

NOTICE OF MEETING OF THE MEMBERS OF 121 Financial Credit Union

The Board of Directors of 121 Financial Credit Union (121 Financial) has called a special meeting of the members of this Credit Union on Friday, January 26, 2024, at 4:30 PM EST. This meeting will be held in-person at the Hyatt Regency Jacksonville Riverfront, located at 225 East Coastline Drive, Jacksonville, FL 32202. The purpose of this meeting is to:

1. Consider and act upon a plan and proposal for merging 121 Financial with and into VyStar Credit Union (VyStar), whereby all assets and liabilities of 121 Financial will be merged with and into the Continuing Credit Union (VyStar). All members in good standing with 121 Financial will become members of the Continuing Credit Union and will be entitled to and will receive shares in the Continuing Credit Union for the shares they own in 121 Financial on the effective date of the merger.
2. Ratify, confirm, and approve the action of the Board of Directors in authorizing the officers of 121 Financial, subject to the approval of members, to do all things and to execute all agreements, documents, and other papers necessary to carry out the proposed merger.

The Board of Directors of 121 Financial encourages you to attend the meeting and vote on the proposed merger. Whether or not you expect to attend the meeting, we urge you to sign, date, and promptly return the enclosed ballot to vote on the proposed merger.

If you wish to submit comments about the merger to share with other members, you may submit them to the National Credit Union Administration (NCUA) at <https://www.ncua.gov/support-services/credit-union-resources-expansion/credit-union-merger-resources/comments-proposed-credit-union-mergers> or mail to:

NCUA - Office of Credit Union Resources and Expansion
1775 Duke Street
Alexandria, VA 22314
RE: Member-to-Member Communication for 121 Financial and VyStar merger.

The NCUA will post comments received from members on its website, along with the member's name, subject to the limitations and requirements of its regulations.

Other Information Related to the Proposed Merger:

The Board of Directors has carefully evaluated and analyzed the assets and liabilities of the credit unions and the value of shares in both credit unions. The financial statements of both credit unions, as well as the projected combined financial statement of the continuing credit union, follow as separate documents. In addition, the following information applies to the proposed merger.

Reasons for merger:

The Board of Directors has concluded that the proposed merger is desirable and in the best interests of members for the reasons stated below:

It is important to highlight that the Board of Directors conducted a thorough evaluation of multiple credit unions lasting more than a year before selecting VyStar as the ideal merger partner. This merger between 121 Financial and VyStar represents an exceptional opportunity to build a stronger future for our membership and our employees. By uniting our strengths, we are poised to offer enhanced services, proactively meet the evolving needs of our members and employees, and make a profound positive impact in the communities we serve. Our commitment to our members and dedication to their financial well-being will push us forward as we embark on this exciting and transformative journey.

The Board of Directors at 121 Financial unanimously agreed on merging with VyStar. Along with the immediate benefit to members, it will improve how we operate and have more opportunities to expand products and services in a sustainable way over time. While our current standing is strong, we must remain proactive in the face of competition posed by digital-only banking services, disruptive companies, and large-scale financial institutions.

A few of the immediate benefits include a broader branch and ATM network, increased member accessibility, and improved integration for all 121 Financial employees. In addition, VyStar's commitment to retain all 121 Financial employees furthers their mission to "Do Good" for our membership and the Jacksonville community. Post-merger, 121 Financial employees will have more opportunities for advancement and access to better benefit programs.

Net worth:

The net worth of a merging credit union at the time of a merger transfers to the continuing credit union; 121 Financial (8.86%) has a lower net worth ratio than VyStar Credit Union (9.09%).

Share adjustment or distribution:

121 Financial will not distribute a portion of its net worth to its members in the merger. The Board of Directors has determined a share adjustment or other distribution of 121 Financial Credit Union's net worth is unnecessary. Once all one-time merger costs (including early contract termination fees, integration costs for core banking and other data systems, and write-downs of fixed and other assets to be retired) are accounted for, 121 Financial's net worth will be reduced. Because VyStar has a comparable net worth ratio, the members' equity will not be substantially impacted. VyStar provides an extensive branch infrastructure, beneficial services, rates, and product offerings that will bring increased value to all 121 Financial members.

