Management's Discussion and Analysis for the Quarter Ended September 30, 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 $7.71 million for the quarter ended September 30, 2020 and $8.71 million for the first nine months of 2020. These reported earnings reflect the impact of the current year booming mortgage market, and confirm management's decision not to exit this business line during the very difficult mortgage market of 2018. These results compare very favorably to 2019 reported amounts, and reflect the board and management's continuing commitment to improve operating results for shareholders. Compared to the first nine months of 2019, the $8.71 million of earnings was $3.62 million greater than the $5.09 million reported for that period, and also significantly exceeded year-to-date 2020 budgeted earnings of $3.24 million. The Company's tangible book value allocable to the common shares increased from $39.8 million at year end 2019 to $48.5 million at September 30, 2020, and on a per share basis increased from $.0646 to $.0787.

Current year operating results are historically unprecedented for the Company, and management attributes the performance primarily to its mortgage business, which has benefited from dramatically lower interest rates across the curve (see the section titled Mortgage Line of Business). This economic backdrop comes as the result of the global pandemic, which began in March 2020, and portends significant future economic uncertainty. As a result, the outlook for credit quality is unusually opaque, and is further complicated by federal legislation that provides subsidies for certain small business borrowers, and deferral opportunities for residential mortgage borrowers. Due to this evolving uncertainty, the Company charged earnings $2.8 million to increase its allowance for credit losses to an unprecedented 2.39% of loans held for investment. In addition, and as a direct result of successful operations, the Company recorded deferred income tax expense of $2.5 million for the nine months ended September 30, 2020. On a pre-tax, pre-credit provision basis, earnings were $14.0 million for the current year compared to $5.2 million in 2019, which represented an $8.8 million or 169% improvement.

A few headline snippets and a chart from published market data provide context for assessing the strength of the current residential mortgage market:

> "Q2 2020 saw the largest quarterly origination volume on record with nearly $1.1 trillion in first lien mortgages originated in the quarter." – Black Knight "Mortgage Monitor"
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> "New rate lock data suggests 2020 will end with over $4 trillion in mortgage origination volume …" - Black Knight "Mortgage Monitor"
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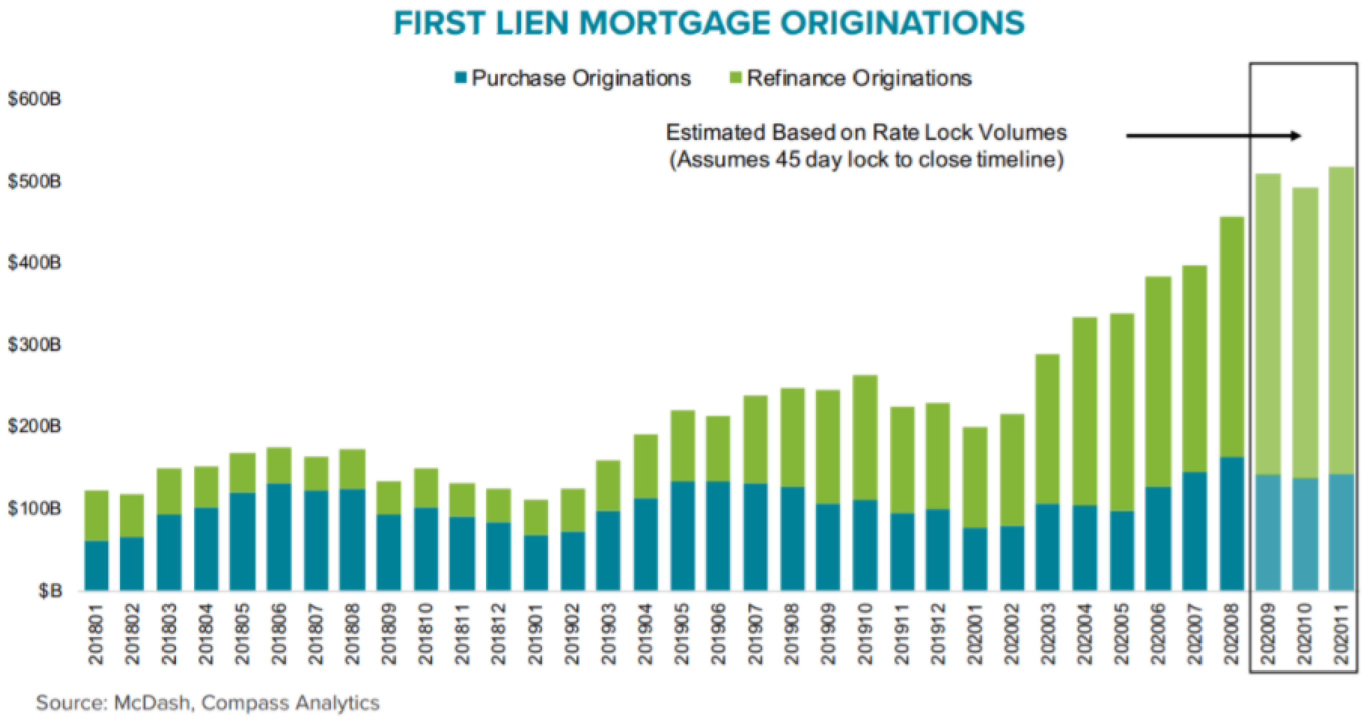
> **"Fannie Mae**, the world's largest mortgage financier, said mortgage lending this year probably will reach an all-time high of $3.9 trillion. The dollar-volume record will be boosted by $2.4 trillion in refinancings, the highest level since 2003 and more than double the level seen in 2019, the mortgage giant said in a forecast on Tuesday." – housingwire.com

The following chart is from Black Knight's "Mortgage Monitor" Report.

Florida Capital Group, Inc.



As discussed above, earnings were substantially bolstered by an improving mortgage market (see mortgage and warehouse lines of business sections); however, balance sheet assets have remained stable at around $500 million during the current year. As a result, the organic earnings growth has dramatically improved the Bank's regulatory capital ratios, and provided the capital support for future growth if desired. Residential mortgage originations increased during 2020, while warehouse lending production has declined from its historical peak in 2019. Residential mortgage loans held for sale increased from $101 million at September 30, 2019 to $151 million at the end of the third quarter of 2020, while warehouse lending balances declined from $151 million to $106 million over the same period.

