Florida Capital Group, Inc.

Management's Discussion and Analysis for the Year Ended December 31, 2021

Summary

Florida Capital Group, Inc. (the "Company") and its wholly-owned bank subsidiary Florida Capital Bank, N.A. (the "Bank") reported net income of $4.8 million for the year ended December 31, 2021 compared to net income of $13.8 million for 2020. On a pre-tax, pre-credit provision basis (non-GAAP earnings), the Company reported earnings of $6.1 million compared to the 2020 level of $20.1 million. The historical earnings achievements noted in last year's letter to shareholders were not repeated in 2021 due to the sharp decline in the mortgage market that began at the end of the first quarter of 2021 (see the section titled Residential Mortgage Origination). However, current year operating results were historically strong for the Company, and management accomplished a number of key goals and objectives during the year that positions the Bank for future growth. These objectives included among others the completion of all required corrective actions relating to the 2020 formal agreement with the OCC, which was terminated on January 26, 2022. This letter to shareholders is intended to be read in conjunction with the Company's audited financial statements for the year ended December 31, 2021. This document and other historical financial materials are located on the Bank's website - floridacapitalbank.com - under the Investor Relations tab.

The Bank is organized along a line of business format that focuses on and measures the operating results of the following four lines of business:

- Mortgage Banking (wholesale and retail residential mortgage origination)
- Warehouse Lending (short-term lines of credit to mortgage bankers)
- Specialty Banking (prepaid cards, including MasterCard Send "FLCB Instant Money", ACH and third party payment services, and health savings accounts)
- Community Banking (banking offices, treasury management, lending – residential, commercial, commercial real estate, and government guaranteed lending – SBA and USDA)

These business lines have been in existence for many years. Each is considered a critical component of the board's overall strategy, and the business lines complement each of other in many strategic ways. The board believes these complementary features and counter-cyclical returns associated with the business lines create a synergistic effect that makes the "whole" more valuable than the "sum of its parts," and the aggregate risk profile of the Bank less than the sum of each LOB's individual risks.

Mortgage Banking – well-established, nationwide operations in both wholesale and retail markets. This business line has been a key part of the Bank's business strategy since its inception. The counter-cyclical returns from mortgage banking relative to commercial banking are a key component of the Bank's overall business strategy. In a rising rate environment, stronger earnings from the commercial bank offset potentially weaker mortgage earnings due to reduced refinancing activity.

Warehouse Lending – a nationwide marketing strategy, and a natural complement to mortgage banking with cross-over customer relationships, and product comparability. Warehouse is a spread banking generator with a lower risk profile than typical community bank commercial lending, which takes advantage of the Bank's low cost of funds to generate earnings.

Specialty Banking – a nationwide marketing strategy whose strategic focus is the generation of low-cost core deposits, and fee generation from lower risk payment processing activities with deposit products and services that complement traditional bank offerings.

Community Banking – Florida-based marketing strategy that generates spread income from lending opportunities, raises low-cost core deposits, and generates fee income from the sale of treasury management products. Banking offices are located in the three most attractive banking markets in Florida – Jacksonville, Orlando and Tampa.

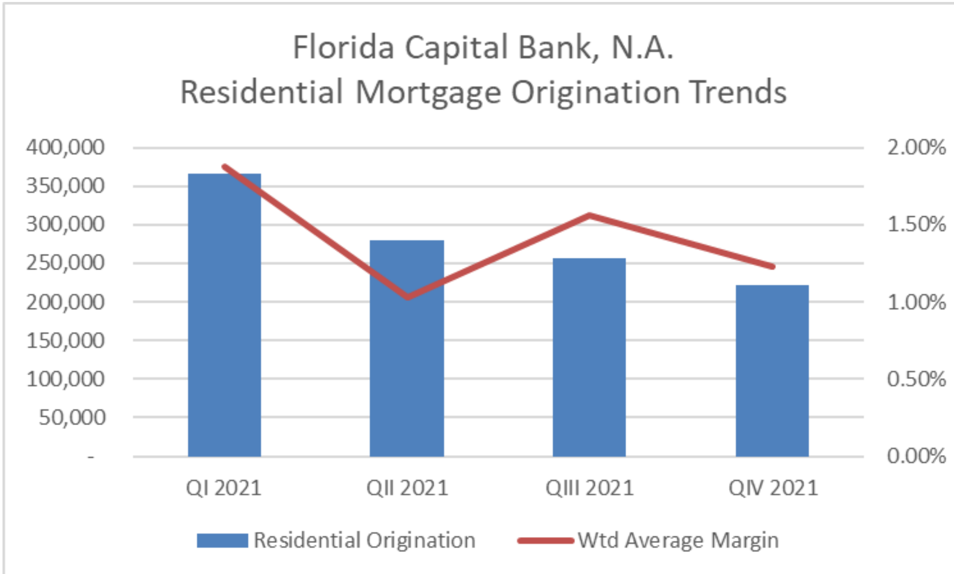
The following table presents comparative financial highlights for the Company for the years ended December 31, 2021 and 2020.

