

THE SPARK



QUARTERLY PRESIDENT'S MESSAGE

WE HAVE JUST COME THROUGH ANOTHER holiday season. I hope it was a safe and happy one for you. I especially hope the feelings of joy and excitement experienced this time of year were not overshadowed by the dreaded inversion. As you know, from early December to mid-February many areas in which we live, particularly along the Wasatch Front, can experience this unwelcome phenomenon. The air gets absolutely yucky - thick fog and smog making visibility, and sometimes breathing, difficult. And it can be downright cold!

Contrast that with the comfort and warmth of Utah Power Credit Union. Our goal has always been to provide you with products and services that allow you to have a clear view of your financial goals and accomplishments. We want you to feel clarity in your decision to do business with UPCU during all seasons.

It has been a pure pleasure for me to help in some, albeit small, way provide clear service to you, and all members of the Credit Union, for the past several years. I have thoroughly enjoyed

every part of it. However, I have decided that it is probably time for me to retire. In early February, after more than twelve years in this role, I will join the ranks of those officially retired and enjoying life in other ways.

Seeing the Credit Union grow and remain healthy and strong, even through some tough economic times, has been exceptionally rewarding. The success of UPCU is a result of loyal members and the service of outstanding, competent and hard-working employees and volunteers who share a common vision. I owe them everything and have loved working alongside them.

I appreciate the confidence the Board has placed in me over the years. I feel we have made a great team. That great team will continue. The Board has chosen Ryan Pollick, a dedicated UPCU employee for more than 25 years, to take my place. Many of you know him and appreciate his capabilities. He will do an outstanding job. I have full confidence in him and support him totally.

One of the things I have mentioned frequently in these newsletter articles is the subject of

change. This change will precipitate other changes. But that is not only good but important and necessary for the Credit Union and its people.

I invite you to attend the upcoming annual meeting of members where some of these changes, and the Credit Union's past and future activities, will be discussed. The meeting will again be held at the South Towne Exposition Center in Sandy, Utah. The date of the meeting is Tuesday, February 20, 2018. I hope to see you there.

The future of UPCU will continue to be clear and bright; no fog, smog or cold in the forecast. I look forward to the road ahead for this outstanding organization. Thank you so much for your support and for allowing me to be part of this exciting time in Utah Power Credit Union's history.

My best to you, and all those you care about, for 2018 - and beyond! ☺

DENNIS J. HYMAS
President/CEO

The NEW utahpowercu.org

Each one of the Credit Union's ten offices was designed, and are staffed, to create the best possible experience for members. We continue to look for ways to maintain, or even enhance, that experience. Enhancements could range from adding an ATM to applying a fresh coat of paint.

We feel the same way about members' online experience. Did you know that in an average month, members conduct 59,394 transactions using the Credit Union's online banking system? That makes the Credit Union's website/online banking the busiest "branch"!

Over the years, suggestions had been compiled from members and employees about how the online experience could be easier and more efficient. Back in 2016, the Credit Union began the journey to redesign and enhance its public website and online banking system. Those suggestions were used as the foundation of the new site development.

Security enhancement was also a top priority when creating the new online banking system. Since the previous website/online banking systems were introduced, there have been improvements in features that help us keep you and your financial information safe. We were able to incorporate many new security features like multi-factor authentication, alerts, credit/debit card blocking, and many more into the new site.

Of course, we want our website to also be aesthetically pleasing and to represent who we are as an organization. Throughout the site, you will not see any stock images. Photos of members (and even some objects) are real.

If you haven't seen the new website, check it out at utahpowercu.org. We welcome any feedback about how we can continue to improve your online experience with the Credit Union. The new site was developed by Credit Union staff, which means that future enhancements (and suggestions for improvement) can be more easily incorporated.



Annie & Stacey

Children of Nancy Adams

Annie:

Member since 1996

"As a third-generation member and small business owner, Utah Power & Light Credit Union has been there for me for all my financial needs. The security of my family's future is their top priority."

Stacey:

Member since 1994

"Utah Power Credit Union is awesome! It's nice to be treated like family and they are always there for our personal and business financial needs."



Justin M. Halloran

PacifiCorp - Rocky Mountain Power

Member since 2007

"Awesome customer service! They all treat you like family."



