ANNUAL REPORT | 08

OUR PHILOSOPHY

OUR VISION

The Islands' recognized leader of financial and insurance solutions.

OUR MISSION

We earn our members' business, building mutually beneficial relationships by providing sound advice and creative solutions.

OUR VALUES

Member Focus

We are responsible to our members, understanding their unique financial and insurance needs. We are committed to delivering a superior service experience.

Teamwork

We work collaboratively, respecting our individual talents and contributions. We clearly understand our roles and responsibilities, and are accountable. We encourage fun, enthusiasm, and support for one another.

Sharing

We will enrich the lives of our employees, members and communities through the sharing of our financial success, knowledge, time and leadership abilities.

Integrity

We believe honesty and integrity are the foundation of our success. We earn trust by being true to our values and will act in a manner that is respectful and professional at all times.

Passion

We are passionate about whom we serve, where we live, and the relationships we build.

OUR NUMBERS

As of December 31, 2008

Island Savings branches*	13
Island Savings Credit Union members	42,341
New members in 2008	5,776
Net membership growth in 2008	6%
Patronage paid to members in 2008	$1 million
Island Savings Insurance Services agencies*	10
Island Savings Insurance Services clients	38,020
Assets Under Administration	$1.66 billion
Wealth Management portfolio	$240 million
Residential mortgages, personal loans and small business loans	$1.06 billion
Balance Sheet growth over 2007	7%
Ranking in Gallup Canada's worldwide database of financial and insurance companies with regard to "engaged" members	above the 90th percentile
Island Savings employees	370
Average length of service	8 years 1 month
Top Performers recognized at annual "Night of Stars" staff celebration event	22
Community giving (sponsorships, in-kind donations and Youth Team hours)	over $250,000
Community groups/events/causes that directly benefited	more than 250
Hours volunteered by staff to community groups, events and causes	35,000
Educational awards dollars allocated to students through Island Savings	$7,872
Booster seats donated to Island school districts	251
Parades attended	15
Number of "Penny the Owl" masks distributed at events	24,300
Annual visitors to the Island Savings Centre	over 750,000
Awards won for innovation	3
Awards won for communications	3
Visits to www.ISCU.com	1,193,116
Transactions performed on Island Savings ATMs	1,008,607

* Island Savings' 14th branch and 11th insurance agency, Cowichan Commons, opened January 2009.

OUR BOARD of DIRECTORS

IN THE SPRING OF 2008 OUR MEMBERSHIP ELECTED TWO NEW DIRECTORS to sit on Island Savings' Board: Wayne Ford and Dominique Roelants. The Board then elected Colleen Johel as Vice-Chair and myself as Chair.

As your Board of Directors, we have worked diligently to represent the interests of Island Savings' members in a number of key decisions this past year, as Island Savings sought meaningful ways to serve and give back to our Island communities.

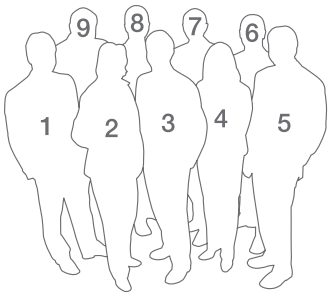
In June we entered discussions with Coastal Community Credit Union to determine if there was mutual interest in formal merger talks between the two organizations. By November we had concluded that a merger would create unnecessary risk given the current financial market, and that it would be prudent to halt discussions at this time.

In July we approved the signing of a 10-year naming rights contract between Island Savings and Duncan's community centre, which was subsequently renamed the Island Savings Centre. This is the single largest sponsorship our credit union has ever undertaken, committing $100,000 per year for the next ten years, and will make a significant difference to a facility in immediate need of capital improvements and long-term investment. We are confident the Island Savings Centre will continue to serve the Cowichan community for years to come.

As a financially-strong organization, Island Savings is uniquely positioned to make a significant difference in our communities. Our capital base allows us to invest in community groups and organizations through sponsorships; additionally, we share our success with other Island businesses and service providers by purchasing from local suppliers whenever possible. While other financial institutions are experiencing challenges as a result of poor investments or risky lending practices, Island Savings continues to offer our members and clients stability and protection in an uncertain time.

As we move into 2009, we look forward to continued growth and success, founded on the strong relationships between Island Savings and its individual members. On behalf of the Board of Directors, I thank you for this opportunity to represent our membership and to help Island Savings continue to play a leadership role in our communities.