In spite of the rate environment, net interest income improved to $11.2 million for the nine months ended September 30, 2020 compared to $10.1 million for the comparable prior year period – a $1.1 million or 11% increase. The earning asset growth was funded by continued growth in non-interest bearing deposits generated by the specialty banking line of business, and by dramatic growth in core retail/business deposits. At the same time, improved mortgage margins have resulted in increased mortgage banking income during 2020. Although non-interest expenses have increased in 2020 in tandem with mortgage production volume, the Bank continues to focus on the management of overhead expenses, specifically staffing levels and related expenses.

In contemplation of continued economic uncertainty, management has continued to enhance the Company's reserve for credit losses, and, as a result, for the first nine months of 2020 the provision for loan losses was $2.8 million (compared to $600 thousand for the comparable 2019 period), and the allowance for loan losses increased by $1.7 million to $4.4 million. Although credit quality has remained relatively stable during the current year, management has elected to build reserves to address economic uncertainty, including potential exposure in the Bank's Government Guaranteed Lending line of business. To date, deferral requests from borrowers experiencing financial difficulties have been modest; however, the future level of these requests is highly uncertain. From a regulatory capital perspective, the stable asset levels and higher earnings have resulted in significantly higher regulatory capital ratios at September 30, 2020 (tier 1 leverage ratio of 11.08% and total risk-based capital ratio of 16.24%) relative to December 31, 2019 (tier 1 leverage ratio of 8.09% and total risk-based capital ratio of 12.29%).

The Company is presently fully taxable for book purposes (deferred income tax expense), but continues to utilize Financial Crisis net operating loss carryforwards for income tax purposes resulting in no cash income tax payments. The Company's tax net operating loss carryforwards are likely to be fully utilized by the end of 2020. The rebooked net deferred tax asset (originally $4.6 million at the end of 2018) has declined to approximately $2.1 million at September 30, 2020. More importantly, the portion of the deferred tax asset not related to the Company's historical tax net operating loss carryforward (approximately $1.5 million of the total $2.1 million net deferred tax asset) is included in the Bank's tier 1 capital in accordance with regulatory capital rules.

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 diligently this year to address and remediate these regulatory criticisms, and believe that substantial progress has been made toward full compliance with the agreement.

In addition to working diligently for the benefit of our shareholders, the board and management continue to focus on the customer experience. Our goals are to provide exceptional service, to attract and nurture relationships, and to provide needed financial solutions and services. To meet these objectives and to more align with our nationwide businesses, the Bank has rebranded itself as FLCBank, and has refreshed its website to emphasize the importance of our relationship-based approach to banking.

Mortgage Line of Business

The vibrant mortgage market of 2020 has eclipsed all previous expectations of what would be possible this year. The relatively improved mortgage market of 2019 compared to the very weak 2018 market brought mortgage lenders back to the marketplace. However, as the pandemic unfolded and rates declined to historical lows, record levels of refinancing activity caught the industry unprepared for the onslaught of borrower requests. As a result, capacity was overwhelmed, pricing tightened and margins widened to historically unprecedented levels as lenders sought to manage capacity. Conventional mortgage rates have dropped into the 2%+ range, which is the lowest level in history. At September 30, 2020, the yield on the ten-year U.S. Treasury note closed at .69% compared to 1.88% as the year began, while the average thirty year conventional mortgage fixed rate has declined to 2.90% from 3.51% for the comparable time frame.

At the beginning of the year, 2020 mortgage originations were expected to be 8% lower than the 2020 level, and for the first quarter mortgage production seemed to follow this trend as production was $253 million. However, as the pandemic began to unfold in mid-March and rates dropped precipitously, the Bank's locked pipeline of residential mortgages increased from about $80 million to $330 million in a period of a few weeks. At March 31, locked loans were $330 million, which indicated substantial production during the second quarter as these "locks" were processed, closed and sold to secondary market investors. For the second quarter of 2020, mortgage production totaled $375 million, and this figure increased to $424 million during quarter three.

At the present time, locks are holding in the $220 million range, and continued strong originations are expected during the final quarter of the year. Current mortgage market pundits are predicting a 25% decline in mortgage market originations in 2021. The nine-month production figure of $1.05 billion significantly exceed the Bank's year-to-date budgeted level of mortgage production (favorable variance of $406 million or 63%). From a balance sheet perspective, mortgage held-for-sale balances were $151 million at September 30, 2020 compared to a budgeted level of $74 million, and exceeded the year-end 2019 balances of $101 million. From a pricing perspective, the year-to-date margin of 2.28% significantly exceeds the budgeted margin of 1.54%. The combination of these volume and pricing variances combined to generate a year-to-date mortgage gain on sale of $23.9 million, which was $14.0 million or 141% ahead of budget year-to-date, and almost double the $12.8 million reported at September 30, 2019.

From a cost perspective, management has added to staff where needed utilizing a combination of staffing strategies to manage the higher staffing levels required for the present production levels. These strategies include the use of overtime, part-time and temporary employees. Management is presently implementing a major outsourcing arrangement with a significant vendor to underwrite and process conventional, fixed rate mortgage loans. This approach converts fixed costs to variable costs, and allows management to better manage staffing levels. At the same time, management is acutely aware that mortgage production volumes can be volatile. As a result, management maintains action plans to rationalize mortgage costs and expenses in the event of a sudden decline in the market.

Warehouse Line of Business

Warehouse lending production as of September 30, 2020 has declined from the record $4.0 billion production level reported for 2019. For the nine months ended September 30, 2020 total warehouse production was $2.5 billion, which compares favorably to the $2.4 billion reported for the comparable period in 2019. However, fourth quarter 2020 production will not likely repeat the levels reported in the fourth quarter of 2019. Management has decided to allocate capital to support residential mortgage production in the current environment, and has established concentration limits for warehouse lending commitments and balances accordingly. From a balance sheet perspective, total outstanding warehouse balances were $106 million at September 30, 2020, compared to a budgeted level of $186 million and a balance of $151 million at September 30, 2019. Total year-to-date interest income from warehouse lending was $2.9 million, compared to budgeted interest income of $4.8 million, which is a $1.9 million or 39% unfavorable budget variance. However, from a line of business perspective, warehouse lending continues to make a substantial contribution to earnings reporting a net earnings contribution of $2.6 million for the three quarters ended September 30, 2020 compared to $3.1 million for the comparable period of 2019.

