Florida Capital Group, Inc.

Management's Discussion and Analysis for the Year Ended December 31, 2020

Summary

Florida Capital Group, Inc. (the "Company") and its wholly owned bank subsidiary Florida Capital Bank, N.A. (the "Bank") reported net income of $13.82 million for the year ended December 31, 2020 compared to net income of $7.12 million for 2019. On a pre-tax, pre-credit provision basis (non-GAAP earnings), the Company reported earnings of $20.10 million compared to the 2019 comparable level of $8.07 million. Net income reported for 2020 placed the Bank at the top of the "Hovde Florida Bank Performance Report – QIV 2020 Top-40 Florida Banks Ranked by ROAA" of reporting commercial banks in the state of Florida in terms of returns on assets and equity. Current year operating results are historically unprecedented for the Company, and management attributes the performance primarily to its mortgage business, which benefited from dramatically lower interest rates and wider margins during the year (see the section titled Residential Mortgage Origination). This letter to shareholders is intended to be read in conjunction with "Management's Discussion and Analysis for the Quarter Ended September 30, 2020," which is located on the Bank's website - floridacapitalbank.com - under the Investor Relations tab.

The following table presents comparative financial highlights for the Company for the year ended December 31, 2020.

Florida Capital Group, Inc.
Operating Trends and Key Metrics
December 31, 2020 and 2019
(000s)

	31-Dec-20	31-Dec-19	Change	% Change
Operating Results:				
Net Income	$ 13,822	$ 7,118	$ 6,704	94.2%
Net Income (Pre-Tax, Pre-Credit)	$ 20,098	$ 8,068	$ 12,030	149.1%
Return On Assets	2.85%	1.44%	1.41%	97.9%
Return On Equity	28.46%	18.06%	10.41%	57.6%
Net Interest Margin	2.92%	3.17%	-0.25%	-7.9%
Mortgage Margin	2.56%	1.63%	0.93%	57.2%
Book Value of Common Stock (Parent)	$ 55,723	$ 41,310	$ 14,413	34.9%
Tangible Book Value per Common Share (Parent)	$ 0.0868	$ 0.0571	$ 0.0297	52.0%

Reported earnings reflect the impact of the "once in a generation" 2020 mortgage market, which continued resilient through the end of the first quarter of 2021. The pandemic-induced, historically low rate environment generated record mortgage industry origination volume and atypically wide margins. The Bank's residential mortgage originations increased to $1.4 billion during 2020, compared to $1.1 billion reported in 2019. As a result, the $13.8 million of earnings reported in 2020 was almost double the very strong earnings of $7.1 million reported in 2019.

The Company's book value allocable to the common shares increased from $41.3 million at year-end 2019 to $55.7 million at December 31, 2020, and on a per share basis increased from $0.0571 to $0.0868.

As the global pandemic - which began in March 2020 - unfolded, financial markets became very volatile, and government support programs, including significant amounts of monetary and fiscal stimulus, were rolled out. Against this uncertain economic backdrop, the banking industry and bank regulators expressed significant concern about future credit quality trends. As a result, the Company charged earnings $3.0 million during 2020 to increase its allowance for credit losses to $4.5 million, which at year-end stood at an unprecedented 2.36% of loans held for investment excluding warehouse balances. At year-end 2020, the level of non-performing assets was nominal, and requests for payment deferrals and modifications, which spiked during the second quarter of 2020, resulted in only $1.8 million in residential and $900 thousand of commercial deferral-related loan balances at year-end. Management acknowledges that these government programs, particularly the CARES Act SBA subsidies, may be masking underlying negative credit trends in the Company's Government Guaranteed Lending business, and as a result, has increased allocated reserves for this loan segment and remains vigilant with regard to asset quality.

As noted above, record earnings were reported in 2020; however, balance sheet assets remained stable at approximately their 2019 level. As a result, this earnings growth has increased the Bank's regulatory capital ratios, and provided the capital needed to invest in profitable business opportunities to improve shareholder returns. The Bank's regulatory capital ratios at December 31, 2020 (tier 1 leverage ratio of 12.3% and total risk-based capital ratio of 19.8%) compare very favorably to December 31, 2019 levels (tier 1 leverage ratio of 8.1% and total risk-based capital ratio of 12.3%).

