2018 — Strengthening Our Core

In 2018, we upgraded our core system to deliver a modern member experience and improve operational efficiency. The new core system took over a year from planning to implementation. The new system allow us to provide members with faster transactions, better aggregate account maintenance, and joint owner access. Alliance is proud to bring this new, world-class financial technology to our members.

Technology Highlights from our Core Conversion

- An open-architecture framework that allows Alliance to better view, understand and elevate our member service efforts.
- More efficient transaction processing to spend more time serving our members.
- Flexible, scalable technology capable of evolving and adapting to new banking trends and our members’ changing financial needs.
- Ability to schedule payments up to 10 days in advance of a scheduled loan payment.
- Self-Registration for Online and Mobile Banking.
- Open Account Relationship at the ATM — ability to link multiple Savings and Checking Accounts to one card.
Alliance Credit Union is a member-owned cooperative financial institution. Our mission is to make it possible for each member to achieve financial success for themselves and their entire family. We believe everyone has the ability to achieve financial success and we strive to provide financial stability and value for all member-owners and the communities we serve.

In 2018, our membership grew to 39,242. Our assets in 2018 ended at $483 million, with $1.9 million in earnings. Our loan portfolio increased by $41 million while maintaining a low delinquency rate of 0.62%. We also maintained our honored “4-star Excellence Rating” for financial performance from Bauer Financial – a reputable, independent financial industry analyst.

Results from our Net Promoter Score (NPS) continue to remain impressive. 2018 ended with an NPS score of 69, compared to 62 in 2017. These results offer great insight, allowing us to gauge loyalty and willingness of members to recommend us to their peers.

In 2018, the undertakings of your credit union were extensive. Alliance focused on simplifying the member experience and increasing their prosperity by implementing technological upgrades, offering new digital financial management tools to help build wealth, and improving the account opening processes. In addition, we added the ability to instant-issue credit cards in branches and live updates of your credit score when logging in to online banking.

2018 did not pass without significant challenges. Forest fires and hurricanes had a devastating impact on local and neighboring communities. Alliance reached out to all members in the affected areas to offer immediate financial support and assistance. Additional contributions were made to relief efforts from the natural disasters.

Thank you for your continued loyalty to Alliance. It’s an honor to serve as your Board Chair.

Donna Rhody
Board Chair
Volunteer since 1996

At Alliance Credit Union, we believe in doing good for the people in the communities we serve. We make banking simple, fast, and convenient, and we strive by helping members achieve their financial goals. Most importantly, we believe nothing is impossible.

We do this by offering better rates, lower fees, and empowering our community with the financial knowledge to make the best choices with their money and the tools to get it done. As a not-for-profit, member-owned financial cooperative, we are passionate about social causes and building a better way to bank. We are your credit union for financial health.

In an initiative close to our heart, we have developed more partnerships in the local communities to help at-risk youth.

In 2018, we focused on building a platform of service improvements to elevate your banking experience. We went through a year-long system conversion to update our core system. This new system provides a secure, sophisticated technological platform designed to bring our technology into the modern era for all members. Some of the many benefits of this upgrade include the ability to access all of your accounts at any network ATM, flexible and efficient transaction processing and mobile capabilities, and new member statements.

As costs of raising a family increase, we want to educate families to make positive financial choices to impact their future. Educational topics include understanding credit, investing, proper budgeting, and home buying. We have launched programs in schools to teach financial literacy to youth and are planning to expand these programs in 2019.

In an initiative close to our heart, we have developed more partnerships in the local communities to help at-risk youth. Our passionate support of this cause has already delivered over 1,000 hours of financial literacy and counseling. Alliance has provided $30,000 in community giving and scholarships in 2018 alone.

It is my desire to bring prosperity to your life and aid you in achieving your family’s dreams of financial success.

Brian Dorcy
President & CEO
### Statement of Financial Condition

#### December 31, 2018 and 2017 (unaudited)

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$8,988,380</td>
<td>$6,624,507</td>
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<tr>
<td>Investments</td>
<td>29,551,580</td>
<td>62,492,086</td>
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<tr>
<td>Loans to Members</td>
<td>429,537,176</td>
<td>387,950,372</td>
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<tr>
<td>Allowance for Loan Losses</td>
<td>(3,120,671)</td>
<td>(2,666,237)</td>
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<tr>
<td>Net Loans</td>
<td>426,416,505</td>
<td>385,284,135</td>
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<tr>
<td>Property and Equipment</td>
<td>13,681,383</td>
<td>13,368,582</td>
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<tr>
<td>Federal Share Insurance</td>
<td>4,086,853</td>
<td>3,815,276</td>
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<tr>
<td>Other Assets</td>
<td>4,608,836</td>
<td>4,401,026</td>
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<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>$483,333,539</strong></td>
<td><strong>$475,945,612</strong></td>
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<table>
<thead>
<tr>
<th>LIABILITIES AND EQUITY</th>
<th></th>
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<tbody>
<tr>
<td>Accrued Expenses and Other Liabilities</td>
<td>$2,820,649</td>
<td>$3,447,287</td>
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<td>Notes Payable</td>
<td>$12,500,000</td>
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<td><strong>TOTAL LIABILITIES</strong></td>
<td><strong>$15,320,649</strong></td>
<td><strong>$3,447,287</strong></td>
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<thead>
<tr>
<th>EQUITY</th>
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<tr>
<td>Member Deposits</td>
<td>430,239,515</td>
<td>436,643,121</td>
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<td>Retained Earnings</td>
<td>37,173,375</td>
<td>35,855,204</td>
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<tr>
<td><strong>TOTAL LIABILITIES &amp; EQUITY</strong></td>
<td><strong>$483,333,539</strong></td>
<td><strong>$475,945,612</strong></td>
</tr>
</tbody>
</table>

This is an unaudited report. For a complete auditor’s report and opinion, please ask us.

### Distribution of Loans

- **New Vehicle**: 19.5%
- **Used Vehicle**: 28.5%
- **Credit Card**: 4.2%
- **Other Unsecured**: 3.3%
- **Second Mortgage**: 0.8%
- **First Mortgage**: 13.3%
- **Other Loans**: 30.4%

### Distribution of Shares

- **Regular Shares**: 33.0%
- **Share Draft**: 25.4%
- **Share Certificates**: 12.7%
- **IRA Shares**: 5.5%
- **Money Market**: 23.4%
The Supervisory Committee acts independently from the Board of Directors and Alliance Credit Union Management. We serve as an oversight committee whose duty is to monitor, evaluate and assure our members that the Credit Union is soundly managed through the quality of operations, accuracy of records, and the protection of member assets.

We are committed to serving members by maintaining the trust you have in the Credit Union. Our dedication to integrity and efficiency is resolute.

The CPA firm Turner, Warner, Hwang & Conrad AC serves as our internal audit agency. The Committee also meets regularly with state and federal examiners to ensure all laws and regulations are enforced.

The Committee meets monthly. One of our annual responsibilities is to hire an outside, independent auditor to examine the Credit Union’s financial statements and operations. In 2018, we engaged Moss Adams LLP to audit the financial statements. Their thorough examination produced a set of audited financial reports which are available for members to view upon request.

We would like to thank the Board of Directors, management, and staff for their ongoing commitment to quality and member service. The team atmosphere has created a family that serves our members and community well.

Devin McAlpine
Supervisory Committee Chair
Volunteer since 1996

“Our dedication to integrity and efficiency is resolute.”