

2016

ANNUAL REPORT

CHAIRMAN'S REPORT

On behalf of the Board of Directors, it is my privilege to report that 2016 has been an exceptional year of growth and stability for our credit union. Year after year, Cyprus continues to demonstrate its aptitude as a steadfast steward over our financial interests.

In my role as chairman of our Board of Directors, I have the honor of working with the elected members of our Board and Supervisory Committee to provide oversight and direction for Cyprus Credit Union. Our responsibilities include ensuring that we are compliant with government regulations and guidelines set forth by the National Credit Union Administration. We work closely with Todd Adamson and the Cyprus management team to make sure policies are established, regularly reviewed and enforced which help us support and maintain our organizational integrity.

From my participation in monthly Board meetings, the level of commitment to continual improvement that exists amongst the Cyprus management team is exceptional. They exhibit an unyielding determination to lead our credit union with the member's interests at the forefront of every decision. I am grateful to have observed the individual and collective passion our staff members possess for building a stronger credit union for our members. These efforts have been made evident by the many successes we've experienced during the past year. We have surpassed more than 99,000 members and our assets have reached a high of more than \$790 million—accomplishments we can all be proud of.

“I am grateful to have observed the individual and collective passion our staff members possess for building a stronger credit union for our members.”

Biannually, the Board joins with the Supervisory Committee, CEO and all senior management to identify strategic objectives and review our progress towards previously determined organizational goals. In these meetings, our mission is to represent each of you and to serve as a sound voice for your financial interests.

We thank you for your support and sustainment of our volunteer Board and for all you do to contribute to the growth and success of our credit union.

Cyprus is strong because our members are resilient and determined to achieve financial stability by cooperatively working together. If there is anything we can do as a Board to better serve you and our membership, please let us know.

Sincerely,



Gayle Rosenberg
Chairman of the Board

PRESIDENT'S REPORT

It is my honor to report that 2016 was a year filled with remarkable growth and continued stability for your credit union. Our strength comes from each of you and your sustained loyalty towards investing in our futures together. We thank you for your commitment to the values and beliefs we have encompassed since our founding more than 88 years ago.

As evidenced by our member growth, the movement to join credit unions is stronger than ever. This year we welcomed 12,266 new members, raising our total membership to more than 99,000.

We have seen our membership intensify their saving to become more financially prepared for the future, as indicated by a growth of \$59.5 million in member deposit balances. This helped our total credit union assets to exceed more than \$790 million, representing a 9.2 percent growth over prior year.

As credit union members, we are in the business of helping each other succeed financially through the sharing of our resources. This has enabled us to help many of our members make their dreams a reality through our competitive loan financing. During 2016, we provided members with more than 14,450 new loans, totaling nearly \$320 million. Our broad range of lending products allowed us to assist our members towards the financial futures they envision and helped us grow our total loan balances by more than 10 percent.

We take great pride in managing our credit union in ways that contribute to its continued stability. This is measured by our capital ratio which is an indicator of our safety and soundness. We ended the year with a ratio of 11.3 percent, which exceeds the National Credit Union Administration requirement by more than 60 percent.

Recognizing that increased convenience is important to our members, we focused our 2016 initiatives on making it easier than ever to do business with us. This past year we put forth a concerted effort to provide resources and tools that empower you to bank how, where, and when you want.

CONVENIENT SERVICE: In 2016, our staff began utilizing a scheduling program for loan closings, helping to eliminate time you spend waiting in branches. This year, we will expand this offering to include online scheduling for in-branch appointments, making it even easier to discuss products and services with the finan-

cial service representative of your choice at a time that works best for you.

We have also introduced an In-Lobby Teller machine at our Jordan Landing branch. This innovative station provides members an additional avenue for quick and efficient service, as it can conduct common branch transactions, such as transfers and deposits, without the need to wait in line.

Additionally, members are now able to submit applications for several types of loans, including personal and auto loans from inside the Cyprus mobile app. This new feature enables you to apply and obtain pre-approval at anytime, anywhere.

INCREASED SECURITY: Protecting our members and their financial information is of utmost importance to us. This past year, members were issued new debit and credit cards containing EMV chip technology to provide a stronger defense against card fraud. We have also developed a Cyprus Credit Union Card Control app which will launch soon. This app will provide instant control over your debit and credit cards, allowing you to turn access to your cards on and off, set geographic or retailer limits for where your cards can be used, set spending limits, and provide real time transaction alerts, along with several other unique features to increase your peace of mind.

NEW BRANCH LOCATION: In the tradition of making it easy to do business with us, we are excited to announce that we will break ground in 2017 for a new branch located in Draper at Bangerter Crossing. We anticipate that this location will provide greater convenience through new innovative technology and closer branch access for many of our members.

