

**COMMUNITY
FIRST**
Credit Union
just be yourself

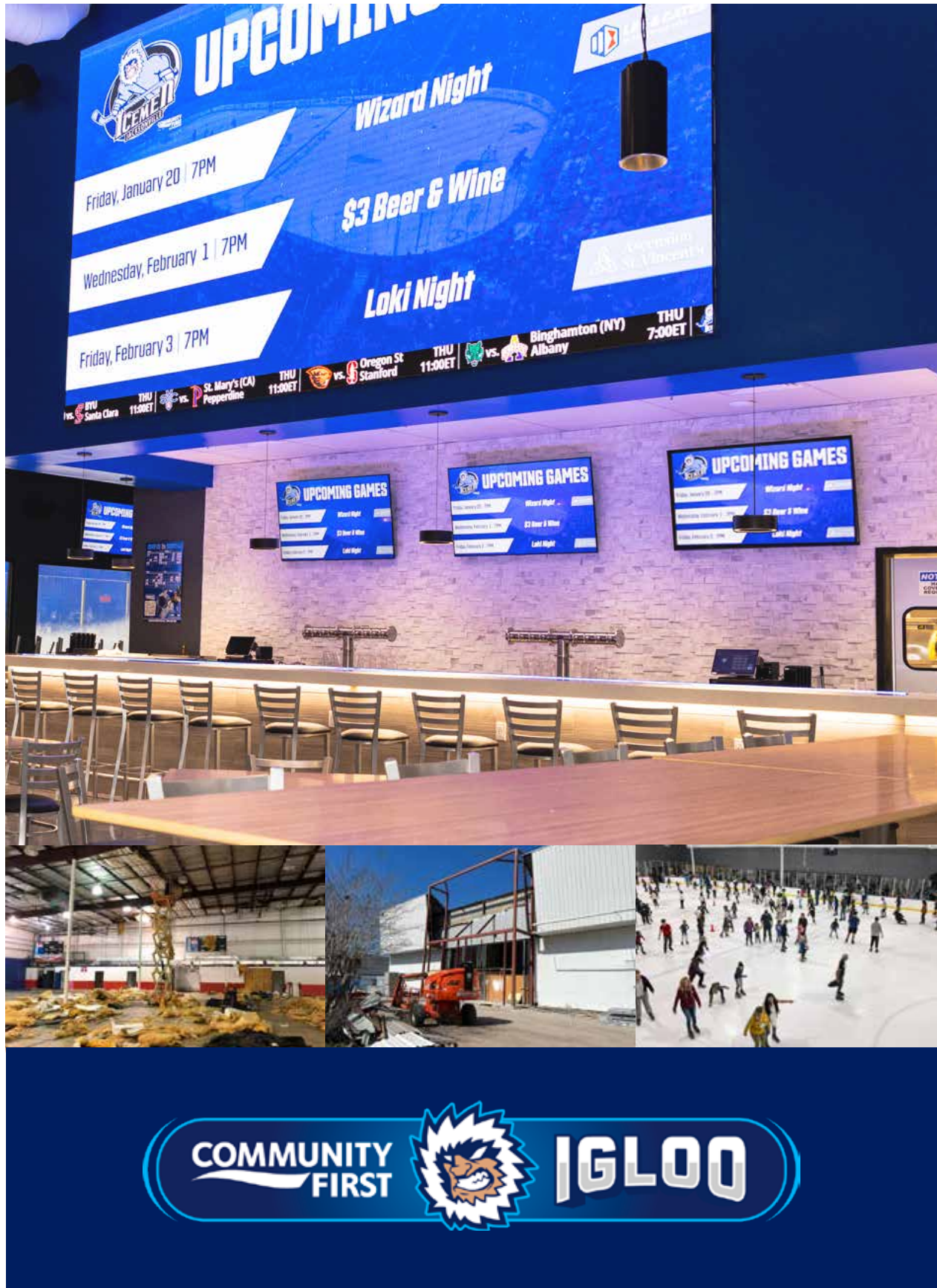
2022
Annual Report

GROWING WITH A PURPOSE

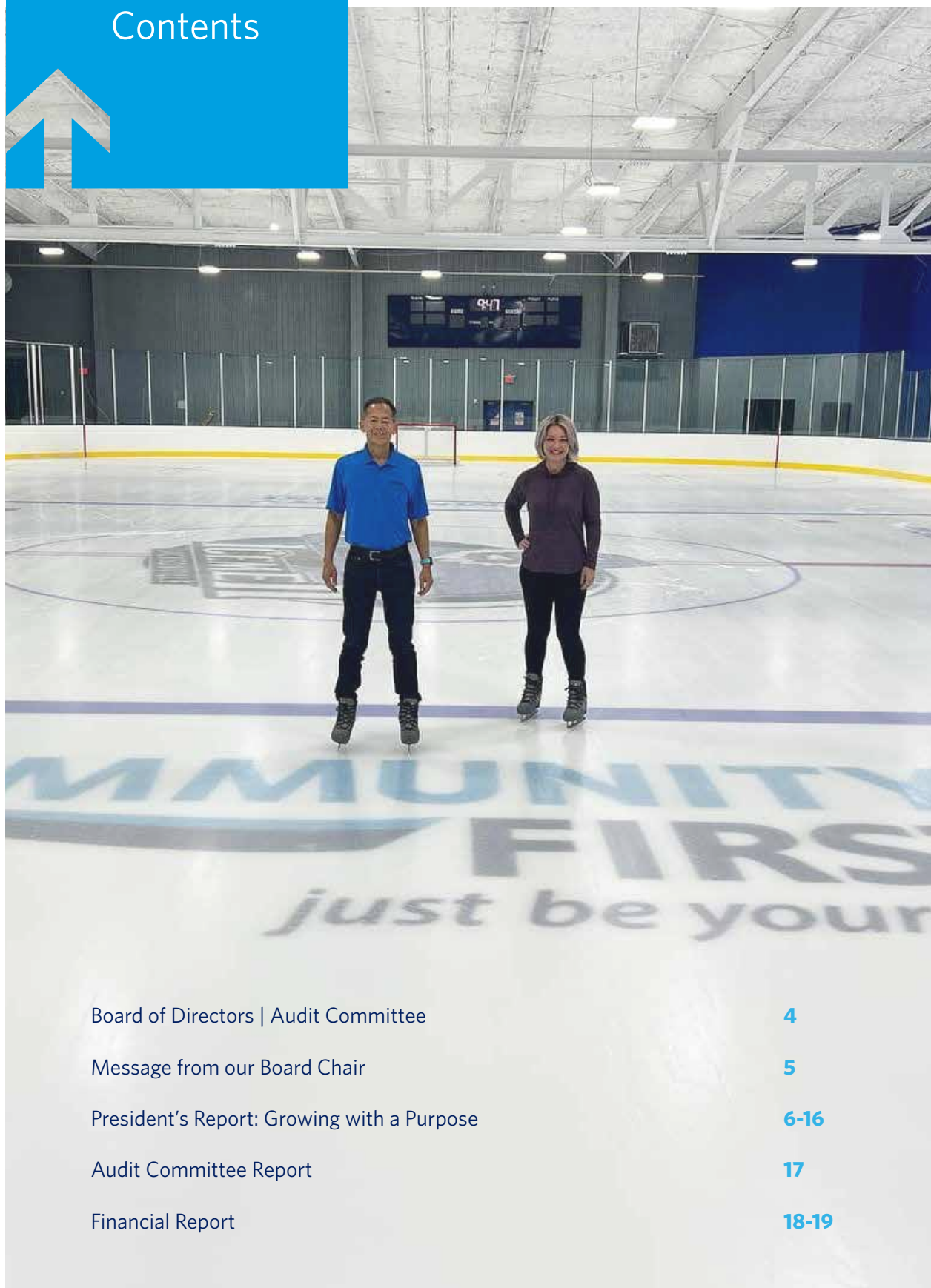


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Vice President,
Risk Control and
Chief Risk Officer,
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Audit Manager,
Terra Business Solutions



Mandarin Branch | 11200 San Jose Blvd.

Message from our Board of Directors Chair



Lindy Prudencio
Board of Directors Chair

Lindy Prudencio



Once again in 2022, Community First Credit Union grew along with the Jacksonville community by helping our members live their best lives. We set new highs for membership and financial performance, while continuing to expand our services, enhance our products and improve our member experience.

These achievements came during a year in which economic factors presented financial challenges for many members. High inflation, expiring pandemic relief programs and a slowing economy meant members needed Community First more than ever to help them meet their daily obligations and achieve their financial goals.

I am proud to report that our credit union and its dedicated employees responded as we have for nearly 90 years, by staying focused on

serving our members with highly competitive loan and banking products delivered by a caring, supportive staff. We also continued to expand our impact and visibility in the community through our sponsorships of community-building activities and the Community First Cares Foundation's support of non-profit groups fulfilling vital needs.

