

*Count on Alliant*



*2008 Annual Report*



## Message from the Chairman and President/Treasurer

### *Count on Alliant*



Lyle U'ren  
Chairman



David W. Mooney  
President/Treasurer

To describe the environment over the past year as “challenging” for financial institutions would be a considerable understatement. Toxic securities and lax lending have caused many financial companies and their investors to suffer extensive losses. We witnessed the demise of several large banks and Wall Street firms as depositors and creditors lost confidence in their viability. The federal government nationalized Fannie Mae and Freddie Mac, and propped up banks with infusions of capital and asset guarantees.

Throughout this crisis, Alliant Credit Union has maintained a robust balance sheet with outstanding returns to members and high levels of service.

#### **A safe place for strong returns to members**

During the past year Alliant continued to rank in the top 1% of credit unions nationally in “giveback” to members. (“Giveback” is a measure of Alliant’s deposit and loan rates relative to other institutions.) Our savings rates bested the bank average by nearly 3½ percentage points. Between August 2007 and December 2008, the Federal Reserve lowered short-term interest rates by 5 percentage points; during that period, Alliant’s savings rate declined by only 1.35 percentage points.

Borrowers also benefited from Alliant membership. While many other lenders were in retreat, Alliant made an all-time high \$1.1 billion in new loans in 2008. Total loan balances topped \$3 billion at year-end, an increase of 20% over 2007. By adhering to our prudent lending practices, Alliant never made subprime loans or engaged in

*Count on Alliant, continued*

other questionable lending practices, and our strong capital and liquidity have allowed us to continue making sound loans. Members again enjoyed Alliant's "everyday low rates" on loans, borrowing at rates 0.25% – 1% below those at most other lenders.

Complementing Alliant's market leading deposit and loan rates, members reported increased satisfaction in monthly surveys. We made several enhancements to online banking functionality and security, adding online opening of checking accounts, eDeposit*Plus* (scanned check deposits), address maintenance, PIN reset and secure messaging. And we continued to expand the network of surcharge-free ATMs available to Alliant members, which now totals more than 80,000 locations.

**Our mission is our members' success**

The current financial muddle reveals the important differences between Alliant and our for-profit competitors. As a cooperative, Alliant operates for the benefit of its member owners – that is our sole purpose. Specifically, our mission is to consistently provide superior financial value and helpful, knowledgeable and memorable service. We try to avoid taking outsized risks, which lead to volatility that could undermine the consistency of returns. This includes focusing on our core business and steering clear of activities that don't meet our business model.

Alliant's low operating cost is a tremendous advantage, particularly in challenging conditions. Alliant remains in the 100th percentile of credit unions in efficiency. As a result, we can sustain strong returns when others see their margins evaporate, so we don't need to stretch for risky income.

Alliant hasn't been entirely unaffected by the weak economy. Loan charge offs increased to 0.51% of loans in 2008 from 0.40% the prior year – still well below industry averages – and are likely to go higher in the coming year. Unrealized losses

in our securities portfolio reached as high as \$75 million, before ending the year under \$20 million (out of total investments of nearly \$3 billion). We had no actual securities losses, and currently expect all of our holdings to pay in full. Historically low interest rates make it harder to find good asset yields while avoiding excessive credit or interest rate risk.

With conditions still highly uncertain and volatile, Alliant is charting a conservative course until visibility improves. That is not to say that we are retrenching. We have substantial opportunities within our existing membership and sponsors, and our financial, strategic and organizational strengths position Alliant for continued healthy growth.

We want to thank Alliant's employees and Board of Directors for their steadfast efforts on behalf of our members. And we thank our members for their continuing trust and participation in Alliant Credit Union.