Dan Little, Chair



Island Savings Board of Directors

1) James McKenzie 2) Gloria Daly 3) Wayne Ford
4) Colleen Johel, Vice Chair 5) Dan Little, Chair
6) John Parker 7) Dominique Roelants
8) Richard Hill 9) Bill McCreadie

I

OUR PRESIDENT & CEO

ISLAND SAVINGS' 57TH YEAR PROVED THE VALUE OF OUR SOLID FOUNDATION and conservative practices. As the financial markets turned and economies entered recession worldwide, Island Savings continued to strengthen, experiencing a 6% net growth in membership. As detailed in this annual report and the consolidated financial statements, Island Savings entered 2009 with $1.66 billion in assets under administration, having achieved 5.4% growth in 2008.

Our unique position is due to a number of factors:

- We believe in local decision-making and investing in our Island communities. As a result, we have not invested in the markets that are now experiencing difficulties.
- As a major financial institution on the Islands, we are well capitalized and financially sound.
- Our exposure to the turbulent markets has been limited by the stringent lending guidelines we established and have followed since we opened our doors in 1951.

Furthermore, we understand the direct relationship between positive employment practices and loyal, well-served members. Our two greatest stakeholders—our members and our employees—guide our every decision. To encourage dialogue with these stakeholder groups, we conduct regular engagement surveys. This allows us to identify and celebrate our best practices, recognize opportunities, and set measurable targets for improvement. In 2008 our member engagement results placed us above the top 90th percentile when compared to over 22,000 financial and insurance companies: we continue to work toward even greater heights.

In 2008 Island Savings' strong balance sheet and continued stability allowed us to open our 14th banking and insurance branch to support the growth in the North Cowichan region and better serve our Duncan insurance clients. Our Canada Avenue office had become our busiest insurance office; Cowichan Commons' central location and expanded premises will better serve these clients' needs, while offering convenient financial services to our North Cowichan members.

As Island Savings grows, we remain dedicated to giving back to our communities. Given the uncertain financial markets, the need in our communities will become greater in 2009; Island Savings continues to be a conscientious corporate citizen by purchasing through local suppliers whenever possible, participating in and sponsoring local events and organizations, and meeting the needs of our small business members with competitive products and services. In addition to our corporate involvement, we estimate that our staff volunteer a remarkable 35,000 hours in our communities each year. We continue to look for ways where we can increase our support to our communities during this time of heightened need.

On behalf of Island Savings, I sincerely thank our members for their business and support. It is a privilege to be able to offer the financial and insurance services of a billion-dollar-plus financial institution while remaining Island-based and member-focused. Our members tell us they value our competitive, innovative products and services, from mobile banking and online travel insurance to comprehensive wealth management and business banking.

In 2009, Island Savings will continue to adapt and change to meet the new competitive pressures in order to best serve our stakeholders' evolving needs. We are committed to our values of integrity, sharing, passion and teamwork, and will be here to serve our members and communities through whatever lies ahead.

Rod Dewar, President and Chief Executive Officer

"At Island Savings I walk past the ATM machine and go into the branch – because of the people."

- **Walter Donald**, *The Executive Network, Victoria*

OUR MEMBERS

AT ISLAND SAVINGS, OUR MEMBERS ALWAYS COME FIRST. In 2008, Island Savings focused on four key service areas to meet our members' evolving needs: insurance services, retail banking, small business and financial planning. We invested additional resources in these areas and subsequently developed a number of new tools and programs to enhance our member service, from new brochures to training programs and innovative products.

Our members value Island Savings' innovative spirit: in 2008 we became one of the first financial institutions in Canada to offer mobile banking, and were the first credit union on the Islands to offer pre-sales of the federal government's new Tax-Free Savings Account. Three of our campaigns earned recognition from the Central 1 Innovation Awards.

Island Savings' relationship with our members is crucial to the ongoing success and growth of our organization, and requires strong systems of communication. We earned three awards in 2008 for our communications efforts, including the 2008 PR Communications Leadership Award (Vancouver Island). Our 2007 Annual Report and quarterly newsletter *Island Advantage* each earned an Achievement in Marketing Award from the national Marketing Association for Credit Unions. Island Savings also introduced a postage-paid feedback brochure to complement our existing online feedback form and annual telephone surveys.

