

DESERET FIRST CREDIT UNION FINANCIAL STATEMENT

For the Year Ending	2015	2014	2013
Balance Sheet			
Assets:			
Cash & Equivalents	55,054	51,227	30,941
Investments	63,684	57,450	73,458
Loans	367,376	338,880	313,996
Allowance for Loan Losses	(3,357)	(3,630)	(4,646)
Other Real Estate Owned	-	314	998
Fixed Assets (net)	14,002	9,881	9,598
Other Assets	8,447	6,945	6,718
Total Assets	505,206	461,067	431,063
Liabilities & Capital:			
Payables & Accruals	4,730	4,194	3,533
Deposits	465,762	425,120	401,605
Capital	34,714	31,753	25,925
Total Liabilities & Capital	505,206	461,067	431,063
Profit & Loss Statement			
Income on Loans	16,097	14,952	13,962
Investment Income	1,244	1,281	881
Fees & Other Income	9,256	8,817	9,088
Total Income	26,597	25,050	23,931
Provision for Loan Losses	1,762	1,228	672
Operating Expenses	19,435	17,868	16,670
Cost of Funds	1,964	1,946	2,241
Total Expenses	23,161	21,042	19,583
Net Income from Operations	3,436	4,008	4,348
Non-Operating Gain/(Loss)	(10)	(225)	(18)
Net Income	3,426	3,783	4,330
Footnotes to Financial Statements			
Loans Charged-off (net of recoveries)	2,036	2,983	4,021
Number of Members	55,921	54,340	53,415

All dollar amounts represent x \$1,000

2015 ANNUAL REPORT



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Serving the LDS Community™

CHAIRMAN'S REPORT

James E. Tidwell II, Chairman, Board of Directors

The Board of Directors would like to thank management, staff, and particularly the members of Deseret First Credit Union for another solid year of healthy growth in membership, assets, and capital strength. The security of our members' deposits is our highest priority. We carefully weigh opportunities to invest in new products and services for our members against the impact on the Credit Union's long-term financial strength. We have been serving the LDS community for over 60 years and we look forward to continued growth and improved service over the next 60 years.

For some time, Deseret First has been looking for the right location to place a branch in the Provo area. Patience and hard work finally paid off during 2015 with the dedication of a new branch adjacent to the Brigham Young University campus. This state-of-the-art facility reflects a blend of technological innovation, convenience, and economic prudence. We now have a unique opportunity to serve students who are making key decisions and forming patterns and habits that will impact the remainder of their lives. Deseret First largely exists to help its members in their quest to achieve financial self-reliance. This quest cannot start too early in one's life.

While today's students have unprecedented education opportunities and a host of digital tools to bring them instant information, they do not always make prudent financial decisions. A few years ago Federal loans to students topped one trillion dollars, surpassing total credit card debt in the U.S. A large and growing number of these Federal student loans are in default.

Deseret First is committed to helping students of higher education, as well as students of life-long learning (hopefully all of us), to become financially self-reliant. There is a time to save and a time to borrow. The time to save is consistently throughout one's life. The time to borrow is when it is absolutely necessary. Deseret First can help members with both of these needs, always offering competitive interest rates and the best possible service.

We sincerely thank our loyal members for your trust and the privilege to serve your lifelong financial needs.

PRESIDENT'S REPORT

Shane C. London, President/CEO

As I reflect on this past year, I'm reminded of the words of President Franklin D. Roosevelt: "Happiness lies in the joy of achievement and the thrill of creative effort." This past year, Deseret First Credit Union has experienced amazing achievements in many different areas, made possible by a dedicated group of volunteer board and committee members along with an amazing staff. Their combined efforts are focused toward the accomplishment of our mission statement: "Deseret First Credit Union exists to provide progressive and mutually beneficial products and services that foster the financial independence and well-being of its members within the LDS community." I'm extremely humbled to be able to associate with such a group of caring and dedicated individuals whose efforts are focused toward you, our member-owner.

During 2015 our financial results were solid both in terms of profitability and growth. Our total assets increased by \$44 million last year and are now just over \$505 million. We experienced growth in many areas from deposits, loans and membership, to increased utilization of numerous products and services. Additionally, we saw solid net earnings of \$3.4 million which were added to our net worth to provide increased protection against unforeseen events.

We also experienced many other exciting and creative, events during this past year. Some of those included:

- Opening of our new Provo Campus branch just south of the BYU campus. The branch incorporates a new and exciting design element allowing more open and personal interaction between staff and members.
- We deployed two new Interactive Teller Machines where members can perform transactions via video conferencing with staff located in our Operations Center. This allows us to offer person-to-person service during non-traditional branch hours.
- We celebrated our 60th anniversary with year-long festivities in appreciation to our members and the community.
- We continued to enhance our mobile and online banking packages and are experiencing solid growth in the number of members depositing checks via their smart phones.

During 2015 we also reached out to you our members with a survey to find out how we were doing and what areas we need to improve on, and received numerous recommendations for products and services. Additionally, we were recognized by Utah Business Magazine as one of the best places to work in Utah. This was an amazing honor and places us in an elite group of companies.

As we enter 2016 we are working hard at finding ways to

better serve you. We are continually focused toward new and innovative ways in which to position the credit union as a strong institution focused toward our core values and mission. I appreciate the support of the board and staff and each of you. I welcome your feedback and encourage you to reach out to me at any time by emailing me at ceo@dfcu.com.

Thank you for your support and I'm excited to be well on our way to another amazing year.

SUPERVISORY COMMITTEE REPORT

Vance Huntley, Committee Chairman

The Supervisory Committee's primary objective is to examine and evaluate the adequacy and effectiveness of internal controls within the credit union and to assure that the credit union's goals can be met efficiently and economically. The committee also determines compliance with existing policies, plans, procedures, laws, and regulations, which could have a significant impact on credit union operations and reports.

Additionally, the committee evaluates the effectiveness of management and employees in carrying out their assigned responsibilities. This is accomplished through audits of credit union operations, interaction with personnel, and involvement in monthly board and other executive meetings. Annually, the committee engages the services of an independent Certified Public Accounting firm to audit the credit union's financial statements. The committee selected, in coordination with management, the accounting firm of Moss Adams to complete the 2015 annual audit. The audit for 2015 operations is currently in progress but is not yet complete. Upon completion of the audit, expected in spring 2016, an opinion will be rendered regarding the 2015 financial statements.

A copy of the 2014 audit report is available for your review by calling the Accounting Department at (801) 456-7100. Based on the audit and our ongoing examination of credit union operations, we are of the opinion that the financial statements accurately represent the financial position of Deseret First Credit Union and its operations for 2014. In addition to the external auditor and regulatory auditors, Deseret First has a very qualified internal auditor. In keeping with industry standard, the internal auditor reports directly to the Supervisory Committee. His audit plan was developed from a risk-based matrix that was developed in conjunction with the Supervisory Committee and Senior Management.

If you have questions about our role within Deseret First Credit Union, please feel free to contact me or any Supervisory Committee member.