

# Chairman's Report

People who are members of credit unions have been fortunate to belong to a financial institution with a reputation for strong governance. We at Riverfront continue our tradition of strong ethics and governance. We work very hard to be sure our standards remain at a very high level. The provisions of the Sarbanes-Oxley Act of 2002 which came about from the corporate scandals that our country experienced in recent years, do not apply to non-profits such as Riverfront, but regardless of the application, we are adhering to many of the standards set forth by the act.

Riverfront's Board and staff are committed to provide the highest levels of service to our membership. As new avenues for expanded services avail themselves through technology and new product lines, your management, staff and board will exercise due diligence when researching and approving new products; they must and will add value to your credit union membership.

This year we offered several new products and services which added value to your membership. Our credit card program was revamped adding a low rate Platinum Plus and Platinum Visa in addition to reducing the rate on our Classic card. An Accidental Death & Dismemberment insurance program was instituted for any member in need of this type of coverage, an Overdraft Privilege Program was instituted, ATM's were strategically placed for member use and a 24/7 Loan Application platform was implemented.

Financially we remain sound and strong. We remain strategically positioned to prevent our margins from being squeezed when interest rates start to climb. We have resisted the temptation to chase yield in this historically low interest rate environment.

We have again received the highest rating a credit union can receive from our governing body (NCUA) and a most favorable audit report from our outside independent public accounting firm.

We continue to support our communities both individually and as a group. The associates of the credit union along with financial support from the Board, participate in many charitable and community fundraising events throughout the year.

We are continuing our support to the Pennsylvania Credit Union Foundation's 'Financial Literacy' campaign. Our 'Save At School' program and our volunteer instructor who teaches basic finances in our local schools in conjunction with the Junior Achievement organization, are just a few examples of what we are doing in this area.

As we face ever changing challenges, your Board will always remember it has two basic responsibilities; Duty of Loyalty to the members and the credit union and the Duty of Care in exercising good and sound judgement in all of our decisions.

John W. Kline  
Chairman

# Board of Directors

John W. Kline Chairman of the Board	Lynden E. Miller Vice-Chairman	Larry C. Mengel Secretary
Roy R. Towles Director	John L. Bernheiser Director	Ginger Thomas Director
Irene Danenhower Associate Director	Michael Pantaleo Director	Timothy Murray Director
		Janice Warnquist Director

Geopolitical issues, the economy, a historically low rate of inflation, and the unprecedented interest rate environment are among the major themes that dominated the news during 2003. It seems likely that these same topics will shape our world during the coming year.

The unprecedented interest rate environment and the degree of uncertainty regarding the health of the economy continue to provide challenges for the financial services industry. Even with an increase in loan demand, which is an encouraging sign, our margins remained tight last year.

Our financial performance did, however, improve significantly when compared to 2002. We were more effective in managing our cost of funds and were diligent in our efforts to control our operating expenses. We have also begun to explore certain non-traditional business activities. We expect these initiatives to have a positive effect on our financial performance in future years. Your credit union is well capitalized and its overall financial condition remains strong.

We introduced a number of new products and services last year, which were designed to meet the unique needs of certain segments of our membership. These enhancements included:

- An "After Hours Loan-by-Phone" service which enables our members to apply for a loan at anytime.
- Our credit card program was completely revamped. Platinum and Platinum Plus cards were introduced to complement our Classic and Student programs.
- An "Overdraft Privilege Program" was introduced, which allows eligible members to overdraw their checking accounts up to certain predetermined limits.

We also provided a complimentary A D & D Insurance policy to all eligible members who requested it.

Our federal regulator recently completed their examination of our credit union and for the seventh consecutive examination we earned their highest rating. We are very proud of this accomplishment and you should feel confident about the safety and soundness of your financial institution.

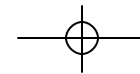
The following initiatives are scheduled to be introduced within the next twelve to fifteen months:

- An Electronic Bill Payment service is scheduled for release during the second quarter of 2004.
- It is our intention to offer an Internet-based loan application and approval platform, which will allow our members to submit loan applications electronically. This product is being developed by one of our business partners and it is our intention to introduce it later this year.
- We are also evaluating several locations as the site for an additional full service branch location. There are several options that are being considered at this time.

There are a number of enhancements that have been planned to make our processing systems more robust and secure. The enhancements themselves should be transparent to you and they will help to ensure the continued integrity of your financial information.

On behalf of our entire organization, I would like to take this opportunity to thank you for your continued support, which has helped us to help you build a better tomorrow!

Sincerely,  
Vincet Paolini, CPA  
President/CEO



# Supervisory Committee Report

The role of the Supervisory Committee is an important one and is similar in many respects to the role of an internal auditor. We serve to protect the interests of our members. We assume the responsibility for ensuring that a quality system of checks and balances is maintained. Our committee consists of five members appointed annually by the Board of Directors.

