



DESERET
FIRST
CREDIT UNION

2022 ANNUAL REPORT



**Deseret First
Credit Union
exists to support
and promote the
financial self-
reliance of each
member**

BOARD CHAIR

REPORT TO MEMBERS

As a not-for-profit financial cooperative, credit unions focus on reinvesting in their communities. When you deposit money at a credit union, your money stays in the local community and can be utilized in such ways as helping a family get their first mortgage, financing a student's education, or allowing a local business owner to expand their business. Additionally, credit unions give to local charities and community members.

We strive as a board of directors to ensure the members and our community are benefited by Deseret First Credit Union. As an example, Deseret First has created the Deseret First Charitable Foundation (<https://www.dfcu.com/foundation/>), which uses donated funds to help missionaries for the Church of Jesus Christ of Latter-day Saints in the following ways:

- Elders, sisters, or even senior couples with financial hardship can request assistance with the purchase of supplies such as clothing, shoes, luggage, or other needed items.
- Recently returned missionaries may also request financial assistance for college tuition OR for the purchase of a school laptop as they start collegiate studies following a mission.

In one instance, the Foundation benefited a young man preparing for his mission by purchasing his needed luggage. He had been a convert for just over a year, and his mother had passed away several years before. He did not have any family to help him with the expense of becoming a missionary. He served a successful mission, and now his life has been forever changed because of the generosity of the members of Deseret First.

We're grateful to see how much Deseret First strives to help each of its members and the community. We hope 2023 will be a great year for each of you as members of Deseret First!



Vance Huntley
BOARD OF DIRECTORS CHAIR

SUPERVISORY COMMITTEE REPORT

The Supervisory Committee (the Committee) of Deseret First Credit Union (the Credit Union) consists of five volunteers appointed by the Board of Directors. They are proven professionals with established experience and expertise. The Committee members hold various professional credentials including CPAs and are independent of all Credit Union's officers, employees, and departments.

The Committee's responsibilities are to ensure that the Credit Union establishes practices and procedures sufficient to safeguard members' assets and meets the required financial reporting objectives. The Committee ensures that internal controls are adequate and effective and that the Credit Union complies with existing policies, plans, procedures, laws, and regulations. The Committee also ensures that Credit Union systems are secure and reliable.

The Committee fulfills its responsibilities through the following resources and activities:

- The Credit Union employs an experienced and qualified internal auditor who reports directly to the Committee. The internal auditor performs audits based on an annual audit plan which is developed from a risk-based matrix and approved by the Committee.
- External information technology specialists are engaged to audit the Credit Union's systems to ensure they are secure and safeguarded against unauthorized penetration attempts.
- External regulatory compliance specialists are engaged to audit the Credit Union's compliance with certain regulations including the Bank Secrecy Act and Automated Clearinghouse (ACH) requirements.

- The Committee regularly observes or participates in management committees, Board of Directors' meetings, strategic planning sessions and annual meetings.
- An independent certified public accounting firm, Moss Adams, is engaged to audit the Credit Union's 2022 financial statements and perform account verifications.

This audit is currently being performed and is expected to be completed in the spring of 2023. When completed, Moss Adams will issue an audit opinion on the financial statements which will be available to members upon request. The 2021 audit opinion is currently available.

Based on the results of the 2021 financial statement audit and the completed systems, regulatory and internal audits of the Credit Union, the Committee is of the opinion that the financial statements accurately represent the financial position of the Credit Union and its operations for 2021 and that established practices and procedures are sufficient to safeguard member's assets.



John E. Tedrow

John E. Tedrow, CPA
SUPERVISORY COMMITTEE CHAIR

LETTER FROM THE PRESIDENT

I had prepared another President's Report for 2022 that focused on our success in achieving our strategic plan and budget expectations. This past year was indeed a challenging one as we as a nation faced unique economic challenges and obstacles.