  
Lyle U'ren  
Chairman

  
David W. Mooney  
President/Treasurer



# Alliant Highlights of 2008

## Member Giveback

- Continued our ranking in the top 1% of credit unions in total “giveback” to members according to Raddon Financial Group, a division of Open Solutions, Inc.
- Total dividends paid were \$170.8 million, an increase of \$1.3 million from 2007
- Alliant’s dividend “premium” was 2.22 percentage points (blended savings, money market and certificate rates) over the credit union average rate
- While the Fed Funds rate declined by 5 percentage points between August 2007 and December 2008; Alliant’s savings rate fell by only 1.35 percentage points over the same period
- Members continued to enjoy “everyday low rates” on loans, borrowing at rates 0.25% - 1% below those at most other lenders

## Member Experience and Advocacy

- Achieved 63% “top box” (very satisfied) member satisfaction, up from 58% in 2007 (Overall, achieved over 96% or greater member satisfaction)
- Developed a service recovery program for timely response to member issues, concerns, and opportunities

## Income and Operations

- Income grew to \$265.4 million, an increase of \$18.3 million or 7% from 2007, despite the dramatic decline in interest rates over the course of the year
- Operating expenses increased by \$12.1 million, due to higher compensation expense and one-time costs associated with the acquisition of Kaiperm Federal Credit Union and creation of the Alliant Credit Union Foundation
- The provision for loan losses increased by \$5.4 million, or 38%, reflecting higher loan balances and the weak economy
- Net Income of \$21.1 million was 11% higher than 2007
- Total capital of \$623 million was flat to prior year

## Member Participation

- Deposits reached \$4.7 billion, growing by \$920 million or 25% from prior year-end
- Loans topped the \$3 billion mark, finishing 20% higher than 2007 due to strong mortgage volume
- Balances per member grew to \$33,138 or 8% higher than the prior year

## Expand and Diversify Membership

- Membership grew to 234,000, an increase of over 10%, well above the credit union industry average of 3%. Excluding Kaiperm, we added 14,819 new members, up 22% from the prior year
- New member balances totaled \$500 million (excluding wholesale mortgage lending)
- Acquired Kaiperm Federal Credit Union of Oakland, CA, adding 16,000 new members and providing access to Kaiser Permanente employees, physicians and plan members in Northern California

## Product and Service Enhancements

- Developed a Free High Rate Checking product planned to launch in January 2009
- Introduced Share Certificate enhancements including Jumbo Certificates, longer terms, flexible terms and dividend withdrawal options
- Enhanced online channel functionality and security through the addition of online checking account opening, eDeposit*Plus*, address maintenance, PIN reset and secure messaging capabilities
- Expanded surcharge-free ATM access to include over 80,000 locations with the addition of the CU24 network and Bank of the West
- Installed image capture ATMs in eight locations to improve the ease of making deposits and lowering operating costs



**Risk Management**

- Received the highest rating for safety and soundness from state and federal examiners
- Loan charge offs increased to 0.51% from 0.40% in 2007, better than industry averages
- Loan loss provisions increased 38% from prior year, reflecting higher loan balances and deteriorating economic conditions, compared with over 300% for the banking industry in aggregate
- Debit/credit card fraud losses declined by \$136,000, a 32% decrease from the prior year

**Charitable Activities**

- Established and funded the Alliant Credit Union Foundation to expand and institutionalize Alliant's philanthropic and community development activities
- Employee volunteers delivered financial literacy classes to over 700 middle school students

**Engaged and Competent Workforce**

- Employee engagement increased to 4.44 from 4.26 (on a 5 point scale) in the annual survey administered by the Gallup Organization, placing Alliant's employee engagement in the 83rd percentile or "best-in-class" as compared to Gallup's finance and insurance industry benchmarks
- The ratio of engaged to disengaged employees reached a record high of 25:1, compared with 10:1 in 2007, and less than 2:1 for the U.S. overall



In 2008, Alliant Credit Union posted strong financial performance in the midst of an economic downturn, along with significant uncertainty and even business failure, related to institutions within the financial industry. Throughout the year, Alliant provided a strong value proposition for members in the form of high-yield savings dividends, low loan rates, and initiated or implemented organizational changes focused on the delivery of helpful, knowledgeable and memorable service. Significant progress was achieved around key enterprise success factors, both from a strategic and an operational aspect, with management focus and attention on positioning Alliant for ongoing success in an uncertain economic environment.