It's a privilege to serve as chair of your credit union and to work with a leadership team that understands the importance of serving the financial needs of families, individuals and businesses who are the heart and soul of our community. I am honored to present to you our 2022 Annual Report.



President's Report: Growing with a Purpose



John Hirabayashi
President and CEO



“Guided by our collaborative principles, together we empower our employees, members and community to live their best lives.”

— Community First Credit Union Purpose Statement

Emerging financially strong and with confidence in our purpose after helping members through the pandemic economy, Community First Credit Union saw 2022 as an opportunity to reinforce the role we have long fulfilled in the Jacksonville region.

Throughout the year, our leadership team sought to increase the positive impact of our credit union on members' lives. We enhanced services, announced plans for new branches, increased lending, grew our membership and expanded our relationships with community organizations.

Amid this growth, we took time in 2022 to strengthen our sense of purpose by performing a thoughtful evaluation of how we aspire to serve all our stakeholders. The result of this exercise, which involved leaders at all levels, was the adoption of a purpose statement to serve as our north star as we continue to expand. It states: “Guided by our collaborative principles, together we empower our employees, members and community to live their best lives.”

Our efforts to fulfill this purpose were clear throughout 2022, as we responded to shifting economic conditions and played an important part in meeting the financial services needs of a population now estimated at more than 1.7 million people. We put great effort into improving member service by adding staff, enhancing training and reaching out to members to understand how we can do better. All of us at Community First take great pride in reporting that our member satisfaction scores rose for the third year in a row, reflecting unprecedented collaboration between managers, employees and members to identify and address opportunities for improvement.

In reviewing our annual report, you will see that as Community First experienced financial and physical growth, we have worked hard to ensure that this growth is always true to our fundamental purpose of empowering those we serve.

Growth Highlights

**Membership
Increased
6.05%, to
168,000**



**Deposits
Grew
6%, to
\$2.24 Billion**



**Total Assets
Grew
4.5%, to
\$2.54 Billion**



**Net Income
Increased
12.03%, to
\$33.85 Million**



**Total Loans
Increased
20.5%, to
\$1.8 Billion**





Financial Results

We achieved strong results by growing our membership, increasing our deposits and providing loans that helped members achieve their life goals.

Community First reached new highs across many key measures despite the impacts of soaring inflation and a slowing economy on our members. We were able to achieve these results by growing our membership, increasing our deposits and helping members achieve their life goals with loans at attractive rates.

Total assets grew 4.5% to \$2.54 billion, a new high for our credit union, and net income reached a record high of \$33.85 million, a 12.03% increase. Our net income growth was driven by total income that increased 20% on the strength of record loan interest income, while operating expenses increased just 2.5%.