In addition to capital, taking advantage of business opportunities requires access to liquidity at a reasonable cost. This objective was amply satisfied with the outstanding performance of the Bank's Specialty Banking unit during 2020 (see the section titled Specialty Banking), and the significant deposit growth that occurred last year in the Bank's four banking offices (see section titled Community Bank). Specialty Banking reported exceptional deposit growth during 2020 – particularly at year end, which enabled the Bank to retire much of its wholesale funding (brokered and institutional deposits and FHLB advances), reduce its cost of funds and lower its liquidity risk, accordingly. At year-end, the Bank maintained approximately $45 million of excess balance account deposits at the Federal Reserve Bank of Atlanta. The combination of significant regulatory capital and adequate liquidity provide a 2021 opportunity for management to reinvest and diversify the last two years' mortgage profits into alternative attractive opportunities to support continued earnings.

As noted in the 2019 Letter to Shareholders, the Bank entered into a formal agreement with the Office of the Comptroller of the Currency during April 2020 to address certain regulatory criticisms noted during the October 2019 safety and soundness exam. The Board of Directors, the Compliance Committee of the board, and management have worked tirelessly to achieve full compliance with the terms of the agreement, and expect the Bank to emerge from these efforts an even more resilient financial institution.

The board of directors and management continue to work diligently on behalf of all stakeholders – shareholders, customers, employees, and third parties. Our shareholders provide the capital, our employees perform the services, and our customers offer us profitable opportunities to meet their business needs, while third parties provide the key systems and processes that keep the Bank running. Our goals are to provide exceptional returns to our shareholders, to attract, retain and engage our employees, to satisfy and nurture our customer relationships, and to establish mutually profitable relationships with third parties.

Residential Mortgage Origination

The Bank reported residential mortgage production of $1.4 billion during 2020 compared to $1.1 billion for 2019 and relative to 2020 budgeted originations of $810 million. At the beginning of 2020, the Mortgage Bankers

Association predicted originations would be 8% lower than their 2019 level, and for the first quarter of 2020, mortgage industry production appeared to follow this prediction. However, as the pandemic evolved and rates declined to historical lows, record levels of refinancing activity occurred. Recent rate trends have reversed course somewhat, but still remain highly favorable from a borrower perspective.

Initially, industry capacity was unable to handle refinancing demand, and margins widened considerably relative to historical levels as lenders managed capacity constraints. The combination of higher volume and wider margins served to accelerate industry and Florida Capital Bank's earnings. For 2020, the Bank reported mortgage-banking income of $40 million compared to $23 million in 2019. For this same period, the mortgage margin expanded from its 2019 level of 1.63% to 2.56%. While mortgage-related expenses also increased during 2020, the level of origination activity substantially exceeded the Bank's break-even origination level and profitability expanded.

As the pandemic unfolded in mid-March 2020 and rates dropped precipitously, the Bank's price-committed pipeline ("locks") of residential mortgages increased from about $80 million to $330 million in a period of a few weeks. For most of 2020, locks averaged in excess of $200 million, and during the first quarter of 2021, locks were still holding in the $200 million range. However, by the second week of April locks had dropped to about $150 million, and intense pricing competition had developed. Current predictions indicate a 25% decline in mortgage market originations in 2021 with narrowing margins. The Bank reported a contraction in the margin from 2.56% for 2020 to 1.88% for the first quarter of 2021. Both of these factors portend significant headwinds for the remainder of 2021, and imply declining mortgage revenues and earnings for the Bank relative to its 2020 performance. As origination levels and revenues decline, certain marginal costs of production decline in tandem; however, management also maintains action plans to rationalize mortgage costs and expenses in a declining mortgage market.

