difference is credited to the HELOC enabling a future line of credit. This product's popularity has grown as home buying grows increasingly elusive for the middle class. However, Rogue still has a lower concentration of real estate loans compared to the industry average.

Additionally, Rogue began buying, and later selling, large pools of unsecured third-party loans from Upgrade, a fintech firm, in 2020. These were identified as a unique opportunity to repurpose excessive liquidity built since the pandemic, which is represented as the annual growth in "All Other Loans/Lines of Credit" category where Rogue also outperforms the industry standard portfolio composition (Figure 7). Upgrade retains servicing for these loans and they do not live on Rogue's core, nor are these borrowers memberized by Rogue, but through this novel arbitrage, Rogue has benefitted from driving further loan yield. Rogue purchased new pools from Upgrade in late 2023 and another large pool in July 2024 further increasing the proportional allocation in portfolio composition by 3% over the last five years (Figure 6), but also obfuscating true organic loan growth as many of these were resold within months.

To maximize net interest margin, Rogue intentionally prices its loan products higher than the market and expects that members will still choose Rogue for their lending needs based on the loyalty philosophy, a position it has maintained consistently for many years by 25-50 basis points against the market and has helped maintain a higher yield compared to peers even in a rising rate environment (Figure 9). Similarly, the higher yields are intentionally earned by lending deeper to riskier credit tranches with an understanding that losses are effectively controlled through a blended risk profile.

F. <u>Investments</u>

i. **At your credit union, who is responsible for managing the investment portfolio, and who is responsible for determining the expectations of that portfolio and monitoring it to ensure those expectations are achieved?**

The Chief Financial Officer (CFO), Blake Thurman, is primarily responsible for managing the investment portfolio, but delegates a significant amount of this authority to the Treasurer, David Grijalva. The Investment Policy is annually reviewed and approved by the Board which authorizes the CEO to delegate responsibility for management of the investment portfolio to the CFO and Treasurer. The policy identifies the two goals of the portfolio: first to maintain sufficient liquidity for organizational operations, and second to generate profits. The Investment Policy also outlines specific target yields, prohibits certain types of investments, and prescribes composition and concentration recommendations. For example, Rogue Credit Union's investment policy prohibits more than 25% of the portfolio's concentration in municipal securities (Grijalva, Personal Communication, 2025). The Treasurer, in partnership with his team of two analysts, is responsible for the active management of the portfolio including execution of purchases and sales with approval by the CFO, the yield management strategy, and maintaining sufficient operational liquidity by balancing short and long investment positions.

ii. **Other than overnight funds, what are the TWO types of investments that are most prevalent (in total dollars) in your credit union's portfolio. Describe the general features of each of those two investment types. What portion of the portfolio is comprised of each of those investment types and what are the main reasons your credit union utilizes them as extensively as it does?**

The two most prevalent investments in the Rogue Credit Union portfolio, besides overnight funds, are private label securities at around 45% of the portfolio's composition, ending 2025 with $510,363,791 in outstanding holdings, followed by municipal bonds at around 25% of the portfolio, ending 2025 with $131,354,242 in outstanding holdings (Grijalva, Personal

Communication, 2025). Private label securities are the most prevalent investment due to their inherent higher potential return, distributed risk across many different types of assets, and ability to easily resell to other investors. Private label securities are created by pooling a number of assets together and tranching them into different risk ratings. The assets are grouped into specific classes; for example, one pool Rogue has expanded its ownership in includes residential transition loans (RTLs), which securitize pools of short-term bridge and renovation loans to residential investors to flip or improve non-owner-occupied properties in anticipation of a sale. The growing investment in these pools is from their higher return rates and increasing sophistication by Rogue's investment team to understand the underlying asset classes that comprise these.

Municipal securities are Rogue's second most prevalent investment at around 25% of the portfolio due to the regulatory ceiling on concentration. These are attractive investments for Rogue as they represent relatively low credit risk in the sense that most municipalities meet repayment obligations but can also reduce concentration risk through mitigating regional and geographic risk exposure through municipal investments across the country. Municipal securities have longer maturities than other investments, but require active management and represent the majority of the offensive strategy in the investment portfolio.

iii. **Graphs: This section requires inclusion AND comprehensive written analysis of the following graph:**

a) Yield on Investment

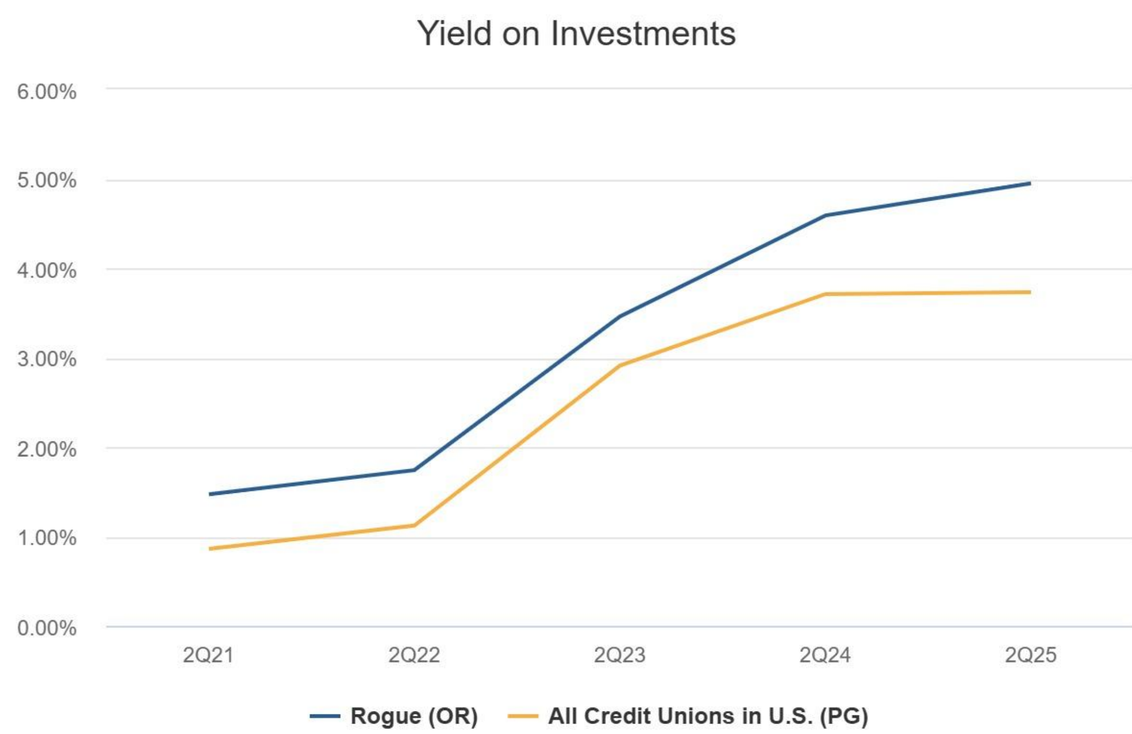


Figure 10

Graph Analysis – Investments

Rogue Credit Union has outperformed peers consistently over the last several years in investment yield due to two key reasons (Figure 10). First, increasing sophistication by its Treasury Management team to understand unique private asset pools has enabled Rogue to invest in new instruments that return higher yields. In 2024, the investment yield gap widened as a result of hiring a new Treasury Manager, David Grijalva, with vast experience managing investment portfolios for larger banks which has enabled the credit union to expand into novel investment pools that "many other credit unions don't understand" (Grijalva, Personal Communication, 2025). So, where Rogue still maintains traditional investments in agency pools like mortgage-backed pools from Fannie Mae, in 2024 it began to expand further into private label pools that can be harder to sell due to their inherent complexity but also helps mitigate broader exposure risk to the portfolio through diversification. These private label investments, however, present a potential liquidity risk: in the event cash is urgently needed, may need to be sold at a loss. However, as a result of their inherent complexity, many of these were purchased below par initially anyway, so the expense of urgent liquidity could be mitigated. Furthermore, because these pools transcend many different asset classes, interest rate risk is controlled through shorter-term positions; the weighted average duration for these investments is about 3.5 years. In fact, this could be a secondary strength of the portfolio: as rates continue to stabilize or decrease, the market value of these private label pools can continue to appreciate, potentially opening the door to sell at a net gain even in a liquidity crunch.

The second driver of higher-than-industry investment yield is from a growing leverage strategy where Rogue will borrow funds for a month, like from the Federal Home Loan Bank (FHLB) and invest those in an ultra-safe equivalent-term investment but with a higher return. Consequently, while the credit union's net worth remains unchanged, this arbitrage can generate up to an extra 1% in additional yield further driving higher performance compared to peers. This does carry interest rate risk associated with it, but the likelihood of such an urgent and unpredictable liquidity squeeze remains low, and in the worst case, those short-term bonds could be sold at a net loss to repay overnight or FHLB lines. Even at a 50 basis point negative spread, net worth could easily augment this expense and be recovered through Rogue's strong ROA ratio.

This strong investment yield is not an accident: while many credit unions see their investment program as a passive reserve, Rogue has cultivated an active treasury management strategy to drive novel income, which is helping mitigate loan yield compression from low-rate mortgages booked during the early days of the pandemic. Without this offset, Rogue's net interest margin advantage would be diminished and the flexibility to have a high-touch service strategy would be faced with far greater urgency to evolve.

G. Delivery of Services

i. **How many branches does your credit union operate and what is their primary role? How has the role of those branches evolved in the last 5 years relative to serving members? How do you anticipate that role might evolve over the next 5 years, and why do you believe that is so?**

Across Oregon and western Idaho, Rogue Credit Union has 24 full-service branches, 3 drive up-only branches, 2 student branches inside college campuses, and 6 student branches in high schools. Traditional branches are open Monday through Saturday with extended operating hours on Mondays and Friday evenings. The acquisition of Members 1st Credit Union in late 2025 added 5 more full-service branches in northern California which won't be rebranded as Rogue Credit Union until June 2026. The primary role of Rogue's branches is to serve as a location where members can conduct all of their financial needs including traditional transactions like deposits and withdrawals, open new accounts and memberships, apply for and complete loan applications, complete account services and maintenance, and get an instantly issued card. Historically, these branches have had more of a transactional focus in nature both in their physical design and service strategy. Glass-enclosed offices are compartmentalized towards the rear of a branch with teller lines prominently positioned without safety glass towards the entries of branches. Branch teams consist of more Tellers than Member Service Representatives and are led by a Branch Manager and Assistant Manager.

The role of Rogue's branches has evolved most significantly in the last two years with the introduction of the "Member Engagement" program, a sales training program meant to enhance the value of branch member interactions by identifying and uncovering new financial needs and converting those into successfully sold deposit products and loans. Where traditionally branch staff have served more closely to order takers by members, this new approach has increased role alignment to better support the organization's Purpose by acting on ways to "partner with individuals on their journey to financial well-being." First rolled out to Member Service Representatives, implementation of the member engagement program has been rather quick and successful; not only are staff embracing the change by witnessing real financial benefits to the members they help in the form of money saved or earned, new sales-based incentive plans have facilitated staff enthusiasm. Since the direct benefits of this new approach started to be measured in mid-2025, members have saved on average $1.2 million in interest alone through proactive debit consolidation identified and referred by a branch employee (Rogue Credit Union, 2026).

Another evolution to Rogue's branches has been the proliferation of Express Teller Machines (ETMs) in drive-through lanes in all branch environments. ETMs are similar to an ATM (automatic teller machine) in that they can perform all the same transactions like deposits, withdrawals, transfers, and payments, but ETMs also include the ability to hold a direct video call with a Live Video Teller. This is convenient when a member doesn't have their card available or needs more complicated or discrete services yet still wants drive-up accessibility. Live Video Tellers are also available for extended hours beyond those of any branch and because an agent is involved, can directly cash checks or release funds sooner than a traditional automated terminal hold.

Over the next five years, I expect Rogue's branches to continue to transition to more sales-focused hybrid concepts that align with this recent approach to member engagement. There is a concerted enterprise approach to redirect much of the transactional volume in branches into automated and digital channels, supported by the creation of a new Digital Experience team in early 2025 which applies user experience best practices with centralized platform ownership and administration. Moreover, many analytics initiatives are actively in development to expand the data accuracy and awareness to define channel engagement. As cash continues to decrease in use, some Rogue branches are not backfilling teller roles. However, this leads to vacant teller windows, creating a sense of staffing inadequacy (evidenced in member survey comments).

Rogue's service delivery strategy has historically been founded in branch service, which has fostered both a dependency on and expectation by members that branches are the de facto means of engagement with the credit union. Changing this not only has been difficult but will continue to be the longer Rogue continues to hold this mindset. In 2025, 70% of all members interacted with a branch in some way, a number that has remained steady for years (Rogue Credit Union, 2026). In contrast, only 60% of members had at least one debit card transaction. The member engagement program has helped further monetize these channels, but more urgently than ever, layering onboarding journeys into branch interactions will be key to driving that mindset shift. The transformation will need to continue to empower and promote more hybrid staffing models that reduce the prominence of teller-supported transactions and drive conversation-based needs discovery, coupled with staff demonstrating and training members on self-service opportunities. Continuing the member engagement program by helping the member establish their mobile app, provision their card in a digital wallet, and establish direct deposit will be key to combating this branch reliance.

Furthermore, the branch locations and layouts will need to change. Rogue has remained resistant to adopt more community-focused café and hub-style branches that can be found more commonly in large metropolitan areas, and there is probably some validity to that, given the high concentration of members in the Rogue Valley, a far less urban-aligned market. But, to continue to reduce teller roles and replace those with more Member Service Representatives will require construction of not just more offices, but more concierge and hybrid-style stations that can provide an entire suite of service. The use of drive through-only branches will continue to grow as well: they help offload simpler transaction volume from high-traffic full-service branches and can be a useful lower-cost testing ground for market needs. Finally, in smaller markets like those on the coast or in western Oregon, the branches will continue to serve less as financial services retailers but evolve further as community hubs. The Port Orford branch remains one of the least profitable of all, however, Rogue is the sole banking provider in town and has unmatched community goodwill from their nonprofit support, volunteerism, and presence which individually has helped capture a significant concentration of the market, even though deposit balances are depressed and loans are virtually nonexistent.

ii. **What member self-service capabilities does your credit union offer? Provide a complete list, recognizing that this is not just about home banking and mobile. How robust are the feature functions of each of the channels you identified? How does your credit union measure and monitor member satisfaction with each of those self-service channels? If it does not do so, explain the rationale for not gathering such feedback.**

Rogue Credit Union has continued to invest in and focus on expansion of self-service capabilities to promote lower operating expenses, consistent experiences, and empower members. The following is a holistic list of all self-service capabilities segregated by unique channel:

- Account & Loan applications and originations, provided by MeridianLink (for Consumers and Commercial) and Blend (for Mortgages)
- Appointment Scheduling, provided by Coconut
- Automated Teller Machines (ATMs) and Express Teller Machines (ETMs)

    - Account inquiries and balances
    - Cash deposits and withdrawals
    - Check cashing (ETM only)
    - Loan payments
    - Internal and account-to-account (A2A) transfers
- Online & Mobile Banking, provided by Candescent
    - Financial Wellbeing
        - Budget tools, provided by MX
        - Credit Score Monitoring, provided by SavvyMoney
        - Direct Deposit Information, a homegrown solution
    - Money Movement
        - BillPay, provided through Fiserv CheckFree
        - Card Controls, provided by Fiserv CardHub
            - Includes Card Activation, Card On/Off, Card On File relationships, Controls and Alerts, Digital Issuance for Debit, Digital Wallet Push Provisioning, PIN changes, Recurring Payments management, Report Lost/Stolen, Transaction History, and Travel Plans
        - Check Orders, provided by Vericast
        - Check Stop Payments, a homegrown solution
        - External Transfers (both inbound and outbound external ACH transfers), provided by Fiserv TransferNow
        - Internal Transfers, provided by Candescent
        - Mobile Check Deposit, provided by Jack Henry's Ensenta

        - Electronic Statements & Notices, provided by Fiserv Output Solutions
        - Transaction Disputes, provided by Quavo Fraud & Disputes
        - Zelle person-to-person transfers, provided by Fiserv and Zelle
    - Rogue Rewards, a homegrown solution
        - Enrollment for Save the Change, an automatic transfer program for debit card transactions rounded-up to the nearest dollar to the high-yield Ownership Account
        - Enrollment for Dividend Max, an automatic monthly rollover of dividends earned to the high-yield Ownership Account
        - Rogue Rewards summary statement
        - Signature Rewards Visa rewards management including per-transaction earn rates and automatic rewards transfers
- Telephony services
    - Afterhours Card Services Call Center, provided by Fiserv
    - Voice Response Unit (VRU), provided by TalkDesk

Rogue's self-service features can be wanting, at times, both in relation to peer credit unions as well as the broader financial services market. Nearly all solutions accessible through the digital banking platform not otherwise developed by Rogue are a result of contractual pass-through by Candescent, and consequently we are limited to the feature set and service they extend to us, which has been subpar. For example, External Transfers cannot support same-day transfers yet, the BillPay product Candescent offers excludes bill discovery and payment under a "good funds" model, and joint members are limited to view-only access; these are all features that have been natively available in the base Fiserv product for over a year. Similarly, Candescent's productization of CardHub limits the annual updates they deploy, delaying new features. The entire money movement toolset is not intuitive nor well-centralized, making it difficult to find the correct ways to transfer funds or pay a loan from an external account. Moreover, value-add capabilities like the budgeting widget and credit score monitoring have extremely poor penetration among users. Nonetheless, significant investments in the platform's user experience in the last year have greatly improved the navigability and discoverability of features, and several new capabilities have been introduced. In November 2025, Rogue finally went live on the Zelle network, a service that has continually been one of the most requested features in member surveys, and as of April 2026, has seen the nascent service grow to shy of 8,000 active monthly users, representing about 3.5% of the membership, which vastly exceeded my expectations in developing the project business case. This reinforces the value of developing digital self-service money movement capability and with member feedback in mind, and shows a clear desire for this functionality by members.

Broadly, Rogue Credit Union measures member satisfaction through a monthly survey of a sample of membership primarily focused on Net Promoter Score (NPS) sentiments and comments, and only in summer of 2025 also began to ask members to rate their overall satisfaction with the credit union. Until that point, Rogue had not conducted any evergreen channel-specific surveys. Historically, monthly NPS surveys had been sent through SurveyMonkey, but concurrent both with the transition of the NPS survey program to Qualtrics, where surveys are now administered from, and the expansion of the Digital Experience team, a sample of digital banking users are now also sent a monthly and distinct channel-specific survey that addresses more feature-level questions around satisfaction and effort.

There are no surveys unique to engagement with account and loan origination platforms, ATMs and ETMs, nor VRU yet. Intentionally, the account and loan origination platforms have undergone inconsistent evolution over the last two years beginning with a transition away from MeridianLink Portal and Blend to a sole new platform, MeridianLink Access, and the credit union has been mired in ongoing development since. Once the updated platform is fully deployed experience-specific surveys will be implemented. Additionally, transactional data for ATMs, ETMs, and VRU are not set up in Qualtrics for channel-specific surveys but is on the Loyalty Program's roadmap.

iii. **Discuss your impressions of your credit union's overall strengths and/or weaknesses in delivering depository services to its membership, and what might be done to further enhance those channels.**

I believe Rogue is very strong in its ability to deliver its depository solutions to membership. With the recent addition of Zelle, Rogue has achieved parity to competitors on all money movement solutions and uses existing best-in-class services that many other top-performing credit unions also use. Moreover, the credit union has a robust member feedback program to triangulate pain points and opportunities and prioritize the greatest return on focus. The deposit product suite is simple and straightforward with transparent pricing and the overdraft program has member-focused safeguards in place with de minimis thresholds, low fees, and daily fee maximums that support the goal of promoting member well-being. One key benefit of Rogue membership not yet recognized in this paper is the Ownership Account, a high-yield savings account that can only be contributed to through three primary ways: the Save the Change program, which rounds up debit transactions, the annual Give & Save program which allows members to transfer up to $300 for a small donation to CU4Kids, and Dividend Max, which will automatically collect CD and account dividends. However, the Ownership Account yield is consistently higher than any account in the market and helps grow and retain deposits in this novel account while still providing core banking services through other accounts owned by the member at Rogue.

Where Rogue's weakness in providing depository services is most felt in its ability to effectively drive channel switching from branches to digital channels. While a vast, local, and convenient branch staffing model is undoubtedly a strength, it has also habituated members to branches as the default option for services which is proving difficult to break. The development of a formal sales program in 2025 has helped accelerate this through staff-led conversations in branches, though only nominally, as most sales efforts still concentrate on new deposit and loan products, and less self-service capabilities. Moreover, while Rogue has made robust investments in its digital services platform in the form of several homegrown solutions, there is no consistent and defined experience across the entire platform as a result of vendor limitations. Rogue's strategy is headed in the correct direction to achieve a more unified digital state, but needs to continue to capitalize on building around and outside of these vendor limitations.

iv. **What impacts are outside influences (e.g. fintechs, cryptocurrencies, open banking, etc.) having on your members' expectations on how they want to interact with your credit union? What pressures are those shifting expectations exerting upon the organization? What, if anything, has your credit union done within the past five years to respond to such pressures? How have those reactions impacted the credit union's budget and organizational structure?**

The greatest impact of outside influences in financial services at Rogue has been to the way we think about and design consumer journeys particularly with speed, convenience, and accessibility in mind. There has been a growing focus on reducing turn times for new account and loan applications to achieve near-immediate responsiveness; long gone are the days of a weeklong review followed by a phone call with more information. This strategy has emerged as a result of competitive pressures from fintech experiences where members can open an account within minutes from their smartphone and begin transacting with a digitally issued card pushed to their mobile wallet. Ultimately, members expect things to be fast and simple, and that mindset is leading to the development of journeys which support that. Digital card issuance was launched in spring 2025, and full auto-approval and auto-booking of new accounts was implemented in March 2026. Yet, there is still a gap in how members are boarded from a new account into the digital banking platform that is under development, but in short, competitive pressures are driving better experiences, not necessarily new products or services.

For the most part, Rogue members haven't yet vocalized a strong desire or need for emerging payments like cryptocurrency or stablecoins. I performed an analysis on outflows to cryptocurrency platforms in May 2025 and only about 8% of members had sent or received money to a big platform like Coinbase or Binance in the preceding year. In contrast, we saw closer to 20% of members moving money to P2P channels like CashApp or Venmo which helped support the business case for implementing Zelle and was reinforced through specific requests in member surveys. That said, we are closely monitoring cryptocurrency platform engagement for similar signs of growing use, made more urgent with the passage of the GENIUS Act in 2025.

These external pressures have not significantly altered the credit union's budget and organizational structure, apart from a new dedicated Digital Experience team that has continued to grow with the addition of UX designers and product management, and improved vendor management of Candescent. In fact, the extra personnel support alone has aided in contract renegotiations which alone could fund this team for a decade, but the improved UX efforts have also lifted application conversion rates and increased digital channel application volume share.

v. **Graphs: There are no graphs required for the delivery of services section.**

H. Loss Mitigation

i. **What are the two most prevalent events in your credit union's members' lives that trigger loan delinquency? How does the credit union work with its members to mitigate the potential for loan losses to the credit union? How are third parties utilized in the credit union's loan collection efforts and its other loss mitigation endeavors?**

The single largest driver of loan delinquency is overextension of credit in which a member accrues too many monthly obligations and is unable to repay them all. This is followed by income loss as the second most prevalent event leading to loan delinquency, which normally occurs through a job loss but can also be a result of a deceased spouse and the loss of joint income. Reasons for delinquency are tracked per loan to understand broader or more systemic drivers of delinquency across the portfolio.

Rogue deploys a "single point of resolution" strategy where it tries to address the core cause of the delinquency and support a more holistic solution. Previously, Rogue "dialed for dollars" and would make attempts to capture any minor amount for repayment, but while this helped transiently cure the delinquency, many of these members would be on the call list again within months. As Rob Overton, the SVP over Consumer & Mortgage Lending paints it, "our resolution to those circumstances is significantly different once we understand what the issue really is" (Overton, 2025). This is also a key reason why our collections team is termed Member Solutions. Similarly, rather than take members randomly from a call list, agents are assigned relationships so that stressed borrowers maintain a dedicated point of contact they can trust and work directly with. It's only when the credit union begins to get no response from members that it will abandon payment recovery attempts and instead pursue charge-off.

Rogue Credit Union doesn't use third parties until a loan is already charged off, and it was only in 2019 when a third-party was first contracted to support post-charge-off recovery: CSO (Credit Solutions of Oregon) based out of Roseberg, OR. There was long-time resistance to use third parties over concern they couldn't embody and act in alignment with Rogue's culture and service promises, so a condition of CSO's partnership was to go through Rogue Experience, the new employee onboarding, to intuitively understand Rogue's guiding philosophy in member loyalty. To date, that partnership has been extremely successful, and for even as stressful as post-charge off collections could be to a member, Rogue has received no complaints. Similarly, in alignment with the organization's loyalty philosophy, Rogue does not sell charged-off debts. Rob noted that "the examiners have even given us a little bit of flack over it [because these are sellable], but we just won't submit our members to that type of collection activity" (Overton, 2025). Overall, Rogue maintains most delinquency and charge-off management in-house to maintain the quality of service we promise, even to members at their most vulnerable and riskiest.

ii. **Describe the process for charging off loans, from the time a loan is considered as a candidate for charge-off to the time the charge-off is posted to the lending system(s), and who is involved in those various steps? If different major loan types (e.g. consumer, credit card, mortgage, business) have different processes, then describe each one.**

A loan is first considered a candidate for charge-off at 21 days of delinquency, a point at which multiple late notices and early engagement through text and email will have already started to attempt payment recovery. At this point, a Member Solutions counselor begins making outbound phone and call attempts. By the 37th day of delinquency a loan formally enters the charge-off phase during which the assigned counselor may attempt to reach the member multiples times per week through the collections process. Upon reaching 40 days, the delinquent notice is sent which affords the member 10 business days to make payment arrangements. At 67 days past due the automated final notice is sent to the member, which provides 10 final business days to make any arrangements before the loan is sent for repossession or final charge-off. While the charge-off process is broadly the same across all product lines, commercial loan charge-off management normally involves a close relationship between the business and their dedicated relationship manager on the Business Services team, and in the event of charge-off, is rarely a surprise as the team will have made efforts to offload or reduce the loan risk as it approaches extreme delinquency.

iii. **What efforts does your credit union utilize to mitigate losses on deposited items, both paper and electronic?**

A variety of automated solutions are in place to mitigate losses on deposited items. Paper items collected in branch are processed through check scanners which have direct feeds to the Early Warning Services (EWS) DepositChek consortium data and will provide immediate responses for known suspicious and returned items as well as risky or closed drawn accounts. Paper items deposited through digital channels are similarly screened through a consortium dataset by Ensenta, the remote deposit capture platform, through an integration with Automated Fraud Solutions (AFS) and its TrueChecks product which similarly queries the EWS dataset. Electronic deposits are likewise screened through their specific channel. All incoming automated clearing house (ACH) transactions are also run through AFS to detect entries against suspicious or high-risk accounts and maintain compliance with Nacha rules. Deposits through Zelle are reviewed upstream via a proprietary fraud dataset maintained by EWS and Fiserv. All card and ATM activity is monitored through Fiserv's Risk Office product which applies score-based rule decisioning to every transaction authorization based on the inherent characteristics of each transaction. Moreover, all deposits are ingested and analyzed by Verafin to detect depository trends, identify suspicious money movement patterns, screen high-risk accounts, and support and reinforce the Bank Secrecy Act program reporting requirements.

iv. **How does your credit union help members avoid, detect and mitigate fraud on their accounts and with their identity? How does the credit union assist members when they are impacted by fraud?**

One of the greatest vectors of undetected fraud on accounts is through card testing, the vast majority of which is stopped by upstream risk rules that can detect anomalous behavior and stop the transaction at the authorization. Members can receive transaction alerts through the Card Controls application built into the mobile banking application which sends real-time alerts for any account activity. When members use a card, security methods like PIN, CVV, and zip code may be needed to validate the authorization and serve as secondary protection beyond just the card number alone. Members use a secure password to log into digital banking and can also set up a verbal password that is asked when speaking with a representative.