The Bank's warehouse lending business generates loans that are not eligible collateral among traditional funds providers. As a result, the Bank typically taps 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, steep growth in non-maturity retail/business core deposits ($177 million at September 30, 2020 compared to $100 million at September 30, 2019), and stable deposits in the Bank's specialty banking business line have altered these funding sources. Brokered and institutional deposits were $78 million at September 30, 2020 compared to $120 million for the comparable period of 2019. 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.

Government Guaranteed Lending (GGL)

Management has made the strategic decision to fold this line of business into the Community Bank business line. This decision involved two considerations. The first consideration was that the market for government guaranteed loans is indistinguishable from the market for traditional community bank C&I and CRE lending. The primary difference is the size of the borrower and the related loan, and the credit quality of the borrower absent the guaranty. The second consideration was that late in 2019 management decided to exit all government guaranteed lending that involved third party referral agents, and to limit lending opportunities to well-established businesses where real estate was the primary source of collateral. These decisions were confirmed with the arrival of the global pandemic and the resulting economic uncertainty. As a result of these considerations, management has determined to reduce concentration exposures in this portfolio. At March 31, 2020, unguaranteed GGL exposures represented 50% of capital and surplus. At September 30, 2020, the Bank's GGL exposure was 26%.

Florida Capital Group, Inc.

Management anticipates heightened loss exposure in this portfolio, and has allocated a substantial portion of the allowance for loan losses to mitigate future losses. Recent charge-off activity has been centered in this portfolio and, in particular, in the small balance, non-real estate secured segment. The recently enacted CARES Act provided subsidies to many SBA borrowers for a six month period. While this legislation has provided much needed relief to borrowers suffering from the financial effects of the pandemic, the long-term impact has been to obscure visibility on past due and non-performing levels. Management believes as a result that higher levels of the allowance are appropriate, and to date in 2020 earnings have been charged $2.8 million to boost credit reserves.

Management continues to believe that the Bank should seek to be a significant provider of credit to small businesses, but in the current environment is taking a "pause and see" prudential approach. The Bank will continue to focus on attractive origination opportunities involving SBA and USDA-guaranteed loan relationships to well-established businesses secured primarily by real property.

Specialty Banking

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. Management of this business continuously explores other attractive opportunities to raise very low cost, long-term deposits, which include the Bank's 2019 entry into the hemp banking market in Florida. The production, processing and retail distribution of hemp-based products has now been legal in the state of Florida for almost two years. The board and management view this agricultural commodity as an attractive banking market with opportunities to grow deposits and generate fee income. The compliance activities and responsibilities involving the hemp market are complex. As a result, management has added staff to ensure that the related compliance program is sound. Although these costs and expenses have reduced the earnings contribution of this business line, management believes that sound risk management practices represent a long-term competitive advantage in this business.

Specialty banking non-interest bearing deposits have remained stable over the past year at around $100 million, although many current initiatives are expected to result in continued core deposit growth. Importantly, the volatility of deposit flows has stabilized, and management now has a better understanding of how to use these deposits as a significant funding source. The prepaid card program tends to be seasonal due to the manner in which the cards are loaded and eventually used by customers; however, the current clients exhibit little volatility, and hemp deposits are expected to act like customary deposit relationships. This business line continues to be a strategic source of very low cost funding for the Bank, and is expected to continue to grow as new markets are entered and new customer relationships are established.

The opportunities for this business line are boundless. The company is one of less than ten banks in the country to offer MastercardSend, a means for companies to send credits to consumers instantaneously. These credits can be sent by electronic funds transfer, by check, to debit cards and to virtual cards depending on the recipient's choice. This offering is much desired by companies that want to reduce the number of checks they issue. Using MastercardSend reduces the cost by three quarters. As with all Specialty Banking products, the bank offers this product on a national level and deals with large corporations, including several Fortune 500 companies. Examples include pharmaceutical companies, settlement administrators and property managers, and the desire of different industries continues to grow as the demand for faster, less expensive payments increases.

Community Bank

Banking office deposits have increased significantly during 2020, and this growth coincides with the evolution of the global pandemic. Although banking office hours have been reduced to accommodate the safety and comfort of employees, alternative delivery channels have grown dramatically to protect the safety of customers. The Bank's treasury management unit in conjunction with deposit operations is successfully navigating the opportunities between traditional branch deposit sales efforts, and the many treasury-related opportunities presently in demand by depositors and prospects regardless of the size or sophistication of the customer.

At September 30, 2020 the Bank's non-maturity deposits (demand, NOW and money market; and excluding specialty banking deposits) totaled $177 million, which exceeds budget by $59 million or 50%, and is $77 million higher than the $100 million reported at September 30, 2019. Transaction activity levels have accelerated during 2020 as customers, and particularly business customers, have sought alternative approaches to traditional banking products and hours. In addition, the Bank's participation in the CARES Act Paycheck Protection Program brought new or refreshed customer relationships to the Bank, and allowed banking associates to use that product to prospect for additional deposit relationships.

Traditional community bank commercial lending – primarily real estate focused, and deposit relationship-based - continues in the Bank's target markets. Current strategic efforts focus on the retention of quality, legacy loans, as well as sales efforts to attract new borrowers and depositors. During 2020, the Bank provided approximately $28 million of Paycheck Protection Loans to a wide variety of customers and prospects, large and small, in order to assist the broader borrowing community with access to credit during the pandemic.

