



I. WELCOME AND INTRODUCTIONS

Gayla Duerr welcomed everyone to the 76th TwinStar Annual meeting at 10:00 a.m. and led attendees in the Flag Salute and National Anthem. During breakfast, prize drawings were conducted for half of the children and adult prizes.

II. CALL TO ORDER

Gayla Duerr introduced Jeff Kennedy, President/CEO. Jeff introduced the following members of TwinStar's Senior Management Team: Becky Breen, Scott Daukas, Matt Devlin, Aaron Palmer, Kim Peterson, Mary Beth Spuck, Sharon Weinberg, Elkan Wollenberg and Tammy Teeter. Jeff introduced the credit union's Board Chair, Scott Horner, who called the 76th Annual Meeting to order at 10:35 a.m. Tammy Teeter was appointed Recording Secretary and Jerry Morrisette was appointed Parliamentarian.

III. INTRODUCTIONS

Scott Horner took the opportunity to congratulate Jeff Kennedy on another successful year as the credit union President/CEO. Scott introduced the Board of Directors and Interns, Supervisory Committee and their guests. He asked all credit union volunteers to stand and be recognized for their many hours of service. Scott then recognized all employees in attendance and added his and the Board's appreciation for their dedication and support of the credit union's vision and mission.

IV. 2013 ANNUAL MEETING MINUTES & CHAIR REPORTS

Scott began the business portion of the meeting by establishing a quorum of 15 voting members was present. He noted a copy of the 2013 Annual Meeting minutes was included at each table. Scott called for a motion to approve the minutes. The motion was made, seconded and approved. The 2014 reports from the President (Treasurer), Board and Supervisory Committee Chairs were presented. Scott asked for a motion to approve the reports. The motion was made, seconded and approved.

V. ELECTIONS

Scott introduced the Nominating Committee Chair, Rhodetta Seward, who introduced the Nominating Committee and announced the following slate of incumbents running for election:

| | |
|-----------------------------------|-------------------------------------|
| Board of Directors – 3 year terms | Supervisory Committee – 3 year term |
| Scott Horner | Anil Puri |
| Donna Feliciano | Christy Raske |

Supervisory Committee – 2 year term
 Erik Kupka

Since the five positions were uncontested, Rhodetta called for a motion to accept the slate as presented. The motion was made, seconded and approved. Rhodetta thanked and congratulated each newly elected officer.

VI. NEW BUSINESS

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

VII. ADJOURNMENT

Scott 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 10:40 a.m.

VIII. ENTERTAINMENT AND PRIZE DRAWINGS

Gayla Duerr introduced the Craig Lawrence Band. The morning celebrations concluded at 12:30 p.m. with the remaining prize drawings, awarding of the centerpieces and distribution of membership appreciation gifts.



Annual Report 2014



Statement of Financial Condition as of December 31, 2014

| Assets | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| Cash and Cash Equivalents | 74,289,896 | 63,309,830 | 86,945,699 | 21,446,724 | 11,209,688 |
| Member Loans (Net after Allowance for Loan Loss) | 697,486,237 | 595,261,565 | 549,499,503 | 519,374,497 | 503,529,262 |
| Investments | 86,111,928 | 159,899,936 | 116,301,779 | 172,780,025 | 137,245,749 |
| Fixed Assets | 28,034,190 | 27,470,906 | 28,029,188 | 29,111,915 | 30,511,365 |
| Other Assets | 39,720,424 | 35,749,321 | 51,063,321 | 39,051,114 | 43,510,176 |
| Total Assets | 925,642,675 | 881,691,558 | 831,839,490 | 781,764,275 | 726,006,240 |

Member Shares

| | | | | | |
|----------------|-------------|-------------|-------------|-------------|-------------|
| Members Shares | 818,352,130 | 786,501,452 | 737,342,278 | 687,127,944 | 638,838,930 |
|----------------|-------------|-------------|-------------|-------------|-------------|

Net Worth

| | | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Regular Reserves | 8,492,258 | 8,492,258 | 8,492,258 | 8,492,258 | 8,359,519 |
| Accumulated Unrealized Gain/ Loss on Investments | (1,162,999) | (4,328,844) | 673,207 | 703,060 | (601,697) |
| Undivided Earnings | 89,053,157 | 80,358,237 | 72,145,721 | 66,520,046 | 60,333,671 |
| Total Net Worth | 96,382,416 | 84,521,651 | 81,311,186 | 75,715,364 | 68,091,493 |

Liabilities

| | | | | | |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Accounts Payable & Other Liabilities | 10,908,028 | 10,668,373 | 13,185,948 | 18,888,975 | 19,066,600 |
| Accrued Payable Interest or Dividends | 101 | 82 | 78 | 31,992 | 9,217 |
| Total Liabilities | 10,908,129 | 10,668,455 | 13,186,026 | 18,920,967 | 19,075,817 |

| | | | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| Total Member Shares, Net Worth & Liabilities | 925,642,675 | 881,691,558 | 831,839,490 | 781,764,275 | 726,006,240 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|

Note: Unaudited Financial Statement as prepared by TwinStar Credit Union. Reflects only TwinStar Credit Union.



President's Message
Jeff Kennedy, President/CEO

2014 turned out to be a pivotal year at TwinStar Credit Union. We completed significant upgrades to our lending systems for both consumer loans like auto and recreational vehicles and mortgage loans. Our new systems, combined with the return of higher consumer confidence resulted in high loan

demand and quicker, more efficient processing in our back office. When the dust settled, we recorded a 27% increase in consumer loans. Other loan categories like Visa credit cards, business loans and home equities grew at a healthy clip as well. TwinStar Credit Union's loan portfolio has grown over the last several years but 2014 exceeded all of our strategic intentions.

