“It’s all about the member”. That phrase has been my mantra since I was given the privilege of becoming a member of the USALLIANCE Board. No matter how much we grow or how innovative we become, every step we take is done with one single purpose in mind - to help us serve you, our members - better. It’s been that way from the beginning and it will never change.

That doesn’t mean that USALLIANCE as an institution won’t change. Transformation is at the heart of superior member service. It is a reinforcement of our commitment to be the institution you can come to for all your financial needs. Members are continuing to rely more and more on mobile delivery systems. But at the same time, there is still a powerful desire to have a human element present as well. We’re responding to this dynamic by melding emerging technologies within a traditional banking model. Our goal is to be recognized both inside and outside the industry as the pacesetter for innovative technologies. That means more than just software and apps. It also means reinventing our brick and mortar branch network to match evolving member needs.

Our President and CEO will detail many of the ways USALLIANCE transformed in 2017 to better serve you. There is one area we pledge not to change. That’s the quality of our personal interaction with you. Outstanding member service starts with outstanding people. We are truly fortunate to have a dedicated staff who embody the very words, “it’s all about the member”. Thank you to the many who have recognized this and acknowledged individual merit through our online review process as well as emails to senior management.

Thank you for your support this past year. We hope that our transformational changes are ones that have enriched your experience with USALLIANCE. Because it is all about you – the member. It is you that has shaped the institution we are today and the one we will become tomorrow.

We are truly fortunate to have a dedicated staff who embody the very words, “it’s all about the member.”

George L. Barto
Chairman
Note from the President/CEO
Kris P. VanBeek

I was driving home recently when I heard the pinging of sleet hitting my car. As I continued on my way, it wasn’t too long before those icy pellets turned to raindrops. It started me thinking about all things - water. And how this one compound can be different yet the same. I’m thirsty so it’s liquid to quench me. I bump my head and ice helps reduce swelling and pain. The steam coming off my hot cup of coffee makes me feel relaxed. In each instance, it’s still water. But it can be transformed into a state that can best meet my needs.

Nowhere is the concept of transformation more prevalent than in the financial services industry. There is no doubt that banking as we once knew it is fast becoming extinct. What is happening right now is an evolution to digital channels that literally put the tools to manage our finances right in the palm of our hands. Our success in meeting our members’ needs for real-time information and portable transactional capabilities is ultimately tied to our agility as an institution;

that is how quickly we can transform to changing market dynamics and meld those digital technologies into a traditional banking model. I firmly believe that the credit unions who will thrive over the next decade and beyond are those who actively develop innovative mobile technologies. USALLIANCE will be one of those institutions. In 2017, we made major strides in transforming the way we do business to meet the far-ranging needs of our diverse membership, particularly in the digital arena.

■ We implemented new mortgage application software to provide a better member experience, including mobile access. Our new platform is more streamlined and allows for direct 2-way communication between our staff and the member. And that’s important. A mortgage is probably the biggest financial commitment any one makes and it is the one transaction that most people, even those totally focused on everything mobile, want and need the human element. This application process is a clear demonstration of our ability to shift gears swiftly and conform to the format – digital or human – that best suits the member’s need.

■ New features to enhance the member’s mobile experience were introduced. You can now access your USALLIANCE account simply by looking at your device through facial recognition software. Need your balance or want to transfer money between checking and savings? Members with iPhones can simply ask Siri. Worried about identity theft (and with the numerous substantial data breaches that have made the news, who isn’t?) We’ve empowered you to be the first line of defense. If you misplace your USALLIANCE debit or credit card, use our mobile

Nowhere is the concept of transformation more prevalent than in the financial services industry.
app to “freeze” activity and prevent fraudulent use. And if you do find your card, you can just “unfreeze” it and it’s ready once again for you to use.