Balance Sheet

Total assets of $530 million at September 30, 2020 were $7 million or 1% less than the $537 million reported at September 30, 2019, and exceeded the $495 million reported at the end of 2019. For the September comparative periods, the loan portfolio was essentially unchanged - $436 million at September 30, 2020 and $439 million at September 30, 2019. However, as noted above the mix of lending was different as warehouse loans declined, and residential mortgage loans held for sale increased. Compared to year end 2019, the loan portfolio increased from $410 million to $436 million. All of the growth occurred in the residential loans held for sale caption. For the first nine months of 2020, loans held for investment balances (excluding warehouse balances) declined from $190 million to $183 million.

Deposit growth has been stronger than anticipated during 2020. At September 30, 2020, total core deposits (excludes brokered and institutional deposits) were $300 million, which represented a $46 million or 18% increase compared to year end 2019, and a $79 million or 36% increase relative to September 30, 2019. The majority of this growth occurred in lower cost, non-maturity deposits, which increased $77 million during the period September 30, 2019 to September 30, 2020.

Other borrowings were $91 million at September 30, 2020 compared to $64 million at the end of 2019 and $148M at September 30, 2019. This funding shift is predominately the result of the core deposit growth experienced during 2020 combined with stability in specialty banking deposits over the same period. FHLB borrowings are expected to track closely with residential mortgage production and held for sale balances going forward. Both brokered and institutional deposits have declined during the current year, and the Bank is now actively rolling over maturing wholesale deposits at significantly lower rates. 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 $500 thousand annual reduction in interest expense as a result of this maturity. The Bank's liquidity management practices remain robust, capital levels have increased substantially as the result of earnings retention, while asset quality trends are less certain in the current environment.

Income Statement

For the third quarter of 2020, net interest income was $4.0 million, which was a $200 thousand or 5% improvement compared to the third quarter 2019 reported amount of $3.8 million. For the first nine months of 2020, net interest income was $11.2 million, which was identical to the budgeted amount, and $1.1 million greater than the 2019 comparable period level. Year-to-date 2020 total interest income of $14.6 million was identical to the level reported for 2019, and $600 thousand or 4% less than budget. For the same period, interest expense was $3.4 million or $600 thousand less than budget and $1.1 million or 24% less than the amount reported at September 30, 2019. Non-interest income was $30.3 million at September 30, 2020 compared to $18.6 million at September 30, 2019 representing an $11.6 million or 63% improvement representing the higher volume and margins for residential loan production. For the same period, non-interest expenses were $27.4 million compared to $23.1 million reflecting the additional resources required to satisfy higher mortgage production levels.

IN MEMORIAM

On a solemn note, we mourn the passing of President & Chief Executive Officer Malcolm Jones. His leadership skills, strategic insights, and dogged perseverance were critical to the Company's successful navigation of the Financial Crisis. We profited from his counsel, treasured our time with him, and hoped to learn all that he would share. His shock of white hair, broad smile, and contagious enthusiasm leave an indelible imprint on each of us. We are saddened that he will not participate in what will certainly be a historically unprecedented level of Company earnings reported in 2020. He would be proud of this Company's achievements, and would attribute this success solely to the dedicated, experienced and team-focused employees of this Company.

W. Andrew Krusen, Jr.
Chairman of the Board

Mark. F. Johnson
President and Chief Executive Officer

Florida Capital Group, Inc. and Subsidiary
Consolidated Statements of Financial Condition
(Unaudited September 30, 2020 and September 30, 2019 - Audited December 31, 2019)

	Unaudited September 30, 2020	Unaudited September 30, 2019	Audited December 31, 2019
Assets:			
Cash and due from banks	$ 10,267,049	$ 6,841,902	$ 10,919,751
Interest-bearing deposits in banks	35,895,034	38,194,698	27,163,645
Cash and cash equivalents	46,162,083	45,036,600	38,083,396
Securities available for sale	17,479,205	21,045,310	20,001,602
Restricted equity securities, at cost	5,351,906	6,902,224	4,331,813
Loans receivable, net of allowance for loan losses of $4,399,094 at Sept 30, 2020; $2,302,457 at Sept 30, 2019; and $2,670,108 at Dec 31, 2019	285,171,042	338,314,931	316,631,347
Loans held for sale	150,648,894	100,864,871	93,192,928
Accrued interest receivable	1,349,702	1,286,780	1,452,750
Foreclosed real estate	216,395	1,885,500	715,895
Premises and equipment, net	318,203	520,215	485,921
Cash surrender value of life insurance	10,258,614	10,745,787	10,086,421
Loan servicing rights	2,140,306	1,646,268	1,519,296
Deferred tax asset, net	2,087,413	4,600,170	4,600,170
Other assets	8,583,328	3,895,963	3,823,482
Total Assets	$ 529,767,091	$ 536,744,618	$ 494,925,021
Liabilities:			
Noninterest-bearing demand deposits	$ 145,193,318	$ 109,139,872	$ 149,605,388
Interest-bearing demand deposits	49,325,119	32,677,786	22,602,721
Money market and savings deposits	71,916,624	48,594,856	53,130,721
Time deposits	111,500,071	150,785,131	157,120,582
Total Deposits	377,935,132	341,197,644	382,459,412
Federal Home Loan Bank advances	91,257,131	147,899,900	64,300,000
Notes payable	150,000	150,000	150,000
Accrued interest payable	204,961	491,172	453,017
Accrued expense and other liabilities	6,771,187	4,776,386	3,455,831
Total Liabilities	476,318,411	494,515,103	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 616,141,725 issued in 2020 and 617,030,226 in 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	(126,012,851)	(136,749,220)	(134,720,236)
Treasury stock, 433,630 and 375,763 shares at cost in 2020 and 2019, respectively	(3,769)	(1,809)	(3,769)
Accumulated other comprehensive loss	450,192	(34,563)	(184,342)
Total Stockholders' Equity	53,448,680	42,229,516	44,106,761
Total Liabilities & Stockholders' Equity	$ 529,767,091	$ 536,744,618	$ 494,925,021

In the opinion of management, the September 30, 2020 and 2019 unaudited condensed financial statements have been prepared on the same basis as the audited financial statements for the year ended December 31, 2019, and include all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the Company's financial position at September 30, 2020 and 2019, and statements of operations for the nine months ended September 30, 2020 and 2019. Certain amounts have not been reclassified to conform to the presentation format of the audited financial statements; however, in the opinion of management these reclassifications are not material to the fair presentation of the financial statements.

