Our Mission

• To improve the financial security of members and their families
• To be the principal supplier of financial services to our members
• To maintain a sound conservative financial position

Our Values

• Member Focused - We anticipate and respond promptly to member expectations and continuously fulfill member needs.
• Act with Integrity - We act ethically for the member, co-workers, suppliers and our Credit Union.
• Financially Strong - We support those actions and behaviors that contribute to growth and return.
• Good Employer - We treat employees with respect and dignity. We provide employees with a work environment that is challenging, rewarding, enjoyable and safe.
Note from the Chairman

2010 ended on the same note that it began - guarded optimism for economic improvement tempered by objective recognition that any improvements achieved would most likely be small in scale. It appears that this same outlook will carry over into 2011 and perhaps even for the next several years.

There were some small signs of encouragement in 2010. The stock market started to find its way back. The rapid freefall of the housing market slowed. The U.S. Gross Domestic Product (GDP) increased 2.9% compared to the decrease of 2.6% experienced in 2009.

However, these small steps forward were overshadowed by the more daunting obstacles we continue to face; obstacles such as a rising national debt, lingering malaise in the housing market and an excessively high unemployment rate that refuses to budge. Although economists have declared an end to the Great Recession, that end remains elusive for many families.

USAIIlance and its members have not been immune to these economic pressures. However, I am proud to say that throughout this long ordeal, USAIIlance has remained a beacon for our members by providing the types of savings and loan products they both want and need. The Credit Union remains a sound financial institution and will remain so, due in large part to the strategic guidance of an outstanding management team and the dedicated efforts of all staff members.

Thank you for your continued support and confidence in USAIIlance. Please know that we are here to assist you and your families in meeting your financial goals.

George L. Barto
Chairman
Note from the President

The start of a new decade did not signal a new start for the U.S. economy. Despite proclamations from economists that the recession had actually ended in the summer of the previous year, business conditions remained challenging throughout 2010. I am pleased to report that USAlliance continues to hold steadfast against these external market conditions and maintain its position as a well-capitalized financial institution.

Our short-term strategies, including a focused expense reduction program, have been instrumental in helping the Credit Union hold up against extenuating outside market forces.

Recognizing that our current operating climate is fluid, we have begun to formulate long-term plans for moving the Credit Union forward. Our goal is to increase the spectrum of products and services we offer members in a manner that provides added convenience, flexibility and above all, increased member value. These products include mobile banking, remote deposit capture, a purely online account opening system and a more robust eBranch. We are also exploring the use of social media outlets as a means to foster increasingly open and rapid communication with our members.

Thank you for your patronage during 2010. We look forward to continuing to serve you and your families in the future.

Michael F. Ambrose
President/CEO
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 management practices and procedures to ensure that they are sufficient to safeguard members’ assets and 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 represented the Credit Union’s financial position, the Supervisory Committee retained the services of the certified public accounting firm of Orth, Chakler, Murnane & Company, CPAs 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 16, 2011, confirmed the Credit Union’s consolidated financial statements for 2010 were materially correct and presented in conformity with Generally Accepted Accounting Principles.

For a complete copy of the independent audit report performed by Orth, Chakler, Murnane & Company, CPAs, please call the Credit Union at 800.431.2754 or email your request to emailbox@USAlliance.org.

Scott J. Forbes
Chairman
Supervisory Committee
Volunteers

Board of Directors

Chairman
George L. Barto

Vice Chairman
Peter H. Staley

Secretary
Judith A. Brandt

Directors
James R. Collins
Ellen Dulberger
William H. Lusk
Carla A. Palma
Ferdinand S. Spucci
Alan L. Stuart

Associate Directors
Scott J. Forbes
Paul Gravenese
Timothy J. Sugrue

Directors Emeritus
Joseph E. Hanson
Thomas F. McCormick
John Murphy

Supervisory Committee

Chairman
Scott J. Forbes

Secretary
Allan Bednowitz

Members
Paul Gravenese
Carla A. Palma
Timothy J. Sugrue
## Statement of Financial Condition

### ASSETS

<table>
<thead>
<tr>
<th></th>
<th>As of December 31, 2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash</strong></td>
<td>$31,405,605</td>
<td>$5,889,537</td>
</tr>
<tr>
<td><strong>Investments:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Available-for-sale</td>
<td>55,350,356</td>
<td>70,158,545</td>
</tr>
<tr>
<td>Other</td>
<td>47,205,461</td>
<td>84,034,836</td>
</tr>
<tr>
<td><strong>Loans to members, net allowance for loan losses</strong></td>
<td>599,027,419</td>
<td>586,369,358</td>
</tr>
<tr>
<td><strong>Accrued interest receivable:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>278,117</td>
<td>694,110</td>
</tr>
<tr>
<td>Loans</td>
<td>2,463,584</td>
<td>2,540,547</td>
</tr>
<tr>
<td>Prepaid and other assets</td>
<td>3,264,187</td>
<td>1,176,880</td>
</tr>
<tr>
<td>Property and equipment</td>
<td>7,513,435</td>
<td>9,492,637</td>
</tr>
<tr>
<td><strong>NCUSIF deposit</strong></td>
<td>6,571,534</td>
<td>6,746,478</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$753,079,698</td>
<td>$767,102,928</td>
</tr>
</tbody>
</table>

