

I. WELCOME AND INTRODUCTIONS

Gayla Duerr welcomed everyone to the 79th TwinStar Annual meeting and led attendees in the Flag Salute.

II. CALL TO ORDER

Gayla Duerr introduced Jeff Kennedy, CEO. Jeff introduced the following members of TwinStar's Senior Management Team: Becky Breen, Scott Daukas, Matt Devlin, Jerrod Keller, Aaron Palmer, Kim Peterson, Mary Beth Spuck, Elkan Wollenberg and Tammy Teeter.

Jeff introduced the credit union's Board Chair, Rhodetta Seward, who called the 79th Annual Meeting to order at 10:46 a.m. Tammy Teeter was appointed Recording Secretary and Jerry Morrisette was appointed Parliamentarian.

III. INTRODUCTIONS

Rhodetta introduced the Board of Directors and Interns, Supervisory Committee and Intern and their guests. She requested all credit union volunteers stand and be recognized for their many hours of service. Rhodetta also recognized all employees in attendance and noted the Board's appreciation for their dedication and support of the credit union's vision and mission.

IV. 2016 ANNUAL MEETING MINUTES & CHAIR REPORTS

Rhodetta began the business portion of the meeting by establishing a quorum of 15 voting members was present. She noted a copy of the 2016 Annual Meeting minutes and a wrap up of the credit union's financials at each table.

Rhodetta called for a motion to approve the minutes. The motion was made, seconded and approved.

The 2016 reports from the President (Treasurer), Board and Supervisory Committee Chairs were presented. Rhodetta asked for a motion to approve the reports. The motion was made, seconded and approved.

V. ELECTIONS

Rhodetta introduced the Nominating Committee Chair, Gayla Gjertsen, who introduced the Nominating Committee as Scott Horner, Mark Neary, Brock Williams, and Amy Nelson. He announced the following slate of candidates running for election:

Board of Directors – 3 year term	Supervisory Committee – 3 year term
Donna Feliciano	Diane Bingaman
Anil Puri	Christy Raske

Since the four open positions were uncontested, Gayla called for a motion to accept the slate of candidates as presented. The motion was made, seconded and approved. Gayla thanked and congratulated each newly elected official.

VI. NEW BUSINESS

Rhodetta called for any new business. No new business was presented.

VII. ADJOURNMENT

Rhodetta thanked everyone for attending the Annual Meeting and requested a motion to adjourn. The motion was made, seconded and approved. The business meeting was adjourned at 10:52 a.m.



Annual Report 2017



Statement of Financial Condition as of December 31, 2017

Assets	2017	2016	2015	2014	2013
Cash and Cash Equivalents	98,789,411	106,702,973	119,881,329	74,289,896	63,309,830
Member Loans (Net after Allowance for Loan Loss)	995,396,806	876,864,439	777,923,559	697,486,237	595,261,565
Investments	70,593,667	98,911,413	81,915,648	86,111,928	159,899,936
Fixed Assets	38,650,969	34,937,250	27,860,351	28,034,190	27,470,906
Other Assets	55,426,972	51,014,897	41,852,292	39,720,424	35,749,321
Total Assets	1,258,857,824	1,168,430,971	1,049,433,179	925,642,675	881,691,558

Member Shares

Members Shares	1,109,588,266	1,028,245,865	921,072,953	818,352,130	786,501,452
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Net Worth

Regular Reserves	8,492,258	8,492,258	8,492,258	8,492,258	8,492,258
Accumulated Unrealized Gain/ Loss on Investments	(861,021)	(1,095,701)	(869,784)	(1,162,999)	(4,328,844)
Undivided Earnings	116,625,727	105,871,260	97,107,717	89,053,157	80,358,237
Total Net Worth	124,256,964	113,267,817	104,730,191	96,382,416	84,521,651

Liabilities

Accounts Payable & Other Liabilities	25,012,467	26,917,232	23,629,902	10,908,028	10,668,373
Accrued Payable Interest or Dividends	128	57	134	101	82
Total Liabilities	25,012,595	26,917,289	23,630,035	10,908,129	10,668,455

Total Member Shares, Net Worth & Liabilities	1,258,857,824	1,168,430,971	1,049,433,179	925,642,675	881,691,558
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Note: Unaudited Financial Statement as prepared by TwinStar Credit Union. Reflects only TwinStar Credit Union.



CEO's Message
Jeff Kennedy, CEO

Tailwinds filled TwinStar Credit Union's business sails in 2017. Loans grew by more than \$100 million and deposits increased by just over \$80 million. TwinStar members displayed the optimism that wage growth and low unemployment create. Our members increased balances in their savings and checking accounts,

but also borrowed at a brisk pace for home improvements, mortgages and automobiles. TwinStar was able to help thousands of our members get a handle on credit card debt with low rate balance transfer programs.

