

BUILDING
A SOLID
FUTURE FOR
OUR
MEMBERS





BUILDING ON OUR COMMITMENT TO MEMBER SERVICE

In 2006, Alliant Credit Union continued its long-standing philosophy of offering our members exceptional rates on savings deposits and loan products, along with extremely low fees and outstanding service. While we are here to provide our members with the best in financial products and services, it is our members' trust and loyalty that enables us to rank among the largest and strongest credit unions in the nation. Rather than resting on our laurels, we are continually looking ahead and building for the future with new products and improved services to enhance the member experience. As always, we're striving to provide the very best for the satisfaction and financial well-being of our members.



BUILDING A SOLID FUTURE FOR OUR MEMBERS



John R. Samolis



David W. Mooney

As a member-owned financial cooperative, Alliant Credit Union has only one purpose, and that is to serve its members. In 2006, Alliant continued to deliver on its mission of providing members with consistently superior financial value and helpful, accurate and reliable service.

Our members know they can count on Alliant for exceptional rates on deposits and loans, as well as low fees for services. We again ranked in the top 1% of credit unions nationally in savings rates and total “giveback” to members¹. Share dividends of \$158.3 million increased by \$36 million from 2005, up 29%. Alliant elevated its savings dividend rate by over 1%, more than twice as much as the average bank or credit union. And, we introduced Certificates to provide members with additional high rate savings options.

Members also continued to benefit from our “everyday low loan rates.” We made \$650 million in new loans during the year, while saving members an estimated \$11 million on their loan payments.

Behind the high returns to members is strong financial performance. Income increased by a solid 18% from 2005, and Alliant remains in the top one percentile of credit unions in cost efficiency. We added \$28 million to total capital, and once again received outstanding ratings for safety and soundness from state and federal regulators.

In addition to great rates and low fees, Alliant members expect and deserve exceptional service. Each month we survey a sample of members to gauge member satisfaction levels. While we were pleased by our 96.4% rating (an improvement over 2005), it fell short of our organizational objectives. One issue is our limited branch network. However, this contributes to our favorable fee structure and ability to offer excellent deposit and

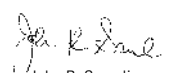
lending rates. Throughout the year, Alliant completed several initiatives to enhance member access to their accounts and Alliant services including:

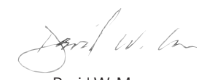
- Implementation of a new SkyBranch® online banking and bill pay system with enhanced functionality, navigation, security and reliability
- Expansion of TeleCenter hours of operation to Saturdays and by an additional two hours on weekday evenings
- Introduction of “24/7” telephone loan application capability
- Establishment of online membership enrollment

Alliant’s outstanding value and service continue to attract new sponsors and members. Over 100 companies and associations now offer the benefits of Alliant membership to their employees/members. And this year we welcomed over 21,000 new members, which topped our single year record set in 2005.

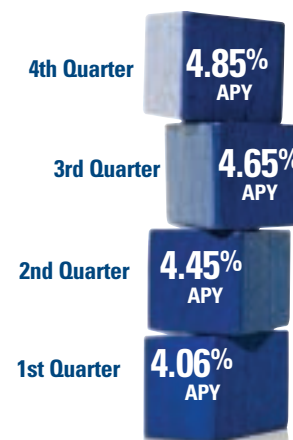
Of course, success doesn’t occur by accident. The talents and dedication of our employees and members of our Board of Directors enable us to produce strong financial performance and high levels of member satisfaction year after year. A testament to this, and the value we place on our employees and their importance to the success of the organization, are the results of our annual Gallup Q12® Employee Engagement Survey which, in 2006, placed Alliant in the 80th percentile of financial service companies.

Above all, we thank our members for choosing Alliant for their savings, checking, borrowing and other financial needs.


John R. Samolis
Chairman of the Board


David W. Mooney
President/CEO

2006 ALLIANT DIVIDEND RATES



ALLIANT HIGHLIGHTS OF 2006



MEMBER GIVEBACK

- Share dividends exceeded \$158 million, an increase of \$36 million, up 29% over 2005
- Increased share dividends by over 1% over the course of the year, more than twice the average yearly increase among banks and other credit unions
- Continued our “everyday great rate” lending philosophy, allowing members to borrow at rates generally .25% – 1% below those of other lenders

MEMBER SERVICE

- Introduced an enhanced SkyBranch® online banking system with totally free Bill Pay
- Launched Certificates to provide our members with longer-term savings options
- Expanded operating hours of our TeleCenter