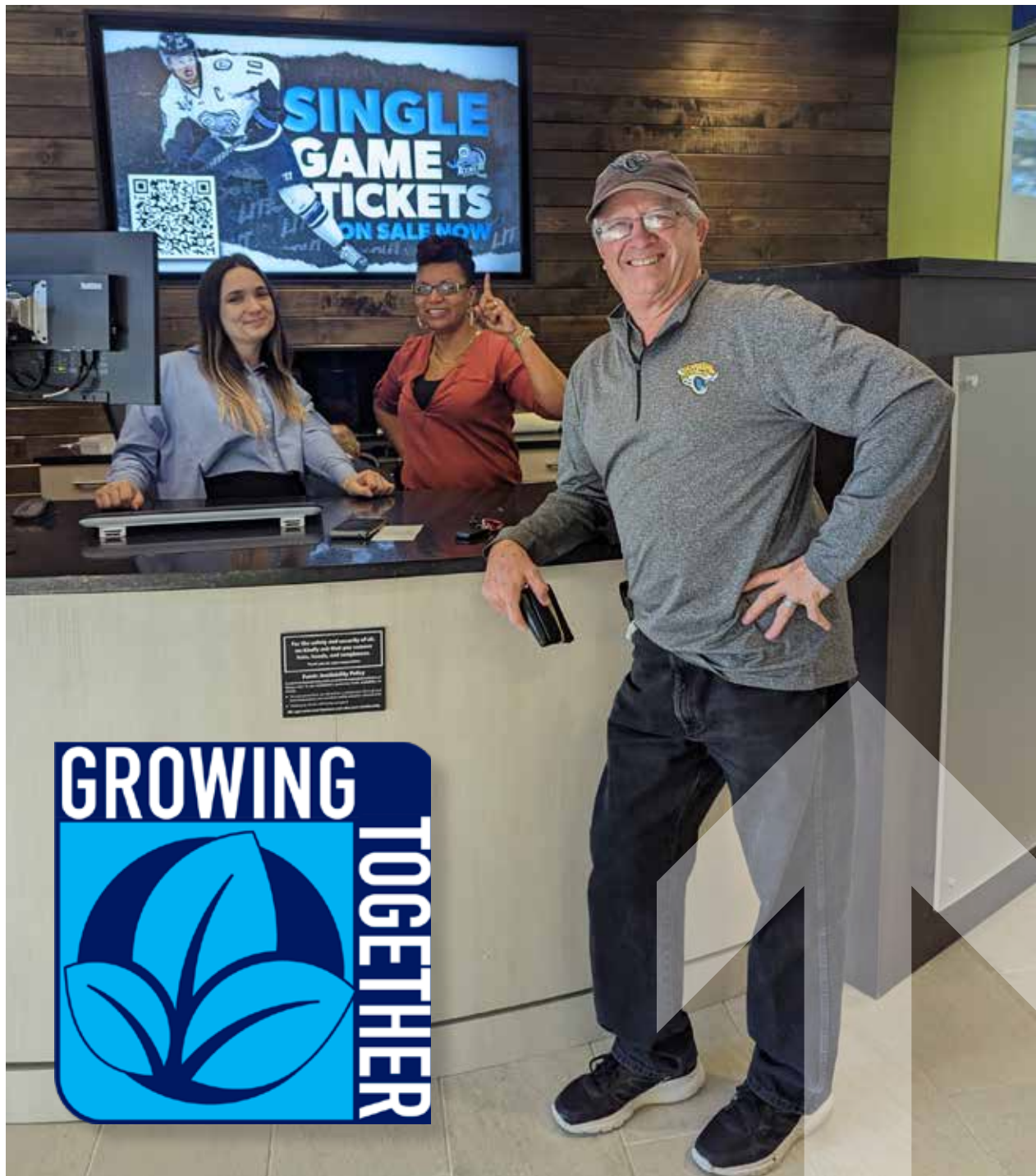
Another indicator of our credit union's sound fiscal health was our improvement in a key industry benchmark — the operating expense-to-asset ratio. The lower the score, the better a credit union's operating efficiency. Community First finished the year with a ratio of 2.44%, down from 2.64% in 2021 and substantially better than our peer group average of 3.01%.

Total deposits increased by 6% to \$2.24 billion, even as inflation put pressure and demand on members to draw down savings — which increased significantly during the pandemic years. Members' savings withdrawals were offset in part by membership growth and an influx of new deposits from members taking advantage of our competitive savings rates as we responded to the rising interest rate environment. Members also turned to credit cards to help alleviate financial strain, leading to a 14.43% increase in credit card balances, which reached \$98 million, the largest total in several years.

Inflation and the slowing economy also contributed to an increase in members experiencing financial hardships from job loss or a reduction in work hours. As a result, loan delinquencies increased, and our ratio of delinquent loan balances rose to .47%. Consequently, we funded our provision for loan loss by \$11.3 million, in sharp contrast to the previous year when no additional funding was needed. The credit union ended the year with \$24.3 million in loan loss reserves, compared to \$18.7 million at the end of 2021.

Serving Our Members

Our credit union ended 2022 with 168,000 members, an increase of 6.05% from the previous year. This increase reflected the population growth in the Jacksonville region as well as a recognition of the advantages of a financial services institution that puts people first.





