

Annual Report

'16



Rivermark

COMMUNITY CREDIT UNION



President's Report

Welcome to the 66th Annual Meeting of Rivermark Community Credit Union. As a not-for-profit, member owned, financial cooperative, the financial successes of Rivermark allow us to continue to provide the kind of value our members expect. The structure of your cooperative leads to that value, and results in a positive economic impact across the communities we serve. In fact, an economic impact

study was conducted by EcoNorthwest to measure the contribution Oregon Credit Unions provided in 2016. The results showed that Oregon Credit Unions contributed \$159 million in direct benefits to their members last year! The total economic impact across the State totaled \$2.2 billion dollars. Rivermark played a key role, along with all Oregon Credit Unions, in growing Oregon's economy in 2016. The unique cooperative structure of credit unions enables us to do so.

The financial results for 2016 reflect another outstanding year. In 2016, Rivermark experienced substantial growth in assets, loans, deposits, earnings, and members. Assets finished the year at \$799 million, an increase of approximately \$79 million, or 11%. Asset growth is important to Rivermark, as it reflects our members' desire to do business with their credit union. Member deposits finished 2016 at \$692 million, an increase of 10%. The growth in our Money Market and Checking accounts constituted 97% of that growth. Strong deposit growth enabled us to meet the lending needs of our members. In 2016, net loans increased approximately \$75 million, up nearly 13% for the year. Net loan growth in just the last three years totaled over \$271 million, a significant increase relative to the modest growth in previous years.

Loans power earnings, and earnings in 2016 remained strong. Net income totaled \$6.5 million last year, a .86% Return on Average Assets. While this level of earnings is well above peer and considered strong, Rivermark experienced a downturn in the 4th quarter due to an increase in indirect auto loan losses. Those asset quality challenges are relatively short-term, and we are managing improvements in our loss ratios. As a Credit Union, the sole means of growing capital is through net income, and that strong infusion of earnings into capital was needed in 2016. In fact, the pace of capital growth was only slightly less than that of asset growth, leading to a year-end capital ratio of 9.08%.

Membership growth at Rivermark continued to outpace the industry in 2016. For the year, membership increased 8,359, up nearly 11%. As of year-end, Rivermark is now serving over 85,000 members. The strength of our brand, coupled with our focus on access and convenience and great service, has driven this growth. It's notable that

our 11% member growth in 2016 vastly outperforms the 3% increases experienced across the Credit Union industry.

From a strategic perspective, 2016 was a productive year. The most notable strategic achievements surrounded Community Outreach, Online Banking, Branch Expansion, and a Re-Organization of our Rivermark team.

In March, we launched the Rivermark Fund in partnership with the Oregon Community Foundation. Rivermark seeded the fund to get it off the ground, and we made our first donation later in the year. The objective of the Fund is to support non-profits with a focus of providing access to capital for small and start-up businesses, and who support economic growth. Looking ahead, we are developing strategies to provide ongoing revenue streams, with a long-term goal to grow the Fund to \$1 million.

Also in March, several months of hard work culminated in the rollout of our new online banking platform to our members. The rollout was a resounding success, with a positive impact on the member experience.

In the Fall, we brought our 7th branch online in Happy Valley. Early results indicate that the community has embraced having Rivermark there. The branch reflects our newer, member resource center design, providing personal teller kiosks for traditional over-the-counter transactions, while also giving members the opportunity to have deeper, more meaningful conversations with our staff relating to improving their financial lives.

In late 2016, we rolled out a re-organization of our Rivermark teams, bringing more efficiency to our operation, while extending opportunities for leadership development and growing our strategic focus.

Looking ahead, Rivermark will continue to build on our successes, while pursuing new key initiatives to strengthen the communities we serve.

To ensure our continued success, and that of our members, it will be critical for us to continue to provide leading edge products and services, best in class delivery channels, great technology, and incredible service to our members. It's that industry leading level of access and convenience that will continue to make Rivermark a special place to conduct your financial business. Thank you for your membership in Rivermark Community Credit Union.

