

2017

ANNUAL REPORT

Delivering Reliable Financial Value

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Alliant Board of Directors and
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Ed Rogowski
Chairman



David Mooney
President/Treasurer

Without continual growth and progress, such words as improvement, achievement, and success have no meaning.

- Benjamin Franklin

In some important respects, Alliant hasn't changed much since the cooperative was founded in 1935. The bedrock values of members first and financial stewardship have endured, while members have enjoyed consistently superior rates on deposits and loans.

But that doesn't mean that Alliant has been standing still. As the marketplace has evolved, the credit union has adapted and responded.

Today Alliant is a recognized financial services technology leader. We were among the first credit unions to offer remote check deposit. Our mobile banking app is rated 4+ stars in the App Store and Google Play, has been praised by MagnifyMoney as one of the "Best Mobile Banking Apps of 2017," and received CUNA's 2017 "Excellence in Technology" award. Alliant's state-of-the-art Consumer Loan Origination System, completed in 2017, is producing significant improvements in member experience and efficiency.

With a foundation of consistently superior rates, the credit union has continually enhanced its products and services to keep pace with market demands. As a result, Alliant's offerings continue to earn accolades. In the last year, we've been named "Best Credit Union of 2017" (Bankrate); "Best Credit Unions," "Best Checking," and "Best Savings" (NerdWallet); "Best Credit Union for Savings, Checking and Online Services" (GOBankingRates); "Best Credit Unions of 2017" and "A+ Rating" for checking (MyBankTracker); and "Best Online Savings Accounts of 2017" (MagnifyMoney). We've also received highly favorable reviews of our new Alliant Cashback Visa® Signature Credit Card, with Bankrate calling it the "new champion of cashback credit cards."

The credit union is also a leader in workplace practices, contributing to high employee engagement, productivity and retention. Alliant was included in Great Place to Work's 2017 list of "100 Best Medium Workplaces," and Gallup recognized Alliant with its "2017 Great Workplace Award."

Governance is a critical component of any organization's performance, and Alliant's board of directors has been instrumental in our consistent success over the years. As in other areas, the Board is constantly assessing and refining its practices. The National Directors Institute has recognized Alliant's board as Private Company Board of the Year - Not for Profit, for excellence in "corporate governance, leadership, expertise, and member interests."

Public recognition helps to attract new business and quality employees, and is a welcome validation of our strategy and execution. (And, let's be honest, there's the ego boost.) But the most important recognition comes from our members. The Alliant Board of Directors, management and employees are grateful for your trust and support.

Bankrate

"Best Credit Union of 2017"



"Best Mobile Banking Apps 2017"

nerdwallet

"Best Checking, Savings and Credit Unions 2017"

Ed Rogowski
Chairman

David Mooney
President/Treasurer



Improving your digital banking experience

We're continually making it simpler, easier and faster for Alliant members to bank by improving the online and mobile banking experience. In fact, this year Alliant was lauded for offering the best digital banking experience among credit unions nationwide¹ and received two Technology Excellence Awards from the Credit Union National Association.

In 2017, we streamlined the loan application process by introducing Alliant's new Consumer Loan Origination System (CLOS). CLOS enables members and non-members to apply for loans online, thereby getting funds into their hands faster. We also improved the image quality and ease-of-use for mobile check deposit; made travel notifications, pending deposits and ATM rebate status available within our mobile app; and enhanced app login functionality, including Apple Face ID log in.

1. 2018 Credit Union Digital Experience Report, October 2017, Extractable.



180,818 members

Regularly use Alliant Online Banking.



15% increase

More members used Alliant Online Banking in 2017.



81,845 members

Regularly use the Alliant Mobile Banking App.



17% increase

More members used our app in 2017.



56,000+

Online loan applications processed in CLOS.



\$390 million+

Loans funded via CLOS.