Warehouse Lending

Warehouse lending production for 2020 declined to $3.3 billion from the record $4.0 billion production level reported for 2019. During early 2020, management adopted a more risk-based approach to monitoring warehouse lending activity and established concentration limits for warehouse lending guidance facilities and balances accordingly. These limits required management to pare certain larger relationships, and in some cases to completely exit relationships. These actions improved the liquidity profile of the Bank and resulted in higher regulatory capital ratios, but at the expense of warehouse business line production, balances and profits. Management expects this decision to result in more stable warehouse relationships and to diversify the Bank's overall risk exposure to this credit segment.

From a balance sheet perspective, total outstanding warehouse balances were $95 million at December 31, 2020, compared to a budgeted level of $129 million and a balance of $119 million at December 31, 2019. Total year-to-date interest income from warehouse lending was $3.7 million, compared to budgeted interest income of $6.6 million, which is a $2.9 million or 44% unfavorable budget variance. Total warehouse interest income of $6.0 million was reported for 2019. However, from a line of business perspective, warehouse lending continues to make a substantial contribution to earnings due to its relatively low level of operating costs.

The Bank's warehouse lending business generates loans that are not eligible collateral among traditional funds providers. As a result, the Bank has historically used wholesale sources of liquidity at market rates to fund these balances. These funding sources are predominately comprised of brokered and institutional certificates of deposit with short-term maturities that offset the interest rate risk exposure of the warehouse loans. However, continued growth in core deposits – particularly zero cost Specialty Banking non-maturity deposits – is expected to alter this funding approach and significantly improve the returns from warehouse lending. Although core deposit rates and market rates have converged in this very low rate environment, this strategic remix of liabilities has significant future positive earnings implications for the Bank as market-based funding rates diverge from core deposit rates in higher rate environments.

Florida Capital Group, Inc.

Specialty Banking

Specialty Banking's deposits averaged $71 million in QIV 2019 and increased to $85 million on an average balance basis in the fourth quarter of 2020. During December 2020, the bank's prepaid card segment of the Specialty Banking business saw deposit inflows of approximately $60 million into non-interest bearing accounts. At March 31, 2021, the balance of Specialty Banking deposits was $153 million compared to $115 million at year-end 2020 and $102 million at the end of 2019. As noted above, these deposits have an effective cost of zero and this deposit growth is being used to retire higher cost funding, accumulate on-balance sheet liquidity and fund loan growth.

Specialty banking as a strategic business line is comprised of fee-based ACH third party payment processing, health savings account relationships, and a deposit generating, corporate prepaid card program. The strategic objective is to raise very low cost, stable deposits. Management of this business continuously explores attractive opportunities to raise core deposits, which recently included the Bank's 2019 entry into the hemp banking market in Florida. The pandemic has made prospecting in this market a complicated endeavor, and the Bank's deposit production to date has been modest; however, management remains very optimistic about the Bank's opportunities in this nascent market.

As noted above, Specialty Banking, non-interest bearing deposits have increased dramatically in the past year, and many current initiatives and business opportunities for this unit are expected to result in continued core deposit growth. This business line remains a strategic source of very low cost funding for the Bank, and is expected to grow as new markets are entered and new customer relationships are established.

Community Bank

The Community Bank line of business now includes the former Government Guaranteed Lending ("GGL") line of business. During 2020, management made this strategic decision for two reasons: 1) the market for government guaranteed loans is indistinguishable from the market for traditional community bank lending, and 2) in late 2019 management decided to exit all originations involving third party referral agents, and to limit acceptable collateral to real estate.

These prudential decisions were confirmed with the onset of the pandemic and related economic uncertainty. Management has decided to reduce concentration exposures in this portfolio. At December 31, 2020, the Bank's unguaranteed GGL exposure was 21% of capital and surplus compared to 50% at March 31, 2020. Management believes the current loss exposure in this portfolio is elevated, and has allocated a significant portion of the allowance for loan losses to mitigate future losses. However, management remains committed to providing credit to small businesses, and will continue to seek attractive opportunities involving SBA and USDA-guaranteed loan relationships with well-established businesses secured primarily by real property.

The community bank balance sheet saw major changes during 2020 that continued throughout the first quarter of 2021. The changes related to significant retail/small business deposit growth in the banking offices. This growth has occurred in the banking offices as reduced business investment opportunities and elevated savings rates prompted by the pandemic forced investor and savers to seek a safe haven in the banking industry. Retail/small business deposits averaged $145 million in QIV 2019 and increased to $212 million in the fourth quarter of 2020.

