

CYPRUS CREDIT UNION 2018 ANNUAL REPORT

CHAIRMAN'S REPORT

On behalf of the Board of Directors, I am pleased to report that 2018 was another great year of growth and stability for Cyprus Credit Union. We celebrated our 90th year of operation, making us the longest serving credit union in the state of Utah. Additionally, we saw our membership continue to grow to reach a total of 110,658. None of this would be possible without the continued support and contributions of our members.

In my role as Chairman of the Board, my fellow board members and I are responsible for providing oversight and direction for your credit union. Our two main responsibilities are to first; establish, review, and enforce our policies. Second; ensure we are compliant with regulations and guidelines established by the National Credit Union Administration. We work closely with the CEO, Todd Adamson, and the Cyprus senior management team to confirm that all policies are being reviewed and enforced.

As a board, we meet regularly with the Supervisory Committee, CEO, and Cyprus senior management team.

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Our goal in these meetings, as we set our strategic goals and objectives, is to represent the voice of our members, ensuring that your best financial interests always remain at the center of all of our decisions.

We would like to thank you, our members, for your continued commitment to Cyprus Credit Union. There are many options out there when it comes to your financial needs, and we thank you for choosing us. We look forward to serving you throughout 2019.

Sincerely,



Gayle Rosenberg
Chairman of the Board

PRESIDENT'S REPORT

I am pleased to report that 2018 was another great year of growth and achievement for Cyprus Credit Union. This success can be directly attributed to our members and your dedication to the credit union.

In 2018, we saw our membership numbers continue to grow as we welcomed new members to the credit union bringing our total number to 110,658. We also saw record growth in deposits with a \$94,229,884 growth in 2018. Overall, our assets grew by 14.22% and finished the year at \$975,964,204 million. We anticipate that we will exceed \$1 billion in assets during the first few months of 2019. This is an enormous accomplishment, especially as we look back on our humble beginnings in Magna with just 22 Kennecott Copper Company employees and assets totaling less than \$100.

As Cyprus continues to grow, rest assured that your credit union remains secure and stable. Our capital ratio, which is a measurement of our safety and soundness, ended the year at 11.81%. This exceeds the National Credit Administration's requirement of 7.00% by 4.81%.

2018 also saw the launch of our new line of Dream products, including Dream Checking, Dream Auto/RV, and Dream Certificate. These products were designed to offer lower loan rates, higher deposit rates, and additional perks for members with Dream Checking accounts. We hope that each of you is taking full advantage of these perks designed to improve your financial well-being.

In October of 2018, we celebrated our 90th year of serving our members. As the longest serving credit union in Utah, we are proud to have a diverse membership throughout the Salt Lake Valley and beyond. None of this success would be possible without the continuous support of you, our members, over the last nine decades. As we look toward the future, we remain fully dedicated to providing the best financial solutions, products, and resources to our members.

I want to recognize and thank Wayne Carlton, who retired from our board of directors after 39 years of

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volunteer service to the credit union. On behalf of everyone at Cyprus, we would like to thank him for the time and effort he has given to the credit union. To fill the vacancy, Mike Carlton was appointed to the board. We also welcomed Lisa Bonnell and Glenn Tarrant as associate board members.

To continue our commitment of delivering superior service to our member base, we are excited to announce that our new Draper branch will be opening this spring. This branch will introduce new technologies to make it easier to do business with Cyprus while providing the same quality service our members have come to expect. Following Draper, we plan to open a new location in downtown Salt Lake later in 2019 and will continue our expansion throughout the Salt Lake valley and beyond.

As we expand and improve our branch network and online accessibility, protecting your personal and financial information remains one of our top priorities. With the addition of new programs, such as our Card Control app, we are constantly looking for new ways to add layers of protections for your financial information. Our professional Information Technology Department, Fraud Department, and 24/7 secure computer networks continue to utilize the latest technology and training available to keep your information safe and secure.

As a proud member of the community, we are always looking for opportunities to give back and volunteer. Every year, we partner with the Utah Food Bank to help collect food and money to help those in need. This was our biggest year ever with over 2,000 pounds of food collected and over \$6,000 donated. This money will be used to provide almost \$50,000 worth of goods and

services to people throughout the state of Utah. We also helped provide Christmas to over 1,000 Utahns this year through our Angel Tree program. Through our charitable giving and volunteer work, I am pleased to report that in 2018, Cyprus employees volunteered almost 900 hours and donated over \$2,000 to deserving charities and community organizations throughout Utah.

Cyprus is also dedicated to improving education in the state of Utah. Our employees spend many hours teaching high school students about essential financial topics as well as the importance of a college education. This year, we granted eight deserving high school seniors with a \$1,000 scholarship for their college education.

