

# Supporting Credit Union Success

**REPORT TO THE MEMBERSHIP**

*2024 in Review*

Our job is to make your job easier.

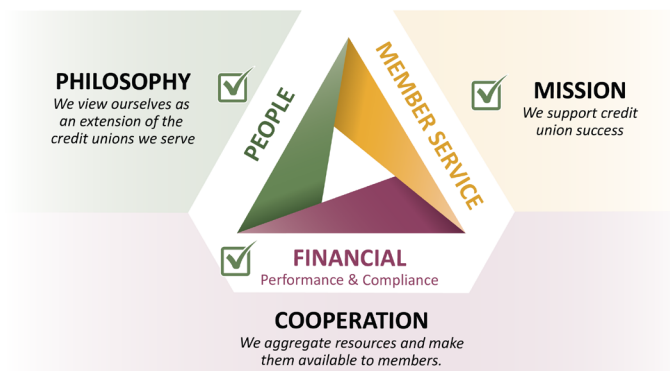


## 2024 YEAR-IN-REVIEW

Thanks to the continued support of its membership, 2024 was another outstanding year of performance for Alloya. During this time, Alloya maintained its status as a top-tier employer of choice, achieved record-setting member survey scores indicating strong support and satisfaction, exceeded financial targets, and remained compliant with all applicable rules and regulations.

### 2024 Business Plan Highlights:

- Maintained status as a top-tier employer of choice.
- Achieved record-setting member survey scores.
- Attained strong net income of \$78.4 million.
- Waived \$2.89 million in fees to support our mission of advocating for credit union success.
- Offered numerous above-market certificate specials, providing additional value to credit unions while advancing Alloya’s goal of expanding its balance sheet.
- Introduced Premier View Mobile following the modernization of Premier View and the development of Premier Core (our proprietary core processing platform).
- Successfully managed a leadership transition at QCash while significantly increasing the number of credit unions utilizing the service.
- Enhanced Alloya’s capital market capabilities by expanding the Loan Participation Platform and positioning the company to complete the first-ever credit union multi-issuer prime auto loan securitization in 2025.
- Continued to establish Alloya as a Payments Leader within the credit union system by educating credit unions on the new FedNow® system and investing resources to ensure compatibility of its wire system with ISO 20022.
- Hosted multiple free, high-value educational events throughout the year, and another successful Leadership Symposium.
- Ensured safety, soundness and compliance with all rules and regulations.



## SUPPORTING CREDIT UNION SUCCESS

Alloya’s mission, “Supporting Credit Union Success,” has remained unchanged for 11 years. The Board of Directors, composed of credit union leaders nationwide, volunteers their time and expertise to enhance Alloya’s capabilities, showcasing the power of cooperation among credit unions.

Utilizing Alloya’s services can streamline a credit union’s back-office operations, potentially saving a collective \$65 million annually, assuming that the relationship is worth just one job for each of its 1,300 members. Some members report even greater savings.

By pooling liquidity, Alloya also offers \$14.7 billion in advised lines of credit, saving credit union members an estimated \$147 million annually compared to investor-owned institutions, which could charge 100 basis points or more on an annual basis.

**Alloya enhances credit union success by:**

- Simplifying back-office tasks with Premier View technology
- Providing responsive member services
- Offering local support from Alloya representatives
- Partnering with mission-aligned associations and businesses
- Investing in research and development
- Providing high-value leadership educational opportunities
- Supporting community and charity initiatives
- Offering competitive interest rates and service fees



The credit union community thrives on cooperation. In 2024, Alloya exceeded financial expectations and waived all fees for November to share this success with members.

**CREDIT UNIONS INSPIRE US EVERYDAY**

The remarkable efforts credit unions undertake daily to support their local communities significantly influence and inspire Alloya's long-term strategic plans. Each day, any one of Alloya's 1,300 member credit unions could share stories demonstrating people helping people to improve their financial situations. Credit unions offer higher rates on deposits, lower rates on loans and fewer fees compared to their for-profit counterparts. Additionally, they actively seek ways to serve their communities as a whole. Credit unions donate millions of dollars to worthy causes such as children's hospitals nationally, as well as numerous local charities. At Alloya, we aim to capture some of these stories and share them with our team to foster a deeper connection with our membership.

