



DESERET
FIRST
CREDIT UNION

2023 ANNUAL REPORT



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

BOARD CHAIR

REPORT TO MEMBERS

For the past couple of years, I have been grateful for this opportunity to share why I strongly believe in credit unions and, particularly in Deseret First. I love how credit unions are not for profit, so all their earnings are given back to the members as higher savings interest rates, lower fees, and reduced loan rates. Additionally, Deseret First has a main focus on reinvesting and benefiting our community as we serve your financial needs.

As board members, we believe the phrase **“You Know Why, We Show How”** is more than just a slogan; it helps guide all our decisions as a Board to benefit the members of Deseret First. Since all of you have different backgrounds and financial needs, we strive to tap the experience of our board members and work with management to address your needs. We appreciate member feedback, and we thoroughly review the annual membership surveys to help us understand how the services of Deseret First can be improved.

The members of the Board were first members of Deseret First, and we always want to ensure the Board serves the members’ needs. Additionally, the Board is comprised of elected and unpaid volunteers with varying experiences in accounting, data privacy, information technology, human resources, entrepreneurship, auditing, and finance.

Thank you for your trust, and we hope to continue to provide valuable services for what matters most to you in your life.



Vance Huntley
BOARD OF DIRECTORS CHAIR

SUPERVISORY COMMITTEE REPORT

The Supervisory Committee (the Committee) of Deseret First Credit Union (the Credit Union) comprises 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, CMAs, etc., 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 in auditing 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 2023 financial statements and perform account verifications.

The audit is currently being performed and is expected to be completed in the spring of 2024. When completed, Moss Adams will issue an audit opinion on the financial statements, which will be available to members upon request. The 2022 audit opinion is currently available.

Based on the results of the 2022 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 2022 and that established practices and procedures are sufficient to safeguard member's assets.



A handwritten signature in black ink that reads "Michael Gygi".

Michael Gygi, CMA
SUPERVISORY COMMITTEE CHAIR

YOU KNOW WHY

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

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

LETTER FROM THE PRESIDENT

When reflecting on this past year the words of the late CEO co-founder and visionary Steve Jobs: “If you are working on something that you really care about, you don’t have to be pushed. The vision pulls you.” The vision of Deseret First Credit Union (DFCU) from our beginnings in 1955 to today continues to focus on each of you, our member owners. You each have unique needs and each day our vision to assist you in meeting those. Our mantra of “YOU KNOW WHY/ WE SHOW HOW” remains alive and well in our day-to-day products, services, and interactions with our members.

Through the efforts of our incredible volunteers and staff, DFCU worked in 2023 to achieve strong financial results, expand our products and services, and provide you with those tools and experiences you expect from us. A few of our 2023 highlights for included:

- Opening of a new branch in West Point, UT
- Integrating our card management tool (CardHub) inside of our mobile banking app
- Implemented PIN changes, card activation and travel notes from within our online/mobile app or automated phone option.
- Sponsoring supporter of the “WHY I Love America” campaign highlighting the U.S. Constitution
- Partner arrangement with Sallie Mae to provide student loan availability.

Our financial results and supporting metrics included in this report remained strong even with the economic headwinds we faced. Our net income remained solid, our capital grew, while also having delinquency and charge-off levels below peer results. We had solid asset growth while also maintaining a solid liquidity position to meet members’ needs.

During 2023 we received, or continued to receive, numerous recognition awards such as:

- Salt Lake Tribune’s UTAH TOP WORKPLACES, which we’ve received every year from 2016.
- National Best Credit Unions to Work for recognition was also received from American Banker Magazine in 2023. We’ve held this recognition since 2015.
- National recognition as a USA TOP WORKPLACE, by USA Today, which we’ve held since 2021.
- Recognized by Newsweek as one of America’s “Best Regional Credit Unions.” This recognition was awarded to only 250 credit unions across the nation.