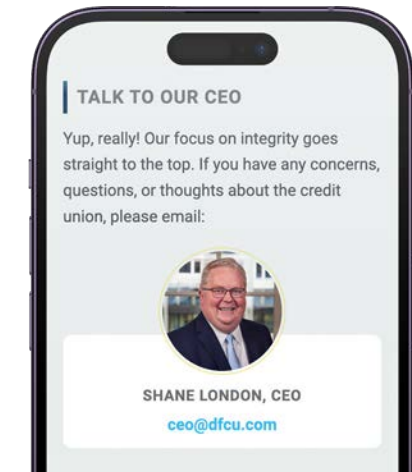
Some of those included:

- Managing the impact of a combined 425 basis point rise to Federal Funds rate and its impact to our deposit and loan rates during 2022.
- Assisting our members and employees in responding to the impact of a rising inflation rate during the past two years.
- Maintaining our qualified staff during an extremely tight labor market.
- Responding to balance sheet and earnings challenges from reduced mortgage and auto loan demands due to elevated interest rates.
- Responding to market conditions by providing competitive rates and options on deposits.

While these economic events were challenging, we were able to surpass our net income, net worth and key initiatives as established in our budget and strategic plans. Thanks to a committed and dedicated staff and an equally engaged board and supervisory committee 2022 was an incredible year.

While it's critical to achieve our financial goals and targets it doesn't fully reflect the mission and value that DFCU provides to its members in their financial needs. On the "Contact Us" page of our website the following invitation is highlighted for members to reach out directly to the CEO: ➡

(<https://www.dfcu.com/about/dfcu/contact-us/>)



During my tenure as the CEO, I've appreciated the opportunity to interact with our members and hear firsthand how we're doing and at times facilitating assistance needs for you. While the content and theme of each message is unique, there are key takeaways that reinforce that we continue to be focused on our mantra of: "You Know Why | We Show How". A few of the messages received are included:

- One member wrote when referring to staff: "They couldn't have done a better job as they helped us work on our recent loans. Their communication was outstanding, their professionalism was top notch, and they do great to work with from start to finish. The next time we need another loan, we'll be back."
- Another member wrote when referencing staff concerning an issue they were facing: "He did the whole thing with the most pleasant and helpful attitude, and we couldn't more grateful that he was there to help."
- One last final one included: "I am an independent businessman for the last 40+ years. I have dealt with quite a few banks in several countries in my career. I must say that your financial institution is the best I have ever dealt with."

These examples aren't provided to boast about an incredible staff but are instead a reminder that our focus and commitment to you remains the same as it has since our beginnings. For over 67-years since that first group of 71 members deposited a combined total of \$697 our mission and focus has remained the same. As we near \$1 billion in total assets and over 74,000 members we look forward to a bright future focused towards continuing and building on our legacy of the past. Each of you is a member-owner who we cherish and are committed to doing all we can to help you achieve your financial needs.

I would be remiss if I didn't thank our incredible Board of Directors, your chosen advocates, for their commitment and dedication to DFCU and our success. Likewise, we have an incredible Supervisory Committee whose charge is to monitor and safeguard the credit unions assets and operations. Additionally, DFCU has incredible volunteers who assist in other affiliated entities, who likewise voluntarily give of their time and expertise.

Likewise, DFCU has an incredible team of credit union professionals who also work tirelessly in assisting each of you. It is a pleasure to associate with them and have complete trust and confidence in them in assisting you in whatever your need will be.

Finally, thank you, the incredible member-owner for your trust and confidence in DFCU. While 2023 will have its own uncertainties and opportunities, together we can work together in achieving our financial goals and needs.

One of original board members, Gordon B. Hinckley once said concerning DFCU: "God bless you my dear brothers and sisters, my associates, my associate members...God bless you with the peace, the satisfaction, the assurance that comes of knowing that together we can assist and strengthen and help one another build and one another as we should..." Together we stand committed of continuing this DFCU legacy into the future.

If I can ever be of service to you, please don't hesitate to reach out at ceo@dfcu.com.