We launched a new product called MyLife Ready Cash. It’s specifically designed to help members who frequently turn to payday lenders and fall victim to predatory lending practices. MyLife Ready Cash is a small dollar short-term loan available through an automated platform. Because it uses member data already available on our systems, we can approve and fund the loan in under a minute. The essential element of MyLife Ready Cash is that the fees and rates associated with it are substantially below those of traditional short-term lenders.

While digital will become one of the prevalent forms of our service model, brick and mortar branches will continue to be an integral component. However, even this traditional model will be transforming into a new role. In 2018, we will open our first micro branch in Hopewell Junction, New York. The facility will house a 24/7 ATM for routine transactions while a staffed Account & Loan Center will be available to open new accounts and loans. The beauty of the micro branch lies in its efficiency, blending automation and personal service to create the kind of experience members have told us they want and need. In addition to Hopewell, we are currently building out our new Massachusetts Operations Center in Chelmsford. Using the same design concept as our Rye headquarters, Chelmsford’s collaborative office space will foster creativity and teamwork creating the perfect environment for innovative ideas to be conceived and come to fruition. And who knows, maybe bring about our next transformation.

Circling back to where we started. Remember I said that although water can be found in different states at its core it’s still water. The same is true of USALLIANCE. Because no matter how many ways we transform, at our core we are still the same – a financial cooperative deeply committed to returning value back to you, our members. Thank you for your continued support of USALLIANCE.

Sincerely,

Kris P. VanBeek
President/CEO
New mortgage application software provides a better member experience, including mobile access.

Video supplement to our Annual Report.
View at usalliance.org/about-us/media-center
Need your balance or want to transfer money between checking and savings? Members with iPhones can simply ask Siri.
Use our mobile app to “freeze” activity and prevent fraudulent use. And if you do find your card, you can just “unfreeze” it and it’s ready once again for you to use.
Supervisory Committee Report

The Supervisory Committee is an independent body, appointed by the Board of Directors, which has the responsibility to ensure that the financial statements accurately and fairly present the financial condition of the Credit Union and that management practices and procedures safeguard the members’ assets.

To accomplish our goals, the Committee engages both internal auditors and an independent public accounting firm to audit the consolidated financial statements. Internal audit findings, recommendations, and management responses are reviewed by the Supervisory Committee and presented to the Board of Directors. To ensure the consolidated financial statements fairly represent the Credit Union’s financial position, the Supervisory Committee retained the services of the certified public accounting firm of Doeren Mayhew, to perform an audit in accordance with Generally Accepted Accounting Principles and to express an opinion on the fairness of the consolidated financial statements. Their audit report, which contained an unqualified opinion, dated February 9, 2018, confirmed the Credit Union’s consolidated financial statements for 2017 were materially correct and presented in conformity with Generally Accepted Accounting Principles.

For a complete copy of the independent audit report performed by Doeren Mayhew, please call the Credit Union at (800) 431-2754 or email your request to memberservices@usalliance.org.

Nancy R. Rossi
Chairperson, Supervisory Committee
Volunteers

Board of Directors
Chairman
George L. Barto
Vice Chairman
Peter H. Staley
Secretary
Judith A. Brandt
Treasurer
Carla M. Palma

Directors
Ellen R. Dulberger
Paul Gravenese
William H. Lusk
Ronald M. Quagliani
Simon R. Walton

Associate Directors
Darren Smith
Nancy R. Rossi

Directors Emeritus
James R. Collins
Thomas F. McCormick
John Murphy
Ferdinand S. Spucci
Alan L Stuart

Supervisory Committee
Chairperson
Nancy R. Rossi
Members
Paul Gravenese
Darren Smith

Management Team

President/CEO
Kris P. VanBeek

COO/Executive Vice President
James B. White

CIO/Senior Vice President
Electronic Systems & Information Technology
Kevin A. Randall

