



2019 Annual Report



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OUR MEMBERS: THE HEART OF WHAT WE DO

As we look back on 2019, I couldn't be prouder of USALLIANCE. Thanks to a period of substantial growth in recent years, 2019 gave us the opportunity to renew our focus on our members and their experience. This makes sense because, after all, it's who we are.

The special thing about credit unions is that we put members at the heart of what we do. I see it every day as the Chairman of the Board, and a longtime member. By keeping our members front and center, we focus on their experience and the way we can make it easy for them to do the things they need to do and bank the way they want to bank. We offer products and services that improve our members' ability to save, plan for the future, and conduct their everyday banking and money management for every stage of life. In 2019, these efforts were apparent in USALLIANCE's investment choices around technology, the enhancement of our products and services, and the way our staff continues to interact with and support our members, in addition to maintaining competitive savings, loan, and investment rates.

Above and beyond the great banking products and services we offer is our commitment to providing an exceptional member experience. This is made real in the teller who processes your transaction at one of our branches, the call center employee who answers your online banking questions, and the volunteer Director who uses her executive experience to fortify USALLIANCE's organizational knowledge and expertise. It's also the array of free educational resources available on our website, on our blog, and inside our branches. As part of our commitment to you, we want to help you make the right financial choices for your unique needs.

The overriding focus on members that's inherent to credit unions pulled me in when I became a USALLIANCE member as a PepsiCo employee over 20 years ago. Here was an organization

solely for its members and their welfare, with staff and volunteers who have always gone the extra mile. These shared interests inspired me to become a volunteer Director, and now, to serve as Chairman of your Board.

As we embark on a new decade and approach \$2 billion in assets, our perspective remains the same: listening to our members' needs and goals, and helping them on their journey towards financial wellness. This year, we'll continue doing what we do best: keeping our members at the forefront and strengthening our ability to continue to serve them. We'll invest in safe and secure tools and processes that improve the member experience, all while safeguarding members' transactions, privacy, and overall financial health.

The challenges for our members and USALLIANCE that the coronavirus pandemic creates are substantial. We will keep our members' needs for the immediate future and the long term at the forefront of what we do, and the way in which we serve you. USALLIANCE has the culture, tools, scale, and leadership that will bring us through the difficult months ahead and put us on course for the better times beyond.

I want to extend a heartfelt thank you to our entire community—our members, staff, and volunteers—for leading the way in creating, nurturing, and growing such a dynamic and successful, cooperative organization. Together, our momentum ensures healthy growth and endless possibilities to make a difference in our members' financial lives.

Sincerely,



Simon R. Walton
Chairman of the Board

OUR PURPOSE IS YOU

For me, purpose is what we focused on in 2019. Financial strength is important, but it is all for naught if we don't use it for the right purpose. We knew that 2019 would be a meaningful year at USALLIANCE. With recent growth placing us on the threshold of becoming a multi-billion-dollar organization, it has become more critical than ever to remain true to who we are.

Throughout 2019, we were determined to do just that—to infuse each and every product, service, and interaction with a renewed sense of purpose, one that prioritizes financial strength and inclusivity. No matter what stage of life our members find themselves in, they know they can come to us for a robust portfolio of easy-to-use, fundamental banking products. Our MyLife Savings Account offers an APY boost on the first \$500 to help members kickstart their savings plans. Our new High Dividend Savings Account, which we began promoting in January 2019, has consistently topped the charts of high-rate saving accounts, giving our members a better opportunity to save for the long term. Similarly, our MyLife Money Market Account is built to grow member funds at a secure rate, without having to deal with risky investments. Our Certificate Accounts, with flexible rates and terms, and low minimum balance requirements, allow even the smallest savers to plan for their future.

Giving back is central to our purpose. In 2019, we continued down a path of realignment for the credit union and focused on what it means to be a part of a cooperative. As a member-owned financial institution, it is our purpose and privilege to be able to give back to our members. In May, when our 18-Month Certificate Account reached a rate of 3.00%, it was recognized as one of the highest in the industry. Our success, however, stems from more than just great rates and products. It is realized in our staff, who always go the extra mile to provide exceptional member service and ensure member satisfaction. Looking at our member reviews

from the past year, they are filled with superlatives—“customer service reps are amazing”; “confident, had the answers to all of my questions”; “fantastic service”; “staff went way beyond to help us with everything and to stick to our budget”; “and thank you, USALLIANCE for taking such good care of my financial life.” I could go on and on, but as you can see, we have a passionate and dedicated team who truly own the cooperative model of “People helping people.”