Making our products work better for you

In 2017, Alliant added new products to better meet the needs of our members. The new Alliant Cashback Visa® Signature Credit Card made a big splash in the credit card arena. BonusDrive gives Alliant auto loan borrowers who purchase select vehicles a \$500 rebate. We introduced new mortgage products to meet the unique needs of first-time homebuyers and medical professionals, and launched the Alliant Home Rewards program, where members can be paired with a local real estate agent and get a sizable rebate after closing.

In addition to enhancing our offerings with new products, we optimized our existing product portfolio. We refined our focus on our core business by eliminating our health savings account and secured loan programs. We raised the interest rate on our savings accounts from 1.00% to 1.30% annual percentage yield (APY), and reduced checking account fees. We also increased the earnings on our Alliant Visa Platinum Rewards Credit Card to two reward points per dollar spent.

1. Pew Charitable Trusts: *Consumer Overdraft Survey*, 2017.



4 savings rate increases

Our rate increased by 30% in 2017.



3% cash back

The new Alliant Cashback Visa Signature Credit Card pays you 3% cash back in year 1, and 2.5% after that.



\$0 overdraft transfer fee

While banks charge an average overdraft fee of \$35¹, Alliant eliminated our overdraft transfer fee entirely.



\$6,500 rebate

Potential Alliant Home Rewards rebate. Plus, help finding a local real estate agent!



2X rewards points

The Alliant Visa Platinum Rewards Credit Card doubled its reward rate.



\$500 rebate

Purchase select cars and get a BonusDrive rebate.



Security-focused blog posts



Using automated alerts to protect yourself from fraud

Learn how to use transaction alerts and other security protections offered to Alliant members.



How to create secure, memorable passwords

Strong passwords are essential for your protection. Learn how to create passwords that are complex enough to elude hackers but easy for you to remember.



Cybersecurity steps to protect yourself

How you can stay protected online and in case of a retail data breach.

Protecting our members

The security of our members' money, personal data and information is our number one priority. We've given our employees even more training and tools to help them recognize attempted fraud.

We redesigned our account statements and made our quarterly credit score updates available to members who have frozen their credit, making it easier for members to monitor their accounts for fraud. We added real-time fraud text alerts for Alliant debit cards, and we made the Alliant Mobile Banking App even more secure as we released updates throughout the year and enhanced login functions.

We've beefed up our ongoing initiatives to educate members about fraud and how to protect themselves. Emails and identity protection brochures were sent to all of our members. Security articles were included in our member newsletter, and our fraud team leader hosted a live online Q&A about fraud protection.

Visit myalliant.com/security-blog for more security-related blog articles.



A tradition of giving back

Alliant is proud of how we support the communities in which our members work and live. In 2017, when Southern states were devastated by hurricanes, we offered emergency assistance to affected members. The Alliant Foundation provided grants, school supplies and funding for reading programs and other educational initiatives. Alliant employees continued their tradition of volunteerism and charitable giving in 2017, teaching financial literacy to eighth graders and raising money for cancer research.



104 hurricane assistance loans

Members needing funds for storm recovery turned to Alliant, and we delivered.



\$3.8 million+

Total emergency lending to members impacted by hurricanes.



\$200,000+ donations

The Alliant Foundation supported educational organizations and charities.



400+ eighth-grade students reached

64 classes in personal finance were taught by Alliant employees at Illinois District 62 schools near Alliant HQ.



