

2020

ANNUAL REPORT





BOARD CHAIR

REPORT TO MEMBERS

With 2020 in the rearview mirror, we have the opportunity to focus on the future and making 2021 a better year. But one may ask, is 2020 to be quickly forgotten? Hardly. Some of us may look back on 2020 as a year of hardship, pain, and a year just to “survive.” Others will remember 2020 as a time of personal learning and growth.....a year to reset priorities, focus more on family and family goals, to strengthen our resolve to do better and be better. As we transition from 2020 to 2021, we cover a broad spectrum of experiences, feelings, and aspirations.

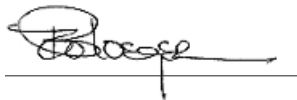
The events of 2020 reminded us that life’s situation can change instantly and that we need to be prepared in all ways to “weather the storm.” Personal and business goals set early in 2020 were interrupted in March. The new norm became wearing masks, social distancing, and virtual meetings. Many of us settled into working from home, homeschooling, celebrating birthdays and holidays via electronic means, and enduring empty store shelves. We yearn to return to a sense of normalcy and security. Yes, our Credit Union members (family) experienced 2020 in many different and personal ways, never to forget, but to remember, learn from, and talk about for years to come.

The general credit union theme is: **People Helping People.** Our tag line is: **You Know Why. We Show How.** We at Deseret First Credit Union were and are concerned about you, our members. We were concerned about how the economic shutdown was going to impact you, would jobs be lost, how many members would be unable to meet financial commitments, and how we as a credit union, could assist you. Other questions constantly in front of us were: how do we continue meeting your needs and, how do we provide safe branch access for those needing branch services? We had to adjust our work arrangements, and gratefully you adjusted with us. Credit unions are member-owned, not-for-profit financial cooperatives that provide savings, credit and other financial services to their members. I recently read in a Credit Union publication that ‘Credit unions are: “financial first responders,” running toward members’ needs in any

economic or societal circumstance.” We have tried to be your “financial first responder” during a tumultuous 2020.

I am grateful for the many volunteers who serve on the Board of Directors and other Credit Union committees. They represent you, the membership, in meetings and decisions. They are focused and actively engaged. I also appreciate the Credit Union management and staff as they tirelessly interact with you by providing innovative and technologically advanced services which assist you along the path to achieving your financial goals.

Deseret First Credit Union has been privileged to service the Church of Jesus Christ of Latter-day Saints community for 66 years and have you as part of our DFCU family. Thank you for your unwavering trust and support. Let us assist you in making 2021 a successful and rewarding year. May you experience greater financial stability and the realization of many hopes and dreams.



Randy Ploeger
BOARD OF DIRECTORS CHAIR

BOARD OF DIRECTORS

Randy Ploeger
CHAIR

Vance Huntley
VICE CHAIR

Kathleen Fueston
SECRETARY

Allan Gunnerson

Doug Martin

Beth Brewer

Spencer Walker

Peter Wirthlin
ASSOCIATE DIRECTOR

Julie Park
ASSOCIATE DIRECTOR

SUPERVISORY COMMITTEE **REPORT**

The Supervisory Committee (the Committee) of Deseret First Credit Union (the Credit Union) consists of five members that are seasoned professionals with proven experience and expertise. The Committee members hold various professional credentials. This Committee is independent of all credit union's officers, employees, departments, and committees.

The Committee's objectives are to ensure that the Credit Union's internal controls are adequate and effective and that the Credit Union complies with existing policies, plans, procedures, laws, and regulations. Inadequate internal controls and non-compliance with policies, plans, procedures, laws, and regulations could have a significant impact on the credit union's operations and required reporting. The Committee must understand the various risks facing the credit union and ensure internal controls are functioning to mitigate these risks.

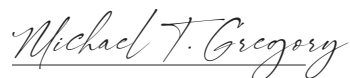
Audits of the Credit Union's operations, interaction with employees, and observation of the board and other executive committee meetings provide the Committee with evidence of the effectiveness of internal controls, management, employees, and committees.