CFO/Senior Vice President
Brett J. Wheeler

Vice Presidents
Branch Services & Operations
Doreen M. Bjorkman

Call Center Operations
Deanna Rasco

Compliance & Risk Management
Denise M. Enlund

Human Resources
Raksha Shirali

Real Estate Lending
Kimberly London

Assistant Vice Presidents
Branch Services and Operations
Lisett Ovalle

Fraud & Risk
Joseph Pugliese

Consumer Lending
Terri Rath-Massey

E-commerce
Kristi L. Kenworthy

EFT/Card Services, ATMs & Imaging
Felecia A. Hudson

Human Resources
Marion T. Murphy

Information Technology
Shireen Shen

Marketing
John Billings

New Jersey Regional Manager
Deborah Gordon
## Financials

### Statements of Financial Condition

As of December 31, 2017 & 2016

<table>
<thead>
<tr>
<th>Assets</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$101,200,972</td>
<td>$86,398,066</td>
</tr>
<tr>
<td>ACH receivable</td>
<td>8,880,790</td>
<td>8,893,601</td>
</tr>
<tr>
<td>Interest bearing deposits</td>
<td>1,501,403</td>
<td>4,389,403</td>
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<tr>
<td>Available-for-sale investments</td>
<td>16,348,376</td>
<td>16,922,688</td>
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<tr>
<td>Federal Home Loan Bank (FHLB) stock</td>
<td>10,992,500</td>
<td>4,739,500</td>
</tr>
<tr>
<td>Central Liquidity Fund (CLF) stock</td>
<td>2,593,532</td>
<td>2,366,905</td>
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<tr>
<td>Loans held for sale</td>
<td>—</td>
<td>14,524,748</td>
</tr>
<tr>
<td>Loans to members, net of allowance for loan losses</td>
<td>1,187,720,232</td>
<td>1,019,155,514</td>
</tr>
<tr>
<td>Accrued interest receivable</td>
<td>4,292,384</td>
<td>3,653,791</td>
</tr>
<tr>
<td>Prepaid and other assets</td>
<td>17,174,653</td>
<td>17,135,871</td>
</tr>
<tr>
<td>Split-dollar life insurance (SDLI)</td>
<td>7,745,802</td>
<td>7,830,235</td>
</tr>
<tr>
<td>Credit union owned life insurance (COLI)</td>
<td>7,245,425</td>
<td>7,028,944</td>
</tr>
<tr>
<td>Property and equipment</td>
<td>3,776,606</td>
<td>4,052,290</td>
</tr>
<tr>
<td>NCUSIF deposit</td>
<td>8,639,018</td>
<td>8,484,478</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$1,378,111,693</strong></td>
<td><strong>$1,205,576,034</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities and Members’ Equity</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Members’ shares and savings accounts</td>
<td>$1,016,829,787</td>
<td>$996,489,105</td>
</tr>
<tr>
<td>Borrowings</td>
<td>225,000,000</td>
<td>85,000,000</td>
</tr>
<tr>
<td>Uninsured secondary capital</td>
<td>7,000,000</td>
<td>7,000,000</td>
</tr>
<tr>
<td>Accrued expenses and other liabilities</td>
<td>23,770,365</td>
<td>24,426,912</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>1,272,600,152</strong></td>
<td><strong>1,112,916,017</strong></td>
</tr>
</tbody>
</table>

Commitments and contingent liabilities

<table>
<thead>
<tr>
<th>Members’ Equity</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular reserve</td>
<td>17,582,100</td>
<td>17,582,100</td>
</tr>
<tr>
<td>Undivided earnings</td>
<td>92,752,048</td>
<td>81,163,923</td>
</tr>
<tr>
<td>Accumulated other comprehensive loss</td>
<td>(4,822,607)</td>
<td>(6,086,006)</td>
</tr>
<tr>
<td><strong>Total members’ equity</strong></td>
<td><strong>105,511,541</strong></td>
<td><strong>92,660,017</strong></td>
</tr>
<tr>
<td><strong>Total liabilities and members’ equity</strong></td>
<td><strong>$1,378,111,693</strong></td>
<td><strong>$1,205,576,034</strong></td>
</tr>
</tbody>
</table>
## Statements of Income