For the seventh consecutive year we’ve seen our Net Promoter Score (NPS) increase to amazing levels along with receiving numerous positive comments from you as obtained from our annual Member Engagement Survey. We likewise measure the sentiment of our employees and were pleased to see our NPS in this survey also continue to rise. Our member sentiment surveys sent out following some of our member interactions also reflected strong results. Finally, our Google Review scores have continued to escalate since 2019 with our West Point branch coming in with a perfect 5.0 score for the year.

We exceeded our membership growth goal coming in at 4.01% and now are thrilled to service over 77,000 DFCU members. We're also thrilled to see your utilization of more DFCU products and services also increase. The Deseret First Charitable Foundation assisted numerous missionaries experiencing challenging financial needs, both those departing and recently returning. **This year through the generous donations of many of our members and partners, we were able to provide over \$141,000 in assistance.**

Our future looks bright, and our vision remains firmly affixed toward you, our member. We stand ready to assist you to not only meet your financial needs and goals, whether large or small. Thank you to each of you, our member-owners, for your trust, confidence, and support in fulfilling DFCU's vision for over 68 years.

I want to express my appreciation to our incredible board and supervisory committee who volunteer their time and efforts in representing each of you. Finally, a heartfelt thank you to the approximately 220 DFCU professionals who each day has the focus of assisting you. As a collective team of members, volunteers, and employees, we continue to make DFCU a valuable part of our individual lives.

Remarkable things are being worked on to further benefit you during 2024 and we look forward to an incredible year. **As always, I welcome you reaching out to me at any time by contacting me 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 | John Tedrow |
| Beth Brewer
VICE CHAIR | Doug Martin |
| Spencer Walker
SECRETARY | Kai Hintze |
| Peter Wirthlin | Kathleen Fueston |
| Julie Park | |

SUPERVISORY COMMITTEE

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

When you bank with us, you're investing in **YOU.**

Everyone has a “why” in life, it may change from time to time. Your why is what drives you, the reason why you get up and do what you do. As a member of Deseret First we want to know your why in order for us to “show” you the best way financially to support it. That is why our tagline is “You Know Why, We Show How”.



FINANCIAL

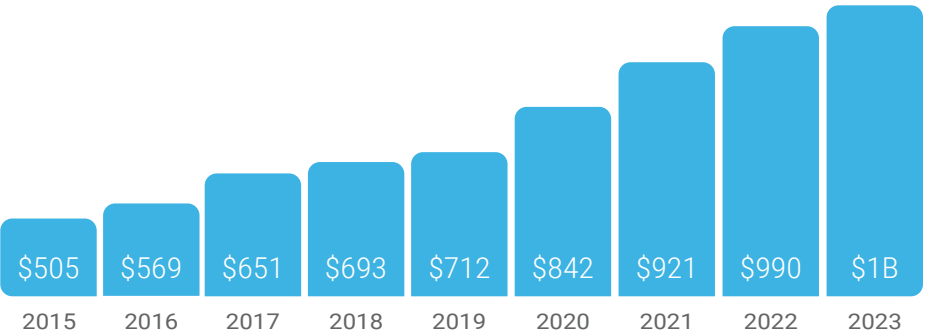
STATEMENTS

BALANCE SHEET - ASSETS

	2023	2022
Cash & Equivalents	\$66,607,358	\$36,892,342
Investments	18,428,090	13,559,257
Loans	916,293,581	883,265,182
Allowance for Loan Losses	(4,142,147)	(2,701,214)
Other Real Estate Owned	-	-
Fixed Assets (net)	36,834,928	33,636,956
Other Assets	28,504,982	25,779,758
Total Assets	\$1,062,526,792	\$990,432,281
Payables & Accruals	\$15,470,813	\$13,006,737
Borrowings	-	24,500,000
Deposits	964,512,265	878,119,633
Capital	82,543,714	74,805,911
Total Liabilities and Capital	\$1,062,526,792	\$990,432,281

