

{ BOARD COMMITTEES }

Budget *Bob Goodale Jim Rinta Ed Maxwell Steve Porter Shirlee Saum DeWayne Ledbetter	Facilities *Evie Grendahl Lowell Neil Jim Sork Ron Allbaugh Jodie Sharp Monte Page Steve Porter Don Kitterman Brad Lothspeich Jim Morrell Imogene Patrick Donna Thomas Danette LaChapelle	Asset/Liability Mgmt. *Doug Lehrman Bob Goodale Scott Bieber Jim Sork Don Kitterman Steve Porter Roger Michaelis Danette LaChapelle Linda Barber Jim Morrell Shirlee Saum DeWayne Ledbetter Ed Turk
Governmental Affairs *Scott Bieber Bill Hogan Brian Loos Jaye Folsom Ed Turk Linda Barber Danette LaChapelle	Board Reorganization *Ed Maxwell Sharon Eastman Bill Hogan	Clark Financial Services *Jim Sork Roger Michaelis
Nominating *Ed Maxwell Jim Rinta Ron Allbaugh	401k Trustees *Sharon Eastman Doug Lehrman Linda Barber Shirlee Saum	Policy *Bob Goodale Bill Hogan Evie Grendahl Donna Roberge-Nozel Brian Loos Donna Thomas Jim Morrell Ed Turk Lesley Wiese
Human Resources *Sharon Eastman Scott Bieber Doug Lehrman Marsha Carner Ed Maxwell Terry Nelson Linda Barber Melanie Stephens Kim Slorey Autumn Hoffman Kristi Cuffel	Information Security *Bill Hogan Jaye Folsom Carol Newton Steve Porter Monte Page Rod Manchester Imogene Patrick Brad Wood Tracy Miller Jim Morrell Shanna Oberg	Business Services *Don Kitterman Steve Porter Jim Rinta Ed Turk Jim Jones Julie Arenz Ali Gurney
Executive *Jim Sork Bob Goodale Doug Lehrman Scott Bieber Roger Michaelis		

{ LOCATIONS }

Battle Ground Branch 109 S.W. 1st Street	Hazel Dell Branch 305 N.E. 81st Street
Camas Branch 1615 N.W. 6th Avenue	Ridgefield Branch 2 South 56th Place Suite 104
City Branch (moving to Downtown Branch)	Salmon Creek Branch 13505 N.E. 10th Avenue
Clark College Branch Gaiser Hall 1933 Fort Vancouver Way	Vancouver Mall Branch 7017 N.E. Vancouver Mall Drive
Downtown Branch 1313 Main Street <i>Coming Soon!</i>	
Fisher's Landing Branch 2620 S.E. 165th Avenue	