The committee's primary duties and responsibilities include:

- Engaging an independent auditing firm to complete an annual audit of the credit union's financial statements and a review of its internal control structure.
- Monitoring regulatory compliance.
- Ensuring that the credit union's directors and staff fulfill their fiduciary responsibility.

In 2003 the Supervisory Committee completed the following:

- Performed surprise cash counts and verified the inventory of Travelers Cheques.
- Reviewed expense accounts and internal controls for disbursements.
- Reviewed file maintenance and teller short/over reports.
- Reviewed loan files for compliance with internal and regulatory policies.
- Verified the accuracy of bank statement reconcilements.

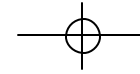
Irwin G. Levan  
Supervisory Committee Chairperson

## Statements of Financial Condition December 31, 2003 and 2002

	2003	2002
<b>Assets</b>		
Loans to members, net	\$42,991,874	\$39,887,185
Cash and cash equivalents	13,363,788	18,917,973
Interest bearing accounts	15,884,854	25,562,761
Securities available for sale	42,792,358	27,911,630
Accrued interest receivable	557,247	532,464
Property and equipment, net	1,021,015	1,109,237
NCUSIF deposit	1,020,565	977,418
Prepaid expenses and other assets	356,837	319,809
	<u>\$117,988,538</u>	<u>\$115,218,477</u>
<b>Liabilities and Members' Equity</b>		
<b>Liabilities</b>		
Members' shares & savings accounts	\$104,940,391	\$102,337,026
Accounts payable & accrued expenses	398,284	416,196
<b>Total liabilities</b>	<u>\$105,338,675</u>	<u>\$102,753,222</u>
<b>Commitments and contingencies</b>	-	-
<b>Members' equity, retained earnings</b>	<u>\$12,649,863</u>	<u>\$12,465,255</u>
	<u>\$117,988,538</u>	<u>\$115,218,477</u>