We've set the bar pretty high in recent years, with new growth presenting its own challenges, but our team responded in spectacular fashion in 2019. A credit union is a special place, where individuals come together to serve a common goal, and the entire USALLIANCE organization was instrumental this year in re-energizing and renewing our sense of purpose. Still, everything we do comes back to our members. Simply by being a member of a credit union, you support the financial wellness of your fellow members and the communities in which they live and work. For this, we thank you.

USALLIANCE has seen tremendous growth over the past few years, and now that we're inching closer to our \$2 billion milestone, we're focusing on sustainability. As we all begin to face the challenges this year brought on by COVID-19 and market uncertainty, we want to ensure that we're growing in a healthy way that builds financial strength, meets our members' needs, and will continue to form a foundation where we can stand strong. Throughout 2020 and the decade ahead, we're committed to sustainable growth that ensures we remain true to who we are and to our purpose—you.

Sincerely,



Kris P. VanBeek
CEO & President

2019

BY THE NUMBERS

All data as of December 31, 2019



39,366

MOBILE BANKING
USERS



79,581

VISA DEBIT CARD
HOLDERS



89,517

ONLINE BANKING
USERS



14

BRANCH
LOCATIONS



13,870

VISA CREDIT CARD
HOLDERS



301,424

CALL CENTER VOLUME

PHONE:

264,989

EMAIL:

17,898

LIVE CHAT:

18,537



120,310

MEMBERS SERVED

50

STATES WITH
MEMBERS

USALLIANCE Financial

THE COOPERATIVE DIFFERENCE

At USALLIANCE, we operate as a member-first financial institution. That means our primary goal is to go above and beyond to not just meet, but exceed our members' needs and expectations. We accomplish that goal by offering industry-leading products and exceptional service.

These member quotes are just a few of the many examples of our staff exemplifying the cooperative difference that is experienced at USALLIANCE Financial:

MORTGAGE TEAM – MORTGAGE

“My experience with the company was **PHENOMENAL!! They were awesome to work with.** They kept me updated and took all of the stress away from me. I would recommend the team to anyone looking to buy a house!”

CALL CENTER – AUTO LOAN

“Without hesitation, I will apply for this product again!! **Thank you, for simplifying the inherently stressful task of purchasing a car.** You're the best!”

BRANCH – AUTO LOAN

“I went to this bank to refinance my car three years ago to get a better interest rate with lower monthly payments, and it was so easy. **Irene has really been my go to. She's pure awesome, always guiding me to the right direction** in what I am looking for and what would work best for me. She really knows her stuff!”



BRANCH – CERTIFICATE

“I along with my wife visited this branch yesterday to open a certificate account. We were very courteously greeted and were explained all the alternatives as well as the currently available best rates. I could book my certificate with an interest rate that I consider is the highest available in the banking sector today. **I am a long-standing member of the USALLIANCE ever since 2004, and I am very happy with the best financial services received over all these years.**”

MORTGAGE TEAM – HELOC

“I was recently attempting to close out my HELOC, and an error from the call center extended the process to over a week. **Fortunately, Dianna began working with me and was extremely attentive, proactively reaching out every day to provide guidance and direction.** I appreciated her customer service and wanted to let you know!”

ASSET MANAGEMENT – HARDSHIPS

“**Seth was patient, understanding, sincere, heartfelt, dedicated to helping me to the fullest capacity, and just overall incredible.** I have worked in customer service as well as corporate offices, and I have never experienced such a compassionate and helpful person. People like this are hard to find, and it’s so refreshing to see that there are still people out there like that. **I was completely distraught and overwhelmed with this situation, but he stood by my side and fought to help me.** Thank you, Seth, and I hope USALLIANCE appreciates Seth as much as I do!”



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 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 March 12, 2020, confirmed the Credit Union's consolidated financial statements for 2019 were materially correct, and presented in conformity with generally accepted accounting principles.



Nancy R. Rossi

Supervisory Committee Chair

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**.