Member Service Center
(360) 695-3441 or (800) 247-4364

On the Web www.iQcu.com

{ STATEMENT OF CONDITION }

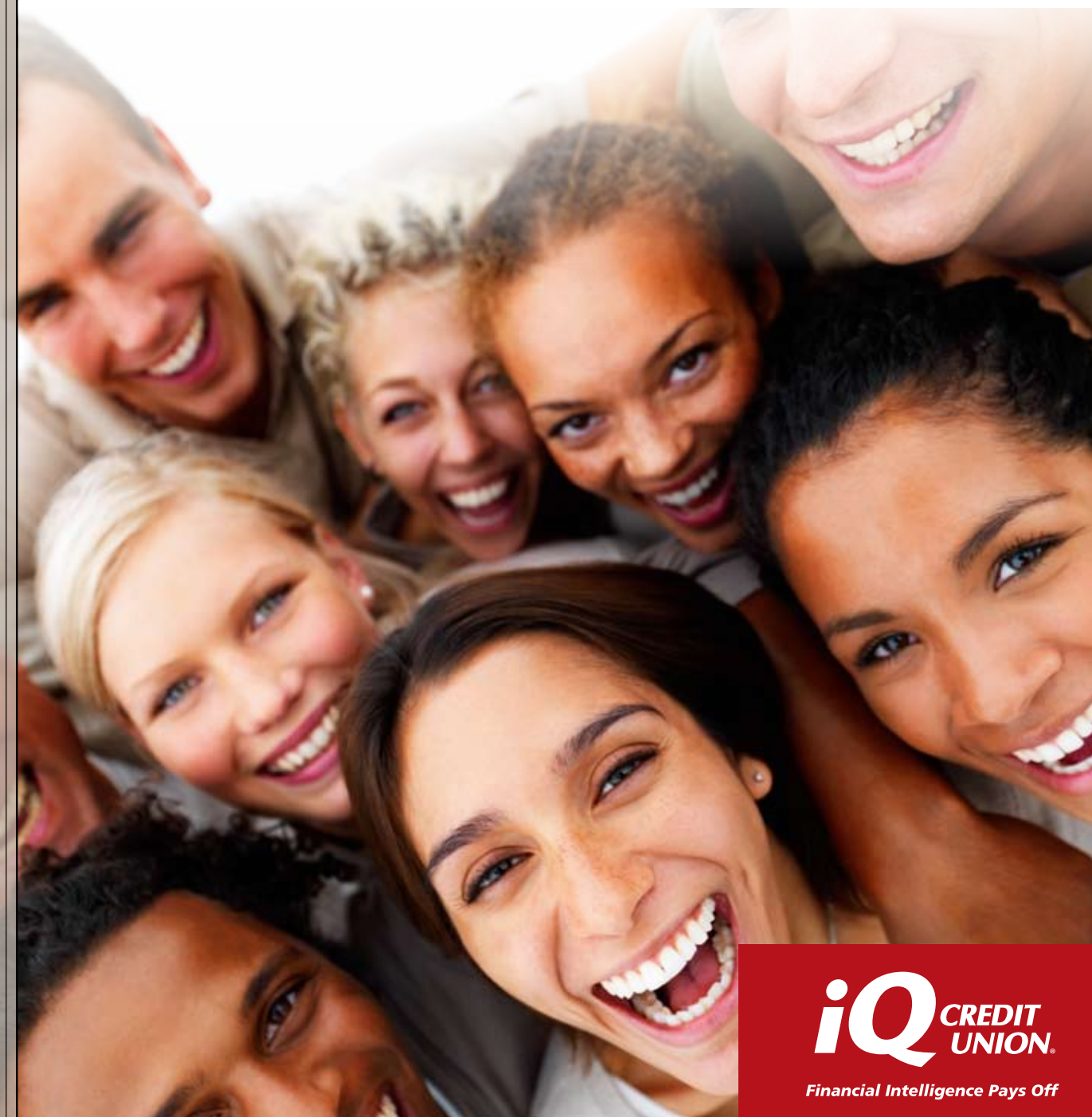
	2007	2008
ASSETS		
Total Loans	\$295,702,020	\$303,678,314
Allowance for Loan Loss	(\$1,435,475)	(\$2,446,437)
Cash and Cash Equivalents	\$11,781,992	\$36,188,690
Total Investments	\$44,035,017	\$43,958,330
Land and Buildings	\$11,499,817	\$14,598,710
Fixed Assets	\$2,044,676	\$3,620,397
Other Assets	\$11,967,808	\$13,246,298
Total Assets	\$375,595,855	\$412,844,302
LIABILITIES		
Accounts Payable/Borrowing	\$3,210,108	\$8,488,623
Share Certificates	\$105,911,902	\$102,805,584
Checking Accounts	\$60,955,302	\$86,079,354
Money Markets	\$94,365,303	\$99,272,244
Deferred Compensation	\$636,589	\$623,924
Regular Shares	\$47,318,881	\$50,075,646
IRAs	\$31,480,386	\$33,667,212
Regular Reserves	\$12,761,288	\$12,761,288
Undivided Earnings	\$18,956,096	\$19,070,427
Total Liabilities	\$375,595,855	\$412,844,302
INCOME		
Interest on Loans	\$20,326,106	\$20,240,205
Interest on Investments	\$2,244,339	\$1,610,664
Other Operating Income	\$6,795,916	\$7,536,452
Total Gross Income	\$29,366,361	\$29,387,321
EXPENSES		
Employee Salary/Benefits	\$9,130,904	\$9,980,575
General & Administrative	\$7,926,385	\$8,543,361
Provision for Loan Loss	\$909,900	\$2,537,870
Other Interest Expense	\$7,696	\$3,533
Dividend Expense	\$8,864,293	\$7,901,165
Reserve Transfers	\$2,527,183	\$420,817
Total Expenses	\$29,366,361	\$29,387,321
Members	41,065	42,711