Scott Burgess - President/CEO

"It is absolutely phenomenal that Rivermark has donated this money to the TiE Young Entrepreneurs Program Oregon for us to not only learn how to start a business, but other life skills involved with starting a business that we wouldn't have the chance to learn or implement in any other aspect of our lives."



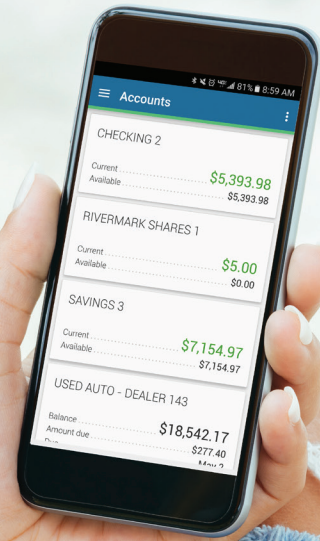
Gabriel - TiE Oregon Student



"The Rivermark app saves me so much time, and is easy to use. It's like having a branch in your hand. You are able to transfer money, and even deposit checks. Absolutely incredible!"



Susie



Supervisory Committee Report

Your Supervisory Committee was comprised of four volunteers at year-end 2016, whose names appear on the back page of this Annual Report. The Committee's responsibility is to oversee and verify that the Credit Union has established and maintains an internal framework that ensures compliance with laws and regulations and the reliability and integrity of financial statements.

We fulfill this responsibility in primarily two ways: we meet regularly with our Internal Auditor and we engage an external audit firm to audit the financial statements. We selected Moss Adams LLP, Certified Public Accountants to perform an independent audit of Rivermark Community Credit Union's financial statements in accordance with generally accepted auditing standards.

In their opinion, the financial statements present fairly, in all material respects, the financial position of Rivermark Community Credit Union as of September 30, 2016, and the results of its operations and cash flows for the twelve months covered by the audit.

A copy of the complete audited financial statements is available at the administrative office of Rivermark Community Credit Union. The condensed financial statements in this Annual Report were taken from our Financial Statements as of December 31, 2016.

Committee members attend and participate in the monthly Board of Directors meetings. The Committee itself also meets monthly. At those meetings we review the work of the Internal Auditor, management and the external auditor to ensure that the Committee's responsibilities are properly discharged.

Matthew Baird - Chair

Rivermark Community Fund

The Rivermark Community Fund of the Oregon Community Foundation was established in February 2016 as an investment by Rivermark and all of our stakeholders to create a fund that can be invested back into the community to support economic vitality, as well as provide access to capital for small businesses and startups.

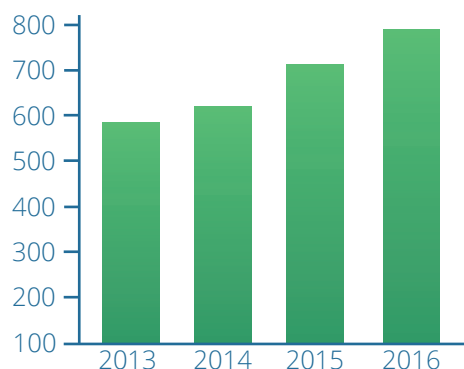
We want to take community giving to the next level. This fund gives us a forward commitment to the communities that we serve and the opportunity to establish a legacy of giving for many generations to come.

TiE Young Entrepreneurs Program Oregon was the 2016 recipient of a grant from the Rivermark Community Fund with a goal to inspire, challenge and empower students to become the next generation of entrepreneurs, business and community leaders.