Record Lending

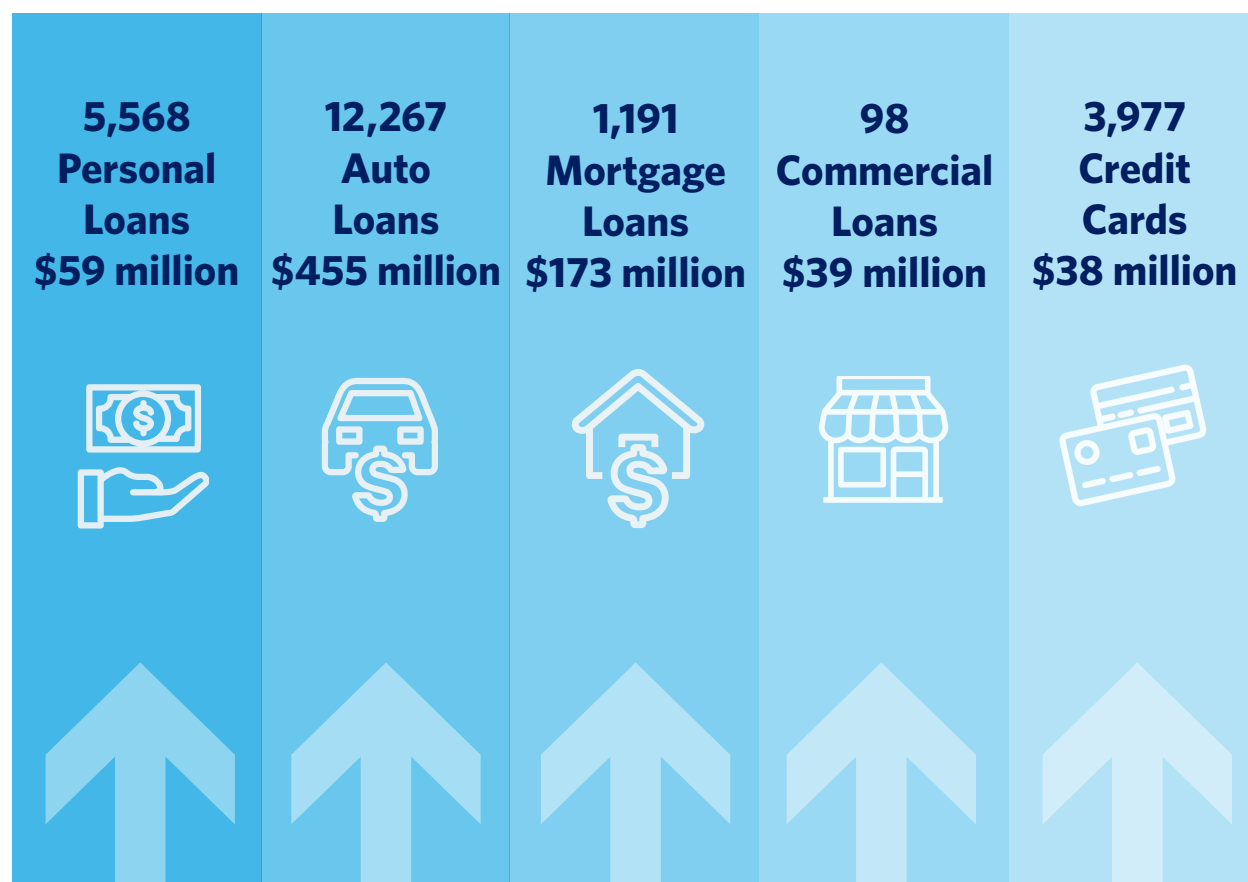


**23,101
New Loans**

Providing loans at highly competitive rates is one of the primary ways we fulfill our purpose to improve members' lives, whether they're buying a home, expanding a business or pursuing a wide range of personal priorities. The number of new loans we made in 2022 increased by 17% over the previous year, and the amount of our loan portfolio increased 20.5%, to a record \$1.8 billion.

Mortgages and auto loans constituted the majority of our lending to individuals, while our commercial lending continued to grow as well. The \$39 million in commercial loans we granted in 2022 included funding for community essentials such as assisted living facilities, hotels, churches, insurance companies, beauty salons, childcare facilities, landscaping companies, restaurants and other food service projects.

Lending Highlights





Service Enhancements

In response to the economic challenges of 2022, we also made several changes to help our members cope with rising inflation and to improve access to funds. These service enhancements included:

■ Reduced or eliminated fees.

We cut our non-sufficient fund fees in half, eliminated the cost of cashier's checks and made other adjustments to make saving easier by reducing the fees our members pay.

■ Higher interest rates on savings.

In response to the Federal Reserve's actions to increase rates in an effort to curb inflation, we increased our rates on money market accounts and certificates of deposit to keep them near top of the market within the areas we serve.

■ Improved access to funds.

We introduced Zelle® for making digital payments, began posting direct deposits up to two days early, and increased mobile deposit limits.

■ Increased staff.

To keep service levels high as our membership continues rapid growth, we increased significantly the number of employees directly serving members in our branches and Member Experience Center.

■ moveUP Financial Wellness.

The number of financial learning modules on the Community First website increased to 79. New modules were added on investing, cryptocurrency, healthcare finances and paying for higher education. Nearly 2,000 members completed at least one module in 2022.

The Member Experience

Community First member satisfaction scores increased for the third consecutive year. Our credit union uses a measurement called "Net Promoter" to measure customer loyalty based on their experience with our service and our products. We worked harder than ever throughout the year to deliver a total experience for our members that helped them live their best lives. In many cases, we reached out to members directly to gather additional information on specific service issues, identify root causes and implement solutions. With a high level of collaboration and an intentional focus on continuous improvement, we were able to eliminate many of the obstacles that stood in the way of an exceptional service experience.