### LIABILITIES AND MEMBERS’ EQUITY

<table>
<thead>
<tr>
<th></th>
<th>As of December 31, 2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LIABILITIES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Members’ share and savings accounts</td>
<td>$690,210,324</td>
<td>$706,903,620</td>
</tr>
<tr>
<td>Accounts payable and other liabilities</td>
<td>9,301,380</td>
<td>6,606,582</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>699,511,704</td>
<td>713,510,202</td>
</tr>
<tr>
<td>Commitments and contingent liabilities</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>MEMBERS’ EQUITY:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regular reserve</td>
<td>17,582,100</td>
<td>17,582,100</td>
</tr>
<tr>
<td>Undivided earnings</td>
<td>40,801,054</td>
<td>39,728,950</td>
</tr>
<tr>
<td>Accumulated other comprehensive loss</td>
<td>(4,815,160)</td>
<td>(3,718,324)</td>
</tr>
<tr>
<td><strong>Total retained earnings</strong></td>
<td>53,567,994</td>
<td>53,592,726</td>
</tr>
<tr>
<td><strong>Total liabilities and retained earnings</strong></td>
<td>$753,079,698</td>
<td>$767,102,928</td>
</tr>
</tbody>
</table>
## Statement of Income

For the years ended December 31, 2010                  2009

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INTEREST INCOME:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans to members</td>
<td>$31,457,726</td>
<td>$32,944,472</td>
</tr>
<tr>
<td>Investments</td>
<td>1,499,136</td>
<td>2,471,310</td>
</tr>
<tr>
<td>Total interest income</td>
<td>32,956,862</td>
<td>35,415,782</td>
</tr>
<tr>
<td><strong>INTEREST EXPENSE:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Members’ share and savings accounts</td>
<td>9,105,741</td>
<td>15,241,600</td>
</tr>
<tr>
<td>Net Interest Income</td>
<td>23,851,121</td>
<td>20,174,182</td>
</tr>
<tr>
<td><strong>PROVISION FOR LOAN LOSSES</strong></td>
<td>4,070,500</td>
<td>2,660,000</td>
</tr>
<tr>
<td>Net interest income after provision for loan losses</td>
<td>19,780,621</td>
<td>17,514,182</td>
</tr>
<tr>
<td><strong>NON-INTEREST INCOME:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fees and service charges</td>
<td>4,156,136</td>
<td>4,225,012</td>
</tr>
<tr>
<td>Income from NCUSIF</td>
<td>—</td>
<td>3,365,000</td>
</tr>
<tr>
<td>Recovery from bond claims</td>
<td>—</td>
<td>2,971,783</td>
</tr>
<tr>
<td>Gain on sale of loans</td>
<td>—</td>
<td>587,374</td>
</tr>
<tr>
<td>Gain on sale of investments</td>
<td></td>
<td>198,617</td>
</tr>
<tr>
<td>Total non-interest income</td>
<td>4,156,136</td>
<td>11,347,786</td>
</tr>
<tr>
<td><strong>NON-INTEREST EXPENSE:</strong></td>
<td>23,936,757</td>
<td>28,861,968</td>
</tr>
<tr>
<td>Compensation and employee benefits</td>
<td>12,004,204</td>
<td>13,078,933</td>
</tr>
<tr>
<td>Office operating costs</td>
<td>4,453,305</td>
<td>5,107,114</td>
</tr>
<tr>
<td>Office occupancy expenses</td>
<td>2,463,585</td>
<td>2,539,496</td>
</tr>
<tr>
<td>Other expenses</td>
<td>1,995,667</td>
<td>2,415,315</td>
</tr>
<tr>
<td>NCUA insurance premium assessments</td>
<td>1,716,318</td>
<td>1,011,972</td>
</tr>
<tr>
<td>Impairment of membership capital shares at Members’ United Corporate Federal Credit Union</td>
<td>231,574</td>
<td>944,130</td>
</tr>
<tr>
<td>Total non-interest expense</td>
<td>22,864,653</td>
<td>25,096,960</td>
</tr>
<tr>
<td>Net income</td>
<td>$1,072,104</td>
<td>$3,765,008</td>
</tr>
</tbody>
</table>
Executive Management Team*

Michael F. Ambrose  
President/CEO

Agnes Kung  
Senior Vice President  
Human Resources

James B. White  
CFO  
Senior Vice President  
Finance

Robert Canavan  
Vice President  
Accounting Services

Chris J. Lazowy  
Vice President  
Branch Operations and Business Development

Doreen A. Salvati  
Vice President  
Member Services and Consumer Lending

John Francese  
Assistant Vice President  
Information Security

Joann D. Kay  
Assistant Vice President  
Marketing

Susan G. Lowell  
Assistant Vice President  
Real Estate Services

Marion T. Murphy  
Assistant Vice President  
Human Resources

* As of May 1, 2011
Branch Locations

**New York**
- 600 Midland Avenue
  Rye, NY
- 219A E. Hartsdale Avenue
  Hartsdale, NY
- The Landmark at Eastview
  777 Old Saw Mill River Road
  Tarrytown, NY
- 303 S. Broadway, Suite 126
  Tarrytown, NY

**New York City**
- 350 West 31st Street
  New York, NY
  AMEX*
- 200 Vesey Street, 3rd Floor
  New York, NY

**New Jersey**
- ISO*
  545 Washington Boulevard, 21st Floor
  Jersey City, NJ

**Massachusetts**
- 1960 Massachusetts Avenue
  Cambridge, MA
  Liberty Tree Mall
  100 Independence Way
  Danvers, MA
- 1032 Eastern Avenue (Route 60)
  Malden, MA
- 71 Station Landing
  Medford, MA

* Restricted Access Branches