Traditional commercial/CRE lending was stable during 2020, while GGL balances increased during 2020 because of SBA-guaranteed Paycheck Protection Program lending activities. Commercial and CRE loan balances averaged $89 million in the fourth quarter of 2020 compared to $94 million in the fourth quarter of 2019. The pandemic significantly altered the Bank's approach to loan origination during 2020. Management focused on credit quality and monitoring existing relationships instead of loan origination. However, the Bank's commercial lending – primarily real estate focused, and deposit relationship-based - continues in the Bank's target markets.

Balance Sheet

Total assets of $474 million at December 31, 2020 were $21 million or 4% less than the $495 million reported at December 31, 2019. For the same period, the held for investment loan portfolio declined in tandem with the reduction in warehouse production and related balances - $263 million at December 31, 2020 compared to $317 million at December 31, 2019 ($54 million or 17% decrease). During 2020, the Bank also sold a portion of its residential mortgage loan portfolio, which further reduced year-end 2020 balances. These declines were somewhat mitigated by higher loans held for sale balances, which increased from $93 million at year-end 2019 to $104 million at the end of 2020 (an increase of $11 million or 12%).

As discussed above, deposit growth was exceptionally strong during 2020. At December 31, 2020, the average balance of total core deposits (excludes brokered and institutional deposits) was $297 million compared an average balance of $216 million in the fourth quarter of 2019, which represented an $81 million or 37% increase. The majority of this growth occurred in lower cost, non-maturity deposits, which increased $65 million or 29% during 2020.

Other borrowings were $29 million at December 31, 2020 compared to $64 million at the end of 2019. This funding shift is the result of the core deposit growth experienced during 2020. Both brokered and institutional deposits have declined during the current year, and the Bank presently has the on-balance sheet liquidity to reduce wholesale borrowings as the deposits mature over the coming year. On a final funding note, the Bank has a structured advance from the FHLB that matures in July 2021. At this time, the Bank anticipates a $615 thousand annual reduction in interest expense due to this maturity. The Bank's liquidity management practices remain robust.

Income Statement

For 2020, net interest income was $14.4 million, which was a $433 thousand or 3% improvement compared to the 2019 reported amount of $14.0 million. Year-to-date 2020 total interest income of $18.7 million was $1.5 million or 7% less than the $20.2 million reported for 2019, which reflected the general decline in rates in 2020. For the same period, interest expense was $4.3 million, which was $2.0 million or 31% less than the $6.3 million reported in 2019. Non-interest income was $41.9 million for the year ended December 31, 2020 compared to $26.1 million for 2019 representing a $15.8 million or 61% improvement. This result was due to the favorable volume and margin variances associated with residential mortgage loan production. For the same period, non-interest expenses were $36.2 million compared to $32.0 million reflecting the additional resources required to satisfy higher mortgage production levels.

First Quarter 2021

The Company reported net income of $2.3 million for the quarter ended March 31, 2021 compared to budgeted net income of $1.7 million for the same period. The earnings reflect the continued strength of the current mortgage market, but were also bolstered by a $600 thousand tax benefit associated with previously unrecognized book loss carryforwards from prior years. Earnings growth continues to enhance the Bank's regulatory capital ratios, which at March 31, 2021 were tier 1 leverage of 11.6% and total risk-based of 18.4%.

First quarter 2021 operating results continue to benefit from profits reported by the Bank's mortgage line of business, which remains the beneficiary of continued low interest rates. Current Federal Reserve rate projections indicate that rates will continue to hover near record low levels through 2023. The pandemic economy continues to improve as vaccinations have begun, and some states have eased restrictions and conditions that negatively affected business conditions. However, there remains much uncertainty surrounding the economy. The current assessment is that monetary policy will remain highly accommodative, although the "market" consensus has diverged from the Fed's view as indicated by the steeper yield curve. At the same time, successive rounds of fiscal stimulus to date have done little to improve the economic outlook and to some pundits have created the potential for substantial inflation and higher interest rates. In either case, the direction of credit risk remains elusive.