Branch Expansion

In 2022, we announced the addition of two new branches — Northpoint Village and Boulevard Crossing — and built a new location for our Mandarin branch. This expansion is critical to providing improved access for our existing members and supporting the growing number of people who bank with us.

■ Mandarin

Construction of the new location at 11200 San Jose Blvd. was completed by the end of the year, and the branch opened in January 2023.



■ Boulevard Crossing

Strategically located between two of our busiest branches — Arlington and Lakewood — the new branch is expected to open in early 2024.



■ Northpoint Village

In a new neighborhood for Community First, the branch will serve more than 2,000 members who live in the area when it opens in late 2023.





Building a Stronger Community

Helping build a stronger community is a primary part of Community First's purpose. Throughout 2022, we worked in conjunction with community organizations to meet the needs of growing neighborhoods and to improve the quality of life for all residents of the Jacksonville area.

One of our highest-profile community engagement activities continued to take shape in 2022 in the form of the Community First Igloo. Construction of the Igloo, which will become the new home of the Jacksonville Icemen hockey team as well as youth hockey programs, progressed toward a grand opening in 2023. With two ice sheets and exciting amenities, the Community First Igloo is destined to become a center of wholesome community entertainment and ice sports participation for youth as well as adults.

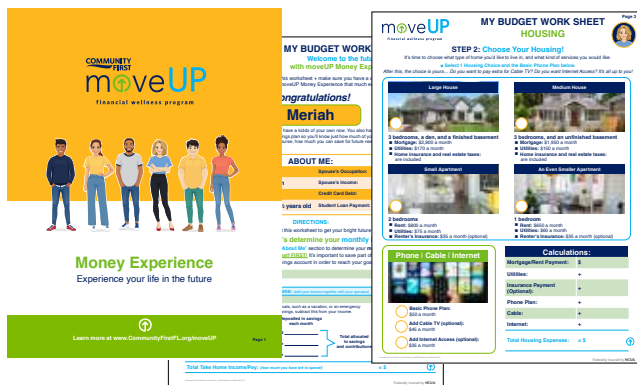
In addition, we continued to support organizations and activities that contribute to our area's quality of life in a wide variety of ways. Our ongoing sponsorships include the Community First Seawalk Music Festival in Jacksonville Beach, the ZOOLights Festival at the Jacksonville Zoo, The Florida Theatre, the Community First Thanksgiving Day Classic Half Marathon and 5k Run, and the Museum of Contemporary Art Jacksonville.

Another high-impact activity in 2022 was our partnership with two local school districts as lead sponsor of their School of the Month programs, recognizing 18 schools in Duval County and 14 in Clay County.





Supporting financial education programs is an important focus at Community First. In 2022, we offered financial literacy and youth workforce programming in partnership with the I'm A Star Foundation and the AnnieRuth Foundation. These programs reached 150 students across the region. In addition, about 200 teens participated in our My First Account and moveUP Money Experience events, and we converted the focus of our University of North Florida campus branch to providing financial well-being workshops that were attended by approximately 150 students.



moveUP
financial wellness program



Community First Cares Foundation



Entering its 10th year, the Community First Cares Foundation helps build a stronger community by improving the First Coast's educational system, enhancing financial literacy and supporting programs that improve quality of life. In 2022, the foundation fulfilled its mission with support of:

■ Jacksonville Public Education Fund (JPEF)

The foundation helped support teachers in Duval County Public Schools by funding high-impact projects that improve the educational system and enhance financial literacy. The partnership funded 127 classroom projects across Duval County Public Schools.



■ Edward Waters College

The foundation's ongoing partnership with the Schell-Sweet Community Resource Center helped fund a year-long program to reach and help our area's most vulnerable residents through a monthly food giveaway, financial wellbeing initiatives and other resource center programs.



■ "Joys and Toys" Event

The foundation partnered with Pete's Bar in Neptune Beach for a toy drive and fundraiser to benefit three Beaches nonprofits, including BEAM, The HEAL Foundation and Beaches Go Green.



Supporting Our Employees

“I feel like Community First supports me by giving me an opportunity to shine my light and to grow, and I’ve grown a lot. When they say just be yourself, that’s an actual thing, because we’re all different; we’re all from different paths of life.”

— Tatiana Watley | Teller, Westside Branch

Community First recognizes that providing outstanding service to our members begins with hiring, engaging and supporting exceptional employees. Despite a tight labor market, we succeeded in recruiting excellent job candidates and increasing our workforce by 14% in 2022, to 393 employees.