"Banking is no longer a stress, but a pleasure. Imagine that!"

- **Kiri Simms,** *Victoria*

"Our branches, administration and insurance offices make working here at Island Savings a very special job. We have professional and knowledgeable staff, which allows us to do our jobs with confidence; the way we are organized, we are all here for one another."

- **Janet Ego,** *Member Service Representative, West Shore Branch*

"I'm proud to work for a company that has established an environment where everyone is committed to standing out above the rest."

- **Marshia Roberge,** *Member Service Coordinator, Douglas & Broughton Branch*

"Island Savings gives me the opportunity to help people and touch their lives."

- **Erin Bettger-Phillips,** *Account Manager, Salt Spring Island Branch*

"Yes, we are a business, but we really focus on getting to know our members and their needs. We know about their kids and pets and what they like to do in their spare time."

- **Jasmin Alexander,** *Member Service Representative, West Shore Branch*

"Not only has Island Savings demonstrated that it is the perfect financial institution for me (with exceptional customer care and services), but the website is comprehensive, easy to use and gives me a real sense of security and having my banking needs well cared for."

- **Lurene Haines,** *Web Fire Studio, Ladysmith*

"Credit unions are different: they were created by caring people for caring people. Island Savings Credit Union plays a pivotal role in the financial life of my wife and myself. The Brentwood Branch with whom we deal is staffed by conscientious, concerned, courteous people whom we cherish in our day to day financial dealings."

- **Len Chapple,** *Victoria*

"It's good to be at Island Savings as an employee and as a member. We're treated as individuals with individual needs; we're never overlooked and our business and work needs are taken very seriously. I know there will always be someone I can trust and confide in."

- **Dana Jackman,** *Personal Insurance & Financial Advisor, Duncan Branch*

OUR EMPLOYEES

THE SECRET TO ISLAND SAVINGS' SUCCESS IS OUR STAFF MEMBERS. We attract and hire the most knowledgeable, friendly, caring professionals available, and we work hard to earn their loyalty by offering competitive salaries, flexible benefits, opportunities for professional growth and a strong culture.

"Island Savings shows appreciation for the work we do everyday with WOW points, Top Performer lunches, year-end recognition, incentive plans, thank-yous, benefits, supporting our continued educational goals through funding, and providing time off when possible for exam preparation. Overall, working at Island Savings is so special because it makes me feel special!"

- **Kim Knight,** *Agency Manager, Chemainus Branch*

"I have been with Island Savings now for four years. New opportunities continue to become available and this has given me the chance to grow with Island Savings. As I move into new roles, the hands-on training, online courses and positive feedback are readily available."

- **Shawna Russell,** *Cash Cage Representative, Cowichan Commons Branch*

"Island Savings is run by amazing people so I have always felt secure working here, knowing this company is going in the right direction."

- **Jodi Meldrum,** *Personal Insurance Advisor, Woodgrove Branch*

"I've never worked for a company that treats their employees so well. From readily available management to talk to, to choosing your own benefits to meet your needs, to incentive pay! It's GREAT to be here because Island Savings cares and it shows!"

- **Gloria Lidgate,** *Member Service Representative, Ladysmith Branch*

"Island Savings understands the balance between family and work."

- **Cindy Manhas,** *Risk and Security Officer, Administration*

"The career support is amazing; there are so many avenues within the company to allow advancement within and retain employees."

- **Karla Moxley,** *Account Manager, Cedar Branch*

"I've worked with a number of organizations over the years. Island Savings is, without doubt, the best employer I've ever had. I love coming to work each day and working with great people, and am proud to be associated with an organization that gives back to its people and its communities."

- **Annette Newell,** *Executive Secretary, Administration*

"I deeply appreciate the way we work together supportively, with everyone doing something that maximizes their strengths. I honour our willingness to examine errors and learn from them without blame."

- **Therin Gower,** *Customer Service Representative, Salt Spring Island Branch*

"I have been at Island Savings for almost 23 years. Working at Island Savings has influenced my life. It has brought out a lot of talents I didn't know I had."

- **Loretta Schwab,** *Administrative Assistant, Wealth Management, Duncan Branch*

"I want to be here. I made a choice to be here, I am happy here, and I want every action to relay that message."