Several examples from 2024 stand out as highlights:

- A community in Oklahoma was devastated by a severe tornado. The credit union promptly offered 0% interest loans to its members to aid in their recovery.
- In response to hurricanes in Florida, credit unions provided disaster relief loans during times of need.
- A credit union in Chicago, with a significant number of members with strong ties to Ukraine, has been assisting thousands of families affected by the war with Russia.
- The CEO of a large credit union in Minnesota, despite his numerous responsibilities, served as the Chair for the Salvation Army during the past holiday season.
- For every account opened, a Michigan credit union matched the initial required deposit to a local nonprofit of the member's choice. Over the last few years, they have invested around \$40,000 back into their communities through the match program.
- A New York credit union has been setting students up for success by giving financial literacy presentations in local school districts.
- A credit union in Utah hosted a charity golf tournament, which raised over \$120,000 for Bridle Up Hope, a nonprofit that helps young women build hope, confidence and resilience.
- Employees from a Connecticut credit union volunteered with the nonprofit Person to Person to provide food assistance, clothing and basic essentials to community members in need.

## CREDIT UNIONS HAVE BUILT A FINTECH, BUT BETTER: A COOPERATIVE FINTECH

Alloya represents an outstanding example of a leading fintech that remains 100% focused on supporting credit union success. By working together, 1,300 credit unions support 37 million natural person members in a highly efficient manner through their common bond with Alloya.

Specifically, approximately 25,000 credit union professionals access Alloya’s Premier View technology to process wires, ACH, checks, currency and international payments that could be originated by any of the 37 million members that those credit unions support.

### Premier View – Credit Unions’ Efficient Correspondent Technology

Without Alloya, each credit union would need to manage multiple vendor relationships to process payment work and handle back-office operations. The absence of Alloya would result in a significantly more complex back-office environment.

Credit unions need to innovate to stay competitive. They addressed this by supporting Alloya and developing Premier View, allowing them to manage all activities through one cooperative partner dedicated to their success.

### What’s Next

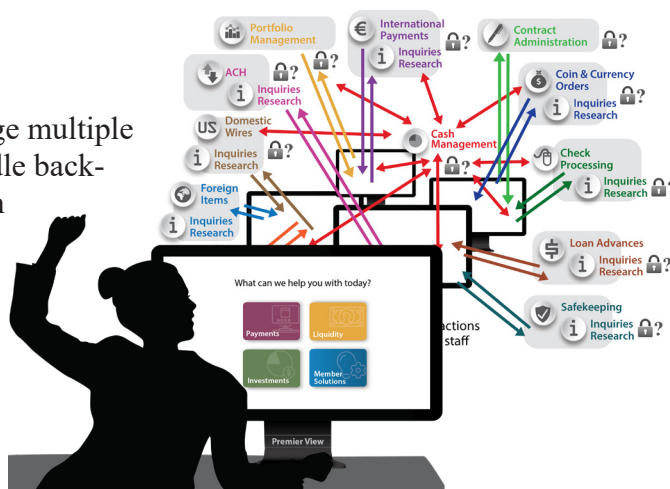
Alloya continues to enhance its technologies as a Cooperative Fintech. In 2024, Premier View Mobile was successfully launched, addressing the limitation of Premier View Desktop, which requires a token. Now, credit unions can securely complete tasks from anywhere on their mobile device.

### Looking Forward – Advancing Member Service Capabilities

The 2025 plan assumes that Alloya will continue to maintain its high service standards. The investments that Alloya has made to expand its member service capabilities are gaining momentum and will support its continued growth plans.

- Alloya is planning to introduce a new wire service that adheres fully to the Federal Reserve’s ISO 2022 regulations. Significant efforts were dedicated to updating Alloya’s systems. This project will have a substantial impact on members, as each credit union using Alloya’s Wire Transfers program will encounter changes in their processes. Additionally, this initiative may present an opportunity for Alloya if other solution providers are not

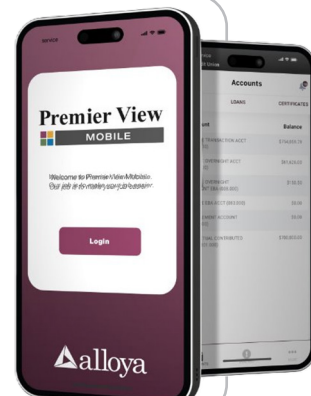
How can 1,300+ Credit Unions support 37,000,000 Credit Union Members?



