

balance sheet (unaudited)

December 31, 2009

	2009
Assets	
Loans	\$66,145,683
Cash	1,389,682
Investments	33,230,139
Other Assets	<u>6,619,175</u>
Total Assets	<u>\$107,384,678</u>
Liabilities	
Accounts Payable	\$702,517
Dividends Payable	<u>116,984</u>
Total Liabilities	\$819,501
Shares	
Member Savings	\$24,891,607
Share Drafts	6,008,754
Money Market Accounts	25,706,021
Club Accounts – Holiday/Summer	2,095,865
IRAs – IRA Certificates	5,606,774
Share Certificates	<u>19,689,448</u>
Total Shares	\$83,998,469
Equity	
Reserves	\$ 1,903,071
Undivided Earnings	<u>20,663,636</u>
Total Equity	\$22,566,707
Total Liabilities, Shares & Equity	<u>\$107,384,678</u>

income and expense statement (unaudited)

December 31, 2009

	2009
Income	
Interest Income	\$4,075,617
Investment Income	723,158
Other Income	<u>1,181,422</u>
Gross income from operations	\$5,980,197
Gross income	\$5,980,197
Operating expenses	<u>5,722,678</u>
Net income before dividends	<u>\$ 257,520</u>
Distributions of income	
Dividends	\$1,211,851
Profit (loss) from operations	<u>(954,331)</u>



George J. Gensure
Treasurer

credit committee report

year ending December 31, 2009

breakdown of loans		
Line of Credit	622	957,223.07
New Cars	173	3,038,146.51
Used Cars	416	4,878,145.68
Indirect	303	6,243,609.43
Better Choice	68	36,530.00
Share Secured	37	387,504.16
Computer	15	18,859.63
Home Equity	218	4,952,516.77
First Mortgage	37	4,294,919.48
Education	16	53,819.09
Signature	<u>608</u>	<u>2,801,966.98</u>
TOTAL	2,513	\$27,663,240.80

3-year comparison on loans

Year	Loans	Average Loan	Amount
2009	2,513	\$11,008.05	\$27,663,240.80
2008	2,397	\$10,987.14	\$26,336,171.82
2007	2,614	\$8,687.74	\$22,709,748.71

Visa loans			
Year	Loans	Average Loan	Balance
2009	3061	\$2,015.17	\$6,168,442.57
2008	2880	\$1,864.24	\$5,369,015.20
2007	2714	\$1,824.98	\$4,953,001.15

board of directors

term expires

Gloria M. Walton, Chair	2010
Thomas Motley	2010
Henry L. Stephens, Jr.	2010
John J. Williamson	2011
Sylvia C. Wilson, Secretary	2011
Gerard Papariella	2011
Roy Buterbaugh, Vice Chair	2012
George J. Gensure, Treasurer	2012
James Titus	2012



south side branch

53 South 10th Street
Pittsburgh, PA 15203

mckeesport hospital branch

500 Hospital Way • Painter Building, Suite 3
McKeesport, PA 15132
(located inside UPMC McKeesport)

shadyside hospital branch

532 South Aiken Avenue • Aiken Building, Room 217
Pittsburgh, PA 15232
(located inside UPMC Shadyside)

Phone: 412.488.2525

Fax: 412.488.2011 (operations center)

Fax: 412.488.2012 (south side branch)

TeleBranch™: 412.488.2544

NetBranch™: riverset.com

Routing and Transit # 243084294



shareholders meeting

March 22, 2010



chair's report

A decade of transformation

Looking back on the first decade of the 2000s, it's difficult to believe that ten years have passed since the anticipated fear of Y2K. Subsequently, we have witnessed many firsts: the first woman to hold the position as the Speaker of the House, the first African-American President of the United States and great technological advances such as the iPhone. This smart phone has taken the capabilities of a cell phone, radio and camera and combined them with the power of the Internet to afford individuals the ability to remain immediately and constantly connected to the world.