- **Bill Moffatt,** *Chief Operating Officer, Administration*

"Our partnership will allow much-needed work to the Centre's heating, ventilation, and air conditioning system, a new telephone system that is long past replacing and a ticketing system that services sports, theatre, and community events, which would have become obsolete after this summer. In economic times when the community must rally together, Island Savings has shown their true spirit in supporting the Island Savings Centre recreation, sports and cultural community complex."

- **Jesse Winfrey,** *Chair, Island Savings Centre Commission*

Pictured: **Denise Begley,**
Youth Outreach Programmer, Island Savings Centre

OUR COMMUNITIES

WHEN YOU CHOOSE ISLAND SAVINGS AS YOUR FINANCIAL INSTITUTION, you're choosing to invest in our Island communities. Island Savings is 100% Islands-focused: we are committed to giving back to our members and communities through sponsorships and volunteerism. In 2008, Island Savings provided $250,000 in support of local charities and community organizations. Additionally, we partnered with Duncan's community centre to address its immediate need for upgrades and long-term investment. The subsequent 10-year, million-dollar partnership will ensure that the Island Savings Centre continues to serve the Cowichan community for years to come.

"I really enjoy being a part of the Island Savings Youth Team. After every shift I always feel like I have helped out our community in some way and it is a very nice feeling. I have also learned a lot of great leadership skills and enjoy learning from each new experience."

- **Meranda Mann,** *Island Savings Youth Team*

"It is always a pleasure and privilege to be associated with community-minded businesses that put student needs and safety first and foremost. Through your generosity, the [donated booster] seats will assist and enable our school to transport students to educational field trips in a safe manner. Your civic mindedness is very much appreciated."

- **Ajmare Sundher,** *Principal, Ecole John Stubbs Memorial School, Victoria*

"Island Savings has assisted in many levels of the promotion of Early Childhood Development from playing a significant role in the decisions and planning at the Council of Partners' table to the brilliant execution of community events such as the Champion for Children Awards of Excellence. The promotion of healthy development through calendars, the Youth Team at community early childhood events, and more have had a profound impact on our community. Our community sees Island Savings as truly investing in children across the region."

- **Cindy Lise,** *Coordinator, Cowichan Success By 6*

"Island Savings is a key contributor to United Way of Greater Victoria. From senior executives participating at the Cabinet and senior volunteer level to employees in the branches participating in their annual employee campaigns, the commitment and spirit is evident. Employee donations to the United Way have grown by approximately 200% since 2005 and this is just one example of Island Savings' contribution to the community and the United Way."

- **Stéphane Haché,** *Vice President, Resource Development, United Way of Greater Victoria*

"Island Savings means Community."

- **Sarah Harker,** *Customer Service Representative, Cowichan Commons Branch*

"In parades we walk by and get a huge round of applause and cheers. It's quite amazing."

- **Bev Robinson,** *Member Service Representative, Chemainus Branch*

"Your Youth Team members rolled up their sleeves and cooked hotdogs, greeted visitors, directed traffic, photocopied programs, swept floors, painted faces, handed out balloons and did whatever necessary to ensure a great event for everyone. They were a tremendous assistance."

- **Vicki Holman,** *Manager, BC Forest Discovery Centre*

"I've been a member of Island Savings for approximately 25 years, and during that time I've maintained both personal and business accounts as well as insurance coverage. What sets Island Savings apart from other financial institutions is their attention to personal service, whether I am dealing with the receptionist, a customer service representative, a loans officer or the manager."

- **Ken Gustafson,** *Franchise Owner, Serious Coffee, Victoria*

OUR ECONOMY

ISLAND SAVINGS IS ONE OF THE LARGER COMMERCIAL LENDERS to small- and medium-sized companies on southern Vancouver Island and the Gulf Islands: our small business portfolio grew by $25.8 million or 11.0% over the last year. We are pleased to work with and provide financing for many successful businesses and projects that provide valuable services to our communities, create new employment, attract tourist dollars and improve our downtown cores.

As an Islands-owned and operated company, we are always responsive to local business needs. All our decisions are made here, on the Islands, by people who know and understand the local market and business community. Our business members have access to knowledgeable, dedicated staff at community branches: people that take a genuine interest in their business.

At Island Savings, we believe honesty and integrity are the foundation of our success. We earn trust by being true to our values and giving our members the individual attention they deserve. To celebrate and honour our business colleagues who share these values, Island Savings partners with organizations to offer eight business awards in our Island communities. In applauding local businesses' successes, we support our communities' long-term health and encourage a sustainable economy.

