



desert **FINANCIAL**™  
2025 Annual Report

# Momentum WITH meaning



## CEO's Report

2025 was a year of milestones, momentum and meaning. Hitting our goal of half a million members was a testament to how living our values and making our members' financial well-being a priority helps us continue to grow and give back.

Becoming 500,000 members strong didn't happen overnight. That milestone was a steady march. Many things helped us hit that mark, from the hard work of our team members to new products and services to our partnerships.

Our partnerships with the Arizona Cardinals, Arizona State University and Northern Arizona University continue to bring more members to our credit union. Our partner debit card growth was 75% of our membership goal. We expanded our college presence beyond our three branches at ASU campuses with a new branch on the NAU campus.

New products like Kickstart youth checking helped members and their children learn about finances together, through a fun app that allows parents to "pay" their kids for chores and make "loans" (with interest!). Last year, we had 7,500 new accounts through Kickstart.

Our introduction of Flex Funds gives members a safety net for life's curveballs with quick access to flexible loan options with a fixed, competitive interest rate. Last year, we funded \$3.2 million through Flex Funds, helping members through everything from car repairs to medical bills and everything in between.

Making Zelle® available in our mobile app was another major mover toward achieving our membership goal. Members and prospects have been asking us for Zelle® for a long time, and providing this service is just one more way to show we're listening to our members and putting them first. By the end of 2025, more than 92,000 members were actively using Zelle®.

Connecting with communities across Arizona continues to be an integral part of our progress. In addition to our new NAU campus branch, we opened new branches at Gilbert and Baseline and in Verrado, bringing our total branches throughout the state to 52.

In addition to expanding our branches, we grew loans, deposits and net income. Our loan growth was \$674 million, thanks to over \$2.4 billion in new originations. Our deposit growth was \$574 million and our net income of \$74.6 million was higher than expected.

Desert Financial's strategy is "Give & Grow," and when we grow like we did last year, we're able to give more back to the communities we serve. In 2025, we provided \$4.7 million to community nonprofit partners through corporate, foundation and employee giving.

Our team members volunteered more than 17,000 hours at local nonprofits, doing everything from packing food boxes at local pantries and stuffing backpacks with school supplies to donating blood and participating in significant fundraising activities for Phoenix Children's 1 Darn Cool School and the American Heart Association.

Being recognized as the Best Place to Work in the Phoenix Business Journal was a tremendous honor because it came from our team members, who live our values every day, and it reflects how they feel about their experiences at Desert Financial.

Looking ahead as we get further into 2026, we're continuing our focus on the financial well-being of our members and introducing products and services that meet them where they are and help them get where they want to be.

We're continuing to explore opportunities for new branch locations, and we'll be launching our Hispanic banking outreach campaign, designed to personalize solutions and ensure we are making real connections with members.

To help members establish or rebuild their banking relationships with confidence, we're also

introducing a new checking account to expand access called Desert Safe Spend. For members interested in a bit of a different way to invest, we're excited about our new mobile experience, Desert Financial Digital Investing. It lets users practice with virtual money to build confidence and buy fractional shares to stay within their budgets.

Our products and services are meaningful because they help our members achieve their goals, whether that's building savings or wealth, buying a home, getting an auto loan to buy a bigger vehicle for their growing family, or achieving peace of mind with a will or trust.

Thank you to our Board of Directors and other officials for your leadership. Thank you to our amazing team and the Arizona communities that inspire our Passion to Help. Together, we're achieving momentum with meaning.

Onward toward our next major milestone:  
*One million members!*

Jeffrey Meshey, President and CEO



# Chair's Report

As I reflect on the past year, I'm reminded that success isn't defined by what we gather for ourselves, but by what we give back to others.

Giving back has always been a big part of Desert Financial's mission. Our "Give & Grow" strategy continues to prove its worth: The more we share in our success, the more success comes back to us.

Community service isn't a line item to us. It's part of our identity. That's reflected in the awards we're honored with — which last year included an AZ Business Angel Award for community service from AZ Big Media and an Outstanding Corporation Award from the Association of Fundraising Professionals Greater Arizona Chapter.

