

RAIN or SHINE

2014 ANNUAL REPORT

We're achieving
our goals, *together.*



RANDOT
S. P. B. C. I. N. M.

MARC ANTONIO
& CLEOPATRA

2014
ANNUAL
REPORT



Achieving our goals...



together.

2014
ANNUAL
REPORT



Continuing to grow...



together.



Dear Members

I am pleased to report that Rio Grande Credit Union experienced another outstanding year during 2014. Let me briefly highlight a few of the Credit Union's financial indicators supporting this assessment:

- Total assets ended at \$250,317,543. This represents a growth of 6.10% since 2013.
- Total member shares ended at \$213,828,134. This represents a growth of 4.73% since 2013.
- Total member loans ended at \$194,623,417. This represents a growth of 11.14% since 2013.
- The Credit Union's earned net income for 2014 was \$4,069,407. The year-end return-on-assets ratio was a very strong 1.67%.
- Net worth ended at 14.04%. NCUA defines a well-capitalized credit union as above 7%.
- The total number of members as of December 31, 2014, is 27,731.

Rio Grande Credit Union's financial performance continues to be positively recognized on a national level. Bauer Financial rated us as 5 stars, the highest rating available. Weiss Ratings rated us as an "A," which they defined as excellent. We also continue to out-produce peer average in both net worth and return on assets. Rio Grande Credit Union also experienced an important milestone in 2014 by reaching \$250 million in total assets. Overall, our success and positive publicity continues to serve us well because we can demonstrate to potential members that Rio Grande Credit Union is extremely safe and secure.

For 2015, Rio Grande Credit Union is implementing several strategic initiatives that will impact our future. First, we will be closing our VA Branch, effective March 31, 2015. After ten years of operation, the Board and Senior Management made the decision to close the branch due to low member use and minimal support from the hospital. We just could not grow the book of business. Second, we are in the process of purchasing property in northwest Albuquerque/Rio Rancho. We anticipate having this wrapped up within the next few months and hopefully build another branch in the latter part of 2016. Third, we are rebranding and reissuing all of our plastic cards in October 2015. Our full brand will be VISA and the new cards will include the Euro Mastercard VISA (EMV) chip. This new card offers much greater security for our membership when utilizing card technology. Fourth, Rio Grande Credit Union will launch a formalized business deposit service to give greater flexibility to our business members.

Finally, I want to recognize the wonderful work our Board of Directors, Supervisory Committee, and the staff do to make Rio Grande Credit Union such a positively recognized credit union. Without their dedication to our mission, our success would not be possible. It has been my pleasure to serve you as President/CEO since 2002. I wish you all continued success throughout 2015.

Sincerely,

Chris Fitzgerald
President/CEO



Chris Fitzgerald, MBA, President/CEO



Strengthening our relationships...



together.

Board Chair Report

On behalf of the Board of Directors, thank you for your loyalty and continuing support of Rio Grande Credit Union. We are now in our 62nd year of service to our members. We've emerged from the other side of the greatest economic recession since the great depression stronger than ever.

Last year was a solid year for Rio Grande Credit Union. Rio Grande Credit Union continues to be one of the highest rated credit unions in New Mexico. Again, we have received a Weiss Financial Strength rating of "A," and we were also awarded a 5-star rating by Bauer Financial.

It is Rio Grande Credit Union's goal to offer our members the most competitive rates for both loans and shares and to provide excellent member service and the best products available. We do this by operating efficiently. And sometimes, that means making hard decisions. After 10 years of operation, we made the decision to close the VA Branch so that we could invest those resources in the growing markets to our northwest. I would particularly like to thank those Rio Grande employees who continued to provide excellent member service to our VA Branch members during this period of time.

As board chairman, I would also like to thank our dedicated volunteers on both the Board of Directors and the Supervisory Committee. They volunteer hours of their time each month to work on behalf of the Rio Grande Credit Union members. I would also like to thank the Credit Union's outstanding, hard working staff. They work together with the board to find new and innovative ways to improve our credit union. We continue to work hard to earn our members' trust.