Florida Capital Group, Inc. and Subsidiary
Consolidated Statements of Income
(Unaudited September 30, 2020 and September 30, 2019 - Audited December 31, 2019)

	Unaudited For Period Ended September 30, 2020	Unaudited For Period Ended September 30, 2019	Audited For Year Ended December 31, 2019
INTEREST INCOME:			
Loans receivable and fees on loans	$ 13,990,531	$ 13,557,816	$ 18,906,494
Investment securities	265,415	459,263	563,906
Interest-bearing deposits in banks	326,481	569,305	772,811
Total interest income	14,582,427	14,586,384	20,243,211
INTEREST EXPENSE:			
Deposits	2,602,783	2,513,001	3,647,871
Other	782,620	1,947,269	2,601,818
Total interest expense	3,385,403	4,460,270	6,249,689
NET INTEREST INCOME	11,197,024	10,126,114	13,993,522
PROVISION FOR LOAN LOSSES	2,802,000	600,000	950,000
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	8,395,024	9,526,114	13,043,522
NONINTEREST INCOME:			
Service charges on deposit accounts	364,279	176,474	795,404
Mortgage banking income	Incl in Other Income	Incl in Other Income	22,383,256
Gain on sale of SBA Loans	Incl in Other Income	Incl in Other Income	142,526
Other income	29,908,640	18,452,418	2,747,687
Total noninterest income	30,272,919	18,628,892	26,068,873
NONINTEREST EXPENSE:			
Salaries and employee benefits	18,896,745	15,607,185	21,764,502
Occupancy and equipment expense	1,027,394	1,159,746	1,560,980
Data processing, communications and telephone	1,513,626	1,442,810	2,420,486
Loan related expense	Incl in Other Expense	Incl in Other Expense	91,811
Foreclosed real estate expense	Incl in Other Expense	Incl in Other Expense	223,091
Mortgage banking related expense	Incl in Other Expense	Incl in Other Expense	1,857,509
Regulatory fees	619,147	190,007	321,899
Professional fees	Incl in Other Expense	Incl in Other Expense	997,021
Marketing expense	Incl in Other Expense	Incl in Other Expense	1,085,893
Other expenses	5,382,411	4,654,241	1,670,899
Total noninterest expense	27,439,323	23,053,989	31,994,091
Income Before Income Taxes	11,228,620	5,101,017	7,118,304
Income Tax Expense	2,521,236	10,202	-
Net Income	$ 8,707,384	$ 5,090,815	$ 7,118,304

In the opinion of management, the September 30, 2020 and 2019 unaudited condensed financial statements have been prepared on the same basis as the audited financial statements for the year ended December 31, 2019, and include all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the Company's financial position at September 30, 2020 and 2019, and statements of operations for the nine months ended September 30, 2020 and 2019. Certain amounts have not been reclassified to conform to the presentation format of the audited financial statements; however, in the opinion of management these reclassifications are not material to the fair presentation of the financial statements.

FLORIDA CAPITAL GROUP, INC.
NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 27, 2020

Notice is hereby given that the Annual Meeting of Shareholders of Florida Capital Group, Inc. (the "Company") will be held **via teleconference 1-800-582-3014**, **Participant Code: 641847835#** on May 27, 2020 beginning at 10:00 a.m. E.T. (the "Annual Meeting"), for the following purposes:

1. Elect Eleven (11) Directors.

2. Ratify the appointment of Saltmarsh, Cleaveland & Gund as auditors for the year ending December 31, 2020.

3. Other Business. To transact such other or further business as may properly come before the Annual Meeting and any adjournment or postponement thereof.

Only shareholders of record at the close of business on May 4, 2020 are entitled to notice of and to vote at the Annual Meeting or any adjournment or postponement thereof. All shareholders, whether or not they expect to attend the Annual Meeting, are requested to complete, date, sign and return the enclosed proxy in the accompanying envelope. The proxy may be revoked by the person executing the proxy at any time before it is exercised by filing an instrument of revocation or a duly executed proxy bearing a later date with the Company. It is important to return your written proxies prior to the scheduled meeting date because Shareholders will be unable to orally vote their shares during the teleconference. You can also find the meeting materials posted on our website at www.flcb.com

BY ORDER OF THE BOARD OF DIRECTORS

J. Malcolm Jones, Jr.
President and Chief Executive Officer

May 13, 2020

PLEASE COMPLETE, DATE AND SIGN THE ENCLOSED PROXY AND RETURN IT PROMPTLY TO BROADRIDGE IN THE ENVELOPE PROVIDED, WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING.

IF YOU PLAN TO ATTEND THE MEETING VIA TELECONFERENCE, PLEASE RSVP TO MEREDITH ADAMS AT 904-472-2741 OR EMAIL: MADAMS@FLCB.COM BY May 22, 2020.

PROXY STATEMENT FOR
ANNUAL MEETING OF SHAREHOLDERS
OF FLORIDA CAPITAL GROUP, INC.
TO BE HELD ON MAY 27, 2020

INTRODUCTION

General

This Proxy Statement is being furnished to the shareholders of Florida Capital Group, Inc. (the "Company") in connection with the solicitation of proxies by the Board of Directors of the Company from holders of the outstanding shares of the Company's common stock for use at the Annual Meeting of Shareholders of the Company to be held on Wednesday, May 27, 2020, and at any adjournment or postponement thereof (the "Annual Meeting"). The Annual Meeting is being held to (i) elect directors to serve until the Annual Meeting of Shareholders in 2021, (ii) ratify the appointment of Saltmarsh, Cleaveland & Gund as auditors for the year 2020 and (iii) transact such other business as may properly come before the Annual Meeting and any adjournment or postponement thereof. The Board of Directors knows of no other business that will be presented for consideration at the Annual Meeting other than the matters described in this Proxy Statement. This Proxy Statement is dated May 4, 2020 and it and the accompanying notice and form of proxy are first being mailed to the shareholders of the Company on May 13, 2020. Additionally, the materials can be viewed and printed from our website at www.flcb.com.