Locations of merging and continuing credit union:

VyStar's main office is located at 76 S. Laura St., Jacksonville, Florida 32204.

121 Financial's main office at 701 Riverside Park Place, Jacksonville, Florida 32204 will remain open for a period of time, and the following existing branches will also remain open:

Kendall Town - 9730 Hutchinson Park Drive, Jacksonville, Florida 32225

Mandarin* - 11112 San Jose Blvd, Suite 5, Jacksonville, Florida 32223

Middleburg* - 1714 Blanding Blvd, Middleburg, Florida 32068

Orange Park - 6801 Blanding Blvd., Jacksonville, Florida 32244

River City - 14203 Revel Dr., Jacksonville, Florida 32218

Touchton* - 9700 Touchton Rd, Suite 104, Jacksonville, Florida 32246

Westside* - 8101 Normandy Blvd, Jacksonville, Florida 32221

* To remain open for a period of time.

VyStar Branch Locations: (Jacksonville area)

103rd - 7795 103rd St., Jacksonville, Florida 32210

Arlington - 7802 Atlantic Blvd., Jacksonville, Florida 32211

Bartram Park - 13680 Old St Augustine Rd., Jacksonville, Florida 32258

Baymeadows - 10903 Baymeadows Rd., Jacksonville, Florida 32256

Beach & 295E - 11674 Beach Blvd., Jacksonville, Florida 32246

Branan Field - 1768 Blanding Blvd., Middleburg, FL 32068

Callahan - 543377 U.S. Hwy 1, Callahan, FL 32011

Chaffee Point - 560 Chaffee Point Blvd., Jacksonville, Florida 32221

CR 210 - 1955 CR 210, St. Johns, FL 32259

Downtown Jax - 76 S. Laura St. Jacksonville, Florida 32202

Eagle Harbor - 1755 Eagle Harbor Pkwy., Fleming Island, FL 32003

Fernandina Beach - 1900 S. 14th St., Fernandina Beach, FL 32034

Green Cove Springs - 601 N. Orange Ave., Green Cove Springs, FL 32043

Jax Beach - 100 3rd St. N., Jacksonville, Florida 32250

Julington Creek - 101 Bartram Oaks Walk, Fruit Cove, FL 32259

Kernan - 1802 Kernan Blvd. S, Jacksonville, Florida 32246

Macclenny - 1168 S. 6th St., Macclenny, FL 32063
Mandarin - 11343 San Jose Blvd., Jacksonville, Florida 32223
Middleburg - 2762 Blanding Blvd., Middleburg, FL 32068
Murabella - 849 Verona Wy., St. Augustine, FL 32092
NAS Jax - 6801 Roosevelt Blvd., Jacksonville, Florida 32212
Neptune Beach - 1307 Atlantic Blvd., Neptune Beach, FL 32266
Nocatee - 100 Village Lake Dr., Ponte Vedra, FL 32081
Normandy - 7765 Normandy Blvd., Jacksonville, Florida 32221
Northside - 1831 Dunn Ave., Jacksonville, Florida 32218
Oakleaf - 8425 Merchants Wy., Jacksonville, Florida 32222
Oceanway - 13075 N. Main St., Jacksonville, Florida 32218
Orange Park - 182 Blanding Blvd., Orange Park, FL 32073
Ponte Vedra - 212 Ponte Vedra Park Dr., Ponte Vedra Beach, FL 32082
Regency Commons - 686 Commerce Center Dr., Jacksonville, Florida 32225
Riverside - 760 Riverside Ave., Jacksonville, Florida 32204
Roosevelt - 4420 Wabash Ave., Jacksonville, Florida 32210
San Marco - 1600 Hendricks Ave., Jacksonville, Florida 32207
Southside - 8263 Philips Hwy., Jacksonville, Florida 32256
Springfield - 1700 Main St. N., Jacksonville, Florida 32206
St. Augustine - 165 SR 312 W., St. Augustine, FL 32086
St. Augustine Beach - 3970 A1A S., St. Augustine, FL 32080
St. Augustine North - 3654 N. Ponce de Leon Blvd., St. Augustine, FL 32084
Yulee - 463775 SR 200, Yulee, FL 32097

Please go to <https://www.vystarcu.org/locations> for detailed information on VyStar's more than 30 additional locations outside the Jacksonville area.

