

CYPRUS CREDIT UNION

2019

ANNUAL

REPORT

CHAIRMAN'S REPORT

On behalf of the Board of Directors, I am pleased to report that 2019 was another year of extraordinary success and growth for Cyprus Credit Union. As the Chairman of the Board, I would like to thank my fellow board members and Supervisory Committee for the tremendous amount of work and effort they dedicate to the credit union each year.

The Board of Directors and I have two main responsibilities in our volunteer roles. First is to establish, review, and enforce policies for the credit union. Second, to confirm we are compliant with the procedures that are set by the National Credit Union Administration. By doing this, we can ensure that Cyprus continues to grow and succeed.

Additionally, along with the Supervisory Committee, we meet regularly with Todd Adamson and the rest of the Cyprus senior management team to set and monitor strategic initiatives and objectives. Every decision we make is decided with you, our members, at the center.

I'd like to express gratitude to all of our members for making 2019 such a great year. We look forward to serving you in 2020 and for years to come.

Sincerely,



Gayle Rosenberg
Chairman of the Board



PRESIDENT'S REPORT

I'm happy to report that 2019 was another strong year of growth for Cyprus Credit Union. 2019 saw Cyprus Credit Union reaching a major milestone of \$1 billion in assets and we are now 117,207 members strong. As a member owned organization, none of this success would be possible without your continued support and dedication to the credit union.

Last April, we opened the doors of our newest branch in Draper which features a new way for our members to transact with the credit union. Our In-Lobby Tellers allows members to choose between self-serving their transactions or working with tellers via video. This permits more time to our in-branch employees to assist members with new products and more complex transactions. We look forward to expanding this system throughout our branch network.

We are also very excited about upcoming remodels of some of our existing branches. Our Magna remodel was recently completed in an effort to expand workspace for our contact center and virtual tellers so they can better serve our members. Be on the outlook for future announcements regarding branch remodels later this year.

In addition to our remodels, we are excited to announce two additional branch locations in Salt Lake City which will open this coming year: 4th South and 5th East (to take the place of our existing 4th South location) and the corner of Foothill and 2300 East. It is our hope that these new locations will provide further convenience to our members and welcome new members to the credit union.

In 2019, privacy and security remained a top priority. Our disaster recovery site was moved from Lindon, Utah to Denver, Colorado. This move helps ensure that in case of a regional event, your credit union will be available to you in a timely manner. We have also improved our disaster recovery testing so that all systems are optimized for availability in the event of a long-term outage.

This year, we have continued to invest in our employees. We believe that these investments will allow Cyprus to attract and retain the best employees, which in turn delivers superior customer service to our membership. As part of this goal, we increased tuition reimbursement for those wishing to continue their education, implemented parental leave, and launched companywide health & wellness initiatives. We are committed to making Cyprus a best place to work.

“ As a member owned organization, none of this success would be possible without your continued support and dedication to the credit union. ”

Cyprus cares for our environment and is always seeking to decrease our carbon footprint. We have made it a focus to decrease the amount of paper usage in both member communications and regular office activity. This past spring, we held an e-services campaign where every time a member switched to electronic statements, \$5 was donated to TreeUtah. Thanks to you, we were able to raise enough to plant over 800 trees.

Our employee driven Green Committee continues to look for ways in which Cyprus can decrease our carbon footprint. In 2019 their initiatives included: launching a companywide recycling program, switching to LED lighting at our corporate office, introducing energy efficient hand dryers into our corporate restrooms, and creating a program to recycle used computers to donate to local students.

As a partner in the communities we serve, we are always looking for new ways to be involved. One way we do this is through our volunteer committee. Each year, a group of employees are selected to join this committee, are assigned to a Utah charity, and coordinate an activity to either help raise funds or awareness. This year alone, they were able to help local animal shelters, autism schools, veterans, elementary schools, the food bank, and more.

For many students across the valley, school lunches are the only consistent meal in their day. To help combat this epidemic, through our partnership with the Utah Food Bank, we have expanded our participation in the mobile food pantry program which provides food for students to take home to their families.

We are also committed to partnering with local schools for financial education. Our employees spend many hours in local schools discussing the importance of basic financial skills as well as the importance of a college

education. Through our scholarship program, we honored eight deserving high school seniors with a \$1,000 scholarship for their college education. Without your generosity, none of these programs would be possible.