Equally important is employee retention, which we continue to strengthen through competitive salary and benefits as well as employee development.

After a comprehensive salary study in 2022, we implemented a 5% cost-of-living adjustment for all employees, and we enhanced our employee health plans, wellness programs and other

benefits. We also announced a new Parental Leave Policy that provides six weeks of paid leave following the birth of an employee’s child or the placement of a child through adoption or foster care.

Promoting and supporting a diverse employee population was another Community First area of focus in 2022. We added diversity, equity, and inclusion (DEI) as an organizational strategic initiative in 2022, and we developed a DEI Charter to guide our efforts. We have a DEI Council that meets regularly and supports community events, and DEI was added as a component of our 2022 Employee Engagement Survey. In addition, recruiting is underway to hire a DEI director.



Audit Committee Report



Chantelle Schart
Chair of the Audit Committee

Eva Chantelle Schart



The responsibility of the Audit Committee is to help assure, for the benefit of the Credit Union and its members, the safety of deposits, the soundness of management, and fairness to all members.

In connection with its responsibilities, the Audit Committee engaged CliftonLarsonAllen, LLP to perform an independent financial statement audit for the year ending December 31, 2022. Results of the audit indicate that the financial statements present fairly the results of the operations and financial position for the period.

The Credit Union's Internal Audit Department operates under the direction of the Audit Committee. The Internal Audit Department monitors credit union operations through the development of a risk-based audit plan, scheduling and conducting a continuing program of reviews of credit union processes and procedures. The Audit Plan, approved by the Audit Committee, is updated during the year as processes, controls, and events change. The Internal Audit Department works with Management in a collaborative manner on each

internal audit and communicates the results of each audit to the Audit Committee on a quarterly basis.

Community First Credit Union of Florida is also examined on a regular basis by the State of Florida's Office of Financial Regulation and the National Credit Union Administration (NCUA). The regulators completed their most recent examination in August 2022, noting the Credit Union is in sound financial condition and performing in a consistent manner providing for safe and sound operation.

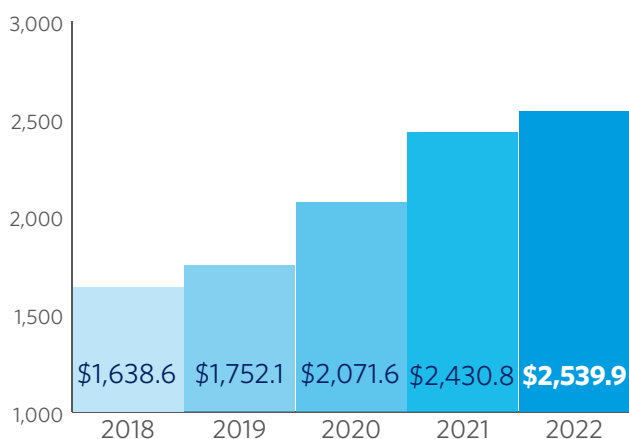
Based on the results of the above-referenced activities and related reports, the Audit Committee believes all audits, verifications, examinations and compliance reviews present an accurate reflection of the financial results and status of the credit union as a well-managed and financially sound financial institution. On behalf of the entire Committee, we appreciate the opportunity to serve you, the members, and look forward to a secure and successful 2023.



Financial Report

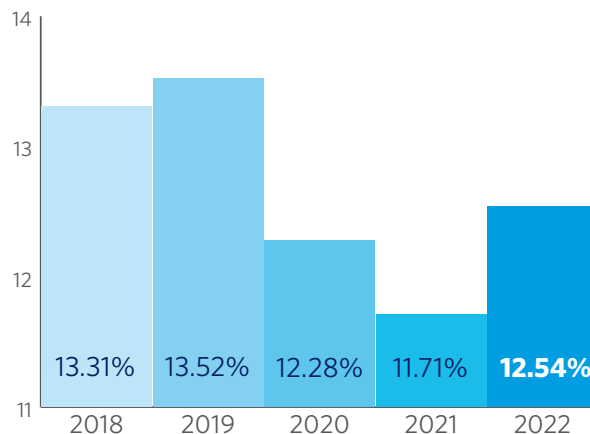
Total Assets

(measured in millions)