Reflecting a shift, most fraud reported by members is not a result of undetected compromise; in fact, members are often a direct participant by incidentally granting account access when they engage with a text or phone call by a scammer impersonating Rogue Credit Union. Fraud prevention efforts have shifted instead to coaching members on how to detect and avoid participating in these scam attempts. When members are impacted by fraud, they normally start by initiating a dispute through an agent or the self-service portal online. Detection of one unknown transaction can then dictate the appropriate remediation, which could result in a simple recredit to the member, like in the case of card testing activity – which may be quickly resolvable – or something much larger like an entirely new banking relationship with a new card, member number, and online access credential.

v. **What tools does the credit union employ to avoid and detect internal (i.e. employee) fraud?**

Internal fraud is well-managed through effective monitoring of system access points, use, and alignment with role appropriateness and governed through separation of duties between processing and monitoring teams, ongoing risk assessments, and internal audit functions. Some key preventative controls include transaction-type overrides which require staff get approval to process a high-risk transaction, like a loan payment reversal, check correction, or opening of a dormant or closed account. System access is granted on an as-needed basis and is reviewed periodically based on a system's inherent risk, at minimum annually. The core platform produces a number of reports that are ingested by Verafin to identify any internal abuse, similar to the systems employed for mitigating depository fraud activity.

Money movement activity is balanced within each operational team and then monitored and reconciled by support departments and Accounting to ensure segregation of authority and limit system access risks. Cash management is under strict scrutiny and requires dual control under camera supervision. Support departments also conduct quality control functions on new accounts, loans, and service functions for qualitative assessments of process accuracy and a random audit against production activity. Similarly, a dedicated Internal Audit team performs branch activity audits, surprise cash vault counts, and contracts third-party audit firms for specialized areas it lacks in-house talent to support, like ACH and IT Security, as a secondary control.

vi. **Graphs: This section requires inclusion AND comprehensive written analysis of the following graphs:**

a) Delinquency Ratio (comparison)

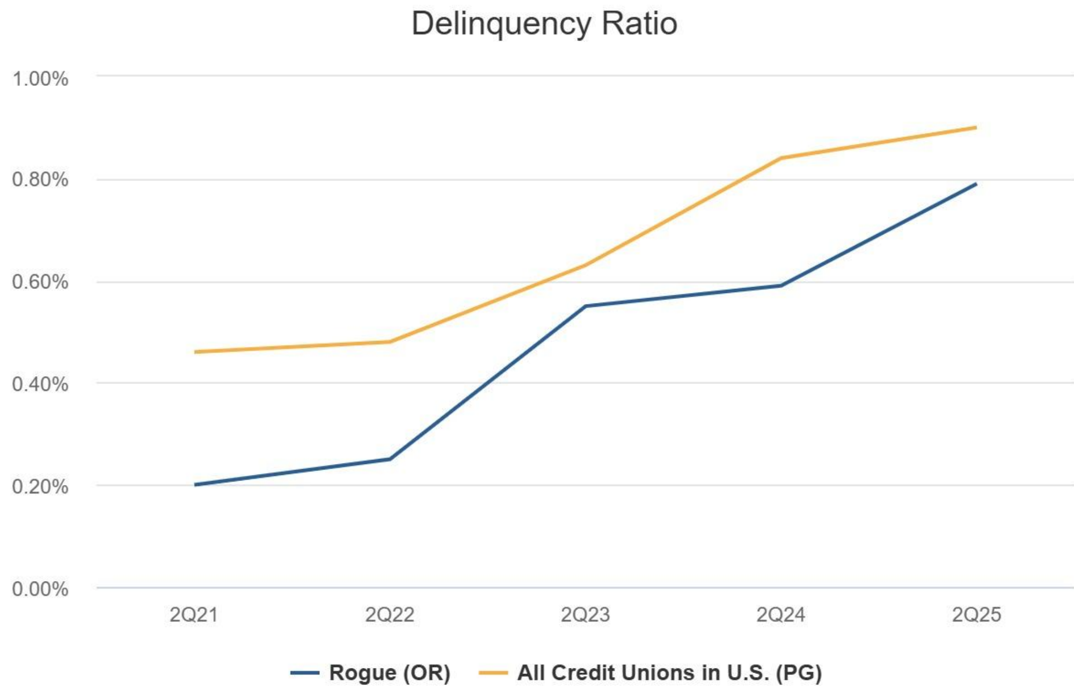


Figure 11

b) Net Charge-Off Ratio (comparison)

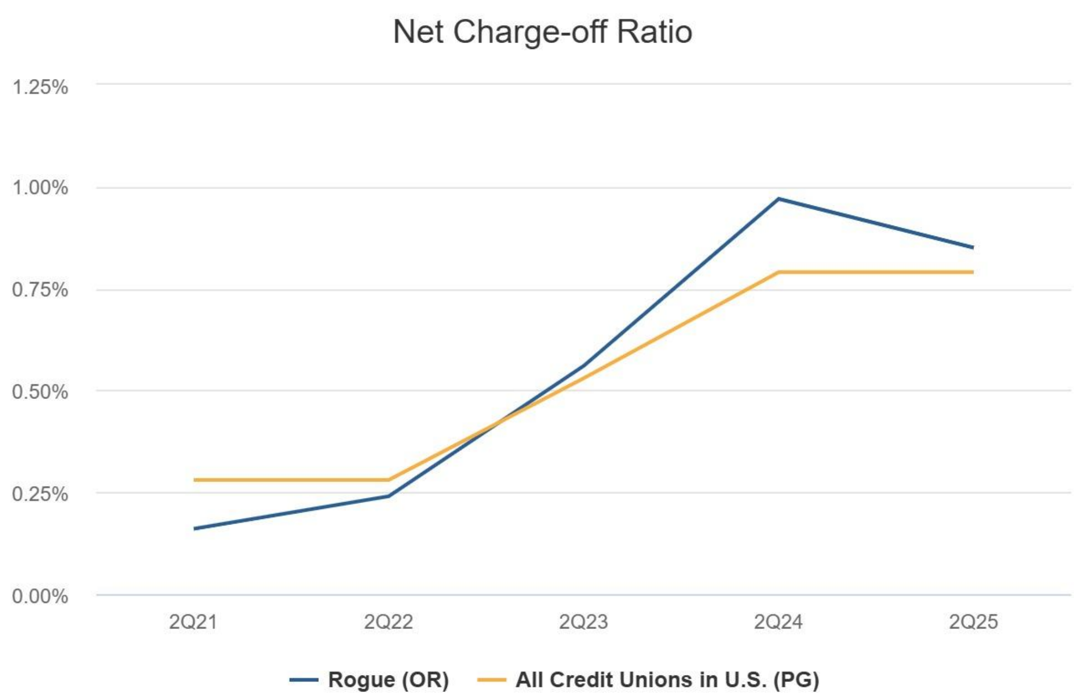


Figure 12

c) Asset Quality Summary

Asset Quality Summary WCMS - Rogue (OR)					
Formula	**Jun-2021**	**Jun-2022**	**Jun-2023**	**Jun-2024**	**Jun-2025**
Delinquency					
Total Delinquency	0.20%	0.25%	0.55%	0.59%	0.79%
1st Mortgage Delinquency	0.20%	0.24%	0.85%	0.56%	0.91%
Other Real Estate Delinquency	0.07%	0.26%	0.61%	0.58%	1.00%
New Auto Loan Delinquency	0.06%	0.17%	0.30%	0.35%	0.47%
Used Auto Loan Delinquency	0.28%	0.22%	0.55%	0.73%	0.98%
Total Auto Loan Delinquency	0.14%	0.19%	0.42%	0.55%	0.75%
Indirect Delinquency	0.22%	0.24%	0.62%	0.84%	1.17%
Credit Card Delinquency	0.21%	0.66%	0.43%	0.28%	0.34%
Commercial Loan RE Secured Delinquency	0.00%	0.00%	0.00%	0.00%	0.00%
Commercial Loan Non-RE Secured Delinquency	0.14%	0.00%	0.00%	0.00%	0.29%
Total Commercial Loan Delinquency	0.02%	0.00%	0.00%	0.00%	0.04%
Other Loan Delinquency	0.44%	0.41%	0.70%	1.01%	1.02%
Participation Loan Delinquency	0.04%	0.48%	1.49%	1.01%	1.04%
Student Loan Delinquency					
Payday Loan Delinquency					
Leases Delinquency					
Net Charge-Offs					
Total Net Charge-Offs	0.16%	0.24%	0.56%	0.97%	0.85%
1st Mortgage Net Charge-Offs	-0.04%	0.00%	0.00%	0.00%	0.02%
Other Real Estate Net Charge-Offs	0.46%	-0.08%	0.00%	0.02%	0.01%
New Auto Loan Net Charge-Offs	0.04%	0.04%	0.28%	0.47%	0.61%
Used Auto Loan Net Charge-Offs	0.07%	0.37%	0.69%	1.13%	1.14%
Total Auto Loan Net Charge Offs	0.05%	0.19%	0.48%	0.81%	0.90%
Indirect Loan Net Charge-Offs	0.10%	0.32%	0.53%	1.99%	1.43%
Credit Card Net Charge-Offs	1.55%	1.57%	2.74%	3.46%	3.90%
Commercial Loan RE Secured Net Charge-Offs	-0.14%	-0.07%	-0.05%	-0.04%	0.00%
Commercial Loan Non-RE Secured Net Charge-Offs	-0.20%	-0.03%	-0.03%	0.48%	0.00%
Total Commercial Loan Net Charge-Offs	-0.15%	-0.06%	-0.04%	0.00%	0.00%
Other Loan Net Charge-Offs	0.36%	0.68%	1.55%	2.98%	2.10%
Participation Loan Net Charge-Offs	0.00%	0.00%	6.55%	0.31%	0.95%
Student Loan Net Charge-Offs					
Payday Loans Net Charge-Offs					
Leases Net Charge-Offs					

Table 2

Graph Analysis – Loss Mitigation

In short, Rogue believes that its loyalty philosophy and close relationship with members helps maintain a lower-than-average delinquency rate on loans. Members choose to pay us over other lenders because of the earned goodwill through their entire relationship's history, but given the significant vehicle lending focus, there is a practical value to prioritizing repayment of an auto loan and mortgage over other unsecured lines of credit, which have not traditionally been Rogue's lending focus. Both delinquency and charge-off rates for vehicle and real estate products in 2021 and 2022 were over half of that in subsequent years as a result of the lingering impacts of consumer stimulus from pandemic aid programs and deferred delinquency actions (Table 2). Similarly, both indirect vehicle loan delinquency and charge-off have increased the most year-over-year of any other product type in the last five years, further illustrating that the members we have the least relationship with are also those most unlikely to repay as expected.

This portfolio-level risk strategy is also represented in charge-off rates which mirror industry trends in 2020 and 2021, driven in large part by state and federal policies during the pandemic which limited collections and repossession opportunities and only started to materialize in late 2022 (Table 2). These loss rates started to outpace the industry in 2023, as those rules relaxed and excess consumer liquidity began to evaporate, reintroducing normal repayment risk. The increase in charge-offs was also driven by intentional vehicle lending policy changes made in 2022 which started to come to maturity (Figure 12). Rogue employed excess liquidity earned from a significant deposit inflow in 2022 by loosening lending risk guidelines and lending into riskier tranches. As a result, we understand that members qualified for and were granted loans based on their financial situation during the pandemic, which may not have held true in the ensuing years, leading to charge-off. The spike in charge-offs in Q2 2024 also represents expected losses from the Upgrade loan pools purchased in 2023 and were factored into the original purchase decisions.

Of particular note is the increase in net charge-offs on credit cards from 1.55% in 2021 to 3.90% in 2025, a trend we are closely watching as a leading indicator of economic stress by members, but also sought to inform the pricing strategy of the new Visa Signature Rewards card; by baking in a higher profit margin, future losses can be subsidized and mitigated from today's yield. By nature of being a spend-focused card, the product inherently drives a sense of ongoing reliance similar to a vehicle or home loan and should expect a slightly higher inclination to drive repayment. In fact, while still too premature to draw conclusions, the new card has seen no charge-offs and delinquency rates are far under the broader card portfolio.

I. <u>Human Resources</u>

i. **What strategies does your credit union deploy in the recruiting, hiring and onboarding of new employees? In general, what types of people does your credit union seek to hire? What types of hiring challenges, if any, has the credit union encountered over the past three years?**

First and foremost, Rogue Credit Union seeks to hire competent, capable, and service-dedicated individuals who also have a passion for serving their community. The journey starts with recruitment from well-known high-quality talent incubators like Southern Oregon University, industry involvement in the form of WCMS and the GoWest Association, and by intentionally interviewing individuals with backgrounds working in similar service-minded companies like Dutch Bros, Chick-fil-a, and local healthcare providers. Rogue intentionally maintains a presence in local schools through its student teller program, a reflection of the credit union's origins, both as a means of grooming talent for permanent employment upon graduation as well as a way to maintain brand awareness and be culturally influential among students that may soon be in the workforce. Due to an effective internal talent development program, Rogue rarely needs to recruit for leadership level roles and can sufficiently cultivate emerging leaders through internal training programs. As a result, external staff recruitment has not needed to be an active investment to the extent other organizations have needed to support extensive recruitment programs to complement high-turnover cultures. For specialized or new roles, Rogue does occasionally need to look outside its internal talent pool, but as Laura Hansen, the SVP of Loyalty & Employee Experience, puts it, Rogue will always prefer "to grow from our own at home, and then season from the outside when we need to" (Pickens & Hansen, 2025). Rarely are these gaps a surprise but instead a reflection of "looking at our overall bench strength [and seeing] we are thin over here". Most job candidates participate in one or two interviews which mix a series of behavioral, service attitude-oriented, and performance-based questions to elucidate how a potential employee could fit into Rogue's culture.

Upon a job offer, a candidate must pass a pre-employment drug test and background screening and is required to participate in a new employee orientation called Rogue Experience which runs every few weeks to accommodate all recent new hires. This three-day program covers a wide range of topics that includes the history of both the credit union movement as well as Rogue's own history, an in-depth discussion on the Loyalty Canvas which explores the Mission, Vision, Purpose, and Service Promises, and breakout conversations with senior leaders including the CEO. The expectation is that all new employees, regardless of role, can exit Rogue Experience with a foundational understanding of the organization's culture, service philosophy, employment practices and operating principles, business model, and have a passing familiarity with all products and services.

Notwithstanding the periodic fluctuations in ability to fill entry-level roles like tellers and call center agents with quality candidates, most recent hiring challenges have revolved around more specialized technical roles. The Rogue Valley is not a traditional tech hub, which greatly limits the available pool of individuals with advanced skills common in senior developers, IT infrastructure management, network security, and data engineering roles. This is compounded by the absence of large employers from which this candidate pool could come from, limiting most local talent to the few large employers like Harry & David, Asante and Providence Healthcare, and Lithia Motors. Furthermore, Rogue Credit Union does not support remote work options, requiring talent to relocate and work on-site. Consequently, for specialized and technical roles, the local dearth and large commitment to relocate for a job that doesn't present more globally competitive pay and benefits can be a difficult value proposition. That said, there's been an increasing openness to hybrid work for these more challenging-to-fill roles. A recent outstanding hire, the Software Development Manager, was poached from First Tech Credit Union amid merger-related disruption, and while he has remained in Portland, OR, he travels to Medford to spend several days on-site each month.

Moreover, hiring for leadership positions has been difficult in the absence of prepared and competent internal talent ready to assume the role. As a recent example, it took nearly a year to fill the Chief Lending Officer role, which was ultimately an external hire due to absence of a prepared internal candidate ready to operate at that level. Prior to that, an expansion of the indirect lending program created a new Vice President role which was also hired externally for the same reason. Similarly, a Vice President of Marketing role has sat unfilled for nearly an entire year, too, due to a lack of internal talent prepared to operate at that level. Demonstrably, it's clear there is a training gap in how Rogue is coaching and preparing junior leaders and managers to develop their competency and capabilities to serve at higher levels.

ii. **What are the credit union's strategies in the area of employee development, career advancement and recognition of its people? Who determines those strategies?**

Rogue Credit Union sees employee development as critical for retaining staff and developing them into future roles that might not even yet exist, but is still trying to define what this really means. In the last year, a shift in the career development strategy has refocused on supporting those of "high potential" which prescriptively identifies those employees who both "perform at a high level, and also say 'yes, I want more.' They're willing to do stretch assignments and do stuff on their own time" (Pickens & Hansen, 2025). Traditionally, employee development efforts at Rogue have existed to ensure that staff are able to perform the responsibilities of their roles, which could include things like teller training and other job-specific functions. This is supported by an enterprise training library called RogueED where staff can access over 650 training modules from leading providers like America's Credit Unions as well as many homegrown Rogue-specific training courses. Additionally, product and service-specific training has expanded over the last year to now include an entire product knowledge manual which covers both basic features and incorporates the language of member engagement to help frontline staff appropriately position new products and services with members for the best fit.

Moreover, supporting the next generation of emerging leaders has been a growing opportunity that Rogue has seized and developed programming to aid. Rogue Management School was launched in 2011 and annually selects a class of high potential staff, mostly individual contributors in specialized roles or those in a more senior entry-level position also on the cusp of their first management role, to participate in a two-year cohort which exposes them to the fundamentals of leadership. The program entails monthly all-day classes taught by Senior and Executive leadership, with required regular homework assignments, post-class reflections, and a community service project. Students are assigned a mentor from among management to support and coach students through each year of the program. Classes include leadership basics like emotional intelligence, self- and time-management, and public speaking, and management skills like employment law, project management, and the basics of credit union financial management. By the end of the two-year program, students are not only well-prepared to step into their first management role – many of them do shortly upon completion – but the success of graduation from Rogue Management School speaks for itself. Among the 12 graduating cohorts to-date, 73% of graduates still work for Rogue Credit Union, and 64% of graduates have been promoted since completing the program; even more impressive, 57% of all graduates were promoted to a manager position or higher (Bright, 2026).

However, the recent and rapid proliferation of AI has Rogue leadership rethinking the traditional development pathways. As Laura Hansen, the SVP of Loyalty & Employee Experience mused, we're not telling employees "Hey James, go learn AI for your role. It's like 'Oh, AI, it's new.' I don't think it's your job to know AI. It's the organization's job to give you tools, and for you to not even realize you're using AI" (Pickens & Hansen, 2025). Rather than think myopically about just training "how to use AI", Rogue is taking a more abstract and enterprise-wide approach, partly because "we have this multi-generational workforce, some that are digital natives, some that are digital avoidants, so how we are thinking about this evolution in onboarding and developing of employees across that entire spectrum" can mean a broad and nuanced approach to how effectively AI training is received. But there isn't a sense that Rogue is vastly behind where larger companies are at; if anything, Laura feels we're taking a more informed approach by encouraging self-led exploration by enabling tools for all roles. To start, Rogue has expanded Microsoft CoPilot integration through its enterprise licenses to all employees to begin exploring new use cases in their own jobs. Through a Shark Tank style incubator, 30 employees from across the organization applied and were accepted to the "AI Champions" work group where staff were tasked with researching, learning, building, and presenting a working AI agent or application to solve a real problem; not just a proof of concept, but a real functioning bot. Some examples included a needs-identification bot which assesses recent transactions during staff-assisted interactions to recommend a "next best product," an AI agent which can identify recurring trends in staff tardiness, and an agent that can review a contract draft and propose changes based on Rogue's specific risk tolerance, vendor management program needs, and provide early alerting to business owners in advance of an approaching auto-renewal to help renegotiate better terms.

As the credit union has grown, the number of touchpoints for recognition have also scaled. What used to take place only within a team or through an individual's direct leader now has visibility through the entire organization. The culmination of recognition takes place at the annual FOCUS Awards banquet, during which staff tenure of at least 10 years is highlighted, as well as unique awards for Rookie of the Year, Internal & External Service, Internal & External Teams, Branch of the Year, the Leader Award, the Vern Arnold Learner Award, and the President's Award. Outside of the FOCUS Awards, several teams also hold periodic recognitions, including the Marketing Champion of the Month and the Loyalty Hero award.

The human resources strategies are ultimately determined by the senior leadership over Employee Services, the respective SVP and EVP, as these are deployed by multiple cross-functional teams which span the traditional HR team, Employee Services, as well as Employee Development and Loyalty, and are jointly supported by all senior leadership. However, many of the strategies emerge from needs self-identified from staff and shared in forums like the biannual employee engagement survey, leadership roundtables, or hiring managers, or are identified from broader industry shifts. To ensure alignment between leadership needs and staff wants, and identify overlap or gaps, a holistic training and HR strategy gap analysis is already underway in 2026, though this is not in fear that Rogue is lagging in its development strategies. In fact, in the same Cornerstone Advisors benchmark analysis, Rogue was identified as spending nearly $200,000 more than peers specifically on training and development (Pickens & Hansen, 2025). This is not only a strategic choice to maintain clear cultural alignment and support employee investment, but it also allows Rogue to maintain a competitive position as an employer of choice.

iii. **Describe your credit union's philosophy on employee performance assessment/appraisal and how they are used in determining compensation adjustments, if at all.**

Performance reviews occur each quarter that look back at an employee's performance in the preceding three months, with an annual review at the end of the year which covers the entire year's performance. The review includes a written evaluation by an employee's direct supervisor delivered in a one-on-one setting accompanied by a conversation with the employee that may provide additional context beyond the written review itself. Each evaluation covers four key domains of performance: Philosophy & Service Delivery, Job Description & Goal Achievement, Decision Making & Problem Solving, and Productivity. At the end of each review is an Overall section that drives the entire performance review's rating and subsequent merit increase on the annual review. Employees complete a self-evaluation, followed by the supervisor's portion. Each category of the review is rated on a scale that spans: Not Meeting Expectations, Proficient, Effective, Highly Effective, and Exceptional. Generally, an employee new to the organization or their role will rank at Proficient as a representation of them still learning their role, however, most employees fall in the Effective and Highly Effective overall ratings for consistent demonstration of the loyalty philosophy, meeting job description expectations and goals, and performance of their duties in a competent manner with limited oversight. Exceptional ratings are awarded to employees who exemplify Rogue's loyalty philosophy in every interaction, perform well beyond their job description and goals, and exhibit behaviors that contribute to the success of other teams and departments; these individuals are our definitive high performers.

An employee's annual merit increase is determined through a combination of their annual evaluation rating and their salary placement in relation to the grade's midpoint. An individual above the salary midpoint may receive a less proportional increase than a peer who is below the same salary midpoint, even if they have equal performance. An employee's merit increase percentage, in addition to the new annual compensation, is presented at the annual review and normally becomes effective in early February upon completion of all reviews across the credit union.

iv. **On a scale of 1 to 10, with 1 being terrible and 10 being ideal, how effective is the value proposition within your credit union in the areas of salary, benefits and culture in meeting the desires of its employees? Explain your rationale for choosing that rating.**

Biannual employee engagement survey results in 2025 scored 84% in May and 83% in November, so that squarely puts Rogue Credit Union objectively at an 8 out of 10 on delivering on the value proposition of employment. Subjectively, I agree with that on principle that Rogue has felt the most culturally apt of any other organization I have worked for compared to what I personally value, and the benefits plan is extremely competitive to what other credit unions offer. However, I see the true score closer to a 7 when accounting for the compensation strategy simply by fact that the credit union pays the collective workforce less than the market midpoint on average.

All positions are assigned a salary grade based on an evaluation by a third party compensation strategy partner, Compease, that assesses each role's primary responsibilities, performance expectations, and minimum requirements. Those grades are benchmarked against equivalent positions both within the credit union industry as well as with like roles in the same geographic job markets, blended with national, regional, and local data, and assigned a corresponding salary range which includes a minimum salary, a midpoint, and a maximum salary for each grade. Where an employee can land in the salary range is based on the time in their role and performance, and their salary is determined based on the respective position of those two factors to the entire range of that position's grade. The midpoint salary is defined as "the median earnings for a fully qualified team member in their position who over time has met or exceeded expectations of their role both within the labor industry and in the labor market" (Employee Services, 2026). Through the annual pay equity analysis, salary ranges can adjust – normally upward due to inflation – so an employee that continually performs at an "Effective" level could find themselves either indefinitely at the same position-in-range, or even backsliding, if the range increases faster than their pay through merit adjustments. Where this policy erodes, however, is in the fact compensation ratios are determined based on market equilibrium, so considering that the vast majority of staff will begin employment below the midpoint ensures that most will never meet that true midpoint unless they perpetually exceed an "Effective" rating on annual reviews. As a result, one could appropriately infer that, en masse, the Rogue Credit Union workforce is collectively paid below the midpoint, and that would be accurate: the organization-wide average to midpoint is 97.67% (Knips, 2026), which illustrates a gap, albeit minor, and systemic under-market compensation for talent.

Alternatively, though gross compensation may be under market, the benefits plan is deeply competitive. Rogue Credit Union offers two medical plans, a High-Deductible Health Plan (HDHP) with a corresponding Health Savings Account (HSA) with a $100/month contribution by the credit union, and a Preferred Provider Plan (PPO). Where both plans shine is in their low cost: in 2026, full-time employees participating in the HDHP contribute nothing for employee-only coverage, and only $100/month to participate in the PPO. Complementary Dental and Vision insurance coverage are included with all plans. Additional optional benefits include accidental death & dismemberment coverage, long-term disability insurance, and a 401(k) plan where Rogue matches 100% up to the first 5% of pre-tax contributions. Moreover, paid time off for new full-time employees begins accruing at 120 hours/year, with additional Extended Bridge Leave for covered events. Compared not just to other credit unions I have worked for but anecdotally from colleagues that have experienced other plans from other local employers, Rogue's stands out as a best-in-class for its cost, ease of use, flexibility, and wide options of providers in network. Moreover, a new comprehensive workplace wellness platform, Rogue Thrives, was launched in 2024 that has since been recognized by the GoWest Association for its success in driving an enterprise wellness focus, achieving over 60% enrollment and participation within its first year (Rogue Credit Union, 2025).