Florida Capital Group, Inc.
Operating Trends and Key Metrics
December 31, 2021 and 2020
(000s)

	31-Dec-21	31-Dec-20	Change	% Change
Operating Results:				
Net Income	$ 4,776	$ 13,822	$ (9,046)	-65.4%
Adjusted Net Income (Pre-Tax, Pre-Credit)	$ 6,081	$ 20,098	$ (14,017)	-69.7%
Return On Assets	1.02%	2.85%	-1.83%	-64.2%
Return On Equity	7.87%	28.46%	-20.60%	-72.4%
Net Interest Margin	2.71%	2.92%	-0.21%	-7.2%
Mortgage Margin (Including Fees)	1.46%	2.56%	-1.10%	-43.0%
Tangible Book Value of Common Stock (Parent)	$ 59,829	$ 55,723	$ 4,106	7.4%
Tangible Book Value per Common Share (Parent)	$ 0.0970	$ 0.0868	$ 0.0102	11.7%

The "once in a generation" 2020 mortgage market abruptly came to an end at the beginning of the second quarter of 2021. Higher long-term interest rates muted refinancing activity, which comprised about 70% of all new mortgage lending opportunities at that time. Management expects that history is likely to repeat itself in this environment and the mortgage market will now trend toward more purchase level activity and refinance-related originations will decline. Uncertainties associated with rising home prices, broken supply chains and increasing interest rates may complicate this typical mortgage market transition.

Mortgage line of business profitability also retreated during 2021, particularly when compared to the historically high level reported during 2020. Competition-induced margin compression was the primary culprit as mortgage industry backlogs were cleared through staff additions and the exit of mortgage market participants. Margin compression represents a dilemma for mortgage managers, particularly when it is coupled with stable production levels. Earnings are eroded as the margin declines, but stable production levels make it difficult to rationalize production costs. This can be seen in the following chart as originations declined 23% from the first to the second quarters and the margin contracted sharply during the same period. During the last three quarters of 2021, mortgage originations were relatively stable and averaged approximately $250 million per quarter and staffing levels stabilized during the third quarter.



Management initiated three successive rounds of mortgage staff reductions during the second and third quarters as revenues declined, and additional reductions in corporate overhead were implemented during the third quarter. Together, these expense reductions totaled approximately $3 million.

As a result of origination declines and margin compression, total mortgage banking income declined from $40 million reported in 2020 to $19 million for 2021. Primarily as a result of declining mortgage banking income, the Company determined that it qualified for the CARES Act Employee Retention Credit ("ERC") for the second and third quarters of 2021. During 2021, the Company recorded Other Income of approximately $2.1 million associated with this CARES Act subsidy.

The Bank's residential mortgage originations decreased from $1.4 billion during 2020 to $1.1 billion in 2021. The resulting earnings decline from $13.8 million to $4.8 million was anticipated by management who took a variety of steps during the year to stabilize earnings. As a result, the Company's book value allocable to the common shares continued its growth path. Book value of the common shares increased from $55.7 million at December 31, 2020 to $59.8 million at the end of 2021. On a per share basis, book value increased from $0.0868 to $0.0970. Since the end of 2018, the Company has recorded an increase in book value of $26 million through growth of retained earnings.

As the global pandemic continued throughout 2021, financial markets remained volatile, economic statistics became less reliable as a gauge of future economic activity, and government support programs, including continued monetary accommodation, were sustained. As the economy slowly regained traction, a new risk emerged in the form of elevated inflation measures for goods and services. Government-mandated business closures and a general reluctance among consumers to shop, resulted in disrupted supply chains and a substantial drop in aggregate demand in 2020. As the government-imposed regulations were relaxed, aggregate demand outpaced aggregate supply and the prices of goods and services exhibited the first inflationary trends in over forty years. Whether these inflation trends are transitory or permanent is presently uncertain; however, the risks to the economic outlook are now higher.