VyStar and 121 Financial have worked closely in the Jacksonville market for many years on a variety of community-focused endeavors. The proposed merger with 121 Financial is an opportunity for VyStar to continue its mission of "Do Good" in the Jacksonville market. This proposed merger will allow 121 Financial's members to merge with a credit union that will continue to serve the mission as Jacksonville's hometown credit union.

Approximately 38% of 121 Financial's members are already VyStar members. Once 121 and VyStar accounts are merged, these members will be able to have a single place to manage their related accounts. All members that don't already have a membership with VyStar will benefit from their broader branch network across the region. The merger of 121 Financial and VyStar brings forth several key benefits that are worth highlighting; it is important to note the following:

- Increased Member Accessibility: The merger will result in more locations for credit union members. With an expanded branch network, members will enjoy greater convenience and accessibility when conducting their banking transactions and seeking assistance. This improved availability ensures a seamless and enhanced member experience.
- Improved Financials: The combined organizations will result in many efficiencies and lower operating expenses through the removal of duplicative vendor and technology expenses. Conservative estimates indicate tens of millions of savings that will be realized in the first several years, which will allow members to receive enhanced service and rates.
- Products and Services: VyStar offers numerous expanded product and service offerings in addition to a larger branch network. Some of these expanded services include expanded Contact Center hours, Trust Accounts, Title Services, Insurance Services, and more.
- Collaborative History: Both 121 Financial and VyStar have a history of working collaboratively over the past five years. This foundation of cooperation and shared values will contribute to a smoother integration process and ensure a harmonious transition for employees and members alike.
- Strengthening the Jacksonville Community: Local mergers like the one between 121 Financial and VyStar contribute to building a stronger Jacksonville community. By combining resources and expertise, the merged credit union can actively participate in community development initiatives, sponsor local events, and contribute to the economic growth and well-being of the Jacksonville region.
- Employee Transition: As part of the merger, all employees of 121 Financial will be transitioning to VyStar with similar job functions and compensation. This ensures job continuity and provides new opportunities for growth for our team members.

- Improved Integration for 121 Financial Employees: The merger with VyStar presents an opportunity for better integration and collaboration for employees of 121 Financial. Through the merger, employees will have access to expanded resources, advanced technology systems, and a larger talent pool, fostering professional growth and development.

As the Jacksonville hometown credit union, 121 Financial holds a special place in the Jacksonville community. The merger with VyStar not only enhances the services and benefits provided to members but also reinforces the commitment to the local community's prosperity and well-being.

More surcharge-free ATMs throughout the United States will also be available, along with more robust call center services and the convenience of 24/7 digital banking. Below you will find the retail expansion opportunities you will benefit from through this merger.

Jacksonville Area (Combined)

More than 45 full-service branches (121 currently 7) and one mobile branch
 18 high-school branches
 7 video tellers (VyStar currently 0)
 46 ATMs (121 currently 10)

Regionally outside Jacksonville

More than 30 full-service branches (121 currently 1)
 89 ATMs (121 currently 0)

Nationwide

85,000 surcharge-free ATMs

Along with enriching the service offerings and benefits for members, this merger will create countless opportunities for employees to hone their skills, apply their talents, and grow in their careers with the combined organization, all ultimately benefiting members. All staff of both the merging and continuing credit unions will be offered continued employment following the completion of the merger.

After its comprehensive due diligence review, 121 Financial and its Board of Directors determined there were no anomalies or issues of safety and soundness within VyStar's business that would negatively affect 121 Financial or its members.

Merger-related financial arrangements:

NCUA Regulations require merging credit unions to disclose certain material changes in total compensation or benefits, defined as an increase in total compensation and benefits of 15% or more that any of the merging credit union's officials or the five most highly compensated employees have received or will receive in connection with the merger. 121 Financial does not compensate credit union officials.

