

ANNUAL REPORT 2018



RIO GRANDE
- CREDIT UNION -





Board Members



Irene Serna
Board Chair



Cynthia Borrego
First Vice Chair



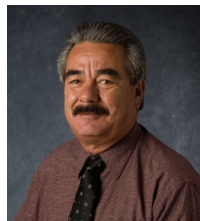
Dan Mayfield
Second Vice Chair



Lucy Sedillo
Secretary/Treasury



Dianne M. Brown
Director



Ron B. Maestas
Director



Mark Sanchez
Director



Supervisory Committee



Lisa Wilson
Chair



Susan Biernacki
Member



Patricia French
Member

2018

Leadership



Mike Athens
President/CEO



Roy Sange
Chief Financial Officer



Patrick C. Rushenburg
VP - Lending



Jeff Cain
VP - Marketing



Lily Currin
VP - Human Resources



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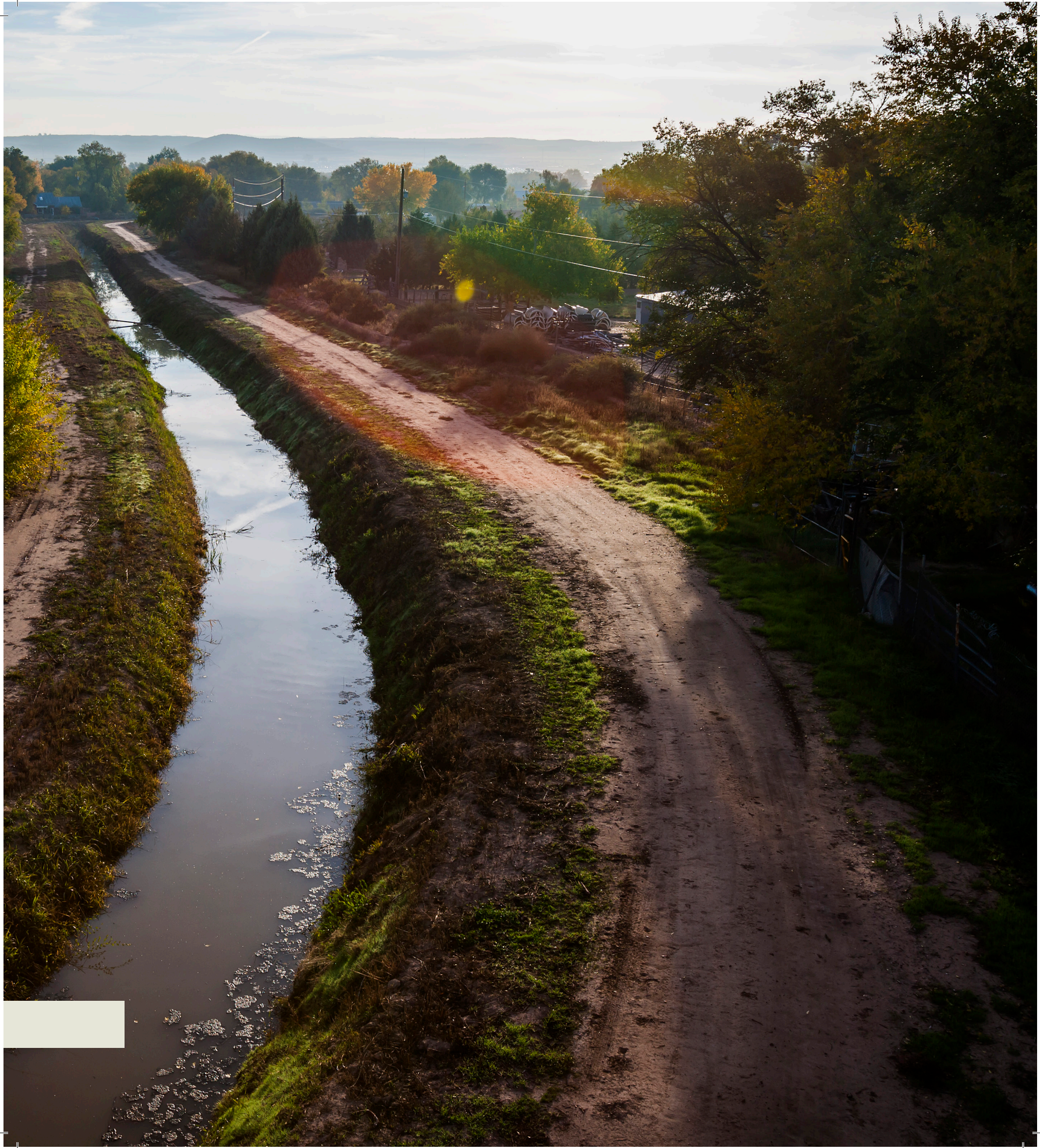