I would like to acknowledge and thank our volunteer Board of Directors and Supervisory Committee who generously contribute their time and energy to ensure the success of our organization. I would also like to thank our dedicated staff who are fully committed to our company-wide effort to be 'All In' for our members, fellow employees, and our community.

Finally, I would like to again thank our members. It is because of you that we are continuously striving to go the extra mile. We are thankful you are a part of the Cyprus family and look forward to serving you in 2019 and beyond.

Respectfully submitted,



Todd Adamson
President/CEO

SUPERVISORY COMMITTEE REPORT

The Supervisory Committee and Board of Directors of Cyprus Federal Credit Union are aware of the importance of strong internal controls needed to protect the accounting and administrative functions of the credit union. We are constantly reviewing and testing these controls in coordination with the audit department and compliance functions of the credit union. Cyber threats are addressed by the Information Technology management and staff and tested by independent sources to strengthen the credit union's ability to withstand these threats. We commend and appreciate credit union management and staff in their efforts and the Board of Directors' emphasis to ensure that policies and procedures are in place to emphasize the importance of strong internal controls. All have done an excellent job ensuring that members' money is safe and secure. Credit union management and staff continue to assist our members with their financial concerns and respond timely to their needs. We want our members to feel comfortable coming to us for assistance. I personally thank the Supervisory Committee members and Internal Audit staff for all their service and input to ensure the soundness of internal controls.

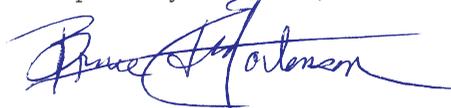
The Supervisory Committee also coordinates efforts annually with Internal Audit and reviews the results of internal audits to determine that appropriate action is taken by credit union management to improve operations and controls. We also contract with an outside auditing firm to ensure that internal controls are in place and an annual independent audit is performed. The

Committee reviews the examinations of governmental agencies with credit union management and the Board of Directors for appropriate follow up. Further, the credit union contracts with information technology companies to test our information systems and controls.

The financial statement audit for the twelve months ending June 30, 2018 was completed by Tanner, LLC, an independent accounting firm. The auditors concluded that the financial statements present fairly, in all material respects, the financial position of Cyprus Federal Credit Union as of June 30, 2018, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles. The auditors also reviewed the internal control structure of Cyprus Credit Union and their recommendations have been implemented to further strengthen these controls.

Credit union management is commended for maintaining sound accounting and administrative practices. The Supervisory Committee is committed to serve the members and ensure the stability of the credit union.

Respectfully Submitted,



Bruce Mortensen
Chairman, Supervisory Committee

CYPRUS CREDIT UNION FINANCIALS

2016 2017 2018

BALANCE SHEET

ASSETS

Net Loans to Members	635,756,688	757,189,393	899,034,868
Accounts Receivable	1,727,136	2,108,661	2,667,934
Cash & Other Liquid Accounts	66,416,218	23,085,995	17,425,190
Investments	44,534,084	28,768,378	3,228,739
Premises & Equipment	22,129,530	21,062,981	28,244,319
Other Real Estate	-	-	-
Other Assets	19,628,735	22,266,946	25,363,153
TOTAL ASSETS	790,192,390	854,482,354	975,964,204

LIABILITIES AND CAPITAL

Accounts Payable	5,826,519	6,328,431	19,053,721
Members' Savings & Deposits	699,504,390	751,011,545	845,241,429
Regular Reserves/Guarantee Fund	12,892,795	12,892,795	12,892,795
Other Reserves	71,968,686	84,249,583	98,776,258
TOTAL LIABILITIES & CAPITAL	790,192,390	854,482,354	975,964,204

OPERATING STATEMENT

INCOME

From Loans	26,100,457	30,207,644	38,073,335
Investments	1,000,211	824,226	703,825
Other	17,964,538	19,329,752	20,558,914
TOTAL INCOME	45,065,206	50,361,622	59,336,074

MEMBER EXPENSE

Dividends & Interest	3,702,188	4,332,611	6,032,645
Allowance for Loan Loss Reserves	2,574,426	2,834,727	3,734,652
TOTAL MEMBER EXPENSE	6,276,613	7,167,338	9,767,297

OPERATING EXPENSE

Salaries & Employee Benefits	15,401,295	16,731,713	17,889,348
Other	15,673,666	15,536,531	16,573,455
TOTAL OPERATING EXPENSES	31,074,961	32,268,244	34,462,803

HISTORICAL DATA

Number of Members	99,033	105,184	110,658
Number of Borrowers	38,180	41,809	44,835
Number of Loans Made	14,459	17,321	17,042
Amount Loaned During Year (New Money)	319,954,205	437,645,340	467,489,309
Amount Loaned Since October 1928	4,441,137,119	4,878,782,459	5,346,271,768
Number of Loans Outstanding	53,755	58,307	62,454
Average Loan Balance	10,618	11,541	12,660
Average Savings Balance	2,179	2,256	2,265



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