In conclusion, while employee engagement surveys tell one story, I believe Rogue has opportunities to walk the walk by reframing its compensation program to better align with its articulated goal, which is to "attract, retain, and motivate the highest skilled, educated, ethical, and dynamic employees" and is failing by believing the market salary midpoints should also be Rogue's; bringing the score to a 7 out of 10.

v. **In this scenario, you are trying very hard to hire your project reader to come work at your credit union. In 50 words or less what is the "elevator pitch" you would give to that person on why they should work at your credit union?**

Rogue is a legacy financial institution with the culture, speed, and success of a start-up. A leader in professional development and industry participation, you will get any opportunity you want to grow in your career. When you get to work with caring and committed people, the rest is just gravy.

vi. **Graphs: This section requires inclusion AND comprehensive written analysis of the following graphs:**

a) Human Resources Summary

Human Resources Summary - Rogue (OR)					
Formula	**Jun-2021**	**Jun-2022**	**Jun-2023**	**Jun-2024**	**Jun-2025**
# Full-Time Employees	511	572	596	596	614
# Part-Time Employees	35	48	60	63	64
Branches	26	26	26	27	29
Members	170935	192786	206037	210123	214591
FTEs per Branch	20	23	24	23	22
Members per Branch	6574	7415	7925	7782	7400
Loan & Share Accounts per FTE	1254	1284	1335	1436	1498

Table 3

b) Average Salary & Benefits/FTE (comparison)

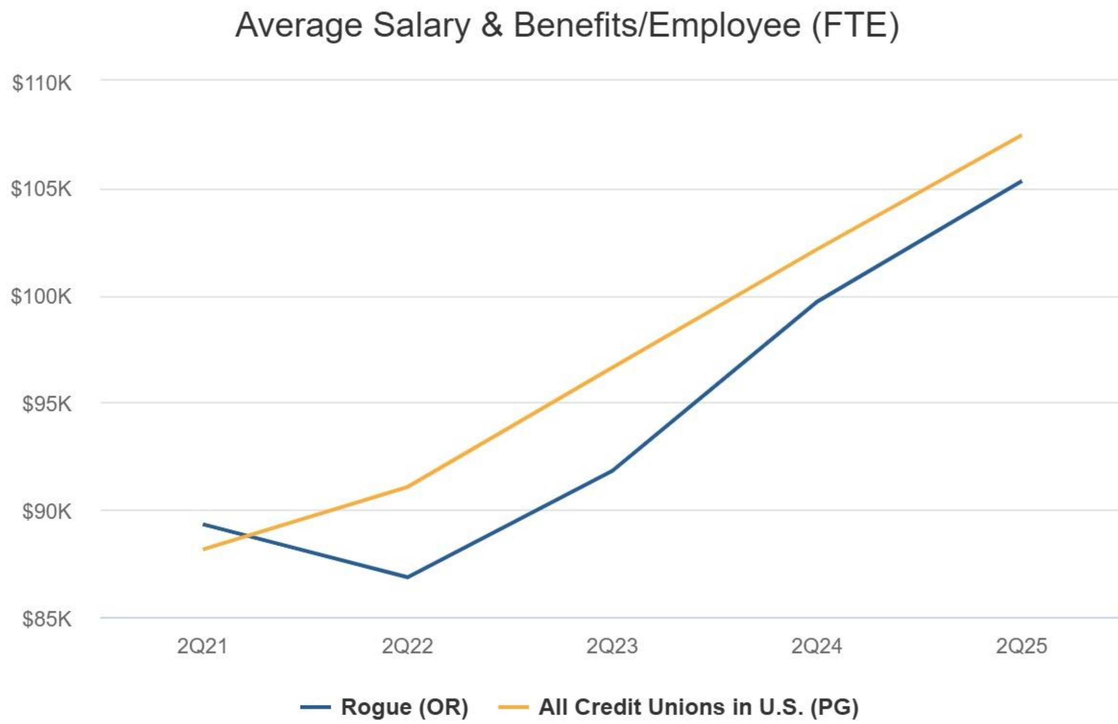


Figure 13

c) Growth in Salary & Benefits (comparison)

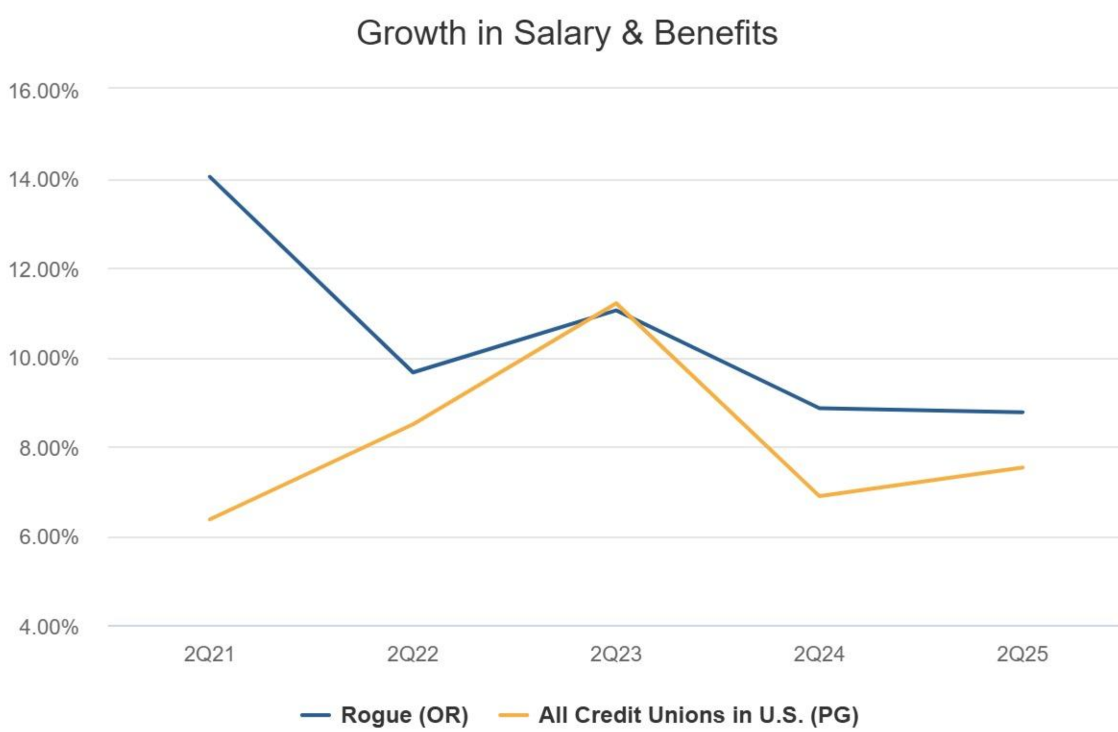


Figure 14

Graph Analysis – Human Resources

Though Rogue's compensation philosophy purports to reward competence and experience, payroll and benefits expenses index consistently lower than the industry average (Figure 14). I believe there are two driving factors to this: first, as a credit union that prioritizes branch service delivery, Rogue naturally employs more Tellers and Member Service Representatives (bankers) than peers which depresses the average compensation per employee compared to peers (Figure 13). These entry-level and non-skilled roles frequently pay less than their more-skilled or subject matter-specific counterparts in support departments like Information Technology or Lending. Though the required table is only for Rogue Credit Union, the peer group of "All Credit Unions in U.S." identifies 17-18 FTEs per Branch, a delta of nearly 5 FTE for each year reviewed (Callahan & Associates, 2026). This overallocation of branch FTE assignments reinforces this branch-focused staffing model (Table 3). The only exception to this is Q2 2021, an unrepresentative blip, due to carryover of staff acquired through the acquisition of Malheur FCU but not yet fully integrated, which levelled through attrition.

Second, as a result of having fewer specialists and more branch personnel, the average age of the Rogue Credit Union workforce is also lower than peers, resulting in lower average healthcare costs per employee, which is further compounded by being a large employer that can effectively negotiate reduced expenses for coverage for. As of April 2026, the average age of Rogue branch personnel is 32, which is a stark contrast to the average age of non-branch personnel at 40, which will influence the actuarial costs of group healthcare coverage (Spires, 2026). Likewise, a younger workforce which is paid less also reduces the gross 401(k) match contributions each year. Collectively, these can represent significantly lower-than-average benefits expenses against peers.

Conversely, Rogue has seen higher-than-peer growth in salary and benefits since the start of 2024 due to adopting an updated compensation philosophy which performs annual pay adjustments as a result of shifting salary grade benchmarks (Figure 14). The lowest salary grades are the most impacted by the annual pay equity adjustments and are also the grades held predominately by branch employees. The annual increases to these low-end salaries represents the growing labor market pressure for equitable living wages, even when they may already exceed the codified minimum wage. The significant growth in salary and benefits expenses in 2021 is attributed to the legal acquisition of Malheur FCU which occurred at the end of 2020. The following period, Q2 2022, shows a downward correction, yet still positive growth, in the gross expense, which was further mitigated by holding FTE counts steady through 2023 (Table 3).

However, while Rogue has been able to successfully stymie the growth of salary and benefits expense in relation to asset and membership growth, and proportionally scale FTE per branch, loans and accounts per FTE has continued to increase unmitigated, a strain that is well-felt by support teams (Table 3). The new core system implemented in 2021 was meant to help advance back-office efficiencies and automations, yet these opportunities have predominantly not yet been realized as a result of the analyst-business unit alignment and execution gap currently contributing to a growing backlog of process improvements. Further subject matter role investment could remedy this, but if left unaddressed (the impending impact of onboarding Members 1st CU's accounts a prescient example), could quickly compound existing operational inefficiencies and deteriorate member service quality.

J. Technology

i. **In general, how does your credit union provide technological support to the employee users of its front line (i.e. related to deposits, lending and direct member service) systems and tools?**

Technological support for staff and frontline systems is provided first and foremost through the IT Support team, an internal call center which provides services as simple as password resets and IT hardware deployments through the more-complex like monitoring system uptime, running nightly batch processing, and maintaining and updating critical software like the core platform and its ancillary applications. Rogue Credit Union uses a variety of cloud platforms developed and maintained by the respective vendor which reduces operational overhead and mitigates the need to directly maintain the software, examples which include mobile deposit and digital banking platforms, the card processor and card servicing environment, and call center platform. An enterprise Operational Upgrade Steering Committee is responsible for scoping, scheduling, and coordinating all large system updates, especially to those impacting the core platform. Business units maintain an ongoing library of test cases for their processes and services and are responsible for conducting regression testing in a dedicated test environment prior to production deployment. Upon successful completion, business units will determine a go/no-go decision at which point the updates are deployed during the lowest impact times, followed by post-deployment validation against test cases.

Disaster recovery plans are in place for each critical staff- and member-facing system with defined recovery time objectives, which dictates how quickly a specific system must be brought back online, and recovery point objectives, which defines and influences data backup cadences and needs.

ii. **Cite a recent new back-office technology (i.e. not related to deposits, lending or direct member service) introduced within your credit union and explain the business need(s) it sought to address. Describe the general processes used to: a) Consider options and decide upon the ultimate solution selected, b) Test the selected solution, c) Deliver training to the solution's end users and to the technology staff responsible for supporting it, and d) Assess its post-implementation effectiveness in achieving the desired goals.**

Rogue Credit Union implemented a new accounting, invoice, and general ledger (GL) management platform in the fall of 2024. This was motivated by the impending sunset of support for Great Plains, the software that had provided this service for at least the preceding decade and had been used to manage the daily posting of all ledger activity from the Core platform and others, to generate and process invoices for vendor payments, and to generate financial statements used throughout the organization. Several vendors were identified as potential replacements and were sent a request for information and pricing, after which three were selected for demos and on-site interviews. One vendor, Flexi, was not selected after significant concerns were identified related to identity and access management, security, and integration into existing systems; in short, it vastly underperformed against the project's technical requirements. A second vendor, NetSuite, was not selected due to limitations around the implementation strategy. The third vendor, Acumatica, was selected based on ease and accessibility of ingestion of existing data, positive references from other credit unions consulted, and an aligned support plan by the vendor.

A contract was signed with Acumatica in July 2024 and it was installed in a test environment in August. Test cases were developed concurrently by the Accounting and IT teams, and in September data was ingested into the new platform. Not only did nearly all GLs balance and processing functionality work as expected, but only a few bugs were identified that needed vendor support resolving. With testing successfully tracking towards completion, the Accounting team began conducting training with stakeholders based on their core job functions. Leadership and management attended webinars to learn how to access, review, and approve invoices, generate financial reports, monitor budget performance, and access GL reporting. Similarly, Accounting and IT staff received hands-on direct training by the vendor for more role-specific functions, including file management, application integrations, and security monitoring.

The three primary goals of the project were to select a replacement solution, onboard it with minimal disruption, and create new workflow efficiencies to reduce time for month-end closure, invoice payment, reconciliations, and generation of financial reports. Acumatica first launched in October 2024 and ran quietly behind the scenes within the Accounting department until January 2025 at which point all Great Plains systems were fully deconverted. Success of the project was first measured in April 2025 and all expected goals of the new platform were realized: 72% of all invoice workflows had become automated and late invoice payments were reduced to 9%, the month-end financial close was reduced to 5 days from a former target of 10+ which frequently included staff overtime, and 100% of GL reconciliations were completed within 30 days, an increase of 25%. Additionally, though not the driver of the project, the invoice approver experience increased from 6/10 to 9.5/10 as measured through a stakeholder survey.

iii. **How is your credit union mitigating the risk relative to cybersecurity and how has that effort evolved over the past five years in terms of time and resources invested in it?**

David Armstrong, the AVP of IT Security, believes that Rogue Credit Union is well-equipped for mitigating cybersecurity risk and is an area that is regularly highlighted as a strength by regulatory examiners (Armstrong, 2026). In the last five years, the IT security team has expanded from one individual and is now a team of three, and in 2025 spent around $1,100,000 combined for IT security program management, inclusive of software, technology and infrastructure, and training. One of the biggest drivers of growth in this program has not been a result of external pressures like threats, but in meeting the expectations of our insurers, and is mitigated through a consolidated and enterprise-wide endpoint detection response (EDR) system, which provides 24/7 monitoring on all system endpoints and can detect, alert, and respond, and remediate in real-time any detected threat. David explained that every device had the traditional anti-virus and malware protection installed, and critical systems were behind firewalls, but previously, the monitoring and alerting for threat detection was patchwork across the various systems, and so it lacked the breadth to truly see all risk channels as a full system. With the EDR deployed two years ago, there is now lower enterprise cybersecurity risk and faster detection, which has been supported by penetration tests David and his team conduct. Another large driver of growth in the program has been on the need to compartmentalize expertise. Context switching across the various domains of information security is costly given the vast scope of coverage from software development security, cloud security, infrastructure security, identity and access management, and so forth, so the addition of more analysts has allowed the team to develop subject matter expertise and approach more thorough understanding of Rogue's security operating environment.

Ransomware also continues to be one threat the team monitors closely, particularly given the real impacts other credit unions have felt from insufficient protection. However, mitigating the threat is a balancing act between the preventative cost and member impact of downtime. "It might be worth us throwing an extra $100,000 a year at it because we can say we have more confidence that there is no issue with [downtime] in the event of an attack, and yet understanding we could say if we had only a day outage, it's probably not the end of the world" (Armstrong, 2026). In short, the cybersecurity risks at Rogue are intimately assessed in alignment with Rogue's operating philosophy where the member impact is most prominent in the strategy: how can we best reduce friction to engage with the credit union even in our most compromised of moments.

iv. **Describe the 3-5 most significant factors that influence the decisions whether to introduce new technological tools for internal use at your credit union?**

In general, new technology tools are selected to resolve an operational need or contribute to strategic value. First and foremost, new tools must in some way support Rogue's mission of having the most loyal members in the nation. A new tool must provide direct value in the form of elevating and improving member experiences in a way that fosters loyalty, or must indirectly provide value in the form of back-office process improvements, risk mitigation, or benefit operational infrastructure and stability to facilitate better member service. Similarly, the impact to the employee experience is considered, though harder to assess upfront, and is weighed by how the tool could be layered within the journey of how an employee performs a specific task. Something which creates more friction, for example, would need to be clearly offset by producing even more value to the membership or improve security.

Second, a new tool must actually demonstrate it provides the expected value and solution, which is determined in the analysis phase of a project and is affirmed through interviews with internal stakeholders to define a list of requirements that a vendor is required to answer. The goals that led to identification or research of a solution must also be met, which, as an example, can take the form of expense reduction, process speed or error mitigation, enhanced security, or improved member service scores. The provider of a new tool must be able to demonstrate that it meets the expected outcomes and internal stakeholder requirements prior to selection.

Finally, but certainly not of unimportance, is the cost of a new solution and the potential return that investment could generate. Rogue approaches this by beginning analysis of a new tool with vendors we already work with to take advantage of bundled and relationship pricing: Fiserv, Candescent, and MeridianLink being three of the most prominent example of these providers. Concentration of services with vendors reduces the marginal cost of new products, can reduce vendor management overhead, give preferential support for maintenance and escalations, and increase Rogue's own negotiation power over the relationship. Moreover, there are often efficiencies from interoperability in a vendor's own environment that Rogue benefits from on nearly all dimensions from security to stability to operational management.

v. **Graphs: There are no graphs required for the technology section.**

K. Marketing

i. **How does your credit union determine the marketing strategies it deploys?**

According to Krista Jantzer, the SVP of Marketing, the marketing strategy is "based around the needs of the credit union in terms of what we need to achieve a specific portfolio mix" (Jantzer, Personal Communication, 2025). As a result, the emphasis is constantly shifting between deposit strategies and loan strategies. For example, in 2022, she recalls "Deposit Armageddon" in which all promotional efforts were geared towards growing deposits, but that now "we've shifted to more of a loan focus and are now trying to strike that balance between them both". The general marketing strategy for the year is developed in the fall in tandem with the annual budget and as the financial focus for the year is becoming clearer. That said, the credit union maintains a handful of evergreen campaigns that are always ongoing, but may be ratcheted up or down based on seasonality, and the general strategies may shift too based on the needs of various stakeholders. This was seen in the fall of 2025 as planned marketing efforts around the new Visa Signature Rewards card were shifted to January 2026 to create channel capacity for the concurrent launch of Zelle.

As Krista sees it, “it’s all about balance” because even within the many strategies we deploy, there may be different demographics or channels prioritized “to target the right audiences, too.” Recently, personalization has become the next evolution to our marketing strategies through the implementation of Segmint, which “takes all of our data, aggregates it down to a transactional level, and makes predictions about what [members] may be in the market for” (Jantzer, Personal Communication, 2025). With key lifestyle indicators, this helps get the right message or promotion in front of the right person at the right time, which hasn’t only just helped drive marketing conversions but also reinforces to members that their specific needs are being seen. Similarly, as Rogue’s market size has grown, we’ve adopted regional strategies based on the underlying demographics. For example, the Treasure Valley region of Idaho is a much younger demographic and therefore has different needs than Northern California or even Southern Oregon, and the market research has affirmed this. Krista understands the way members think: “you need to know me before you’re going to get my attention,” which impacts the brand positioning that members see.

ii. **How does your credit union gauge the effectiveness of its marketing efforts?**

The effectiveness of our marketing efforts is ultimately determined through a measure of the return on the investment (ROI), or how much the effort itself cost to deploy. First, in the case of a deposit or loan effort, a baseline for production is established based on recent performance, then we forecast what lift to regular production the promotion could generate. First and foremost, the ROI must be positive such that the effort pays for itself. But then based on the expected lift of any given initiative, the investment may increase if there’s a belief that it will drive further success. Following the completion of a promotion, a retrospective is presented to the Asset & Liability Committee (ALCO) which reviews the expected lift, actual lift and performance of the promotion, the overall cost, and the final ROI. Similarly, the credit union tries “incrementality testing” in which a subset of a target group of members is withheld from an initiative as a control group to isolate and gauge the performance effectiveness. This has most recently been deployed heavily in digital channels to identify, test, and affirm small user experience updates which can lift application conversion rates or web traffic. The credit union uses a variety of other means to gauge marketing effectiveness like correlating TV or radio spend with market reach, social media engagement with click-through rates, and email open and engagement rates.

iii. **What is the credit union’s current branding tagline? When and how was it created? If the credit union does not have a branding tagline, what is the organization’s rationale for that decision?**

The branding tagline for Rogue Credit Union is “Living Local, it’s a Rogue Thing!” This was first created in 2007 and arose from a need for the credit union to differentiate itself in what then was a more saturated market. Now that Rogue has established market dominance in the Rogue Valley, “we apply that as we continue to go into new markets to make sure that we are living and giving local in those market, as well” (Jantzer, Personal Communication, 2025).

iv. **In today’s world, what do you believe is the best way to get the attention of consumers? Why do you hold this belief? (Note: This is a question about consumers in general, and not about trying to attract consumers to credit unions.)**

I believe the best way to get the attention of consumers today is through prioritizing positioning in large language model (LLM) chat agents like ChatGPT and Gemini. Fifteen years ago, the best way to get consumer attention was on social media channels like Facebook and Instagram. However, the primacy of social media marketing campaigns has diminished over the last five years, particularly in the US, as time spent on social platforms has declined, backlash and consumer preferences have increased attrition, and engagement has shifted from posting to consumption. Though Facebook and Meta may still hold the largest share of active users, much of that is concentrated outside the US. Meanwhile, use of ChatGPT and other like platforms has continued rapid growth reaching nearly 1 billion weekly active users, with many of those not only in the US and English-speaking countries, but who are also digitally-native, affluent, and captive consumers (Malik, 2026). Moreover, where search engine optimization used to be a key focus of marketers to be well-positioned in consumer discovery journeys on Google, over 60% of searches are now zero-click (Deshrag, 2026). These trends should raise the question: if the majority of searches stop at the AI-generated summary, or the journeys exist entirely within LLM platforms, how do we buy attention there? Marketers must rethink the way they fight for share of attention within those platforms to ensure they are part of the AI-fed discovery journeys of consumers. Long gone too are the days of bombarding in-branch experiences with product marketing: the fight for consumer attention is migrating into generative AI agent ecosystems.

v. **What impact does consumer driven social media have on your credit union?**

Social media serves as both a means to drive awareness of products and services – ideally acquisition – as well as a listening channel for member feedback. Rogue Credit Union is careful to balance most of its social media marketing as “feel good” content rather than be sales-forward because it drives better engagement and is more likely to be prioritized in a user’s feed. Most content revolves around community giving like sponsorships or the Teacher of the Month contests. Social media feedback is used to also help identify recurring pain points, which is illustrated in some markets through regular comments about deficient branch staffing, card or payment friction, or rates.

vi. **Conversely, how does your credit union use social media to drive member engagement and how does it measure the effectiveness of its social media efforts?**

Rogue Credit Union uses social media to drive member engagement through campaigns that promote sharing and reacting to its posts. The Teacher of the Month posts are commonly shared and reacted to by supporters of the educator being recognized, and help bridge the gap between the credit union and the community. Effectiveness of social media efforts is measured through engagement metrics which include the counts of reactions, shares, and comments, as well as click-through rates for product or service-specific posts.

vii. **Graphs: This section requires inclusion AND comprehensive written analysis of the following graphs:**

a) Member Growth (comparison)

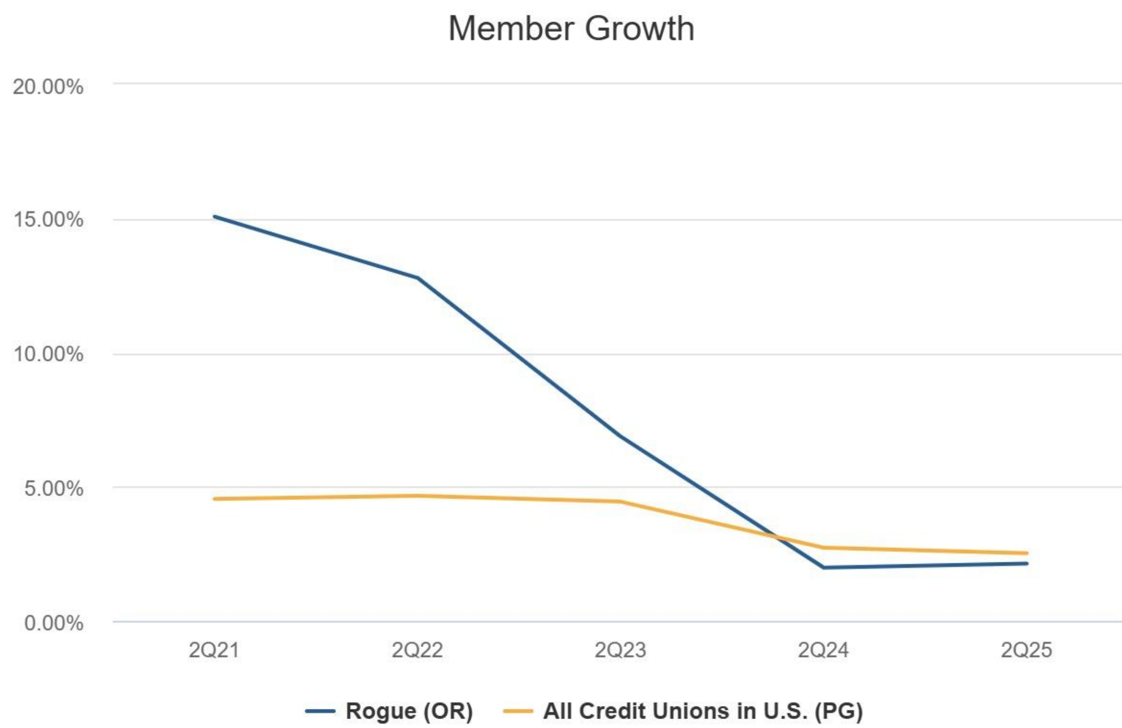


Figure 15

b) Members & Product Growth Rates

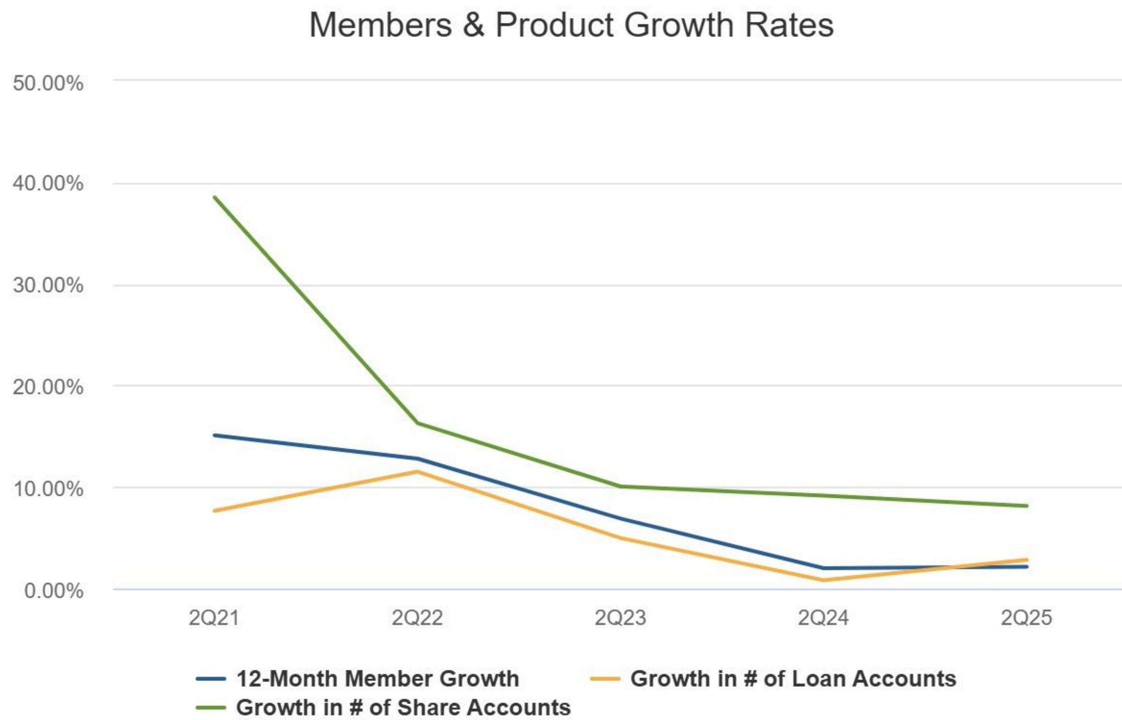


Figure 16

c) Marketing Expense per Member (comparison)