Notwithstanding the continuing uncertain economic backdrop, the 2020 fears of the banking industry and bank regulators regarding future credit quality trends were unrealized. The Company charged earnings $430 thousand during 2021 largely to replenish credit losses and to maintain its allowance for credit losses at $4.4 million (2.0% of loans held for investment excluding warehouse balances), which approximates its year end 2020 level. During 2021, the Bank completed a sale of single-family, residential mortgage loans constituting its entire exposure to non-accrual and payment-deferred residential loans. At year-end 2021, the level of classified loans was a modest 6% of capital and surplus, and the Bank had no loans outstanding on which payment deferrals and modifications had been granted. Management remains vigilant with regard to asset quality.

For 2021, balance sheet assets remained relatively stable considering the pull back in the mortgage market. Assets were $441 million at year-end 2021 compared to $474 million at the end of 2020, which is a $33 million or 7% decline. This decline occurred almost exclusively in mortgage-related loans. As a result of the combination of a reduced asset base and retained earnings growth, the Bank's regulatory capital ratios continued to grow. The Bank's regulatory capital ratios at December 31, 2021 were tier 1 leverage of 15.2% and total risk-based capital of 25.1%. These capital levels combined with the on-balance sheet liquidity generated by the downturn in the mortgage market and growth in the Specialty Banking line of business (see paragraph immediately following) provide the foundation to invest in attractive business opportunities to improve shareholder returns.

In addition to capital, taking advantage of business opportunities requires access to liquidity at a reasonable cost. As noted above, this liquidity was generated in two forms during 2021. The Bank's Specialty Banking unit continued its growth trends during 2021 (see the section titled Specialty Banking), and deposit levels and growth rates were sustained among the Bank's four banking offices (see section titled Community Bank). Specialty Banking reported exceptional deposit growth of non-interest bearing deposits during 2021. This fact enabled the Bank to reduce the balances of wholesale funding and at year-end the Bank had no institutional deposits or FHLB borrowings and total wholesale funding (long-term, callable brokered deposits) represented only 6% of total assets. At year-end, the Bank maintained approximately $99 million in excess balance account deposits at the Federal Reserve Bank of Atlanta.

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 sell the products, and our customers offer us profitable opportunities to meet their continuing business needs, while third parties provide the key systems and processes that allow the Bank to operate efficiently. 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

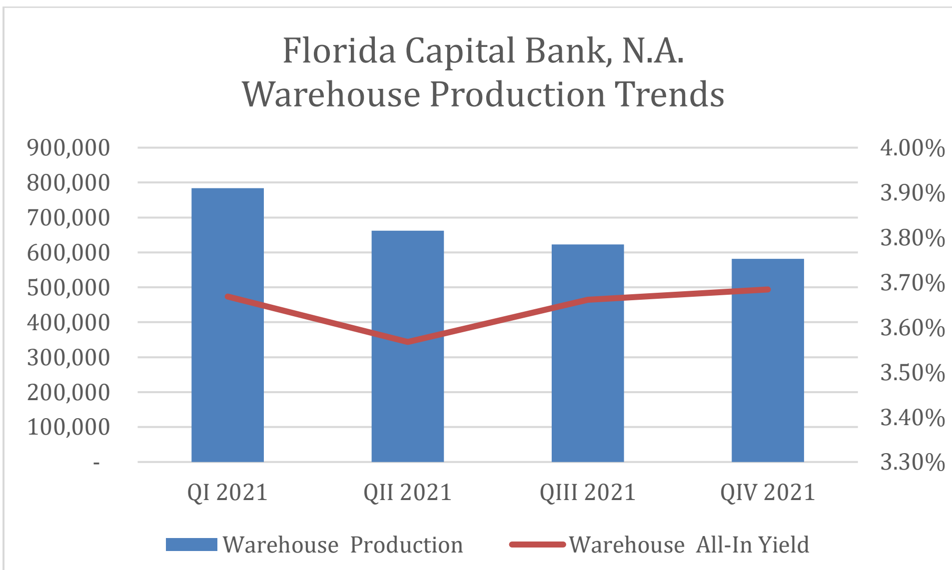
The Bank reported residential mortgage production of $1.1 billion during 2021 compared to $1.4 billion for 2020 and relative to 2021 budgeted originations of $1.2 billion. At the beginning of the year, the Mortgage Bankers Association predicted originations would be 23% less than their 2020 level. Activity for the first quarter of 2021 did not follow this prediction as the Bank reported $366 million of originations. However, for the second quarter both Bank and mortgage industry production dropped sharply registering a 23% quarter over quarter decline, but then stabilized at a monthly average of $89 million for the second and third quarters. An uptick in interest rates at the end of the first quarter combined with industry-wide resource additions eventually cleared mortgage pipelines and lowered margins. The story of mortgage profitability for 2021 is the realization of reduced mortgage margins and declining refinance activity. Management now expects a transition from a refinancing market to a purchase market as higher mortgage rates mute the demand for refinances, but a stronger economy leads to more home purchases.