The Member Business Services product line has been fully built for several years now and local businesses are seeing the value. Business deposits and loans grew at rates that actually outpaced our consumer side. We are excited to extend TwinStar's high touch-service culture to our local business owners – there are more than 6,000 Member Business accounts at this time. This growth also provides an important diversification for our deposit and loan portfolio.

Our positive operating results allowed TwinStar Credit Union to maintain capital at 9.94% and continue to make the significant technology and computing infrastructure investments. One addition you'll notice on our mobile and online banking platforms is the ability to set up transfers to accounts at other financial institutions. Just click the "Transactions" tab next time you are logged in to check it out. TwinStar made significant strides in member information security and redundancy in 2017. We now have the ability to switch our entire computer system to another location in the event of a major disaster or business interruption. These improvements are time consuming and expensive, but we also know that our members want safety, security and convenient access to their funds and we are well positioned to provide that.

If you've been through Aberdeen lately, there's no doubt you've seen our new Aberdeen branch. We're pleased to have our anchor in the Grays Harbor community running now and ready to serve our members for a very long time. We'll be opening a branch in another core market in 2018 – this one will be inside the Safeway on the north side of Centralia.

The pace of change is rapid right now, in fact, it can be dizzying at times. There are a few values at TwinStar Credit Union you can count on, regardless of how you contact us. We will treat everybody with respect and kindness. We will be friendly, knowledgeable and accurate; we will be transparent if we make a mistake. We are driven to provide a good deal for each of our members.

Thank you for your continued patronage of TwinStar Credit Union. I would also like to thank our volunteers, management team and nearly 400 staff members for their continued dedication to our financial cooperative.

Respectfully submitted,

Jeff Kennedy
CEO



2017 Board Report
Rhodetta Seward, Chair

Eighty years ago, a small group of teachers started Thurston County Teachers Credit Union to make loans affordable for other teachers and school employees. A humble beginning has since grown into TwinStar Credit Union and is one of Washington's leading credit unions with assets over \$1.25 billion and 20 branches from Pierce County, WA southward to the Portland, OR metropolitan area.

Delivering value to each credit union member is an integral part of TwinStar's history. Additionally, we have committed to going beyond providing financial services and diligently work to build a better community through education, financial empowerment and a long list of community partnerships.

As noted above, our total assets for 2017 ended at \$1.25 billion exceeding our goal by more than \$10 million. TwinStar Credit Union continues to add new households at a brisk pace; we welcomed more than 10,000 new households through direct and indirect channels in 2017. Other operational statistics include:

Loan Productivity Comparison

Loan Type	2015	2016	2017
Consumer	17,531 loans for \$207.9M	17,464 loans for \$218.8M	16,468 loans for \$219.6M
Dealer Financing	4,800 loans for \$122.6M	5,198 loans for \$137.5M	6,343 loans for \$171.0M
Mortgage	668 loans for \$121.1M	730 loans for \$146.5M	580 loans for \$115.3M

Thanks to All

To my fellow Board members, I would like to express my gratitude for your hard work and loyalty to TwinStar Credit Union. We remain a strong and vibrant financial institution through a collaborative relationship with Management. The Board of Directors also greatly appreciates the trust of our membership and will endeavor to retain that trust moving forward.

Respectfully submitted,

Rhodetta Seward, Chair
Board of Directors

Financial Asset Growth

1938	\$1,473
1950	\$36,774
1960	\$467,129
1970	\$2,378,773
1980	\$20,545,115
1990	\$113,963,792
2000	\$354,800,950
2010	\$714,483,952
2011	\$781,764,275
2012	\$831,839,483
2013	\$881,691,558
2014	\$925,642,675
2015	\$1,049,433,179
2016	\$1,168,430,971
2017	\$1,258,857,824



2017 Supervisory Committee Report
Erik Kupka, Chair

The Supervisory Committee and TwinStar's Management Team ensure the credit union is operating in a safe and prudent manner and in the best interests of our membership. To fulfill our responsibilities, we engage a CPA

auditing firm, CliftonLarsonAllen, LLP, to perform the annual financial audit and a verification of member accounts. The last report verified TwinStar is well-capitalized and operating in accordance with generally accepted accounting principles.

The Supervisory Committee also manages the Internal Audit department and its annual audit plan. The plan is established each year using the credit union's risk assessment to ensure that member's interests are met and to improve controls within the credit union.

To ensure accuracy and the strength of internal controls, the Supervisory Committee meets as required by Washington state law with management and internal auditors. Meeting agendas include a review of the quality of financial reporting, the regular completion of internal audits, various external operational audits and to ensure that sound operations and compliance are in place.

As the Chairman of the Supervisory Committee, I speak on behalf of the Committee members when I say it has been our pleasure to serve you in 2017. We will work diligently to ensure the credit union remains a safe and sound institution throughout 2018.

Respectfully submitted,

Erik M. Kupka, Chair
Supervisory Committee