{ MISSION STATEMENT }

iQ Credit Union is dedicated to providing a full complement of quality financial services in a convenient, efficient, friendly, secure, and profitable manner which meets the needs of the membership.

{ 2008 ANNUAL REPORT }

Getting Back to Basics



iQ CREDIT UNION.

Financial Intelligence Pays Off



NCUA

iQ CREDIT UNION.

Financial Intelligence Pays Off

Looking back, 2008 was a very good year for iQ Credit Union. We saw tremendous growth in several areas. Home equity loans increased by over 9%, member business loans grew by more than 30%, deposits were up by a healthy 9% and membership growth was just over 4% — more than double the national average. Members continue to use our online services more and more each year. Online use was up nearly 19% and electronic Bill Payer rose by almost 11%. Along with new product introductions, the Fisher's Landing branch was remodeled and we opened a new branch in Camas.

In the fall, things began to slow down as the recession started catching up with Washington state — and our area.

Challenging times.

With all the talk of bank failures, government bailouts and stock losses in the news, it's understandable that people are nervous about the safety of their money. Rest assured that with iQ Credit Union, your money is as safe as ever. Today, as always, we are a local, not-for-profit financial cooperative owned by you, our members, and run by a volunteer Board of Directors, not stockholders — people who are your friends, neighbors and co-workers. Now in our 69th year of operation, we continue to be a strong and well-managed financial institution.

Back to basics.

Ironically, the entire concept of credit unions was born from the Great Depression. In 1934, President Roosevelt signed the Federal Credit Union Act into law. The purpose of the federal law was to make credit available and promote thrift through a national system of nonprofit, cooperative credit unions. This act ensured that people, often shunned by banks, could obtain bank-like financial services at a reasonable cost. And from the very beginning, credit unions had the vision to help members with responsible lending.

iQ Credit Union was started as a cooperative with a simple, basic goal: Pooling money together in order to make loans to members. Speculative real estate loans or high-risk mortgages to those who couldn't afford them? That has never been part of our story.

But when the country goes into a recession, it takes its toll on the entire community. Whether the economy is up or down, iQ Credit Union is here for you. We can help you finish that remodeling project while prices are low and borrow responsibly. Since we loan only to our members, loans are still very much available — home loans, auto loans, personal loans and more. And should you find yourself in a bind, please ask us for help. Our financial educators can help you get the upper hand on your monthly expenses. Just like you, we're here for the long haul.

The iQ Advantage

When credit unions were first founded in the 1930s, Ed Filene was a leader in the movement. He shared three cooperative imperatives that are as true today as they were back then.

Research and development of new products. The days of business as usual are over. That's why we've introduced a pair of innovative, forward-thinking products over the past year. Easy Saver rounds debit card purchases up to the nearest dollar, with the difference going directly into a special savings account. Intelligent Checking pays market-rate interest and refunds up to \$25 in ATM fees each month. The cost? Both services are free. That's basic value at its best.

Saving. While we will continue to loan responsibly, we also want to give you compelling, worthwhile reasons to save. Yes, consumer spending will help spur the economic recovery. But Americans, buried by debt, can no longer afford to live beyond their means. It's definitely time to get back to the basics of saving.

Social responsibility. In the rush to recover from 2008's financial meltdown, many banks are suddenly scrambling to become friendlier and more socially aware. At iQ, we have always concentrated on what's best for our members, as well as giving back to the communities — and people — we serve. Nothing is more basic than doing our part to help people in need.

What makes us strong keeps us strong.