The principal executive offices of the Company are located at 10151 Deerwood Park Blvd. Building 100, Suite 200, Jacksonville, Florida 32256. The telephone number is (904) 472-2741.

Record Date and Revocability of Proxies

The Board of Directors has fixed the close of business on May 4, 2020 as the record date for the determination of the shareholders entitled to notice of and to vote at the Annual Meeting. Accordingly, only holders of record of shares of the Company's common stock at the close of business on such date will be entitled to vote at the Annual Meeting. As of May 4, 2020, there were 616,141,725 shares of the Company's common stock outstanding and entitled to vote held by approximately 551 shareholders of record. Holders of the Company's common stock are entitled to one vote on each matter considered and voted upon at the Annual Meeting for each share of the Company's common stock held of record at the close of business on May 4, 2020.

Shares of the Company's common stock represented by a properly executed proxy, if such proxy is received prior to the vote at the Annual Meeting and not revoked, will be voted at the Annual Meeting in accordance with the instructions indicated in such proxy.

IF NO INSTRUCTIONS ARE INDICATED, SUCH SHARES OF THE COMPANY'S COMMON STOCK WILL BE VOTED IN FAVOR OF THE ELECTION OF THE NOMINATED DIRECTORS. IF ANY OTHER MATTERS PROPERLY COME BEFORE THE ANNUAL MEETING, SAID PROXIES WILL VOTE ON SUCH MATTERS IN ACCORDANCE WITH THE RECOMMENDATIONS OF THE BOARD OF DIRECTORS.

A shareholder who has given a proxy may revoke it at any time prior to its exercise at the Annual Meeting by either (i) giving written notice of revocation to the Company, (ii) properly submitting a duly executed proxy bearing a later date to the Company. All written notices of revocation or other communications with respect to revocation of proxies should be addressed as follows: Florida Capital Group, Inc., 10151 Deerwood Park Blvd., Building 100, Suite 200, Jacksonville, Florida 32256, Attention: Keith Perry.

Quorum and Required Vote

The presence at the Annual Meeting of the holders of a majority of the outstanding shares of our common stock as of the record date is necessary to constitute a quorum. Shareholders will be counted as present at the meeting if they are present via teleconference at the Annual Meeting or if they have properly submitted a proxy card. A plurality of the votes duly cast is required for the election of directors. The affirmative vote of a majority of the shares represented at the Annual Meeting is required to approve all other proposals.

PROPOSAL ONE
ELECTION OF DIRECTORS

General

Each director of the Company serves for a term expiring at the next Annual Meeting of Shareholders, or until their successor is duly elected and qualified. Accordingly, the terms of each member of the Board expire at the Annual Meeting and, therefore, such individuals are standing for reelection to a one-year term expiring at the Annual Meeting of Shareholders in 2021.

All shares represented by valid proxies received pursuant to this solicitation and not revoked before they are exercised will be voted in the manner specified therein. If no specification is made, the proxies will be voted for the election of the nominees listed below. In the event that any nominee is unable to serve (which is not anticipated), the persons designated as proxies will cast votes for the remaining nominees and for such other persons as they may select.

Background and Experience of Director Nominees

Below is a description of the background and experience of each person that has been nominated by the Company's Nominating Committee for election to the Company's Board of Directors. Each of these nominees currently serves on the Company's Board of Directors.

W. Andrew Krusen, Jr., Chairman of the Board

Mr. Krusen is Chairman and Chief Executive Officer of Dominion Financial Group, Inc., a merchant banking organization that provides investment capital to the natural resources, communications and manufacturing and distribution sectors. He is also the managing member of Krusen-Douglas, LLC, a large landowner in the Tampa, Florida area.

Mr. Krusen serves as a director of publicly traded Alico, Inc., an agribusiness and land management company, as well as several privately held companies, including Beall's Inc., Lumina Analytics, LLC, and Romark Laboratories LC.

He is currently a director and chairman of Florida Capital Group, Inc. – a Florida bank holding company as well as Florida Capital Bank, N.A., its wholly owned subsidiary.

Mr. Krusen is a former member of the Young Presidents' Organization and is currently a member of the World President's Organization and the Society of International Business Fellows. He is past Chairman of Tampa's Museum of Science and Industry. Mr. Krusen holds a Bachelor of Arts degree in Geology from Princeton University (1970).

J. Malcolm Jones, Jr., Vice Chairman, President & Chief Executive Officer

Mr. Jones is Vice Chairman, President and Chief Executive Officer of Florida Capital Group, Inc., and Chief Executive Officer of Florida Capital Bank, N.A., a national banking association headquartered in Jacksonville, Florida. He is also a Partner and Managing Member of Sawmill Timber, LLC, which owns and manages timberland. Additionally, Mr. Jones is Chairman and Chief Executive Officer of JMJ Capital Holdings, LLC, a family-owned real estate and investment business.

Mr. Jones previously worked for The St. Joe Company as Chief Financial Officer and Senior Vice President of Land Resources. At the time, The St. Joe Company was the largest private landowner in Florida with over one million acres of land.

Bruce Culpepper, Director

Mr. Culpepper is a trial attorney with the law firm of Culpepper and Kurland, PLLC in Tampa. His areas of practice are business litigation, insurance, administrative and banking law. He is AV rated by Martindale Hubbell, is listed in The Best Lawyers in America, was selected as a Super Lawyer in the litigation field, has received the ranking of No. 1 in Chambers USA, and is also listed in the America's Leading Lawyers for Business publication. Mr. Culpepper is a member of The Florida Bar and has served on the Florida Bar Foundation, Board of Directors, Young Lawyer's Board of Governors and several Florida Bar Professional Committees.

He practiced law in Tallahassee for over 45 years, attended the University of Florida and was captain of the 1962 football team. He attended The Levin School of Law, University of Florida and served as President of the Student Government in 1965-1966. He is a member of the University of Florida Athletic Hall of Fame. He has also served on the Tallahassee City Commission, as President of the Tallahassee Chamber of Commerce and as President of the University of Florida Boosters. Mr. Culpepper has participated as a lecturer on a number of business and litigation topics including civil trial practice; financial institution director's liability and Sarbanes-Oxley corporate responsibilities.

