



**ANNUAL
REPORT** 2016



A MESSAGE FROM THE CEO AND PRESIDENT

It is my great pleasure to report the accomplishments of our credit union in 2016. 3Rivers saw record growth and earnings during the year and has seen membership grow to over 72,000 members. Our strong financial results contribute to a very safe and strong cooperative poised for future growth and opportunities to serve our member's needs.

We are proud to remain a vibrant, community-impacting financial institution for you, our loyal and supportive membership.

Thank you for your continued trust in 3Rivers.

Sincerely,

Don Cates
President and CEO

HIGHLIGHTS FROM 2016:

- Record net earnings of \$14.5 million
- Good growth metrics
- Assets up \$93 million or 11.8%
- Share growth of 5.1%
- Loans increased by 17.3%
- Total loans owned and serviced now exceeds \$957 million
- Gave \$884,922 back to members in our 1% cash back program and redeemed over \$20,600 in credit card rewards
- Funded over \$371 million in retail loans during the year, including a record for direct member loans of \$172 million and mortgage loans of \$200 million
- Small business lending grew by \$9 million to over \$75 million in balances
- At year end, ClearFuture Financial™, our brokerage and investment area, managed over \$138.8 million and served 3,855 members
- 3Rivers Credit Union Foundation donated over \$139,000 to local not-for-profits to further their work



\$884,922
GIVEN BACK
*to Members Through
1% Cash Back Program*



\$14.5 MILLION
Record Net Earnings



*by the 3Rivers Credit Union
Foundation to Local Not-for-Profits*



CONSUMER LENDING

The Consumer Lending team remains committed to helping our members better manage their existing debt while providing relevant solutions when our members need to borrow money to meet their financial goals and objectives.

2016 was yet another year of superb consumer loan growth for our credit union. We were able to fund over 11,000 consumer loans, which created in excess of \$172 million in gross loan production. Consumer

loans outstanding grew by more than \$49 million—an impressive 23% increase over 2015. Both gross loan production and growth in loans outstanding were record-setting marks for 3Rivers.

The integrity of the consumer loan portfolio continues to remain of high quality as loan delinquency and losses remain at or below industry and peer-group averages.



BUSINESS SERVICES

In 2016, Business Services grew our loans by over 17%, which included the addition of approximately 75 new business members to 3Rivers. This represents more than a 200% increase from 2015.

Business Services opened over 500 new share accounts, which was a 14% increase in total commercial member shares, increased our Remote Deposit Capture clientele by over 50%, and increased new business MasterCard credit card accounts by 15% over 2015.

3Rivers is responsive to each member. We take the time to understand their business, its goals, and its direction. This allows us to provide them with comprehensive solutions for their business and employees. Numerous referrals from our satisfied members have added to our growth.

In 2016, we incorporated additional product and service offerings that included merchant services through a partnership with Capital Bankcard, online wire features, ACH client manager (including international ACHs), and credit sweep.

We continually strive to create, improve, and enhance our products and services in order to provide convenience, efficiency, ease of use, and protection in an ever-evolving technological age, while still providing our business members with convenient branch locations to conduct their business needs.

The 3Rivers brand, culture, branch network, and commitment to our communities through time and service continue to provide Business Services with the momentum to assist our current and future members well into the future.



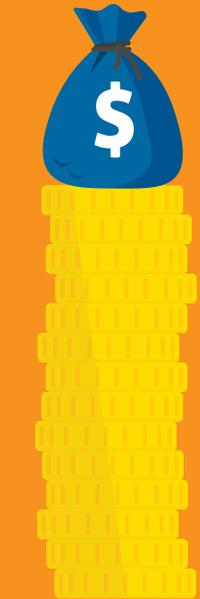
RETAIL SERVICES

The Retail Sales team motto is “Higher level of service, greater level of relationship.” This team gives 3Rivers a proactive presence in the community to create, build, and strengthen relationships.

With the support and collaboration of Retail Services, Business Services grew by almost \$16 million in loans and created over \$7 million in consumer production by offering personalized services and having conversations with members about how 3Rivers can help them with their money matters.

The Outreach team—the internal arm of Retail Sales—analyzes member data and reaches out to individuals they can help, tailoring their services to meet member needs. Because of their successes during 2015, we were able to add an additional team member in 2016, which helped contribute to the team generating nearly \$18 million in consumer loans.