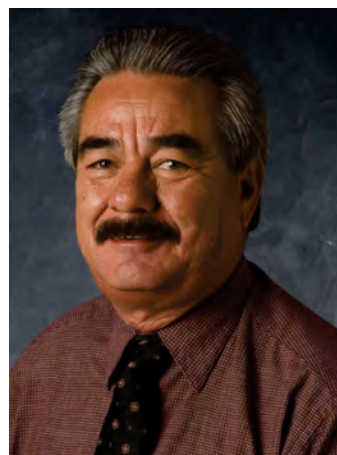
The Board of Directors is always looking for ways to improve our members' service. The board reviews each member comment and takes each opinion seriously. The comments received from the annual survey and transaction surveys provide valuable information. We continue to strive for excellent service, so please continue to provide your suggestions. This is your credit union!

It has been a privilege serving as your board chairman this past year. On behalf of all the Board of Directors of Rio Grande Credit Union, thank you for your membership and loyalty. We look forward to continued success in 2015, and beyond.

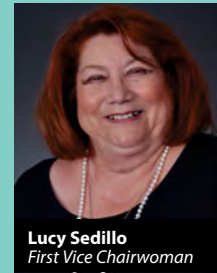
Sincerely,



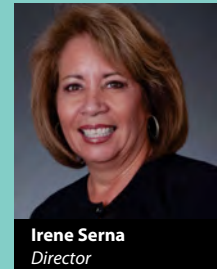
Ron Maestas
Board Chairman



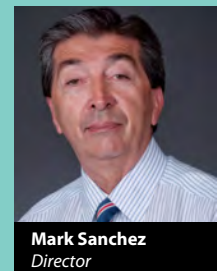
Ron B. Maestas, Board Chair



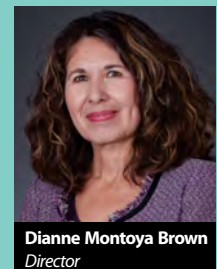
Lucy Sedillo
First Vice Chairwoman



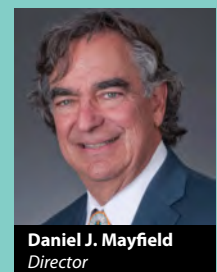
Irene Serna
Director



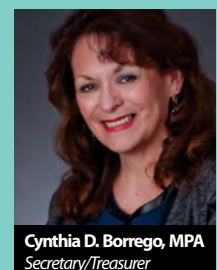
Mark Sanchez
Director



Dianne Montoya Brown
Director



Daniel J. Mayfield
Director



Cynthia D. Borrego, MPA
Secretary/Treasurer

Reporting



During 2014, the Supervisory Committee undertook the following activities to ensure the safety of your assets in the Rio Grande Credit Union:

1. Received Supervisory Committee Award.
2. Participated in training with the National Credit Union Association (NCUA) and Credit Union National Association (CUNA):
 - Bank Secrecy Act
 - CUNA Governmental Affairs Conference
3. Participated in the CUNA Volunteer Certification Program:
 - Overseeing the Annual Audit by Outside Parties
 - Auditing 2
 - The Basics of Risk Assessment for Volunteers
 - Volunteer Self-Evaluations
 - Director's Liability
4. Participated in the CUANM Annual Convention.
5. Participated in the CUANM Fall Leadership Conference.
6. Participated in a training workshop hosted by Nagel CPA's, LLC entitled "Basic Supervisory Committee Duties and Responsibilities".
7. Reviewed the December 31, 2013, annual audit with REDW, the firm conducting the audit. Rio Grande Credit Union received an "unqualified" audit opinion, the highest opinion possible. There were no material findings or weaknesses found during the audit.
8. Reviewed the NCUA Bank Examination, engaged Nagel CPA's, LLC to review management responses and new controls and procedures. In accordance with the bank examination, the Supervisory Committee implemented a process to monitor and update its internal audits.
9. Working with staff, a request for proposal to hire an external auditor to complete the 2014 annual audit was prepared and published. After receipt of the proposals, extensive review and finalist interviews, the Jaramillo Accounting Group LLC was approved.
10. Participated in the strategic planning and budget workshops.
11. In conjunction with the internal auditor (Nagel CPA's, LLC), the Board of Directors and key management, the Supervisory Committee prepared the 2014 Risk Assessment and Internal Audit Plan.
12. In accordance with the 2014 Audit Plan, we reviewed and approved the following internal audits and related matters:
 - 2014 Salary Review and Retirement Plan Accounting
 - 2014 Mortgage Disclosure Act (HMDA) reporting
 - Third Party Vendor Monitoring
 - 2014 Collections - controls and procedures (allowance for loan loss calculation, delinquent loans, charged-off loans, extensions and troubled debt restructuring)
 - 2014 Financial Risks and Asset Liability Management, Interest Rate Risk and Sensitivity, and Liquidity Management and Cash Management Practices
 - Indirect Auto Lending- including underwriting, internal controls, loan payments and disbursements
 - Consumer Lending and Credit Cards- secured lending and unsecured lending, loan approval and disbursement controls
 - 2014 BSA Annual Audit
 - Disaster Recovery and Business Continuity
 - Loans to Employee and Family Members
 - Employee Accounts
 - Investments and Corporate Credit Union
 - 2014 ACH Annual Compliance Review
 - Wire Transfers
 - Real Estate Lending
 - Unsecured Lending
 - Dormant Accounts
 - Review of Critical Audit Exception Reports
 - 2014 Symitar Access Controls
 - Reviewed Nagel's engagement to review the new procedures and controls developed in response to the NCUA examination

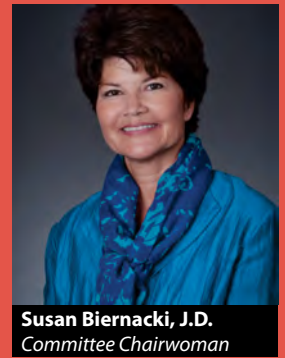


Supervisory Committee

In April 2014 the Rio Grande Credit Union Board of Directors re-appointed the following members to the Supervisory Committee:

- Susan Biernacki, Retired Assistant City Attorney and Deputy Treasurer, City of Albuquerque
- Dan Mayfield, PERA Board Member and retired Deputy County Manager for Finance at Bernalillo County
- Mark Sanchez, Executive Director, Albuquerque Bernalillo County Water Utility Authority

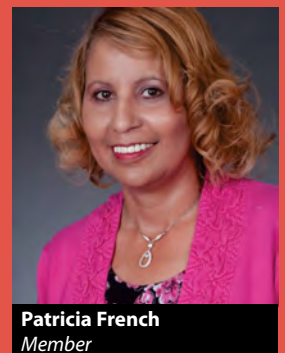
Thereafter, the board experienced two vacancies on the board and appointed Sanchez and Mayfield to the board. Upon Sanchez's appointment to the board, a comprehensive selection process was undertaken and Patricia French was appointed in late June 2014 to fill the vacancy. Ms. French is a 25+ year veteran with the Albuquerque Police Department and board chairwoman for the NM Public Employees Retirement Association. Upon Mayfield's appointment to the board, a selection process was again undertaken and Lisa Wilson, former RGCU Board member, was appointed in September 2014 to fill this vacancy. Ms. Wilson is a CPA and Vice-President of Finance for ABQ Health Partners. The current RGCU Supervisory Committee consists of Susan Biernacki, J.D., Chairwoman, Patricia French, and Lisa Wilson, CPA.