## Premier View



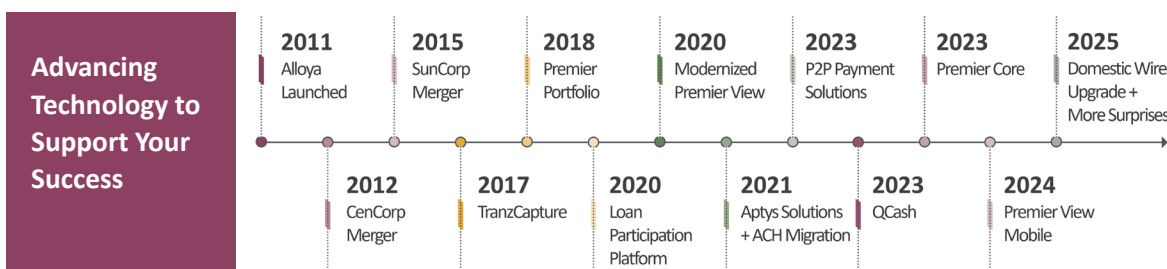
- Put the power of Premier View in your pocket!
- Eliminate the need for a token
- Customize who receives access
- Access key flexibility functions on the go:
  - View your accounts and transactions
  - Perform account transfers
  - Advance a loan
  - Grant second approvals
  - Purchase certificate specials



prepared, leading credit unions to seek contingency plans. Alongside the wire upgrade, Alloya will continue assisting credit unions in implementing solutions to leverage the FedNow® system.

- From a capital markets perspective, Alloya has been working with credit unions to complete the system’s first ever multi-issuer prime auto loan securitization. When successful, it will prove out a clear path for credit unions to access external liquidity while continuing to grow their lending and servicing fee income. In addition, Alloya’s 2025 plan includes continued growth in its Loan Participation Platform.
- From a Member Solutions perspective, QCash’s momentum continues to build as more credit unions come on-line and share their experience with peers. The 2025 plan includes significant resources directed toward supporting this growth. In future years, we believe QCash will provide an efficient platform from which to launch innovative lending solutions.

Loan PARTICIPATIONS	Alloya	Broker-Dealer	CU-to-CU
Single Master Agreement	✓		
Marketing	✓	✓	
Consolidated Reporting	✓		
NCUA-Compliant Due Diligence	✓		
Live Marketplace	✓		
Pricing Help	✓	✓	
Pool Creation	✓	✓	
Alloya Can Purchase Pools	✓		✓

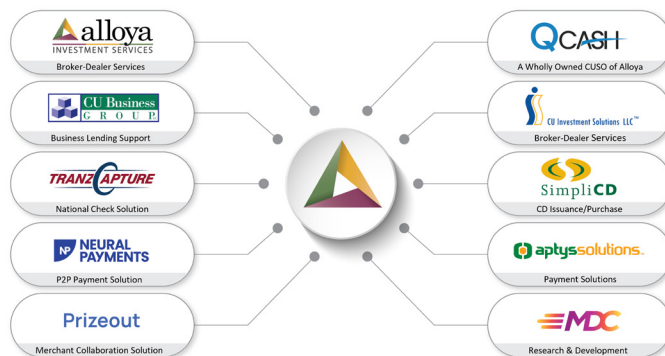


### COLLECTIVE CREDIT UNION INVESTMENTS

Over the years, Alloya has invested in and helped launch several credit union service organizations (CUSOs). It is common for a business to enter the credit union market, gain market share but then struggle to meet financial expectations. As a result, these companies often raise prices and adjust their member service standards. Alloya invests in strategic CUSOs with the goal of treating its employees fairly, maintaining high service standards and investing for the future.

For example:

- Credit Union Business Group (CUBG) assists over 500 credit unions in establishing, maintaining and growing business lending programs.
- TranzCapture is a check processing CUSO that supports over 3,000 credit unions. With check volumes declining, other providers have been reducing staff, increasing prices, compromising member service and not investing in future developments.
- Primary Financial supports the SimpliCD program that serves over 3,000 credit unions and more than \$7 billion of brokered CDs.



