

Helping members succeed.

For the nearly 40,000 members who call iQ Credit Union their financial home, there's never been a better time to be a member. Indeed, 2006 was a very, very good year.

New products and services played an important role in making 2006 a year to remember. We partnered with a national leader in the field to provide free identity theft protection to all members with a checking account. We significantly increased our online lending presence, allowing members to receive fast, targeted answers to loan questions. Through our Youth VISA® Program, students 15 to 18 learn to use credit in a safe environment, under parental supervision. And with more and more members using the computer as their main source of banking (we saw a 17.5% increase in bills paid online last year), we worked hard to add security upgrades to make your account information safer than ever.

Small business loans really took off last year, too. Our Business Services department showed local entrepreneurs how smart solutions for all their business banking needs are right here at iQ Credit Union. This includes everything from operating lines of credit and money for commercial real estate to new or upgraded equipment. Fueled in large part by an increase in business loans for small business owners, overall loan growth for the credit union was up 15% last year.

Shared Branching took on a much more prominent role during 2006. For those not familiar with this innovative concept, here's how it works: A local network of non-competing credit unions have joined together to provide services to each other's members. By going inside a shared branch, you can do almost anything you would do at an iQ Credit Union branch. It's perfect if you work in downtown Portland (or Gresham or Beaverton) or find yourself traveling out of the area. In our own branches, we added Shared Branching kiosks to increase the efficiency of service to our own members. As a result, Shared Branching at our branches increased by 46%.

And more great things are on the horizon. A new full-service branch office is about to open in Ridgefield, giving members north of Salmon Creek a convenient new home-town branch. And before long, easy-to-use iQ Credit Union kiosks will make it possible for members to withdraw cash, make deposits, check account balances and transfer funds at all sorts of non-branch sites — such as inside convenience stores or at the mall.

Yes, 2006 was a great time to be a member. And with the foundation that's been laid along with the plans in the works, 2007 and beyond should be even better. As always, we truly appreciate our members. We know you make the choice to do your finances with us and that's something we never take for granted. That's why our success truly is your success.



Roger Michaelis

Roger Michaelis
President/CEO, iQ Credit Union
rogerm@iQcu.com

People. All people—employees, volunteers and members—play an important role in achieving our goals.

Relationships. We work to build relationships that benefit our members and the Credit Union.

Integrity. We demonstrate integrity by being ethical, honest and mutually respectful.

Mutual Interests. We distribute profits to serve the mutual interests of both the member and the Credit Union.

Excellence. We strive for excellence in the service we deliver and the products we provide.



Branches

Battle Ground Office
109 S.W. 1st Street
close to Schuck's Auto Supply

Fisher's Landing Office
2620 S.E. 165th Avenue
near 164th and McGillivray

Salmon Creek Office
13505 N.E. 10th Avenue
west of I-5 and 205, 134th Street Exit

City Office
601 E. 16th Street
corner of 16th and F Street

Hazel Dell Office
305 N.E. 81st Street
in the JM Plaza

Vancouver Mall Office
7017 N.E. Vancouver Mall Dr.
corner of Andresen and Vancouver Mall Drive

Clark College Office
Gaiser Hall
1800 E. McLoughlin Blvd.

Ridgefield Branch
2 South 56th Place, Ste 105
Off of I-5

Campus Branches
Battle Ground High School
Camas High School
Clark County Skills Center
Evergreen High School
Ridgefield High School
Skyview High School
Union High School (coming soon)

ATMs
Battle Ground
109 S.W. 1st Street
City Branch
601 E. 16th Street
Clark College
1200 N.E. 18th Street
Clark County Skills Center
1200 N.E. 18th Street
ESD #112
2500 N.E. 65th Avenue

Fisher's Landing Branch
2620 S.E. 165th Avenue
Hazel Dell
305 N.E. 81st Street
Jim Parsley Center
2901 Falk Road
Salmon Creek
13505 N.E. 10th Avenue
Vancouver Mall
Corner of Andresen and Van Mall Drive

Phone Branch
(360) 695-3441
(800) 247-4364

On the Web
www.iQcu.com

An ATM is located inside each of the following schools: Columbia River, Hudson's Bay, Fort Vancouver, Evergreen, Skyview, Clark County Skills Center, Camas, and Battle Ground.



Measuring Success



iQ CREDIT UNION

Financial Intelligence Pays Off

{ CHAIRMAN'S REPORT }

Our best year—ever.

Our annual audits are complete, the financial numbers are in, and 2006 was our best year ever. In the past year, iQ Credit Union's total assets increased to more than \$363 million, while our membership grew to nearly 40,000 members. Net earnings in 2006 were \$3.5 million, providing a return-on-assets ratio of 1.06%. At the same time, our capital strength grew to 9% of our total assets. And while the numbers are truly impressive, they don't tell the whole story.

In 2006, we launched an ambitious plan to expand branch facilities. To better serve our members, we expanded our Hazel Dell branch and began construction on a new branch in Ridgefield. This facility is nearly complete and is scheduled to open in a few weeks. In addition, we have signed agreements at the Gardner Center in Battle Ground and at the up-and-coming Eastgate location in East Vancouver. New branches are in the works for both of these locations. But even the best quality facilities don't guarantee quality member service.

That's where our people come in. This past year, iQ employees received statewide recognition for providing outstanding member service with "awards of excellence" from the Washington State Credit Union Association. More specifically, President Roger Michaelis and Executive Assistant Lisa Stokman received the organization's highest honors for excellence. These awards clearly reflect our staff's strong and continuing commitment to member service.