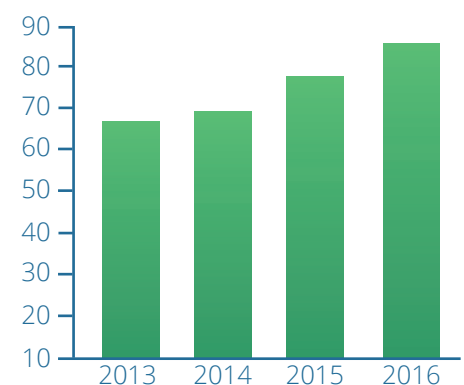
ASSETS

[IN MILLIONS]



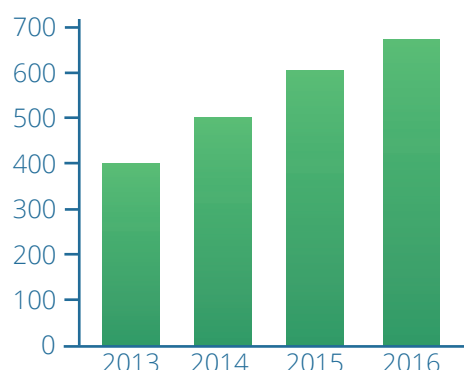
MEMBERS

[IN THOUSANDS]



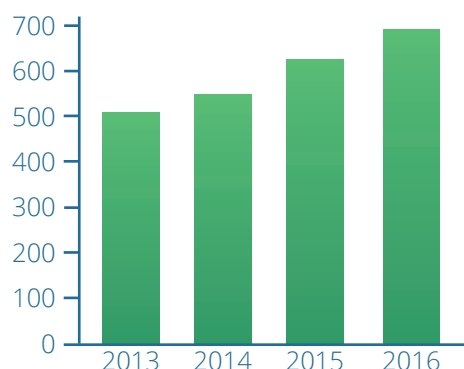
LOANS

[IN MILLIONS]



DEPOSITS

[IN MILLIONS]



Statement of Income*

	2015	2016
Interest on Member Loans	25,502,727	30,220,142
Income in Investments	723,715	878,970
Other Income	13,637,484	16,947,922
Total Income	39,863,926	48,047,034
Operations & Administrative Expenses	28,558,396	38,357,216
Income from Operations	11,305,530	9,689,818
Non-Operating Income	259,005	79,659
Income Before Interest Paid	11,564,535	9,769,477
Interest Paid	3,025,145	3,245,411
Net Income	8,539,390	6,524,066

Statement of Financial Condition*

	2015	2016
Loans to Members	600,894,174	674,955,540
Accounts Receivable	1,561,927	4,793,192
Cash	16,465,346	22,345,067
Investments	75,622,891	64,963,518
Prepaid Expenses	1,434,292	1,419,523
Premises & Equipment	9,692,599	10,778,791
Accrued Income	2,147,066	2,469,013
NCUSIF Deposit	5,659,152	6,334,210
Other Assets	6,892,539	10,746,149
Total Assets	720,369,986	798,805,003

Liabilities and Member Equity*

	2015	2016
Accounts Payable	4,002,595	11,626,479
Loans Payable	21,500,000	21,000,000
Accrued Expenses/Settlements/		
Deferred Income	2,306,588	2,367,988
Total Liabilities	27,809,183	34,994,467
Total Deposits	626,688,158	691,700,426
Reserve Accounts	14,186,249	14,186,249
Undivided Earnings	51,834,560	58,358,625
Accumulated Gain/Loss on Investments	(148,164)	(434,765)
Total Equity	65,872,645	72,110,110
Total Liabilities & Equity	720,369,986	798,805,003

*Unaudited

EXECUTIVE TEAM

Scott Burgess, President/Chief Executive Officer
 Nick Hodson, Chief Financial Officer
 Robert Mills, Chief Technology Officer
 Seth Schaefer, Chief Experience Officer

BOARD OF DIRECTORS

(As of 12/31/2016)

Steve Lucas, Chair
 Dennis Fullan, Vice Chair
 Lina Cockrell, Secretary
 Bill Roberts Jr.
 Gary Frayn
 Nina Carlson
 Kim Bickford

SUPERVISORY COMMITTEE

(As of 12/31/2016)

Matthew Baird, Chair
 Kara Oaks
 Josh Stephenson
 Tony Kullen