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For 88 years, 121 Financial Credit Union has been deeply rooted in the Jacksonville community through our many members, employees, and partnerships. From our extensive financial education outreach to providing philanthropic support to multiple causes and nonprofit organizations, Jacksonville’s Hometown Credit Union continues to focus on our mission of growing and prospering together.

Last year, 121 Financial Credit Union and the 121 Cares Foundation, which launched in 2022, were able to invest back into our community through numerous initiatives that promote health and wellbeing. Our focus on the overall wellbeing of people who need support the most has enabled 121 Financial to help build a stronger community for all. Our members and employees who happily joined our efforts, were essential to generating this impactful community support.

### 2022 Impact

- **$105,000** donated to 6 local nonprofit organizations
- **100+** volunteer hours in our community

### Sulzbacher Partnership

For the third year in a row, 121 Financial partnered with Sulzbacher, a nonprofit that provides support for the homeless and at-risk women, children, and men in our community. Our members and employees rallied behind our annual School Supply Drive and the Holiday Toy and Clothing Drive in November, donating thousands of fully stuffed backpacks, toys, and essential items at our branches for the people served by Sulzbacher. Additionally, 121 Financial was proud to again sponsor a holiday party for the residents at the Sulzbacher Village (a housing complex for homeless people transitioning to other living arrangements). 121 Financial Credit Union also matched a 121 Cares Foundation donation for a combined total of more than **$25,000** in direct support to Sulzbacher during 2022.

- **$25,000+** in donations
- **500+** holiday toys and gifts
- **400+** backpacks of school supplies
Ronald McDonald House Charities of Jacksonville

In October, 121 Financial held our first “Teddies for Tykes” drive where members and employees purchased and donated new teddy bears for children staying at the Ronald McDonald House, a nonprofit dedicated to supporting families with sick children in their time of need. The Ronald McDonald House welcomes every child, whether they are a patient or a sibling, with a new stuffed friend to hug and love upon their arrival, and 121 Financial was excited to help ensure there were enough teddy bears for everyone. Every year, Ronald McDonald House serves more than 1,500 families and gives away thousands of teddy bears. Plus, the Jacksonville Jumbo Shrimp’s mascots, Scampi and Southpaw, were able to join us to create an evening of fun for House residents!

We were also proud to again serve as the presenting sponsor for the Ronald McDonald House’s “Deck the Doors” fundraiser during the holiday season. Employees and members sponsored colored paper bulbs shaped like holiday lights decorated with messages of hope and encouragement to help bring holiday cheer to Ronald McDonald House residents.

120+ Teddy Bears

300+ Paper Bulbs

Presenting Sponsors
Boys & Girls Club of Northeast Florida

The Boys & Girls Club of Northeast Florida’s annual Summer Nights event is a social highlight of the year for many, and 121 Financial again served as the presenting sponsor. In 2022, the event raised $260,000 to help local young people reach their full potential as productive, caring, and responsible citizens. We were honored to play a substantial role in that initiative.

Jacksonville Axemen Rugby Team

2022 was our 5th year serving as the title sponsor for the Jacksonville Axemen Rugby Team, who are now three-time National Champions! 121 Financial was the sole sponsor of the Jacksonville Rugby Club, which serves both youth and adults, the Jacksonville Wolverines High School Rugby Club and the women’s rugby team. In all, we helped more than 100 young people stay involved in school and learn new skills that will benefit them for a lifetime.

Community “Shred Days”

Our annual “Shred Days” event – where we invite the community to a local 121 Financial branch to shred important documents – has become a staple in the community. In October, we hosted the biggest Shred Day in our history, where we shredded nearly three tons of member documents in an extremely fast and efficient event. Volunteers from the Jacksonville Rugby Club assisted us in the effort and we provided free breakfast to the first 50 members who arrived.
121 Financial’s Tillery Durbin Named to Jacksonville Business Journal’s “40 Under 40”

Tillery Durbin, our AVP of Business Lending, earned this prestigious local award for her commitment to Jacksonville’s small businesses and community involvement. During the past six years, Tillery has overseen more than 650 business loans valued at $116 million, a third of which every year are for entrepreneurs and start-ups. Tillery illustrates 121 Financial’s dedication to helping local small businesses grow daily. She could not be more deserving of this award and the many others she has earned in the past.

121 Financial Recognized as a Top Lender by the U.S. Small Business Administration

In 2022, the U.S. Small Business Administration (SBA) ranked 121 Financial as a Top Lender for the 2021 fiscal year. We outperformed all other financial institutions in North Florida by providing mortgage loans to small businesses, earning the designation of Top First Mortgage Lender. Our business lending team facilitated $11 million in SBA mortgage loans to 20 local small businesses. This was spread across 324 local jobs spanning a variety of industries, including restaurants, retail, recreation, automotive, medical, manufacturing, and legal.

