# PRESIDENT/CEO REPORT

For 80 years, our credit union has grown and evolved, making it one of the largest credit unions in Western Pennsylvania. The Board of Directors and Management have taken strategic measures to ensure our future existence for our membership. Our (Riverset's) culture is one of responsibility, accountability, and working together as a team to provide mutually beneficial relationships resulting in satisfied members. We prepare for today AND for tomorrow.

While continuing to deepen relationships with existing members within the Pittsburgh Board of Education, with the support of our membership, in 2005 we opened our doors to select employer groups in the Pittsburgh region. In 2009 we expanded our membership eligibility base to include all those in Allegheny, Beaver, and Butler Counties and became a community financial institution. As a result of our expansion, members from employer groups and our community family now comprise 32% of our total membership.

Not only has our membership composition changed, but so has the way many of our members conduct their financial transactions. Year over year, our online banking and mobile banking channel usage continues to rise. Members have embraced the convenience of 24/7 banking. With IT security and compliance at the forefront, we have and will continue to look to technology to streamline operational efficiencies and enhance self-service channels available to our membership.

As a financial institution, simply put "loans are where it's at." Loans are how the credit union makes money, particularly in a low interest rate environment for investments. We give back to our membership by offering competitively priced quality loan products with little or no fees such as our home equity loans with no closing costs or application fees and our VISA credit card with low rates and no balance transfer or cash advance fees.

Over the past 35 years as an employee and the past 15 years as your President/CEO, while much has changed, one has remained constant, which is our commitment to our membership. Celebrating 80 years is an honor and we thank you.

Sincerely,

Christine Chojnicki

Christine Chojnicki

**Convenience you can count on.**

Riverset Credit Union offers more than great rates and personal service. We offer many convenient services to our members, including:

- Checking
- Savings
- Lending
- NetBranch™ Online Banking
- E-Z Bill Pay
- Account-to-Account Transfers
- Mobile Banking
- Popmoney® Personal Payment Service
- Surcharge-Free Access to all PNC Bank ATMs
- Thousands of Shared Branch Locations
- Direct Deposit

Please visit **riverset.com** for Riverset Credit Union offices and shared branch locations.

**Phone** 412-488-2525
**Fax** 412-488-2011 (Operations Center)
**Fax** 412-488-2012 (South Side Branch)
**TeleBranch™** 412-488-2525 (option 2) or 412-488-2544
**NetBranch™** riverset.com
**24-Hour Loan Applications: apply online at riverset.com**
**Routing and Transit Number: 243084294**

Riverset Credit Union is open to anyone who lives, works (regularly conducts business in), worships, attends school in Allegheny, Beaver and Butler counties.

EQUAL HOUSING LENDER

CO-OP SHARED BRANCH

**Federally Insured by NCUA**

NCUA

**Federally Insured by NCUA**

riverset® credit union

# 2013

## ANNUAL REPORT

*80 Years of Service*

80 SERVING OUR COMMUNITY YEARS

experience ***trust***. bank on ***riverset***.℠

# CHAIR REPORT

I am privileged to address you, the Riverset Credit Union shareholders, for the very first time as Board Chair. I succeed Gloria Walton, who served tirelessly as Board Chair for 19 years. I commend and thank Gloria for her service.

I am pleased to share Riverset's revised mission statement with you. Riverset's mission is to provide sound, innovative, and efficient banking services to current and future members.

Our organization has grown from its humble beginnings of one small room and a closet-sized office in the basement of the Pittsburgh School Board building, where annual membership meetings were held in the cafeteria. This was the Pittsburgh Teachers Credit Union for 65 years — our loyal, competent employees and volunteers provided basic services for multiple generations of members. In 1999, when we moved to the 10th Street office, our credit union began a swift growth in membership, asset size, and services. We weathered the financial storm, which began in 2007, with strength and resolve. Riverset's strong, steady commitment to our members' best interests will continue to guarantee its bright future.

I would like to share some highlights of 2013.

- Our institution was faced with additional regulations intended to protect shareholders' interests; Riverset management added a staff person to ensure timely compliance.
- Riverset's loan portfolio increased by 4% over 2012, aided in part by the performance of our auto loan CUSO. This is a cooperative service organization of local credit unions formed to offer car loans at dealerships.
- Riverset experienced increased membership growth. A significant demographic, Gen Y, whose birthdays fall between 1982 and 2000, membership grew by almost 17% in 2013.
- 2013 marked the first time that Riverset was the Official Financial Institution for the Dick's Sporting Goods Pittsburgh Marathon, raising brand awareness.
- Technology has radically changed the way we do business: individual utilization of our enhanced website — our virtual branch — from smart phones and other devices now drives how we serve our members. For many shareholders, virtual banking is the only banking channel they use. Fully one-half of our loan applications are completed online. We are committed to continuing our cutting-edge approach.

Riverset will seek to be progressive and innovative in order to continue to offer the best possible alternative to traditional banking. We will strive to be the fastest growing credit union in the region, while preserving our values of service, profitability, integrity, and community. On behalf of the board of directors, management, and staff, I thank you for your continued trust and confidence in our efforts.

