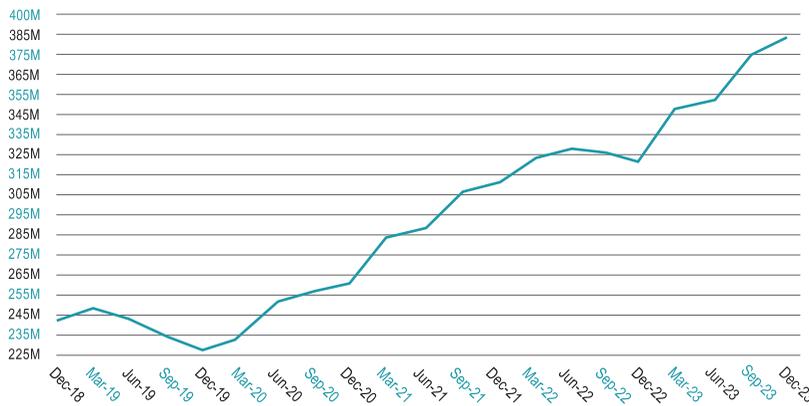


STATEMENT OF FINANCIAL CONDITION

| Description | 2022 | 2023 |
|--|-----------------------|-----------------------|
| ASSETS: | | |
| INVESTMENTS: | | |
| AVAILABLE-FOR-SALE | \$ 1,422,500 | \$ 1,337,840 |
| OTHER | 20,464,334 | 26,465,416 |
| LOANS RECEIVABLE | 316,144,708 | 371,329,334 |
| LESS ALLOWANCE FOR LOAN LOSSES | (818,321) | (1,551,290) |
| PROPERTY AND EQUIPMENT, NET | 12,546,859 | 11,855,482 |
| NCUSIF DEPOSIT | 3,061,985 | 3,260,775 |
| REPOSSESSED ASSETS | 212,814 | 326,600 |
| OTHER ASSETS | 14,527,554 | 15,372,760 |
| TOTAL ASSETS | \$ 367,562,433 | \$ 428,396,917 |
| LIABILITIES: | | |
| MEMBERS' SHARE AND SAVINGS ACCOUNTS | \$ 320,371,790 | \$ 382,571,275 |
| ACCOUNTS PAYABLE AND OTHER ACCRUED LIABILITIES | 11,784,851 | 6,300,855 |
| TOTAL LIABILITIES | \$ 332,156,641 | \$ 388,872,130 |
| MEMBERS' EQUITY | \$ 28,857,137 | \$ 35,168,384 |
| NET INCOME | 6,548,655 | 4,356,404 |
| TOTAL MEMBERS' EQUITY | \$ 35,405,792 | \$ 39,524,788 |
| TOTAL LIABILITIES AND MEMBERS' EQUITY | \$ 367,562,433 | \$ 428,396,918 |

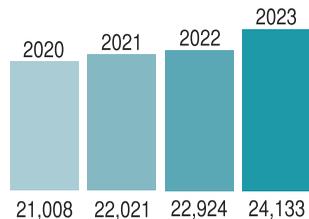
TOTAL SHARES



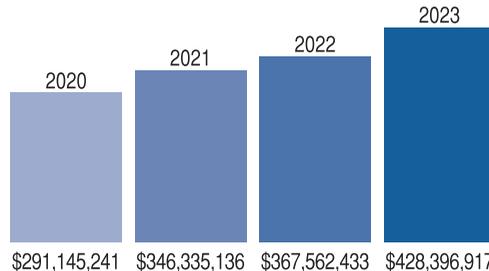
STATEMENT OF INCOME

| Description | 2022 | 2023 |
|---|----------------------|----------------------|
| INCOME: | | |
| INTEREST INCOME ON LOANS | \$ 14,150,468 | \$ 18,759,231 |
| INTEREST INCOME ON INVESTMENTS | 455,919 | 725,114 |
| TOTAL INTEREST INCOME | \$ 14,606,387 | \$ 19,484,345 |
| INTEREST EXPENSE | 978,972 | 4,420,966 |
| NET INTEREST INCOME | \$ 13,627,415 | \$ 15,063,379 |
| PROVISION FOR LOAN LOSS | 315,000 | 1,460,028 |
| INTEREST INCOME AFTER PROVISION | \$ 13,312,415 | \$ 13,603,351 |
| NON-INTEREST INCOME | \$ 7,934,730 | \$ 7,138,534 |
| GAIN/(LOSS) ON ASSETS | (45,249) | (45,237) |
| INCOME BEFORE OPERATING EXPENSES | \$ 21,201,896 | \$ 20,787,122 |
| EXPENSES: | | |
| SALARIES & EMPLOYEE BENEFITS | \$ 7,803,453 | \$ 8,347,309 |
| VOLUNTEER & EMPLOYEE RELATIONS | 186,514 | 284,488 |
| OFFICE OCCUPANCY | 788,607 | 749,008 |
| OFFICE OPERATIONS | 3,005,720 | 3,467,661 |
| MARKETING & MEMBER RELATIONS | 416,530 | 473,602 |
| LOAN SERVICING | 964,779 | 936,067 |
| PROFESSIONAL & OUTSIDE SERVICES | \$ 1,487,638 | \$ 2,172,585 |
| TOTAL EXPENSES | \$ 14,653,241 | \$ 16,430,720 |
| NET INCOME | \$ 6,548,655 | \$ 4,356,402 |

MEMBER GROWTH



TOTAL ASSETS



2023 ANNUAL REPORT

2023 Chairman and CEO Report



Summary

In 2023, Innovations embarked on a remarkable journey, navigating a landscape of growth and unexpected strategic opportunities. The year was marked by a significant event mid-way – the potential acquisition of First National Bank Northwest Florida – a venture that was not part of our initial strategic blueprint. This acquisition posed a unique set of challenges and opportunities, requiring us to recalibrate our strategies and realign our resources, all while maintaining our core operational momentum.