As we once again begin a new year and look toward the future, I would like to thank our employees for being dedicated to providing the highest levels of service to our members every day.

I would also like to thank the volunteer members of our Board of Directors and Supervisory Committee. Each year, they generously volunteer their time and energy to ensure the success of our Credit Union.

Most importantly, I would like to thank all of you, our members and owners, for being a part of Cyprus. We are thankful for the opportunity to serve you and be your financial partner as you work toward your financial goals. We truly mean it when we say 'Your Future is Our Future'

Respectfully submitted,



Todd Adamson
President/CEO

SUPERVISORY COMMITTEE REPORT

The success of the Credit Union depends in part on the presence of internal controls to protect the accounting and administrative functions of the Credit Union. The Supervisory Committee and Board of Directors of Cyprus Federal Credit Union are continually reviewing these controls in coordination with the Internal Audit Department and Compliance functions of the credit union to ensure their reliability. Cyber threats are increasingly threatening financial institutions and at Cyprus 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. Cyprus credit union management and staff and the Board of Directors' work to ensure that policies and procedures are regularly reviewed, and 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 want our members to feel comfortable that they are available to respond to their financial needs and we commend them for responding timely to assist our members with their financial concerns. I personally thank the Supervisory Committee members and Internal Audit staff for all their service in testing the soundness of internal controls.

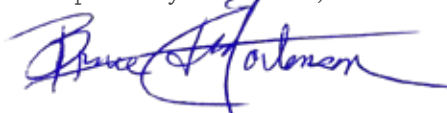
The audit plan and results of internal audits are reviewed by the Supervisory Committee monthly. Credit union management then uses these audits to improve operations and controls. We also contract with an outside auditing firm annually to ensure that an annual independent audit is performed. The Supervisory Com-

mittee also reviews the examinations of governmental agencies with credit union management and the Board of Directors for appropriate follow up. Independent information technology companies test our information systems and related controls on an ongoing basis and the Supervisory committee ensures that their recommendations are implemented.

The financial statement audit for the twelve months ending June 30, 2019 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, 2019, 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.

Cyprus Credit Union management and staff are 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

2017
2018
2019

BALANCE SHEET

ASSETS

Net Loans to Members	757,189,393	899,034,868	1,007,682,751
Accounts Receivable	2,108,661	2,667,934	3,127,270
Cash & Other Liquid Accounts	23,085,995	17,425,190	74,900,004
Investments	28,768,378	3,228,739	5,000,000
Premises & Equipment	21,062,981	28,244,319	32,462,781
Other Real Estate	-	-	-
Other Assets	22,266,946	25,363,153	26,741,762
TOTAL ASSETS	854,482,354	975,964,204	1,149,914,569

LIABILITIES AND CAPITAL

Accounts Payable	6,328,431	19,053,721	7,277,646
Members' Savings & Deposits	751,011,545	845,241,429	1,016,647,802
Regular Reserves/Guarantee Fund	12,892,795	12,892,795	12,892,795
Other Reserves	84,249,583	98,776,258	113,096,325
TOTAL LIABILITIES & CAPITAL	854,482,354	975,964,204	1,149,914,569

OPERATING STATEMENT

INCOME

From Loans	30,207,644	38,073,335	48,202,797
Investments	824,226	703,825	1,261,799
Other	19,329,752	20,558,914	24,112,469
TOTAL INCOME	50,361,622	59,336,074	73,577,066

MEMBER EXPENSE

Dividends & Interest	4,332,611	6,032,645	10,731,617
Allowance for Loan Loss Reserves	2,834,727	3,734,652	4,448,309
TOTAL MEMBER EXPENSE	7,167,338	9,767,297	15,179,926

OPERATING EXPENSE

Salaries & Employee Benefits	16,731,713	17,889,348	21,761,353
Other	15,536,531	16,573,455	19,497,149
TOTAL OPERATING EXPENSES	32,268,244	34,462,803	41,258,502

HISTORICAL DATA

Number of Members	105,184	110,658	117,207
Number of Borrowers	41,809	44,835	47,899
Number of Loans Made	17,321	17,042	19,156
Amount Loaned During Year (New Money)	437,645,340	467,489,309	564,774,985
Amount Loaned Since October 1928	4,878,782,459	5,346,271,768	5,911,046,754
Number of Loans Outstanding	58,307	62,454	66,607
Average Loan Balance	11,541	12,660	13,271
Average Savings Balance	2,256	2,265	2,280



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