George Gensure

# INCOME & EXPENSES

Year ending December 31, 2013 (unaudited)

| **Interest Income** | **2013** |
|---|---|
| Loan Income | $ 3,448,574 |
| Investment Income | 264,154 |
| **Total Interest Income** | **$ 3,712,728** |
| **Interest Expense** | |
| Interest Expense on Shares | 342,503 |
| **Total Interest Expense** | **$ 342,503** |
| Net Interest Income before Provision | 3,370,225 |
| Provision for Loan Losses | 174,000 |
| Net-Interest Income after Provision | 3,196,225 |
| **Total Non-Interest Income** | **$ 1,395,597** |
| Non-Interest Expense | 4,333,974 |
| Stabilization Expenses | 81,042 |
| **Total Non-Interest Expense** | **$ 4,415,016** |
| **Net Income** | **$ 176,806** |

# ANNUAL AUDIT

Year ending December 31, 2013

Cottrill, Arbutina & Associates, P.C., performed the supervisory committee examination as of December 31, 2013. All examinations are conducted in accordance with AICPA attestation standards.

**Additional Audits:**
Audit tests and procedures in the past were conducted in areas such as:

- Bank Secrecy Act
- S.A.F.E. Act
- Identity Theft Red Flag
- Dormant Account
- Closed Account
- Teller Cash
- Related Party Transactions
- Fair Lending Act Compliance
- Internal Control Review of Loan Operations
- Corporate Credit Card
- Delinquent Loans
- ACH Audits

**State/National Regulators:**

In 2013, they conducted their annual examination. All mandatory call reports to the National Credit Union Administration are filed in a timely fashion.

# BALANCE SHEET

December 31, 2013 (unaudited)

| **Assets** | **2013** |
|---|---|
| Loans, net | $ 69,732,101 |
| Cash & Cash Equivalents | 13,657,256 |
| Investments | 31,405,963 |
| Other Assets | 4,558,836 |
| **Total Assets** | **$ 119,354,156** |
| **Liabilities** | |
| Accounts Payable | 615,242 |
| Dividends Payable | 28,295 |
| **Total Liabilities** | **$ 643,537** |
| **Shares** | |
| Member Shares | 33,665,134 |
| Checking | 10,369,872 |
| Money Market Accounts | 27,188,379 |
| IRA Shares & IRA Certificates | 8,421,093 |
| Share Certificates | 15,817,410 |
| **Total Shares** | **$ 95,461,888** |
| **Equity** | |
| Reserves | 1,874,209 |
| Undivided Earnings | 21,440,005 |
| Other | -65,483 |
| **Total Equity** | **$ 23,248,731** |
| **Shares, Total Liabilities & Equity** | **$ 119,354,156** |

Gerard Papariella

Treasurer

# CREDIT COMMITTEE

December 31, 2013 (unaudited)

| **Loans Outstanding** | | |
|---|---|---|
| Unsecured Credit Card | 2,889 | $ 8,509,490 |
| New Vehicle | 960 | 15,023,373 |
| Used Vehicle | 1,621 | 17,797,905 |
| 1st Mortgage | 68 | 7,275,959 |
| Home Equity | 570 | 16,654,142 |
| Other | 1,524 | 4,797,951 |
| Shares Secured | 45 | 166,391 |
| **Total** | **7,677** | **$ 70,225,211** |
| **Allowance for Loan and Lease Losses** | | **493,110** |
| **Net Loans** | | **$ 69,732,101** |

# BOARD OF DIRECTORS

**Chair** George J. Gensure
**Vice Chair** Roy Buterbaugh
**Treasurer** Gerard Papariella
**Secretary** Sylvia C. Wilson

Thomas Motley
Henry L. Stephens, Jr.
John Williamson

# IN OUR COMMUNITY

As part of our commitment to the community, Riverset Credit Union continues the tradition of service and volunteerism through our program, Riverset GIVES—Growing the community by Impacting the lives of others through Volunteerism Efforts.

For the first time, Riverset Credit Union was the official financial partner of the Dick's Sporting Goods Pittsburgh Marathon. Our presence was visible to the athletes and their families at the expo and the finish line with activities, a contest, educational materials, and give aways.

Our community outreach touched many deserving organizations in 2013 through the efforts of our employees and their friends and families. The Delta Foundation, Children's Hospital, the Salvation Army, Family House, Arden Court, Ronald McDonald House, Big Brothers Big Sisters of Greater Pittsburgh, the Bradley Center, and the Emmaus Community benefited from the generosity of the Riverset employees.

The Riverset Star Student Award Program recognizes those students who meet academic and community involvement criteria. Students must be nominated and have letters of reference from their teachers. Each nominated student who meets the criteria is automatically entered into a random drawing for one of nine annual Riverset Star Student Awards. Each winner receives a cash prize of $250.00, recognition at their school and in the media, and a Riverset publication. In 2013, Riverset received nominations from a variety of school districts including Fox Chapel, Keystone Oaks, South Allegheny, and Pittsburgh Public Schools. The selected Star Students represented school districts from across the region and were acknowledged as student and community leaders.

Riverset's Star Student Awards