STATEMENTS OF FINANCIAL CONDITION

All data as of December 31, 2019 & 2018

ASSETS

| | 2019 | 2018 |
|--|------------------------|------------------------|
| Cash and cash equivalents | \$130,138,871 | \$104,967,805 |
| ACH receivables | 12,831,600 | 10,057,987 |
| Interest-bearing deposits | 3,556,000 | 4,826,440 |
| Available-for-sale investments | 16,273,356 | 38,637,173 |
| Federal Home Loan Bank (FHLB) stock | 14,486,500 | 15,155,000 |
| Central Liquidity Facility (CLF) stock | 3,057,815 | 3,039,222 |
| Loans to members, net of allowance for loan losses | 1,605,037,223 | 1,467,970,102 |
| Accrued interest receivable | 5,532,633 | 5,670,114 |
| Prepaid and other assets | 23,728,058 | 19,594,521 |
| Split-dollar life insurance (SDLI) | 7,469,099 | 7,646,595 |
| Credit union owned-life insurance (COLI) | 7,620,223 | 7,405,222 |
| Property and equipment, net | 2,776,063 | 6,422,233 |
| NCUSIF deposit | 11,360,519 | 9,908,061 |
| TOTAL ASSETS | \$1,843,867,960 | \$1,701,300,475 |

LIABILITIES AND MEMBERS' EQUITY

Liabilities:

| | | |
|---|------------------------|------------------------|
| Member and non-member shares and deposits | \$1,372,661,942 | \$1,230,984,292 |
| Borrowings | 295,000,000 | 315,000,000 |
| Uninsured secondary capital | 19,200,000 | 16,600,000 |
| Accrued expenses and other liabilities | 21,756,805 | 19,699,075 |
| TOTAL LIABILITIES | \$1,708,618,747 | \$1,582,283,367 |

Members' equity:

| | | |
|--------------------------------------|--------------|--------------|
| Regular reserve | \$17,582,100 | \$17,582,100 |
| Undivided earnings | 120,567,257 | 105,927,967 |
| Accumulated other comprehensive loss | (2,900,144) | (4,492,959) |

| | | |
|------------------------------|----------------------|----------------------|
| TOTAL MEMBERS' EQUITY | \$135,249,213 | \$119,017,108 |
|------------------------------|----------------------|----------------------|

| | | |
|--|------------------------|------------------------|
| TOTAL LIABILITIES AND MEMBERS' EQUITY | \$1,843,867,960 | \$1,701,300,475 |
|--|------------------------|------------------------|

TOTAL ASSETS

| | |
|------|-----------------|
| 2017 | \$1,378,111,693 |
| 2018 | \$1,701,300,475 |
| 2019 | \$1,843,867,960 |



USALLIANCE FEDERAL CREDIT UNION

STATEMENTS OF INCOME

All data as of December 31, 2019 & 2018

| INTEREST INCOME | 2019 | 2018 |
|---|---------------------|---------------------|
| Loans to members | \$73,550,843 | \$65,881,842 |
| Investments and interest-bearing deposits | 4,436,151 | 3,353,716 |
| TOTAL INTEREST INCOME | \$77,986,994 | \$69,235,558 |
| INTEREST EXPENSE | | |
| Members' shares and savings accounts | \$19,690,487 | \$12,790,027 |
| Borrowings | 8,875,025 | 5,812,435 |
| TOTAL INTEREST EXPENSE | \$28,565,512 | \$18,602,462 |
| NET INTEREST INCOME | \$49,421,482 | \$50,633,096 |
| Provisions or loan losses | \$6,830,000 | \$7,000,000 |
| NET INTEREST INCOME AFTER PROVISIONS FOR LOAN LOSSES | \$42,591,482 | \$43,633,096 |
| NON-INTEREST INCOME | | |
| Fees and charges | \$7,171,815 | \$6,515,954 |
| Interchange income | 3,109,438 | 3,000,169 |
| Gain on sale of Visa® stock | 1,660,894 | |
| Other income | 952,081 | 1,648,387 |
| Gain on sale of loans | 489,885 | 280,070 |
| TOTAL NON-INTEREST INCOME | \$13,384,113 | \$11,444,580 |
| NON-INTEREST EXPENSES | | |
| Compensation and benefits | \$22,726,991 | \$23,702,461 |
| Office operations | 8,837,590 | 8,918,756 |
| Office occupancy | 3,319,938 | 3,027,610 |
| Other expense | 3,204,792 | 2,587,042 |
| Loan servicing | 2,173,815 | 2,693,974 |
| Advertising costs | 654,135 | 971,914 |
| TOTAL NON-INTEREST EXPENSES | \$40,917,261 | \$41,901,757 |
| NET INCOME | \$15,058,334 | \$13,175,919 |