In late 2021, 121 Financial was also ranked an overall Top 5 SBA Lender for the 2021 fiscal year, officially ranking No. 4 in the North Florida region. We were the only local credit union in the Top 5, yet again demonstrating our team’s commitment to local small business success.

121 Financial Earns CUNA Diamond Award

For the third year in a row, 121 Financial earned a Diamond Award from the Credit Union National Association (CUNA), representing the pinnacle of credit union marketing and business development initiatives across 35 categories. Our team worked hard to enhance our member services and outreach, and this award is an important credit union industry recognition of those efforts.
Free Member Days at 121 Financial Ballpark

For several years, 121 Financial has been proud to support the Jacksonville Jumbo Shrimp baseball team as a top sponsor of 121 Financial Ballpark. In addition to providing freebies for baseball fans at more than 20 home games during the 2022 season, we also offered 10 Member Days and distributed more than 600 free game tickets to our members. We hosted several community groups in the 121 Financial suite, including the Clay Education Council’s Teachers of the Year and the Jacksonville Business Journal’s 40 Under 40 award winners. We were honored to host the street party on the Jumbo Shrimp Opening Day featuring the Bishop Kenny High School Drum Line.

Financial Education in the Community

A core value of the credit union movement is providing financial education for our members and the community overall. Our financial education team led by Financial Education Specialist, Ms. Gail Lewis, is a highly sought-after resource by many organizations and groups across our community, including our members. The team conducts seminars, classes, workshops, one-on-one counseling sessions and other educational activities, helping thousands of people better understand their finances while empowering them to improve their financial future. Our goal is to help every person in our community prosper, particularly those who are underserved, underrepresented, or have limited economic mobility.
In 2022, the Credit Union began the year with a positive outlook, but by the end of the first quarter, we started to feel the effects of the economic climate change. The Fed began raising rates to combat inflation, which continued throughout the remainder of the year. Even with high inflation and rising interest rates, 121 Financial Credit Union was able to have a strong year.

The Credit Union finished 2022 with new loan originations at 122% of goal. All areas exceeded their goals except for the mortgage department, which was affected by rising rates. Our strongest areas were auto and business lending which achieved 128% of their respective goals. Our business lending team was once again recognized as the top 1st mortgage producer by the SBA in Northeast Florida.

We continue to strive to meet and exceed members expectations. Member satisfaction surveys sent after a transaction was completed, returned an overall score of 95.62 out of 100 for 2022. We expanded the hours of the contact center and added representatives, which cut wait times from over 8 minutes down to 1.38 minutes.

We relocated our Mandarin and Orange Park branches and outfitted them with the latest technology to assist our team and members. We were also able to purchase the land next to the Orange Park branch where additional parking and drive-up equipment will be completed in 2023.

We continued to make the most of our partnership with the Jacksonville Jumbo Shrimp and added more member days at the ballpark. Throughout the year, membership and staff also helped to support the local community by donating goods, time, and money. Charities included the Ronald McDonald House, Sulzbacher Center, Boys & Girls Club, and the United Way, to name a few.

In 2022, the Credit Union founded 121 CARES Foundation, a new 501(c)(3), which will further support the mission of the Credit Union and support our local community.

We would like to thank our members and staff for their continued support of 121 Financial.

David Marovich | President & CEO
Shelba Williams | Chairman
As mandated by the Bylaws of 121 Financial Credit Union and state and federal statutes and regulations, the Credit Union has been audited to ensure its financial soundness, as well as our compliance with financial regulations.

121 Financial was examined by the National Credit Union Association and the Florida Office of Financial Regulation. Both the management team and the Board of Directors are working diligently to meet all compliance guidelines that are required by these agencies.

Our Credit Union continues to maintain its spirit of commitment to excellence, by providing our members with the courteous, professional service they have come to expect from our front-line team. Our management team kept a watchful eye on the overall operation of the Credit Union, ensuring that all departments continue to make sure that the assets of the Credit Union are secure.

We would like to express our sincere gratitude to all our members for their loyalty and trust in us and the leadership team of 121 Financial Credit Union as we endeavor to ensure the viability of this great institution.

As we turn another page into a new year for 121 Financial Credit Union, we look forward to continuing to serve you, and commit to remain both diligent in our endeavors and transparent in the execution of our duties.