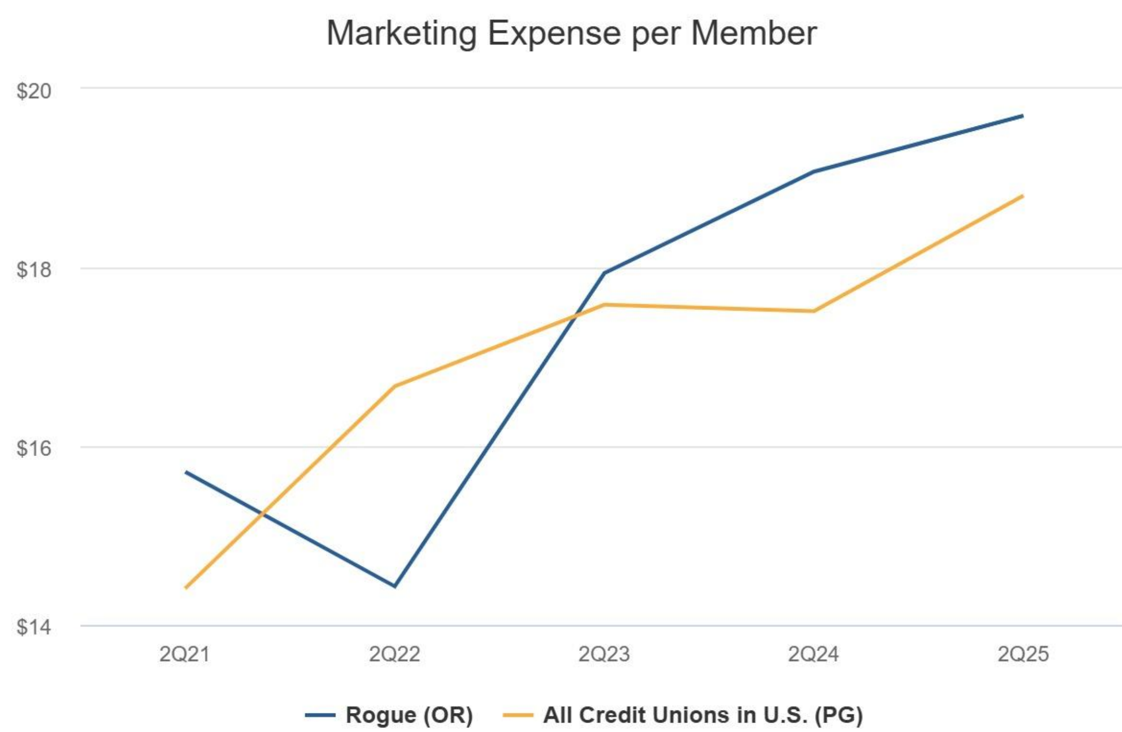


Figure 17

Graph Analysis - Marketing

Rogue has seen a steady decline in membership growth over the previous five years, most recently attributed to stagnating organic growth of its core markets, like the Rogue Valley and Roseburg regions, where Rogue already has a dominating presence (Figure 15). Initial high growth in 2021 was driven by the acquisition of Malheur FCU and further capitalization on goodwill earned during the pandemic years, coupled with active recruitment through deposit promotions. However, the effectiveness of marketing oriented on member growth has diminished as strategy has shifted towards driving deposit and loan growth from within existing membership. This is supported by the pivot to a more sales-oriented culture in late 2023 to drive growth through novel needs identification and credit cross-sales, best represented by the more recent upward trend in loan originations (Figure 16).

A significant contributor to lagging member growth is how little expense Rogue actually allocates towards external growth initiatives. According to Krista Jantzer, the data in Callahan will look misleading because "the marketing expense reported includes our Rogue Rewards [the aggregate of Save the Change, Dividend Max, and other loyalty rewards programs]. We only spend about $8 per member, whereas our peers are spending about $22 per member" (Jantzer, Personal Communication, 2025). This was also recently reinforced through an internal study conducted by Cornerstone Advisors which identified an opportunity for a nearly "400% increase" in Marketing expenses, which Krista rejected as an irresponsible benchmark. This analysis is reinforced by the fact that Rogue's membership growth rate – though decreasing each year – is still at pace with the broader credit union industry, and dollar-for-dollar, is significantly under that benchmark by internal statistics (Figure 17). Part of this resistance to match peer marketing investment is driven from a strong presence in retention markets, where instead of fighting for new members, Rogue is on defense, which can be cheaper through targeted community presence and giving. The markets Rogue operates in are also cheaper media buys, in contrast to larger metro markets like Sacramento or Portland.

L. Risk Management & Compliance

i. **What areas of your credit union lead the efforts to assess, monitor, test and report on its risk exposure? What are the processes those areas use to fulfill those roles?**

The Enterprise Risk Management team (ERM) is responsible for assessing, monitoring, testing, and reporting risk exposure across the organization. Risk assessments are performed in alignment with the NCUA's CAMELs methodology, which considers capital adequacy, asset quality risk, management risk, earnings risk, liquidity risk, and sensitivity to market risk, in addition to other primary risk types including credit risk, compliance risk, strategic risk, transaction risk, and operational risk. Though recent regulatory efforts have sought to remove reputational risk, as a member service-focused institution, Rogue has elected to continue to monitor reputational risk to help mitigate potential loss of market presence. Risk assessments are performed on all regulatory-required areas, as well as on programs which provide mission-critical services like card processing, digital platforms, and information security. Risk exposure is determined from these assessments by qualifying each risk based on likelihood and impact, and how well parts of the program mitigate these through preventative and detective controls. The residual risks are classified based on financial and member impacts on a five-point scale from Low to High. Risk assessments are distributed among the Leadership Team and shared with auditors and examiners to illustrate ongoing monitoring and remediation of identified risks.

Quarterly, an Enterprise Risk Management Committee (ERMC) meets to review any new, recently mitigated, or ongoing risks and provides both qualitative and quantitative context to each part of the risk program. Testing of risks is measured within each business unit's respective quality programs, which today at Rogue are relatively immature but are growing in complexity and scale to mirror the organization's growth plans. Risk tests are also performed by auditors in the form of random sampling and reviews of these nascent and emerging quality control efforts.

ii. **What mechanisms exist within your credit union to identify emerging risks in the economic environment and their potential impacts to the institution?**

The Asset & Liability Committee (ALCO) primarily serves to identify and discuss emerging risks in the economic environment and review their potential impacts on the credit union. ALCO agendas consistently include reviews of investment performance, predictions for Federal Reserve rate forecasts, employment and unemployment claim trends, housing and migration trends, consumer sentiment indices, and regional economic studies and forecasts. The investment and loan portfolios undergo periodic stress tests to assess adequacy under different scenarios of likelihood including rate shocks, liquidity stresses, rapid credit deterioration, and the outputs of these tests are presented at ALCO. The committee will discuss and direct any necessary operational changes, like rate changes and promotional strategies, to hedge or mitigate any identified risks.

iii. **What mechanisms exist within your credit union to address the potential member impacts and public reactions to a significant "risk event" that may occur (e.g. extended I.T./phone system failure, temporary unforeseen branch closures, broad scale card breach, a situation resulting in an injury or loss of life, etc.)?**

For smaller events like an individual system outage, a branch closure, or power outage, communication starts with a post on RogueNet and the "Service Interruptions" Teams Channel, which includes all employees. Depending on potential and real member impact, like in the event of a mobile app outage or phone system failure, a banner may be placed on the credit union's public website. In the event internal systems are unavailable and communications are time-critical, a predefined phone tree is initiated at the Leadership Team level which is then cascaded down through the respective impacted departments based on need.

For risk events which may involve a security breach, including robberies, injury or death, or payment or system compromise, a coordinated response is established by assembling an Incident Response Team (IRT), led by the ERM team, which will triage and manage research, resolution, and communication. The IRT starts by assessing impact and whether the incident is still ongoing or already resolved, and what the residual risk is. The IRT will coordinate any ongoing response, including partnership with police or appropriate government agency, and direct relevant operational leaders to temporarily close or stymie a channel as needed to further reduce risk. The Marketing team will develop talking points for internal staff as appropriate and handle all media inquiries and public relations management.

To plan and prepare for significant events, a large cross-functional group of leaders from across the organization conduct a half-day annual disaster preparedness exercise. In real-time, the team attempts to develop and coordinate a response plan while discussing impacts to key operational areas like payment processing, service delivery channels, staffing, IT infrastructure, and security. Recent examples of these exercises have included an earthquake on the Cascadia Subduction Zone, a regional wildfire, a tsunami, and a ransomware breach. Findings and lessons learned are documented through the simulation and assembled into a playbook that could be used in the event such an event takes place.

iv. **Describe the process your credit union goes through to assure appropriate compliance with new or updated laws or regulations.**

Rogue Credit Union subscribes to regulatory updates and interpretations distributed by Farleigh, Wada, and Witt (FWW), the organization’s outsourced legal counsel. These updates identify the specific changes a new or updated law introduced, actions the credit union may need to take to support the changes both operationally and legally, and prescribes a few solutions or requirements that can be used to demonstrate compliance. Traditionally, it has been on the

Compliance team to direct these changes, but since starting at Rogue in 2023, I have helped shepherd a change to this approach by taking on regulatory and compliance ownership at the business unit level to stay abreast of changes and implement all required program updates. Most recently, I led the enterprise initiative to revise hold limits updated by Regulation CC in 2025. Since, the Compliance team has begun to also adopt a more supervisory approach by putting more accountability on business owners to stay aware of and update their programs in alignment with changes, though still provides the FWW updates as a stop-gap. All changes as a result of new or amended regulations are reviewed by both internal audit and regulators in the exams following a change's required implementation date.

v. **You are a developing leader within a business and an industry that is laden with risk on a variety of fronts. As a leader, what single risk area within your credit union that has not been mentioned elsewhere in your project is most likely to keep you awake at night and what can reasonably be done in that area to help you sleep more peacefully?**

The single biggest risk at Rogue Credit Union not addressed within this project yet is around project risk, both in the methodology in which projects are proposed and implemented, as well as in the way a project's desired outcomes are measured. In the last four years, coming off the heels of the conversion to the DNA core, the project management office and business analyst team has ballooned from 5 individuals to nearly 30, including the addition of a distinct team to coordinate process improvements. No other team has scaled that quickly. However, what this has done is reduce the need for business owners to understand, identify, and implement their own solutions, and has created a systemic culture that necessitates analysts to myopically research and solution outcomes without the holistic perspective we expect leaders to have. Consequently, project proposals are almost entirely focused on delivering a single solution – build a tool, stand up a new platform, or add a widget – rather than on considering and solving for broader system constraints, operational issues, or forward-looking needs. The result is that project work stalls in a mire of vendor-induced delays which further constrains the ability of analysts to provide valuable work. Moreover, outcomes are rarely measured in terms of strategic impacts: they almost nearly always focus on the individual performance of the solution: is it growing adoption?

The risk of poor project planning from analysis through closure is already evident in many ways in the active portfolio at Rogue Credit Union: the implementation of Positive Pay, a way for business members to review and approve pending check drafts, is nearing two years without a firm go-live date. A four-year effort to review and replace the account origination system has circuitously only recently concluded to recommit to the existing solution, with minor enhancements. Implementation of a new Call Center management system broached two years due to unexpected system capability limitations and poor vendor management. Together, these are a few of many examples at Rogue that represent not just poor project planning and execution, but the hundreds of meetings and project artifacts also represent a graveyard of waste of our members' money, staff time, and thought leadership. These are risks not just because they're avoidable, but at a base efficiency level, in contrast to the fintech firms and neobanks that can deliver solutions at lightspeed, represent a serious strategic and agility deficiency in our operating structure.

At my former credit union, Golden 1, I saw this addressed most elegantly in the form of project risk assessments required to be completed prior to a project's closure. The assessment would adjudicate the project's impact on all traditional risk categories, as well as on the project's ability to effectively train and communicate impacts to staff and members, how successfully the project plan and anticipated costs were held to, and to what extent the opportunity cost of this effort reduced or supported the credit union's ability to deliver its broader strategic goals.

Implementing project risk assessments at Rogue Credit Union would begin to help ensure better project plan alignment, more effective and accurate scope, and perhaps most importantly, ensure stronger and more strategically aligned efforts be selected for implementation that address systemic issues.

vi. **Graphs: There are no graphs required in the Risk Management & Compliance section.**

M. <u>Financial Budget & Performance Management</u>

i. **How does your credit union's budget get developed, and who is involved? How does the budget get approved? Describe how the approved budget is utilized in the management of the credit union?**

The budget is used as a general framework for measuring the annual year's financial progress, but Blake Thurman, the Chief Financial Officer, emphasizes that "the budget cannot be prohibitive, but cannot be a free for all either" (Thurman, Personal Communication, 2025). In general, the budget serves as the roadmap for the year's financial priorities as it defines all three strategic goal targets: net worth ratio, asset growth, and the return on assets (ROA).

The annual budget first begins to form in the spring strategic planning session between the Board and Executive Team, during which decisions are made for exploration into new markets or new lines of business, any significant changes in strategy, and the previous year's budget has 4-5 months of performance it can be measured against. Over the following months through July, the Finance team prepares the budget framework methodology for the following year in the management platform, ProfitStars, a Jack Henry product, and develops guidance and defines the due dates for various parts of the budget process. The first kick-off is in August at which time the Leadership Team is provided with a rough financial forecast and strategic plan for the upcoming year which will influence the available projects and initiatives, define the growth target and goals for key programs, and affect personnel decisions including promotions or department expansions. Leadership Team members work with their direct reports, usually Vice Presidents (VPs) and Assistant Vice Presidents (AVPs), to develop department level budgets which roll-up to a clearer picture of the entire year's budget – the first pass – around early October. At that point, any misaligned projections start to emerge which can frequently include underperformance in loan or deposit growth – easily combatted through prioritization of investments in promotional activities – or excessive operational cost growth, commonly seen in personnel expenses and third party services. Through the following weeks, the Leadership Team works with department leaders to refine their projections which are represented in late October during which hard decisions are made around what to invest in or what production areas need to be supported further; unsurprisingly, deposit growth and loan production tend to be under expectations, which consequently helps influence the broader annual marketing strategy to maintain those focuses. Through November, any final adjustments are made that might arise given changing market conditions since the process started, and the annual budget is presented to the Board of Directors at the December meeting where it is reviewed and approved. The budget is managed to, albeit from a distance, over the subsequent year. The Finance department meets quarterly with respective department leaders, normally VPs and AVPs, to review and gather commentary on GL-level performance, especially for any significant variances to the budget, to understand what may have caused it. Budget variances to top-line product performance are reported to ALCO and the Board monthly with commentary.

ii. **What is your credit union's process for managing its revenue streams?**

Rogue Credit Union generates most of its revenue from interest income collected on loans, fee income, interchange income from card swipes, and investment yields. Loans are most closely managed on a monthly basis by ALCO through presentations and forecasts provided by respective product line leaders. Discussions focus on the month-over-month portfolio growth, loan losses, and the collected interest income, as well as a review of market position and any rate change proposals to remain competitive or rebalance the portfolio composition. ALCO is also informed of and reviews recent investment portfolio decisions. Traditionally, interchange and fee income, particularly from overdrafts, have been seen as a passive part of the revenue portfolio but has increased in awareness and value to the organization's P&L in recent years. Though interchange budgets have been far more accurate and closely held to since I joined Rogue in 2023, and therefore aren't more broadly managed outside of the Payments team, an early hedge against overdraft fee income during the pandemic put Rogue at a competitive disadvantage against peers. As a result, overdraft and fee income programs have necessitated further changes, which originated in ALCO, and are now elevated to enterprise-wide KPIs to enhance visibility and organizational accountability for meeting. Finally, though a smaller portion of entire revenue, investment proceeds have increased due to greater treasury management sophistication and are also reviewed in ALCO.

iii. **What is its process for managing its operating expenses?**

As Blake puts it, Rogue has successfully managed its operating expenses for so long through a fairly decentralized approach by promoting a "discipline of ownership" of one's own department's costs (Thurman, Personal Communication, 2025). Unlike other credit unions I've worked for, Rogue doesn't maintain a monthly scrutiny of budget performance but instead will monitor broader trends, including those that transcend budget years, to refine expenses that outpace growth. Commonly these are in personnel and third-party services. Personnel expenses are effectively managed by effective negotiation with benefits consultants and providers and by continually driving process efficiency to slow scalar staff growth in relation to assets. However, third party service expenses are often defined in multi-year contracts which limits the available controls to renewal periods. So, the credit union leverages consultants and third parties both to negotiate on its behalf by bringing perspective and experience it lacks internally to drive expense management and negotiate profitable terms.

iv. **Describe the process used at your credit union for determining and approving the type and dollar amount of capital expenditures it makes.**

Capital expenditures are most commonly identified during the annual budget process and are planned for well in advance of their purchase. The threshold for fixed asset capitalization is $5,000 and an anticipated useful life of at least 12 months (Thurman, Fixed Asset Guidelines, 2025). A fixed asset is depreciated over the time period any useful benefit will be received, with common technology assets like computers and servers assigned shorter lifespans at 3 years, ATMs at 4 years, and vehicles at 5 years, while land improvements are depreciated over 10-20 years and buildings upwards of 30+ years.

v. **What financial metrics does your credit union's Board of Directors use to assess the success of the institution? What non-financial metrics does it use?**

The Board of Directors uses the three annual strategically defined goals of ROA, annual asset growth, and net worth ratios to assess the credit union's success. Below the surface, the Board also monitors the net interest margin to ensure that deposit product pricing moves consistently and manageably against loan yields. Similarly, the Board uses non-financial metrics to monitor the organization's health. Prominently focused is the rolling 6-month NPS score to gauge member loyalty and satisfaction and identify emerging problems or concerns among membership, as well as loan-related performance targets like loan production, delinquency and charge-off rates, and membership growth rates.

vi. **Graphs: This section requires inclusion AND comprehensive written analysis of the following graphs:**

a) Historical Income Composition ($)

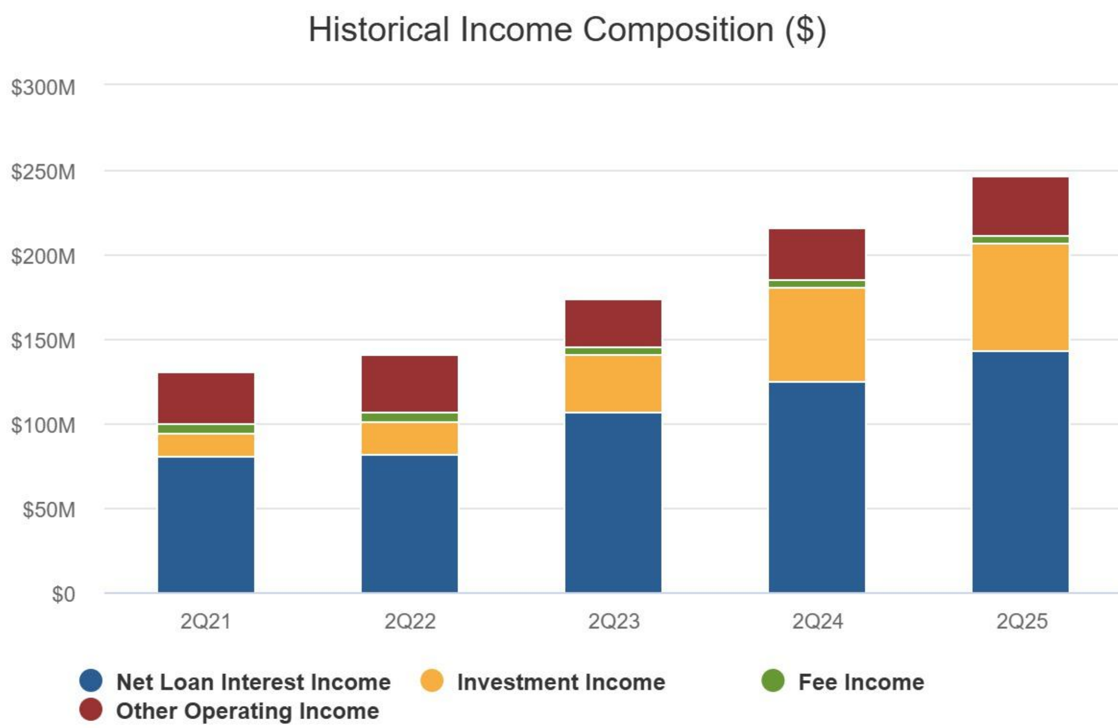


Figure 18

b) Historical Income Composition (%)

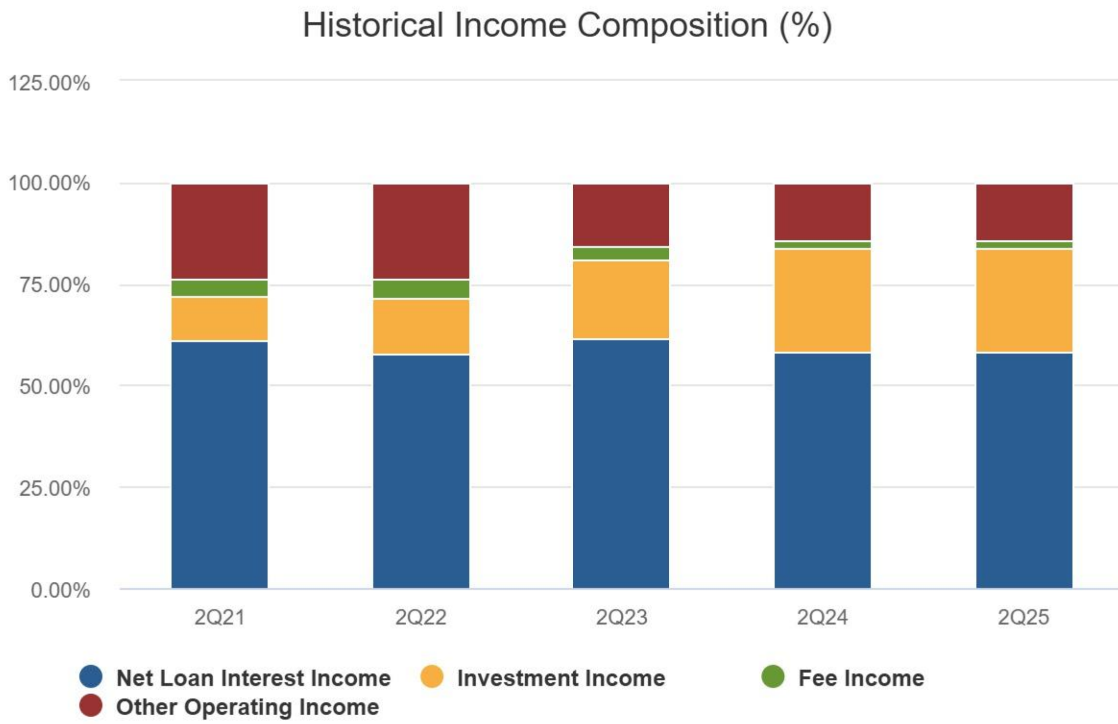


Figure 19

c) Income Composition Comparison

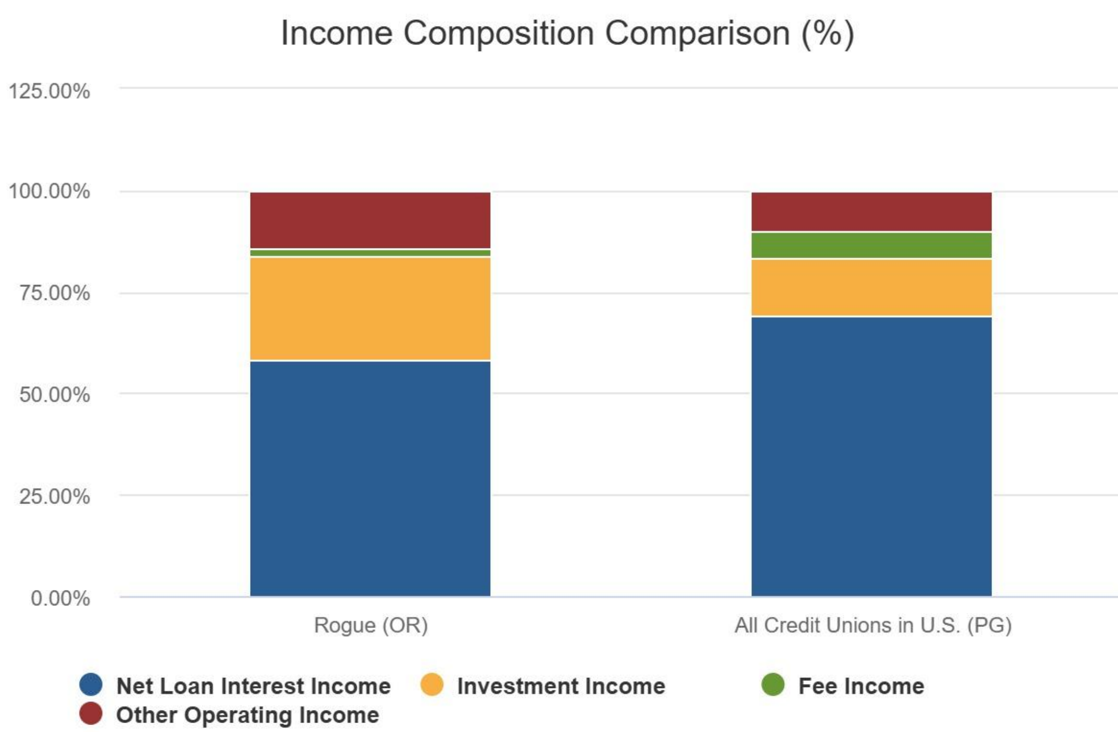


Figure 20

d) Historical Expense Composition ($)