# Field of Membership

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| <p>Adappt, Inc<br/>Advanced Carbon Technologies Inc.<br/>Advanced Ind'l Piping Inc.<br/>Advanced Printing Technologies<br/>AFTECH<br/>Allied Trades<br/>All Star Distributing<br/>Aluminum Building Products<br/>AMTRAK<br/>Arro Consulting<br/>Associated Wholesalers Inc<br/>Atofina<br/>A Treat Bottling Co.<br/>AW Golden<br/>AW Styer Photography</p> <p>Baltimore Life/Life of MD<br/>Barbett Industries, Inc<br/>BCTGM Union<br/>Bell Tower Salon - MediSpa - Store<br/>Berks County Assoc for Hearing Impaired<br/>Berks County CIL dba/AIM<br/>Berks Credit &amp; Collections<br/>Berks County Medical Society<br/>Berks County Prison Society<br/>Berks Home Care<br/>Berks Packing Co<br/>Berks Products Corp<br/>Berks Visiting Nurses Assoc<br/>Berkshire Insulation Company<br/>Berkshire Podiatry Center Ltd<br/>B&amp;G Glass Service<br/>BNB Mechanical Inc<br/>Bollag International<br/>Bornemann Health Corp &amp; SJH<br/>Brenntag<br/>Burnish Advertising Studios</p> <p>Cardiology Assoc of West Reading<br/>Chef Alan's American Bistro<br/>Chima Inc<br/>Chiyoda America Inc<br/>City of Reading<br/>Comcast Cable (Reading)<br/>Commonwealth Orthopedic<br/>Community Physical Therapy<br/>CONRAIL<br/>Conrail Direct Inc<br/>Copy Systems Inc<br/>Council on Chemical Abuse COCA<br/>CSX</p> <p>Dan Phelps GMC Trucks Inc<br/>Dick Horrigan - BMW<br/>Diesel Services Inc<br/>Dolan Construction Inc<br/>DSM Engineering</p> <p>Eagle Brass Company<br/>Eagle Distributing Company<br/>Ebersole-Kohl-Zerby Assoc<br/>E-Cycle Inc<br/>EG Smith<br/>EJ Brenneman Inc/EJB Paving &amp; Materials<br/>Electronic Connectors Inc<br/>Elite Sportswear Ltd<br/>Empire Services Inc<br/>Entech Engineering Inc<br/>Ernie's Garage</p> <p>Fidelity Technologies Corp<br/>Fire&amp;RescueExplorer Post#290</p> | <p>Fleetwood Fixtures<br/>Fleetwood Industries<br/>Franciscan Family Care</p> <p>Geiger Beverages<br/>Glen Gery Corp<br/>Goodman Vending<br/>Gotwals Brothers<br/>Graffius Tiny Treasures Nursery<br/>School<br/>Graphite Machining, Inc.<br/>Greater Berks Food Bank<br/>Green Valley Nursery<br/>GST AutoLeather</p> <p>Hale Manufacturing<br/>Hampton Inn<br/>Har-Jan Mechanical Inc<br/>Home Health Care Management</p> <p>Industrial Plywood<br/>Inn at Reading</p> <p>Jacobson &amp; Associates<br/>JP Linette Inc</p> <p>Key Printing<br/>Keystone Community Blood Bank Inc</p> <p>Laborers' District Council Heavy &amp; Highway<br/>Lancaster Beverages/All Star<br/>Distributing<br/>Landsdale Fence<br/>LDC Building &amp; Construction<br/>Lentz Milling<br/>LGL Cable Co Inc<br/>Lincoln Chemicals<br/>Local #126<br/>Local #429 Teamsters<br/>Local #481 and #289 BCTWIU<br/>Local #743 IBEW<br/>Longo Toyota/Penske</p> <p>Maxwell Resources<br/>Merchants Dispatch (Conrail)<br/>MGP Inc<br/>MidGaard Advertising Agency<br/>Mifflin Center<br/>MJ Reider Assoc<br/>Morgan Brothers Tree Service</p> <p>Nells Shurfine (AWI)<br/>New Jersey Transit<br/>Norfolk Southern<br/>North Penn Fence<br/>Novacom<br/>Nurses Available Inc</p> <p>Offset Impressions<br/>O-Z Gedney</p> <p>Paragon Optical Company Inc<br/>PB&amp;NE Railroad<br/>Penske Corporation<br/>Penske Truck Leasing<br/>Personacare of Wyomissing<br/>Phillips Van Heusen<br/>Power Packaging<br/>Premium Beverage Packers<br/>Process Recovery Corp<br/>Prudential Commonwealth Real Estate<br/>P-Wave Inc.</p> | <p>Quadrant EPP Inc.</p> <p>Radio Maintenance<br/>Rajah Temple<br/>Reading Bakery Systems<br/>Reading Berks Chapter Guild of Craftsmen<br/>Reading Bone Agway<br/>Reading Mack<br/>Reading Metro Taxi<br/>Reading Pediatrics Inc<br/>Reading Plastic Fabricators<br/>Reading Post Office<br/>Recycling Works Inc (Clement'sWaste)<br/>Reitech Corp<br/>Remcon Plastics Inc<br/>Renbow International<br/>Riveredge Inc<br/>Robesonia Flowers &amp; Gifts<br/>Rohm &amp; Haas<br/>RPA Associates Inc<br/>RS Richert &amp; Sons<br/>RTC Direct Mailing<br/>RW Eaken Inc</p> <p>Saint Joseph's Medical Center<br/>Santilli Oil Company<br/>Savage Sales &amp; Service<br/>SDR Mechanical Inc<br/>Sealed Air Corp<br/>Secure A Home<br/>SEPTA<br/>Sheraton Berkshire Hotel<br/>Slovak Catholic Sokol Assoc<br/>Snap On Tools Corp<br/>Spanish Speaking Council of Rdg &amp; Berks<br/>Sparkle's Cleaning Service<br/>Spotts, Stevens and McCoy Inc<br/>Spruce Manor Nursing &amp; Rehab<br/>SRG Auto Supply<br/>Stauffer Biscuit Company Inc.<br/>Strohmamm/Maires<br/>SunSweet Growers Inc<br/>Supervalve Inc<br/>Surgical Specialties Corp</p> <p>TEACH<br/>Ted and Carl Caterers, Inc<br/>The Hair Connection<br/>The Villa of St. Elizabeth<br/>Third Ward Democratic Club<br/>Today's Computer<br/>Township of Cumru</p> <p>UAI Group<br/>United Corrstak Inc<br/>United Knitting Machine Co</p> <p>Valley Forge Flag Company<br/>Vision Mechanical, Inc.</p> <p>Western Berks Ambulance Assoc<br/>White Brothers Construction, Inc<br/>WH Schlegel Inc<br/>Windsor Service Inc<br/>Wolfe Roofing &amp; Sheetmetal<br/>Womelsdorf Fire Company</p> <p>YMCA Philadelphia<br/>Yorkshire Americas</p> |
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Why not offer a  
**FREE** benefit to  
your employees?

It's not impossible -  
It's Riverfront Federal Credit Union

Employees are a company's number one asset. As a business leader, you are continually looking for ways to attract and retain excellent employees without adding additional costs.

Set your company above the competition by providing your employees' membership at Riverfront Federal Credit Union at **no cost** to your company or your employees!

Now you can offer your employees a variety of innovative products and services that will save them time and money, and help them make better informed decisions on critical financial matters. Higher than average rates on savings and low interest rates on loans is a definite value to your employees. Knowing that you made a difference in their well being is important to you. Helping you do it is important to us. Riverfront and its members - **Growing Stronger Together.**

For more information on how Riverfront Federal Credit Union can benefit your company, your employees, and your employees' families all at no additional cost - act now! Call our Business Development Office at 610-374-8351 or 800-451-3477 and ask for Jane (x128) or Marcy (x145). It only takes minutes to provide your employees a benefit that will last a lifetime!



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[www.riverfrontfcu.org](http://www.riverfrontfcu.org)

Growing Stronger Together



Helping to build  
*a better tomorrow*

2003

Annual  
Report