Five 121 Financial executives, David Marovich, President & Chief Executive Officer, Paul Blackstone, Chief Operating Officer, Cynthia Koan, Chief Financial Officer, Cathy Hufstetler, Senior Vice President of Lending, and Nichole LeBlanc, Executive Assistant, will continue employment under contract with VyStar Credit Union with post-merger increases in total compensation that require disclosure under the NCUA Regulations.

Mr. David Marovich holds the position of Chief Executive Officer at 121 Financial Credit Union, bringing with him a wealth of experience and expertise. His journey with the Credit Union began in 2007 when he joined as a Small Business Lender. Through his dedication and accomplishments, he steadily progressed within the organization, taking on roles such as Vice President of Business Services and eventually Chief Operations Officer.

With over 25 years of experience in the credit union and banking industry, David has also made significant contributions outside of 121 Financial. He has worked at esteemed institutions like Barnett Bank and, most recently, Compass Bank, where he served as Branch Manager and Vice President for more than 9 years.

David is not only a seasoned professional but also an active member of the community. He volunteers his time within the Small Business Resource Network (SBRN), serving in various roles, including that of a member and president. He holds the distinction of being a Certified Credit Union Executive through the Credit Union National Association (CUNA) and serves on the SBDC Advisory Council. Additionally, David sits on the Advisory Board for Bishop Kenny High School and dedicates his time as a volunteer for the Diocese of St. Augustine.

His commitment and contributions have garnered recognition, as David has received the SBRN "Volunteer of the Year" award and has been honored as the SBA "Small Business Advocate" for both North Florida and the state of Florida.

Originally from Johnstown, Pennsylvania, David has made the Jacksonville area his home for more than three decades. He earned his Bachelor's degree in philosophy from the Pontifical College Josephinum in 1989.

David will continue on for five years as SVP Northeast Community President with a salary increase of \$16,000 and two retention bonuses of \$122,500 each at 6 and 12 months after the merger closing. VyStar will establish a supplemental executive retirement plan for David that will pay him 40% of annual salary of year 5 upon his retirement in year 6 after the closing and for a period of 5 years.

Mr. Paul Blackstone holds the position of Chief Operating Officer at 121 Financial Credit Union, bringing with him 30 years of experience and exceptional leadership skills. Since joining the organization in July 2015, Paul has played a pivotal role in overseeing various operational teams and ensuring the smooth day-to-day functioning of the Credit Union. Previously, as Chief Strategy Officer, he held responsibility for legal and risk management, information services, marketing, and project management. His expertise extends to driving the evolution of the digital user journey and experience, as well as leading strategic planning for the credit union's real estate, design, and footprint.

Throughout his career, Paul has held significant leadership positions in diverse industries, including enterprise, security, healthcare, and finance. Prior to his tenure at 121 Financial, he founded and developed Copilot Networks, a venture aimed at assisting parents and schools in managing children's electronic devices.

With a strong foundation in service, Paul also served in the United States Navy and is a proud graduate of Warner Christian Academy. Originally from Kentucky, he now resides in Jacksonville, Florida.

Outside of his professional endeavors, Paul serves on the board for The Jacksonville Zoo and the Boys and Girls Club of Northern Florida. These commitments exemplify his dedication to supporting community organizations and making a positive impact on the lives of others.

Paul will continue on for five years as SVP Special Projects with a salary increase of \$95,000 and two retention bonuses of \$126,250 each at 6 and 12 months after the merger closing. VyStar will establish a supplemental executive retirement plan for Paul that will pay him 35% of annual salary of year 5 upon his retirement in year 6 after the closing and for a period of 5 years.

Ms. Cyndi Koan assumes the critical role of Chief Financial Officer at 121 Financial Credit Union, leveraging her extensive experience of over 30 years in senior management positions within the credit union industry. Prior to joining 121 Financial, Cyndi held esteemed positions such as President, Executive Vice President, Chief Strategic Officer, Chief Financial Officer, Chief Credit Officer, and Senior Vice President of Product Development at various prominent credit unions.

