

## A message from the Chairman of the Board



Credit Unions have a rich history of providing low-cost, high-quality services and products to their members. At Riverfront, we provide services and products that make sense for our member. During the past year we modified our audio system and printed literature to include a Spanish option for our Spanish speaking heritage members, an Indirect Auto Lending program was initiated and an On-Line Bill Payment system is now available. These are just a few of the high-quality initiatives that we implemented and add value to your credit union membership.

We continue our support to Financial Literacy programs with our 'Basic Money Management' classes and the expansion of our 'Save at School' programs in the Reading School District.

We care about our communities, we consider Riverfront a responsible corporate citizen. The associates of the credit union along with financial support from the Board contribute to worthy causes through participation in many fundraising campaigns and charitable events.

We remain financially sound and strong. We continue to be well capitalized and remain strategically positioned to prevent margin squeezes

as interest rates continue their rise.

We again received the highest rating a Credit Union can receive from our governing body the National Credit Union Association (NCUA) and also most favorable audit reports from an outside independent accounting firm.

Riverfront's strategic objective is to grow. Credit unions grow for one reason, to provide to the members the services and products that they want or need. Growth to us means the ability to provide more and better services and products to our members and to also serve more people who are looking for a high-quality financial alternative.

We recognize that your relationship with us rests on excellence and trust, each of which is built upon the character of our people. As a credit union, we will continue our efforts to be the highest-value provider of financial services. As a Board, we will always put our members interests first at all times, adhere to the highest standards of ethical and fiduciary responsibility and maintain highly effective controls to safeguard your assets and protect your confidential information.

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

Timothy Murray  
Director

Irene Danenhower  
Associate Director

Michael Pantaleo  
Director

Janice Warnquist  
Director

## A Message from the President/CEO



The landscape in the credit union movement continues to change. The National Credit Union Administration and Pennsylvania Department of Banking have approved community charters that encompass large metropolitan areas. Regulatory approval is currently pending for several large mergers. Changes of this nature will help to ensure that the movement retains its vitality.

The financial services industry continues to evolve. National players such as Bank of America are actively competing for business in our local markets. Community banks continue to expand their business activities under the powers that were granted to them by the Gramm-Leach-Bliley Act and new banks continue to be formed. Rising interest rates, bankruptcy filings, escalating real estate values and the uncertainty surrounding the health of the economy continue to provide challenges for the industry. In this challenging environment, Riverfront continues to grow profitably.

Our financial performance improved significantly when compared to our results of operations for 2003. The introduction of our Platinum and Platinum Plus credit cards and certain non-traditional products and services were contributing factors. Steady loan demand, an increase in the yield on our investment portfolio, and the effective management of our cost of funds helped to improve our net interest margin. Your credit union is well capitalized and its financial condition is excellent.

Last year, we introduced our "Overdraft Privilege Program", which allows eligible members to overdraw their checking accounts up to a predetermined limit. It has been well received by our membership. We recently introduced our indirect lending program and electronic bill payment service, "Pay Direct". The indirect lending program enables our members to obtain financing for their vehicle purchases at the

"point-of-sale" and "Pay Direct" provides a convenient and cost effective way to pay your bills electronically.

A significant commitment of resources was allocated to enhancements that were made to our core processing system and local area network to make them more robust and secure. These enhancements will help to ensure the continued integrity of your financial information and position the credit union for growth.

Our focus during the next twelve to fifteen months will be on the following initiatives:

- We are working with one of our business partners to develop an Internet-based loan application and approval platform, which will enable our members to submit loan applications electronically. The platform is currently being tested.
- Several potential sites have been identified for a future full-service branch location. Each site is located in Berks County, has adequate parking, and is easily accessible.
- We are evaluating several alternatives that will expand the number of surcharge-free ATMs that will be available to our membership.

Our Mission is to provide the financial products and services that meet your needs. Enhancements to our product line and delivery systems will continue to be designed to meet the unique needs of our membership.

We are a healthy financial cooperative and I would like to take this opportunity on behalf of our entire organization to thank you for your support, which has enabled us to continue to Grow Stronger Together.

Sincerely,  
Vincent Paolini, CPA  
President/CEO

## Report from the Chairman of the Supervisory Committee



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 2004 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, 2004 and 2003

	2004	2003
<b>Assets</b>		
Loans to members, net	\$45,409,144	\$42,991,874
Cash and cash equivalents	9,792,536	13,363,788
Interest bearing accounts	13,452,289	15,884,854
Securities available for sale	46,034,360	42,792,358
Accrued interest receivable	511,199	557,247
Property and equipment, net	993,823	1,021,015
NCUSIF deposit	1,026,266	1,020,565
Prepaid expenses and other assets	448,034	356,837
	<b><u>\$117,667,651</u></b>	<b><u>\$117,988,538</u></b>
<b>Liabilities</b>		
Members' shares & savings accounts	103,993,413	\$104,940,391
Accounts payable & accrued expenses	488,313	398,284
	<b><u>104,481,726</u></b>	<b><u>\$105,338,675</u></b>
<b>Commitments and contingencies</b>		
	-	-
	13,185,925	\$12,649,863
<b>Members' equity, retained earnings</b>	<b><u>\$117,667,651</u></b>	<b><u>\$117,988,538</u></b>

Adappt, Inc  
Advanced Carbon Technologies Inc.  
Advanced Ind'l Piping Inc.  
AFTECH  
All Star Distributing  
Aluminum Building Products  
AMTRAK  
Arkema  
Arro Consulting  
Associated Wholesalers Inc  
A Treat Bottling Co.  
AW Golden  
AW Styer Photography