A wise person once said that the future comes to us one day at a time, and with each day brings new "firsts." This decade has served as one of great transformation. Since 2000, **riverset** has experienced many of the following "firsts" of its own:

- website
- NetBranch - homebanking
- electronic Bill Pay
- Call Center
- personalized loan pricing
- two-tiered money market accounts
- merger - McKeesport Hospital Employees FCU
- online loan applications and member enrollment
- VISA rewards card
- overdraft advance
- membership expansion - multiple employer groups
- merger- Duke FCU
- TeleBranch - phone banking
- free access to PNC ATMs
- added an operations center
- 1st mortgages
- interest bearing checking

- education loans
- McKeesport Branch Office
- Shadyside Branch Office
- business loans
- free financial counseling
- changed our name to riverset
- opened to South Side community

As you know, one year ago at our Annual Meeting, the membership voted to expand our credit union family by changing to a community charter that encompasses individuals and businesses in Allegheny, Beaver and Butler Counties. This change increased our pool of potential members to over one million individuals. The community charter was formally approved by the Pennsylvania Department of Banking three months later. Our community kickoff is scheduled for April 2010, and we are so thankful to our members for the opportunity to welcome more individuals into our cooperative.

In May 2009, **riverset** and four other area credit unions formed Keystone Lending Alliance. This Alliance connects our members with our financing at area auto dealers so that they can enjoy a better buying experience at their local auto dealer while securing credit union financing with ease.

Just two months later, **riverset** entered into an agreement with Credit Union Service Centers shared branching network, which provides our members the option of free access to their accounts at thousands of credit union branches nationwide. Shared branching has given members extended weekend and evening hours and added convenience options when traveling.

Continuing on with a year of "firsts," 2009 was the year of the first **riverset** television commercial. The commercials featured Tunch Ilkin, voice of the Pittsburgh Steelers, and aired on WPXI throughout the football season.

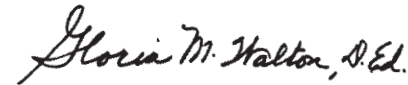
Today, we stand before you as the ninth largest credit union in Western Pennsylvania. The growth we've experienced through the years is equally attributed to

the dedication of our staff and the loyalty of **you**, our members, who have placed the trust in us to take care of your financial needs. Our members are at the core of all we do. You are **riverset**.

As another decade begins and our organization continues to grow, we will experience many more "firsts," but will never forget where we were and how we arrived to this point in time.

Thank you for your continued loyalty.

Sincerely,



Gloria M. Walton, D.Ed.
Chair, Board of Directors

Setting goals is the first step to turning the invisible into the visible... Tony Robbins

annual audit report year ending December 31, 2009

Federal laws and regulations, along with relevant Generally Accepted Accounting Principles were reviewed quarterly and annually by independent, external auditors. In addition, the examinations performed by state and national regulators were reviewed.

Annual Audit:

In 2009, Cottrill, Arbutina & Associates, P.C. performed the annual independent audit as of December 31, 2008. Currently, they are performing the annual audit as of December 31, 2009. All audits (including the Bank Secrecy Act Compliance Program) are conducted in accordance with generally accepted auditing standards.

Additional Audits:

The services of Alan Popa, CPA, are being used to perform numerous internal auditing tasks. Audit tests and procedures were conducted in areas such as:

- Dormant Account Report
- Closed Account Review
- Teller Cash Count
- Kiting Assessment, Share Draft and ACH Returns
- Related Party Transactions
- Fair Lending Act Compliance Review
- Internal Control Review of Loan Operations
- Corporate Credit Card Procedures
- Delinquent Loans Review

State/National Regulators:

In 2009, the Pennsylvania Department of Banking conducted their annual Financial and Information Technology Examinations, utilizing selective tests involving IT and accounting procedures. In 2010, they are scheduled to conduct annual examinations as of December 31, 2009. All mandatory quarterly reports to the National Credit Union Administration were filed in a timely fashion.

Account Verification:

For our account verification audit, a message will appear on your next statement asking you to verify your share and loan account balances. If you DO NOT AGREE with the statement, please write to the Internal Audit Committee at the following address: P.O. Box 10775, Pittsburgh, PA 15203. Please do NOT ENCLOSE any deposits/payments or any other requests along with your reply.

Thank you for your continued support.

hello neighbors

riverset® credit union is proud to announce that our membership is now open to our neighbors in Allegheny, Beaver and Butler counties.

This expansion allows us to offer even more valuable products and services to our members and the businesses and non-profit organizations we serve. This growth enables us to provide you with all the financial products and services you need to reach your future goals. At **riverset**, it's all about you.

We welcome the opportunity to be able to offer the **riverset** experience to our community and are looking forward to building brand new lifelong relationships. Thank you for your membership and continued support throughout the years. As we continue to grow, we need your help! Spread the word to your family, friends and co-workers and let them know that they, too, can now experience trust and bank on **riverset**!

Refer a member today! Visit riverset.com to learn more.