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Your New Mexico Credit Union





letter from the board chair

First, thank you for being a member! Your membership fuels what we do at Rio Grande Credit Union. The Board of Directors is honored to lead a sound and stable financial institution; a financial institution that is committed to our communities, our members and our staff. We are truly part of an organization that lives the principle of 'People Helping People' every day. I would like to highlight a few accomplishments during the past 12 months:

- We worked closely with our Interim President/CEO and picked up where our last President/CEO left off. We kept our eye on the strategic plan we had built in 2016 and followed through with many of our initiatives.
- We were happy to announce that Mike Athens was selected as our new President/CEO in January 2019.
- We built a budget for 2019 that invests in the credit union's future by starting technology projects where appropriate and hiring staff where needed.
- We commissioned an infrastructure analysis to study our current branch network and develop a plan to remodel existing branches and expand to other areas in Albuquerque.
- We will make our first business loan this summer. This is a big step for our credit union and one we are excited to launch. Business Visa credit cards, equipment and real estate purchases/construction will be the first types of loans we do.
- We created our new Jumpstart account for teens between the ages of 13 to 17. This account can be owned by the minor without an adult co-owner. Both Prosperity Works and NMCAN requested such an account for minors to have a safe place to save for their future.
- I am proud to announce that Rio Grande Credit Union received the top (gold) level award as being a New Mexico family friendly business.
- On the community front, we raised over \$18,000 for Prosperity Works and Catholic Charities during our 6th Annual Golf Classic.
- We completed two 10-week financial coaching session under St. Timothy's Financial Counseling Micro-Grant Program.

We are proud to be a part of the community. We are also proud that you choose to be Rio Grande Credit Union members. Thank you.

Sincerely,



Irene Serna, Board Chair



“We are truly part of an organization that lives the principle of ‘People Helping People every day.’”

-Irene Serna





letter from the president

Dear Members,

2018 was a year of transformation for our credit union. RGCU experienced a few senior leadership changes early in the year. Our board, supervisory committee and staff worked throughout the year to ensure the credit union remained safe and sound. We accomplished this and ended the year on solid footing. I am proud of our staff and volunteers for never wavering from our mission to be a trusted financial partner for each other, for our members and for our community. Below are a few highlights of the Credit Union's performance in 2018:

- Total assets ended at \$326,745,450. This represents a growth of 2.21% since 2017.
- Total member shares ended at \$274,353,958. This represents a growth of 0.66% since 2017.
- Total member loans ended at \$254,491,946. This represents a growth of 6.30% since 2017.
- Earned net income for 2018 was \$5,350,094. Our return-on-assets ratio was a very strong 1.66%.
- Net worth ended at 15.57%. NCUA defines a well-capitalized credit union as above 7%.
- The total number of members as of December 31, 2018 is 32,257.

Rio Grande Credit Union's financial performance continues to be nationally recognized. We were ranked the 113th healthiest credit union in the United States by depositaccounts.com. Bauer Financial again awarded us with a 5-star rating, the highest available. Weiss Ratings rated us as an "A" which means they would recommend us to do business with. We hope you are proud of your credit union and are willing to recommend RGCU to your family and friends.

We continue to give back to the community by working with our community partners. These partners include: Prosperity Works; Catholic Charities; St. Timothy's Church; Children's Miracle Network; Mile-Hi Neighborhood Association; NMCAN; and Rio Grande High School, just to name a few. RGCU employees donated 540 hours of their time to these organizations in 2018 and the credit union is committed to assisting these critical partners in building our community!

For the 3rd year in a row, Rio Grande Credit Union was named a "Top Work Place" by the Albuquerque Journal. This is very important to us, because it demonstrates that our staff believes in our mission of being a trusted financial partner. I'm very proud of our Rio Grande Credit Union Team!

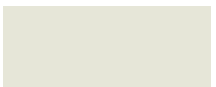
We hired our first financial counselor (coach) in 2018. Since coming on-board, our financial coach has held 15 financial seminars with over 438 individuals attending. She also held 47 individual coaching sessions with members and non-members. One of the seminars was a reality fair for students held at CNM and it was well received. We plan to conduct two reality fairs in 2019 and at least one retirement fair. We hope our members find our financial coaching helpful. We partnered with the Isotopes to create the areas first Mariachi rewards credit card - you can get yours at any branch starting in April 2019. Debit rewards points are forthcoming; we can't wait for you to accumulate points just by using your debit cards. We will continue to develop four strategic goals in 2019: improve member experience; maintain a strong and healthy financial position; build a better community; and improve internal process.

It has been my honor to serve you as Interim President/CEO in 2018 and now as President/CEO. I look forward to serving your financial needs for years to come.

Sincerely,



Mike Athens
President/CEO



Mike Athens

President/CEO



“I am proud of our staff and volunteers for never wavering from our mission to be a trusted financial partner for each other, for our members and for our community.”