Richard R. Dostie, Director

Mr. Dostie served as President of Richard R. Dostie, Inc., a development and homebuilding company from January 1974 until August 2003. In September 2003, Mr. Dostie sold his company to national homebuilder Toll Brothers, Inc. Mr. Dostie remained on board as Division President of Toll Jacksonville Limited Partnership until May 2006. Mr. Dostie currently serves as a director of Dostie Homes LLC, specializing in residential real estate development and single family home construction in N.E. Florida. He is also a general partner in Kingsouth Investors LLC, a General Partner in RCR Acquisitions, a director of King South Construction Inc., specializing in development and construction of suburban office parks. Mr. Dostie is also the Managing Member of CRD Terra Pines LLC.

Mr. Dostie previously served as a director with Florida Bank, FSB, and as an advisory director with AmSouth Bank and as a director of Florida Banks, Inc.

James W. Heavener, Director

James W. Heavener is the CEO and Manager of The Heavener Company and The Heavener Company Holdings, LLC, respectively, through which he holds interests in education, media production, real estate, franchising, banking and information technology. Mr. Heavener is Co-Chairman/CEO of Full Sail University, Los Angeles Film School and RMCAD (Rocky Mountain College of Art and Design). He is also a Director for Florida Capital Bank, and serves on the University of Florida Board of Trustees, the University of Florida Investment Company (UFICO), the University of Florida Alumni Association, the University of Florida Athletic Association, The University of Florida Gator Boosters, the University of Florida Foundation, the SunTrust Central Florida Advisory Board of Directors, and the Tim Tebow Foundation.

Charles E. Hughes, Jr., Director

As a Director, Mr. Hughes brings more than 30 years of banking expertise. He has served as President, Chief Executive Officer, and Director of both Florida Bank and Florida Capital Bank, and Chairman of the Board, President and Chief Executive Officer at SouthTrust Bank of Florida. Mr. Hughes remains active in the community serving as a member of the Board of Trustees of the Gator Bowl Assn. He is also an Emeritus member of the Board of Baptist Health and Baptist Medical Center and continues to serve on several board committees for that organization.

Mark F. Johnson, Executive Vice President & Director

Mark F. Johnson, Executive Vice President of Florida Capital Group, Inc., was promoted to President and COO of Florida Capital Bank, N.A. in March 2016. He previously served as President and CEO of Florida Capital Bank Mortgage. Since his appointment as President and COO of the bank, Johnson has been focused on growing the company's five core business: mortgage lending, warehouse lending, conventional commercial lending, government guaranteed lending, and specialty banking. In the last year, Florida Capital Bank has made significant investments in technology and human resources that have created an engaging and efficient work environment focused on outstanding service to clients.

Prior to joining Florida Capital Bank in 2006, Mark founded and was President and CEO of Florida Bank Mortgage, a division of Florida Bank, N.A. from 2002 to 2004. From 1976 to 2002, he was employed by HomeSide Lending where he last served as Executive Vice President of Production and Secondary marketing. He is also the past Chairman of the Mortgage Bankers of America Secondary Capital Markets Committee, past member of the Fannie Mae Southeast Region and Residential Funding Corporation Advisory Boards, and a graduate of the School of Mortgage Banking. He holds a Bachelors of Business Administration degree from Valdosta State College.

James T. Katsur, DMD, MBA, Director

Dr. Katsur is the owner of Katsur Management Group, Inc., which he founded in 1989. He has owned and operated general and multi-specialty dental practices since 1977, during which time he has built his practice from one location to one hundred fifteen locations in nine cities and five states. He is also a principal in Katsur Mortgage Holdings, and has been involved in multi-family residential, commercial, student housing, and land development.

Glenn W. Jones, Jr., Director

Mr. Jones retired in January 2019, after 17 years as CFO of Financial Information Technologies (Fintech) in Tampa, Florida. He now serves as Secretary-Treasurer of New Fintech, Inc., a privately held corporation that is the second-largest shareholder of Fintech. He is a proven financial executive with a 40-year track record of value creation in public and private companies. Mr. Jones was previously the founder of Dallas-based American Growth Finance from 2000 to 2001; Vice President at Robert W. Baird & Co. in Tampa from 1998 to 2000; and Vice President at William R. Hough & Co.

in St. Petersburg, Florida from 1996 to 1998. He has also held positions of CFO for OKRA Marketing Company in Tampa from 1993 to 1996 and Partner-in-Charge of the Financial Institutions Group at J.C. Bradford & Co. in Nashville, Tennessee from 1972 to 1993. His previous board experience includes time on the board for the Chi Chi Rodriguez Foundation; and he served as a board member, President, and Treasurer for the Alpha House of Tampa.

Alexander M. Crenshaw, Director

Former Congressman Ander Crenshaw was elected to the U.S. Congress in 2000 and represented Florida's Fourth Congressional District in the U.S. House of Representatives for sixteen years. During his tenure in Congress, he served on numerous committees including the House Appropriations Committee, where he chaired the Financial Services and General Government Appropriations Subcommittee. He also sat on the Defense Appropriations Subcommittee and State and Foreign Operations Appropriations Subcommittee. Congressman Crenshaw also served as a Deputy Majority Whip.

As Chairman of the Financial Services and General Government Affairs Subcommittee, Congressman Crenshaw was charged with the oversight and funding of the Department of the Treasury, Securities and Exchange Commission, Commodities Futures Trading Commission, Federal Deposit Insurance Corporation, Internal Revenue Service, Federal Trade Commission, and Federal Communications Commission, among others. In this role, he also led efforts to reform the Consumer Financial Protection Bureau and other aspects of the Dodd-Frank Act.

Originally, a member of the House Armed Services, Budget, and Veterans Affairs committees, Congressman Crenshaw also was active in international affairs and established himself as a respected voice on military issues. A champion for our men and women in uniform, he advocated for strengthening the nation's defense capabilities and secured funding for numerous projects involving the U.S. Navy, U.S. Marine Corps, the Coast Guard, and Customs and Border Protection Services in particular. In 2013, Navy Secretary Ray Mabus recognized Congressman Crenshaw's dedication to the nation's Sailors and Marines and awarded him the Navy's highest civilian honor – The Navy Distinguished Public Service Award.

