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, coworkers, 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.
2011 was a year of transition for USAlliance. We saw a return to the financial strengthening of the Credit Union as our membership and the country continue to recover from the economic recession and a change in leadership with the retirement of CEO Mike Ambrose.

Replacing Mike was not easy. That challenge was made all the more formidable when trying to replace someone with the foresight and leadership Mike demonstrated throughout his tenure. Mike’s stewardship helped successfully steer USAlliance through the economic ups and downs of the past decade. When times called for bold and often swift decisions and actions, he made them. He did so because he believed that the final outcome would be in the best interests of you, our members. That’s what made Mike a great CEO - his affinity to identify himself more as member than as a manager and put the human component of his decisions at the forefront. The USAlliance he left is different from the one when he first arrived. We’re a better institution – larger in size, bolder in market approach and more confident than ever before that the best is yet to come. We owe Mike a debt of gratitude for bringing us to this point and we thank him. Our best wishes go out to him and his wife, Debbie for a happy and well-deserved retirement.

More than ever before, USAlliance will be defined by the person chosen to lead it. The seemingly non-stop development of new technologies and the eagerness of consumers to adopt them are necessitating a further evolution of our Credit Union. I believe we found just that person in Kris VanBeek. Kris has the right vision and personal dedication to help transform USAlliance and move it towards achieving its full potential. We will benefit from the diversity of his experience in fields ranging from regulatory compliance to information technology and risk management and with companies ranging from start-ups to global financial concerns. Importantly, Kris is not one who waits for change to happen: he initiates change. We are very fortunate to have found someone who is as knowledgeable, savvy and member-focused as Kris. I am confident that under his direction USAlliance will become a credit union others will envy, admire and ultimately, strive to emulate.

A large part of what makes America a great nation is the principle of economic choice. You have the freedom to choose the products you want to buy and whom to buy them from. In the financial services marketplace, we’re aware that you have a wealth of choices. And, you have chosen to come here—to USAlliance. The volunteers and management team have worked hard to earn that privilege. We’ll work even harder to keep it.

George L. Barto
Chairman
Note from the President

Knowing this annual report message would be my first as President/CEO, I spent some time searching for the right words to best articulate my feelings about joining USAlliance. Not surprisingly, it simply came down to this — I am honored to have this privilege.

In my first months here I have to come to recognize the enormous inherent potential in this extraordinary organization. The key elements and importantly, the momentum needed to be a great organization are already here. The challenge we face and the charge I will lead involves harnessing that energy and directing it towards attaining higher and higher goals. I want USAlliance to be more than great: I want it to be the best. To do that we have to progress from an organization that reacts to marketplace changes to one that anticipates those changes and is first to market with leading-edge products and services.

This represents a dramatic change in strategic direction for USAlliance. Circumstances initiated by the economic downturn forced us to adopt a defensive mentality for the past several years, making it difficult to evolve into a more progressive institution. Now that it seems the economy has begun to stabilize, it's time to change those tactics and begin to build the infrastructure that will be needed to propel us forward. And the engine that will drive us is technology. You probably need look no further than your own home to see how technology has changed the way we live, work and even play. The organizations that build technology into their business strategies today will be the industry leaders of tomorrow. For this reason, you'll begin to see an emphasis on the development and implementation of innovative electronic delivery channels to enhance service to our members and provide the platform to help fuel member growth, especially with the Gen Y segment.

Before I close, I would be remiss if I did not use this forum to publicly acknowledge the numerous accomplishments of my predecessor, Mike Ambrose. Mike led the Credit Union through some difficult times. And it is because of him that USAlliance has emerged from the economic crisis a strong, stable institution, one well-positioned to begin the next chapter in its history. Thanks Mike — you’ve given us a great foundation on which to continue to build. We’ll make you proud.

Since I opened this letter with a simple message, I'll close it with one as well. Realizing the American Dream is within your grasp. USAlliance can help you reach for it.
Report of the Supervisory Committee

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 March 26, 2012, confirmed the Credit Union’s consolidated financial statements for 2011 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 M. 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 M. Palma
Timothy J. Sugrue
# Statement of Financial Condition

## ASSETS

<table>
<thead>
<tr>
<th></th>
<th>As of December 31,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
<td>2010</td>
</tr>
<tr>
<td>Cash</td>
<td>$112,477,515</td>
<td>$31,405,605</td>
</tr>
<tr>
<td>Investments:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Available-for-sale</td>
<td>83,710,725</td>
<td>55,350,356</td>
</tr>
<tr>
<td>Other</td>
<td>11,292,826</td>
<td>47,205,461</td>
</tr>
<tr>
<td>Loans to members, net allowance for loan losses</td>
<td>533,817,462</td>
<td>599,027,419</td>
</tr>
<tr>
<td>Accrued interest receivable:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>399,452</td>
<td>278,117</td>
</tr>
<tr>
<td>Loans</td>
<td>2,080,350</td>
<td>2,463,584</td>
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<tr>
<td>Prepaid and other assets</td>
<td>1,906,395</td>
<td>3,264,187</td>
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<tr>
<td>Property and equipment</td>
<td>6,249,452</td>
<td>7,513,435</td>
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<tr>
<td>NCUSIF deposit</td>
<td>6,505,206</td>
<td>6,571,534</td>
</tr>
<tr>
<td>Total assets</td>
<td>$758,439,383</td>
<td>$753,079,698</td>
</tr>
</tbody>
</table>