NET INCOME

| | |
|------|--------------|
| 2017 | \$11,588,125 |
| 2018 | \$13,175,919 |
| 2019 | \$15,058,334 |

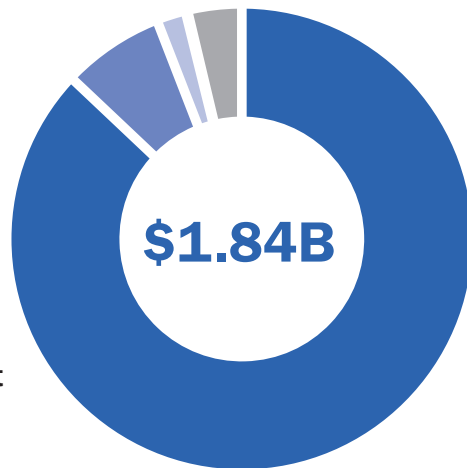


STATEMENTS OF INCOME (CONT.)

All data as of December 31, 2019 & 2018

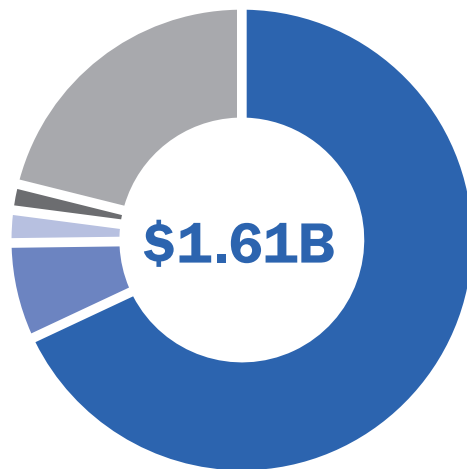
ASSETS

| | |
|----------------------|-----------------|
| Loans | \$1,605,037,223 |
| Cash | \$130,138,871 |
| Investments | \$37,373,671 |
| Property & Equipment | \$2,776,063 |
| Other | \$68,542,132 |



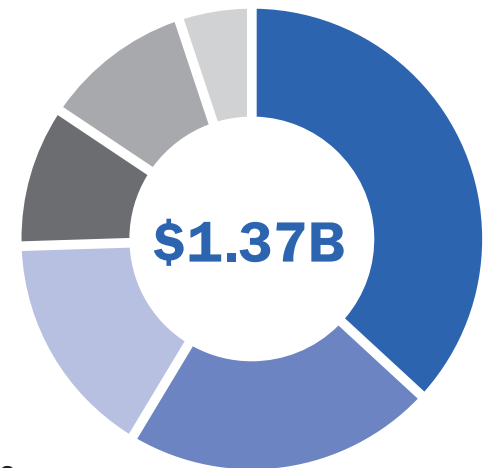
LOANS TO MEMBERS

| | |
|--------------|-----------------|
| Real Estate | \$1,100,727,203 |
| Vehicle | \$109,633,632 |
| Credit Cards | \$36,781,615 |
| Commercial | \$29,527,229 |
| Other | \$341,580,850 |



MEMBER SAVINGS

| | |
|---------------------|---------------|
| Certificates | \$505,959,860 |
| Shares | \$298,737,256 |
| Checking | \$217,993,247 |
| Money Market | \$135,529,707 |
| Non-Member Deposits | \$144,320,127 |
| Retirement | \$70,121,747 |