That kind of recognition comes from our Passion to Help. Last year, we raised over \$1.4 million for the 1 Darn Cool School at Phoenix Children's, providing education for young patients facing illness and injury. Our annual charity golf tournament for Phoenix Children's raised \$680,000, bringing the total to more than \$8 million since 1999.

More than 300 team members participated in the annual Phoenix Heart Walk, raising over \$162,000. Through Desert Financial Foundation, we awarded nearly \$300,000 to Arizona nonprofits.

Those kinds of numbers are as important as what's on the balance sheet. Because what truly sets this organization apart is the people and the Passion

to Help. People have options when it comes to banking. But culture, compassion and trust are powerful differentiators for Desert Financial.

Let's continue to give in ways that reflect who we are, so we can continue to grow into everything we can be.

I'd like to thank our members for participating in our board election process. I'd also like to thank my fellow board members, our supervisory committee and CUSO managers for all they do to serve our members, community and team

Thank you.

Kevin Haskew,  
Chair of the Board



# A Note from Our Supervisory Committee

To reflect our commitment to and our vested interest in our members, the Supervisory Committee partners with our internal and external audit and accounting teams to oversee credit union activity. The results of our external audits reflect a continued strong adherence to sound internal controls and safe, conservative business practices.

This report is a testament to Desert Financial's commitment to responsible and robust financial practices. As a result, our members can remain confident in our continued success.

## Desert Financial Credit Union and Subsidiaries

### CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

	Year ended December 31,	
	2025	2024
<b>ASSETS</b>		
Cash and cash equivalents	\$4,66,601,303	\$4,41,895,486
Investments:		
Available-for-sale debt securities at fair value (amortized cost \$2,308,377,041 and \$2,415,559,388)	2,052,971,674	2,051,268,469
Held-to-maturity debt securities	1,432,733,202	1,538,373,239
Loans receivable, net of allowance for credit losses of \$44,915,766 and 39,273,608	4,954,047,750	4,280,149,296
Accrued interest receivable	29,394,507	26,575,986
Premises and equipment, net	58,126,605	59,883,833
National Credit Union Share Insurance Fund deposit	75,428,120	71,015,879
Federal Home Loan Bank (FHLB) stock	17,250,000	17,250,000
Visa Class B Stock	37,860,304	33,614,905
Life insurance policies	75,162,569	71,281,005
Split-dollar life insurance loans	100,324,392	99,589,211
Mortgage servicing rights	6,366,285	7,683,064
Automated Clearing House (ACH) Receivable	146,354,385	—
Prepaid and other assets	82,538,230	85,046,397
<b>Total Assets</b>	<b>\$9,535,159,326</b>	<b>\$8,783,626,770</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
<b>Liabilities:</b>		
Share and savings accounts	\$8,537,116,754	\$7,963,194,519
Online debit card clearing	24,843,893	19,320,677
Accrued expenses and other liabilities	113,602,805	115,481,145
<b>Total Liabilities</b>	<b>\$8,675,563,452</b>	<b>\$8,097,996,341</b>
<b>COMMITMENTS AND CONTINGENT LIABILITIES</b>		
<b>Members' Equity:</b>		
Undivided earnings	\$1,106,858,045	\$1,032,287,801
Accumulated other comprehensive loss	(247,262,171)	(346,657,372)
<b>Total members' equity</b>	<b>\$859,595,874</b>	<b>\$685,630,429</b>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$9,535,159,326</b>	<b>\$8,783,626,770</b>

