

Statement of Financial Condition

	December 31 2008	December 31 2007	Increase (Decrease)	
			\$	%
Assets				
Regular Loans	\$12,920,833	\$12,624,326	\$296,507	2.35%
Home Equity Loans	\$10,370,867	\$9,807,843	\$563,024	5.74%
Loan Loss Allowance	(\$72,361)	(\$77,189)	\$4,828	-6.25%
Net Loans	\$23,219,339	\$22,354,980	\$864,359	3.87%
Net Investments	\$41,116,419	\$39,374,568	\$1,741,851	4.42%
Cash	\$786,375	\$708,949	\$77,426	10.92%
Fixed Assets	\$554,908	\$563,823	(\$8,915)	-1.58%
Other Assets	\$1,168,530	\$1,288,986	(\$120,456)	-9.35%
Total Assets	\$66,845,571	\$64,291,306	\$2,554,265	3.97%
Liabilities and Equity				
Total Liabilities	\$369,482	\$324,780	\$44,702	13.76%
Shares				
Regular	\$24,270,763	\$24,415,936	(\$145,173)	-0.59%
Certificates	\$35,679,701	\$33,078,462	\$2,601,239	7.86%
Total Shares	\$59,950,464	\$57,494,398	\$2,456,066	4.27%
Regular Reserves	\$2,401,885	\$2,401,885	\$0	0.00%
Undivided Earnings	\$4,123,740	\$4,070,243	\$53,497	1.31%
Unrealized Gain (Loss) on Investments	\$0	\$0	\$0	0.00%
Total Liabilities and Equity	\$66,845,571	\$64,291,306	\$2,554,265	3.97%

Statement of Income and Expenses

	2008	2007	Increase (Decrease)	
			\$	%
Income				
Investment Income	\$1,928,588	\$1,839,374	\$89,214	4.85%
Loan Income	\$1,338,361	\$1,358,374	(\$20,013)	-1.47%
Other Income	\$208,568	\$202,295	\$6,273	3.10%
Total Income	\$3,475,517	\$3,400,043	\$75,474	2.22%
Cost of Funds				
Dividends on Savings	\$2,015,134	\$2,102,339	(\$87,205)	-4.15%
Operating Expenses				
Compensation and Benefits	\$655,868	\$593,379	\$62,489	10.53%
Travel and Conferences	\$13,800	\$10,582	\$3,218	30.41%
Professional Services	\$171,016	\$128,457	\$42,559	33.13%
Association Dues	\$23,514	\$23,055	\$459	1.99%
Insurance	\$17,759	\$16,727	\$1,032	6.17%
Office Operations	\$264,429	\$249,076	\$15,353	6.16%
Provision for Loan Losses	\$35,014	\$18,595	\$16,419	88.30%
Depreciation	\$20,215	\$16,961	\$3,254	19.19%
Taxes	\$1,897	\$4,690	(\$2,793)	-59.55%
Other Expenses	\$75,620	\$71,987	\$3,633	5.05%
Total Operating Expenses	\$1,279,132	\$1,133,509	\$145,623	12.85%
Net Operating Income	\$181,251	\$164,195	\$17,056	10.39%
Non-Operating Gain (Loss)	(\$127,754)	\$13,390	(\$141,144)	-1054.10%
Reserve Transfer	\$0	\$0	\$0	0.00%
Net Income (Loss)	\$53,497	\$177,585	(\$124,088)	-69.88%

Who We Are

STAFF - LINCOLN

Kenn Miller, President
Linda Carter, Vice President
Colleen Barnes
Cathy Blair

Lynne Brunk
Dani Lazarov
Denise Powell
Birgit Roby

STAFF - BEATRICE

Deb Meyer, Vice President
Karmen Daake
Phyllis Fielder (Retired 03/09)

Katy Inderlied
Arllys Jurgens
Tiffany Wright

BOARD OF DIRECTORS

Mary Lohmeyer, Chairwoman
Amy Tipton, Vice Chairwoman
Jeff Chambers, Secretary/Treasurer

Mike Arnold
Bryan Becker
Bob Biel
Teri Hubka

Deb Keyes
Arlen Nies
Darin Olson
Larry Weishahn

SUPERVISORY COMMITTEE

Denise Ackerman, Chairwoman
Tim Eklund
Dick Leseberg



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Together We're Better

2008
ANNUAL REPORT

Aliant
Credit Union

Board of Director's Report

What a year! In January 2008, Aliant Credit Union and Southeast Nebraska Federal Credit Union entered into an agreement to explore the possibility of merging. Throughout 2008, we provided the membership with periodic updates of the merger progress via letters, newsletter articles and our website. We worked hard to make sure this merger was the right decision for both Credit Unions and its members. After deliberations and meetings between both Boards of Directors, the merger became official on December 1, 2008. Together, we're a stronger Credit Union. Together, we're able to offer more services and diversify our membership so that we can continue to maintain our current financial strength.