INCOME & OPERATIONS

- Total capital increased by \$28 million to nearly \$595 million
- Income surpassed \$228 million, a 18.1% increase over the preceding year

MEMBER GROWTH

- Attracted over 21,000 new members, breaking our single year record set in 2005
- Alliant membership increased by 7.5%, more than four times the credit union industry average for a total of 206,704 members
- Welcomed prominent sponsors including RR Donnelley, Society for Human Resource Management (SHRM) and White & Case LLP, a large global law firm

continued

LOAN GROWTH

- Loan balances increased 6.5% to \$2.3 billion, with growth in all major products
- Initiated “24/7” telephone loan application capability
- Began offering Student Loans to help our members further their education
- Introduced new home lending products including Interest-only Home Equity Line of Credit and two types of Interest-only Adjustable Rate Mortgages

CHARITABLE ACTIVITIES

- In partnership with Operation Hope, Inc., Alliant teacher-volunteers taught financial literacy classes to 2,350 middle school students
- Through donations and charitable event participation, Alliant employees contributed time, supplies and money to organizations that help those with illnesses or disabilities

ENGAGED AND COMPETENT WORKFORCE

- Best-in-class employee engagement (satisfaction) at 80th percentile in Gallup Q12® financial services benchmark
- Industry-leading employee retention – less than 8% annual employee turnover

FINANCIAL PERFORMANCE



Alliant Credit Union's efforts to consistently provide members with premium returns and our continuous focus on the safety and security of our members' funds are evident in the review of our 2006 financial performance. Through high-yield savings dividends and low loan rates, Alliant continued its history of strong financial performance. Meanwhile, significant progress was made around key organizational priorities and strategic initiatives to position us for ongoing success.

Alliant continued through the year to strategically focus on expanding membership and loan balances, and to further build the organization so that superior returns to members can be sustained in future years.

The results were exceptional as Alliant attracted a record number of new members, largely due to establishing relationships with RR Donnelley, SHRM and several other prominent companies and organizations. We also introduced new loan products, implemented an enhanced online loan application capability, provided an improved online banking system and continued to focus on maintaining low operating cost efficiency.

Over 21,000 new members helped Alliant realize a net membership growth more than four times the credit union industry average, an increase in loan balances to more than \$2.3 billion and growth in total reserves by \$23.5 million as compared to reserve levels

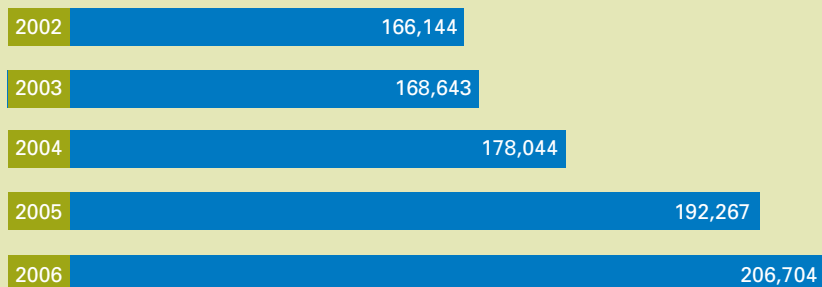
at December 31, 2005. By year-end, Alliant proudly served more than 206,000 members. Total income of \$228.8 million was generated, enabling Alliant to distribute approximately \$158.3 million in dividends to its members. The percent of net income before dividend distributed to members has increased significantly during the past two years – 88.0% in 2006 as compared to 81.9% in 2005 and 73.5% in 2004.

Loan growth in 2006 was solid, even though origination activity was impacted by higher interest rates, the housing market slowdown, declining car sales and high consumer debt levels. The total loan portfolio grew approximately \$142 million compared to the balance at December 31,

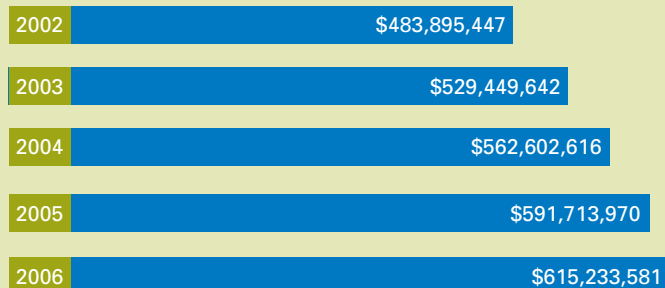
2005. Growth was realized across all major loan products with consumer lending providing nearly half of the overall balance increase. Losses on the loan portfolio were up in 2006 due to the increase in higher risk/higher yield from indirect auto and credit card loans, but the increase was anticipated and is also consistent with growth in total loan balances. The ratio of charge-offs to average outstanding loan balances increased to .33% as compared to .30% in 2005. Total charge-offs, however, still continue to run below industry averages.