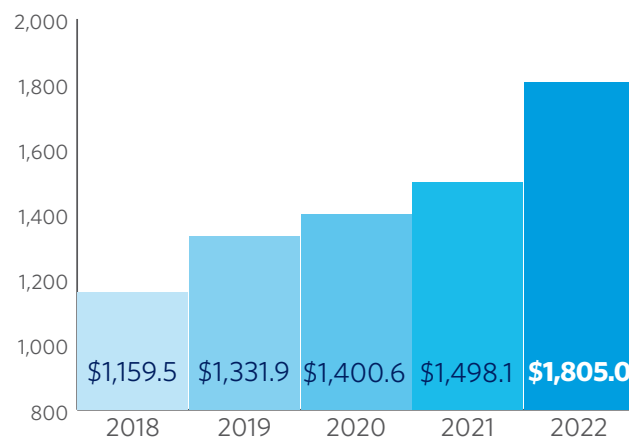
PCA Net Capital

(measured in percent)

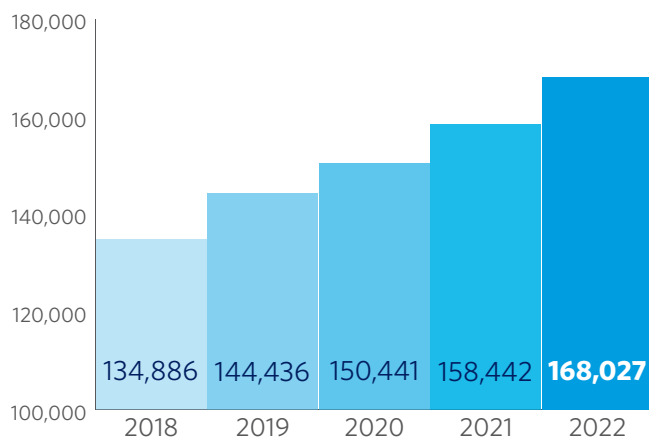


Total Loans

(measured in millions)



Total Members



Assets		Dec. 2022	Dec. 2021
Loans (Gross)		\$1,789,348,559	\$1,485,729,091
Unamortized Fees/Costs		\$15,648,196	\$12,335,237
Loans Loss Reserve		(\$24,335,348)	(\$18,673,389)
Loans (Net)		\$1,780,661,407	\$1,479,390,939
Cash		\$124,232,325	\$256,446,998
Investments	U.S. Government Obligations	\$499,191,751	\$567,480,630
	Corporate Federal CU (Capital Shares)	\$750,000	\$750,000
Other Investments		\$24,585,772	\$23,866,688
Total Investments		\$524,527,523	\$592,097,318
Building, Land and Equipment		\$48,800,241	\$47,326,209
Insurance Fund Deposit		\$21,182,755	\$18,528,801
Other Assets		\$40,452,322	\$36,981,357
Total Assets		\$2,539,856,573	\$2,430,771,622

Liabilities & Retained Earnings		Dec. 2022	Dec. 2021
Other Liabilities		\$29,524,353	\$31,169,234
Member Deposits	Certificates of Deposit	\$356,943,678	\$238,405,727
	Retirement Shares	\$46,517,230	\$49,300,677
	Share and Club Accounts	\$691,771,657	\$666,616,350
	Checking Accounts	\$533,319,012	\$505,088,812
	Money Market Accounts	\$616,353,342	\$659,037,270
Total Share & Deposits		\$2,244,904,919	\$2,118,448,836
Reserves		(\$44,589,349)	\$4,990,240
Undivided Earnings		\$310,016,650	\$276,163,312
Reserves & Retained Earnings		\$265,427,301	\$281,153,552
Total Liabilities & Equity		\$2,539,856,573	\$2,430,771,622

Income & Expenses		Dec. 2022	Dec. 2021
Interest Income and Expenses	Interest on Loans	\$72,449,634	\$60,143,908
	Interest on Investments	\$8,646,278	\$4,357,692
Total Interest Income		\$81,095,912	\$64,501,600
(Less)	Dividends and Interest Paid to Members	\$8,613,697	\$5,959,932
	Provision for Losses	\$11,259,300	(\$1,131)
Net Interest Income	Net Interest Income after PLL	\$61,222,915	\$58,542,799
Other Income	Fee & Other Income	\$37,731,285	\$30,218,935
Operating Expenses	Compensation and Benefits	\$27,484,384	\$28,589,691
(Less)	Educational and Promotional	\$4,839,035	\$4,114,785
	Occupancy & Office Operations	\$10,207,113	\$9,676,393
	Other	\$18,845,005	\$17,518,290
Total Operating Expenses		\$61,375,537	\$59,899,159
Non-Operating (Income)/Expense	Non-Operating (Income)/Expense & Other Losses	\$3,725,324	(\$1,354,451)
Net Income		\$33,853,339	\$30,217,026

Thank you for your membership!



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