-Mike Athens



2018 report

During 2018, the Supervisory Committee undertook activities to ensure the safety of your assets at Rio Grande Credit Union.

This includes participation in numerous trainings, meetings, conferences, and audits.

— Auditing

— Regulatory

— Training

— Conference Attendance

— Other



2018 report

Auditing

The Supervisory Committee reviewed the December 31, 2017, annual external audit with Jaramillo Accounting Group, the firm conducting the audit. Rio Grande Credit Union received an “unmodified” opinion, the highest opinion possible. There were no material findings or weaknesses found during the audit.

The Supervisory Committee prepared a 2018 Risk Assessment and Internal Audit Plan with the assistance of Carr Riggs & Ingram CPAs and Advisors (CRI), outside auditors the Committee engaged to provide internal audit services.

Based on the 2018 Risk Assessment and Internal Audit Plan, we commissioned, reviewed and approved the following internal audits and related matters.

Teller Procedures

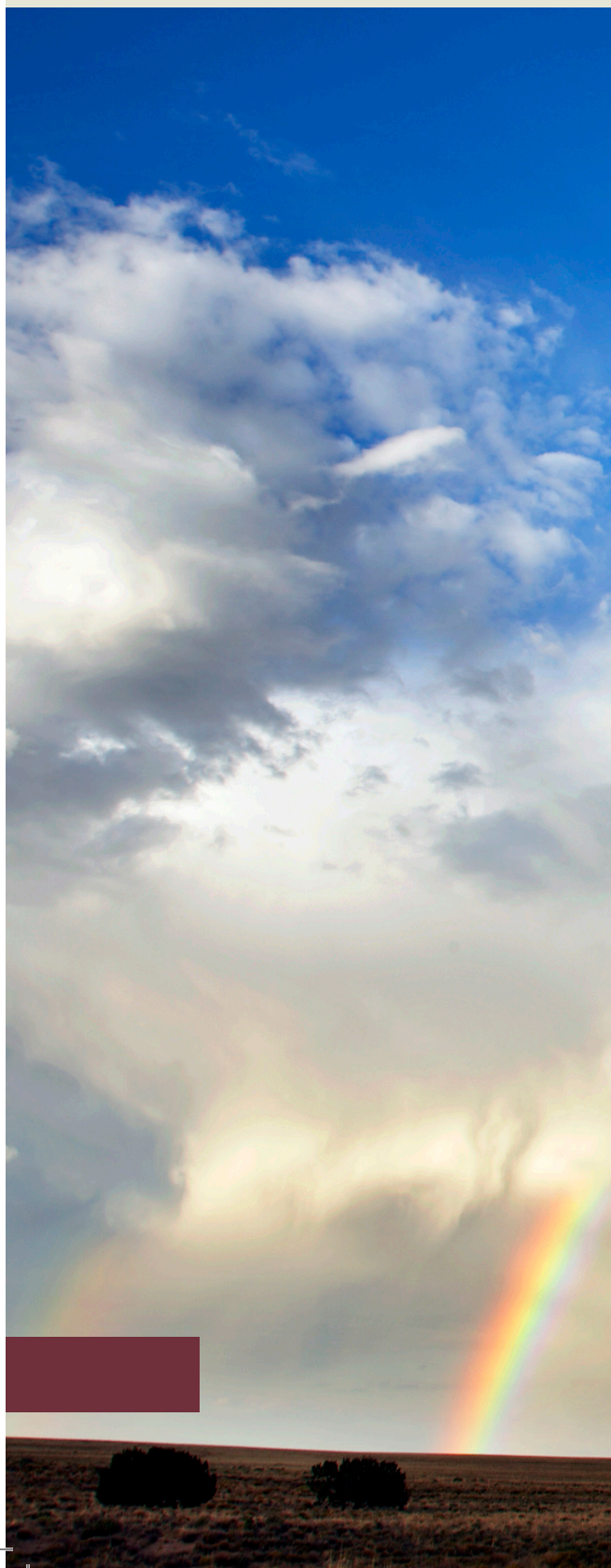
- Cash Counts
- Compliance with Teller Policies

Bank Secrecy Act

- Suspicious Activity Reporting
- BSA Training
- Identity Theft Prevention
- Automated Monitoring System Data Validation
- Monetary Instruments
- High Risk Member Review

Asset/Liability Management (ALM) and Interest Rate Risk (IRR) & Investments

- Review of Investment, Vendor Management and Asset Liability Management policies for adequacy
- Vendor Management
- Board and Committee Governance as it relates to ALM and IRR
- Interest Rate Changes



Regulatory

The Supervisory Committee attended meetings with our external regulators from the New Mexico Financials Institutions Division (FID) and National Credit Union Association (NCUA) regarding post-audit communications related follow-up to the 2018 FID/NCUA Exam.