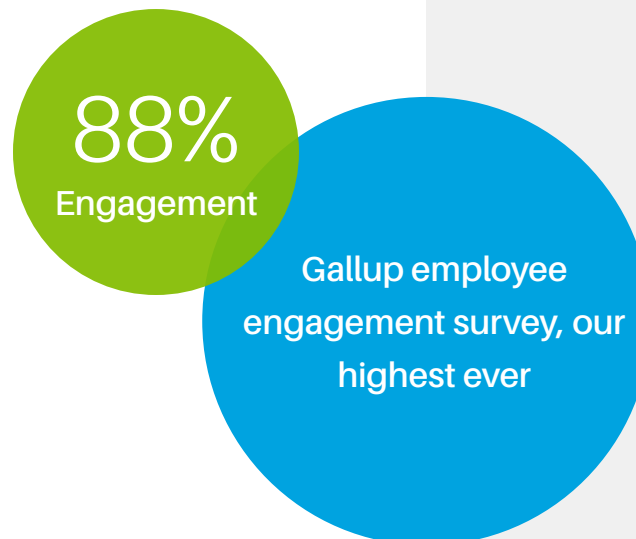
\$8,000+ cancer funding

Alliant's employee volleyball tournament benefited the Leukemia & Lymphoma Society.

A Great Place to Work

We understand that positive employee experience is a force that drives real business outcomes, and we strive to build and maintain a highly engaged culture. **This year's Gallup Q12 employee engagement survey showed our highest ever engagement score in our 14-year history of participating in the survey.** For the second year in a row, Alliant participated in the Great Place to Work (GPTW) program, and has been awarded:

- Best Small & Medium Companies nationwide
- Best Workplaces in Financial Services & Insurance
- Best Workplaces in Chicago
- Best Small & Medium Companies in Southern California
- Best Small & Medium Companies in the Bay Area



Small & Medium



Financial Services & Insurance



Chicago



Southern California



Bay Area





Looking ahead to 2018 and beyond

In 2018, Alliant expects to pass the \$10 billion asset threshold, which is a huge milestone. As we grow and serve even more members, we won't forget that our success has always been driven by our commitment to the financial well-being of our membership.

We're proud to provide Alliant's money-smart members with consistently superior financial value and a simple, efficient banking experience. To reflect this commitment, we recently announced new company mission and vision statements to codify our values and remind us every day of where we are — and where we want to be in the future.

MISSION

Provide members consistently superior financial value while simplifying and enabling how people save, borrow and pay.

VISION

To set the standard for simple and rewarding digital banking that inspires loyalty in smart, informed consumers.

Awards & media mentions



Bankrate

Best Credit Union
of 2017

nerdwallet

Best Credit Unions
2017



Best Mortgage Lenders 2017

GO BankingRates

Best Credit Unions for
Car Loans 2017

Dave Mooney in the "Daily Herald"

“Banking is no longer a place you go, it’s a thing you do.”

NerdWallet article

“How a Credit Union Raised the Roof on Credit Card Rewards”

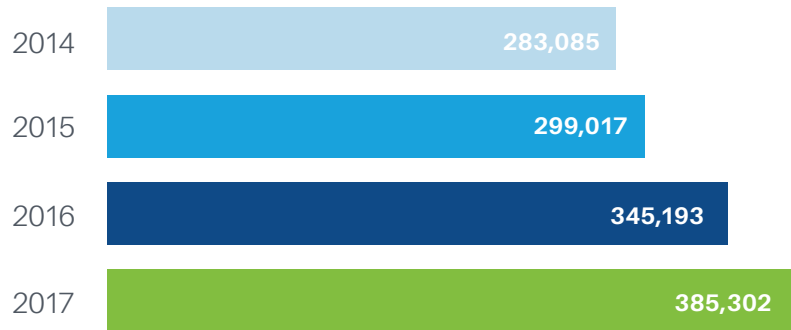
Mic.com

“Best banks and credit unions for millennials”

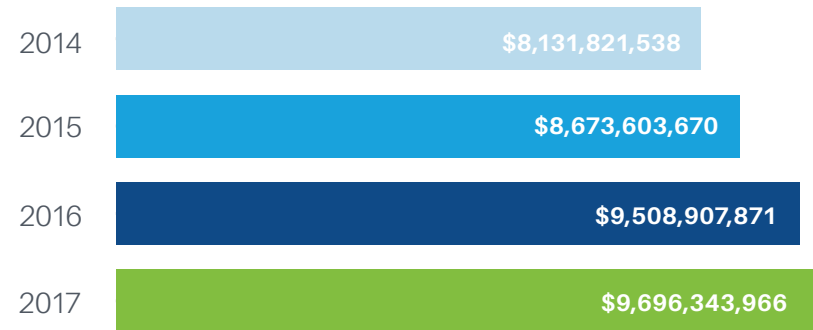
Financial Brand feature

“Can a Credit Union Realize the Digital-First Dream?”