Deposit levels were essentially flat in 2006. While Alliant offered among the highest rates on liquid savings, many consumers

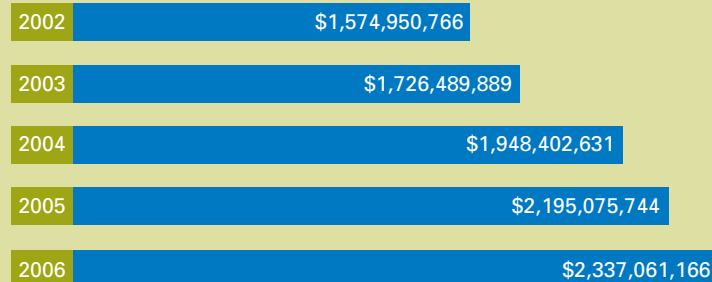
TOTAL PRIMARY MEMBERS



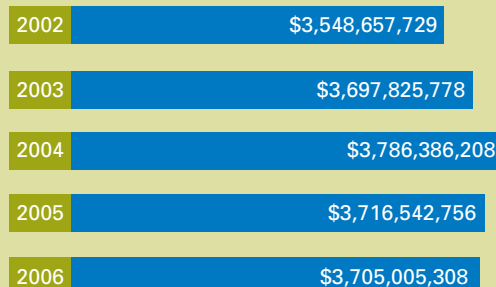
TOTAL RESERVES



TOTAL LOANS



TOTAL DEPOSITS



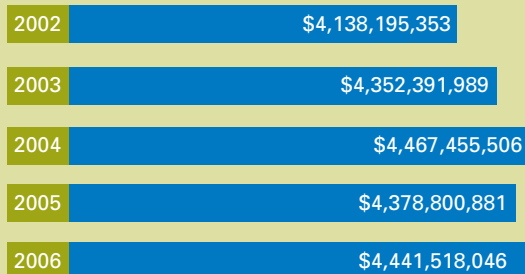
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were drawn to promotional certificate of deposit rates offered by banks. Alliant avoids temporary rate promotions, which would undermine our “everyday great rate” philosophy.

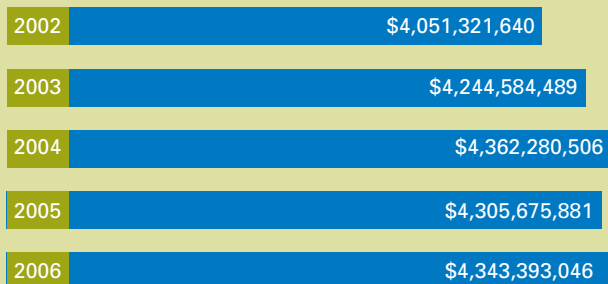
Rate hikes by the Federal Reserve in 2006, most specifically during the first half to three quarters of the year, provided an increase in the income generated from the investment and loan portfolio yields as compared to 2005. Loan growth and the positive momentum in investment and lending rates, along with our focus on efficiency and cost containment, enabled Alliant to pay premium (above market) dividend rates throughout the year, averaging approximately 2.2% higher than comparable savings products.²

In summary, Alliant posted strong financial results in 2006 and continued to deliver on our mission of providing members with superior financial value and helpful, accurate, reliable service. 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 recognizes that the future will bring challenges and opportunities, and that we must address these situations with a steadfast focus on the interests and concerns of our overall membership. Alliant’s high quality asset base, strong capital position and focus on cost efficiency make us well positioned to sustain excellent financial performance and provide our members with superior financial value.