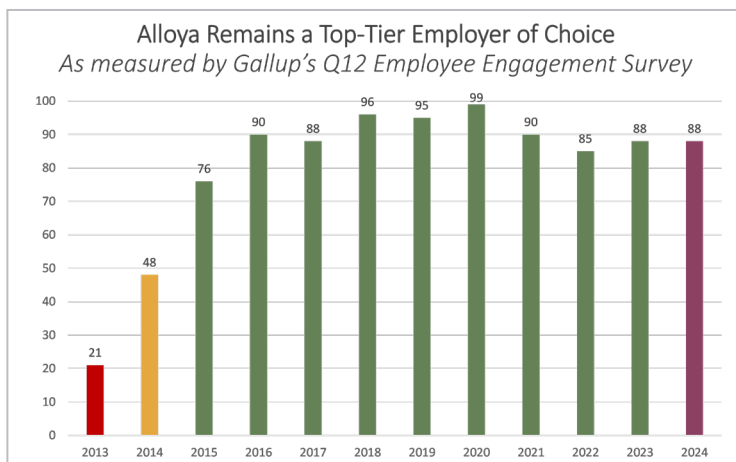
## 2024 STRATEGIC GOAL HIGHLIGHTS

### PEOPLE & CULTURE

#### *Remaining a Top-Tier Employer of Choice*

I'm pleased to report that this year's employee engagement scores have retained their upward trend, with a score of 88. Alloya remains a top-tier employer of choice and strives to hire and retain professionals that work hard, are experts in their field of study, and most importantly, believe in the mission to support credit union success.

While many companies characterize the past few years as the "Great Resignation," during this same period, Alloya can claim it has been the "Great Retention." Further, as Alloya has listened to the needs of its professionals and has embraced supporting remote work, we have been able to hire outstanding talent from across the country.



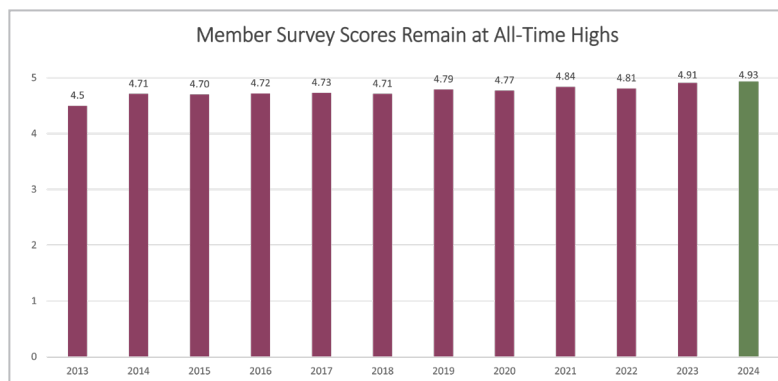
### MEMBER SERVICE

#### *Setting New Records for Member Satisfaction*

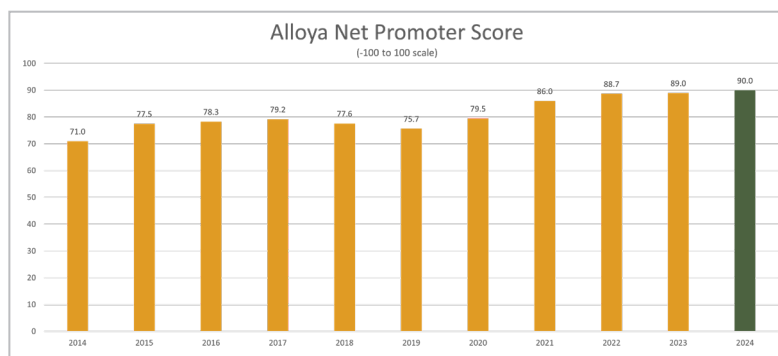
Alloya pairs its Premier View technology with excellent member service. When credit unions call, they speak directly to an in-house trained professional, not a robot.

- We value your time, with average wait times remaining under 4 seconds in 2024.
- We prioritize your needs, assigning dedicated teams to ensure satisfaction and success.

Alloya's 2024 Member Survey showed increased satisfaction, rising to a record 4.93.



Alloya's Net Promoter Score reached its highest level in 2024, placing the company among the top tiers of member service compared to other financial institutions.



## FINANCIAL PERFORMANCE & COMPLIANCE

### Safe, Secure & Relevant

Alloya remains safe, secure, relevant and compliant with all rules and regulations. Alloya’s net income remained strong at \$78.4 million for 2024, and continued its streak of monthly profitability since its inception over 13 years ago. Balance sheet highlights include total assets of \$7.1 billion, members’ equity of \$689.7 million and cash of \$3.7 billion as of December 31, 2024. Alloya maintained a highly liquid balance sheet throughout 2024 and supported its membership, as over 50% of credit union members accessed their Advised Line of Credit at least once during the year.