VOLUNTEERS

BOARD OF DIRECTORS

Chairman

Simon R. Walton

Vice Chairman

Peter H. Staley

Secretary

Ellen R. Dulberger

Treasurer

William H. Lusk

Directors

George L. Barto

Judith A. Brandt

Carla M. Palma

Ronald M. Quagliani

Darren E. Smith

Associate Director

Nancy R. Rossi

Directors Emeritus

James R. Collins

Thomas F. McCormick

John Murphy

Alan L. Stuart

SUPERVISORY COMMITTEE

Chair

Nancy R. Rossi

Secretary

Darren E. Smith

Members

Paul J. Gravenese

Shaun Pasquale

Arthur Kentros

MANAGEMENT TEAM

EXECUTIVE TEAM

CEO & President

Kris P. VanBeek

COO & Executive Vice President

James B. White

CFO & Senior Vice President

Brett J. Wheeler

CIO & Senior Vice President

Kevin A. Randall

Senior Vice President

Stephanie Hyles

VICE PRESIDENTS

Branch Services & Operations

Doreen M. Bjorkman

Call Center Operations

Deanna Rasco

Compliance & Risk Management

Denise M. Enlund

Digital Marketing

John Billings

Human Resources

Raksha Shirali

ASSISTANT VICE PRESIDENTS

Asset Management/

Real Estate Systems & Servicing

Erica Potter

E-Commerce

Kristi L. Kenworthy

Fraud & Risk

Joseph Pugliese

Human Resources

Marion T. Murphy

Information Technology

Shireen Shen

Operations Support

Felecia A. Hudson

Real Estate Lending

David MacDonald

DIRECTORS

Cyber Security/ISO

Joshua Polick

IT Application Support

Tony Vo

Specialty Consumer Lending

Alexander Schmidt

Specialty Lending

Eric Craig

USALLIANCE Financial

BRANCH LOCATIONS

CONNECTICUT

West Haven, VA Hospital
950 Campbell Avenue, Building 5

West Haven
1 Atwood Place

MASSACHUSETTS

Cambridge
1960 Massachusetts Avenue

Malden
1032 Eastern Avenue

Medford
71 Station Landing

NEW JERSEY

Wayne
1 Corporate Drive

NEW YORK

Bronx
20 East 179th Street

Hopewell Junction
2531 Route 52

Liberty
25 Sullivan Avenue

Napanoch, Walmart
7500 Route 209

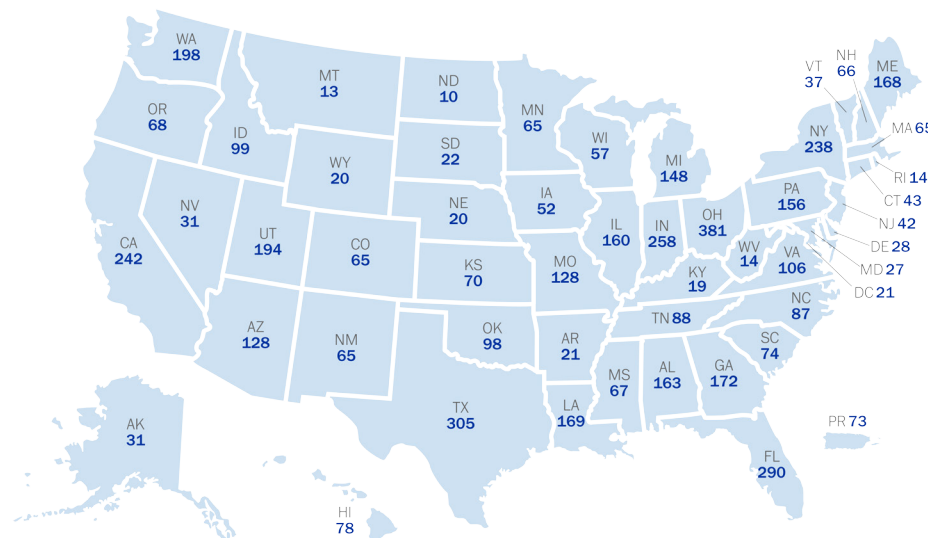
New York City, AMEX
200 Vesey Street*

New York City
350 West 31st Street

Port Chester
555 Boston Post Road

Purchase, PEPSICO
700 Anderson Hill Road*

* Restricted Access



5,900+ Shared Co-op Branches

30,000 Surcharge-Free ATMs

14 USALLIANCE Branches

120,000+ USALLIANCE Members

“Great everyday
banking **whenever**
and **wherever**
you need it.”

ATMs & Shared Branches

As a member of **USALLIANCE**, you have access to more than **30,000** surcharge-free ATMs, as well as more than **5,900** shared branch facilities nationwide. Find one near you: www.usalliance.org/about-us/atm-branch-locator.

Mobile Banking

Our mobile app gives you access to all of our online banking features directly from your mobile device. Download the **USALLIANCE** app from the Apple® App Store® or on Google Play™.**





Online Banking

Check your balance, view your transaction history, transfer funds, pay bills, and more—all with the click of a button. Enroll today at usalliance.org.




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Map Source: Co-op Financial Services | www.co-opfs.org

USALLIANCE Financial

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