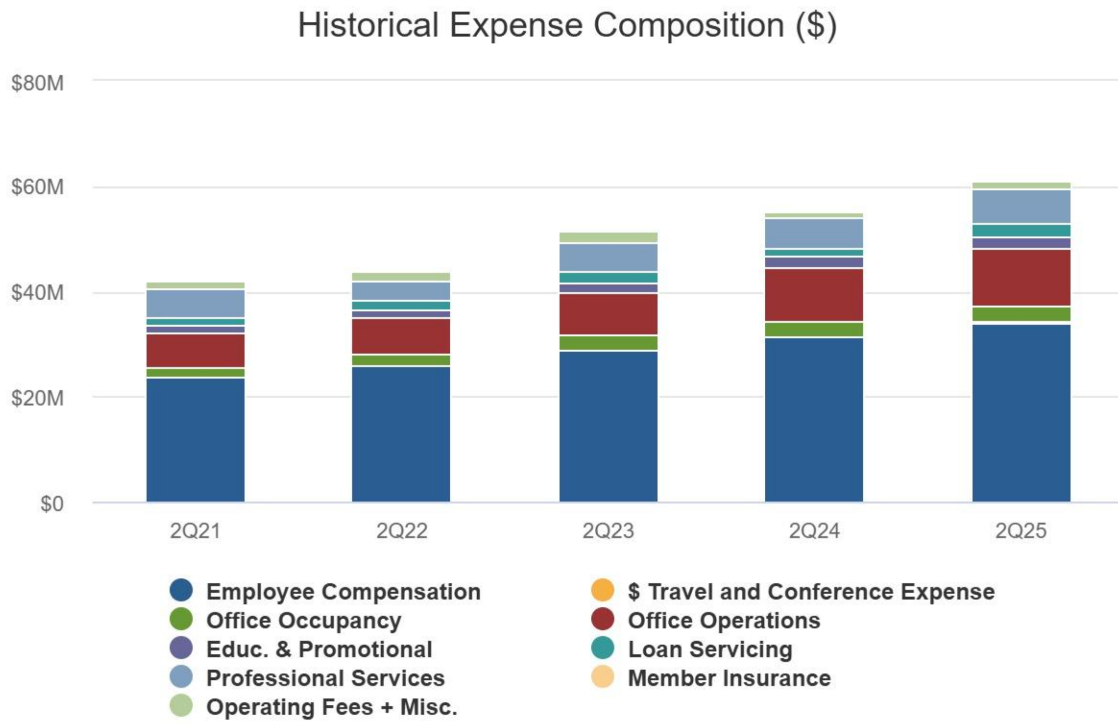


Figure 21

e) Historical Expense Composition (%)

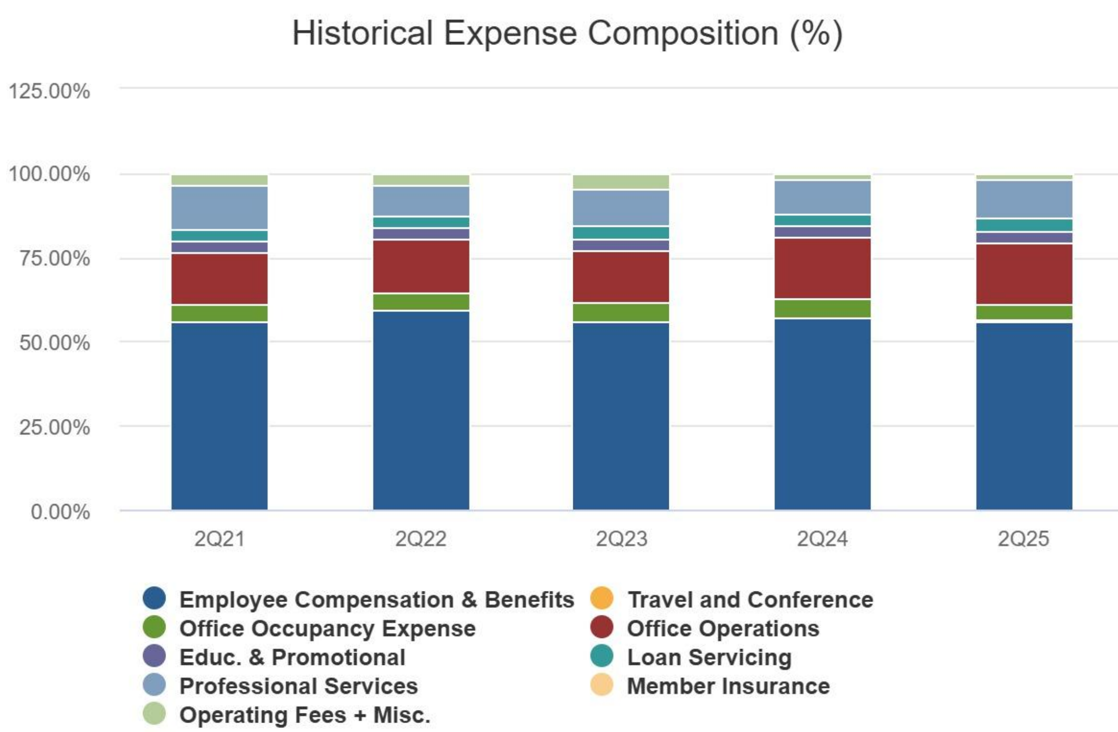


Figure 22

f) Expense Composition Comparison

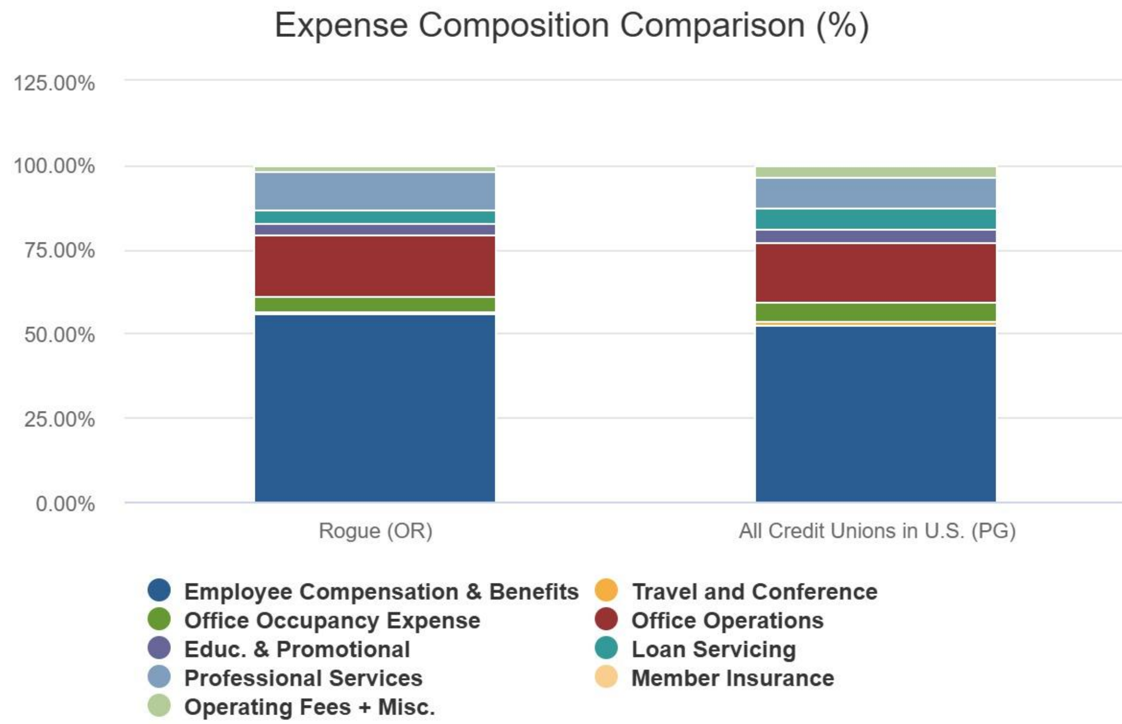


Figure 23

g) Spread Analysis (as a % of Avg. Assets) comparison

Spread Analysis (as a % of Avg. Assets)		
Formula	**Rogue (OR)**	**All Credit Unions in U.S. (PG)**
Loan Income	3.91%	4.28%
Plus: Investment Income	1.72%	0.88%
Total Interest Income	5.63%	5.16%
Less: Dividend Expense	1.50%	1.63%
Less: Borrowed Money Interest	0.23%	0.21%
Net Interest Margin	3.90%	3.32%
Less: Operating Expenses	3.31%	3.09%
Less: Provision for Loan Losses	0.64%	0.58%
Plus: Other Income/Expense	1.09%	1.11%
ROA	1.03%	0.76%

Table 4

Graph Analysis – Financial Budget & Performance Management

Rogue Credit Union maintains a higher ROA through its focus on member loyalty which allows us to charge comparatively higher loan rates and pay comparatively less in deposit account dividends for what purportedly means enriched and better service. Traditionally, this has also meant higher-than-average loan yields and lower-than-average dividend expense, especially in 2021 and 2022 when loan interest income represented the predominance of total income (Figure 19). However, a high concentration of low-rate mortgages funded at the tail-end of the pandemic has delayed the upward adjustment of portfolio yield as the rate environment increased, which would be consistent with more recently booked vehicle and adjustable-rate real estate products, and as net, puts Rogue lower than peers on loan yield (Table 4). However, Rogue has also been able to combat this with novel investment strategies that includes both portfolio pool sales of these loans and an increased ownership in municipal and private label securities. The increasing share of investment portfolio income has continued to grow over the last three years through this enhanced treasury management sophistication, in addition to net-positive arbitrage from the sale of Upgrade loan pools in 2023 (Figure 22). As a result, the entire interest income yield has allowed Rogue to maintain a significant competitive income yield margin. Dividend rates on deposits, though increasingly concentrated in higher rate CDs, have also remained low as the longer-term CDs booked at the end of the pandemic have begun to roll off and, through new product strategies, deposit balances are reconcentrating into more liquid Money Market accounts.

Conversely, though Rogue overperforms the industry on net interest margin, it also maintains a higher operating expense ratio because of high salary expenses to support its expansive branch delivery strategy, which is further compounded by depreciation of land, buildings, and capital expenses to operate them. This not only results in a higher operating expense ratio to peers (Figure 23), but in higher composition of total expenses to labor, even though Rogue still performs dollar-to-dollar below peers in salary and benefits expense (Figure 14 in Human Resources). The holdover of redundant staff from the Malheur FCU merger contributed to higher labor costs in 2022. Moreover, because of the lending portfolio strategy to focus less on charge-off rate and instead on net yield, Rogue lends deeper to riskier borrowers and stomachs a higher provision for loss expense than peers, though this is still well-controlled.

Conscious decisions to preemptively neuter overdraft and insufficient funds fees in anticipation of regulatory action resulted in underperformance to peers on fee income beginning in 2023 (Figure 20). This was offset because of new management in the payments program through a concurrent rebound in gross interchange revenue through increased card usage and reduction in fraud losses, represented in "Operating Fees + Misc" (Figure 22). In alignment with the CEO's concerns about the impending threat of interchange regulation and non-interest income margin compression, Rogue also sees strategic strength in continuing to maximize interchange revenue until it nears the Regulation II cap, and continued card use aligns closely with a relationship-level loyalty strategy founded in the organization's philosophy.

In summary, Rogue maintains an exceedingly high ROA compared to peers, which is an ongoing competitive advantage in spite of high operational expenses to support an extensive branch footprint, through clever and novel investment management, a broader lending profile that acknowledges and subsidizes loss risk through a higher average loan price, intentional under-market deposit pricing, and a strategic capitalization on a holistic member relationship. Rogue Credit Union seeks to be the financial institution for all of a member's financial needs and successfully delivers that by fostering, nurturing, and maintaining loyalty with members through unsurpassed service.

N. Vendor Management/Credit Union Service Organizations (CUSO)

i. **Who is responsible for maintaining the credit union's vendor management program? What is its process for engaging new vendors? What is its process for renewing relationships with existing business partners? Besides cost, what other aspects does your credit union use to determine the value delivered by its current vendors?**

The Vice President of Enterprise Risk Management is responsible for maintaining the vendor management program at Rogue Credit Union. New vendors are normally identified either through strategic projects or as minor implementations to support business scale and operational continuity. Upon identifying a need, a prospective vendor must provide multiple due diligence materials that include past years' audited financial statements, IT security documents including a SOC 1 and 2 Type II, and other unique documents depending on a vendor's inherent risk level. A risk level is determined by the way the vendor will be implemented and leveraged in production, whether the vendor has direct access to a member's records or engages with them directly, could have a material and significant impact on the financial performance of the credit union, and other dimensions that assess a vendor's likelihood and impact in the event of failure. For significant or critical vendors, like those who provide core services for transaction processing, security, and compliance, subject matter experts from IT Security, Finance, Compliance, and Disaster Recovery must provide approval. Prior to signing any contract with a new vendor, legal review may be sought to help identify and amend the agreement as necessary to mitigate risk to the credit union. An internal vendor owner is assigned who is responsible for the ongoing management of the vendor including expense management, escalation and support, operational management for updates and new features, and compliance responsibilities.

Vendor owners are required to perform annual risk assessments which review the vendor's purpose, current use across the organization, the previous year's operational and financial performance, and identify the risk profile of continuing to partner with that vendor. These assessments are jointly conducted between the internal Vendor Management Team and Quantivate, a third-party vendor with deep expertise in this area to augment internal capabilities. Any elevated or critical risks that emerge are escalated and resolved or mitigated through renegotiation or termination, but most vendor assessments maintain the previous year's risk level. Six months before a contract with a vendor approaches auto-renewal or expiration, an automated ticket is sent to the vendor owner to prepare for renegotiation or termination. In the event a contract needs to be renegotiated, the owner will propose new terms based on previous performance which could include tighter service level agreements, more attractive pricing, new support structures, or enhanced security protocol depending on the vendor's unique deficiencies. In the event a vendor relationship is not renewed, notice of termination is sent with a request for acknowledgement and plan to deconvert and discontinue the relationship, as feasible.

Value delivered by a vendor is determined quantitatively through internal financial analysis and qualitatively through the service quality, managed risk profile of the vendor, and market analysis for like services. Most prominently, cost of a vendor is considered in relation to first the revenue they directly generate, like in the case of a debit card program, and second to the potential expenses they mitigate, like in the case of firewalls and IT security software. Vendor value is also viewed as a complement to Rogue's own internal capabilities; does a vendor provide a service or program that would otherwise be too cost prohibitive for Rogue to develop itself? Similarly, value is qualitatively ascertained through periodic market comparisons to confirm fair pricing, the inherent risk profile of a vendor and their ability to continue to provide services as both they and the credit union scale, as well as the ongoing costs and time associated with management of the vendor. One clear example of this balancing act is with Fiserv, whom

Rogue is deeply embedded with across multiple product and service lines, including for core processing. The credit union converted to the Fiserv DNA core product in 2020, and the cost of leaving that platform and undertaking a full market survey, conducting a core conversion, and the negative reputational risk from the related friction is far too great to consider migrating again for many years; this value is implicitly understood by both Rogue and Fiserv in contract negotiations and is articulated as the implicit value of a stable relationship, notwithstanding the direct cost efficiencies bundling multiple products with the same vendor directly provide.

ii. **How does the existence of CUSOs benefit the credit union industry?**

Credit unions thrive when they can collaborate with each other. The ongoing battle for scale in the industry to combat rising operating expenses is leading credit unions to find novel ways to share resources for the collective industry good, and CUSOs (Credit Union Service Organizations) solve for that. Where it could be too expensive for one credit union to develop a de novo product or service on their own, a CUSO can reduce the operational, compliance, and financial burden by sharing it with like-minded organizations for the collective benefit of all. Alternatively, large credit unions can benefit too in the form of providing financial backing, stability, and a wet lab of sorts for experimentation without detracting from their core focus. At the industry level, CUSOs also represent the building of bridges across geographies, demographics, and asset sizes helping foster a stronger and more robust sense of community among credit unions.

iii. **What CUSOs, if any, does your credit union have equity (i.e. ownership) in? What are the general services those CUSOs provide to the credit union?**

Rogue Credit Union has equity in four CUSOs: Painted Hills, Quilo, Evergreen Armored Transport, and Silvur; and while not a shareholder, Rogue is also an investor in CURQL, a “startup investment fund primarily for new CUSO startups” (Davol, 2026). Painted Hills facilitates partnerships between fintech companies and credit unions to support unique loan participation agreements through a novel memberization mechanism, a platform which Rogue helped closely develop. Quilo is a similar, though separate, CUSO relationship that the Painted Hills platform is built on which performs balance sheet optimization through fractional lending participation opportunities. Evergreen Armored Transport is a secure cash transport service for remote and rural locations which traditional armed transport services like Loomis or Garda can't meet the servicing needs or frequency expectations for. Silvur is a new player in the CUSO market and provides a turnkey retirement planning solution that integrates closely with existing digital solutions. And though Rogue does not have a direct equity stake in CURQL, it was an early investor and therefore can take advantage of product and service demos, participate in early funding rounds in emerging CUSOs, and benefit from special pricing if it chooses to do business with any partner CUSOs in the CURQL family.

iv. **Graphs: There are no graphs required in the Vendor Management/CUSO section.**

O. <u>Laws, Regulations & Advocacy</u>

i. **Which state or federal governmental agency is your credit union's primary regulator and what specific statute (i.e. law) gives that agency the authority to regulate your credit union?**

As a credit union chartered in the State of Oregon, the Oregon Division of Financial Regulation is the primary regulator for Rogue Credit Union and is authorized as such by Chapter 723 of the Oregon Revised Statutes.

ii. **Discuss the role your credit union currently plays in advocating for or against proposed legislative and regulatory changes that could affect it? Which individuals (provide their names and titles) lead that effort, and why does that responsibility reside with them?**

Rogue Credit Union does not participate significantly in ongoing legislative advocacy but instead uses its regional and industry influence to foster better collaboration. This change has emerged over the last few years as a result of the CEO transition from Gene to Matt. Previously, Gene took a far more active and hands-on approach to legislative advocacy, but coupled with growth during that transition, Matt simply doesn't have the time so the responsibility is primarily delegated to Laura Hansen, SVP of Loyalty and Employee Services, who participates in efforts like the Governmental Affairs Conference (GAC) and Hike The Hill. Laura also serves as a trustee for the America's Credit Union PAC (political action committee) and facilitates an annual internal drive to solicit funds for the PAC. She holds this responsibility as a result of previous regional advocacy representing Rogue as a large employer, so it was a natural fit.

However, Rogue is selective in what advocacy efforts it gets involved in. Laura notes that "we engage only in things that impact our members or our industry. We have been very clear…in taking a political side only in areas that disenfranchise a group of our members" (Pickens & Hansen, 2025). Only one example comes to mind of when Rogue last directly engaged its membership in advocacy: in 2021, US Congress proposed decreasing the IRS reporting threshold for transactions greater than $600. Laura recalls that "we thought it was appropriate to activate our membership for that one." In addition to needing to increase operational overhead to support compliance requirements, an expense that would be passed down to members in some way, it could violate their privacy by reporting otherwise untaxable transactions, put member data at risk, and potentially impact the markets Rogue enters.

That said, Rogue normally only "activates senior management, and sometimes it goes down to the leadership and management levels" (Pickens & Hansen, 2025), and very infrequently all staff, to voice support or disagreement with proposed legislation which could impact the organization. One relatively recent example was in the addition of financial education in the statewide education curriculum, which Rogue encouraged support for, and Laura found "the staff felt excited to be a part of that [advocacy]."

iii. **What impacts have legislative and regulatory changes affecting the credit union industry had on your credit union, employees and members over the past 5 years?**

Peculiarly, the instability of regulatory priorities and legislative agendas alternating between the Trump and Biden administrations have created a relatively more stable environment which has helped combat significant new burdens for Rogue Credit Union. The return of the Trump administration paused new rules that could have incrementally added new compliance burdens. However, increasing scrutiny of overdraft programs, including rules that were previously set to take effect in 2024, have caused Rogue to revise its overdraft program significantly. In 2023, in anticipation of changes, it eliminated insufficient funds (NSF) fees, decreased overdraft fees, and implemented fee caps, the impact of which reduced fee income by nearly 50% overnight. Since, Rogue has vastly underperformed peers in overdraft fee income, though internally this is seen as a strength due to our ability to generate non-interest income elsewhere, a hedge against further deterioration of overdraft fee income opportunities, and better aligns with our philosophy as a credit union. Additionally, there have been smaller program-level impacts as a result of legislative changes, like the updates to Regulation CC limits which took effect on July 1, 2025, the standard periodic increases to contribution caps to IRAs and other retirement and tax-deferred accounts, as well as Regulation Z exemption limit updates. These are handled more within normal line of business program updates and are lower lift to support, but nonetheless require real time and resource investments to support and are again validated through audit programs.

The largest legislative impacts to Rogue have surprisingly not been from industry-specific regulatory changes and instead have been driven by changes to employment-related laws. One of the biggest impacts was felt by the Paid Leave Oregon program that was implemented by the state in 2023. This expanded paid leave options for employees for medical needs and caregiving. As a large employer, Rogue was required to participate, and in alignment with its employee-focused culture, made the decision to support an in-house program rather than rely on the State-coordinated channel. However, the ease of participation by offering the benefit directly had unexpected consequences, and some departments saw covered absences jump to as high as 50% of a team through the new program. As a result, the credit union decided to abandon this approach and instead shift to the state-sponsored program. This has helped combat internal abuse but also represents a diminished experience and less personalized program.

iv. **Discuss what you personally do today to try to improve credit union statutes and regulations, and how you might additionally engage in that process in the future. Is such advocacy something you are interested in? Why or why not?**

As a Vice President at Rogue, I am not closely aligned to our advocacy and regulatory apparatus, but nonetheless, I promote our industry's interests where possible – particularly those that can negatively impact the Payments and Operations program – by developing relevant thought pieces for executive leadership to influence. Though not direct regulatory advocacy, I am the President of the Advisory Board for Fiserv which creates opportunities to advocate for Rogue's and the industry's interests in the broader Fiserv product roadmap, including in the way they lean on their own government partners. In a room often dominated by fintech companies and big banks, this role uniquely positions me to ensure credit unions are not forgotten by our largest vendor partners. Additionally, I have facilitated the participation of a manager on my team to sit on the WesPay Rules Council, which reviews proposed payments-related rule changes and provides commentary to the relevant rule-making bodies.

Advocacy is something I am deeply interested in and something I would like to do more of. Probably rooted in my previous political experience, the ability to drive systemic and aligned change resonates, and philosophically, the mission of credit unions closely mirrors my personal values. During election cycles I contribute to candidates that both support my own interests and are friendly to the credit union ethos.

v. **Graphs: There are no graphs required in the Laws, Regulations & Advocacy section.**

P. <u>Social Impact</u>

i. **Do you believe a credit union should be involved in efforts to impact the well-being of people beyond delivering financial services to its members? Why or why not? Describe any such efforts your credit union puts forth within your membership and/or the community at large. How does the credit union benefit from those efforts? What challenges do they bring about for the credit union and its employees?**

A credit union absolutely should be involved in efforts to improve the well-being of people outside just merely provided financial services. At the core of the credit union philosophy, “people helping people,” it’s implicitly understood that the movement cannot merely help people through thrift alone; wellness and well-being are more globally intertwined, and the panacea of fair rates, good service, and honest stewardship alone do not improve communal well-being. Since the early days of the movement, communal well-being has been the movement’s core, as articulated by Roy Bergengren, one of the industry’s founders: “The successful credit unionist must be touched with the passion for service; he must realise that his organization has in it something of the principle of the brotherhood of man – that it is a “cooperative” organization built on a foundation of the strength of unity for a common purpose” (Bergengren, 1927). Whether intentional or not, through the sheer existence of a credit union’s personnel alone they are already incidentally benefiting the communal economy through sales and payroll taxes, contributions to maintain transportation, health, governmental, and security infrastructure, and increasing the talent and education pool of the workforce through ongoing staff training. Therefore, it's not only impossible for a credit union to avoid impacting a community, it's negligent to not take advantage of the opportunity to capitalize on this goodwill and also do more of it.

Rogue Credit Union is the naming rights sponsor for Rogue X, a municipal state-of-the-art events and aquatics center which opened in 2024. Rogue X hosts recreational events which attracts visitors across the valley. In addition to having first right for hosting any internal events like the annual awards banquet, the association demonstrates Rogue's community support. Similarly, staff contributed over 1,300 paid volunteer hours as Rogue representatives to the community and over 12,000 through their own community participation (Rogue Credit Union, 2026). The organization benefits from this in three key ways: earned goodwill that can push Rogue Credit Union into the consideration set of potential members, a positive reputation among community leaders and non-profits who in turn can become promoters, and recognition as a good employer among local talent.

The challenges this community participation creates are in the form of periodic staffing constraints, and of course, the ongoing challenge of determining the right amount of financial investment. Every dollar the credit union uses is a dollar of our members' funds, and it should be spent prudently. Community investments therefore come with a level of oversight to ensure alignment with Rogue's Giving Filter which supports youth, family, education, and community sustainability. Moreover, every hour an employee spends volunteering for a local organization as a paid representative of Rogue, there is both the financial expense and burden placed on the organization to maintain operations without them. Balancing the time and costs associated with employee volunteerism is a measured trade-off to ensure the organization meets its philosophical commitment to community while remaining a trusted steward of its members' money.

The belief that credit unions have a responsibility to drive social wellbeing beyond merely providing financial services is not just philosophical to me. Early in my career as the first Community Relations Officer at Yolo FCU, my focus was on building bridges with people by supporting organizations that supported them. What I saw was that members who had seen their credit union involved in their community were more loyal and more likely to refer others; people like to do business with organizations who show care. Social impact is not simple charity, it's one of the best ways to build a resilient, thriving community, and that is something every credit union should strive for.

ii. **Graphs: There are no graphs required in the Social Impact section.**

III. Research Component

Artificial Intelligence (AI) is predicted by some to offer the promise of transformational productivity growth for workers. (Singla et al., 2025). Others argue the promises of AI have been overstated. (Smith, 2024). Some credit unions have rushed to incorporate AI applications to better serve their members, and numerous technology companies have begun offering AI supported applications to credit unions. Other credit unions have been more reserved. But what might this technology mean for your career and role as a strategic leader for your credit union?

This year's research section seeks to support your personal development given this new technology, which will in turn support your strategic leadership at your credit union. This section is meant to be distinct from all other sections of your project. Please do not alter the other sections of your project based on your answers in this section. Further, this section is meant to be based on your own readings and insights, not from discussions with leadership within your credit union. Where do YOU think AI will affect you and your role as a credit union leader?