To address the opaque nature of the credit outlook, management has elected to maintain the allowance for loan losses at its post-pandemic level, and provided for net charge-offs during the first quarter. Borrower deferral and foreclosure moratorium legislation is still in effect in most states and in many cases seems to be routinely extended through executive order or hastily arranged legislation. Another round of SBA payment subsidies commenced during the first quarter, and all of these actions make it difficult to determine the future path of credit quality. Because of this uncertainty, the Bank has maintained its allowance for credit losses at an unprecedented 2.36% of loans held for investment (excluding warehouse balances).

First quarter 2021 residential mortgage originations were $366 million compared to projected levels of $210 million for a $156 million or 74% favorable variance. For the same period, warehouse lending production was on target as it reported $784 million of actual production versus strategic plan levels of $799 million. Residential mortgage loans held for sale were $120 million at March 31, 2021 compared to the strategic plan level of $51 million, and warehouse balances ended the quarter at $120 million versus plan of $111 million.

The balance sheet saw major changes during the end of the fourth quarter of 2020 that continued throughout the first quarter of 2021. The changes related to significant deposit growth reported by the Bank's Specialty Banking line of business and the continuation of retail/small business deposit growth in the banking offices. During December 2020, the Bank's prepaid card segment reported an increase in non-interest bearing deposits of approximately $60 million. The balance of Specialty Banking deposits increased from an average of $85 million in the fourth quarter of 2020 to approximately $158 million in the first quarter of 2021. Growth has also occurred in the banking offices as retail/small business deposits increased from $145 million in the fourth quarter of 2019 to $223 million in the first quarter of 2021.

The implications of this extraordinary deposit growth are a reduction in wholesale funding, improved levels of core deposits (average balance growth of $84 million between the fourth quarter of 2020 and the first quarter of 2021), and a lower cost of funds. Wholesale funding declined from an average balance of $120 million in the fourth quarter of 2020 to $75 million in the first quarter of 2021. The ratio of wholesale deposits to total deposits declined from 40% to 20% over the same period. A similar decline was observed by a comparison of the first quarter of 2020 to the first quarter of 2021 during which this ratio declined from 56% to 20%.

The other impact of this deposit growth and excess liquidity has been to reduce earning asset yields and the net interest margin; however, since these deposits have zero cost the lower margin does not translate into lower net interest income. Because of holding the liquidity associated with this deposit growth, the bank's net interest margin has declined from the 3.0% range at the beginning of 2020 to about 2.5% currently. For the same period, the earning asset yield has fallen from the 4.0% range to the 3.0% level and the cost of funds has declined from 1.21% to 0.50%. The cost of retail versus wholesale deposits has now converged at 0.39% reflecting the impact of zero cost Specialty Banking deposits.

Management acknowledges that the mortgage market is unlikely to continue at its current pace, and the above-normal margins earned over the past twelve months will decline. The price-committed pipeline has remained stable over the past few months; however, early April numbers are beginning to show declines and mortgage pricing has become extremely competitive. Both of these events portend lower future mortgage revenues. As a result, management continuously monitors the level of mortgage expenses, particularly staffing levels and related expenses, in relation to mortgage origination volume, and is prepared to activate cost reductions as mortgage revenues decline.

Postscript

In our September letter to shareholders, we noted with much sadness the passing of President & Chief Executive Officer Malcolm Jones. His leadership skills and strategic insights were essential to position the Company for the future level of success noted above. The Company now has a new leader – President and Chief Executive Officer Mark F. Johnson – whose extensive commercial and mortgage banking experience positions the Company to continue its successful path forward. We also note the retirement for health reasons of director M.G. Sanchez who made many significant contributions to the success of the Company during his tenure on the board. Specifically, his contributions in the form of board governance, lending and risk management were beacons of experience and wisdom as the Company successfully navigated the Financial Crisis.