Shane C. London
PRESIDENT / CEO

SENIOR LEADERSHIP

- Shane London
CHIEF EXECUTIVE OFFICER
- Annalesa Vernon
CHIEF OPERATING OFFICER
- Ben Dean
CHIEF FINANCIAL OFFICER
- Brennan Wall
CHIEF MARKETING OFFICER
- Matt Wilson
CHIEF INFORMATION OFFICER
- Mike Warner
CHIEF LENDING OFFICER
- Spencer Park
CHIEF PEOPLE & ADMINISTRATIVE OFFICER
- Trena Anderson
CHIEF BUSINESS DEVELOPMENT OFFICER

BOARD OF DIRECTORS

- | | |
|-------------------------------|-----------------|
| Vance Huntley
CHAIR | Allan Gunnerson |
| Beth Brewer
VICE CHAIR | Doug Martin |
| Kathleen Fueston
SECRETARY | Kai Hintze |
| Peter Wirthlin | Spencer Walker |
| Julie Park | |

SUPERVISORY COMMITTEE

- | | |
|------------------------|-----------------|
| John Tedrow
CHAIR | Kirk Barlow |
| Mike Gygi
SECRETARY | Mark Andromidas |
| | Michael Gregory |

FINANCIAL

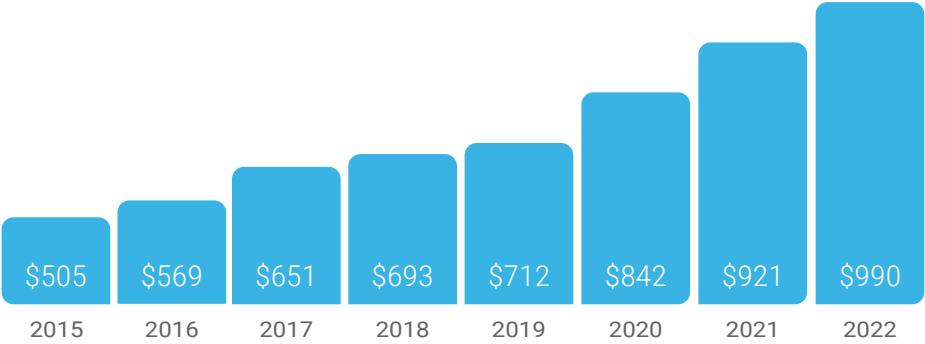
STATEMENTS

BALANCE SHEET - ASSETS

	2022	2021
Cash & Equivalents	\$36,892,342	\$138,265,827
Investments	13,559,257	17,170,215
Loans	883,265,182	708,018,474
Allowance for Loan Losses	(2,701,214)	(3,052,011)
Other Real Estate Owned	-	-
Fixed Assets (net)	33,636,956	34,615,074
Other Assets	25,779,758	26,976,951
Total Assets	\$990,432,281	\$921,994,530
Payables & Accruals	\$13,006,737	\$10,359,158
Borrowings	24,500,000	-
Deposits	878,119,633	844,926,092
Capital	74,805,911	66,709,281
Total Liabilities and Capital	\$990,432,281	\$921,994,530

TOTAL ASSETS

IN MILLIONS



PROFIT & LOSS STATEMENT

	2022	2021
Income on Loans	\$32,399,839	\$27,696,511
Investment Income	1,724,011	711,461
Fees & Other Income	13,911,052	17,174,977
Total Income	\$48,034,902	\$45,582,949
Provision for Loan Losses	\$520,762	\$83,489
Operating Expenses	34,644,390	34,175,643
Cost of Funds	4,170,296	2,860,014
Total Expenses	\$39,335,448	\$37,119,146
Net Income from Operations	\$8,699,455	\$8,463,803
Non-Operating Gain/Loss	16,986	690,041
Net Income	\$8,716,441	\$9,153,844

WE ARE THE
GANDYS

and our why is:

**OUR
FAMILY**



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.



YOU WE KNOW SHOW WHY HOW

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

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



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