

CHAIR REPORT

It is my pleasure to address you, the Riverset Credit Union shareholders, in my role as Board Chair for this 2017 Shareholders' Meeting.

I am proud of the efforts that Riverset's Board and employees have demonstrated during the past year in providing sound, efficient banking services for our members and I am grateful to the membership for their continued support.

2016 has again been a successful year for Riverset. Major highlights are:

We experienced 12 months of positive net income in a climate of low interest rates and increased regulations, an enviable accomplishment.

Member service delivery has been enhanced, yet the goal of decreasing expenses has been met by judicious use of staff and external services. We now have full implementation of the Member Services Call Center that provides 24/7 availability and quick response times. Staff has taken full advantage of cloud-based applications resulting in increased speed, reliability, and security.

Riverset's loan portfolio remains sound with a mix of high quality home equity loans, vehicle loans, personal loans, and credit card balances. KLA (Keystone Lending Alliance) continues to secure new member vehicle loans, along with a solid return on our investment. This past fall, Riverset rolled out the PayBack Plus VISA Credit Card that pays 2% cash back on all purchases.

To better serve our existing members, Riverset's staff concentrates on up-selling and cross-selling additional products and services that are mutually beneficial to both the member and the organization.

Riverset Online and Mobile Banking services have become our fastest growing virtual branch. Members' use of bill pay, e-statements, transfers, POP money, and mobile deposit has increased dramatically. We continue our commitment to providing these services using the highest industry IT standards.

Riverset's Board and employees continue to provide the membership with services that match and/or exceed those of traditional banks. In this next year, we will work to be the best 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.

Sincerely,



George J. Gensure

BOARD OF DIRECTORS

CHAIR | George J. Gensure

VICE CHAIR | Roy Buterbaugh

TREASURER | Gerard Papariella

SECRETARY | Sylvia C. Wilson

Henry Stephens, Jr.

John Williamson

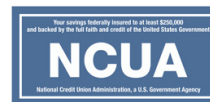


VISIT US ONLINE at
www.riverset.com



QUESTIONS? Call
24/7 at 412-488-2525

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



FEDERALLY INSURED BY NCUA

Riverset Credit Union 2016 Annual Report

PRESIDENT / CEO REPORT

Investing Today in Your Future

Today, banking is driven by technology and IT security and safeguarding member information is at the forefront. We continue to provide products and services that are grounded in technology. Our goal is to enhance our members' experience and to make banking faster, more convenient, and easier.

Our business is to simplify the way our members bank by providing mutually beneficial financial solutions that meet your everyday needs. In 2016 we placed focus on improving our products by providing new technologies and enhancing existing services:

Mobile Deposit – allows Riverset Mobile users to deposit checks using a tablet or smartphone.

24/7 Member Services Center – provides round-the-clock service via phone & LiveChat via web

ATM Cards – give "savings only" members a convenient way to deposit and withdraw money

DocuSign – allows our members to sign documents and completed forms via secure email

The focus to improve our products and services through technology will continue in 2017 with enhancements to our account opening process. This spring, new and existing members will be able to open and fund new accounts completely online, making it more convenient to join the credit union or add products and services to your existing membership.

Our staff will continue to educate and provide mutually beneficial financial solutions for Riverset members. As a member of Riverset, you are an owner and have a stake in the future success of the organization. We ask that you continue to support your credit union through participation and look to us for all your financial needs – today, tomorrow, and in the future.

You, our valued members, make all this possible. Thank you for being a loyal member and placing your trust in Riverset Credit Union. And a special thanks to our dedicated volunteer Board and dedicated staff – our most valuable assets.

Look for more to come in 2017 to make everyday banking simplified!

Sincerely,

Christine Chojnicki

Christine Chojnicki

INCOME & EXPENSE

YEAR ENDING DECEMBER 31, 2016–UNAUDITED

<u>Interest Income</u>		
Loan Income	\$	3,665,108
Investment Income		271,027
Total Interest Income	\$	3,936,135
<u>Interest Expense</u>		
Interest Expense on Shares	\$	263,831
Total Interest Expense	\$	263,831
Net Interest Income before Provision	\$	3,672,304
Provision for Loan Losses	\$	251,000
Net Interest Income after Provision	\$	3,421,304
Non-Interest Income	\$	1,574,325
Non-Interest Expense		4,380,210
Net Income	\$	615,419

CREDIT COMMITTEE

DECEMBER 31, 2016–UNAUDITED

<u>Loans Outstanding</u>	<u>Number</u>	<u>Amount</u>
Unsecured Credit Card	2,870	\$ 6,226,363
New Vehicle	1,119	19,201,936
Used Vehicle	1,656	19,941,135
First Lien R.E. Loans	609	32,113,192
Other R.E. Loans	180	4,551,877
Other	1,381	3,790,481
Shares Secured	19	68,922
Total	7,834	\$ 85,893,906
Allowance for Loan and Lease Losses		\$ 557,828
Net Loans		\$ 85,336,078

BALANCE SHEET

DECEMBER 31, 2016–UNAUDITED

<u>Assets</u>		
Cash & Cash Equivalents	\$	9,936,778
Investments, Net		13,969,939
Loans, Net		85,336,078
Other Assets		4,536,899
Total Assets	\$	113,779,694
<u>Liabilities</u>		
Accounts Payable	\$	1,088,050
Share Interest Payable		23,891
Total Liabilities	\$	1,111,941
<u>Shares</u>		
Member Shares	\$	33,118,715
Checking		11,615,011
Money Market Accounts		25,070,823
IRA Shares & IRA Certificates		6,276,706
Share Certificates		11,547,659
Total Shares	\$	87,628,914
<u>Equity</u>		
Reserves	\$	1,874,209
Undivided Earnings		23,161,890
Other		2,740
Total Equity	\$	25,038,839
Total Liabilities, Shares, & Equity	\$	113,779,694

ANNUAL AUDITS

YEAR ENDING DECEMBER 31, 2016

Cottrill Arbutina & Associates, P.C. performed the supervisory committee examination and additional required audits as of December 31, 2016.

State/Federal regulators conducted their annual examination in 2016. All agency examinations are conducted in accordance with state/federal regulations. All mandatory call reports to the NCUA are filed in a timely fashion.