Arzada Haynes | Supervisory Committee Chair
Loan volume was strong in 2022 with $203.1 million in new loans originated, which was 122% of our goal for the year. Even with the challenges in the automotive market with lack of inventory and increased prices, we originated $95.6 million in auto loans. This was 127% of our goal for the year. We originated $17.5 million in personal loans, lines of credit, and credit cards, $8.1 million in recreational loans (boats, recreational vehicles, personal watercraft, motorcycles), $53.7 million in mortgages and home equity lines of credit and $28.2 million in business loans.

We made changes to the lending process in 2022 to make it easier for members to do business with us and offered more solutions to help them succeed. This included streamlining our online loan application, adding a CarFax report for all car loans at no cost to the member and centralized funding to improve the members’ loan experience.

In the coming year, we will continue to offer valuable loan products for every stage of life. Thank you for choosing 121 Financial for your lending needs. We appreciate your trust in us as a partner to help you reach your financial goals.

Cathy Hufstetler | SVP, Lending
The Credit Union had another financially strong year in 2022. During the year, inflation rose to near record levels and the Federal Reserve raised interest rates consistently in an effort to control inflation.

As interest rates climbed throughout 2022, the Board and Management made every effort to keep borrowing rates affordable for the members. Yields on deposits increased as the Federal Reserve raised rates. Money Market rates were increased and additional higher yielding tiers were added to reward members for maintaining larger balances at the Credit Union. Certificate rates have increased and 121 Financial offered some of the highest Money Market and Certificate yields in the Jacksonville area.

The Credit Union's reserves for loan losses returned to more traditional levels as delinquencies were lower than they had been pre-pandemic. I am pleased to report that the loan portfolio performed well throughout the year. Loan growth was strong as members were able to purchase cars and homes. As property values increased, many members were able to borrow against the equity in their homes.

Two branches were relocated to better serve our members. The Board and Management will continue to be diligent in seeking opportunities to maximize the utilization of Credit Union assets to continually provide outstanding member service.

The Asset and Liability Management Committee remained focused on managing the balance sheet to ensure long-term financial stability. Net interest income increased by $2.6 million while operating expenses increased by less than $1 million.

Net income for 2022 was $4.3 million, which was added to Member Equity. Income from the sale of the Orange Park branch was recognized in 2022. The Credit Union remains “well capitalized” as of year-end, with a capital ratio over 10 percent.

We recognize that the cost of running a household has increased over the last year. As we look ahead to 2023, 121 Financial is committed to providing affordable credit and member services to help our members prosper in these uncertain times.

Cynthia deLassus | Board Treasurer
### Financial Statements - Balance Sheet

#### 2021
- **Loans**: 405,705,549
- **Less: Allowance for Loan Losses**: -3,005,345
- **Total Loans (Net)**: 402,700,204
- **Operating Cash**: 125,808,534
- **Investments**
  - **Government & Agencies**: 81,788,512
  - **Corporate Credit Unions**: 6,399,126
- **Total Investments**: 88,187,638
- **Property & Equipment (Net)**: 24,184,487
- **NCUSIF (Share Insurance Fund)**: 5,520,145
- **Corporate Capital**: 0
- **Other Real Estate Owned**: 600,000
- **Accrued Income**: 1,342,966
- **Prepaid, Other Assets**: 15,172,219
- **CUSO**: 831,980
- **Total Assets**: $664,348,173

#### 2022
- **Loans**: 441,227,880
- **Less: Allowance for Loan Losses**: -3,046,381
- **Total Loans (Net)**: 438,181,499
- **Operating Cash**: 51,529,986
- **Investments**
  - **Government & Agencies**: 81,076,056
  - **Corporate Credit Unions**: 31,399,126
- **Total Investments**: 112,475,182
- **Property & Equipment (Net)**: 26,426,052
- **NCUSIF (Share Insurance Fund)**: 5,896,687
- **Corporate Capital**: 0
- **Other Real Estate Owned**: 600,000
- **Accrued Income**: 1,694,218
- **Prepaid, Other Assets**: 18,750,348
- **CUSO**: 860,030
- **Total Assets**: $656,414,002

#### Liabilities
- **Borrowed Funds**: 0
- **Accrued Dividends**: 0
- **Accounts Payable & Other Liabilities**: 4,981,276
- **Member Deposits**: 600,903,675
- **Total Liabilities**: $605,884,951

#### Members’ Equity
- **Regular Reserves**: 8,660,998
- **Other Comprehensive Income**: -70,304
- **Unrealized Gain / (loss)**: -568,337
- **Undivided Earnings**: 50,440,865
- **Total Equity**: $58,463,222
- **Total Liabilities & Equity**: $664,348,173