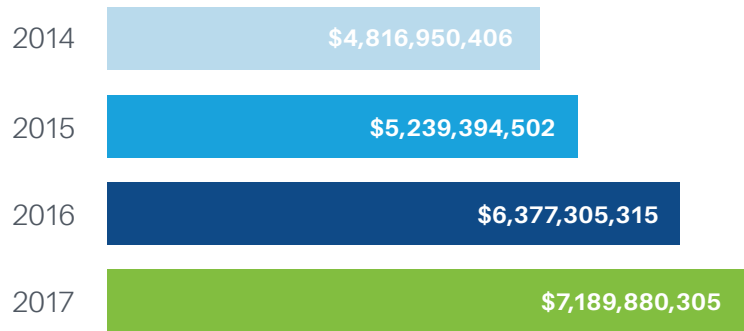
TOTAL PRIMARY MEMBERS



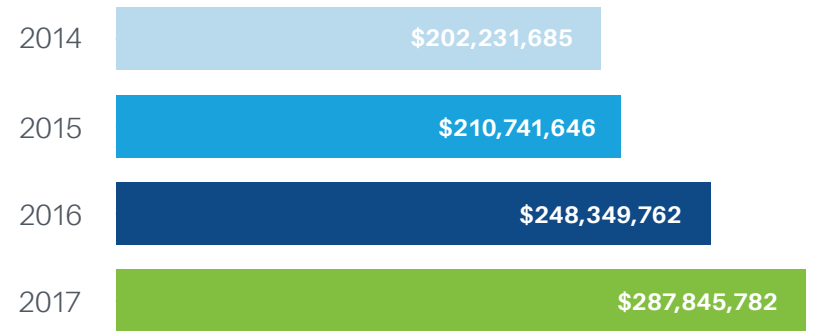
TOTAL ASSETS



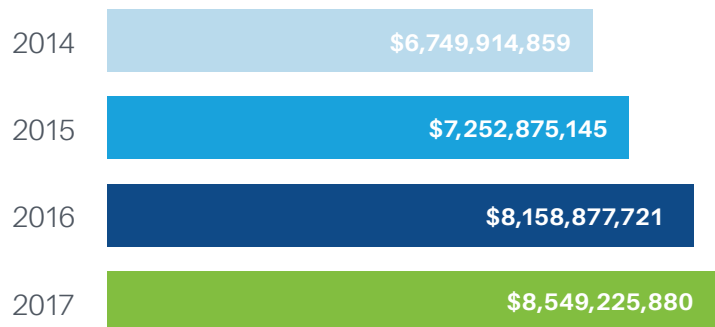
TOTAL GROSS LOANS



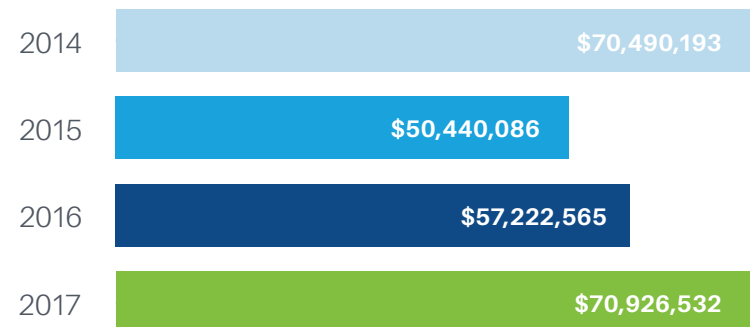
TOTAL INTEREST INCOME



TOTAL DEPOSITS



NET INCOME



Statement of Financial Condition (Unaudited)*

(\$ MILLIONS)	2017	2016	(\$ MILLIONS)	2017	2016
ASSETS			LIABILITIES AND MEMBERS' EQUITY		
Cash and Cash Equivalents	\$223.9	\$393.5	Members' Shares		
Certificates of Deposit with other Financial Institutions	-	-	Common Share Accounts	\$6,616.0	\$6,125.6
Securities Available-for-Sale	1,962.8	2,464.5	Certificate Share Accounts	980.4	997.8
Loans to Members, Net	7,198.0	6,377.6	Individual Retirement Accounts	518.4	533.2
NCUSIF Deposit	76.7	69.9	Checking Accounts	434.4	396.7
Other Assets	234.9	203.4	HSA Share Accounts	0.0	105.6
			Total Deposits	\$8,549.2	\$8,158.9
TOTAL ASSETS	\$9,696.3	\$9,508.9	Borrowings	-	287.3
			Other Liabilities	55.3	42.1
			Total Borrowings and Other Liabilities	\$55.3	\$329.4
			Members' Equity		
			Regular Reserve	121.0	121.0
			Undivided Earnings	977.7	906.8
			Accumulated Other Comprehensive Income	(6.9)	(7.2)
			Total Members' Equity	\$1,091.8	\$1,020.6
			TOTAL LIABILITIES AND MEMBERS' EQUITY	\$9,696.3	\$9,508.9

*Dollar amounts in millions.

Statement of Income (Unaudited)*

INTEREST INCOME	2017	2016	NON-INTEREST INCOME	2017	2016
Loans to Members	\$244,715.9	\$209,094.5	Net Gains on Disposition of Investments	\$1,155.1	\$1,014.2
Securities and Certificates of Deposit with other Financial Institutions	43,005.6	39,175.4	Gain on Loan Sale	5,116.0	3,728.1