Susan Biernacki, J.D.
Committee Chairwoman



Lisa Wilson, CPA
Member

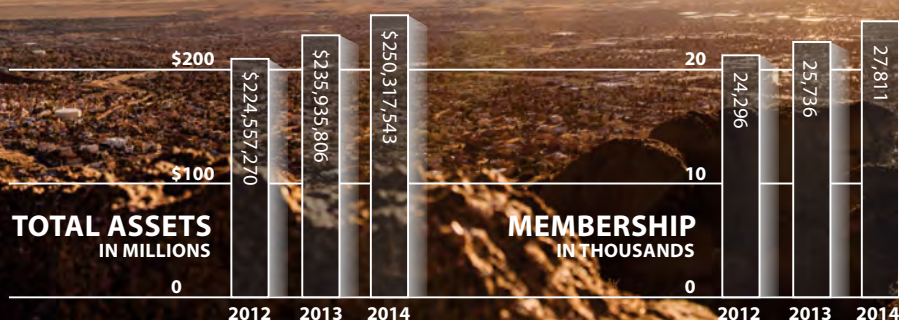


Patricia French
Member

Moving forward ...



Financials



RIO GRANDE CREDIT UNION

Consolidated statements of financial condition for the periods ending
December 31, 2014, 2013, and 2012

BALANCE SHEET

ASSETS	2014	2013	2012
Loans to Members - Net of Allowance for Loan Losses	193,173,268	173,365,910	160,067,647
Cash	1,887,790	1,808,186	1,541,060
Investments	39,404,817	44,915,376	46,576,901
Accrued Interest Receivable	729,425	659,623	700,025
Fixed Assets	10,890,470	11,257,578	11,534,755
NCUSIF Deposit	2,039,192	2,009,072	1,826,429
Other Assets	2,192,581	1,920,061	2,310,453
TOTAL ASSETS	250,317,543	235,935,806	224,557,270

LIABILITIES AND EQUITY	2014	2013	2012
Member Shares	213,828,134	204,179,009	194,872,649
Accrued and Other Liabilities	1,327,125	1,107,204	1,165,131
Reserves and Undivided Earnings	35,162,284	30,649,593	28,519,490
TOTAL LIABILITIES AND EQUITY	250,317,543	235,935,806	224,557,270

RIO GRANDE CREDIT UNION
Consolidated statements of income for the periods ending
December 31, 2014, 2013, and 2012