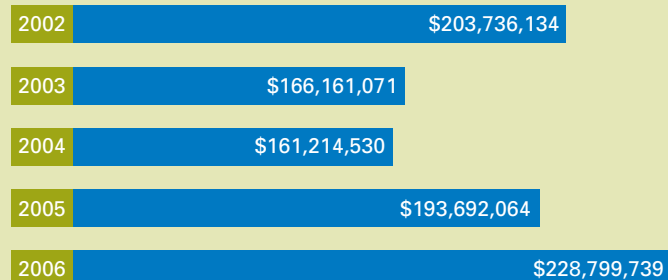
TOTAL ASSETS



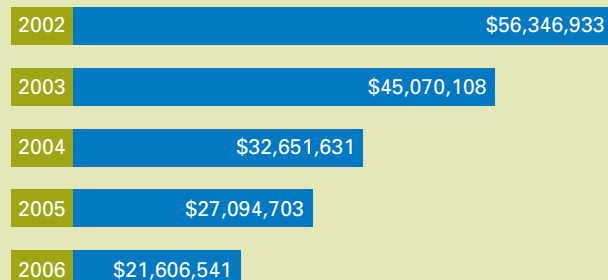
NET ASSETS



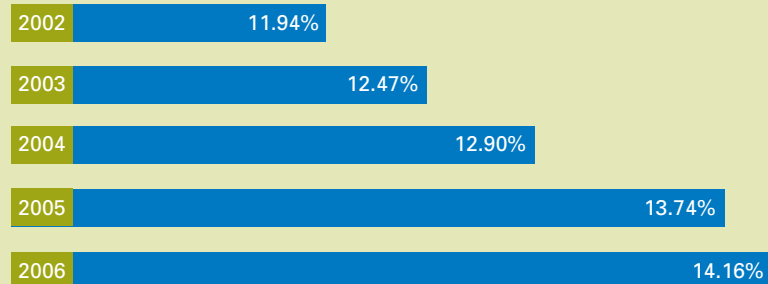
TOTAL INCOME



NET INCOME



TOTAL RESERVES/NET ASSETS



FINANCIAL STATEMENTS

as of December 31

Statement of financial condition (unaudited)

	2006	2005
ASSETS		
cash	\$ 11,356,047	\$ 9,801,280
investments	2,034,276,540	2,114,314,877
first mortgages	1,375,975,379	1,308,951,946
second mortgages	230,149,921	215,529,404
consumer loans	636,449,472	574,775,998
VISA® credit cards	85,491,129	78,003,102
loan participations purchased	8,995,263	16,448,193
loans in process of liquidation	—	1,367,101
less: allowance for loan losses	(12,515,113)	(10,927,911)
other assets	71,339,407	70,536,890
total assets	\$ 4,441,518,046	\$ 4,378,800,881
net assets	\$ 4,343,393,046	\$ 4,305,675,881
LIABILITIES AND MEMBERS' EQUITY		
common shares	\$ 3,082,986,449	\$ 3,162,964,457
IRA shares	442,082,473	459,108,524
checking shares	93,395,605	94,469,775
certificate shares	86,540,782	—
accrued expenses and liabilities	141,504,071	95,514,857
reserves and undivided earnings	595,008,667	566,743,268
total liabilities and members' equity	\$ 4,441,518,046	\$ 4,378,800,881
net liabilities and members' equity	\$ 4,343,393,046	\$ 4,305,675,881

continued

Statement of income (unaudited)

	2006	2005
INCOME		
interest on loans to members	\$ 123,178,071	\$ 106,142,091
interest on investments and cash	92,962,318	74,628,653
service charges and other		
non-interest income	12,102,968	12,051,637
interest on loan participations	504,028	833,475
net realized gains on sales of securities	52,355	36,208
total income	\$ 228,799,739	\$ 193,692,064
EXPENSES		
dividends on members' shares	\$ 158,265,537	\$ 122,709,863
salaries and employee benefits	21,510,148	19,192,302
provision for loan losses	9,297,281	7,824,426
office occupancy	1,050,509	989,910
office operations	5,599,434	4,996,826
depreciation	2,093,472	2,066,495
program expenses	5,548,332	5,932,520
other	3,828,484	2,885,019
total expenses	\$ 207,193,198	\$ 166,597,361
net income	\$ 21,606,541	\$ 27,094,703
reserves and undivided earnings— incl. allowance for loan losses (beginning of the year)	\$ 577,671,178	\$ 558,760,358
(increase) decrease in unrealized loss on securities available for sale	\$ 6,332,990	\$ (10,200,533)
change in other reserves and allowance for loan losses	\$ 1,913,070	\$ 2,016,651
reserves and undivided earnings— incl. allowance for loan losses (end of the year)	\$ 607,523,780	\$ 577,671,178

Statement of cash flows (unaudited)