Other	124.3	79.9	Loss on Foreclosed Assets	(1,530.1)	(790.6)
TOTAL INTEREST INCOME	\$287,845.8	\$248,349.8	Service Fees	5,448.2	4,833.5
			Interchange Income	11,690.6	7,998.9
			Other Income	19,736.0	9,303.0
INTEREST EXPENSE			TOTAL NON-INTEREST INCOME	\$41,615.8	\$26,087.1
Members' Shares	93,500.5	79,811.8			
Other	2,969.2	2,316.2	NON-INTEREST EXPENSE		
TOTAL INTEREST EXPENSE	\$96,469.7	\$82,128.0	Salaries and Employee Benefits	63,860.6	54,722.3
			Service Charges	23,434.4	20,092.3
NET INTEREST INCOME	191,376.1	166,221.8	Office Operations	9,048.2	8,545.6
Provision for Loan Losses	29,297.8	22,546.2	Depreciation	10,067.8	6,265.7
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	\$162,078.3	\$143,675.6	Data Processing	8,633.9	7,313.1
			Professional Fees	4,804.0	6,047.0
			Other	12,918.7	9,554.2
			NCUA Premium Assessment	-	-
			TOTAL NON-INTEREST EXPENSE	\$132,767.6	\$112,540.2
			NET INCOME	\$70,926.5	\$57,222.6

*Dollar amounts in thousands.

Board Of Directors

Ed Rogowski, *Chairman*
John Gebo, *Vice Chairman*
David Mooney, *President/Treasurer*
Irwin Gzesh, *Secretary*
Lee Achord
Julian Chu
Ted Davidson
David Leib
Anne Pease
Farhan Siddiqi
Scott Wilson

Executive Management Team

David Mooney, *President & CEO*
Jason Osterhage, *SVP, Lending*
George Rudolph, *SVP, Operations & Technology*
Phil Salis, *SVP, Member Engagement*
Lee Schafer, *SVP, Corporate Affairs and Chief Administrative Officer*
Timothy G. Wartman, *SVP, Executive Officer, Treasury & ALM*
Harry Zhu, *SVP, Finance & Risk Management; CFO*