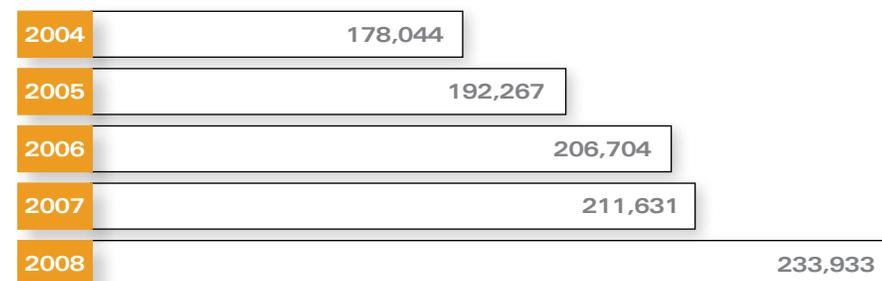
Membership and loan balances continued to expand in 2008. The growth was both organic, through existing Select Employer Group (SEG) relationships, new SEGs which were added during the year and through the acquisition of Kaiperm Federal Credit Union (FCU). The acquisition of Kaiperm FCU at the end of September 2008, added 16,000 new members and provides Alliant an opportunity for membership growth via access to Kaiser Permanente employees, physicians and plan members in Northern California. The results of our increasing level of deposits and loans were exceptional, as Alliant saw an 8% increase in the average balances per member

(defined as a combination of loan and share balance) for 2008, as compared to the prior year. Access to surcharge-free ATMs was expanded, image capture ATMs were installed in various locations to improve the ease of making deposits, and enhanced online channel functionality was added to make it easier to do business with Alliant.

Total Alliant membership as of December 31, 2008, stands at 234,000 members, an increase of over 10%, as compared to last year. Excluding the Kaiperm FCU members brought in through acquisition; new members added during the year totaled 14,819 or a 22% growth over the prior year. Total income of \$265.4 million was generated and \$170.8 million (64.4%) of that revenue was distributed as dividends to members. The giveback to members through dividends and "everyday low rates" on loans, as measured and reported by Raddon Financial Group, a division of Open Solutions, Inc., continued to rank Alliant in the top 1% of all credit unions. Deposits grew substantially during the year with the balance as of December 31, 2008, totaling \$4.7 billion. This growth exceeded plan by 16% and was an increase of 25% as compared to the prior year end.

Loan growth in 2008 was very strong and balances topped the \$3 billion mark as of December 31, 2008. Growth was driven by strong mortgage volume, as first mortgage balances grew by \$510 million or

*Total primary members*



## Financial Performance, continued

### Total reserves

2004	\$562,602,616
2005	\$591,713,970
2006	\$615,233,581
2007	\$638,196,088
2008	\$666,323,641

### Total loans

2004	\$1,948,402,631
2005	\$2,195,075,744
2006	\$2,337,061,166
2007	\$2,578,405,824
2008	\$3,082,922,454

### Total deposits

2004	\$3,786,386,208
2005	\$3,716,542,756
2006	\$3,705,005,308
2007	\$3,751,399,332
2008	\$4,671,501,610