The combination of lower volume and more narrow margins resulted in a steep deceleration of both industry and Bank's earnings. For 2021, the Bank reported mortgage-banking income of $19 million compared to $40 million in 2020. For this same period, the mortgage margin contracted from its 2020 level of 2.56% to 1.46%. Overall, the mortgage line of business contributed to Company-wide earnings during 2021, but at a reduced level compared to 2020.

As the pandemic continued into the second quarter of 2021 and rates moved upward, the Bank's price-committed pipeline ("locks") of residential mortgages declined from $220 million at the end of 2020 to $209 million by the end of the first quarter and settled at $86 million by the end of May. For the last three quarters of 2021, locks trended in a narrow range around $100 million, but declined to $67 million at year-end 2021. Locks are a leading indicator of future production and held-for-sale balances. As a result, held-for-sale balances declined sharply from their $104 million level at year-end 2020 to $49 million by the end of the second quarter of 2021 and ended the 2021 year at $42 million. Current predictions indicate a double digit decline in mortgage market originations in 2022 portending continued headwinds for the Bank. As origination levels and revenues fluctuate, management maintains action plans to continuously adjust resources consistent with expected mortgage market conditions.

Warehouse Lending

Warehouse lending production for 2021 declined to $2.7 billion from the $3.3 billion production level reported for 2020; however, the all-in yield for this business line remained relatively stable throughout the year as seen in the chart below.



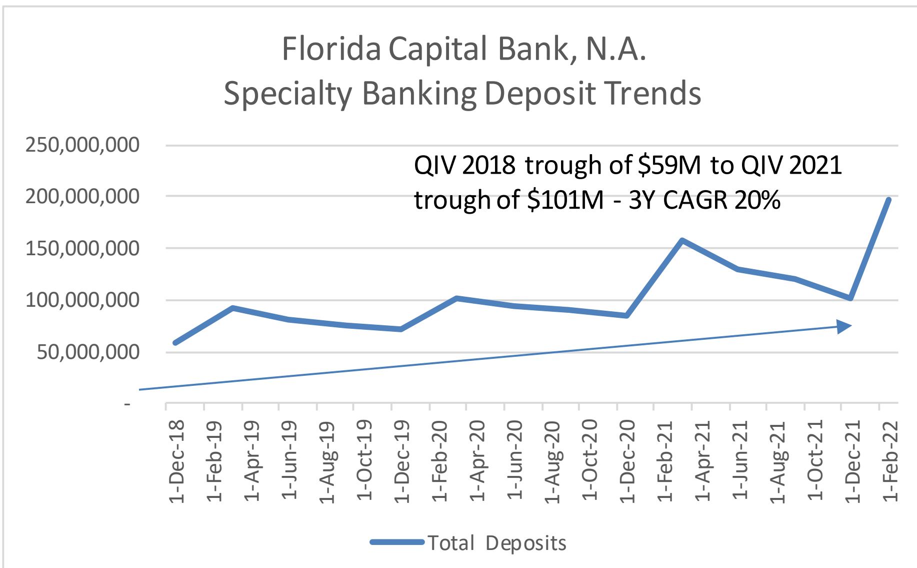
This decline was anticipated by management as part of the overall downturn in residential mortgage lending in 2021. In addition, management's efforts in 2020 to strength its risk management practices around warehouse lending activity and to establish concentration limits for warehouse lending guidance facilities and balances have initially hampered growth opportunities for this line of business. Management adopted a more structured risk management approach to reduce the risk profile to allow for the future growth of more diversified warehouse relationships. Management anticipates this approach will result in more stable warehouse balances, diversify the Bank's overall risk exposure to this credit segment, and generate stronger risk-adjusted returns in warehouse lending.

From a balance sheet perspective, total outstanding warehouse balances were $55 million at year-end 2021 compared to a budgeted level of $78 million and a balance of $95 million at December 31, 2020. Total year-to-date interest income from warehouse lending was $3.0 million, compared to budgeted interest income of $3.3 million, which is a $259 thousand or 8% unfavorable budget variance. Warehouse lending continues to make a substantial contribution to earnings, and management is actively seeking growth opportunities for this line of business.