## Desert Financial Credit Union and Subsidiaries

### CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

	Year ended December 31,	
	2025	2024
<b>INTEREST INCOME</b>		
Loans receivable	\$294,599,665	\$246,574,839
Investment securities	90,773,565	86,930,421
Cash and interest bearing deposits	23,428,881	36,605,730
<b>Total interest income</b>	<b>\$408,802,111</b>	<b>\$370,110,990</b>
<b>INTEREST EXPENSE</b>		
Dividends on share and savings accounts	162,469,613	155,947,440
Interest on borrowed funds	4,888,905	16,458,492
<b>Total interest expense</b>	<b>\$167,358,518</b>	<b>\$172,405,932</b>
Net interest income	241,443,593	197,705,058
<b>PROVISION FOR CREDIT LOSSES</b>	20,022,718	16,682,647
Net interest income after provision for credit losses	221,420,875	181,022,411
<b>NON-INTEREST INCOME</b>		
Interchange income	50,463,856	49,482,404
Other non-interest income	44,449,095	39,137,009
Fees and charges	34,579,031	34,056,596
Commission income	19,453,614	16,324,704
Gain on Visa stock	4,245,400	21,293,215
<b>Total non-interest income</b>	<b>\$153,190,996</b>	<b>\$160,293,928</b>
<b>NON-INTEREST EXPENSE</b>		
Compensation and employee benefits	181,856,189	160,566,793
Operations expense	68,322,588	61,915,735
Advertising and promotion expense	26,261,705	25,391,325
Occupancy	14,018,691	13,344,891
Legal and professional expense	9,582,454	7,880,487
<b>Total non-interest expenses</b>	<b>\$300,041,627</b>	<b>\$269,099,231</b>
<b>NET INCOME</b>	<b>\$74,570,244</b>	<b>\$72,217,108</b>



# Momentum & Meaning:

## Our Members

The launch of new products and services was driven by a commitment to make banking easier and support members' financial well-being at every stage of their financial journey.



### Zelle®:

Members requested it, our team championed it and this year, it happened: Zelle® became a way for members to transfer funds to family, friends and others they trust through our secure mobile app. This is an exciting addition to our payments portfolio and part of our long-term strategy to make banking easier for members.



### Flex Funds:

Our new Flex Funds offering gives members access to quick cash when they need it the most. With a competitive interest rate and no credit report required, those who are eligible can log in to the app and get a short-term loan of up to \$2,000. That means less stress and more breathing room as they continue to pursue a financially well future.



# Momentum & Meaning: Our Team

We foster a culture of care by offering meaningful benefits that support our team's well-being, help them achieve their goals and recognize the value of their roles within our organization.



## InvestED:

Our credit union roots are in education, and our partnership with the InvestED program helps us elevate the education of our team members through tuition coverage for degree and certificate programs, and classes that can help them grow in their careers. In 2025, 28 team members graduated through InvestED.



## Voice of the Employee and *Inside the Strategy*:

Our annual Voice of the Employee Survey showed positive sentiments from our team members about alignment with our mission, feeling valued and seeing growth opportunities. To share more about our strategy with the team and encourage more awareness about Desert Financial's operational initiatives, we created a video series called *Inside the Strategy*. Employees are encouraged to submit questions and be part of an open, ongoing conversation.



# Momentum & Meaning: Our Community

Our Passion to Help is at the heart of our culture — driving us to give back through volunteering and fundraising. Desert Financial, our partners and our foundation are committed to creating positive change in our communities.



## Random Acts of Kindness:

To show our commitment to sharing success, we performed 10,400 Random Acts of Kindness (RAKs) in 2025. From surprising a member battling cancer with a family trip to Disneyland, to giving a little girl who donated her savings to Phoenix Children’s a Barbie doll house and car with accessories, RAKs can help us brighten someone’s day and make a meaningful impact, one smile at a time.



## Desert Financial Foundation:

Desert Financial Foundation gives back to our community through fundraising and education, believing strong communities are built by educated members with the freedom to continue enhancing their skills. In 2025, the Foundation provided \$371,000 in scholarships, impacting 1,017 students. \$1.425 million was raised for the 1 Darn Cool at Phoenix Children’s, which funded 10,997 patient engagement sessions.

# 2025 in review

 **500,000+**  
members trusted us with their finances.

 **737**  
members secured \$257 million+ in home loans through us.

 **37,000+**  
members received Wealth Management, Wills & Trusts or insurance services.

 **\$16 million**  
shared with 180,000 members for the Member Giveback Bonus.

 **34,401**  
people applied for a loan online using our digital tools.

 **9,945**  
homeowners reached their goals with the help of HELOCs.

 **15,653**  
total partner debit cards (Cardinals, ASU®, NAU) issued to new members.

 **\$2.4 billion+**  
in total loans funded to help members achieve their dreams.

desert  
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