31% compared to the prior year, and home equity or second mortgage balances increased \$54 million or 23%. A relatively small portion of this growth was driven by the acquisition of Kaiperm FCU (in aggregate, approximately \$32 million or slightly more than 5% of the total dollar value increase). Consumer lending levels decreased due primarily to the economic slowdown and a dramatic plunge in U.S. auto sales during the year. Total loan balance growth, relative to last year's balance, was 20%. Continued growth in the portfolio also impacts the loss provision on an absolute basis, even on an assumption of steady and stable market conditions and factors. The economic conditions did impact Alliant in 2008, as the ratio of charge offs to average outstanding balances increased to 0.51% as compared to 0.40% in 2007. The overall Allowance for Loan Loss, provided for outstanding loans, increased \$7 million or 43% compared to last year. The charge to earnings for the year related to loan losses and associated losses for disposal of property securing those loans increased by 38%. While these increased losses have an impact on the earnings of Alliant, losses on an absolute basis, as well as from a percentage standpoint relative to the overall Alliant loan portfolio, are dramatically lower as compared to the financial services industry. Alliant

management recognizes that Alliant is not immune to the economic issues and concerns which currently exist. However, continued focus on sound, prudent and consistent underwriting principles served our membership well during the recent economic stress. While losses in the aggregate, and as a percentage of outstanding loan balances, have grown in recent years, Alliant continues to actively monitor and manage credit risk to ensure the impact to Alliant membership is minimized over the long-term.

A significant decrease in interest rates during the last 5 months of 2008 impacted overall investment earnings for the year. Income on investments did exceed plan for the year by \$6 million, and the favorable variance to plan was attributable to the significant growth in share balance, especially during the first half of the year. Total investment balance as of December 31, 2008, was 24% higher than the prior year. These results enabled Alliant to pay a premium dividend throughout the year, averaging approximately 2.22 percentage points higher than comparable savings products. While investment rates and market volatility drove re-investment rates down sharply, Alliant only lowered the savings rate by 1.35 percentage points. In addition, continued focus in 2008 was maintained by Alliant to assess operational efficiency and

### Dividends distributed to members/net earnings

2004	73.5%
2005	81.9%
2006	88.0%
2007	90.1%
2008	89.0%

## Financial Performance, continued

### Total assets

2004	\$4,467,455,506
2005	\$4,378,800,881
2006	\$4,441,518,046
2007	\$4,895,538,833
2008	\$5,947,478,250

### Net assets

2004	\$4,362,280,506
2005	\$4,305,675,881
2006	\$4,343,393,046
2007	\$4,400,935,937
2008	\$5,321,411,250

### Total income

2004	\$161,214,530
2005	\$193,692,064
2006	\$228,799,739
2007	\$247,067,319
2008	\$265,350,205

sustain our low cost position. Alliant continues to rank in the 100th percentile of credit unions in operating expenses to assets, as reported by Raddon Financial Group, a division of Open Solutions, Inc.

Total reserves and undivided earnings of Alliant in 2008 are comparable to 2007. The current year earnings increase to these reserve levels were completely offset by a change in the market value of the investment portfolio, as compared to December 31, 2007. Therefore, the reserves are relatively unchanged from 2007 to 2008. The market value adjustment of the investment portfolio as of December 31, 2008, is less than 1%, and indicates from a broad-based perspective that Alliant is reasonably positioned at the current time with respect to its portfolio.

In summary, Alliant financial results in 2008 were strong and continued to deliver on the mission of providing members with consistently superior financial value through high return on deposits and low rates on loans. In addition, Alliant continued to

strive to earn the trust of our membership through enhancements directed at improving member experience and advocacy. The financial results were consistent with our strategic focus and emphasis on building and enhancing the capabilities of the organization to meet the needs of our members. Alliant continues to have a high quality asset base, strong capital position, and a steadfast focus on cost efficiency, which provides management confidence that the organization can continue to achieve its mission in any economic environment. The uncertainty associated with the recent economic events of the past six months in actuality creates opportunity for Alliant. A consistent and steady focus on sound fundamental principles, and key success factors, targeted at maximizing the value to the entire membership, strengthens and builds the capability of the organization, and makes us well positioned to deliver on the mission for the long-term.