And with that, the picture is complete. In 2006, we expanded our membership and grew in financial strength. We added new facilities to better serve our members and our dedication to member service was recognized and rewarded. In short, 2006 was our best year yet. Here's to many, many more to come.



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

{ STATEMENT OF CONDITION }

	2005	2006
ASSETS		
Total Loans	\$233,340,685	\$268,442,919
Loan Loss	(\$1,113,351)	(\$1,138,085)
Cash and Cash Equivalents	\$39,140,124	\$17,677,536
Total Investments	\$41,803,292	\$54,081,980
Land and Buildings	\$6,182,513	\$6,233,787
Fixed Assets	\$2,835,063	\$3,108,464
Other Assets	\$14,366,911	\$14,756,609
Total Assets	\$336,555,237	\$363,163,210
LIABILITIES		
Accounts Payable/Borrowing	\$76,165	\$679,300
Share Certificates	\$65,271,375	\$104,200,999
Checking Accounts	\$64,866,640	\$65,218,025
Money Markets	\$92,040,743	\$84,158,442
Deferred Compensation	\$825,989	\$798,344
Regular Shares	\$62,334,883	\$49,554,753
IRAs	\$22,633,736	\$26,443,110
Regular Reserves	\$12,761,287	\$12,761,288
Undivided Earnings	\$15,744,419	\$19,348,949
Total Liabilities	\$336,555,237	\$363,163,210
INCOME		
Interest on Loans	\$14,366,597	\$17,365,509
Interest on Investments	\$2,123,489	\$2,548,228
Other Operating Income	\$5,465,548	\$5,644,435
Total Gross Income	\$21,955,634	\$25,558,172
EXPENSES		
Employee Salary/Benefits	\$7,873,423	\$8,024,670
General & Administrative	\$6,469,186	\$6,848,280
Provision for Loan Loss	\$415,817	\$460,800
Other Interest Expense	\$5,351	\$15,225
Dividend Expense	\$4,156,064	\$6,753,344
Reserve Transfers	\$3,035,793	\$3,455,853
Total Expenses	\$21,955,634	\$25,558,172
Members	37,850	39,231

{ SUPERVISORY COMMITTEE REPORT }

The Supervisory Committee is composed of three volunteer members elected by the membership to three-year terms. Under Washington state law and iQ Credit Union bylaws, the Supervisory Committee serves as a check and balance to the Board of Directors. The function of the committee is to review the overall operations of iQ Credit Union and ensure members' financials are protected. This is accomplished by making sure accurate records are maintained and members' assets are safeguarded and appropriately used.

During 2006, the committee retained PricewaterhouseCoopers (PWC), a certified public accounting firm, to perform an annual audit. This was completed in July. PWC, in their full opinion audit, found iQ Credit Union was well managed and in sound financial condition for the year 2005. The state of Washington, Department of Financial Institutions, Division of Credit Unions, also performed an examination in June. These audits are conducted with the protection of the member's assets as the primary goal, as well as to ensure that the Credit Union is being well managed by the Board and executive management staff.

Also during 2006, iQ Credit Union's internal auditor, who reports to the Supervisory Committee, focused on reviewing the operations of the Credit Union, auditing select functional areas, and verifying member accounts to ensure the credit union was in compliance with all relevant laws and regulations.

I am proud to say that iQ Credit Union is one of most respected Credit Unions in the region and is a sound financial institution. Members can continue to expect the same high level of service and feel assured their assets are safe as we move through 2007.

The committee, which meets and reports monthly to the Board of Directors, will continue to ensure the quality of service to members and to protect iQ members' assets.

Monte Page



{ BOARD COMMITTEES }

401K Trustees Sharon Eastman Doug Lehrman Christa Schmitt Shirlee Saum	Melanie Stephens Kim Slorey Kristi Cuffel	Carol Newton Steve Porter Monte Page Rod Manchester Imogene Patrick Brad Wood Tracy Miller Jim Morrell Betsy Arfmann	Asset/Liability Mgmt. Doug Lehrman Bob Goodale Scott Bieber Jim Sork Roger Michaelis Christa Schmitt Danette LaChapelle Linda Barber Jim Morrell Shirlee Saum
Budget Bob Goodale Bob Gadotti Ed Maxwell Steve Porter Shirlee Saum Patti Chartrand Karen Varkados	Facilities Evie Grendahl Lowell Neil Jim Sork Ron Allbaugh Jodie Sharp Monte Page Steve Porter Don Kitterman Christa Schmitt Imogene Patrick Donna Thomas Danette LaChapelle	Nominating Steve Porter Dave Sandvig Brad Lothspeich	Clark Financial Services Bill Lothspeich Jon Wagner Terry Nelson
Board Reorganization Steve Porter Don Kitterman Ed Maxwell	Executive Jim Sork Bob Goodale Doug Lehrman Scott Bieber Roger Michaelis	Policy Bob Goodale Bill Hogan Evie Grendahl John Feliz Jerry Piland Linda Barber Jim Morrell Ed Turk Keri Walker Lesley Wiese	Governmental Affairs Scott Bieber Bill Hogan Jaye Folsom Ed Turk Linda Barber Danette LaChapelle
Human Resources Sharon Eastman Scott Bieber Doug Lehrman Marsha Carner Ed Maxwell Mary White Christa Schmitt	Information Security Bill Hogan Jaye Folsom		

Success. It is an increase in membership. A rise in assets. A higher number of accounts.
Success. It is helping small business owners get started. Helping families make the most of their money. Helping teenagers learn fiscal management. **Success.** It is bills paid online.

Higher rates of return. Greater account security. **Success.** It is a commitment to service. A dedication to community. A partnership with education. **Success.** No matter how you measure it, one fact rings true: 2006 was the most successful year in our history. **Success.**