Furthermore, Cyndi has accumulated extensive expertise in Credit Union Service Organizations (CUSOs), having served on the Board of Directors for Centennial Lending, CU Business Partners, Mortgage Liquidity Solutions, and Member's Insurance. She currently serves as a member of the Centennial Lending Loan Committee. Her contributions extend beyond individual credit unions, as she has been involved in industry-wide initiatives, including her role as the CUNA representative on the ABA Routing Number Administrative Board and the Federal Reserve Bank Check 21 MICR

Taskforce. Additionally, she has served on the Payment Resource One Rules Committee, affiliated with the Regional ACH Association.

In addition to her credit union endeavors, Cyndi runs a consulting business that aids financial institutions in defining and achieving strategic success. Her educational background includes a B.S. in Business Administration with a minor in Economics from Regis University. Notably, she is also an honors graduate of CUNA Management School, further solidifying her expertise and leadership capabilities.

Through her extensive experience, industry involvement, and strategic guidance, Cyndi plays a vital role in shaping the financial success and operational efficiency of 121 Financial Credit Union.

Cyndi will continue on for three years as SVP Financial Special Projects with two retention bonuses of \$35,000 at 6 and 12 months after the merger closing.

Ms. Cathy Hufstetler holds the position of Senior Vice President of Lending at 121 Financial Credit Union, boasting a remarkable credit union career spanning over 35 years, with a specific focus lending. Since joining the organization in 1991, Cathy has made significant contributions, including building and nurturing a mortgage team that resulted in doubling the mortgage portfolio in just over a year. Her exceptional achievements have propelled her through multiple promotions, culminating in her inclusion in the senior leadership team in 2019.

Throughout her tenure at 121 Financial, Cathy has overseen the day-to-day operations of several teams, including consumer lending, indirect lending, mortgage lending, business lending, collections, and card services. Her expertise and guidance have been instrumental in shaping these areas of the Credit Union.

As a testament to her commitment to the credit union industry, Cathy serves as the Vice President on the board of the Northeast Chapter of the League of Southern Credit Unions. Furthermore, she graduated with honors from the esteemed three-year Certified Credit Union Executive certification program at CUNA Management School, hosted by the University of Wisconsin-Madison School of Business.

Cathy will continue through conversion at which time she plans on entering a much-deserved retirement. Cathy will receive a year's severance of \$273,000 upon her planned retirement and two retention bonuses of \$28,000 at 6 and 12 months after the merger closing.

Ms. Nichole LeBlanc serves as the Executive Assistant to the C-Suite, supporting the CEO, COO, CFO, and the SVP Lending. She also serves as the liaison for the board of directors, supervisory committee, and nominating committee. She has over 20 years of experience in the administrative field, with a background in human resources, employee benefits, and education & development. She currently manages a team of five, including two administrative assistants, a receptionist, and two facilities coordinators.

Along with the general Executive Assistant duties, which include being the face of the organization for current and prospective vendors, members, and people of the Jacksonville community, she and the CEO formed a new foundation for the credit union, which is also certified with a 501(c)3/tax exempt designation.

In 2021, Nichole obtained her Professional Administrative Certification of Excellence (PACE) designation and is a member of the American Society of Administrative Professionals. She is also a member of the International Association of Administrative Professionals (IAAP) and working towards her Certified Administrative Professional (CAP) designation.

Nichole will continue on for five years as Senior Executive Assistant with a salary increase of \$5,000 and two retention bonuses of \$9,500 at 6 and 12 months after the merger closing.

Please note that the proposed merger must have the approval of the majority of members who vote.

Enclosed with this Notice of Special Meeting is a Ballot for Merger Proposal. If you cannot attend the meeting, please complete the ballot and use the pre-paid return envelope to return it to 121 Financial, PO Box 40769, Jacksonville, FL 32203-9912. If you mail in your ballot, we must receive the ballot by **12:00 PM EST on January 26, 2024**. You can also drop your ballot in the special lockbox provided at each of our branches during normal business hours through **12:00 PM EST on January 26, 2024**. To be counted, your ballot must reach us by the date and time announced for the meeting.

BY THE ORDER OF THE BOARD OF DIRECTORS:

Chairperson of the Board:



Harold Boree

Date: November 30, 2023