



USALLIANCE
-CORPORATION-™

2019
SHAREHOLDER
UPDATE

DEAR FELLOW SHAREHOLDER:

ANOTHER WONDERFUL YEAR!

We ended 2017 with \$38,988,337 in total assets and ended 2018 with \$44,528,989 - an increase of more than 14%.

Revenues decreased from \$12,071,857 in 2017 to \$11,459,287 in 2018, but remember our 2017 revenues contained a one-time revenue of \$3.9 million from our American Life policy acquisition. Our 2018 revenues contain a one-time bargain purchase gain of \$1.2 million related to our acquisition of US Alliance Life and Security Company - Montana. Absent these two one-time revenues, our 2018 revenues increased by \$2,101,336 - an increase of 26% compared to 2017!

Our shareholders' equity decreased from \$13,935,702 to \$12,632,666. The decrease was caused by a reduction in the market value of our invested assets, even though we intend to hold our investments to maturity. These reductions are expected to be temporary in nature. Absent these market value fluctuations, our shareholders' equity would have been \$15,513,533, an increase of 11%.

With this growth is an increase in policyholder reserves and benefits of \$2,766,169. While this amount is shown as an expense, we are able to earn income on the funds to insure we can pay claims whenever they occur.

Our march to profitability has four components:

1. Build our company with competitive products and pricing and give policyholders great value. Our "organic" premium was \$3,167,654 in 2017 and \$4,573,748 in 2018 - an increase of \$1,406,094 or 44%.

We also consider "organic" geographical growth. In 2016 we were authorized to conduct business in Kansas, North Dakota, and Missouri. At the end of 2017, we added Oklahoma and Nebraska. In 2018 we added Montana and South Dakota, which extends our presence from Oklahoma to Canada.

2. Build our company by acquiring blocks of existing business. In 2016 our revenue from these blocks of business was \$3,500,758 and in 2017 it was \$7,826,619. Unfortunately, we were unable to acquire any new blocks in 2018.

3. Build our company by acquiring other small life insurance companies. In 2017 we acquired Dakota Capital Life Insurance Company (DCLIC) and have begun marketing our products in North Dakota and South Dakota. Reserves at DCLIC in 2016 were \$631,354 and \$1,357,638 in 2017. In 2018 we acquired Great Western Life Insurance Company (renamed US Alliance Life and Security Company - Montana), which increased our reserves by \$422,442.

4. You! We need your help in identifying those investors who might wish to own stock in USAC and help us identify small businesses who could benefit their employees with our group products in life, short term and long term disability.

We are here for you, we are grateful to you for your investment, and your patience as our Path to Profitability journey continues.

Jack H. Brier
President & Founder



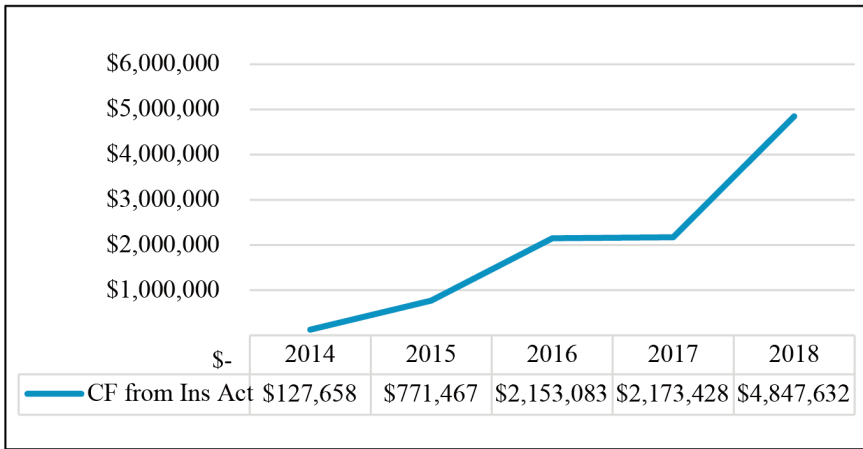
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Office: 785.228.0200 | Toll-free: 866.953.4675 | Fax: 785.228.0202