Annually, the Committee engages the services of an independent Certified Public Accounting firm to audit the credit union's financial statements. The Committee engaged, in coordination with management, the accounting firm Moss Adams to complete the 2020 financial statement audit. This audit is currently being performed. It is expected to be completed in the spring of 2021. When completed, Moss Adams will render an audit opinion on the 2020 financial

statements. A copy of the 2019 audit report, which was issued in April 2020, is available for your review by contacting the Credit Union's accounting department.

In addition to external and regulatory auditors, the Credit Union employs an experienced internal auditor that reports directly to the Committee. The annual audit plan is developed from a risk-based matrix and regulatory requirements with input from the Credit Union's Senior management. The Committee annually approves the audit plan and regularly reviews the status of audits to ensure that planned audits are completed.

Based on the results of the 2019 financial statement audit and the completed regulatory and internal audits of the Credit Union's operations, we are of the opinion that the financial statements accurately represent the financial position of the credit union and its operations for 2019.



Michael T. Gregory, CPA
SUPERVISORY COMMITTEE CHAIR

SUPERVISORY COMMITTEE MEMBERS

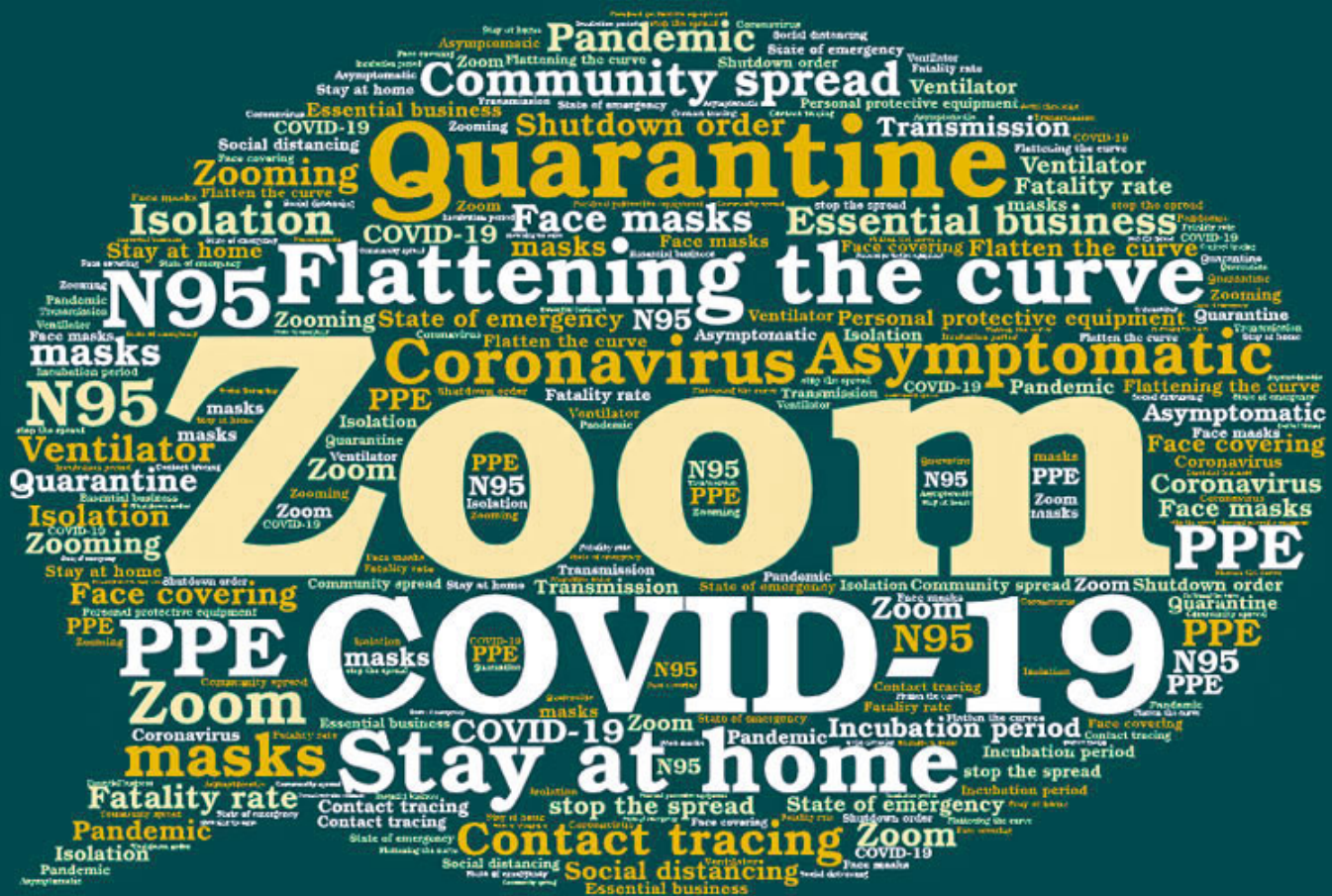
Mike Gregory
CHAIR

John Tedrow
SECRETARY

Kirk Barlow

Mark Andromidas

Mike Gygi



When reflecting on how to report on the year 2020, I recalled the following word graphic that put into perspective the myriad of phrases that unfortunately have become a part of our daily lives.

LETTER FROM THE **PRESIDENT**

As a result of the Covid-19 pandemic, we experienced an economic recession, migrated our workforces to working from home, adjusted how our branches operated, and have done everything possible to respond to member concerns and needs. Add to that an earthquake to shake things up, and overall, we had quite the year! Early on in the pandemic, the quote “what a year this week has been” was something we could all relate to.