As the year ended and our merger was complete, it was even more evident that with the national financial crisis upon us, we have made the right decision. Together we offer a safe haven for our members and their finances. The joint forces of our combined financial strength, federal insurance, and staff you have worked with for years, come together for a winning combination.

Throughout 2008 the national economic climate did not affect the way the Credit Union did business. We continued to loan to our members and offer federally insured financial products.

In combining the two credit unions, at year-end we grew to 5,006 members and \$66,845,571 in assets. We'll use our combined financial resources to better serve the communities of Lincoln and Beatrice, the counties of Lancaster and Gage.

With the merger, we joined the forces of our Boards. The new combined Board has been diligently working during the process of our merger and creating our new credit union. Within this report is a listing of the Board of Directors, Supervisory Committee members and staff. We are all a team to help you meet your financial goals. As we move forward, we appreciate your continued support in our quest to be your partner for financial success. We truly believe in the "People helping People" credit union philosophy.

We look forward to building on the strong foundation of the two former separate credit unions by offering additional new products and services throughout 2009.

As we look to our future, we also reflect back and thank all of our loyal members, our dedicated employees and committed volunteers for their support and guidance that helped us achieve our past success.

Mary Lohmeyer, *Chairwoman Aliant Credit Union and former Chairwoman of Southeast Nebraska Federal Credit Union*

Jeff Chambers, *former ACU Chairman and current Secretary/Treasurer*

Treasurer's Report

The accompanying reports reflect the consolidated financial results of the two merged credit unions.

The combined credit union grew by 3.97% in 2008, and ended the year with total assets of \$66,845,571.

Assets on December 31, 2008 were comprised of \$23.2M in member loans, \$41.1M in investments and \$2.5M in other assets. Supporting the balance sheet were \$59.9M in member shares and certificates, \$6.5M in reserves and undivided earnings, and \$369K in other liabilities.

New vehicles, used vehicles and home equity lending continue to reflect strength in our lending program. Members continue to take advantage of the possible tax deduction of interest paid on loans secured by their homes.

Outstanding loans at the year-end 2008 were \$23,219,339, an increase of 3.9% over 2007's figure of \$22,354,980.

The Statement of Income and Expenses for the year ended December 31, 2008, reflects net income after dividends and reserve transfers of \$53,497. Expenses for 2008 are up \$145,623 or 12.9%. This year we incurred several expenses related to the merger; professional services, benefit costs, and Provision for Loan Losses.

The Aliant Credit Union operates on a very low 1.91% expense ratio (expenses to average assets) in 2008 compared to 1.76% in 2007. This compares to an industry average of 4.20% for credit unions of similar size.

Stock market fluctuations in 2008 required us to record a loss of \$127,754 as part of one of our retirement programs.

In comparison of savings rates and loan rates to credit unions of similar size, our members benefited by receiving dividend rates almost one full percentage point higher and our borrowers benefited by loan interest rates being almost one full percentage point lower.

Another benefit of credit union membership is that if there is excess earnings, we return them to our members. Prior to the merger, the credit union returned almost \$200,000 in excess earnings to the member owners of the former Aliant Credit Union in the form of bonus dividends and interest refunds.

By continuing to provide our members with consumer information, outstanding personal service and great interest rates on loans and savings, we anticipate another solid year in 2009.

Jeff Chambers, *Secretary/Treasurer*

Mike Arnold, *former ACU Treasurer*

Deb Keyes, *former SENFCU Secretary/Treasurer*

Supervisory Committee Report

The responsibility of the Supervisory Committee largely consisted of quarterly inspections of the assets and accounts and an annual audit of the Credit Union. The services of Petersen & Associates were utilized to meet these requirements. Petersen & Associates' 2008 annual audit is in agreement with the financial statements presented elsewhere in this report. The Nebraska Department of Banking and Finance conducted their 18-month examination as of September 30, 2008. The results of which were all positive.

Denise Ackerman, *Chairwoman*

Member Services

Share Savings Accounts

Share Checking Accounts

Optional Share Accounts (Club Accounts)

Share Certificates

6, 12, 24, 36 and 48 month terms

Individual Retirement Accounts (IRAs)

IRA Share Savings Account

6, 12, 24, 36 and 48 month terms

Personal Loans

Demand Note or Installment Payments

Line-of-Credit

Credit Cards

Secured Loans

Home Equity

New and Used Automobiles

Recreational Vehicles and Boats

FHA Title I Home Improvement

Share or Stock Secured

Guaranteed Student Loans

Remote Account Access

MasterMoney™ Check Card (ATM/Debit Card)

Teledata-24 (Telephone Access to Account Information)

Web Site (www.aliantcu.org)

E-Branch (Internet Access to Account Information)

E-Statements

E-Bill Payment

E-Loan Application

E-Notices and E-Alerts

Mobile Banking using your cell phone

Rateline (402-436-4361)

American Express Travelers Cheques

Money Orders

Cashiers Checks

Free Notary Service

Accel Member Financial Counseling