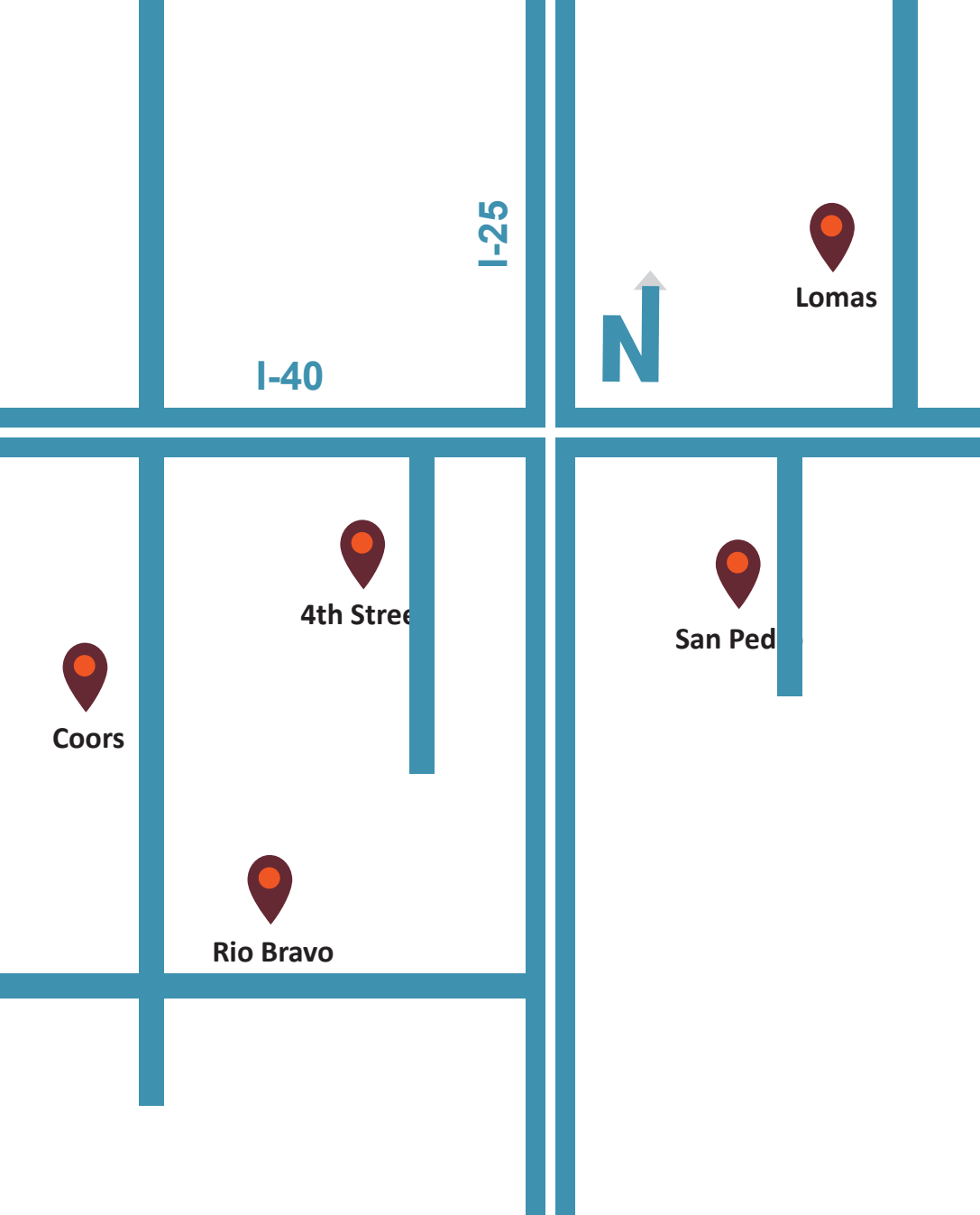


"The Credit Union movement... It is a great movement, worthy of great deeds, deserving of great loyalty."

Edward Filene - Founder of the first US credit union

INCOME STATEMENT

INTEREST INCOME	2014	2013	2012
Interest on Loans	10,680,031	10,405,606	9,895,106
Interest on Investments	497,664	516,093	548,276
Fee Income	5,222,213	4,830,590	4,288,007
Total Interest Income	16,399,908	15,752,290	14,731,389
OPERATING EXPENSES			
Employee Compensation/Benefits	5,341,922	5,014,328	4,320,616
Office Operations/Occupancy	2,751,576	2,825,908	2,350,574
Conference and Promotions	384,582	477,292	375,803
Provision for Loan Losses	1,015,250	1,657,450	1,649,400
Miscellaneous	1,505,443	1,344,682	1,429,194
Total Operating Expenses	10,998,773	11,319,660	10,125,587
DIVIDEND EXPENSE			
Dividends paid to Members	1,335,871	1,465,578	1,530,640
ASSESSMENT/GAIN (LOSS)			
NCUSIF Recovery	0	(160,726)	(154,391)
Gain(Loss) on Investments/Disposition of Assets	4,143	(53,071)	(43,159)
NET INCOME			
Reserves and Undivided Earnings	4,069,407	2,753,255	2,877,612



Our Mission

Create a trusted partnership with our members that demonstrates excellent member service by providing financial education and solutions, competitive pricing, and convenience.

Our Vision

To be recognized as the financial partner of choice in our communities.



Federally insured by NCUA.
We do business in accordance with the Fair Housing Law.



RIO GRANDE
- CREDIT UNION -

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 @RioGrandeCU  /RGCU.org