As we progressed through the year, our loan portfolio demonstrated resilience and growth, achieving a 16.51% increase year-to-date as of November. This was a notable achievement in the face of strategic adjustments necessitated by the bank acquisition. Our mortgage sector grew by 15.39%, Member Business Loans (MBL) by 18.51%, and consumer loans by 15.32%. In August, we intentionally reduced our lending volume and focused on boosting deposits to achieve the necessary risk-based capital ratios associated with the bank acquisition. Despite these adjustments, our net income has remained healthy, reaching \$4.35 million year-to-date.

Technology

On the technological front, 2023 was a hallmark year for Innovations. We integrated several advanced platforms, enhancing our service delivery and operational efficiency. A standout achievement was the launch of a new loan origination system – a project that spanned 15 months and symbolized our commitment to digital transformation. This upgrade improved our operational capabilities and significantly enhanced the member experience. Our online banking services also saw significant enhancements, with new capabilities being explored and developed. The progress made in implementing an online account opening system, scheduled for launch in early 2024, and the integration of biometric authentication into our platform, were testaments to our focus on digital innovation and security.

Process Improvement

Our commitment to process improvement and operational efficiency resulted in the successful completion of 34 projects,

leading to an estimated savings of \$308K in 2023. A key highlight was the inaugural Spark Tank process improvement competition, which spanned across all six branches. This initiative led to six major process improvements, saving over \$100K and significantly enhancing both the internal and external member experience. These initiatives underscored our culture of continuous improvement and our commitment to operational excellence.

Team Member Development

Throughout the year, team member development remained a focal point. The introduction of the new Management Trainee position, along with the advancement of 15 team members in their FSR levels, underscored our commitment to personnel development. Additionally, our team's commitment extended to the community. Seven team members volunteered with Elevate Bay, a Bay District Schools mentorship program, while three took roles as reading pals, contributing to youth literacy. We've elevated our financial education services by having 14 Certified Credit Union Financial Counselors on our team to act as consultants for our members and to provide specialized financial advice and tailored guidance. With 21 team members achieving CPR certification, we emphasize our commitment to health and safety for our members, team, and the broader community.

Ignite Rewards Checking

Our Ignite Rewards checking account continues to be a popular account with members. In 2023, we paid our Ignite account holders over **\$303,332** in cash rewards. It pays to have an Ignite Rewards checking account, so if you are not earning rewards, ask a team member for details!

Future Goals

In the coming year, Innovations is poised for significant growth through the planned acquisition of First National Bank Northwest Florida. This strategic expansion signifies not only an increase in our assets and operations but also a substantial elevation of the Innovations brand. In tandem with the acquisition, Innovations will extend its presence in Northwest Florida. As we continue to expand, regulatory compliance will remain a priority. Innovations will remain focused on being fiscally conservative and managed growth.



David A. Southall
President/CEO



Craig Ellis
Chairman/Board of Directors

Board of Directors

Nancy Luther
Vice Chairwoman

Kristopher McLane
Treasurer

Josh Scribner
Secretary

Anita Broughton
Director

Rob Fernandez
Director

Kenneth White
Director

Audit Committee

Blaine Cook
Chairman

Gerald Steinbaum
Secretary

Lisa Barker
Member

Jose Baron
Member

Don Gedeon
Member

Locations and Hours

Thomas Drive

910 Thomas Drive
Panama City Beach, Florida 32408
Hours: Monday - Friday
Lobby: Open 9 a.m. – 5 p.m.
Drive-up: Open 8 a.m. – 5 p.m.

Harrison Avenue

1038 Harrison Avenue
Panama City, Florida 32401
Hours: Monday - Friday
Lobby: Open 9 a.m. – 5 p.m.
Drive-up: Open 8 a.m. – 5 p.m.

Callaway

123 North Tyndall Parkway
Panama City, Florida 32404
Hours: Monday - Friday
Lobby: Open 9 a.m. – 5 p.m.
Drive-up: Open 8 a.m. – 5 p.m.

23rd Street

512 West 23rd Street
Panama City, Florida 32405
Hours: Monday - Friday
Lobby: Open 9 a.m. – 5 p.m.
Drive-up: Open 8 a.m. – 5 p.m.

Lynn Haven

2250 South Highway 77
Lynn Haven, Florida 32444
Hours: Monday - Friday
Lobby: Open 9 a.m. – 5 p.m.
Drive-up: Open 8 a.m. – 5 p.m.

Back Beach

17900 Panama City Beach Parkway
Panama City Beach, Florida 32413
Hours: Monday - Friday
Lobby: Open 8 a.m. – 5 p.m.



Spark Change

850.233.4400 • InnovationsFCU.org



Federally Insured by NCUA | Equal Opportunity Lender
We Do Business In Accordance With The Federal Fair Housing Law
and The Equal Credit Opportunity Act