On March 11, 2020, the World Health Organization issued a Public Health Emergency with the United States issuing its own order a few days later. On March 3rd, the Fed Funds rate was reduced by 50 basis points only to be followed by an additional 100 basis point reduction 12-days later. As a nation and state, we experienced a rapid increase in unemployment, migrated work and school to “at-home,” and temporarily closed some non-essential businesses. As a credit union, we are an essential business, and were able to continue operating with minimal member disruption. We have migrated approximately 85% of our back-office staff to a remote work environment, which remains in place today. Like most other financial institutions, our branch lobbies were closed and business was done via the drive-up windows, or in rare situation, pre-scheduled in-branch appointments. While our lobbies were closed, we immediately went to work getting plexiglass shields installed inside our branches and implemented other healthy safety precautions. I’m pleased to report that all of our branches are open and conducting business in a safe and effective manner.

MY NAME IS *Ben Rose* AND MY WHY IS:



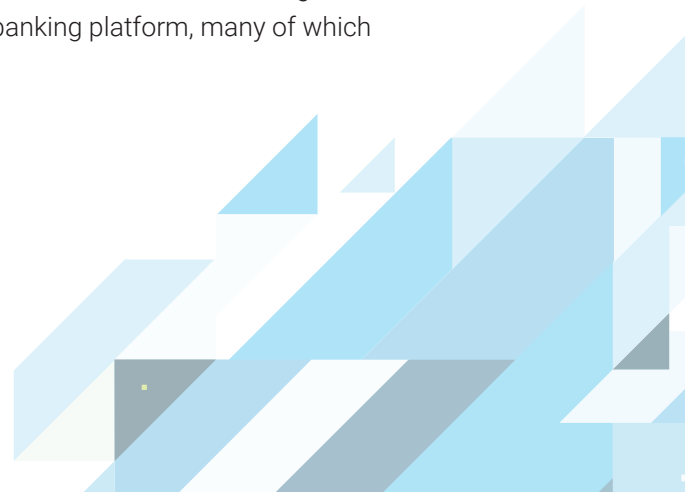
MEMBER SINCE 1993

**COMPLETING
MY BUCKET
LIST**

The dramatic decline in interest rates has impacted our savers and benefited our borrowers. Even during this historically low rate environment, we experienced unprecedented deposit growth of 18.4%. This growth appears to be primarily attributable to government stimulus payments and member caution related to the recession. While low, our interest rates align with competition and provide government-backed insurance through the NCUA Share Insurance Fund. We recognize the financial impact this is having and invite you to reach out to one of our staff members to review potential savings options to enhance your return.