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
net income	\$ 21,606,541	\$ 27,094,703
adjustments to reconcile net income to cash provided by operating activities:		
depreciation	2,093,472	2,170,193
provision for possible loan losses	9,297,281	7,824,426
change in assets and liabilities:		
(increase) decrease in accrued interest receivable	(3,543,323)	(404,777)
(increase) decrease in share insurance fund deposit	6,368	(146,199)
net (increase) decrease in other assets	3,222,309	(3,196,848)
increase (decrease) in accrued expenses and liabilities	45,989,214	(35,705,343)
net cash provided by (used in) operating activities	\$ 78,671,862	\$ (2,363,845)

continued

Statement of cash flows (unaudited) continued

	2006	2005
CASH FLOWS FROM INVESTING ACTIVITIES		
net (increase) decrease in loans		
to members	\$ (149,695,501)	\$ (252,480,889)
net (increase) decrease in investments	86,371,328	326,934,949
acquisitions of property and equipment	(2,255,474)	(1,145,197)
net cash (used in) provided by investing activities	\$ (65,579,647)	\$ 73,308,862
CASH FLOWS FROM FINANCING ACTIVITIES		
increase (decrease) in members' shares	\$ (11,537,448)	\$ (69,843,453)
net cash (used in) provided by financing activities	\$ (11,537,448)	\$ (69,843,453)
net increase (decrease)	\$1,554,767	\$ 1,101,565
cash at beginning of the year	\$ 9,801,280	\$ 8,699,716
cash at end of the year	\$ 11,356,047	\$ 9,801,280

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, 2006, 46.2% of Alliant Credit Union's total portfolio was invested in U.S. Treasury and U.S. Agency and Sponsored Agency securities with another 7.2% invested in cash equivalent securities. The remaining 46.6% 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, 2006. The value of those securities is presented on the Statement of Financial Condition at current market value, which is \$7,710,000 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, 2006, securities in the amount of \$98,125,000 were committed for this purpose.

Total Loans – Total loans represent loans to members and loan participations purchased. In 2005, the total loan balance also included \$1,367,000 for loans in process of liquidation. Loans in process of liquidation is no longer applicable at December 31, 2006, as the related loan is now charged off when it moves into liquidation status and the estimated value of the collateral is classified as an other asset.

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

Loan Participations Purchased – Loan Participations Purchased represent homogeneous 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. At December 31, 2006, loan participations outstanding totaled \$8,995,000.

Lines of Credit – Unused commitments on lines of credit in mortgages, credit cards and unsecured share draft loans totaled \$159,049,000, \$287,667,000 and \$5,418,000, respectively, as of December 31, 2006. 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, 2006, the Allowance totaled \$12,515,000.

Accrued Expenses and Liabilities – Alliant Credit Union's obligations with respect to the securities loaned to brokers totaled \$98,125,000 as of December 31, 2006. Alliant Credit Union assumed in July 2006 an outstanding note due to the Federal Home Loan Bank for another credit union. The total amount due upon maturity of the advance in March 2008 is \$20 million. The value of the obligation recorded as a liability is \$19,545,000 as of December 31, 2006. The remaining liabilities balance of \$23,834,000 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, an agency of the U.S. Government. As of December 31, 2006, the deposit totaled \$30,123,000.

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 ratio per applicable regulation at December 31, 2006 and 2005 was 7% and corresponding capital levels were \$311 million and \$307 million, respectively. The capital levels of Alliant Credit Union at December 31, 2006 and 2005 were \$603 million and \$581 million, respectively. Management believes, as of December 31, 2006, that Alliant Credit Union meets all of its capital adequacy requirements.

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 \$120,978,000 at December 31, 2006 and \$120,792,000 at December 31, 2005. Capital reserves represent a general reserve for unforeseen contingencies and totaled \$481,740,000 and \$459,994,000 at December 31, 2006 and 2005, respectively. Undivided earnings include net unrealized losses on investments available for sale, which were (\$7,710,000) and (\$14,043,000) at December 31, 2006 and 2005, respectively.

continued

Business Combination – On June 30, 2006, Alliant Credit Union completed a merger with Moore Federal Credit Union. At the date of acquisition, Moore Federal Credit Union had total assets of \$1,488,386 and members' equity of \$325,868. The acquisition was accounted for as a pooling-of-interests.

Taxation – A credit union subject to the Illinois Credit Union Act is defined as a cooperative society and is exempt from payment of Federal Income Tax on income derived from its exempt purpose under provisions of the Internal Revenue Code, Section 501(c)(14).

Audited Report – The financial information provided in this annual report, although believed to be accurate, is unaudited as of December 31, 2006. Audited financial statements prepared by Crowe Chizek and Company LLC are available from Alliant Credit Union for the year ended June 30, 2006.

BOARD OF DIRECTORS

John Samolis, *Chairman*

Patricia Mash, *Vice Chairperson*

David W. Mooney, *President/Treasurer*

Bill Byrne, *Secretary*

Laurene Bentel

Lynn Hughitt

Amos Kazzaz

Marc Krohn

Richard Poulton

Scott Praven

Lyle U'ren



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Equal Housing Lender