#### Analysis
- The balance sheet reflects a comparison between the financial status of the institution for the years 2021 and 2022.
- Loans and investments have shown growth, indicating increased lending activity and investment opportunities.
- The allowance for loan losses has increased slightly, reflecting a conservative approach to risk management.
- Property & equipment, NCUSIF, and corporate capital have remained relatively stable.
- Operating cash has decreased, possibly due to increased expenses or investments.
- Accrued income and prepaid assets have increased, indicating steady revenue and assets in anticipation of future needs.
- Member deposits have maintained their significance as a major source of funds.
- The equity section shows a slight increase, reflecting retained earnings.
- Total assets have increased slightly, while total liabilities have decreased, indicating a stable financial position.

This detailed financial overview provides insights into the institution’s financial health and strategic growth areas.
<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income (Operating)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on Loans</td>
<td>20,313,647</td>
<td>22,114,147</td>
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<tr>
<td>Investment Income</td>
<td>683,855</td>
<td>3,169,615</td>
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<tr>
<td>Other Operating Income</td>
<td>10,259,843</td>
<td>8,753,292</td>
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<tr>
<td><strong>Total Operating Income</strong></td>
<td>$31,257,345</td>
<td>$34,037,053</td>
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<td></td>
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<tr>
<td><strong>Expenses (Operating)</strong></td>
<td></td>
<td></td>
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<tr>
<td>Salaries &amp; Employee Benefits</td>
<td>11,638,504</td>
<td>12,842,326</td>
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<tr>
<td>Travel &amp; Conference Expenses</td>
<td>166,791</td>
<td>238,282</td>
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<tr>
<td>Office Occupancy Expense</td>
<td>1,905,930</td>
<td>2,540,257</td>
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<td>Office Operating Expense</td>
<td>7,342,394</td>
<td>4,428,640</td>
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<tr>
<td>Education &amp; Promotion</td>
<td>2,501,237</td>
<td>2,442,401</td>
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<tr>
<td>Loan Servicing Expense</td>
<td>2,044,860</td>
<td>3,525,293</td>
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<tr>
<td>Professional &amp; Outside Services</td>
<td>901,789</td>
<td>1,178,413</td>
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<tr>
<td>Provision for Losses on Member Accounts</td>
<td>-448,656</td>
<td>1,112,426</td>
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<tr>
<td>Operating Fees</td>
<td>122,890</td>
<td>131,328</td>
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<tr>
<td>Interest on Borrowed Money</td>
<td>141,714</td>
<td>17,151</td>
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<tr>
<td>Misc. Operating Expense</td>
<td>264,095</td>
<td>220,968</td>
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<tr>
<td><strong>Total Operating Expense</strong></td>
<td>$26,581,548</td>
<td>$28,677,484</td>
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<tr>
<td><strong>Disposition of Income</strong></td>
<td></td>
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</tr>
<tr>
<td>Net Income from Operations</td>
<td>4,675,797</td>
<td>5,359,569</td>
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<tr>
<td>Non Operating Income</td>
<td>1,926,234</td>
<td>646,454</td>
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<tr>
<td>Gain / (Loss) on Investments</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Loss on disposition of Assets</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Net Income before Dividends</td>
<td>6,602,031</td>
<td>6,006,023</td>
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<tr>
<td>Dividends</td>
<td>1,499,709</td>
<td>1,725,719</td>
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<tr>
<td><strong>Net Income</strong></td>
<td>$5,102,322</td>
<td>$4,280,304</td>
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</tbody>
</table>
Orange Park
6801 Blanding Blvd
Jacksonville, FL 32244

Mandarin
1111 San Jose Blvd Unit 5
Jacksonville, FL 32223

Touchton
9700 Touchton Rd. Ste 104
Jacksonville, FL 32246

Beaches
1856 3rd St S, Ste 245
Jacksonville, FL 32250

Kendall Town
9730 Hutchinson Pk Dr.
Jacksonville, FL 32225

Middleburg
1714 Blanding Blvd
Middleburg, FL 32068

Westside
8101 Normandy Blvd
Jacksonville, FL 32221

River City
14023 Revell Dr
Jacksonville, FL 32218

P.O. Box 40769, Jacksonville FL 32203

121FCU.ORG 904.723.6300
Vision
Serving our community as a trusted financial partner with personalized solutions for every stage of life.

Mission
Empowering our team to deliver innovative solutions through 1 to 1 service by focusing on the unique value of every member.

Ensuring organizational stability and financial wellness in our community since 1935. Our mission is growing together, prospering together.