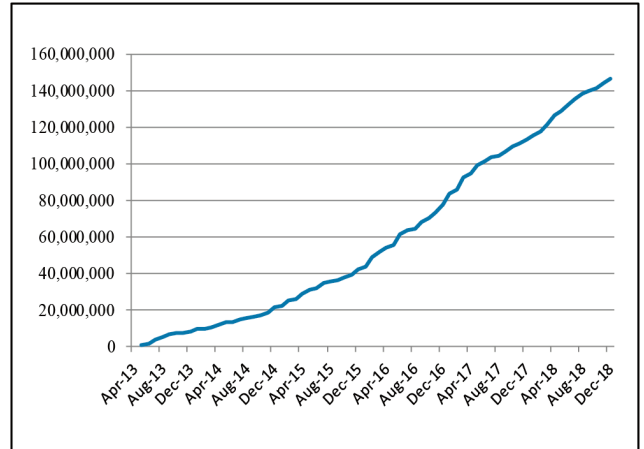
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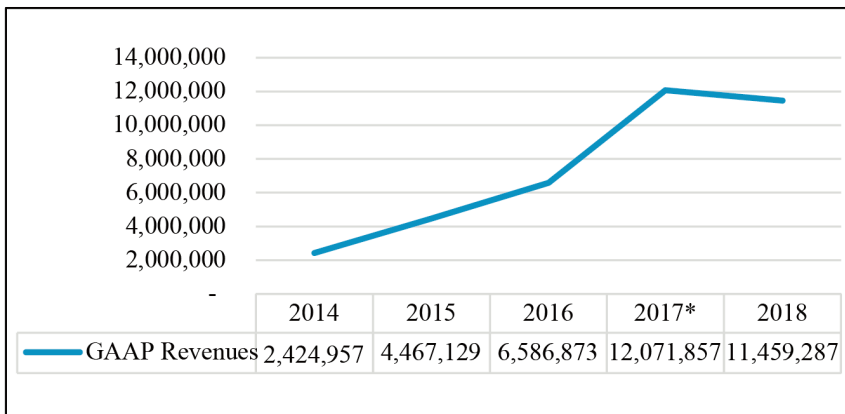
Cash Flow From Insurance Activities



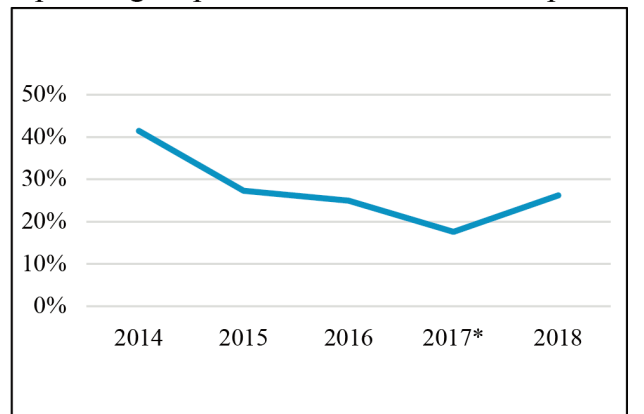
Issued Face Amount



GAAP Revenues

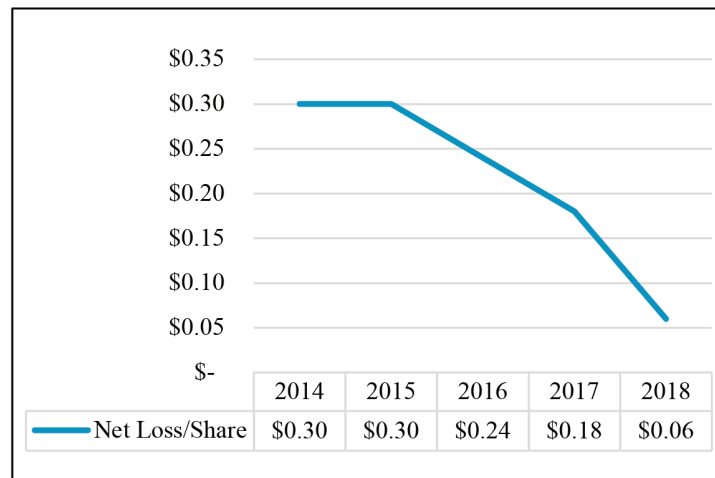


Operating Expenses as a % of Total Expenses



* 2017 revenue and total expenses includes one-time revenue and increase in reserve expenses of \$3.9 million from the ALSC transaction.

Net Loss Per Share



OUR PRODUCTS

Term Life Insurance

Term life insurance is temporary. It is available for 10, 15, 20, 25, or 30-year terms. We offer both fully underwritten and simplified issue.

Whole Life Insurance

Whole life is permanent life insurance. Premiums are fixed and payable for 10 or 20 years.

Juvenile Series

Our Juvenile Product features a simple application process, a one-time premium, and can be issued from birth up to age 16.

Annuity Series

We also offer our Annuity Product which features a guaranteed minimum interest rate, a 5-year rate guarantee*, with an annual 10% free withdrawal provision.

*The 5-year initial rate guarantee is by company practice.

Pre-Need Series

We also offer specialized Pre-Need funeral products which are offered by funeral directors to facilitate prepayment of funeral expenses.

Group Life & Disability

Our Group Life & Disability Products are designed for companies with as few as 3 employees! Custom plan designs and simple application process make this a great fringe benefit for your employees. Short Term Disability (STD) has a 13 – 26 week benefit period while Long Term Disability (LTD) features a simple application process with benefits paid after an elimination period.

Critical Illness (Cancer, Heart Attack, Stroke)

Our Critical Illness Product features issue ages from 18 – 80 in Kansas and issue ages from 18 – 70 in North Dakota. Plans are available for cancer, heart attack, stroke, kidney failure, major organ transplant, blindness, coma, deafness, paralysis, severe burn, and more!

Firehouse Series

To show our gratitude for our firefighters in Kansas, relief associations are able to purchase low cost and high value plans for their members. These products feature custom plan designs and a simple application process.