Please present your Research Component in four distinction sections, as outlined above. Support your analysis by (correctly) citing in your answers at least <u>two additional articles</u> that support some of your assertions (Two articles total, not two per section. Do not count the provided articles as one of the two additional cited articles.). The two articles must be from reputable, professional publications, but do not necessarily need to be recent. The articles should be used to support or challenge your arguments and be included as part of your Project Appendix section.

i. **What is your current familiarity and usage of AI technologies to support your leadership at your credit union? Please explain with specific examples, including any tasks in your role that you already augment with AI. Has AI meaningfully changed your decision quality, speed, or strategic insight?**

I have struggled to incorporate use of AI into my professional activities outside of ways it might already be layered into existing solutions we use, like fraud detection algorithms in transaction processing flows. In general, I am bearish on the short-term value and immediate applicability that AI may provide to the credit union industry, and more broadly, am incredibly worried about impacts AI will have in the creative domains it's already deployed, not to mention the litany of environmental impacts data centers contribute to. While AI is seeing valuable and practical uses in professional technology services, in most consumer-facing instances, AI and large-language models (LLMs) are being used to generate music, art, writing, and video, which robs us of the one thing that makes us human: creativity. AI lacks emotion and intuition. Raised by a music educator, and myself someone who enjoys many creative pursuits, AI-generated products are not only soulless - they are devoid of the inherent properties of their creator which made that human unique. Moreover, because AI-generated products are often reingested into LLMs, the entire AI body of work is circuitously built upon itself, amalgamating into one homogenous style. “AI Slop” can be easily identified by its consistent saccharine sheen. Peculiarly, the same reason creatives seem to abhor the entrance of AI to work is the same reason technical teams seem to be quickly embracing it. As Clive Thompson, author of the book “Coders: The Making of a New Tribe and the Remaking of the World” identified in interviews that many software developers, “see L.L.M.s differently than everyone else is that in the creative disciplines, L.L.M.s take away the most soulful human parts of the work and leave the drudgery to you…and in coding, L.L.M.s take away the drudgery and leave the human, soulful parts to you” (Thompson, 2026). This is further reinforced that IT represents the business function experiencing the greatest scaling of AI agents, and the greatest cost decreases have come in software engineering and IT business units (Singla, Sukharevsky, Hall, Yee, & Chui, 2025, November 5, pp. 4, 12).

While it’s easy to dismiss the depravity of AI use in creative endeavors, it’s undeniable that this creative erosion also impacts the way that credit union leaders approach their own professional and business development. In strategic tasks that require critical thinking, deep understanding, and multi-subject synthesis, over-confidence in AI outputs can be misinterpreted or blindly accepted without deep consideration of its accuracy, validity, and relevancy. This explains why “human in the middle” remains the most employed best practice used by the highest number of AI high performers (Singla, Sukharevsky, Hall, Yee, & Chui, 2025, November

5, p. 20). Similarly, this informs why the risk of inaccuracy represents both the most prevalent AI-related risk that has already resulted in negative consequences but also is the number one risk that organizations are also working to mitigate (p. 27). Undetected inaccuracies in data, analysis, and conclusions from AI outputs can be costly, strategically disastrous, and erode staff, member, and community confidence.

It wasn't until I attended my first year of WCMS in 2025 that I created a ChatGPT account and that was a result of suggestions from peers who were leveraging it to help study and synthesize class material but returning to Medford I felt a necessity to begin thinking about ways to use it more. However, I continue to be unimpressed in the use cases I have tried to employ it. One of the most time-consuming and challenging tasks I dread is writing employee reviews, so I attempted to use the Copilot integration within Rogue's Microsoft environment to help generate those reviews. However, I was incredibly underwhelmed and disappointed with the results. Where AI shines and I believe does have valuable applications is in the areas that Gary Smith dismissively identified as "fast, tireless, error-free calculations" (Smith G. , 2026). But for tasks like employee reviews which need substantial external context to be effective, feeding that into an LLM can feel like a Sisyphean and potentially impossible endeavor.

AI has not meaningfully changed my decision quality, speed, or strategic insight because I have not yet leaned into frequent and ubiquitous use of it. In fact, I have found when I turn to generative AI tools, I am slowed because they lack the contextual information needed to address the need at that moment. This circuitous dependency is a significant reason why I normally forgo AI tools; it's far faster for me to produce without them and I will have thought more deeply about the way the product is synthesized.

ii. **How, if at all, have you used AI tools to support completion of your WCMS Project? Were there specific areas where you intentionally chose to utilize, or not utilize, available AI tools to support your development as a strategic leader within your Project? Why?**

I made an intentional attempt to exclude any use of AI in completing my WCMS Project until I had finished writing my paper and found myself at 178 pages, a significant overshot of the assignment's length. Until that point, no opportunity had been lost to stress the importance of maintaining academic integrity through avoidance of AI, so I was primed to avoid it. However, finding too much editorialization and a far too lengthy About Me section, I put Section 1 of my paper into ChatGPT to help identify areas that could be shortened without eliminating substance. I was careful in my prompt to not ask it to propose text but to identify the best sections as candidates for reduction.

I acknowledge use of two tools that I don't personally consider AI because of the modern association with Generative AI tools like Claude or Copilot, but could be considered AI by some. I used Teams to record and transcribe the interviews myself and peers conducted, but the transcriptions were imperfect and still required validation against the video recording for accuracy, however, were helpful for timecoding sections of each interview. Second, I took advantage of the standard spell check tools inherent in Microsoft Word, which do rely on predictive patterns to generate suggestions like AI and have been commonplace for decades, but are a far cry from the generative text and LLMs akin to ChatGPT.

iii. **Please describe and justify your personal AI usage policy as a leader within your credit union. What tasks do you (or would you) delegate to AI, what will you never delegate, and how do you remain accountable? If your organization has an AI Policy, you may reference it, but your personal AI usage policy should be personalized to you and your responsibilities.**

I do not delegate any of my direct tasks to AI but am increasingly looking for ways to bring it into my work. Within my department, we use AI actively in our card transaction risk program to identify suspicious transactions and either block them outright or send a notification to a member to confirm the transaction upon the transaction authorization. In project meetings we also use Copilot to generate transcriptions which become meeting notes, and we have leaned further into this over the last year which has helped establish better task accountability and improved deliverable throughput; a benefit also identified in a recent Filene Institute article (Black & Best, 2024). I am continuing to find ways to leverage generative AI for writing employee reviews and for improving the succinctness and persuasiveness of position papers, and have recently started to use Copilot to review and identify contract negotiation opportunities. I recently created a new junior leader role in my team and used Copilot to help develop the job description in a way that effectively layers responsibilities and ownership within its respective organizational structure. However, for all of these uses I have still reviewed and edited the output prior to any broader deployment to prevent erroneous conclusions or interpretations of the inputs, which aligns with the number one risk AI high performers are also trying to mitigate; that of inaccuracy (Singla, Sukharevsky, Hall, Yee, & Chui, 2025, November 5).

However, I don't expect to ever delegate AI to develop presentations for me nor to make strategic decisions. First, I enjoy the creative aspect of developing and delivering presentations, which is also a personal strength. But I also don't trust that an AI agent has the external broad context to effectively direct strategy alone. Cost allocation for budgetary purposes, for example, would be impossible to put into the hands of AI yet without a holistic understanding of the organization's strategic priorities and relation to other business operations. Similar to how Rogue over indexes on operational expense and much of that comes from branch-related costs, it would be incorrect and inaccurate to ask AI to cap a budget's operations expense entirely; in an area like Payments, operational expense is easily offset by interchange revenue, and an arbitrary quantitative goal could incidentally have countervailing benefits to growth.

iv. **Finally, how do you predict AI technologies will change the skills needed at your credit union in the decade ahead? Please discuss two specific skills credit union leaders should be developing now to be prepared for how AI may change credit union employment in the decade ahead. Are you currently taking steps to develop these skills?**

One can open up nearly any LinkedIn article and see a sentiment like "AI won't take your job, but someone who knows how to use it will" which is likely accurate in the coming years. But this shouldn't necessarily be a surprise, as with the introduction of any new technology, overcoming the initial hype cycle and acquiescing the Luddites and charlatans alike takes time. However, two skills that credit union leaders should be developing now to support the inevitable broader deployment of AI are that of, first, developing and executing with an eye towards building a rich data infrastructure geared towards AI use, and second, how to monitor AI agent performance, whether that be through direct oversight or use of other AI agents to set built-in monitoring and controls.

Perhaps the most important skill credit unions leaders need to begin developing is approaching new initiatives with a goal of contributing to and expanding the available data pool to support AI growth. As Dr. Lamont Black identified in a recent Filene Institute research article, "data is the cornerstone of effective AI implementation. By recognizing the value of their data and investing in its organization and analysis, credit unions can leverage Gen AI to provide personalized services, gain predictive insights, enhance operational efficiency, and manage risks effectively" (Black & Best, 2024). Success of organizational integration of AI is based on its available pool of knowledge to reference, and leaders with data fluency must prioritize the way project outputs contribute to that across all possible data points. Beyond just merely understanding discrete and obvious data points – generally, the outputs of projects – metadata and process-level data are key inputs too, and leaders are uniquely positioned to understand and advocate for data prioritization on new initiatives. For example, in the development of the new Visa Signature Rewards member interface, we programmed listening events to identify when and how members engage with the module in the form of scrolls and taps to help inform areas that may need future enhancement. This approach allows us to not just see the transactions they perform but understand how they are engaging with the entire experience. Combined with the broader digital banking data set, we can use these insights to drive broader experiential changes based on our known members' behaviors. Ensuring that any new software or widget's activity is mapped into the credit union's enterprise data architecture can help uncover novel opportunities for further refinement or leverage and enrich future AI use. In a Filene Institute research paper, Dr. Black suggested that "credit unions should explore data lakes for managing unstructured data, enabling AI to derive insights from diverse information sources beyond traditional rows and columns of data" (Black & Best, 2024). While ideating on new ways to leverage unstructured data illustrates one way of thinking about broader AI value, underpinning this sentiment, leaders must also have passing familiarity of data hierarchy concepts to drive this too which starts with understanding data basics.

A second skill an AI-focused leader at Rogue should be honing is the ability to write, monitor, and curate their own agents. This is not yet something I have actively started working on as I am not as far on the AI-familiarity spectrum as I should be at this point of the hype cycle, but have peers in the project office who have built agents with Copilot. They are unifying their daily activity – meetings and notes, 1:1s, emails, and platform access – to automatically produce weekly reports to their leaders, publish and resolve action items for projects, and schedule meetings as risks are identified within their agents. Then, they're performing reviews of the outputs and approving, or rejecting with an update to the prompt to better tune the agent's accuracy. A similar approach is being used in software development where coders are building agent-level monitoring and control mechanisms into AI coding environments to reduce and mitigate errors. As one software developer described it, he "added some stern warnings to his prompt file, the list of instructions — a stern Ten Commandments — that his agents must follow before they do anything" (Thompson, 2026). The result is that even the role of "coder is now more like an architect than a construction worker," where multiple agents are monitored and they are required to pass a set of tests before finalizing any output.

Finally, it'd be remiss to not address the need for ongoing development and training of critical thinking skills to support the proliferation of AI at Rogue. While much more abstract to train and provide discrete examples of my ongoing development in this area, years spent learning and working with the scientific method in school instilled a practice of identifying and attempting to disprove the null hypothesis: the statistical assumption that there is no relationship between variables. Leaders should always be asking themselves whether the output of AI is correct based on their own knowledge and assumptions of their business, the industry, their credit union's service philosophy, and the world. Even with infinite context, AI uses "curve fitting" and is challenged to "distinguish between coincidental and causal patterns," but even more dangerous, can hallucinate and draw incorrect conclusions or misinterpret its inputs (Smith G. , 2026). Gary Smith put it elegantly: "The real danger today is that…we think computers are smarter than us and consequently trust them to make decisions they should not be trusted to make.” Having familiarity with base concepts in the output of agents is key to effective use. Clive Thompson, in researching his book, interviewed software engineers on the impact AI has to their roles, and consistently found that “many midcareer coders told me they felt confident using A.I. because they had spent decades developing a strong sense of what good, efficient code looks like. That allows them to explain to the agents precisely what they want and lets them quickly spot when the agents have cranked out something inefficient or sloppy” (Thompson, 2026).

The long-term success and expansion of AI will be based on users’ ability to critically think, discern, and reflect on what AI produces. Leaders must still be knowledgeable about the intricacies of how their programs operate, the value and services they provide to their members, and base their decision-making in the unique philosophical and missional values of their credit union. Blind acceptance of AI without nuanced and deep reflection will erode the trust in the credit union movement that took a century to build.

IV. Your Conclusions

i. **What were THREE key takeaways about your credit union that you discovered as a result of completing this project?**

The Year 1 WCMS project was eye-opening to the complexity of the organization and a great opportunity to speak in more depth with colleagues I interact little with. First, getting to speak directly with our Board Chair and Supervisory Committee Chair helped me see just how removed they are from the daily credit union operations. Among other credit unions I've worked for, these individuals have always represented just faces on a wall in the lobby of headquarters, and I had made assumptions through their relationship with the CEO and Compliance leaders that they had more hands-on involvement in the tactics, budgetary strategy, and organizational risk management functions. However, it was evident within minutes of speaking with them how significant and far-reaching the trust is that they place in our leadership and staff to know how to run the business appropriately. When I am a CEO, I hope that my Board has an equivalent level of trust and confidence in my own leadership to empower a similar hybrid governance approach, a privilege and reality that I already get in many ways today as the VP of Payments from my leader, Mike. But this has left me thinking: am I currently extending the same level of trust and confidence to my direct reports that I have today and hope for in the future? I will resolve to be a better leader in my organization by extending the same model to my colleagues and staff.

Second, while I had suspicions about the impact of our branch-focused delivery strategy, being able to see that transcend so many financial and performance metrics through a complete analysis across multiple parts of the balance sheet reinforced that while a significant expense, their value is demonstrably also Rogue's core strength. The reason Rogue can maintain a large net interest margin and remain so financially successful is because members are willing to pay for this promise: that they can visit a branch and speak with an employee they know, trust, and receive unsurpassed service from. Without branches, the entire approach to our Loyalty philosophy changes. As operational costs continue to rise, this reckoning to reexamine what loyalty means is inevitable, and the transformation is happening in real-time: the focus on leading with feedback-driven member-focused home-grown digital experiences is inherently creating something unique to Rogue, and I feel uniquely positioned to help galvanize that change through ongoing modernization and simplification of payment experiences.

Finally, I continue to be impressed and amazed with how closely Rogue Credit Union has maintained strategic alignment to its origins of serving educators and its expansive community involvement program. Seeing the close partnership with schools still retained 70 years later from that fateful meeting in a school cafeteria inspires me to think of new ways to nurture that legacy in my own line of business. At former credit unions, support for community was often just lip service or a shiny bullet point in an annual report. But at Rogue, volunteerism is in our operating DNA; on average, each employee logs 1.5 hours of service to the community each month. These are defining moments where we contribute to something larger than ourselves or the credit union movement alone; we are helping people. And though it’s taken nearly twelve years to realize it, credit unions saved me by enabling me to serve others. I have a solid 30 more years of service remaining to the credit union movement; I hope that on Rogue’s centennial anniversary I can proudly reflect on how Rogue’s legacy as a community steward shaped my own journey.

ii. **How will the experience of completing this project, including the interactions you had with your credit union’s volunteers and various senior leaders, influence how you approach your job and your view of how your position fits into your credit union’s mission?**

During my interview with Matt Stephenson, our CEO, one thing struck me about his sense of preparedness for the role, but also that he continues to train to be better: “I still have an executive coach I work with every single month. I still have mentors that I reach out to on a regular basis when things come up. I don't think you ever arrive, but I had to break myself of that [early on]" (Stephenson, Personal Communication, 2025). This project has helped me realize that in some ways I've taken my own rapid career success for granted and let the inherent curiosity I had in my early roles at Yolo FCU atrophy while leaning too far into the payments and technology spaces. But an outstanding leader doesn't just continue to foster that sense of curiosity in themselves; they also find ways to embolden it among every colleague they touch. As I reflect on the leaders that have made the biggest impact in my own development, it's been those who have challenged my own self-perceived limitations and nudged me into the unknown, not directed the path for me.

The payments industry is ever dynamic, and as a successful and still-aspiring leader, this project has made me realize I can continue to find new ways to embed my high potentials – the same type of early-career aspirant I was a decade ago – into opportunities within the industry to spark their own fire for the credit union movement and build their own book of knowledge. While I hope that is in payments, I want to enable my colleagues' growth in the thing that gets them excited to come to work every day and serve members, whether that be AI familiarity, data analysis, or financial performance management. But, above all, I hope that I can steward in them the same passion that I have for the credit union movement.

iii. **What did you learn about your own project management skills through the completion of this project?**

I thrive well under pressure, and for as many times as I heard "start early and start often" from the WCMS leaders, it still wasn't until early 2026 when I started to put words to paper. I created a project management tracker shortly upon returning from Year 1 to help define milestones by which certain parts of the project should be completed by and to help coordinate internal interview scheduling with other WCMS Year 1 peers at Rogue. I tend to be a very strong planner and coordinator but have found as my career has progressed, I find myself doing less work and doing more management, so it was a struggle to commit to my own project tracker. As the milestone dates in my own tracker started to slip into early 2026, the work pace accelerated and I was still able to meet the final few milestones I'd set to still allow time for reviews and proofreads. However, I also underestimated how much time would be needed for review and rework of the paper. Through this, I learned I need to allow more time for quality control at the end of the project to avoid the sense that completion happens solely when the product is done.

iv. **What section of this project did you most enjoy and why?**

I enjoyed the research component part of the project the most, and a lot of that is due to how much fun I find writing persuasive fact-based pieces that can leverage a broad range of insights and references; I almost see it as a creative writing challenge. AI is naturally a highly charged topic nearly everywhere, even outside of the credit union industry, and it presents a lot of unique avenues to develop a complete position thesis, structure it with several underlying arguments, and tie references from books, news articles, scholarly journals, and industry professionals to reinforce one's point. I also enjoyed the research component because it made me introspect on my own values and position on AI, reinforced my own beliefs, and challenged me to reconsider if I was underutilizing AI in my own professional applications.

v. **What section of this project was the most challenging for you? What steps can you take to improve your competency in this area?**

I found the Lending section the most challenging due to my lack of familiarity with the residential and commercial lending spaces. Though I interact closely with the consumer lending side through dual management of the credit card portfolio, I haven't spent enough time intimately understanding how residential and commercial loans work, their use cases, and the underlying risk calculations, pricing, and portfolio management strategies. I think part of this is due to not having relevant personal use I can draw on; most people have a credit card or auto loan they can use as a reference, unlike these more niche but higher value loan products. As a result of understanding this weakness, I've already engaged the internal product leaders in commercial and residential lending to support my continued growth through quarterly training sessions where we will review portfolio composition, pricing and investment strategies, and gain more regulatory understanding.

vi. **What recommendations do you have for improving the project? Were there any subjects that you would have liked to have had included in the curriculum that would have helped you complete the project?**

One of the biggest disappointments of the project was the delays in getting timely and relevant information communicated to us when we expected. The nearly six-month delay in getting the research component added stress to an otherwise complex project that went in the face of all that had been stressed over the Year 1 classes: start early, start often, and try to keep a consistent tone through the project. I can understand the relevancy of applying the project itself to the research component, but it felt like a cop-out. Similarly, the project reader assignments were delayed in distribution too. For future assignments, I would recommend that the timelines communicated at the outset of the project are respectfully held to.

For future versions of this project, I would like to see more depth explored around payment processing and service operations. These tend to be unsexy subjects but can illustrate and expose process gaps to key emerging leaders within their organization. I have a clear bias for payments, but money movement has direct impacts to all underlying parts of the project, and the organization cannot exist without the ability to manage liquidity and fund new accounts. As an example, my department oversees the monthly movement of funds equal to our entire organization's asset size – that is not insignificant. There has been extreme disruption in the payments and account servicing space over the last decade, and unless it came up in a required interview, it misses a key strategic area the paper could explore. Additionally, the means in which accounts are serviced – cards, document retention and storage, escheatment or account retention, and disputes, all as examples – can present novel and credit union-specific ways of operating that are worth exploring for a holistic understanding of the organization's operations. While the nature of the credit union movement may continue to transform as it has over the previous hundred years, the core function of a millennium of banking – moving and storing money – will always remain, and it deserves a more prominent place in this project.

V. Project Appendix

i. The Balance Sheet

Balance Sheet - WCMS - Rogue (OR)					
Formula	**Jun-2021**	**Jun-2022**	**Jun-2023**	**Jun-2024**	**Jun-2025**
Auto Loans	$661,396,993	$713,837,833	$728,485,683	$761,089,629	$754,271,116
Real Estate Loans	$569,223,220	$664,125,778	$753,786,326	$828,021,397	$900,897,055
Credit Card & Unsecured Loans	$90,074,533	$111,854,760	$154,254,908	$145,455,238	$134,275,572
Other Loans	$232,718,677	$267,971,243	$280,336,214	$304,865,882	$361,894,616
$ Loans (total outstanding)	$1,553,413,423	$1,757,789,614	$1,916,863,131	$2,039,432,146	$2,151,338,359
Allowance for Loan Loss	$17,358,413	$19,862,273	$23,675,781	$29,858,062	$33,726,062
Investments & Cash	$1,127,680,954	$1,163,859,292	$1,167,991,052	$1,313,851,269	$1,382,070,636
Fixed & Other Assets	$126,134,277	$149,542,115	$157,196,017	$157,446,644	$205,953,884
NCUA SIC Deposit	$20,729,937	$24,475,805	$24,766,450	$27,113,231	$28,761,820
Total Assets	$2,810,600,178	$3,075,804,553	$3,243,140,869	$3,507,985,228	$3,734,398,637
Checking	$660,932,249	$716,115,174	$639,738,685	$641,159,029	$677,112,046
Savings	$930,001,390	$1,074,355,085	$894,935,230	$849,229,808	$862,263,718
Money Markets	$638,180,375	$735,867,013	$563,120,557	$535,256,586	$562,895,180
Certificates	$180,919,053	$168,529,148	$545,253,422	$801,879,471	$892,622,366
Other Deposits	$95,833,391	$95,620,835	$168,629,177	$215,304,035	$190,097,710
Total Deposits	$2,505,866,458	$2,790,487,255	$2,811,677,071	$3,042,828,929	$3,184,991,020
Other Liabilities	$46,767,568	$76,998,750	$225,763,686	$212,656,041	$237,066,067
Net Worth	$247,227,600	$286,163,246	$313,272,237	$337,307,851	$370,656,668
Other Equity	$3,019,954	$3,019,954	$3,019,954	$3,315,628	$2,895,678
Unrealized Gain/Loss	$7,718,598	-$80,864,652	-$110,592,079	-$88,123,221	-$61,210,796
Total Liabilities and Equity	$2,810,600,178	$3,075,804,553	$3,243,140,869	$3,507,985,228	$3,734,398,637

ii. **The Income Statement**

Income Statement - WCMS - Rogue (OR)					
Formula	**Jun-2021**	**Jun-2022**	**Jun-2023**	**Jun-2024**	**Jun-2025**
Net Loan Interest Income	$80,291,174	$81,348,248	$106,692,274	$125,162,782	$143,602,126
Investment Income	$14,284,764	$19,448,232	$34,126,916	$55,919,254	$63,305,750
Fee & Other Operating Income	$36,593,336	$39,787,906	$32,787,242	$34,620,982	$39,681,240
Total Gross Income	$131,169,274	$140,584,386	$173,606,432	$215,703,018	$246,589,116
Compensation & Benefits	$47,205,100	$51,759,938	$57,473,290	$62,560,804	$68,040,678
Travel & Conference	$82,726	$323,352	$453,196	$333,260	$545,532
Office Occupancy	$3,895,448	$4,316,794	$5,815,706	$6,058,374	$6,086,812
Office Operations	$13,328,330	$13,933,016	$15,669,196	$20,318,840	$22,129,306
Marketing	$2,685,876	$2,781,954	$3,695,642	$4,007,630	$4,227,098
Loan Servicing	$2,755,238	$3,334,626	$4,250,132	$3,510,396	$4,977,380
Professional & Outside Services	$11,248,058	$7,792,062	$11,031,476	$11,412,686	$13,283,618
Member Insurance & Other Operating Expenses	$2,949,494	$3,150,132	$4,828,620	$1,911,564	$2,514,306
Total Operating Expense	$84,150,270	$87,391,874	$103,217,258	$110,113,554	$121,804,730
Non-Op Gain/Loss	$453,072	-$1,753,286	-$1,443,094	-$70,412	$229,748
Dividends	$4,894,636	$4,714,032	$23,531,168	$52,685,354	$54,996,950
Interest on Borrowed Money	$42	$221,672	$6,600,380	$8,202,062	$8,541,406
Total Cost of Funds	$4,894,678	$4,935,704	$30,131,548	$60,887,416	$63,538,356
Provision for Loan Loss	$2,164,040	$3,559,118	$11,133,148	$24,661,294	$23,523,386
Net Income	$40,413,358	$42,944,404	$27,681,384	$19,970,342	$37,952,392

iii. **Key Ratios**

Key Ratios - WCMS - Rogue (OR)					
Formula	**Jun-2021**	**Jun-2022**	**Jun-2023**	**Jun-2024**	**Jun-2025**
Net Worth Ratio	8.80%	9.30%	9.67%	9.62%	9.93%
Return on Assets	1.52%	1.43%	0.89%	0.58%	1.03%
Asset Growth	41.92%	9.44%	5.44%	8.17%	6.45%
Deposit Growth	43.36%	11.36%	0.76%	8.22%	4.67%
Cost of Funds	0.21%	0.18%	1.06%	1.95%	1.91%
Loan Growth	14.51%	13.16%	9.05%	6.39%	5.49%
Loan Yield	5.18%	4.68%	5.50%	6.25%	6.61%
Delinquency (total)	0.20%	0.25%	0.55%	0.59%	0.79%
Loan Charge Offs	0.16%	0.24%	0.56%	0.97%	0.85%
Member Growth	15.07%	12.78%	6.87%	1.98%	2.13%
Loans to Shares	61.99%	62.99%	68.18%	67.02%	67.55%

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RESEARCH BRIEF

Generative AI: How Credit Unions Can Adopt Gen AI to Benefit Employees and Members

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25 MINUTE READ

Generative AI could transform the way that credit unions provide financial services. In this brief you will learn how credit union leaders are approaching Generative AI, from thinking about their organizational structure and culture to prioritizing use cases and implementation strategies. Integrating Generative AI into credit unions' overall strategy offers a game-changing opportunity to boost operational efficiency, elevate member services, and foster innovation.

OVERVIEW

Generative AI (Gen AI) emerged on the public stage with the release of ChatGPT in November 2022 and, over the last two years, the use cases have quickly grown. While conversations are pervasive about the benefits and the need to keep on top of AI advancements, credit unions of all sizes are struggling to lean into this rapidly evolving technology. We hope that this brief will help you successfully adopt Gen AI to accomplish your strategic objectives.