Years ended December 31, 2017 & 2016

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interest income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans to members</td>
<td>$53,237,430</td>
<td>$47,802,443</td>
</tr>
<tr>
<td>Investments and interest bearing deposits</td>
<td>1,562,461</td>
<td>1,168,488</td>
</tr>
<tr>
<td><strong>Total interest income</strong></td>
<td>$54,799,891</td>
<td>$48,970,931</td>
</tr>
<tr>
<td><strong>Interest expense</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Members' shares and savings accounts</td>
<td>7,941,587</td>
<td>7,206,874</td>
</tr>
<tr>
<td>Borrowings</td>
<td>2,626,725</td>
<td>809,446</td>
</tr>
<tr>
<td><strong>Total interest expense</strong></td>
<td>$10,568,312</td>
<td>$8,016,320</td>
</tr>
<tr>
<td><strong>Net interest income</strong></td>
<td>$44,231,579</td>
<td>$40,954,611</td>
</tr>
<tr>
<td><strong>Provision for loan losses</strong></td>
<td>5,450,000</td>
<td>5,800,000</td>
</tr>
<tr>
<td><strong>Net interest income after provision for loan losses</strong></td>
<td>$38,781,579</td>
<td>$35,154,611</td>
</tr>
<tr>
<td><strong>Non-interest income</strong></td>
<td>$9,269,692</td>
<td>$9,471,128</td>
</tr>
<tr>
<td>Fees and charges</td>
<td>5,804,743</td>
<td>5,426,468</td>
</tr>
<tr>
<td>Interchange income</td>
<td>2,479,310</td>
<td>2,097,653</td>
</tr>
<tr>
<td>Gain on sale of loans</td>
<td>515,392</td>
<td>1,540,871</td>
</tr>
<tr>
<td>Other income</td>
<td>470,247</td>
<td>406,136</td>
</tr>
<tr>
<td><strong>Total non-interest income</strong></td>
<td>$9,269,692</td>
<td>$9,471,128</td>
</tr>
<tr>
<td><strong>Non-interest expenses</strong></td>
<td>$36,463,146</td>
<td>$34,424,816</td>
</tr>
<tr>
<td>Compensation and benefits</td>
<td>21,114,078</td>
<td>19,612,638</td>
</tr>
<tr>
<td>Office operations</td>
<td>7,806,538</td>
<td>6,907,387</td>
</tr>
<tr>
<td>Office occupancy</td>
<td>2,761,947</td>
<td>2,785,067</td>
</tr>
<tr>
<td>Loan servicing</td>
<td>1,939,209</td>
<td>2,137,600</td>
</tr>
<tr>
<td>Other expense</td>
<td>1,594,582</td>
<td>1,611,238</td>
</tr>
<tr>
<td>Advertising costs</td>
<td>1,246,792</td>
<td>1,370,886</td>
</tr>
<tr>
<td><strong>Total non-interest expenses</strong></td>
<td>$36,463,146</td>
<td>$34,424,816</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>$11,588,125</td>
<td>$10,200,923</td>
</tr>
</tbody>
</table>
Connecticut
West Haven
1 Atwood Place
VA Hospital
950 Campbell Avenue, Bldg 5

Massachusetts
Cambridge
1960 Massachusetts Avenue
Danvers
Liberty Tree Mall
100 Independence Way
Malden
1032 Eastern Avenue
Medford
71 Station Landing

New York
Hopewell Junction
2351 Route 52
Liberty
25 Sullivan Avenue
Napanoch
710 Berme Road
Walmart
7500 Route 209
New York City
350 West 31st Street
200 Vesey Street*
20 East 179th Street (Bronx)
Port Chester
555 Boston Post Road
Purchase
700 Anderson Hill Road*
Wallkill
1296 Route 208
White Plains
1111 Westchester Avenue*
Woodbourne
390 Route 52

New Jersey
Wayne
One Corporate Drive

*Restricted Access