### Credit Unions Showing Support by Investing in Alloya’s Perpetual Contributed Capital

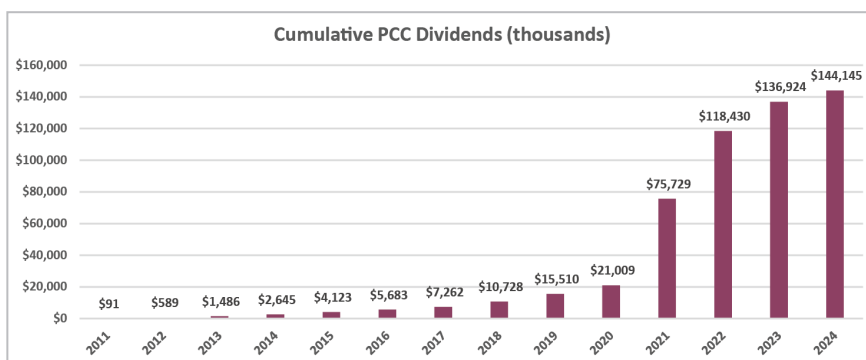
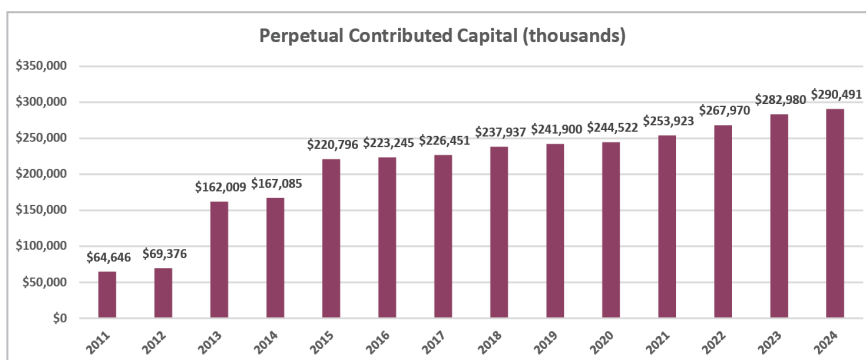
Another way to review credit unions’ support of the cooperative business model is the level of investment. Alloya was launched in 2011 when credit unions invested \$64.6 million to charter and launch a newly formed corporate credit union. New credit unions find the value in this business model, and investment has increased every year. It now stands at \$290.5 million as of December 31, 2024.

### Dividends on Perpetual Contributed Capital

Credit unions have been rewarded for their investment in Alloya. In the early years of Alloya’s formation, net income was retained to build a foundation for the business. As long-term capital goals were achieved, a core dividend was paid to members. In addition to core dividends, Alloya shared a significant portion of its refunds from the U.S. Central Estate through special dividends. In total, Alloya has paid out over \$144 million in cash dividends to Perpetual Contributed Capital (PCC) investors.

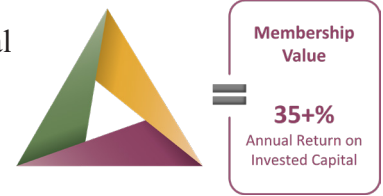
### Retained Earnings

In addition to paying out cash dividends, Alloya has been able to achieve its financial goals and has achieved long-term capital goals. As a newly formed corporate credit union back in 2011, retained earnings were \$0. Retained earnings total \$433.7 million as of December 31, 2024.



**Total Membership Value**

Alloya’s cooperative business model provides real, tangible value beyond the financial numbers presented above. As explored in several prior years’ *Report to the Membership*, credit unions realize additional value through the free services offered by the corporate or by realizing back office efficiencies. For instance, credit unions that have invested in contributed capital are not charged for an advised line of credit. By using Premier View, credit unions estimate that it lowers the number of staff they need to hire to support those services. Plus, all credit unions have access to free or highly subsidized educational and leadership programs sponsored by Alloya. In total, it has been estimated that credit unions receive an annual return on investment of 35% or more.



**Regulatory & Risk Compliance**

From a risk management and compliance perspective, Alloya remains compliant with all rules and regulations.

- NCUA examination
- BSA/OFAC
- Enterprise risk management committee
- Internal & external audits
- Business continuity

**CONCLUDING COMMENTS**

In 2025, we will continue to ask ourselves, “What’s in the best interest of the credit unions we serve, and how can we simplify their operational lives?”

The financial services space is fiercely competitive with new disruptions emerging regularly, but with Alloya as your partner, we believe the power of a Cooperative Fintech will prevail.