Rachel Teran

Member Since 2011

"Utah Power Credit Union has been there for me through school, construction projects, and car purchases. As a member, I know that my best interest is their top priority."



Russ "Bull" & Kathi Keisel

PacifiCorp - Utah Power
Members since 1980

"They have always been there for us for financial needs! So wonderful to work with."

Five (x3!) Years of Service

Amanda Larsen

Amanda Larsen has been assisting members in the Balance Rock Helper branch office for five years as a Member Service Representative. Her favorite part about working for the Credit Union is the people. She enjoys working with her co-workers and they feel the same way! Barbara Metelko, Branch Manager of the Helper office said Amanda always takes care of members, is quick to master techniques, and is kind and fun to work with.

Outside of the office Amanda enjoys hunting and spending time with her family.



Brandi D'Ambrosio

Brandi D'Ambrosio explained that when a friend, who works for UPCU, told her what a great place it was to work, she jumped at the first opportunity. Five years later Brandi serves members in the Price office as a Member Service Representative. Her favorite part of her five years of service consists of chatting with members and her co-workers.

Brandi's caring and bubbly personality is what she is known for by adults - treats and toys are what she's known for by her "little buddies".

Maureen Hatch

Five years ago Maureen Hatch began working at Utah Power Credit Union as a Member Service Representative and now works as a Consumer Loan Officer. Maureen loves the relationships she builds with Credit Union members. "It's rewarding to help members with both their loan needs and desires," she said.

In her spare time, she likes spending time with her family, gardening, and frequenting concerts in Wendover. Maureen also enjoys baking, a skill that employees in the Murray Office are grateful she possesses, since she often shares her treats with the office.



Spreading Joy In Our Local Communities

Each holiday season, Utah Power Credit Union employees participate in many charitable projects within their communities including food and toy drives, charity auctions, and angel tree gift programs.

For example, Marlene Wilhelm, Vernal Branch Manager, worked with Deseret Power for the Tree of Charity event. Utah Power Credit Union's wagon auction item was donated on behalf of a mine employee who lost his life in the fall 2017. Together, the Utah region of the Uintah Basin community raised \$194,000 for local families and charities. Marlene said, "I love our Basin and all the people who reside here. The spirit of giving is deep-rooted."

DIVIDENDS DECLARED

The Board of Directors has declared a dividend on earnings for the fourth quarter of 2017 payable January 1, 2018. Dividends are calculated using the daily balance method and are credited to your account the first day of the following quarter.

1.25% APY Regular Share Savings & Individual Retirement Accounts

.625% APY Business Share Savings Accounts

OUR OFFICES

TOLL FREE - ALL OFFICES
800-833-8897

SALT LAKE OFFICE (MAIN)

957 E 6600 S, SLC, UT 84121
PH 801-708-8900 | FX 801-716-4670

SALT LAKE OFFICE (NORTH)

1407 W North Temple, SLC, UT 84116
PH 801-708-8990 | FX 801-708-8929

OGDEN OFFICE

1438 W 2550 S, Ogden, UT 84401
PH 801-781-6046 | FX 801-629-4334

PRICE OFFICE

370 E 100 N, Price, UT 84501
PH 435-637-6159 | FX 435-637-6259

POWERTRUST ROCK SPRINGS

601 College Drive, Rock Springs, WY 82901
PH 307-362-1810 | FX 307-362-1289



Our participation in the CO-OP gives you access to **30,000** surcharge **FREE ATMS** and over **5,000 credit union locations** around the world!

HUNTINGTON OFFICE

125 S Main Street, Huntington, UT 84528
PH 435-687-9535 | FX 435-687-2621

BALANCE ROCK OFFICE

100 W 200 N, Helper, UT 84526
PH 435-472-5531 | FX 435-472-5091

VERNAL OFFICE

646 E Main Street, Vernal, UT 84078
PH 435-789-5449 | FX 435-613-2360

MOON LAKE (ROOSEVELT) OFFICE

800 W Highway 40, Roosevelt, UT 84066
PH 435-722-0149 | FX 435-613-2361

New Casper Office Open!