Early on in the pandemic, economists predicted that loan growth would be relatively low due to the recession. Boy, were they wrong! In 2020, DFCU experienced loan growth of 21.3%, driven primarily by mortgage refinances, SBA-backed PPP (Payroll Protection Program) loans to businesses, and strong auto loan growth. While the low-interest market did reduce our net interest margins, we experienced strong net income results even with the recession.

Even with these pandemic-led challenges, we implemented several new products, services, and enhancements to meet member needs. We reached out and requested your feedback in our annual membership survey to get your perspectives on how we're doing. It was reassuring to see our Net Promoter Score (NPS) continue to increase. This year DFCU was selected both locally and nationally as one of the Top Workplaces in Utah and Best Credit Unions to Work for by numerous organizations. We also saw our employee NPS continue to increase during 2020 as well. Our marketing team received national recognition for their efforts as well during 2020. We implemented several upgrades to our online and mobile banking platform, many of which you requested.



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TAYSOM HILL
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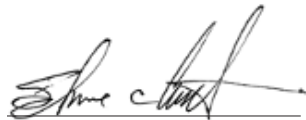
MY WHY IS:

MY FAMILY

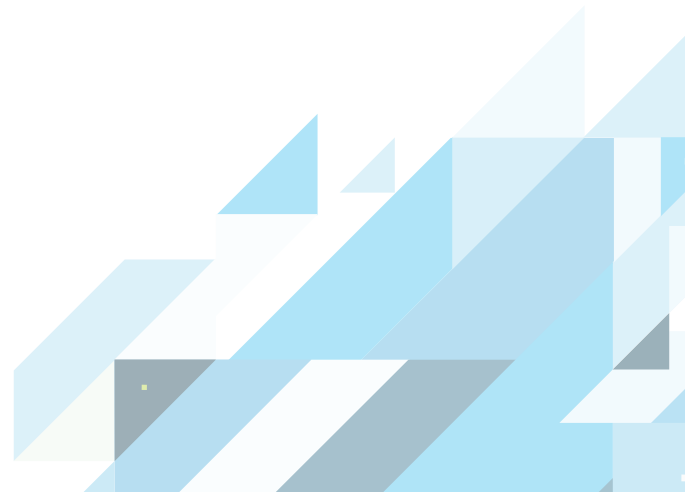
We take seriously the commitment contained in our tagline of “You know WHY. We Show HOW.” We exist to help each of you achieve your financial aspirations while maintaining our shared beliefs and values. I’m grateful to a highly qualified and dedicated board that is committed to representing each of you. Likewise, our Supervisory Committee is diligent in working with internal and external auditors to ensure your interests are protected. These individuals are volunteers who are committed to the mission and purpose of DFCU and each member. I’d be remiss if I didn’t give recognition to an incredible staff who have worked tirelessly this year during some challenging circumstances. They are a committed and dedicated group of professionals who seek our overall success and service to you, our member-owners.

Our mission statement is: “Deseret First Credit Union exists to support and promote the financial self-reliance of each member.” We are committed to this mission and appreciate the trust and confidence you place in us to help you meet your financial dreams. While 2020 was certainly challenging, it was also extremely rewarding as we worked with each member to meet their specific circumstances. We are optimistic about the future, remain committed to who we serve, and the values that they cherish.

Thank you for your support, and please stay healthy and safe.