W. Andrew Krusen, Jr.
Chairman of the Board

Mark. F. Johnson
President & Chief Executive Officer

Florida Capital Group, Inc.
Operating Trends and Key Metrics
December 31, 2020 and 2019
(000s)

	31-Dec-20	31-Dec-19	Change	% Change
Operating Results:				
Net Income	$ 13,822	$ 7,118	$ 6,704	94.2%
Net Income (Pre-Tax, Pre-Credit)	$ 20,098	$ 8,068	$ 12,030	149.1%
Return On Assets	2.85%	1.44%	1.41%	97.9%
Return On Equity	28.46%	18.06%	10.41%	57.6%
Net Interest Margin	2.92%	3.17%	-0.25%	-7.9%
Mortgage Margin	2.56%	1.63%	0.93%	57.2%
Book Value of Common Stock (Parent)	$ 55,723	$ 41,310	$ 14,413	34.9%
Tangible Book Value per Common Share (Parent)	$ 0.0868	$ 0.0571	$ 0.0297	52.0%
Balance Sheet and Production Trends:				
Assets (Average)	$ 484,706	$ 493,988	$ (9,282)	-1.9%
Loans - Mortgage Banking (Average)	$ 204,711	$ 195,825	$ 8,886	4.5%
Loans - Held For Investment (Average)	$ 197,522	$ 189,254	$ 8,268	4.4%
Core Deposits (Average)	$ 277,569	$ 227,070	$ 50,499	22.2%
Loans HFI to Core Deposits (Average)	71%	83%	-12%	-14.6%
Residential Mortgage Production	$ 1,443,004	$ 1,062,688	$ 380,316	35.8%
Warehouse Production	$ 3,256,736	$ 4,028,678	$ (771,942)	-19.2%
Credit Quality:				
Allowance for Loan Losses	$ 4,498	$ 2,670	$ 1,828	68.5%
Allowance to Loans (excl. HFS and Warehouse)	2.36%	1.63%	0.73%	44.8%
Classified Loans as a % of Capital and Surplus	10%	14%	-3%	-24.2%
Regulatory Capital:				
Tier 1 Leverage Ratio	12.29%	8.09%	4.20%	51.9%
Total Risk-Based Capital Ratio	19.85%	12.29%	7.56%	61.5%
Liquidity:				
On-Balance Sheet Liquidity	10.9%	4.8%	6.1%	127.1%
Available Liquidity	67.9%	39.5%	28.4%	71.9%

Florida Capital Group, Inc. and Subsidiary
Consolidated Statements of Financial Condition
(Unaudited March 31, 2021 - Audited December 31, 2020 and 2019)

	Unaudited March 31, 2021	Audited December 31, 2020	Audited December 31, 2019
Assets:			
Cash and due from banks	$ 10,743,398	$ 15,806,404	$ 10,919,751
Interest-bearing deposits in banks	63,205,912	50,410,930	27,163,645
Cash and cash equivalents	73,949,310	66,217,334	38,083,396
Securities available for sale	15,110,207	16,537,420	20,001,602
Restricted equity securities, at cost	2,552,600	2,886,600	4,331,813
Loans receivable, net of allowance for loan losses of $4,523,745 in 2021, $4,498,479 in 2020 and $2,670,108 in 2019	294,106,745	262,511,051	316,631,347
Loans held for sale	120,492,140	104,164,524	93,192,928
Accrued interest receivable	1,112,488	1,210,039	1,452,750
Foreclosed real estate	172,522	172,522	715,895
Premises and equipment, net	300,419	307,749	485,921
Cash surrender value of life insurance	10,373,536	10,316,628	10,086,421
Loan servicing rights, net	2,084,496	2,233,589	1,519,296
Deferred tax asset	1,141,108	1,319,066	4,600,170
Other assets	7,165,326	6,344,888	3,823,482
Total Assets	$ 528,560,896	$ 474,221,410	$ 494,925,021
Liabilities:			
Noninterest-bearing demand deposits	$ 205,804,766	$ 166,912,305	$ 149,605,388
Interest-bearing demand deposits	72,090,834	46,301,185	22,602,721
Money market and savings deposits	79,123,827	77,035,801	53,130,721
Time deposits	80,273,896	90,507,097	157,120,582
Total Deposits	437,293,323	380,756,388	382,459,412
Other borrowings	2,092,034	3,607,896	-
Federal Home Loan Bank advances	25,000,000	25,000,000	64,300,000
Notes payable	150,000	150,000	150,000
Accrued interest payable	179,246	216,674	453,017
Accrued expense and other liabilities	3,268,598	5,976,382	3,455,831
Total Liabilities	467,983,201	415,707,340	450,818,260
Commitments and contingencies	-	-	-
Stockholders' Equity:			
Preferred stock Series A, 1,000,000 shares authorized; liquidation preference of $20 per share; 139,553 shares issued	2,791,060	2,791,060	2,791,060
Common stock, $.01 par value; 617,113,408 shares authorized, and 617,030,226 issued in 2021, 2020 and 2019	6,170,303	6,170,303	6,170,303
Additional paid-in capital	170,053,745	170,053,745	170,053,745
Accumulated deficit	(118,583,080)	(120,898,193)	(134,720,236)
Treasury stock, 442,721 in 2021 and 2020, and 433,630 shares at cost in 2019, respectively	(3,770)	(3,770)	(3,769)
Accumulated other comprehensive income (loss)	149,437	400,925	(184,342)
Total Stockholders' Equity	60,577,695	58,514,070	44,106,761
Total Liabilities and Stockholders' Equity	$ 528,560,896	$ 474,221,410	$ 494,925,021