TOTAL ASSETS

IN MILLIONS



PROFIT & LOSS STATEMENT

	2023	2022
Income on Loans	\$44,821,491	\$32,399,839
Investment Income	2,897,848	1,724,011
Fees & Other Income	13,413,417	13,911,052
Total Income	\$61,132,756	\$48,034,902
Provision for Loan Losses	\$2,420,547	\$520,762
Operating Expenses	35,085,486	34,644,390
Cost of Funds	15,348,148	4,170,296
Total Expenses	\$61,132,752	\$39,335,448
Net Income from Operations	\$8,278,575	\$8,699,455
Non-Operating Gain/Loss	6,081	16,986
Net Income	\$8,284,655	\$8,716,441

COMMITMENT

TO OUR COMMUNITY

In 2023, the Deseret First Credit Union, through its charitable arm, the **Deseret First Charitable Foundation**, solidified its commitment to giving back to the community in meaningful ways. Demonstrating an unparalleled spirit of service and generosity, the Foundation distributed a total of \$141,143.

The Foundation's efforts focused on supporting individuals who are dedicated to serving their communities, including:

- **94 new missionaries** received essential gear to aid them in their missions.
- **214 returned missionaries** received financial assistance for tuition and supplies, enabling them to further their education.

These numbers only tell part of the story. Behind each figure lie heartfelt stories of resilience, determination, and gratitude. **From siblings embarking on simultaneous missions to students overcoming financial hardships due to unforeseen family circumstances, the Foundation has been a beacon of hope and support.**

Moreover, the credit union extended its community service beyond financial assistance. During our All Staff Training Day, our employees joined forces with Living Hands International and United Way to make a direct impact on those in need. **Together, we assembled and distributed 200 Hygiene Kits, 200 School Kits, and 300 Learning Kits, providing essential supplies to individuals and families facing hardships.** This initiative was part of our broader commitment to creating a better world, one kit at a time!

Dedicated members from our HR, Training, and Strategic Initiatives team purchased and prepared lunch for residents at the Ronald McDonald House. This organization provides a haven, offering lodging and meals to families whose children are undergoing prolonged treatments at Primary Children's Hospital. Deseret First Credit Union empowers each employee with one paid day annually to contribute to community service projects. This gesture not only supports those in immediate need but also reinforces our commitment to giving back and highlights the amazing spirit of our employees.





MEMBER SECURITY

Deseret First Credit Union continues intensifying security efforts to shield members from emerging fraud challenges. With a strategy that tackles identity theft, authorized fraud, and digital deception in sectors like eCommerce, the credit union leverages collaboration with regulatory bodies and advanced tools for a comprehensive fraud defense. **Deseret First remains committed to a secure, trustworthy banking experience for all members.**

HERE ARE SOME USEFUL TIPS ON PREVENTING FRAUD:

- **Be Wary of Unsolicited Communications:** Whether it's an email, text message, or phone call, be cautious of unsolicited requests for your personal or financial information.
- **Use Strong, Unique Passwords:** Ensure each of your accounts has a strong, unique password. Consider using a password manager to keep track of them securely.
- **Enable Two-Factor Authentication (2FA):** Whenever possible, activate 2FA on your accounts. This adds an extra layer of security by requiring a second form of verification.
- **Regularly Monitor Your Accounts:** Keep a close eye on your account activity. Early detection of fraudulent transactions can make a significant difference in resolving issues.
- **Educate Yourself About Phishing Scams:** Phishing scams often involve fake emails or websites designed to look like they're from reputable companies. Always verify the authenticity of requests by contacting the Deseret First directly using verified contact information.
- **Secure Your Devices:** Make sure all your devices are protected by up-to-date antivirus software, firewalls, and email filters to reduce the risk of malware or virus infections.



DESERET
FIRST
CREDIT UNION

dfcu.com