A handwritten signature in black ink, appearing to read "Shane C. London", written over a thin horizontal line.

Shane C. London
PRESIDENT / CEO



FINANCIAL

STATEMENTS

BALANCE SHEET - ASSETS

	2020	2019
Cash & Equivalents	\$109,572,396	\$84,817,832
Investments	28,933,520	46,260,354
Loans	654,515,760	539,502,389
Allowance for Loan Losses	(3,784,040)	(4,017,130)
Other Real Estate Owned	-	-
Fixed Assets (net)	33,214,022	33,952,918
Other Assets	19,632,346	11,954,390
Total Assets	\$842,084,004	\$712,470,753

Payables & Accruals	\$13,454,870	\$9,271,169
Deposits	770,689,998	650,635,638
Capital	57,939,136	52,563,945
Total Liabilities and Capital	\$842,084,004	\$712,470,753

TOTAL
ASSETS
IN MILLIONS



PROFIT & LOSS STATEMENT

	2020	2019
Income on Loans	\$26,686,025	\$26,581,581
Investment Income	876,855	2,393,637
Fees & Other Income	13,631,154	14,100,400
Total Income	\$41,194,034	\$43,075,619
Provision for Loan Losses	\$2,341,011	\$3,876,290
Operating Expenses	30,443,768	28,721,365
Cost of Funds	3,827,624	4,638,947
Total Expenses	\$36,612,402	\$37,236,603
Net Income from Operations	\$4,581,631	\$5,839,015
Non-Operating Gain/Loss	442	(477)
Net Income	\$4,582,074	\$5,838,538

WE ARE
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AND OUR WHY IS

MEMBERS SINCE 2008

OUR
FAMILY





BRAND

MANTRA

YOU KNOW WHY | WE SHOW HOW

We share an eternally unique perspective with our members. One that goes far deeper than purchasing habits, generational profiles and demographics. We understand deeply why our members do what they do because we share the same motivation. This is the reason DFCU can say with unparalleled confidence **WE UNDERSTAND WHY.**



YOU KNOW WHY

THE MEMBER

Is driven by his or her why
Feels comfortable and understood
Provides feedback on financial desires and goals
Is a partner in member's financial success

WE SHOW HOW



DFCU

Is driven to help the member realize his/her why
Provides a safe environment with open communication
Provides unique financial products to support member needs
Is a partner in member's financial success



OUR COMMITMENT

TO MEMBER SECURITY

It's a top priority to keep members information secure and confidential. DFCU is committed to continually building and maintaining a secure and resilient infrastructure to maintain confidentiality, integrity, and availability of members information. We follow industry best practices and US Government approved cybersecurity frameworks to insure protection of data during processing, handling, storage, and transmission.

Because the security threat landscape continues to evolve, we have implemented industry leading tools and techniques and continually work with cybersecurity experts to strengthen our security posture, stay abreast of emerging cyber threats, and identify counter measures to keep members information secure and protect against identity theft or fraud.

SENIOR MANAGEMENT

Shane C. London
PRESIDENT/CHIEF
EXECUTIVE OFFICER

Annalesa Vernon
SVP/CHIEF OPERATING
OFFICER

Derrick Peterson
EVP/CHIEF FINANCIAL
OFFICER

Mike Warner
SVP/CHIEF LENDING
OFFICER

Matt Wilson
VP/CHIEF INFORMATION
OFFICER

Trena Anderson
SVP/CHIEF BUSINESS
DEVELOPMENT OFFICER

Spencer Park
VP/CHIEF PEOPLE
& ADMINISTRATIVE
OFFICER

Brennan Wall
VP/CHIEF MARKETING
OFFICER

AWARDS

& RECOGNITIONS



CREDIT UNION JOURNAL
BEST CREDIT UNIONS
TO WORK FOR
2020



CUNA DIAMOND MARKETING AWARDS

Complete Campaign
Logos
One-time Event
Segmented Marketing



dfcu.com