In the opinion of management, the March 31, 2021 unaudited condensed financial statements have been prepared on the same basis as the audited financial statements for the years ended December 31, 2020 and December 31, 2019, and include all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the Company's financial position at March 31, 2021, and statement of operations for the three months ended March 31, 2021.

Florida Capital Group, Inc. and Subsidiary
Consolidated Statements of Income
(Unaudited March 31, 2021 - Audited December 31, 2020 and 2019)

	Unaudited For Period Ended March 31, 2021	Audited For Year Ended December 31, 2020	Audited For Year Ended December 31, 2019
INTEREST INCOME:			
Loans receivable and fees on loans	$ 3,729,988	$ 17,961,493	$ 18,906,494
Investment securities	58,659	341,437	563,906
Interest-bearing deposits in banks	75,360	405,864	772,811
Total interest income	3,864,007	18,708,794	20,243,211
INTEREST EXPENSE:			
Deposits	497,783	3,272,649	3,647,871
Other	151,923	1,010,099	2,601,818
Total interest expense	649,706	4,282,748	6,249,689
NET INTEREST INCOME	3,214,301	14,426,046	13,993,522
PROVISION FOR LOAN LOSSES	200,000	2,986,000	950,000
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	3,014,301	11,440,046	13,043,522
NONINTEREST INCOME:			
Service charges on deposit accounts	164,420	646,332	795,404
Mortgage banking income	7,644,008	40,087,207	22,932,278
Gain on sale of SBA loans	-	-	142,526
Other income	226,912	1,133,068	2,198,665
Total noninterest income	8,035,340	41,866,607	26,068,873
NONINTEREST EXPENSE:			
Salaries and employee benefits	5,976,352	25,296,752	21,764,502
Occupancy and equipment expense	355,322	1,394,946	1,560,980
Data processing, communications and telephone	555,381	2,448,922	2,420,486
Loan related expense	43,091	183,493	91,811
Foreclosed real estate expense	8,942	363,815	223,091
Mortgage banking related expense	813,848	2,244,626	1,857,509
Regulatory fees	137,588	847,529	321,899
Professional fees	243,524	992,157	997,021
Marketing expense	184,262	908,088	1,085,893
Other expenses	286,554	1,514,394	1,670,899
Total noninterest expense	8,604,864	36,194,722	31,994,091
Income Before Income Taxes	2,444,777	17,111,931	7,118,304
Income Tax Expense	129,664	3,289,888	-
Net Income	$ 2,315,113	$ 13,822,043	$ 7,118,304

In the opinion of management, the March 31, 2021 unaudited condensed financial statements have been prepared on the same basis as the audited financial statements for the years ended December 31, 2020 and December 31, 2019, and include all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the Company's financial position at March 31, 2021, and statement of operations for the three months ended March 31, 2021.