Retail Sales looks forward to 2017 by focusing on building new relationships and growing our existing ones.

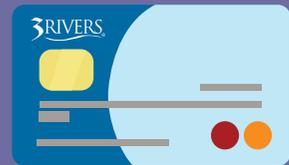


\$18 MILLION
in Consumer Loans



OVER
500

Share Accounts Opened



15%
INCREASE

in Business Credit Card
Accounts from 2015



252

New Members Added



MORTGAGES

The Mortgage team was able to continue their momentum from the previous year into 2016. That momentum allowed us to surpass our previous record-breaking year with a new record of 1,200 loans closed for \$200 million in loan production for our members.

Our goals going forward will not change. We are always looking for ways to improve our processes and efficiencies as well as the products and services we offer.

We want to have the best possible experience available to our membership when originating a mortgage loan for any purpose—building, buying, or refinancing.

One big move we made at the end of 2016 was to change our mortgage application software system to support our goal of improving the membership experience.

With this change, we can now offer a mobile mortgage application to allow members to apply how, when, and where they desire.



1,200

Loans Closed in 2016



**\$200
MILLION**

in Loan Production



CLEARFUTURE FINANCIAL



CLEARFUTURE™
FINANCIAL
Available through CUSO Financial Services, L.P.

3Rivers ClearFuture Financial™ (CFF) maintained member growth momentum as 259 new members opened accounts to utilize our offerings of financial planning, mutual funds, stocks, bonds, annuities, investment management and trust, and insurance. As a percent of total membership, CFF now has among the highest investment services membership of credit unions nationally.

At year-end, CFF had \$138.8 million dollars in assets under management in 3,855 accounts. Over \$16.5 million dollars was invested for the benefit of our members in 2016.

While a challenging rate environment in 2016 posed headwinds to revenue growth, membership growth proves our commitment to helping our members plan for their future.



BRANCH SERVICES

The branch network exists to fulfill the 3Rivers mission of “helping people understand money matters every day.”

This year, we continued to focus on uncovering needs and goals while providing relevant solutions and services that may help our members with their spending, saving, and borrowing.

We continued our Mystery Shop program to gain a better understanding of member service expectations and how we’re delivering on our mission.

The Mystery Shop program, along with our member survey, provides valuable feedback so

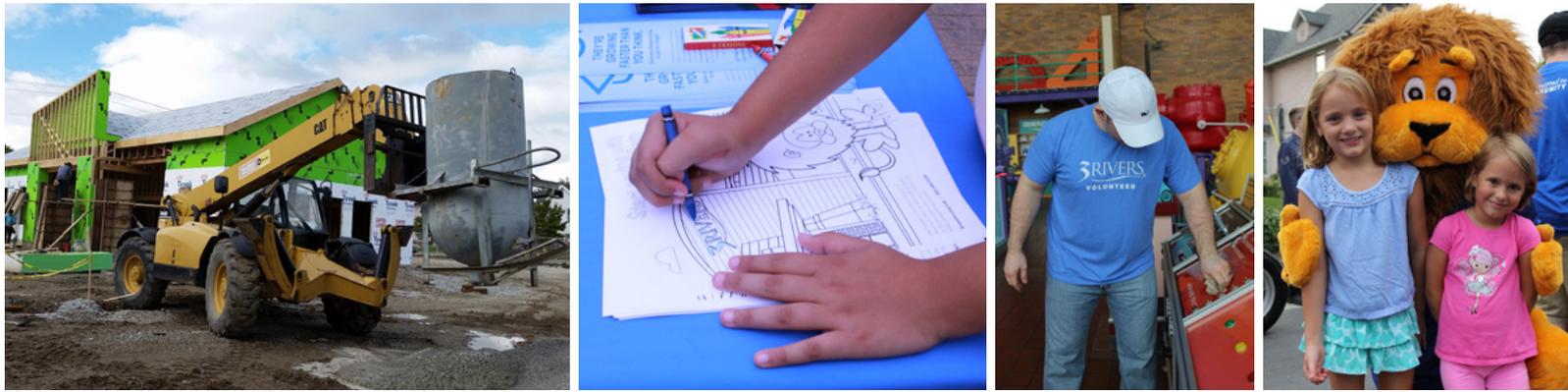
we can enhance the member experience when you visit one of our locations. In 2016, the branch network processed over 8,500 loans for a total of \$138 million and grew by more than 2,300 new memberships.