"Our history of lending and investing locally is a significant advantage over our competitors, and I am proud to contribute to this tradition."

- **Samantha Scott,** *Service Representative, Mayfair Branch*

"The staff at Island Savings personify true 'customer service.' In each of the branches I've done business there is a consistent and unequalled 'can-do' attitude along with a sincere desire to serve the member in the friendliest, most efficient way possible. Bottom line: I think the world of them and am grateful for their presence."

- **Joy Sharyn Grace,** *Inner Soul-utions, Victoria*

"The level of personal and attentive service from the ISCU staff is second to none."

- **Dan Behune,** *Managing Director, Brentwood Bay Lodge*

"Without your generous commitment and dedication to our business community, celebrating these business success stories simply would not be possible."

- **Grant McNab,** *Publisher, Business Examiner, Business Examiner 2008 BE Awards*

"To me, Island Savings means relationships – all kinds: building new ones with new members, deepening relationships with existing members, trusting relationships, respectful relationships, business relationships, win/win relationships, community relationships, nurturing and growing relationships, teaching relationships . . ."

- **Sandy Gill,** *Member Services Coordinator, Duncan Branch*

"The personal service has been both professional and very personable. All the staff I have dealt with have been very friendly, knowledgeable and wonderful to deal with. At Island Savings you are welcomed when you arrive, asked to sit down, and then they do the banking for you."

- **Gloria Dol,** *North and South Saanich Agricultural Society, Victoria*

"Our business members are busy people. We can save them time and money by providing all the services they need to make their businesses successful. We can customize a banking program that works for them."

- **Sheri Kasnik,** *Account Manager, Business Banking, Douglas & Broughton Branch*