As part of his leadership in international affairs, Congressman Crenshaw founded the Congressional Caucus for Effective Foreign Assistance and helped develop the Millennium Challenge Corporation, which reformed the way the United States provides foreign assistance.

In recent years, his signature legislation was the passage of the ABLE Act to benefit individuals with disabilities by allowing them to open tax-free savings accounts for certain expenses.

Prior to serving in Congress, Congressman Crenshaw spent nearly 20 years as an investment banker. He was a managing director at Drexel Burnham Lambert and later senior vice president at Donaldson, Lufkin & Jenrette. He also served as an elected official in the State Legislature, ultimately serving as President of the Florida Senate.

Congressman Crenshaw is Senior Counsel to the international law firm King and Spalding, and serves on the board of The Crohn's and Colitis Foundation. He received his B.A. from the University of Georgia and his J.D. from the University of Florida.

M.G. Sanchez, Chairman of the Executive Committee of the Board and Director

Mr. Sanchez served as Chairman of the Board of Florida Banks from February 1998 until its acquisition. Prior to his service with Florida Banks, Mr. Sanchez worked independently as a bank management consultant. From 1986 to 1997, Mr. Sanchez served as President and Chief Executive Officer of The FBF Management Group, a provider of management consulting services to banks in Florida. From 1979 until 1986, Mr. Sanchez served as President and Chief Executive Officer of First Bankers Corporation of Florida until its acquisition by First Union Corporation, now Wells Fargo.

Mr. Sanchez is a member of the Board of Directors for the Gators Boosters, Inc., and a member of the board of trustees for the Naval Aviation Museum Foundation, where he also serves as Chairman of the Finance Committee; in addition, he serves on the Member Advisory Council at Warrington College of Business. Mr. Sanchez previously served on the Board of Directors of the University of Florida Athletic Association.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE “FOR” ELECTION OF THE NOMINEES LISTED ABOVE.

PROPOSAL TWO
PROPOSAL TO RATIFY THE APPOINTMENT OF AUDITORS

The Company’s Audit Committee of the Board of Directors has selected Saltmarsh, Cleaveland & Gund as Florida Capital Group’s auditors for the year ending December 31, 2020 and to perform such other appropriate accounting services as may be required by the Board. Saltmarsh, Cleaveland & Gund was our independent registered public accounting firm in fiscal 2019. The Board recommends that the stockholders vote in favor of ratifying the selection of Saltmarsh for the purposes set forth above. If the stockholders do not ratify the selection of Saltmarsh, the Audit Committee of the board will consider a change in auditors for the next year.

Saltmarsh has advised the Company that they are independent accountants with respect to the Company, within the meaning of standards established by the American Institute of Certified Public Accountants.

During 2019, fees paid for services rendered by Saltmarsh, Cleaveland & Gund equaled $162,752.37. These amounts were primarily related to services performed for the audit of Company’s annual consolidated financial statements.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE “FOR” APPROVAL RATIFYING THE SELECTION OF SALTMARSH AS AUDITORS FOR THE YEAR 2020

OTHER INFORMATION

The Company's management does not know of any matters to be brought before the Annual Meeting other than those described in this Proxy Statement. If any other matters properly come before the Annual Meeting, the persons named as proxies in the enclosed form of proxy and acting thereunder will vote on such matters in accordance with the recommendation of the Board of Directors.

FLORIDA CAPITAL GROUP, INC.
C/O BROADRIDGE
P.O. BOX 1342
BRENTWOOD, NY 11717

VOTE BY INTERNET - www.proxyvote.com
Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS
If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE - 1-800-690-6903
Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL
Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

KEEP THIS PORTION FOR YOUR RECORDS

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

DETACH AND RETURN THIS PORTION ONLY

The Board of Directors recommends you vote FOR the following:

	For All	Withhold All	For All Except
	☐	☐	☐

To withhold authority to vote for any individual nominee(s), mark "For All Except" and write the number(s) of the nominee(s) on the line below.

____

1. Election of Directors

Nominees

01 W. Andrew Krusen, Jr.	02 J. Malcolm Jones, Jr.	03 Charles E. Hughes, Jr.	04 M.G. Sanchez	05 P. Bruce Culpepper
06 Richard R. Dostie	07 Alexander M. Crenshaw	08 James W. Heavener	09 Glenn W. Jones, Jr.	10 James T. Katsur
11 Mark F. Johnson				

The Board of Directors recommends you vote FOR the following proposal:

		For	Against	Abstain
2	Ratify the appointment of Saltmarsh, Cleaveland & Gund as auditors for the year ending December 31, 2020.	☐	☐	☐

NOTE: Such other business as may properly come before the meeting or any adjournment thereof.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name, by authorized officer.

Signature [PLEASE SIGN WITHIN BOX]	Date	Signature (Joint Owners)	Date

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Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting: The Notice & Proxy Statement, Letter with Financials is/are available at www.proxyvote.com

PROXY
FLORIDA CAPITAL GROUP, INC.
SOLICITED BY AND ON BEHALF OF
THE BOARD OF DIRECTORS FOR

THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 27, 2020.

The undersigned hereby appoints Keith Perry with individual power of substitution, proxies to vote all shares of the Common Stock of Florida Capital Group, Inc. (the “Company”) which the undersigned may be entitled to vote at the Annual Meeting of Shareholders to be held via Teleconference 1□800□□82□3014, Participant Code: 64184□83□□, on May 2□, 2020, beginning at 10:00 a.m., and at any adjournment thereof.

Said proxies will vote on the proposals set forth in the Notice of Annual Meeting and Proxy Statement as specified on this card. If a vote is not specified, said proxies will vote in favor of the election of the nominated directors, and ratify the appointment of Saltmarsh, Cleaveland & Gund as auditors. If any other matters properly come before the Annual Meeting, said proxies will vote on such matters in accordance with the recommendations of the Board of Directors.

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Continued and to be signed on reverse side