We will continue to seek out and deliver industry-leading solutions that give each credit union a strategic advantage in the marketplace. We will continue to attract, hire and retain a dedicated team of professionals that serve each credit union with the highest standards of member service. We will remain committed to delivering an exceptional return on every dollar entrusted with us.

Thank you for choosing Alloya as your partner, and a big thank you to Alloya’s Board of Directors and governance committees for their dedication to the corporate mission and credit union movement.

Sincerely,

Todd M. Adams  
Chief Executive Officer

For financial and operational highlights, see next page.



## Operational and Key Product Highlights

Financial Highlights - as of 12/31/24	
Net income	\$78.4 million
Retained earnings and other equity	\$434 million
Total GAAP equity	\$690 million
Total assets	\$7.1 billion

Ratios - as of 12/31/24	
Retained earnings and other equity ratio	6.30%
Regulatory capital ratio	10.12% (NCUA well-capitalized requirement of 5.0%)

Key Product Highlights - as of 12/31/24	
<b>Loans</b>	
Loans outstanding	\$214.8 million
Advised Lines of Credit	\$14.7 billion
Number of line advances	10,401
Total advances	\$6.6 billion
Percentage of credit unions taking an advance	60% (716 members)
<b>Loan Participation (2024)</b>	
Number of deals supported	127
Average participation	\$2.9 million
Dollar amount	\$516 million
<b>Loan Participation (in aggregate)</b>	
Number of deals supported	747
Average participation	\$4.0 million
Total volume	\$4.18 billion
<b>Shares</b>	
Shares and certificates of deposit	\$5.6 billion
EBA program	\$5.1 billion
<b>Transactions</b>	
Checks processed	131 million for \$171 billion
Check Clearing Services	75 million for \$89 billion
Check Deposit Services	55 million for \$82 billion
ACH transactions	175 million for \$232 billion
Coin & Currency deliveries completed	81,257 for \$16.0 billion
Wires processed	419,102 for \$111 billion

**Operational and Key Product Highlights** *(continued)*

<b>Key Product Highlights as of 12/31/24</b> <i>(continued)</i>	
<b>Alloya Solutions, LLC / Alloya Investment Services*</b>	
<b>Investment Accounting</b>	
Number of credit unions	130
Number of investment positions	14,000
Par value of the positions	\$8.2 billion
Marketable securities	Gross par value of \$1.5 billion
<b>SimpliCD</b>	
CD sales	\$1.2 billion
Funds raised through the CD issuance program	\$1.0 billion

<b>Premier View Transaction Totals</b>	
Corporate ACH	2,409,948
Member Adjustments	350,336
Domestic Wire In	172,851
Domestic Wire Out	208,085
Share-to-Share Transfer	112,155
Coin & Currency	81,156
Member-to-Member In	14,587
Member-to-Member Out	14,587
International Wire Out	23,570
Service Wire In	10,995
Service Wire Out	2,158
Share-to-Loan Transfer	7,697
Loan-to-Share Transfer	3,007
Cash Concentration Transfer	1,260
Corporate Wire Out	2,148
Security Purchase	1,495
Security Sale	269
Certificate Purchase <i>(regular)</i>	2,730
Special Certificate Purchase <i>(new for 2024)</i>	823

<b>Educational Outreach</b>	
<b>Education Webinars</b>	
Link Events	4 / 598 attendees
Special Webinars	5 / 251 attendees
Training Webinars	232 / 2,667 attendees
Symposium Attendees	269 attendees

**Operational and Key Product Highlights** *(continued)*

<b>Technology and Call Center Highlights</b>	
<b>Premier View</b>	
Number of users with authorities in the system	25,894
Number of pages accessed each year	118 million
Line of code supported	8.8 million
<b>Member Call Center</b>	
Calls completed <i>(incoming &amp; outgoing)</i>	74,390
Average wait time to answer	1.5 seconds
Abandon rate	0.01%
First call resolution	86%
Tickets completed	13,572
Responses to member emails <i>(per year)</i>	14,997
Responses to member chats <i>(per year)</i>	629
<b>Fraud Prevention</b>	
Dollar amount Alloya saved members in fraud loss	\$3.6 million recovered / \$1.7 million prevented
Number of fraud attempts caught and prevented	84

*\*Alloya Investment Services is a division of Alloya Solutions, LLC (a wholly owned CUSO of Alloya Corporate FCU). All broker-dealer transactions are facilitated through CU Investment Solutions, LLC (ISI), member FINRA/SIPC. SimpliCD is a product offered by Alloya Investment Services' partnership with Primary Financial.*



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