POWERTRUST CASPER

4030 Plaza Drive #5 Casper, WY 82604
PH 307-237-6764 | FX 307-237-5159

**Now, better serving members with:
Drive-Up, ATM, and Night Depository**

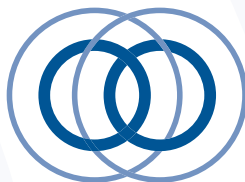
Your savings federally insured to at least \$250,000
and backed by the full faith and credit of the United States Government

NCUA

National Credit Union Administration, a U.S. Government Agency

CREDIT UNION SERVICES

- Apple Pay
- ATM Access *Free!*
- ACH Transfers
- Bill Pay *Free!*
- CDs
- Cash Advances
- Cashier Checks
- Online Check/Statement View
- Checking Accounts
- Courtesy Pay
- Credit Cards
- Debit Cards
- Direct Deposit
- First Time Car Buyer Loans
- First Time Home Buyer Loans
- Notary Service *Free!*
- Internet Banking
- Home Equity Loans
- IRAs
- Medallion Stamp Service *Free!*
- **Mobile Banking & Check Deposit**
- Money Orders
- Mortgage Loans
- Movie Discount Tickets
- NADA Blue Book
- Online Credit Reports
- Online Account Research
- Regular Share Savings
- Safe Deposit Boxes (Main & Price)
- Samsung & Android Pay
- Shared Branching
- Signature Guarantee
- Telephone Teller
- Travel Discounts



UTAHPOWER
Credit Union

2016 Annual Report

Chairman's Report



You, as a member of Utah Power Credit Union, can be proud of the fact that you belong to one of the finest financial institutions in the intermountain region. We finished the year with assets of \$606,140,079 which represents an annual growth rate of 6.85%, and this is without any real focus on growing the size of our Credit Union. We don't focus on growth, but we do focus on remaining financially healthy and providing exceptional service. In terms of size, we don't compare with America First or Mountain

America, nor should we. Their asset values and membership levels are far higher than ours but we are more than competitive with our loan rates and provide a higher dividend rate than any other credit union in the state and feel that is where our focus should be.

We don't want to be the biggest, only the best. We feel that we want to be large enough to be able to provide the essential financial services that our members require to be able to manage their financial needs adequately, yet small enough to provide the personal service that our membership requires. We may be missing a few bells and whistles but we endeavor daily to provide our membership with the services they

need to be successful and are continually looking at new areas in which we can improve.

This year we were able to provide our borrowers with an interest rebate and our savers with an increase in their dividend rate, and still keep UPCU at capital levels that support our ability to weather any unforeseen financial storms that may come our way. One of the means by which we are able to do this is to be very conscientious about our spending habits. We benefit from having management and staff that look carefully at every expense to make sure that it supports the expense and growth cultures of our Credit Union, and thus are able to live within our budget and can boast of having the lowest expense ratio of any of our peers.

As always, we have to look at our membership and our Utah Power Credit Union management and staff as two of the keys to our success. Without dedicated and loyal members, and without talented and focused staff we would just be another good credit union, rather than the great credit union that we are today.

Your Board of Directors offers a sincere thank you to all of you who support us in our efforts to bring you the brightest and best when it comes to our employees and our services. Thanks to our borrowers and our savers and let's make 2017 a great year for our Utah Power Credit Union. Let us know if you feel there is something we can do to improve and please forward suggestions and/or questions to any Credit Union office.

Russ Johnson
Chairman

Membership Means Financial Power

President's Report



Among the exciting and rewarding benefits I enjoy in my role at Utah Power Credit Union is the opportunity to be involved in and witness both common and significant events experienced by this organization.

In many ways it seems like everything is just “humming” along with business as usual. And perhaps that is mostly true. But I also quickly recognize that there have been many significant changes and milestones that have all helped make the Credit Union what it is today. UPCU has evolved over the years, and

I can't think of anything in that evolution that has been negative.

As I report on the operations of Utah Power Credit Union for the year 2016, I would like to highlight two of these events that occurred during the latter part of the year.

It seems like just a short time ago (August 2013 to be exact) when UPCU reached the milestone of \$500 million in assets. During 2016 we passed the \$600 million level, in September, and ended the year with assets of \$606,140,079. Again, growing rapidly and becoming a huge credit union is not one of our goals. But we are pleased that through the loyalty and trust of our members this natural growth has occurred in a secure and sound way.