### Total reserves/net assets

2004	12.90%
2005	13.74%
2006	14.16%
2007	14.50%
2008	12.52%

# Financial Statements

for the year ended December 31, 2008

## STATEMENT OF FINANCIAL CONDITION (Unaudited)

	2008	2007
<b>ASSETS</b>		
Cash	\$ 17,228,295	\$ 18,124,538
Investments	2,783,354,922	2,240,340,416
First Mortgages	2,181,022,360	1,671,433,902
Second Mortgages	292,777,105	239,086,668
Consumer Loans	508,519,553	573,370,243
VISA® Credit Cards	99,026,337	90,276,796
Loan Participations Purchased	1,577,100	4,238,215
Less: Allowance for Loan Losses	(23,500,000)	(16,471,158)
Other Assets	87,472,579	75,139,213

<b>Total Assets</b>	<b>\$ 5,947,478,250</b>	<b>\$ 4,895,538,833</b>
<b>Net Assets</b>	<b>\$ 5,321,411,250</b>	<b>\$ 4,400,935,937</b>

## LIABILITIES AND MEMBERS' EQUITY

Common Shares	\$ 3,383,151,257	\$ 2,978,632,214
IRA Shares	480,175,884	435,570,680
Checking Shares	96,929,114	86,221,301
Certificate Shares	708,470,728	250,553,941
HSA Shares	2,774,627	421,196
Accrued Expenses and Liabilities	652,510,746	520,353,653
Reserves and Undivided Earnings	623,465,894	623,785,848

<b>Total Liabilities and Members' Equity</b>	<b>\$ 5,947,478,250</b>	<b>\$ 4,895,538,833</b>
<b>Net Liabilities and Members' Equity</b>	<b>\$ 5,321,411,250</b>	<b>\$ 4,400,935,937</b>



## Financial Statements, continued

for the year ended December 31, 2008

### STATEMENT OF INCOME (Unaudited)

	2008	2007
<b>INCOME</b>		
Interest on Loans to Members	\$ 162,583,536	\$ 139,249,252
Interest on Investments and Cash	88,368,149	95,893,113
Service Charges and Other Non-Interest Income	11,906,388	11,889,761
Interest on Loan Participations	75,633	295,245
Net Realized Gains (Losses) on Sales of Securities	2,416,499	(260,052)
<b>Total Income</b>	<b>\$ 265,350,205</b>	<b>\$ 247,067,319</b>

### EXPENSES

Dividends on Members' Shares	\$ 170,816,297	\$ 172,115,777
Salaries and Employee Benefits	26,495,784	22,998,172
Provision for Loan Losses	18,270,048	13,729,196
Office Occupancy	1,473,230	1,297,803
Office Operations	7,392,771	6,065,287
Depreciation	2,576,827	2,281,001
Program Expense	6,957,551	6,135,914
Alliant Credit Union Foundation Funding	4,000,000	—
Other	6,268,986	3,437,708

<b>Total Expenses</b>	<b>\$ 244,251,495</b>	<b>\$ 228,060,857</b>
<b>Net Income</b>	<b>\$ 21,098,710</b>	<b>\$ 19,006,462</b>

Reserves and Undivided Earnings – Incl. Allowance for Loan Losses (Beginning of Year)	\$ 640,257,006	\$ 607,523,780
Change in Unrealized Gain (Loss) on Securities Available for Sale	\$ (21,418,664)	\$ 9,770,719
Change in Other Reserves and Allowance for Loan Losses	\$ 7,028,842	\$ 3,956,045
Reserves and Undivided Earnings – Incl. Allowance for Loan Losses (End of Year)	\$ 646,965,894	\$ 640,257,006

for the year ended December 31, 2008

### STATEMENTS OF CASH FLOWS (Unaudited)

	2008	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income	\$ 21,098,710	\$ 19,006,462
<b>Adjustments to Reconcile Net Income to Cash Provided by Operating Activities:</b>		
Depreciation	2,576,827	2,281,001
Provision for Possible Loan Losses	18,270,048	13,729,196