## LIABILITIES AND MEMBERS’ EQUITY

<table>
<thead>
<tr>
<th></th>
<th>As of December 31,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
<td>2010</td>
</tr>
<tr>
<td>Members’ share and savings accounts</td>
<td>$696,157,817</td>
<td>$690,210,324</td>
</tr>
<tr>
<td>Accounts payable and other liabilities</td>
<td>7,540,889</td>
<td>9,301,380</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>703,698,706</td>
<td>699,511,704</td>
</tr>
<tr>
<td>Commitments and contingent liabilities</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>MEMBERS’ EQUITY:</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>42,612,588</td>
<td>40,801,054</td>
</tr>
<tr>
<td>Accumulated other comprehensive loss</td>
<td>(5,454,011)</td>
<td>(4,815,160)</td>
</tr>
<tr>
<td>Total retained earnings</td>
<td>54,740,677</td>
<td>53,567,994</td>
</tr>
<tr>
<td>Total liabilities and retained earnings</td>
<td>$758,439,383</td>
<td>$753,079,698</td>
</tr>
<tr>
<td></td>
<td>For the years ended December 31,</td>
<td></td>
</tr>
<tr>
<td>-------------------------</td>
<td>----------------------------------</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2011</td>
<td>2010</td>
</tr>
<tr>
<td>INTEREST INCOME:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans to members</td>
<td>$28,532,452</td>
<td>$31,457,726</td>
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<tr>
<td>Investments</td>
<td>1,511,931</td>
<td>1,499,136</td>
</tr>
<tr>
<td>Total interest income</td>
<td>30,044,383</td>
<td>32,956,862</td>
</tr>
<tr>
<td>INTEREST EXPENSE:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Members’ share and savings accounts</td>
<td>6,582,493</td>
<td>9,105,741</td>
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<tr>
<td>Net Interest Income</td>
<td>23,461,890</td>
<td>23,851,121</td>
</tr>
<tr>
<td>PROVISION FOR LOAN LOSSES</td>
<td>3,545,000</td>
<td>4,070,500</td>
</tr>
<tr>
<td>Net interest income after provision for loan losses</td>
<td>19,916,890</td>
<td>19,780,621</td>
</tr>
<tr>
<td>NON-INTEREST INCOME:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fees and service charges</td>
<td>3,993,373</td>
<td>4,156,136</td>
</tr>
<tr>
<td>Net income before non-interest expense</td>
<td>23,910,263</td>
<td>23,936,757</td>
</tr>
<tr>
<td>NON-INTEREST EXPENSE:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensation and employee benefits</td>
<td>11,362,323</td>
<td>12,004,204</td>
</tr>
<tr>
<td>Office operating costs</td>
<td>4,018,121</td>
<td>4,453,305</td>
</tr>
<tr>
<td>Other expenses</td>
<td>2,238,365</td>
<td>1,995,667</td>
</tr>
<tr>
<td>Office occupancy expenses</td>
<td>2,093,798</td>
<td>2,463,585</td>
</tr>
<tr>
<td>NCUA insurance premium assessments</td>
<td>1,626,304</td>
<td>1,716,318</td>
</tr>
<tr>
<td>Loss on sale of loans</td>
<td>759,818</td>
<td>—</td>
</tr>
<tr>
<td>Impairment of membership capital shares at</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Members’ United Corporate Federal Credit Union</td>
<td>—</td>
<td>231,574</td>
</tr>
<tr>
<td>Total non-interest expense</td>
<td>22,098,729</td>
<td>22,864,653</td>
</tr>
<tr>
<td>Net income</td>
<td>$1,811,534</td>
<td>$1,072,104</td>
</tr>
</tbody>
</table>
Executive Management Team*

Kris P. VanBeek  
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

Kevin A. Randall  
Vice President  
eServices

Doreen A. Salvati  
Vice President  
Member Services and  
Consumer Lending

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 March 5, 2012
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
- 710 Berme Road
  Napanoch, NY
- 25 Sullivan Avenue
  Liberty/Ferndale, NY
- 390 State Route 52
  Woodbourne, NY
- 49 Sanatorium Road
  Otisville, NY
- 1296 Route 208
  Wallkill, 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