Conference and Meeting Attendance

In 2018 Supervisory Committee members attended:

- Credit Union Association of New Mexico (CUANM) Annual Convention
- CUANM Supervisory Committee Training
- NCUA Supervisory Committee Training
- RGCU Strategic Planning
- RGCU Budget Meeting
- RGCU 2018 Annual Meeting

Training Sessions

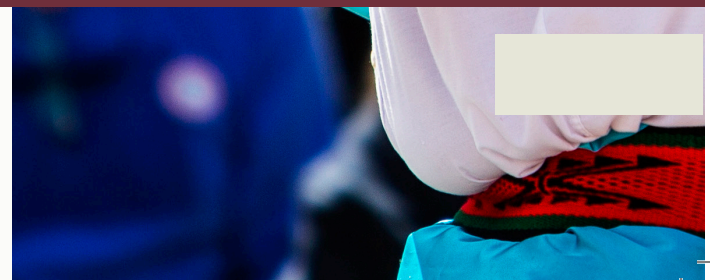
Supervisory Committee members participated in the following training sessions administered either by RGCU Risk Manager or the National Credit Union Association (NCUA):

- Bank Secrecy Act & OFAC Compliance for Volunteers Training
- Bank Bribery Act
- Sexual Harassment Prevention Training

Other

The Supervisory Committee performed the following:

- Prepared 2018 Risk Assessment with CRI
- Reviewed and approved an independent IT Risk Assessment
- Served as the Selection Committee for Board of Directors Membership
- Supervisory Committee Charter development



2018 financials

Income Statement

	2018	2017	2016
Interest Income			
Interest on Loans	14,614,281	13,652,831	12,781,727
Interest on Investments	1,179,089	867,210	504,856
Fee Income	7,334,047	6,659,345	6,136,978
Total Income	23,127,417	21,179,386	19,423,561
Operating Expenses			
Employee Compensation/Benefits	6,792,097	6,390,827	6,086,692
Office Operations/Occupancy	3,885,254	3,547,925	3,241,711
Conference and Promotions	607,564	548,444	494,544
Provisions for Loan Losses	2,791,450	3,323,950	3,490,700
Miscellaneous	1,756,874	1,859,737	1,596,181
Total Operating Expenses	15,833,239	15,670,883	14,909,828
Dividend Expense			
Dividends Paid to Members	1,967,984	1,880,672	1,657,784
Assessment/Gain (Loss)			
NCUSIF Recovery/(Expense)	0	0	0
Gain (Loss) on Investments/Disposition of Assets	23,899	(14,843)	19,899
Net Income			
Reserves and Undivided Earnings	5,350,094	3,612,988	2,875,848

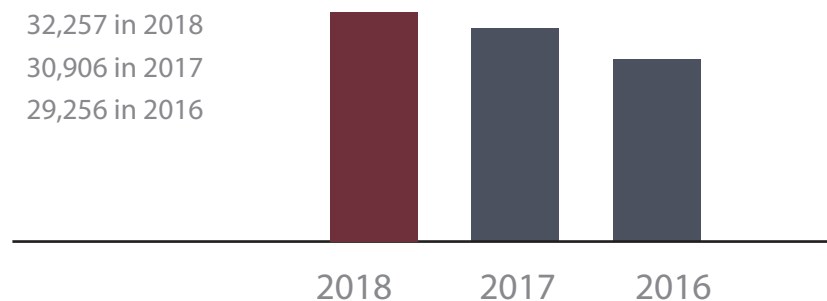


Balance Sheet

Assets	2018	2017	2016
Loans to Members - Net of Allowance for Loan Losses	251,140,493	236,222,347	222,967,856
Cash	2,500,626	2,038,183	1,945,019
Investments	53,582,336	61,451,369	53,817,969
Accrued Interest Receivable	1,036,987	1,562,870	857,797
Fixed Assets	12,154,183	12,411,100	12,936,964
NCUSIF Deposit	2,641,101	2,662,148	2,371,076
Other Assets	3,689,825	3,335,809	3,080,047
Total Assets	326,745,451	319,683,826	297,976,726
Liabilities and Equity			
Member Shares	274,353,958	272,548,888	253,658,259
Accrued and Other Liabilities	2,160,057	2,017,778	2,369,049
Reserves and Undivided Earnings	50,231,436	45,117,160	41,949,418
Total Liabilities and Equity	326,745,451	319,683,826	297,976,726

Total Members

32,257 in 2018
 30,906 in 2017
 29,256 in 2016



Our mission is to create a trusted partnership with our members that demonstrates excellent member service by providing financial education and solutions, competitive pricing, and convenience.

We strive to be your financial partners of choice in our community.



RIO GRANDE
- CREDIT UNION -

Your New Mexico Credit Union

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