Hopefully you have noticed the second significant event that I would like to mention. In December, after 3 1/2 years of holding the dividend rate constant at 1.00%, the dividend rate was increased. CD rates were also increased. But even more significant was the inclusion of an interest rebate to those who borrow from the Credit Union and pay interest. To my knowledge this was the first time an interest rebate has been issued at UPCU. The main purpose of both the dividend increase and the interest rebate was to share the Credit Union's good fortune and high level of capital with members who provide it.

In addition to the increase in assets for 2016, the Credit Union continued to operate with a very low expense ratio, 1.30%, compared to an average of about 3.50% at other credit unions. The increased dividend and interest rebate reduced our return on assets (ROA), or net profit rate, to 0.92%. (ROA would have been 1.01% without the interest rebate.) Capital is still high, ending the year at 13.47%. This includes a reduction of 0.08% due to the interest rebate.

We are very comfortable with the position we are in and look forward to this new year and the exciting events that will occur. I don't anticipate challenges so difficult as to deter our progress or prevent us from continuing to be a leading and outstanding financial institution.

Dennis J. Hymas
President/CEO

Report of the Supervisory Committee



The Supervisory Committee is appointed by the Board of Directors of Utah Power Credit Union. Its primary purpose is to ensure that the bylaws and regulations that govern the activities of the Credit Union are followed and administered fairly. This is accomplished, at least in part, through the performance of annual audits, verification of member share and loan balances, loan file reviews, and participation on the Credit Union Loan Collection Committee. We also approve, and regularly monitor, the annual audit plan established by internal audit staff to accomplish this work.

The Supervisory Committee retained the services of Eide Bailly LLP to conduct two external audits of the Credit Union this past year: first, the annual opinion audit of the Credit Union's financial operations and reporting; and second, the annual independent review of the Credit Union's Bank Secrecy Act compliance. In

addition to these reviews, the Utah Department of Financial Institutions and the National Credit Union Administration (NCUA) also performed regulatory examinations. Based on the results of these reviews and internal audit findings, in the opinion of this committee, Utah Power Credit Union has operated in a fiscally sound manner, in all material respects, and in accordance with applicable federal and state regulations.

As Supervisory Committee members we take our assignment seriously and are actively looking for ways to improve our ability to fulfill this important role. If you have concerns or issues that you think we should be aware of, please leave contact information or mail at any Credit Union office, we will get back with you in order to discuss them.

Lloyd Ukena - Chairman

Jim Bean

John Grant

Dave Nelsen

Jeanine Thomson

Minutes of the Annual Meeting | February 23, 2016

The Annual Meeting of members of Utah Power Credit Union was held at the South Towne Exposition Center in Sandy, Utah on Tuesday, February 23, 2016 at 6:00 PM.

There were 264 voting members of the Credit Union in attendance and a total of 350 present at the Annual Meeting.

Chairman Russell Johnson welcomed the members of the Credit Union to the Annual Meeting and thanked members for their support of the Credit Union and their continued interest in attending the meeting.

Minutes of the Annual Meeting held February 18, 2015 were approved.

Chairman Johnson introduced the Board of Directors, the Alternate Directors, and members of the Supervisory Committee who were present at the meeting.

President/CEO Dennis Hymas introduced the staff of the Credit Union and Mark Neuenwander, the representative for Utah Power Financial Services.

Susan Simkins, Chairperson of the Nominating Committee, reported that Board member Kevin Moulton had tendered his resignation to the Chairman prior to the meeting, leaving a fourth Board position to be elected at the meeting. She explained that the candidate with the fourth highest number of votes would fill Mr. Moulton's remaining term. Ms. Simkins reported that the nominees for the Board election were Esther Giesendanner, Stephen Hastings, Wm. Bruce Larsen, Blake Chistensen and Blake Dowding. After each nominee spoke briefly, members were asked to vote for three nominees. The Supervisory Committee collected ballots from all members at the meeting who had registered to vote at this election. (Online and absentee ballots were collected prior to the meeting.)