Baltimore Life/Life of MD  
Barbett Industries, Inc  
BCTGM Union  
Bell Tower Salon - MediSpa - Store  
Berks County Assoc for Hearing Impaired  
Berks County CIL dba/AIM  
Berks Credit & Collections  
Berks County Medical Society  
Berks County Prison Society  
Berks Home Care  
Berks Packing Co  
Berks Products Corp  
Berks Visiting Nurses Assoc  
Berkshire Insulation Company  
Berkshire Podiatry Center Ltd  
B&G Glass Service  
Blazing Technologies  
BNB Mechanical Inc  
Bollag International  
Brenntag  
Burnish Advertising Studios

Cardiology Assoc of West Reading  
Chef Alan's American Bistro  
Chima Inc  
Chiyoda America Inc  
City of Reading  
Comcast Cable (Reading)  
Commonwealth Orthopedic  
Community Physical Therapy  
CONRAIL  
Conrail Direct Inc  
Copy Systems Inc  
Council on Chemical Abuse COCA  
CSX Railroad

Dan Phelps GMC Trucks Inc  
Dick Horrigan - BMW  
Diesel Services Inc  
Dolan Construction Inc  
DSM Engineering

Eagle Brass Company  
Eagle Distributing Company  
Ebersole-Kohl-Zerby Assoc  
E-Cycle Inc  
Egan Sign  
EG Smith  
EJ Breneman Inc/EJB Paving & Materials  
Electronic Connectors Inc  
Elite Sportswear Ltd  
Empire Services Inc  
Entech Engineering Inc  
Ernie's Garage

Fidelity Technologies Corp  
Fire&RescueExplorer Post#290

Fleetwood Industries  
Geiger Beverages  
Glen Gery Corp  
Goodman Vending  
Gotwals Brothers  
Graffius Tiny Treasures Nursery School  
Graphite Machining, Inc.  
Greater Berks Food Bank  
Green Valley Nursery  
GST AutoLeather

Hale Manufacturing  
Hampton Inn  
Har-Jan Mechanical Inc  
Home Health Care Management

Industrial Plywood  
Inn at Reading

Jacobson & Associates  
JP Linette Inc

Key Printing  
Kulp Family Chiropractic Clinic

Laborers' District Council Heavy & Highway  
Lancaster Beverages/All Star Distributing  
LDC Building & Construction  
Lentz Milling  
LGL Cable Co Inc  
Lincoln Chemicals  
Local #126  
Local #429 Teamsters  
Local #481 and #289 BCTWIU  
Local #743 IBEW  
Longo Toyota/Penske

Maxwell Resources  
Merchants Dispatch  
MGP Inc  
MidGaard Advertising Agency  
Mifflin Center  
Miller-Keystone Blood Center  
MJ Reider Assoc  
Morgan Brothers Tree Service

Nells Shurfine (AWI)  
New Jersey Transit  
Norfolk Southern  
North Penn Fence  
Novacom  
Nurses Available Inc

Offset Impressions  
O-Z Gedney

Paragon Optical Company Inc  
PB&NE Railroad  
Pennsylvania Truck Center Inc  
Penske Corporation  
Penske Truck Leasing  
Personacare of Wyomissing  
Phillips Van Heusen  
Power Packaging  
Premium Beverage Packers  
Process Recovery Corp  
P-Wave Inc.

Quadrant EPP Inc.

Radio Maintenance  
Rajah Shrine Complex  
Reading Bakery Systems  
Reading Berks Chapter Guild of Craftsmen  
Reading Metro Taxi  
Reading Pediatrics Inc  
Reading Plastic Fabricators  
Reading Post Office  
Recycling Works Inc  
(Clement'sWaste)  
Reitech Corp  
Remcon Plastics Inc  
Renbow International  
Richard M Kline & Son, Inc  
Riveredge Inc  
Robesonia Flowers & Gifts  
Rohm & Haas  
RPA Associates Inc  
RS Richert & Sons  
RTC Direct Mailing  
RW Eaken Inc

Saint Joseph's Medical Center  
Saint Joseph Villa  
Santilli Oil Company  
Savage Sales & Service  
SDR Mechanical Inc  
Sealed Air Corp  
Secure A Home  
SEPTA  
Sheraton Berkshire Hotel  
Sir Speedy  
Slovak Catholic Sokol Assoc  
Snap On Tools Corp  
Spanish Speaking Council of Rdg & Berks  
Sparkle's Cleaning Service  
Spotts, Stevens and McCoy Inc  
Spruce Manor Nursing & Rehab  
SRG Auto Supply  
Stauffer Biscuit Company Inc.  
Strohmann/Maires  
SunSweet Growers Inc  
Supervalue Inc  
Surety Administrators Inc  
Surgical Specialties Corp

Ted and Carl Caterers, Inc  
The Hair Connection  
The Villa of St. Elizabeth  
Third Ward Democratic Club  
Township of Cumru  
Trooper Thorn's Irish Beefhouse

UAI Group  
United Corrstak Inc  
United Knitting Machine Co

Valley Forge Flag Company  
Vision Mechanical, Inc.

Western Berks Ambulance Assoc  
White Brothers Construction, Inc  
WH Schlegel Inc  
Windsor Service Inc  
Wolfe Roofing & Sheetmetal  
Womelsdorf Fire Company

YMCA Philadelphia  
Yorkshire Americas



## 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*



## 2004 Annual Report



Growing Stronger *Together*