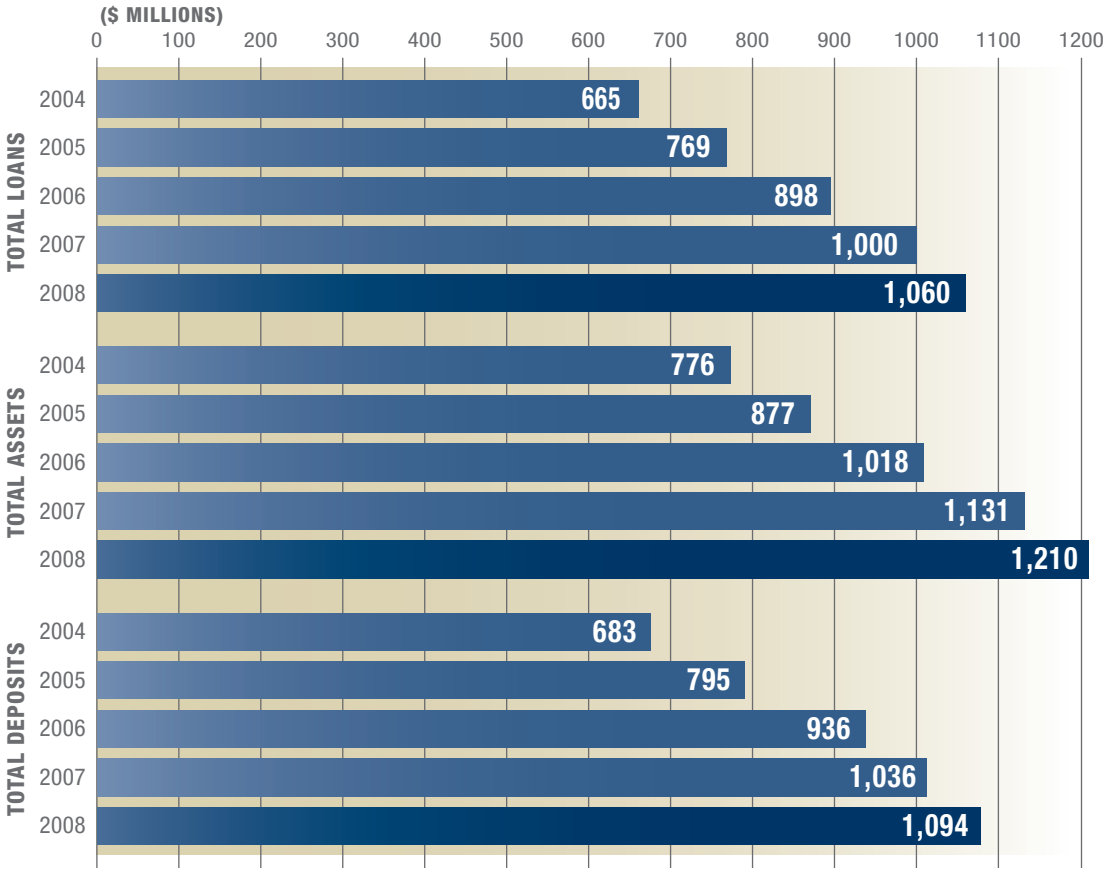
OUR FINANCIALS

GIVEN THE EXTRAORDINARY YEAR IN THE GLOBAL and domestic financial services industry, Island Savings is proudly reporting a truly remarkable year. Building on a tradition of financial strength, our 2008 results further demonstrate why over 42,000 members across Vancouver Island and the Islands choose Island Savings as their financial institution.

The consolidated balance sheet reflects 7.0% annualized growth in total assets in 2008 to $1.21 billion, which is comprised of $1.06 billion in residential mortgages, personal loans and small business loans across the Islands. Despite a slowing real estate market, Island Savings experienced a net increase of $8.6 million in residential mortgage growth to $665.9 million. As a result of our continued focus on meeting the needs of our small business members, we are reporting an increase of $25.8 million or 11.0% in our small business portfolio over the prior year. Despite an extremely competitive deposit market, we are reporting a 5.6% increase to our deposit base in 2008 to $1.094 billion. Our total members' equity is $68.6 million or 23.0% over the prior year. By regulation, Island Savings is required to maintain a capital base minimum of 8% of its total risk weighted assets; as at the end of 2008, our capital adequacy ratio is 13.29%.

Our 2008 Consolidated Statement of Income and Consolidated Statement of Comprehensive Income further illustrate our continued financial success. Due to compression of interest rate spreads, net interest income remained relatively unchanged from the prior year at $27.9 million. After provision for credit losses of $1.6 million, adjusted net interest income totalled $26.3 million. Non-interest income increased by a significant 25.1% to $17.3 million. This is primarily due to an increase in income generated from securitization activities to $3.0 million and the change in fair value of derivative instruments of $9.7 million. Total operating margin increased by 7.46% to $43.6 million. Total non-interest expense increased by 4.2% to $34.8 million. We are pleased to report that total earnings from operations before member distributions and income taxes increased to $8.8 million, compared with $7.2 million in the year prior. We are again proud to report that we have distributed $1.0 million to our members in patronage rebates. After recording $1.26 million in corporate income taxes, Island Savings' net income for 2008 is $6.5 million, reflecting a 31.2% increase over the prior year. We are reporting total other comprehensive income of $6.3 million due to the combination of net unrealized gains on available for sale financial assets of $19,000 plus net gains on our portfolio of cash flow hedges of $6.28 million. Total comprehensive income for the year ended 2008 increased to $12.8 million.

With these remarkable financial results, Island Savings is well positioned to meet the dynamic times ahead with confidence and an underlying capacity. Our members across the Islands can rest assured that Island Savings will continue to support them in their personal and business endeavours. While the world around us continues to change and respond to global market conditions, we are confident that our success in 2008 will serve our members well into the future.



Financial Highlights

- Assets under Administration exceeding $1.66 billion (7.1% growth over 2007).
- Solid capital position with an increase of $12.8 million in members' equity to $68.6 million.
- Total operating margin increased to $43.6 million.
- Earnings from operations totalling $8.8 million.
- Class C Investment Equity Share dividends of 6.0% for the fourth consecutive year.
- 7% Balance Sheet growth.

On November 27, 2008 the Provincial legislature passed amendments to the Financial Institutions Act to provide unlimited deposit insurance protection on all deposits in British Columbia's credit unions through the Credit Union Deposit Insurance Corporation (CUDIC). Our members can be confident that their deposits are safe with Island Savings.

AUDITORS' REPORT ON SUMMARIZED FINANCIAL STATEMENTS

To the members of Island Savings Credit Union

The accompanying summarized consolidated balance sheet and consolidated statements of income, comprehensive income, changes in members' equity, and cash flows are derived from the complete consolidated financial statements of Island Savings Credit Union as at December 31, 2008 and for the year then ended on which we expressed an opinion without reservation in our report dated February 20, 2009. The fair summarization of the complete consolidated financial statements is the responsibility of management. Our responsibility, in accordance with the applicable Assurance Guideline of the Canadian Institute of Chartered Accountants, is to report on the summarized consolidated financial statements.