In 2017, we will continue our focus on building trust and deepening relationships by asking questions to better understand our members’ financial needs and dreams. We strive to partner with them through their financial journey.



Loans Processed in 2016





SUPPORTING OUR COMMUNITY

3Rivers is committed to investing in our community and enhancing the lives of people through financial support and volunteerism.

As a cooperative, we exist as a result of the credit union philosophy of “people helping people.”

In 2016, our team members donated over 4,000 volunteer hours to dozens of boards, educational outreach programs, and community projects. In addition to commitments of time, 3Rivers granted financial support to over 100 diverse non-profit organizations in and around the region, such as Big Brothers Big Sisters, Erin’s House for Grieving Children, The Fort Wayne Ballet, Junior Achievement, The United Way, Arts United, and many more.



OUR COMMUNITY PARTNERS

Here are just a few of the many organizations 3Rivers was proud to partner with in 2016:

- | | | |
|---|---------------------------------------|---|
| American Heart Association | Fort Wayne Ballet | Junior Achievement of Northeast Indiana |
| American Red Cross | Fort Wayne Children’s Zoo | Junior League of Fort Wayne |
| Arts United | Fort Wayne Komets | Little River Wetlands Project |
| Big Brothers Big Sisters of Northeast Indiana | Fort Wayne TinCaps | Mustard Seed Furniture Bank |
| Blue Jacket | Fort Wayne Urban League | Northeast Indiana Regional Partnership |
| Early Childhood Alliance | Francine’s Friends Mobile Mammography | Ronald McDonald House |
| Embassy Theatre | Grand Lake Hospice (St. Marys, Ohio) | United Way of Allen County |
| Fort4Fitness | H.O.P.E. for Animals | Young Leaders of Northeast Indiana |

3RIVERS CREDIT UNION FOUNDATION

The 3Rivers Credit Union Foundation was founded in 2015 in conjunction with the credit union's 80th anniversary.

The Foundation's mission is to enhance the lives of people in the communities 3Rivers serves through the support of three key initiatives: financial literacy, education, and health & wellness.

Organizations must be tax-exempt under Section 501(c)(3) of the Internal Revenue Code and support recipients located in counties served by 3Rivers Federal Credit Union. Funding requests must be consistent with the mission of the 3Rivers Credit Union Foundation and must demonstrate specific goals with measurable results.

In the Foundation's second year, we saw an increase in requests, representing a wide variety of need in our community. 3Rivers was proud to support the great work of these nonprofits in our region and looks forward to providing a positive impact for many years to come.

OUR FOUNDATION PARTNERS

Here are just a few of the many organizations 3Rivers was proud to partner with in 2016:

- | | | |
|---|---|--|
| Adult Life Training, Inc. | Fort Wayne Ballet, Inc. | NeighborLink Fort Wayne Foundation |
| Allen County History Center | Fort Wayne Children's Choir | Out of a Jam Incorporated |
| Amani Family Services
(formerly Crime Victim Care) | Fort Wayne Civic Theatre | Out of the Darkness Community Walk |
| Blue Jacket, Inc. | Fort Wayne Philharmonic | SCAN, Inc. |
| Camp Riley | Fort Wayne Sister Cities International, Inc. | Teach our Children Fund Inc.
d.b.a. Fort Wayne Center for Learning |
| Cancer Services of Northeast Indiana | Genesis Outreach, Inc. | The Literacy Alliance |
| Christ Child Society of Fort Wayne | Heart of the City | The Power House Youth Center |
| Community Harvest Food Bank
of Northeast Indiana | Hoosiers Feeding the Hungry | Three Rivers Music Theatre
d.b.a. Triple Threat Performing Arts Academy |
| East Wayne Street Center | Mad Anthony's Children's Hope House | Visually Impaired Preschooler Services |
| Erin's House for Grieving Children | Matthew 25, Inc. | |
| | Mustard Seed Furniture Bank of Fort Wayne, Inc. | |



SUPERVISORY COMMITTEE

The Supervisory Committee is appointed by the Board of Directors in accordance with the Federal Credit Union Act. The Committee independently evaluates the soundness of our operations and activities, ensuring that management implements sound internal controls and maintains practices and procedures that adhere to generally accepted accounting principles. In doing so, they carry out the following primary responsibilities:

- compliance with regulations, policies, and procedures
- safeguarding of assets
- protection of members' funds and interests
- reliability of financial records

The Committee meets regularly to review and discuss internal controls as well as auditing matters. To assist with these responsibilities, the Committee retains the services of several independent accounting firms to perform annual financial audits, analysis of operational practices, adherence to regulations, and information technology general controls. During 2016, audits were performed by GBQ Partners, LLC; BKD, LLP; and Schneider Downs & Co., Inc.