### Change in Assets and Liabilities:

(Increase) Decrease in Accrued Interest Receivable	(2,061,434)	386,292
(Increase) Decrease in Share Insurance Fund Deposit	(6,607,292)	(90,952)
Net (Increase) Decrease in Other Assets	(2,707,374)	(4,767,447)
Increase (Decrease) in Accrued Expenses & Liabilities	132,157,093	378,849,582

### Net Cash Provided by (Used in)

<b>Operating Activities</b>	<b>\$ 162,726,576</b>	<b>\$ 409,394,134</b>
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## Financial Statements, continued

for the year ended December 31, 2008

### STATEMENT OF CASH FLOW (Unaudited) continued

	2008	2007
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net (Increase) Decrease in Loans to Members	\$ (515,757,836)	\$ (251,117,809)
Net (Increase) Decrease in Investments	(564,433,170)	(196,293,157)
Acquisitions of Property and Equipment	(3,534,091)	(1,608,701)
<b>Net Cash (Used in) Provided by Investing Activities</b>	<b>\$ (1,083,725,097)</b>	<b>\$ (449,019,667)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in Members' Shares	\$ 920,102,278	\$ 46,394,024
<b>Net Cash (Used in) Provided by Financing Activities</b>	<b>\$ 920,102,278</b>	<b>\$ 46,394,024</b>
Net Increase (Decrease)	\$ (896,243)	\$ 6,768,491
Cash at Beginning of Year	\$ 18,124,538	\$ 11,356,047
Cash at End of Year	\$ 17,228,295	\$ 18,124,538

The information provided, although believed to be accurate, is unaudited as of December 31, 2008. Audited financial statements prepared by Crowe Horwath LLC are available from Alliant Credit Union for the fiscal year ended June 30, 2008.



# Supplementary Notes

## *Basis of Presentation:*

*Certain prior period data has been reclassified to conform to current period presentation*

**Net Assets** – Net assets represent total assets less securities temporarily loaned to brokers. The Statement of Financial Condition is represented net of these transactions, as they are included in both total assets and total liabilities in accordance with Generally Accepted Accounting Principles.

**Investments** – As of December 31, 2008, 47.5% of Alliant Credit Union's total portfolio was invested in U.S. Treasury, U.S. Agency and Sponsored Agency securities, with another 5.5% invested in cash equivalent securities. The remaining 47% of the portfolio was invested in financial company and corporate credit union liabilities. Our entire investment portfolio was designated as available for sale prior to maturity as of December 31, 2008. The value of those securities is presented on the Statement of Financial Condition at current market value, which is \$19,358,000 less than book value.

**Reverse Repurchase Agreement** – Alliant Credit Union participates in a reverse repurchase agreement in which securities are pledged in exchange for cash, which is then reinvested to generate arbitrage income. As of December 31, 2008, securities in the amount of \$201,567,000 were committed for this purpose.

**Loans** – Loans to members represent principal balances remaining unpaid on consumer, credit card and mortgage loans.

**Loan Participations Purchased** – Loan Participations Purchased represent homogenous pools of individual loans purchased from other credit unions. These purchases allow us to reinvest maturity proceeds of lower yielding investment securities into higher yielding products with similar risk characteristics. As of December 31, 2008, loan participations outstanding totaled \$1,577,100.

**Lines of Credit** – Unused commitments on lines of credit in mortgages, credit cards and unsecured share draft loans totaled \$176,738,000, \$318,649,000 and \$4,866,000, respectively, as of December 31, 2008. These commitments are not reflected in the financial statements.

**Allowance for Loan Loss** – The Allowance represents an amount estimated by management to be sufficient to cover potential losses from loans currently outstanding. Loan losses deemed uncollectible are charged to this account upon approval of the Board of Directors. As of December, 31, 2008, the Allowance totaled \$23,500,000.

**Accrued Expenses and Liabilities** – Alliant Credit Union's obligations with respect to the securities loaned to brokers totaled \$201,567,000 as of December 31, 2008.