In our opinion, the accompanying consolidated financial statements fairly summarize, in all material respects, the related complete consolidated financial statements in accordance with the criteria described in the Guideline referred to above.

These summarized consolidated financial statements do not contain all the disclosures required by Canadian generally accepted accounting principles. Readers are cautioned that these statements may not be appropriate for their purposes. For more information on the entity's financial position, results of operations and cash flows, reference should be made to the related complete financial statements.

The comparative figures for December 31, 2007 were reported on by another firm of chartered accountants.

KPMG LLP

Vancouver, Canada
February 20, 2009

KPMG LLP
Chartered Accountants

ISLAND SAVINGS CREDIT UNION
SUMMARIZED CONSOLIDATED BALANCE SHEET

December 31, 2008 (in thousands)	2008	2007
ASSETS		
Cash and cash equivalents	$10,005	$10,477
Loans	1,060,186	999,601
Investments	102,398	99,435
Premises and equipment	10,061	9,623
Other assets	26,953	11,369
	$1,209,603	**$1,130,505**
LIABILITIES AND EQUITY		
Deposits	$1,094,273	$1,035,820
Borrowings	34,000	26,804
Other liabilities	12,747	12,109
Equity shares	6,250	5,979
Contributed surplus	2,057	2,057
Accumulated other comprehensive income	5,974	(328)
Retained earnings	54,302	48,064
	$1,209,603	**$1,130,505**

ON BEHALF OF THE BOARD

John Parker, Director

Dan Little, Director

OUR FINANCIALS CONT.

ISLAND SAVINGS CREDIT UNION
SUMMARIZED CONSOLIDATED STATEMENT OF INCOME

Year Ended December 31, 2008 (in thousands)	2008	2007
Interest income	$62,402	$62,458
Interest expense	34,468	34,750
Net interest income	27,934	27,708
Provision for credit losses	(1,631)	(956)
Non-interest income	17,322	13,846
Operating margin	43,625	40,598
Non-interest expense	34,822	33,405
Earnings from operations	8,803	7,193
Patronage rebates	1,000	1,100
Earnings before provision for income taxes	7,803	6,093
Provision for income taxes	1,261	1,106
Net income	$6,542	$4,987

ISLAND SAVINGS CREDIT UNION
SUMMARIZED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year Ended December 31, 2008 (in thousands)	2008	2007
Net income	$6,542	$4,987
Other comprehensive income (loss)		
Net unrealized gains (losses) on available for sale financial assets, net of taxes	19	(19)
Net gains on derivatives designated as cash flow hedges, net of taxes	6,283	---
Total other comprehensive income (loss)	6,302	(19)
Comprehensive income	$12,844	$4,968

ISLAND SAVINGS CREDIT UNION
SUMMARIZED CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' EQUITY

Year Ended December 31, 2008 (in thousands)	2008	2007
EQUITY SHARES		
Balance, beginning of year	$5,979	$5,859
Proceeds of shares issued	516	395
Redemption of shares	(245)	(275)
Balance, end of year	6,250	5,979
CONTRIBUTED SURPLUS	2,057	2,057
RETAINED EARNINGS		
Balance, beginning of year	48,064	43,385
Adjustment for changes in accounting policies, net of taxes	---	(16)
Balance, beginning of year, restated	48,064	43,369
Net income	6,542	4,987
Dividends, net of income tax reduction	(304)	(292)
Balance, end of year	54,302	48,064
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)		
Balance, beginning of year	(328)	---
Adjustment for changes in accounting policies, net of taxes	---	(309)
Other comprehensive income (loss)	6,302	(19)
Balance, end of year	5,974	(328)
Total members' equity	**$68,583**	**$55,772**

ISLAND SAVINGS CREDIT UNION
SUMMARIZED CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31, 2008 (in thousands)	2008	2007
CASH FLOWS PROVIDED BY (USED IN)		
Operating activities	$8,129	$12,671
Financing activities	83,159	122,360
Investing activities	(91,760)	(140,107)
Net decrease	(472)	(5,076)
Cash and cash equivalents, beginning of year	10,477	15,553
Cash and cash equivalents, end of year	**$10,005**	**$10,477**

OUR INVOLVEMENT

Island Savings is actively involved in our Island communities; we continue to increase our involvement every year, as our communities and organization grow. In addition to an estimated 35,000 hours of volunteered time from our staff and Directors, Island Savings provided local groups, events and causes with sponsorship dollars and in-kind support totalling more than $250,000 in 2008. This year our Youth Team participated in 85 different events, often alongside our huggable new mascot, Penny the Owl. On this page are some of the hundreds of community organizations and events that Island Savings supported in 2008.