A recent survey of credit unions revealed a diverse range of progress in the development of AI strategies.[1] About half of credit union respondents are in the early stages of developing an AI strategy, while the other half have made significant progress. This broad spectrum of AI adoption within the credit union industry reflects the tension between caution and the pursuit of opportunities. For instance, 66% of credit unions plan to leverage AI for credit decisioning, highlighting its growing importance in operational strategy. Looking beyond credit unions, over 60% of financial institutions are using AI for fraud detection and prevention, while 58% use AI for risk assessment and management. This highlights the growing importance of AI in bolstering security and improving decision-making processes within the industry.[2]

Earlier this year, we published "The Evolution and Impact of AI in Credit Unions," a Filene report with high-level steps for credit union leaders to develop an AI strategy and enhance member value through AI adoption. Importantly, given the novelty of the technology, we also addressed the need to navigate regulatory and ethical considerations to responsibly implement AI technologies in credit unions.[3]

In this brief, we build on our previous work by focusing on Gen AI and giving you practical suggestions for implementing Gen AI within your organization. Keep reading to find answers for these fundamental questions:

- Where, and how, should Gen AI live within a credit union?
- What Gen AI use cases should credit unions consider starting with?
- What data infrastructure is needed to take full advantage of Gen AI?
- What is the best way for a credit union to implement Gen AI?
- What kind of culture is needed to ensure Gen AI thrives?

ADDRESSING WHERE GEN AI LIVES IN YOUR CREDIT UNION

The implementation of Generative AI within credit unions presents a significant opportunity for innovation and operational efficiency, but understanding where and how Gen AI fits within your organizational structure is crucial. The integration of new technologies, going back to much earlier tools like ATMs, illustrates how innovations often take time to find their place within an organization both culturally and operationally. Initially managed by accounting departments, ATMs eventually evolved into other functions, demonstrating the need for organizational adaptation.[4] Similarly, integrating Gen AI requires a thoughtful approach to determine its optimal positioning and usage within the credit union organizational structure.

> "66% of credit unions plan to leverage AI for credit decisioning, highlighting its growing importance in operational strategy."

Credit unions are aligning Gen AI with their strategic priorities by exploring its potential to enhance member engagement and operational efficiency. For example, Altura Credit Union is focusing on how Gen AI can contribute to its strategic goals. By framing Gen AI within these priorities, Altura is examining how it can use Gen AI as an employee productivity tool. One of their initiatives is a virtual assistant for employees to facilitate easier access to the credit union's knowledge base.

Gen AI is recognized as a cross-disciplinary technology that permeates all levels of the organization, from management to operations. This pervasive nature necessitates a diverse team of individuals who understand the technology and can bridge the gap between technical experts and end-users. According to McKinsey, financial institutions that adopt a centralized approach to Gen AI integration are showing the best results, with about 70% of such institutions having moved Gen AI use cases into production.[5]

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One of the significant advantages of Gen AI is its ability to support continuous learning and updating, which contrasts with the traditional project-based approach common in credit unions. Historically, large projects such as credit card conversions or major marketing initiatives have been treated as isolated events rather than ongoing processes.[6] The integration of Gen AI requires a cultural shift towards viewing digital transformation as an ongoing discipline rather than a one-time product implementation. This shift ensures that Gen AI initiatives are continuously refined and improved, fostering long-term success and adaptability.

To successfully incorporate Gen AI, credit unions must think beyond traditional product-centric approaches. Instead, they should adopt a discipline that spans all organizational functions, similar to the integration of digital technologies. This holistic approach ensures that Gen AI touches every part of the organization, ultimately leading to greater success and efficiency. Adopting an API-focused ecosystem and prioritizing hyper-personalized banking experiences are among the strategies that can enhance the integration and effectiveness of Gen AI within financial services.

IDENTIFYING THE RIGHT GEN AI USE CASES TO START

Gen AI could revolutionize so many aspects of credit unions' current ways of doing business, making it hard to know where to begin. To help you get started, we encourage you to approach Gen AI use cases as a two-part strategy: a focus on improving the experience of employees and members (Gen AI for Users) and a focus on improving operational efficiency (Gen AI for Operations).

Gen AI for Users should be designed to be multi-purpose, allowing employees or members to utilize them for tasks such as drafting emails, creating marketing content, or self-servicing. These tools are already in use by many within the credit union industry and can enhance productivity and efficiency. Gen AI for Operations involves leveraging these tools to address specific challenges within credit unions. This deep-dive approach focuses on using Gen AI to improve operational processes and solve particular problems, thereby enhancing overall efficiency. Typically, these use cases are more focused on deriving insights using Gen AI.

Here are eight use cases that your credit union could consider piloting. These use cases are selected because they offer a low-effort/high-impact approach, are relatively easy to implement, and leverage solutions that are readily available in the market, making them ideal candidates for experimentation and quick wins.

Knowledge Base Querying

One of the primary applications of Gen AI is as an employee assistant, particularly in interacting with the credit union's knowledge base. Traditional search methods involve using search engines to pull up relevant documents, but this process can be time-consuming and inefficient. Gen AI disrupts the traditional search model by synthesizing information and providing contextually relevant answers. Instead of merely listing documents, Gen AI can deliver specific answers to queries, enhancing the usability of the knowledge base and significantly improving employee productivity. For example, Altura Credit Union has developed a virtual assistant to help employees find information quickly, enhancing operational efficiency and improving member service.[7]

Member-Facing Chatbots

Chatbots can interact with members through the credit union's website or mobile app, offering support and information around the clock. Virtual assistants powered by Gen AI can handle a significant portion of member inquiries, providing quick and accurate responses. By integrating with existing systems, these chatbots can provide personalized assistance, such as account information, transaction history, and product recommendations, based on the member's interactions and preferences. These tools can manage routine questions, allowing human staff to focus on more complex issues that require a personal touch.[8]

Personalized Financial Advice

AI-driven tools can provide members with personalized financial advice based on their financial behavior and goals. By analyzing spending patterns, income, and financial objectives, these tools can offer tailored recommendations for savings, investments, and budgeting, helping members achieve financial wellness.[9]

Member Engagement and Retention

AI can analyze member data to identify trends and preferences, enabling credit unions to develop targeted marketing campaigns and personalized offers. This approach enhances member engagement and retention by delivering relevant and timely information that meets the needs and interests of individual members.[10]

Predictive Analytics for Loan Underwriting

Gen AI can be utilized in loan underwriting to analyze a wide range of data points, including credit history, transaction behavior, and socio-economic factors. This approach enables credit unions to make more informed lending decisions, potentially increasing approval rates while managing risk effectively.[11]

Automated Document Processing

Gen AI can automate the processing of various documents, such as loan applications, compliance reports, and member communications. This automation reduces the time and effort required for manual processing, minimizing errors and freeing up staff to focus on higher-value tasks.[12]

Enhanced Fraud Detection

Gen AI can enhance fraud detection by analyzing transaction patterns and identifying anomalies in real time. This capability allows credit unions to proactively prevent fraudulent activities and protect members' assets. AI systems can continuously learn from new data, improving their accuracy and efficiency over time.[13]

Looking for more? For further insights on AI use cases in banking and trends in 2024, you can explore **this detailed article** from DashDevs.[14]

Now let's explore some case studies as examples for this two-pronged adoption strategy: Gen AI for Users and Gen AI for Operations.

EXAMPLES OF GEN AI FOR USERS: KLARNA AND STANFORD FEDERAL CREDIT UNION

Klarna

Klarna, a prominent buy-now-pay-later company, has successfully integrated Generative AI (Gen AI) to enhance its customer service operations. It's AI assistant operates 24/7 across 23 markets and supports over 35 languages, enhancing communication with local immigrant and expat communities, improving accessibility and service quality.[15]

Klarna's AI assistant has managed 2.3 million conversations, handling two-thirds of all customer service interactions. This efficiency is equivalent to the work of 700 full-time agents. The AI assistant handles a wide range of customer service tasks, including refunds, returns, payment-related issues, cancellations, disputes, and invoice inaccuracies. It provides real-time financial updates and manages multilingual support, ensuring personalized and efficient assistance for consumers worldwide. The AI assistant's performance is on par with human agents in terms of customer satisfaction. It has reduced the average resolution time from 11 minutes to under two minutes, and repeat inquiries have dropped by 25%. Financial Impact: Klarna anticipates a $40 million improvement in profits for 2024 due to the efficiencies gained from the AI assistant.[16]

Klarna maintains human agents for more complex queries, ensuring that customers can still interact with a person when needed. The AI system performs a warm handoff to human agents, balancing automation with the human touch, Klarna's AI assistant transforms the customer service landscape.

Stanford Federal Credit Union

Stanford Federal Credit Union implemented a Gen AI tool called Agent IQ, which integrates with their Q2 home banking product and provides web chat, self-service, and conversational SMS. This tool handles 52% of all conversations, significantly improving efficiency and member satisfaction. Members can easily interact with the AI for quick answers, and when necessary, the AI performs a warm handoff to human agents, ensuring a seamless experience.[17]

For unauthenticated interactions, Agent IQ has an even greater impact, managing 88% of all unauthenticated webchats. Members benefit from this integration on the Stanford Federal Credit Union website, where it provides support for a wide range of topics. As shown in the data, the AI assistant's effectiveness in retail banking, accounts, and card-related queries showcases its versatility and capacity to handle diverse member needs efficiently. This high adoption rate underlines the tool's capability to manage a substantial volume of member inquiries, providing accurate and prompt responses without the need for human intervention.

The successful implementation of Agent IQ has led to significant reductions in the use of other member service channels, with secure messaging volume dropping by 30% within the first two months and a stable 55% reduction in overnight call center traffic. Importantly, this transition has been achieved without any increase in member complaints, reinforcing the seamless nature of the AI interactions. The ability to deflect and self-service inquiries effectively allows human agents to focus on more complex issues that demand personalized assistance.

Stanford FCU also reported unexpected benefits from the Agent IQ deployment. Staff members appreciate the platform's intuitive interface, making it easier to support members through a user-friendly system. The inclusion of video-based authentication provides a secure and convenient way for members to validate their identities from anywhere, anytime. This capability, coupled with the introduction of a virtual branch where members can connect with advisors for more in-depth assistance, demonstrates Stanford FCU's commitment to meeting evolving member expectations with modern and accessible solutions.

EXAMPLES OF GEN AI FOR OPERATIONS: TRANSCRIPT REVIEW

Incorporating Gen AI for transcript review within credit unions offers a valuable opportunity to enhance operations through data-driven insights.[18] This use-case focuses on leveraging AI to analyze transcripts from various member interactions, such as call centers and chat logs, to extract meaningful information and improve service quality.

Credit unions accumulate vast amounts of data from member interactions, including audio recordings and chat logs. Traditionally, this data has been used primarily for compliance and record-keeping. However, Gen AI can transform these transcripts into a goldmine of insights. By analyzing this data, credit unions can answer critical questions such as:

- Why are members reaching out?
- What issues are most frequently encountered?
- How are these issues being resolved?

Five Benefits of Gen AI for Transcript Analysis

1. **Comprehensive Data Utilization**
   Traditional methods often rely on post-call surveys, which can be incomplete and inaccurate. Gen AI can analyze the entire body of transcript data, providing a more comprehensive understanding of member interactions and common issues. This approach allows credit unions to move beyond anecdotal evidence and develop a clearer picture of member needs and challenges.[19]

2. **Enhanced Productivity**
   By automating the analysis of transcripts, Gen AI reduces the manual effort required from employees, allowing them to focus on more strategic tasks. This approach is akin to using AI tools like Microsoft Copilot to generate meeting minutes from Teams recordings. Automating these tasks improves operational efficiency and frees up staff for higher-value activities.[20]

3. **Identifying Pain Points**
   Gen AI can pinpoint recurring problems and pain points in member interactions. Addressing these issues proactively can reduce call volumes and improve overall member satisfaction. For instance, understanding frequent queries about specific services can lead to targeted improvements and better member communication strategies.[21]

4. **Data-Driven Decision Making**
   Becoming a data-driven organization involves using insights from Gen AI to inform strategic decisions. This approach goes beyond simple metrics like net promoter scores, offering deeper insights into member behavior and service quality. Data-driven decision-making helps in anticipating member needs and tailoring services accordingly.[22]

5. **Real-Time Feedback Loop**
   Gen AI can provide real-time feedback and insights to employees, helping them resolve issues more effectively during member interactions. This continuous improvement loop ensures that the organization remains responsive to member needs and expectations.[23]

BUILDING THE RIGHT DATA INFRASTRUCTURE FOR GEN AI

The foundation of successful Gen AI implementation lies in the quality and organization of data. Credit unions must recognize their data as a valuable asset that can drive personalized services, predictive and prescriptive insights, operational efficiency, and risk management.[24]

Personalized Services

Personalization will be crucial in the future of member services.[25] Moving beyond generational segmentation, Gen AI can offer services tailored to individual preferences and behaviors. This requires integrating various data sources, including:

- **Member Account History**: Detailed records of transactions and interactions.
- **Demographic Information**: Insights into member profiles.
- **External Data**: Additional information that can enhance understanding of member needs.

Predictive and Prescriptive Insights

Predictive insights involve using data to forecast future behaviors and trends. This requires data on loan repayment patterns, spending habits, and member feedback. Prescriptive insights go a step further by suggesting actions to influence member behavior, such as recommending products based on predicted needs.

Operational Efficiency

Data from automation tools and transaction logs can help improve operational efficiency. For instance, understanding the cost of various processes through data analysis enables credit unions to identify areas for cost reduction. Tools like SMA OPCON provide valuable data that can be leveraged to enhance efficiency.

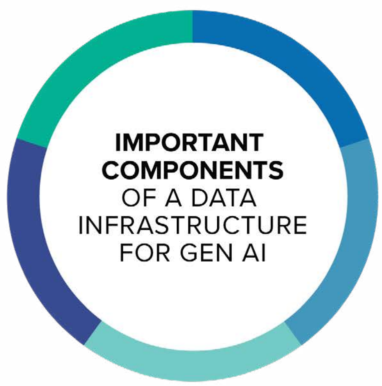
Risk Management

Effective risk management relies on accurate and organized transaction records. Credit unions must ensure their data is consistent and reliable to feed AI systems. Inconsistent data can lead to inaccurate insights, which is why data organization is crucial.[26]

BUILDING A FUTURE-READY DATA INFRASTRUCTURE

Building a future-ready infrastructure involves preparing data for advanced technologies like Gen AI. For example, JP Morgan's collaboration with Sandbox AQ on portfolio optimization illustrates how AI combined with quantum computing can influence financial behavior and optimize returns. Here are some helpful steps for getting your data ready to take full advantage of Gen AI's potential.

FIGURE 1: IMPORTANT COMPONENTS OF A DATA INFRASTRUCTURE FOR GEN AI



1. **DATA COLLECTION AND STORAGE**
   Implement systems to collect and store comprehensive data, including transaction logs, member interactions, and operational metrics.
2. **DATA QUALITY AND CONSISTENCY**
   Ensure data is accurate and consistent across the organization. Conduct regular audits to maintain data integrity.
3. **DATA INTEGRATION**
   Integrate data from various sources to create a holistic view of member interactions and operational processes.
4. **DATA ANALYSIS AND UTILIZATION**
   Use AI tools to analyze data and derive actionable insights. Focus on both predictive and prescriptive analytics to enhance decision-making.
5. **INFRASTRUCTURE INVESTMENT**
   Invest in infrastructure that supports advanced computing technologies. This includes preparing for future innovations like quantum computing.

By focusing on these steps, credit unions can transform their data into a strategic asset that drives innovation and operational excellence. Data is the cornerstone of effective AI implementation. By recognizing the value of their data and investing in its organization and analysis, credit unions can leverage Gen AI to provide personalized services, gain predictive insights, enhance operational efficiency, and manage risks effectively.

DEVELOPING A GEN AI IMPLEMENTATION STRATEGY

Implementing Gen AI solutions in credit unions differs significantly from traditional software implementations, such as installing a CRM system. The following chart offers some key differences and considerations.[27]

FIGURE 2: DIFFERENCES BETWEEN GEN AI AND TRADITIONAL SOFTWARE IMPLEMENTATION

GENERATIVE AI	TRADITIONAL SOFTWARE
DATA DEPENDENCY AND QUALITY	
AI relies heavily on high-quality, well-organized data. The success of AI models depends on the richness and accuracy of the input data. Unlike traditional software, which can function with basic datasets, AI systems need vast amounts of data for training and continuous learning to make accurate predictions and decisions.	Traditional software applications operate based on predefined rules and logic set by programmers. They require structured data but do not depend on large datasets for their functionality.
ADAPTABILITY AND LEARNING	
AI models are adaptive and learn from new data over time, improving their performance. This continuous learning process enables AI to handle new and unforeseen scenarios more effectively. For example, machine learning models can adjust their predictions based on changing customer preferences or market trends.	Traditional software systems are static and operate strictly according to their initial programming. Any changes or improvements require manual updates by developers, making them less adaptable to new situations.
COMPLEXITY AND EDGE CASES	
AI implementations often deal with complex, unstructured data and a wide range of user inputs, leading to numerous edge cases. Handling these edge cases requires ongoing model fine-tuning and data collection, which can be resource-intensive and time-consuming.	Traditional software generally handles structured data and follows a linear process. Edge cases are less common, and the software does not need to adapt dynamically to new inputs once deployed.
PROBABILISTIC VS. DETERMINISTIC OUTPUTS	
AI models provide probabilistic outputs, meaning they estimate the likelihood of various outcomes rather than providing absolute results. This requires continuous monitoring and adjustment to maintain accuracy.	Traditional software provides deterministic outputs, delivering consistent results based on predefined rules. There is no need for ongoing adjustments once the system is correctly programmed.
IMPLEMENTATION AND MAINTENANCE	
Implementing AI involves integrating sophisticated algorithms and models that need regular updates and retraining to stay effective. The maintenance of AI systems is ongoing, requiring specialized skills and continuous evaluation.	Traditional software implementation is more straightforward, focusing on installation, configuration, and periodic updates. Maintenance is less frequent and usually involves bug fixes or feature additions.

Choosing The Right Gen AI Implementation Strategy

Choosing the right Gen AI implementation strategy is not a one-size-fits-all decision. It depends on a blend of the credit union's business needs, technical maturity, and organizational culture. There are the three primary approaches: building in-house solutions, buying of-the-shelf products, and configuring low-code platforms. Choosing the right Gen AI implementation strategy depends on the credit union's specific needs, resources, and long-term goals. No matter what the strategy choice, the focus should be on leveraging Gen AI to enhance operational efficiency, improve member services, and drive innovation.

FIGURE 2: DIFFERENCES BETWEEN GEN AI AND TRADITIONAL SOFTWARE IMPLEMENTATION

STRATEGY	ADVANTAGES	EXAMPLES
BUILD: In-House Solutions	Offers maximum customization and control. Tailored AI applications can be precisely aligned with the credit union's specific needs.	Altura Credit Union developed the virtual assistant Ava, utilizing frameworks like LangChain and a vector database called Chroma. This in-house solution improves operational efficiency by providing quick access to information.
BUY: Off-the-Shelf Products	Faster implementation and lower initial resource investment. Vendors provide support and updates.	Posh, AgentIQ, and Microsoft Copilot offer ready-made AI solutions that enhance customer service and operational efficiency. These products are designed to meet common industry needs and can be integrated quickly.
CONFIGURE: Low-Code Platforms	Combines flexibility with ease of use, enabling non-technical staff to configure and deploy AI applications.	Microsoft's Copilot 365 allows credit unions to create custom Gen AI workflows and integrate data sources with minimal coding, empowering more employees to participate in AI innovation.[28]

Preparing for Gen AI Implementation

To implement the right Gen AI strategy and prepare for its success, credit unions should focus their attention inwards on their technology, their employees, and data security and compliance.

Tech Stack Readiness

A recent survey indicates many organizations feel moderately prepared to work with AI tools, with some very advanced and others unsure about their readiness. Starting with existing resources, such as ChatGPT or Microsoft's Copilot, can provide initial exposure to AI capabilities, helping employees get comfortable with the technology.

Focus on Unstructured Data

Gen AI excels at working with unstructured data, such as text files, transcripts, and documents. Credit unions should explore data lakes for managing unstructured data, enabling AI to derive insights from diverse information sources beyond traditional rows and columns of data.

Employee Engagement

Engaging employees in the AI journey is crucial. Begin by understanding how employees are already using AI tools and encourage experimentation. Providing training and creating a supportive environment for innovation will help integrate AI into daily operations smoothly.

Security and Compliance

Ensuring data security and compliance is paramount. Using platforms like Microsoft's Azure for hosting AI models ensures that sensitive information is protected within a secure infrastructure, addressing concerns about data privacy and regulatory compliance.

To successfully implement one of the Gen AI strategies in the figure above, credit unions should focus on enhancing their technology, investing in their employees, and ensuring robust data security and compliance measures. This involves evaluating the current tech stack to identify gaps in AI readiness, engaging employees in the Gen AI journey through experimentation and training, investing in tools and infrastructure that support secure and compliant AI deployment, and fostering a culture of continuous innovation and data-driven decision-making.

BUILDING A CULTURE THAT EMBRACES GEN AI

Like with any major change initiative, employee buy-in and support will be the key differentiator in how successfully your organization can adopt and take full advantage of Gen AI. For those credit unions who have not yet adopted Gen AI strategies, such adoption requires a supportive culture. The perception of Gen AI can vary significantly, with reactions ranging from enthusiasm to reluctance. Developing a positive culture around Gen AI involves moving beyond strict policies to foster engagement and innovation. Town halls and internal marketing campaigns can help communicate the potential benefits of Gen AI, addressing concerns and encouraging its thoughtful use.

According to a report by McKinsey,[29] organizations with a positive AI culture see higher adoption rates and success in their AI initiatives. Highlight specific examples like:

- Bank of America's AI Academy, which trains employees on AI basics and its applications in banking.[30]
- JPMorgan Chase's COiN platform uses AI to review legal documents, saving an estimated 360,000 hours of work annually.
- Bank of America's Erica, an AI-driven virtual assistant, has handled over 50 million client interactions, showcasing the efficiency and enhanced customer experience brought by AI.

One way to create a positive AI culture is to promote experimentation. Practical engagement with Gen AI tools is essential for building familiarity and identifying practical use cases. Encouraging employees to experiment with Gen AI in fun and engaging ways can help demystify the technology and drive innovation. Promote the use of Gen AI tools like ChatGPT (in a secure data environment) or generative image processors for creative projects and team challenges. This helps employees understand Gen AI's capabilities in a hands-on manner. Highlight successful AI implementations within your credit union and the broader industry. Sharing these stories can inspire confidence and encourage further exploration. Implement AI tools that streamline processes and improve efficiency. Tools like virtual assistants and AI-powered analytics can provide immediate value and demonstrate the practical benefits of Gen AI.

CONCLUSION

The integration of Generative AI (Gen AI) represents a significant paradigm shift in the financial services industry. Given the rapid evolution of this technology over the last two years, it is crucial for credit unions to develop a strategic approach and foster a culture that embraces innovation. The examples and use cases we have shared in this brief demonstrate the diverse applications of AI, from enhancing member services to improving operational efficiency.

If you haven't already, take some time to establish a clear AI strategy that aligns with your credit union's goals and promotes a culture of innovation. Alongside the strategy, continuously explore AI use cases relevant to your credit union. Encourage employees to experiment with AI tools and identify potential applications. If possible, credit unions should participate in industry-wide AI working groups to share experiences and best practices. Collaborating with peers can provide valuable insights and accelerate your AI journey.

There is no one-size-fits-all approach to Gen AI implementation. Credit unions have diverse needs and risk tolerances, and Gen AI solutions should be tailored accordingly.

Data is the foundation on which all AI works, including Gen AI. Ensuring that your data is organized, accessible, and of high quality is critical for leveraging Gen AI effectively. In fact, data is the cornerstone of AI success. Because of this, credit union data must be consistent and reliable. Credit unions should evaluate their current data infrastructure and identify areas for improvement. Even unstructured data can be leveraged. For example, credit unions can use unstructured data like call transcripts and knowledge bases, to gain deeper insights and improve decision-making. Lastly, credit unions should promote data literacy across their organization to ensure that employees understand the importance of data and how to use it effectively.

There is no one-size-fits-all approach to Gen AI implementation. Credit unions have diverse needs and risk tolerances, and Gen AI solutions should be tailored accordingly. Credit unions should first determine their most pressing needs and how Gen AI can address them. Focus on areas where Gen AI can provide the most significant impact. Next, credit unions should evaluate their risk tolerance and choose Gen AI solutions that align with it, balancing innovation with prudent risk management. During these discussions, credit unions should engage all parts of the organization in their Gen AI journey. Use initiatives like collaborative projects and team

challenges to familiarize employees with the capabilities of Gen AI.
By embracing these strategies and those discussed throughout this report, credit unions can navigate the complexities of Gen AI implementation and unlock the transformative potential of this technology. The journey toward Gen AI integration is ongoing, but with a clear strategy, robust data practices, and a culture of innovation, credit unions can position themselves for success in the digital age. Connect with industry peers to share insights and best practices. Invest in training and resources to build Gen AI capabilities. Finally, continuously evaluate and refine your Gen AI strategy to adapt to emerging trends and opportunities.

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Coding After Coders: The End of Computer Programming as We Know It

In the era of A.I. agents, many Silicon Valley programmers are now barely programming. Instead, what they're doing is deeply, deeply weird.

By Clive Thompson
Clive Thompson interviewed more than 70 software developers at Google, Amazon, Microsoft and small start-ups. He is the author of "Coders: The Making of a New Tribe and the Remaking of the World."

March 12, 2026

Lately, Manu Ebert has been trying to keep his A.I. from humiliating him.

I recently visited Ebert, a machine-learning engineer and former neuroscientist, at the spare apartment where he and Conor Brennan-Burke run their start-up, Hyperspell. Ebert, a tall and short-bearded 39-year-old with the air of a European academic, sat before a mammoth curved monitor. Onscreen, Claude Code — the A.I. tool from Anthropic — was busy at work. One of its agents was writing a new feature and another was testing it; a third supervised everything, like a virtual taskmaster. After a few minutes, Claude flashed: "Implementation complete!"

Ebert grew up in the '90s, learning to code the old-fashioned way: He typed it out, line by painstaking line. After college, he held jobs as a software developer in Silicon Valley for companies like Airbnb before becoming a co-founder of four start-ups. Back then, developing software meant spending days hunched over his keyboard, pondering gnarly details, trying to avoid mistakes.

All that ended last fall. A.I. had become so good at writing code that Ebert, initially cautious, began letting it do more and more. Now Claude Code does the bulk of it. The agents are so fast — and generally so accurate — that when a customer recently needed Hyperspell to write some new code, it took only half an hour. In the before times? "That alone would have taken me a day," he said.