Based on the results of these external audits, as well as an examination conducted by the National Credit Union Administration (NCUA), we conclude that 3Rivers is a financially healthy credit union and is being operated safely and soundly while providing quality member service.

BOARD OF DIRECTORS

Chairman Don Greer
Vice Chairman Brent Spindler
Secretary Duane Dunkin
Treasurer Mark Kern
Director Clifford Clarke

Director Ken Gerke
Director Steve Hinton
Director Emeritus Jerry Spindler
Director Emeritus Steve Singer
Associate Director Britny Berndt

BALANCE SHEET (in millions)

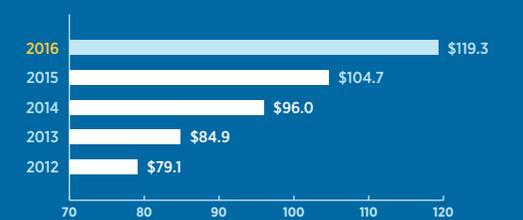
ASSETS	2016	2015
Cash and Investments	\$203.9	\$208.7
Loans to Members (net of allowance for loan losses)	\$623.9	\$531.8
Other Assets	\$53.5	\$47.8
Total Assets	\$881.3	\$788.3

LIABILITIES & MEMBERS' EQUITY	2016	2015
Shares, Savings, Drafts & Certificates	\$670.9	\$638.1
Other Liabilities	\$90.5	\$44.9
Members' Equity	\$119.9	\$105.3
Total Liabilities & Members' Equity	\$881.3	\$788.3

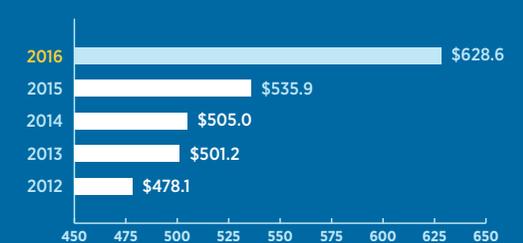
INCOME STATEMENT (in millions)

	2016	2015
Interest Income from Loans & Investments	\$32.2	\$29.5
Dividend/Interest Expense for Member Accounts & Borrowed Funds	(\$2.5)	(\$2.7)
Net Interest Income	\$29.7	\$26.8
Loan Loss Provision	(\$1.9)	(\$2.3)
Other Income	\$22.6	\$17.6
Operating Expense	(\$35.9)	(\$33.4)
Net Income	\$14.5	\$8.7

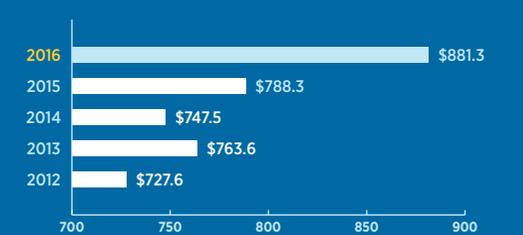
Net Worth (in millions)



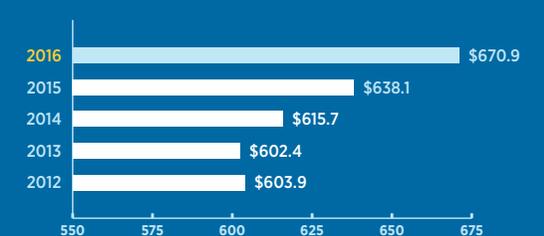
Gross Loans Outstanding (in millions)



Total Assets (in millions)



Member Shares (in millions)



Net Worth Ratio

2016
13.53%

2015
13.29%

2014
12.84%

2013
11.12%

2012
10.87%

3 RIVERS®

3riversfcu.org

260.490.8328



Federally insured by the NCUA.