Robust lending allowed TwinStar to operate profitably in 2014 and reach a capital level of 10.54%. Capital is an important measure of credit union strength because it provides safety for depositors and allows continued investment to modernize systems that will create an even better member experience. As we emerged from recession about five years ago, your Board of Directors provided direction on the preferred capital level and I'm happy to report that we made it. For comparison, credit unions are considered well capitalized at 7.0%.

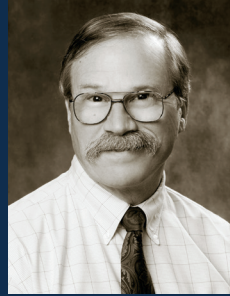
TwinStar Credit Union was among the first credit unions in the country to deliver Europay, MasterCard and Visa (EMV) chip enabled credit cards to members in 2014. The tiny chip embedded in the credit or debit card will make massive data breaches that we've seen the last few years much harder for thieves to pull off. When data breaches occur, it presents difficulty for both TwinStar and our members as we have re-issued thousands of cards and members like you have to re-establish payments tied to those cards. We also have a new feature coming online in 2015 that will allow members to control when and where their credit and debit cards can be used.

We are in a period of rapid technological change. I appreciate the high level of acceptance that TwinStar members display for our phone and computer account access applications. You can also be assured that we will never discount the value of having conversations with members – whether it's in person, on the phone or via a chat online. That is how we help members realize their dreams.

I would like to thank our members, volunteers, management personnel and staff for their continued dedication to TwinStar Credit Union. Without you, none of it is possible!

Respectfully submitted,

Jeff Kennedy
President/CEO



Board Report
Scott Horner, Chair

TwinStar Credit Union again had an extremely remarkable year and is continuing to grow in a number of ways. Notably, a brand promise was established – Realizing Financial Dreams Together. Along with the new promise, your Board of Directors developed new strategic directions for the management of the credit union around member loyalty, delivery of services, market penetration and expansion, profitability and net worth, technology, brand awareness, and culture.

All over the nation, people are appreciating the value of financial cooperatives like TwinStar Credit Union – there is a true and realized benefit to being a member-owner. Throughout 2014, we consistently saw significant growth in membership and assets reflecting our ability to maintain a competitive edge among our peers. The credit union works diligently to generate new and retain current membership by offering not only an impressive range of products and services, but the right mix for the members.

Under the dedicated governance and thoughtful guidance of its Board of Directors and Supervisory Committee, the credit union is committed to great accomplishments this year. The Board is excited about what the future will hold for our organization and, along with Management, commits to put people before profit and provide the products and services to keep up with the memberships' expectations, now and in the future.

Major Accomplishments

Besides our membership growing over 11,000 members in 2014, some additional accomplishments included:

- TwinStar Community Foundation: In continuing to focus on our social purpose, investing in our communities, we established the Foundation, a business entity to allow the credit union greater flexibility to fund more impactful community projects, create endowments and generate grants.
- Mill Plain Branch Relocation: We relocated the branch to a larger, more visible area and facility to better serve our members.
- Member Education: The credit union provided 239 classroom presentations on financial literacy to help today's kids become tomorrow's fiscally responsible adults.

Thanks to All

To the membership, once again, the Board of Directors appreciates your trust and confidence in our credit union. We look forward to new and exciting events that lay ahead this year. To my fellow volunteers and the credit union employees, I appreciate your loyalty and dedication to TwinStar's success.

Respectfully submitted,

Scott Horner, 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 | \$726,006,240 |
| 2011 | \$781,764,275 |
| 2012 | \$831,839,490 |
| 2013 | \$881,691,558 |
| 2014 | \$925,642,675 |

Loan Productivity Comparison

| Loan Type | 2012 | 2013 | 2014 |
|------------------|---------------------------|---------------------------|---------------------------|
| Consumer | 13,356 loans for \$156.9M | 16,294 loans for \$212.6M | 14,720 loans for \$145.8M |
| Dealer Financing | 1,151 loans for \$14.6M | 2,449 loans for \$58.2M | 4,419 loans for \$108.7M |
| Mortgage | 1,070 loans for \$185.5M | 871 loans for \$144.9M | 427 loans for \$76.0M |



2014 Supervisory Committee Report
Erik Kupka, Chair

The Supervisory Committee consists of five elected members who volunteer their time to serve the entire membership. The Committee has the responsibility of working with Management and the Board of

Directors to ensure the credit union is operating in a secure and prudent manner and in the best interests of its members. To fulfill our responsibilities, we engage a certified public accounting/auditing firm, CliftonLarsonAllen, LLP, to perform an annual audit and verification of member accounts.

The Committee also utilizes a full-time internal audit department and has the benefit of the federal examination by National Credit Union Association (NCUA) and the state examination by the Department of Financial Institutes (DFI). Both NCUA and DFI recent reports gave TwinStar favorable reviews for financial soundness and management, determining the credit union is well capitalized.

Under the Board of Directors' governance and the credit union's management, actions are always taking place to improve the credit union's ability to meet the needs of the membership, and to provide you with outstanding service well into the future.

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 2014. The Committee will continue to work diligently in 2015 to ensure the credit union remains a safe and sound institution.

Respectfully submitted,

Erik Kupka, Chair
Supervisory Committee