He and Brennan-Burke, who is 32, are still software developers, but like most of their peers now, they only rarely write code. Instead, they spend their days talking to the A.I., describing in plain English what they want from it and responding to the A.I.'s "plan" for what it will do. Then they turn the agents loose.

A.I. being A.I., things occasionally go haywire. Sometimes when Claude misbehaves and fails to test the code, Ebert scolds the agent: Claude, you really *do* have to run all the tests.

To avoid repeating these sorts of errors, Ebert has added some stern warnings to his prompt file, the list of instructions — a stern Ten Commandments — that his agents must follow before they do anything. When you behold the prompt file of a coder using A.I., you are viewing a record of the developer's attempts to restrain the agents' generally competent, but unpredictably deviant, actions.

I looked at Ebert's prompt file. It included a prompt telling the agents that any new code had to pass every single test before it got pushed into Hyperspell's real-world product. One such test for Python code, called a pytest, had its own specific prompt that caught my eye: "Pushing code that fails pytest is unacceptable and embarrassing."

Embarrassing? Did that actually help, I wondered, telling the A.I. not to "embarrass" you? Ebert grinned sheepishly. He couldn't prove it, but prompts like that seem to have slightly improved Claude's performance.

His experience is not unusual; many software developers these days berate their A.I. agents, plead with them, shout important commands in uppercase — or repeat the same command multiple times, like a hypnotist — and discover that the A.I. now seems to be slightly more obedient. Such melodramatic prose might seem kind of nuts, but as their name implies, large language models are language machines. "Embarrassing" probably imparted a sense of urgency.

“If you say, *This is a national security imperative, you need to write this test*, there is a sense of just raising the stakes,” Ebert said.

Brennan-Burke chimed in: “You remember seeing the research that showed the more rude you were to models, the better they performed?” They chuckled. Computer programming has been through many changes in its 80-year history. But this may be the strangest one yet: It is now becoming a conversation, a back-and-forth talk fest between software developers and their bots.

This vertiginous shift threatens to stir up some huge economic consequences. For decades, coding was considered such wizardry that if you were halfway competent you could expect to enjoy lifetime employment. If you were exceptional at it (and lucky), you got rich. Silicon Valley panjandrums spent the 2010s lecturing American workers in dying industries that they needed to “learn to code.”

Now coding itself is being automated. To outsiders, what programmers are facing can seem richly deserved, and even funny: American white-collar workers have long fretted that Silicon Valley might one day use A.I. to automate *their* jobs, but look who got hit first! Indeed, coding is perhaps the first form of very expensive industrialized human labor that A.I. can actually replace. A.I.-generated videos look janky, artificial photos surreal; law briefs can be riddled with career-ending howlers. But A.I.-generated code? If it passes its tests and works, it’s worth as much as what humans get paid $200,000 or more a year to compose.

You might imagine this would unsettle and demoralize programmers. Some of them, certainly. But I spoke to scores of developers this past fall and winter, and most were weirdly jazzed about their new powers.

“We’re talking 10 to 20 — to even 100 — times as productive as I’ve ever been in my career,” Steve Yegge, a veteran coder who built his own tool for running swarms of coding agents, told me. “It’s like we’ve been *walking* our whole lives,” he says, but now they have been given a ride, “and it’s fast as [expletive].” Like many of his peers, though, Yegge can’t quite figure out what it means for the future of his profession. For decades, being a software developer meant mastering coding languages, but now a language technology itself is upending the very nature of the job.

The enthusiasm of software developers for generative A.I. stands in stark contrast to how other Americans feel about the impact of large language models. Polls show a majority are neutral or skeptical; creatives are often enraged. But if coders are more upbeat, it's because their encounters with A.I. are diametrically opposite to what's happening in many other occupations, says Anil Dash, a friend of mine who is a longtime programmer and tech executive. "The reason that tech generally — and coders in particular — see L.L.M.s differently than everyone else is that in the creative disciplines, L.L.M.s take away the most soulful human parts of the work and leave the drudgery to you," Dash says. "And in coding, L.L.M.s take away the drudgery and leave the human, soulful parts to you."

Operators working with an IBM 7090 computer in 1960, at what was then known as the Lawrence Radiation Laboratory in Livermore, Calif. Lawrence Livermore National Laboratory/Science Photo Library

Coding *has* been drudgery, historically. In the movies, programmers excitedly crank out code at typing speed. In reality, writing software has always been an agonizingly slow and frustrating affair. You write a few lines of code, a single "function" that does one little thing, and then discover that you made some niggling error, like leaving out a single colon. As a company's "codebase" — every line of code in its software, accreting over the years — gets larger and involves dozens or thousands of functions interacting with one another, you could spend hours, days or weeks pulling your hair out trying to find which little mistakes are bringing everything to a halt. Maybe a line of yours broke something your colleague is coding two cubicles over.

For decades, computer engineers tried to automate this drudgery. In the industry, they call every step in this direction "adding a layer of abstraction": If you often find yourself doing something step by step in an onerous fashion, you automate it.

For example, one early computer language was Assembly, and it was devilishly hard to write. Computers had very little memory, so coders had to be efficient in how they used it, putting each bit of data carefully in place and then keeping mental track of it. Even simple calculations required an incremental, meticulous approach. Say you wanted to write some code that would calculate 5 percent interest on $10,000 over 10 years. Back in the 1960s, that would have required perhaps nine lines of pretty obtuse Assembly: "VAL, FLDECML 10000.0" to set the starting amount at $10,000, "CLA VAL" to load the amount into the processor, "FAD ZERO" to tell the computer you're working with numbers that have decimal points; and so on.

By the '80s and '90s, as computers became more powerful, engineers were able to create languages that took care of all that memory management for you, and also turned common asks into simple commands. In Python, a coder can perform that exact same calculation very simply: "interest = 10000 * (1.05 ** 10)." That single line tells the computer to multiply 10,000 by the interest rate over 10 years and store the result in the variable labeled "interest." Programmers no longer need to think about where all the data is being stored in the computer's memory; Python does that for them. It is, in other words, a layer of abstraction on top of all that fiddly memory business. Writing in that language is delightfully easier.

An early IBM personal computer and printer introduced in 1981. By the '80s and '90s, as computers became more powerful, engineers created languages that simplified the coding process. IBM/Science Photo Library

During the 2000s and 2010s, programmers abstracted away more and more scut work. Virtually anytime they encountered an onerous task, they wrote some code to automate it and then — very often — made it open source, giving it away for others to use. Here's an example: As a hobbyist programmer, I sometimes want to automatically "scrape" the text from a website. I've never written code myself to do that; I just use Beautiful Soup, a freely available package of thousands of lines of Python code that manages all the complexity. I don't even need to understand *how* Beautiful Soup works. It just gives me simple, typically one-line Python commands that — whoosh — retrieve and analyze website text for me. A significant amount of software is produced in precisely this way: developers stitching together big piles of code that someone else wrote.

With A.I., though, programmers ascend to an even higher level of abstraction. They describe, in regular language, what the program should do, and the agents translate that idea — that human *intent* — into code. Writing software no longer means mentally juggling the nuances of a language like Python, say, or JavaScript or Rust. Coding no longer involves messing up an algorithm and then trying to figure out where your error lies. That part, too, has been abstracted away.

So what exactly is left? Or as Boris Cherny, the head of Claude Code, put it when we met at Anthropic's headquarters in January: "What is computation — what is coding?" Then he added, "You can get pretty philosophical pretty fast."

His answer echoed what I've heard from pretty much every developer I've spoken to: A coder is now more like an architect than a construction worker. Developers using A.I. focus on the overall shape of the software, how its features and facets work together. Because the agents can produce functioning code so quickly, their human overseers can experiment, trying things out to see what works and discarding what doesn't. Several programmers told me they felt a bit like Steve Jobs, who famously had his staffers churn out prototypes so he could handle lots of them and settle on what felt right. The work of a developer is now more judging than creating.

Cherny himself has been through all the layers of abstraction: As a teenager in California, he taught himself a little Assembly so he could write a program that solved math homework automatically on his calculator. Today he simply pulls out his phone and dictates to Claude what he wants the A.I. agent to do; in a sort of Ouroboric loop, 100 percent of Cherny's contributions to the Claude codebase are now written entirely by Claude.

While we talked, his phone was sitting on the table in front of us, and at the end of an hour he showed me the screen: 10 Claude agents had been tweaking the codebase. "I haven't written a single line by hand, and I'm like the most prolific coder on the team," he said. "It's an alien intelligence that we're learning to work with."

For most of the coders I met, learning to work with A.I. means learning to *talk* to A.I. This struck me as an unexpected paradox of this new age, because traditionally coding was a haven for introverts who preferred to talk as little as possible to others at work. But now their entire job involves constantly chatting with this alien life form.

If describing and talking are now much of the work of a software developer, the talk nonetheless remains pretty complex and highly technical. An amateur can't do it. You can't just tell an agent, *Build me the code for a successful start-up*. The agents work best when they're being asked to perform one step at a time; ask for too much and they can lose the plot. Aayush Naik, whose start-up in San Francisco uses Claude Code, says it's a delusion to imagine that your A.I. agent will generate a whole project at once, in a "Big Bang" moment. Yes, you can get it to write 5,000 lines of code — but then, he says, "you test it and nothing works." This, all the software developers say, is where their training and expertise are still needed: knowing how a big codebase ought to be structured, how to design the system so it's reliable and how to figure out if the agent is sloppy.

Given A.I.'s penchant to hallucinate, it might seem reckless to let agents push code out into the real world. But software developers point out that coding has a unique quality: They can tether their A.I.s to reality, because they can demand the agents test the code to see if it runs correctly. "I feel like programmers have it easy," says Simon Willison, a tech entrepreneur and an influential blogger about how to code using A.I. "If you're a lawyer, you're screwed, right?" There's no way to automatically check a legal brief written by A.I. for hallucinations — other than face total humiliation in court.

When I visited Dima Yanovsky at his small San Francisco apartment, he, too, was busily chatting with Claude. He's a quick-to-smile 25-year-old programmer at Prox, a company that uses A.I. to help e-commerce companies. He founded it last year with his childhood friend Gregory Makodzeba. Both of them grew up in Ukraine, where their families were in the shipping business.

As he dictated commands to Claude, a number of agents were busy at work on his laptop, which was perched on his small desk. At one point, one of them started hallucinating, insisting that a table of data existed that clearly didn't exist. "What?" Yanovsky said, peering at his screen with a frown. He mashed out a disdainful reprimand on his keyboard: "who told you there is gonna be this table? i havent created this table."

Claude replied, in a daft and chipper tone: "You're right! I shouldn't assume tables exist." It began to redo the work.

Even with this occasional backtracking, Claude codes so much faster than Yanovsky that he struggles to put a number on how much faster he can now get his work done. "Like, 20X?" he offered. What once took weeks now takes hours. Every Silicon Valley founder he knows is experiencing the same thing. If you want to build a company in a hurry, nobody does it by hand anymore.

The fact that A.I. can boost coder productivity so drastically has been one of the more remarkable talking points in the field. I've noticed this myself: Just last week, I needed a web tool to clean up some messy transcripts, and I used A.I. to build it in about 10 minutes. On my own, it would have taken an hour, possibly longer.

But software start-ups — or individuals like me who are vibe-coding their own small apps — are a special case. They involve what's known in the industry as "greenfield" coding, where there are no pre-existing lines of code to deal with. An entirely new codebase is being created from scratch.

A vast majority of software developers aren't working in greenfield contexts. They're "brownfield," employed by mature companies, where the code was written years (or decades) earlier and already reaches millions or billions of lines. *Rapidly* adding new functions is usually a terrible idea — they might accidentally conflict with another part of the code and break something that millions of customers rely on. At most mature software firms, coders historically spent a minority of their time — sometimes barely more than an hour per day — actually writing code. The rest was planning, hashing out priorities and meeting to discuss progress.

This is the curse of success, and why big, established software firms can be slower to deliver upgrades than younger companies. Before a coder's new work is released, colleagues and higher-ups typically put it through a "code review," looking carefully at its lines and the results of any testing. If you want to put a number on how much more productive A.I. is making the programmers at mature tech firms like Google, it's 10 percent, Sundar Pichai, Google's chief executive, has said.

That's the bump that Google has seen in "engineering velocity" — how much faster its more than 100,000 software developers are able to work. And that 10 percent is the average inside the company, Ryan Salva, a senior director of product at the company, told me. Some work, like writing a simple test, is now tens of times faster. Major changes are slower. At the start-ups whose founders I spoke to, closer to 100 percent of their code is being written by A.I., but at Google it is not quite 50 percent.

I visited Salva in Sunnyvale, Calif., to shoulder-surf as he showed me how L.L.M.s have been woven into Google's work flow. For a firm with billions of lines of code, he noted, A.I.'s value isn't necessarily in writing new code so much as in figuring out what's going on with the existing lines. Developers will use it to analyze and explain what "sprawling" portions of code are doing, so they can determine how to help improve or alter it.

"A.I. is much better at wading into an unfamiliar part of the codebase, making sense of what's happening," he told me. It also helps developers work in languages they might not be very familiar with. As a result, developers on Salva's team form smaller groups: A year ago, these might have needed 30 people, each with their own specialty. Now a group needs only three to six people, which enables them to move more nimbly, so "we're able to clear through a lot more of our backlog," Salva said.

Salva opened up his code editor — essentially a word processor for writing code — to show me what it's like to work alongside Gemini, Google's L.L.M. For the first few years of the A.I. boom, he said, it was still "very much what I would describe as 'human in the loop.'" The A.I. assisted but didn't work independently. While he typed away, Gemini analyzed a piece of code for him, explaining whether it had been fully tested or not. When it suggested a few new lines, it was up to him to accept them.

But Google's metabolism is gradually speeding up, and Gemini is writing much more code on its own. Salva showed me an example. He had been hankering to solve a problem that Google coders had been complaining about: Sometimes they would log into Gemini's "command line interface" (or C.L.I.) from different accounts, and it was not easy to see which account they were using.

He typed out a request for Gemini: "When working inside of Gemini C.L.I., it would be nice to have a command that lets users see their logged-in identity." The A.I. processed the request for a few minutes, then told Salva how it intended to fulfill it. Salva gave his approval, and Gemini worked away in the background. When he checked back in 10 minutes, the code had been written and Gemini was testing it for errors. Then Salva realized the A.I. had become a bit overeager.

"Oh, Jesus," he said. "It ran 8,000 tests," far more than was strictly necessary. About 15 minutes later, though, the tests were finished, and Salva tried the new function. Lo and behold, the code worked, correctly displaying his logged-in account. "Not bad," he said. Making a demo like this was only the first baby step; before it could be incorporated into Google's codebase, it would have to go through several rounds of code review, rewriting and testing.

"As an engineer, I care less that the models are really good at producing the right result the first time," he said. "I care much more that there are validation steps in place so that it eventually gets the perfect or the right answer."

A 10 percent increase in Google's "velocity" may seem underwhelming, Salva noted, given the hoopla around A.I. "We have collectively — both in the software industry as well as in the media — oh, my God, created a hype cycle," he had told me when we first talked, last summer in New York. But the reality was impressive enough for him. “We should be delighted when there’s 10 percent efficiency gains for the entire company. That’s freaking bonkers!”

At old and huge brownfield companies, where the effort is focused on keeping the existing systems up and running, many programmers work like digital plumbers, fixing leaks that erupt at all hours. I saw that firsthand when I met in Seattle with David Yanacek, a senior principal engineer for AWS Agentic A.I. “AWS” stands for “Amazon Web Services,” the server cloud that is the digital backbone for millions of firms. If a server crashes, you might not be able to watch Netflix, hail an Uber or play Fortnite.

An old-school pager sat beneath Yanacek’s monitor. For years, Amazon used it to wake him during middle-of-the-night incidents; these days, he gets a smartphone alert. Whatever the devices involved, someone is expected to fix things as soon as possible.

“Server ops is *annoying*,” said Yanacek, a trim man of 42 with a gray beard and jittery intensity. “I actually love it! But it’s also annoying, and it’s nonstop.” His team has long built automations to speed up the pace of diagnosing problems. But L.L.M.s have offered powerful new ones, he said, because the A.I.’s fluency in both human language and programming means it can interpret error reports from crashed systems and look at their code. It can sometimes have a fix ready even before a bleary-eyed employee is fully awake.

Yanacek looked at his screen and noticed that, 11 minutes earlier, a demo application had issued an error alert — and Amazon’s A.I. had already pinpointed what went wrong and written a short report. The agent had discovered that a code change had apparently added a new time-stamp field, but some other part of the codebase wasn’t expecting that new field to be there. The result was an “unexpected field” error.

Yanacek peered at the A.I.’s suggested fix, pondered for a moment, then hit “enter” to approve it.

The A.I. took about eight minutes to figure things out, he told me. “By the time I’d opened my laptop, it’s ready.” One customer recently told him that Amazon’s A.I. agent fixed a problem in only 15 minutes; when a similar problem occurred months before, it had taken a full team of engineers eight hours to debug.

In other Amazon sectors, the brownfield engineers work on revising segments of old code (sometimes decades old) to make them more efficient, or perhaps to redo them entirely in a more modern language. It’s work that is crucial but finicky and delicate, like performing a heart transplant.

These digital renovations have sped up, too. McLaren Stanley, a senior principal engineer at Amazon, recently modernized a piece of code he had personally written years earlier. The original version had taken a month to create; this time, with the help of Amazon’s in-house A.I., he finished the job in a morning. His team has similarly reworked other big chunks of code. One of A.I.’s key advantages, Stanley told me, is that it makes it easier to try out new ideas. “Things I’ve always wanted to do now only take a six-minute conversation and a ‘Go do that,’” he says.

Grace Hopper, a computer-science pioneer and proponent of creating easier-to-use computer languages, codes problems onto punch tape. Bettmann/Getty Images

I've written about developers for decades, and they have always rhapsodized about the thrill of bringing a machine to life through arcane commands. Sure, the work could be cosmically exasperating, requiring hours or even weeks to chase down a single bug. But the grind sharpened the joy. When things finally started working, the burst of satisfaction was intoxicating.

So I was surprised by how many software developers told me they were happy to no longer write code by hand. Most said they still feel the jolt of success, even with A.I. writing the lines. "I love programming. I love getting in the zone. I love thinking big thoughts. It's the creative act," says Kent Beck, a longtime guru of the software industry who has been coding since 1972. Ten years ago, he mostly stopped writing software; he was frustrated with the latest languages and software tools. But L.L.M.s got him going again, and he's now cranking out more projects than ever: a personalized note-taking app, new types of databases. Even the fact that A.I.'s output can be unpredictable — if you ask it to write a piece of code, it might do so in a slightly different way each time — "is addictive, in a slot-machine way."

A few programmers did say that they lamented the demise of hand-crafting their work. "I believe that it can be fun and fulfilling and engaging, and having the computer do it for you strips you of that," one Apple engineer told me. (He asked to remain unnamed so he wouldn't get in trouble for criticizing Apple's embrace of A.I.) He went on: "I didn't do it to make a lot of money and to excel in the career ladder. I did it because it's my passion. I don't want to outsource that passion." He also worries that A.I. is atomizing the work force. In the past, if developers were stuck on an intractable bug, they asked colleagues for advice; today they just ask the agents. But only a few people at Apple openly share his dimmer views, he said.

The coders who still actively avoid A.I. may be in the minority, but their opposition is intense. Some dislike how much energy it takes to train and deploy the models, and others object to how they were trained by tech firms pillaging copyrighted works. There is suspicion that the sheer speed of A.I.'s output means firms will wind up with mountains of flabbily written code that won't perform well. The tech bosses might use agents as a cudgel: *Don't get uppity at work — we could replace you with a bot*. And critics think it is a terrible idea for developers to become reliant on A.I. produced by a small coterie of tech giants.

Thomas Ptacek, a Chicago-based developer and a co-founder of the tech firm Fly.io, has seen the lacerating fights between the developers who love A.I. and those few who hate it, and "it's a civil war," he told me. He's in the middle. He thinks the refuseniks are deluding themselves when they claim that A.I. doesn't work well and that it *can't* work well. "It's like being gaslit," he says. The holdouts are in the minority, and "you can watch the five stages of grief playing out."

He's not a Pollyanna, though. "L.L.M.s are going to win on coding, but I don't know what that's going to mean for us," he adds. "People may be right about how bad that is for the profession, right?"

It certainly could mean terrible job prospects. New computer-science graduates are particularly concerned. Companies used to hire junior developers to do the menial labor for their senior colleagues, but who is going to hire a neophyte when a senior engineer can be even more productive with an army of deathless code-writing ghosts?

Silicon Valley has already been through a huge wave of layoffs. During the 2010s, tech firms were hiring aggressively, competing for new grads and adding an average of 74,000 new employees a year, according to the Bureau of Labor Statistics. Job postings soared in the early years of the pandemic. Then firms abruptly reversed course, and postings for new jobs collapsed. More than 700,000 tech workers have been laid off in the last four years, according to Roger Lee at Layoffs.fyi (this number includes all jobs in tech).

Most tech observers say A.I. probably wasn't the cause of those layoffs because, at the time, it wasn't yet good enough to replace coders. Other factors, they figure, were more significant: Interest rates rose, so tech firms lost their easy growth money. Companies that overhired shed that excess capacity. Some also suspect that when Elon Musk bought Twitter and said he laid off 80 percent of his work force, tech executives at other firms took note and decided that maybe they didn't need so many engineers either.

But there's evidence that A.I. is now eroding entry-level coding jobs. Last year, Erik Brynjolfsson, an economist who directs the Stanford Digital Economy Lab, and his colleagues analyzed industries based on their age group and how easily their jobs could be done by A.I. He found that computer programmers had one of the most "A.I.-exposed" jobs — and junior developers were hit the hardest. The number of jobs for those between the ages 22 and 25 (when one is most likely to be entering the field) had declined by 16 percent since 2022, while older programmers saw no significant decrease.

Virtually all of the tech executives I've spoken to, from those at coastal giants to those at small regional firms, have sworn to me that A.I. would not stop them from hiring appealing new talent. It's true that A.I. makes their existing developers more productive, but they always need more done.

“In my many years at Google, we have always been constrained by having way, way, way more ideas of things we would like to do than there was time and energy and hours in the day to go do them,” Jen Fitzpatrick, the company’s senior vice president for Google Core Systems & Experiences, told me. “I have never met a team at Google who says, ‘You know, I’m out of good ideas.’ The answer is always, ‘The list of things I would like to do is nine miles longer than what we can pull off.’”

Several developers suggested, in fact, that the number of software jobs might actually grow. An untold number of small firms around the country would love to have their own custom-made software, but were never big enough to hire, say, a five-person programmer team necessary to produce it. But if you could hire a *single* A.I.-assisted coder to do that same work, or even a part-time one? This is, as Brynjolfsson notes, a version of the “Jevons paradox”: When something gets cheaper to do, we don’t just pocket the savings — we do more of it. Though it could also be that these software jobs won’t pay as well as in the past, because, of course, the jobs aren’t as hard as they used to be. Acquiring the skills isn’t as challenging.

This question of skills can lead in some unsettling directions, though, when you chase it down. Many midcareer coders told me they felt confident using A.I. because they had spent decades developing a strong sense of what good, efficient code looks like. That allows them to explain to the agents precisely what they want and lets them spot quickly when the agents have cranked out something inefficient or sloppy.

But what happens to the next generation? Will they still develop that intuitive sense for code? If your job is now less about writing than assessing, how will newbies learn to assess?

Some new developers told me they can feel their skills weakening. Pia Torain is a software engineer for Point Health A.I., and she was only two years into her job when, in the summer of 2024, the company told her to start using Github’s Copilot code-writing tool. “I realized that it was just four months that I was prompting hundreds, 500 prompts a day, that I started to lose my ability to code,” she says.

She stopped using them for a while; these days, she'll have A.I. write for her, but she carefully reads the output, making sure she's absorbing how the code works. "If you don't use it," Torain told me, "you're going to lose it."

Point Health co-founder Rachel Gollub is less worried. She has been a software developer for almost 40 years, and for decades coders have worried that the craft is imminently doomed. When languages like Python and JavaScript emerged, they abstracted away the need to think about memory management, so developers stopped needing those skills. The old-school coders caterwauled: *It's not real coding unless you're managing your own memory!*

"People were all like, 'You're losing all your ability to code,'" Gollub told me. But plenty of big, reliable companies — Dropbox, say — relied heavily on newer languages like Python, and they have worked fine. Memory management is crucial in only a subset of coding tasks today, such as with devices that don't have much computing power. The vast majority of the software industry has moved on. Gollub expects the same transition will happen as A.I. tools become the norm.

Writing code is now so highly abstracted that nearly anyone *could* crack open a L.L.M. and describe an app. Maybe not a complex one. But if they needed some simple software for personal use? An A.I. could likely craft it.

This is what Maxime Cuisy recently did. He's a production manager for a print shop in Paris that produces photo books for high-end clients including Dior and Louis Vuitton. Educationally, he's your classic liberal-arts grad, having completed a master's thesis on the French graphic novel. He knows nothing of coding, and didn't even pay much attention to A.I. until a couple of years ago, when he says ChatGPT "basically helped me and my wife to save our cat."

They had gotten two new kittens, and both became so sick that one suddenly died. The vet told them the remaining cat had terminal cancer. Cuisy thought that was improbable, so he explained the cat's symptoms to ChatGPT, which suggested it was an infection. This inspired him to do more research and led him to a diagnosis of feline infectious peritonitis. A day later, the cat was on the mend.

At work, Cuisy soon had a different problem. The company had bought new printers only to run into problems with their existing software: To get the photos to display correctly, they now had to painstakingly adjust the margins. The company isn't big enough to have a developer team that could make custom software to automate this for them. Cuisy decided to try vibe-coding the solution himself, using Codex, OpenAI's code-writing tool.

"I basically told it, 'I need to have an app that does this, and this is the form factor that the printer can receive,'" he says. He spent a few hours carefully detailing the way files would need to be adjusted, and by the end of the day ChatGPT had produced an app that works on Mac and Windows operating systems. Employees use it to process up to 2,000 images in a single shot. His boss is happy. Cuisy has no idea how the code actually works. It's written in Python, which might as well be ancient Greek.

This is the cultural side effect of coding becoming conversational: The realms of programmers and everyday people, separated for decades by an ocean of arcane know-how, are drifting closer together. If code-writing A.I. continues to improve, there will likely be far more people in Cuisy's situation — the Jevons paradox in action. "Maybe they don't label themselves as software engineers, but they're creating code," Brynjolfsson says. "A lot of people have ideas." The world becomes flooded with far more software than ever before — written by individuals, for individuals.

How things will shake out for professional coders themselves isn't yet clear. But their mix of exhilaration and anxiety may be a preview for workers in other fields. Anywhere a job involves language and information, this new combination of skills — part rhetoric, part systems thinking, part skepticism about a bot's output — may become the fabric of white-collar work. Skills that seemed the most technical and forbidding can turn out to be the ones most easily automated. Social and imaginative ones come to the fore. We will produce fewer first drafts and do more judging, while perhaps feeling uneasy about how well we can still judge. Abstraction may be coming for us all.

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