Duncan District Labour Council

North American Indigenous Games

Cowichan Valley Hospice Society

Salt Spring Special Olympics

Cowichan Seniors Care Foundation

Vancouver Island Agricultural Society

Ladysmith Chamber of Commerce Leadership BC Program

Swan Lake Nature Sanctuary

Nanaimo Community Hospice Society

4-H

Duncan Syncro Team

United Way

Lake Cowichan Chamber of Commerce

BC Forest Discovery Centre

Strawberry Vale School

BC Winter Games

Royal Victoria Marathon

Annual Halloween Howl at Mayfair Mall

BC Children's Hospital Foundation

Ladysmith Food Bank

Summer Festival Children's Day

Duncan Business Improvement Area Society's De-Tag Day

Annual Mill Bay Family Fun Day

Cowichan Family Life's Christmas Hamper Program

BC 150 Tall Ships Celebration in Maple Bay

Heart & Stroke Foundation

Stelley's Global Perspective

Canadian Blood Clinic

Salt Spring Women in Business

School District 62

Gulf Islands Secondary School's Environmental Action Day

Ducks Unlimited

Cowichan Valley Boy Scouts

School District 68

FrontRunner Island Race Series

Big Brothers Big Sisters

City of Duncan Totem Committee

Canadian Cancer Society's Relay for Life

Autoplan Brokers Road Sense

F.C. School of Karate

Gulf Islands Secondary School's Annual Career Planning Day

Junior Achievement Victoria

8th Annual Francophone Maple Sugar Festival

Nanaimo Child Development Centre

Rotary Club

2008 SuperCities Walk for MS

Golf for Kids Charity Classic

Toastmasters

Chemainus Theatre

PacificSport Victoria

South Cowichan Chamber of Commerce

Island Savings Family Series at ArtSpring Theatre

John Hicks Junior Golf Tournament

Greater Victoria Chamber of Commerce

Woodbank Primary School's Christmas Craft Fair

Cedar Days

Chemainus Little Town Christmas

Annual Chemainus Halloween Trolly

Arcadian Daycare

Cowichan Valley Basket Society

Duncan Cowichan Festival Society

Success by 6 Council of Partners

Downtown Duncan's Christmas Kick Off

Salt Spring's Community Theatre Society

Salt Spring Chamber of Commerce

Comfort Quilts for Sick People

Lions Club

Cedar School Fun Fair

Southern Gulf Islands AIDS Society

Kiwanis

3rd Annual West Shore Chili Cook Off

Trafalgar Square Christmas

Chemainus Chamber of Commerce

Salt Spring Soccer Association

Sales & Marketing Executive of Victoria

Times Colonist 10K

Hammond Bay Elementary's Community Picnic

North Oyster Heritage Association's Annual Cedar Pancake Breakfast

Camosun College Career Fair

Cowichan Violence Against Women Society

Alrusa Nanaimo

Providence Farm

5th Annual Great Lake Walk (Lake Cowichan)

Chemainus Festival of Murals Society

Vancouver Island International Children's Festival

Yellow Point Cranberries Family Fun Day

Nanaimo and District Hospital's Annual Run for Life

Beijing Bound event in Bastion Square

Annual Ladysmith Christmas Cheer Food Hampers

Vancouver Island University's Festival of Trees

Saanich Peninsula Hospital Foundation

Cowichan Wine & Culinary Festival

Kaatza Daycare Centre

Nanaimo Triathlon Group

Salvation Army

SPCA

Annual MS Bike Tour Cowichan Grape Escape

Greater Nanaimo Chamber of Commerce

4th Annual Shawnigan Lake Walk

Junior Achievement Nanaimo

South Cowichan Chamber Golf Fundraiser

Nanaimo Community Gardens Society

Business Networking International

Duncan Sunathon

ISLAND SAVINGS

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