Chairman Russell Johnson reported that he is grateful for the value that we receive as members of the Credit Union. He thanked the President of Rocky Mountain Power, Cindy Crane, for her attendance and support. He shared that our members have a culture that contributes to the success we are all able to enjoy. He asked that those present make sure they let their family members know about their eligibility and that they continue to share the importance of the Credit Union. He explained that as the number of credit unions continues to diminish we plan to move forward as a healthy and stable organization. We are a strong and viable institution with sufficient reserves and do not anticipate major problems. He again thanked members for their loyalty and attendance at the meeting.

President Hymas explained that as a State chartered credit union, regulated by the Utah State Department of Financial Institutions and the NCUA, we are allowed to invest excess funds in products that give better returns. A low expense ratio, and low delinquency and write-offs, set UPCU apart from other institutions. The membership base of UPCU shares a common bond and culture that is indicative of our closed field of membership.

Mr. Hymas mentioned that the Credit Union celebrated its 80th anniversary on June 5, 2015. This is a great accomplishment for which we are very proud.

Mr. Hymas shared that the Credit Union completed a merger with Moon Lake Electric Employees Federal Credit Union in Roosevelt, Utah on October 1, 2015. He explained that it is becoming more difficult for small credit unions to survive on their own. This merger enhanced our presence in the Uintah basin, which shares a similar culture to other areas we serve, as well as solidified the common bond of the electric utility industry.

Mr. Hymas reviewed the financial results for 2015. He shared that income increased 4% and total expenses increased by 7%. Dividends of \$4.4 million were paid during the year. Assets grew from \$535 million to \$565 million, which is a 6% increase, or \$30 million. Deposits increased \$25.6 million or 6% and net worth increased \$5.8 million or 8%. The net worth ratio at the end of 2015 was 13.50%; peers averaged 10.51%. ROA decreased to 1.01% for 2015 and peers averaged 1.08%. The operating expense ratio of 1.29% remains significantly lower than the peers' average of 3.62%. The low delinquency ratio of 0.38% and net charge-off ratio of 0.10%, significantly lower than peers, play a big part in the Credit Union's overall success.

Susan Simkins announced that the following nominees for the Board have been elected to fill the three expiring terms: Esther Giesendanner, Stephen Hastings, and Wm. Bruce Larsen. Blake Dowding has been elected to fill Mr. Moulton's vacancy and complete the remaining two years of his term.

Board members and senior management answered questions raised by members present at the meeting.

Several prize drawings were held throughout the meeting. In addition, cash envelopes were given to all present at the meeting.

There being no further business, on motion, duly seconded and unanimously voted, the meeting was adjourned at 7:15 PM.

Year-End Balance Sheet

ASSETS	2015	2016
Cash & Cash Equivalents	11,886,414	14,537,055
Investments	280,535,592	309,847,049
Loans - Net	257,255,595	266,304,581
Buildings & Land - Net	7,122,477	6,919,476
Furniture & Equipment - Net	479,506	365,704
NCUSIF Placement	4,382,276	4,604,617
Accrued Loan Interest Receivable	435,075	446,102
Accrued Investment Interest Receivable	1,924,533	2,095,986
Accounts Receivable & Prepayments	345,034	328,973
Shared Branching & PowerTrust CUSO	535,132	535,132
Other	162,967	155,404
TOTAL ASSETS	\$565,064,601	\$606,140,079

LIABILITIES & EQUITY	2015	2016
Deposits	489,031,266	524,735,621
Dividends & Interest Payable	1,111,623	1,327,552
Accounts Payable	108,002	108,401
Accrued Expenses	456,194	479,928
Other Liabilities	843,250	1,057,770
Retained Earnings	58,907,961	63,224,778
Regular Reserves	17,368,088	18,415,299
Unrealized Gains/(Losses)	(2,761,783)	(3,209,270)
TOTAL LIABILITIES & EQUITY	\$565,064,601	\$606,140,079

Key Financial Ratios

Loans/Assets	44.03%
Capital/Assets	13.46%
Income/Assets	3.10%
Expense/Assets	1.30%
Loan Delinquency	.27%