GIVING BACK: "People helping people" has been the credit union philosophy since its founding. This year we were able to provide more than \$150,000 to help make a difference in the communities where our members live. Many organizations benefited from generous donations of time and money made by our members and staff, including Primary Children's Hospital, Salvation Army's Angel Tree, 100% for Kids, Utah Food Bank, and the American Cancer Society.

At the start of this new year, I want to express my sincere appreciation to you as a devoted member of our Cyprus family—you are the reason we continue to strive for excellence in all that we do. We are thankful for the opportunity to serve you and want to express our dedication to providing you the resources needed to build a strong financial future for you and your family. We truly

believe that “your future is our future.”

It is also important to acknowledge and thank our fellow members who serve in volunteer positions on the Supervisory Committee and the Board of Directors. They give generously of their time and energy to serve each of us in roles that are critical to the success of our organization.

And lastly, I hope you will join me in expressing gratitude for our loyal and dedicated staff. It has truly been

an honor and a privilege to work alongside these talented and passionate individuals. Each day we work hard to provide our members with the high quality service and products you have come to expect and we look forward to serving you for many years to come.

Respectfully submitted,



Todd Adamson
President/CEO

SUPERVISORY COMMITTEE REPORT

Cyprus Federal Credit Union recognizes the need to strengthen internal controls to defend against cyber threats to our financial institution. Decisions made by Management and the Board of Directors continue to strengthen the Credit Union’s ability to mitigate these threats. As a committee, we appreciate management, the staff of the Credit Union, and the Board of Directors for helping us to fulfill our responsibilities. All of them have done an excellent job in ensuring the members’ money is safe and secure. The consistent effort of management and staff in assisting our members with their financial concerns is commendable. We want our members to feel comfortable coming to us for assistance. I would like to thank the Supervisory Committee members and the Internal Audit staff for all their service and input to ensure the soundness of internal controls.

The Supervisory Committee coordinates efforts annually with Internal Audit and an independent auditing firm to ensure that internal controls are in place to protect the assets of the credit union and its members. The Committee also reviews the examinations of governmental agencies with credit union management and the Board of Directors for appropriate follow up.

The financial statement audit for the twelve months ending June 30, 2016 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, 2016, 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

2014
2015
2016

BALANCE SHEET

ASSETS

Net Loans to Members	510,912,643	576,432,883	635,756,688
Accounts Receivable	1,503,883	1,623,549	1,727,136
Cash & Other Liquid Accounts	39,966,604	51,898,200	66,416,218
Investments	91,652,665	53,321,779	44,534,084
Premises & Equipment	21,897,439	21,358,508	22,129,530
Other Real Estate	1,853,237	1,774,880	-
Other Assets	15,046,477	17,132,217	19,628,735
TOTAL ASSETS	682,832,947	723,542,017	790,192,390

LIABILITIES AND CAPITAL

Accounts Payable	4,387,110	4,959,377	5,826,519
Members' Savings & Deposits	607,552,491	639,999,058	699,504,390
Regular Reserves/Guarantee Fund	12,892,795	12,892,795	12,892,795
Other Reserves	58,000,551	65,690,787	71,968,686
TOTAL LIABILITIES & CAPITAL	682,832,947	723,542,017	790,192,390

OPERATING STATEMENT

INCOME

From Loans	21,985,803	24,208,079	26,100,457
Investments	1,080,924	892,390	1,000,211
Other	15,132,567	16,258,494	17,964,538
TOTAL INCOME	38,199,295	41,358,963	45,065,206

MEMBER EXPENSE

Dividends & Interest	3,714,421	3,438,000	3,702,188
Allowance for Loan Loss Reserves	953,898	2,034,748	2,574,426
TOTAL MEMBER EXPENSE	4,668,319	5,472,748	6,276,613

OPERATING EXPENSE

Salaries & Employee Benefits	12,494,087	13,479,988	15,401,295
Other	13,005,857	14,316,653	15,673,666
TOTAL OPERATING EXPENSES	25,499,944	27,796,641	31,074,961

HISTORICAL DATA

Number of Members	89,302	96,055	99,033
Number of Borrowers	44,910	36,081	38,180
Number of Loans Made	13,911	13,869	14,459
Amount Loaned During Year (New Money)	249,500,696	297,354,111	319,954,205
Amount Loaned Since October 1928	3,823,828,803	4,121,182,914	4,441,137,119
Number of Loans Outstanding	56,604	51,378	53,755
Average Loan Balance	7,619	10,172	10,618
Average Savings Balance	2,007	2,050	2,179



P.O. Box 9002
3876 West Center View Way
West Jordan, UT 84084
(801) 260-7600