As of December 31, 2008, Alliant Credit Union also had advances outstanding from the Federal Home Loan Bank of Chicago in the amount of \$324,500,000. The advances mature or are payable as follows: \$100 million – January 2009; \$100 million – April 2009; \$25 million – August 2009; \$50 million – January 2010; \$20 million – February 2010 and \$29.5 million – June 2012.

As of December 31, 2008, the State of Illinois has deposited \$100 million in Alliant Credit Union. The deposits are repayable to the state as follows: \$30 million – February 2009; \$25 million – June 2009 and \$45 million – August 2009.

The remaining liabilities balance of \$26,444,000 represents other short term liabilities.

**Share Insurance Deposit** – This deposit is equal to 1.0% of member shares insured by the National Credit Union Administration, a federal agency of the U.S. Government. As of December 31, 2008, the deposit totaled \$36,821,000.

**Reserves and Undivided Earnings** – Quantitative measures established by regulation to ensure capital adequacy require Alliant Credit Union to

maintain minimum amounts and ratios of net worth to total assets. The minimum ratios per applicable regulation as of December 31, 2008, and 2007 were 7%, and corresponding capital levels were \$416 million and \$343 million, respectively. The capital levels of Alliant Credit Union as of December 31, 2008, and 2007 were \$643 million and \$622 million, respectively. Management believes, as of December 31, 2008, that Alliant Credit Union meets all capital adequacy requirements to which it is subject.

The reserves and undivided earnings of Alliant Credit Union consist of a number of separate components. A Statutory Regular Reserve (prescribed by state regulation) is maintained and amounted to \$120,979,000 as of December 31, 2008, and December 31, 2007. Capital reserves represent a general reserve for unforeseen contingencies and totaled \$521,845,000 and \$500,746,000 as of December 31, 2008, and 2007, respectively.



## Supplementary Notes, continued

Undivided earnings include net unrealized gains/ (losses) on investments available for sale, which were (\$19,358,000) and \$2,061,000 as of December 31, 2008, and 2007, respectively.

**Alliant Credit Union Foundation** – Alliant Credit Union in 2008 formed and organized the Alliant Credit Union Foundation (an Illinois Not-For-Profit Corporation). The Foundation was organized and shall at all times be operated exclusively for charitable and educational purposes, including, but not limited to promoting economic empowerment and self-sufficiency of people, especially in the communities in which Alliant Credit Union members and employees live and work. The purpose of the Foundation is to be achieved through education, service, grants and investment.

Funding of the Foundation, with a contribution from Alliant Credit Union, was completed in 2008. At December 31, 2008, management is awaiting final IRS approval of the establishment and organization of the Foundation. Upon receipt of this approval, the Foundation will become operational and begin to execute on its purpose.

**Taxation** – Alliant Credit Union is exempt, by statute, from federal and state income taxes. The Internal Revenue Service (IRS) and certain state taxing authorities are currently revisiting what, if any, products and services provided by state-chartered credit unions are subject to unrelated

business income tax (UBIT). There is currently minimal guidance in the IRS code on what activities should be subject to UBIT. Additionally, some uncertainty currently exists as to whether Illinois state chartered credit unions should pay income tax on certain activities that may be considered by taxing authorities as unrelated to the tax-exempt purpose of Alliant Credit Union. In the opinion of management, any liability resulting from taxing authorities imposing income taxes on the net taxable income from activities deemed to be unrelated to Alliant Credit Union's non-taxable status is not expected to have a material effect on Alliant Credit Union's financial position or results of operation.

**Audited Report** – The financial information provided in this annual report, although believed to be accurate, is unaudited as of December 31, 2008. Audited financial statements prepared by Crowe Horwath LLP are available from Alliant Credit Union for the year ended June 30, 2008.



BOARD OF DIRECTORS

Lyle U'ren, *Chairman*

William Byrne, *Vice Chairman*

David W. Mooney, *President/Treasurer*

Lynn Hughitt, *Secretary*

Laurene Bentel

Shirley Jones

Amos Kazzaz

Marc Krohn

Alex Marren

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