With the recent spate of local bank failures, there's never been a better time to share what you like best about iQ Credit Union with your friends and family. While the economic difficulties facing our country look to continue, rest assured that iQ Credit Union is well-positioned to meet your needs. Strength. Stability. And the basic tenet that puts members first. That's a promise we've been keeping since 1940.



Roger Michaelis
Roger Michaelis
President/CEO
rogerm@iQcu.com

Their bank is gone; Your Credit Union is here.

On January 16, Clark County residents opening the newspaper or turning on the TV, learned that a well-known local bank had failed and been taken over by the Federal Deposit Insurance Corporation (FDIC). What a huge shock this must have been to local folks who had put their trust and their deposits into that bank with the faith that their funds would be properly protected and available upon demand.

On January 21, another well-known bank was in the local news. Their full-page ad told community readers that "Your bank is gone; Our bank is available." Now the point I want to make is this: A bank is a bank is a bank. By definition, it belongs to the shareholders who own its capital. It does not belong to depositors — they are its customers. If you are a customer, it's not "Your bank." It belongs to the shareholder/owners. Each bank has a Board of Directors that works on behalf of the shareholders. Customers' funds are used to make a profit which is distributed as dividends to the shareholders. That's just the way it works.

Credit Unions like iQ are not banks. In a credit union, the shareholders are called members. The Board of Directors (volunteers) work on their behalf. Profits are used to grow the credit union and are returned to members in the form of higher interest and lower rates and fees. So, if you are a member of a credit union — it is Your Credit Union. The Board of Directors work for you; you are the owner.

By all measures, the national recession has clearly reached Clark County. This is truly a difficult time for many of our members and a challenge to our credit union. Many of our members are out of work and have experienced a decline in the value of their homes. Unable to meet all their obligations, they prioritize their debts doing all they can to make home payments and pay for essentials. As a result, our Credit Union, like others, has experienced a rise in loan losses on car loans, credit cards and other unsecured credit.

Fortunately, credit unions are well prepared to meet financial crises of this type. The rules that govern credit union operations require a conservative approach to loan risk. Credit unions reserve a large share of their capital to protect against losses and to help meet member demands for funds. Member deposits are federally insured against losses to \$250,000. Without pressure to protect shareholder profits, credit unions can adjust loan rates and payment schedules to help members weather the storm.

During times like these, the basic credit union philosophy of people helping people is clearly in evidence. As a result, credit union membership predictably increases during hard economic times. Nationally, credit union growth is up 2%. Our growth at iQ is double the average at 4%.

For 69 years, iQ Credit Union has been helping its members/owners prepare for and survive difficult financial periods. With assets of \$400 million and a membership of more than 40,000 members/owners, we are well-positioned to provide support to fellow members in need during this difficult time.

iQ Credit Union is still here, and it's strong. You are the owners. Congratulations on making a sound choice.



James Sork
Dr. James Sork
Chairman, Board of Directors
directors@iQcu.com

The Supervisory Committee ensures that iQ Credit Union follows all state and federal regulations and that members' money is protected. This is accomplished by making sure accurate records are maintained, and that members' assets are safeguarded and appropriately used. To that end, we underwent a variety of audits during 2008.

We received three external audits by certified and independent private companies. The first was performed by accounting firm Moss Adams. They found iQ Credit Union to be well-managed and in sound financial condition for the year 2008. The second was performed by information security specialists Info@Risk. They found iQ Credit Union to be outstanding in keeping members' data safe — both from technical threats, as well as in-person attempts to breach the Credit Union's systems and organizational practices. The third was an audit of member business loans conducted by JLK Risk Management. They found all member business loans in compliance with federal and state guidelines.

During 2008, we also received one state and one federal examination. The state Department of Financial Institutions and the National Credit Union Administration (NCUA) found iQ to meet or exceed all state and federal regulations.

Audit after audit, the results were the same: iQ Credit Union remains a strong, well-managed financial institution — a fact that's more important than ever during these challenging economic times. Members can rest assured that their assets are well protected and available when needed.



Monte Page
Chairman, Supervisory Committee
directors@iQcu.com