Membership Means Financial Power

Year-End Income Statement

INCOME	2015	2016
Interest - Loans	10,304,947	9,925,135
Interest - Investments	4,386,879	5,352,193
Fees	906,748	989,996
Other Income	1,781,001	1,890,840
Total Income	\$17,379,575	\$18,158,164
EXPENSE	2015	2016
Salaries & Benefits	3,664,863	3,894,419
Travel, Meeting & Training	96,501	102,249
Office Occupancy	691,632	703,231
Office Operations	496,825	517,514
Data Processing	324,440	334,851
Shared Branching & PowerTrust CUSO	443,807	430,524
Marketing Promotions	53,764	32,371
Loan Servicing	204,341	205,251
Debit/Credit Card	878,161	1,119,415
Provision for Loan Losses	190,000	231,000
Regulatory, Audit & Professional Services	130,240	130,734
Other Operating Expense	127,986	134,470
Total Expense	\$7,302,560	\$7,836,029
Gains/(Losses)	27,280	39,352
Dividend/Interest Expense	4,574,861	4,997,459
NET INCOME	\$5,529,434	\$5,364,028

Statistical Information

Number of Members	26,574
Number of Loans	14,215
New Loans Disbursed	\$142,954,130
Average Rate on Loans	4.04%
Average Rate on Investments	1.78%

Financial statements for 2016 are unaudited.

Credit Union Volunteers & Staff

BOARD OF DIRECTORS

Russell Johnson, Chairman
Stephen Hastings, Vice Chairman
Esther Giezendanner, Secretary
Julie Brewster
Blake Dowding
Larry Ellertson
Bruce Larsen
Jason Moffat
Brent Parkin
Joe Juliano, Alternate
Susan Simkins, Alternate

SUPERVISORY COMMITTEE

Lloyd Ukena, Chairman
Jim Bean
John Grant
Dave Nelsen
Jeanine Thomson

MANAGEMENT

Dennis Hymas
Chris Brems
Crystal Dorrell
Ryan Pollick

MAIN OFFICE

Alisha Abramovitz | VISAs
Becky Baggett | HR & Training
Jared Bryner | Loans
Aaron Cleverley | I/T
Melanie Copelan | Loans
Heidi Dillier | Mortgage Loans
Carolyn Eiden | Collections
Allison Elsea | Member Services
Danette Fox | Mortgage Loans

CJ Frampton | I/T
Kyle Hastings | Internal Auditor
Karen Hatch | Member Services
Maureen Hatch | Loans
Gale Hickman | Operations
Gwen Lee | Loans
Michelle Lester | Mortgage Loans
Jody Linan | New Accounts/IRAs
Sue Mecham | Accounting
Katlin Nielson | Member Services
Russell Payne | Accounting
Kimball Peacock | I/T
Kathy Quinn | Collections
Jennifer Sika | Accounting
Andrea Smith | Project Coordinator
LeeAnn Tate | Mortgage Loans
Bonnie Taylor | Collections

NORTH TEMPLE OFFICE

Kathy Giatras | Manager
Sharon Garcia | Loans
Gina Petroni | Member Services
Rena Woodard | Loans

OGDEN OFFICE

Robyn Skeen | Manager
Amy Gonzales | Member Services

HUNTINGTON OFFICE

Ruth Ann Ekker | Manager
Megan Allan | Member Services
Mindy Fausett | Member Services/Loans
Shantelle Kay | Member Services
Miranda Lofley | Member Services
Collene Lyons | Loans

PRICE OFFICE

Ann Milano | Manager
Brandi D'Ambrosio | Member Services
Colleen Davis | Member Services/Loans
Amy Gluesing | Member Services
Noula Lowe | Member Services
Sherrie Vlamakis | Member Services

BALANCE ROCK OFFICE

Barbara Metelko | Manager
Katie Childs | Loans
Amanda Larsen | Member Services
Angelina McFarlane | Member Services

MOON LAKE (ROOSEVELT) OFFICE

Andrew Ercanbrack | Member Services/Loans

VERNAL OFFICE

Marlene Wilhelm | Member Services/Loans

POWERTRUST CUSO | ROCK SPRINGS

Pam Schumacher | Area Manager
Amy Allen | Member Services
Blake Johnson | Member Services
Kristina Kelsey | Member Services
Debra Tomich | Member Services
Meghan Torrontegui | Member Services

POWERTRUST CUSO | CASPER

Jacob Monhollen | Manager
Joshua Franklin | Loans
Erin Lund | Member Services

FINANCIAL SERVICES

Mark Neuenswander

Membership Means Financial Power