The Bank has historically funded this business line with wholesale sources at market rates - primarily brokered and institutional certificates of deposit with short-term maturities. Exceptional growth in core deposits, particularly non-interest bearing deposits generated by the Specialty Banking line of business (see section titled Specialty Banking), has dramatically altered this funding approach. At year-end 2021, wholesale funding represented only 6% of total assets. The strategic remix of liabilities used to fund the Bank's mortgage banking and warehouse operations has substantial, positive earnings implications in higher rate environments.

Specialty Banking

The Specialty Banking line of business was conceived about six years ago as a core funding and fee-based strategy. This business has exceeded all expectations during this period and management remains very optimistic about its future growth prospects. Specialty Banking deposits typically peak early in the year and decline throughout the year due to the seasonality of the prepaid card business line. The following chart depicts the ebbs and flows of funding for this business line.



While the seasonal volatility of this business line is apparent from the trends, management is focused on the relationship between the trough points on the charts. These troughs demonstrate that irrespective of the volatility, the business is growing. The trough at the end of 2021 reflects a compounded annual growth rate of 20% since the trough that occurred at the end of 2018.

During the first quarter of 2022, the Bank's prepaid card segment of the Specialty Banking business line recorded significant deposit inflows into non-interest bearing accounts. At March 31, 2022, the average month-to-date balance of Specialty Banking deposits was $188 million compared to $99 million at year-end 2021. As noted above, these deposits have an effective cost of zero and this deposit growth is being used to retire higher cost wholesale funding, maintain adequate on-balance sheet liquidity and fund loan growth.

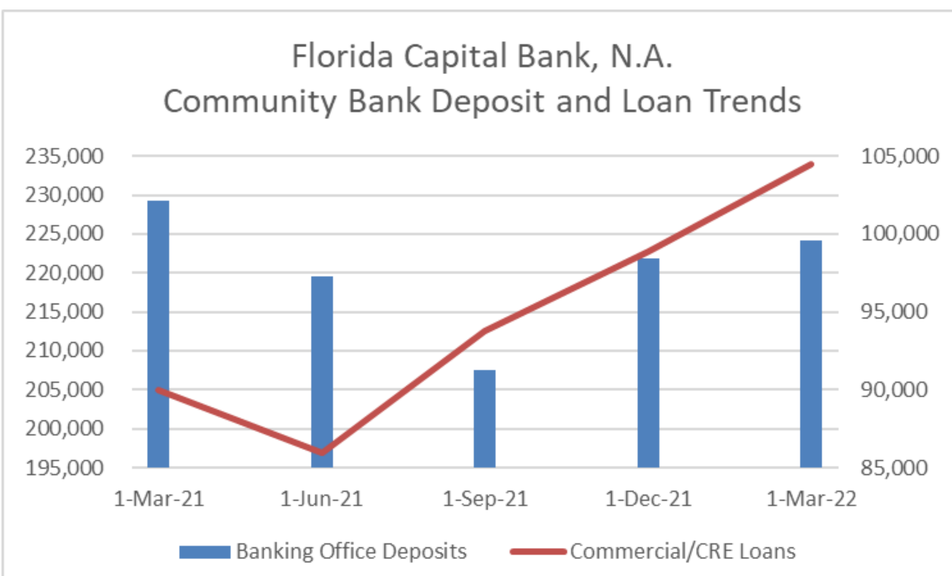
Specialty Banking as a strategic business line is comprised of fee-based ACH third party payment processing (46% of business line deposits at year-end 2021), a deposit generating, corporate prepaid card program (41% of deposits), health savings account relationships (11% of deposits) and other (2% of deposits). The strategic objective is to raise very low cost, stable deposits. Management of this business continuously explores attractive opportunities to raise core deposits.

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 balance sheet, which reported major growth in deposits during 2020 as the pandemic unfolded, stabilized during 2021 and successfully retained this deposit growth. Since the end of 2019, banking office core deposit growth has increased from $147 million to $222 million at the end of 2021, which is a compound annual growth rate of 23%. This growth occurred in retail/small business deposit balances and was centered primarily in existing customer relationships and not concentrated in any particular industry or geographic area. Management believes this deposit growth represents ongoing, stable deposit relationships, which can be profitably invested in earning assets.

As the pandemic unfolded and government-imposed lockdowns were introduced, economic activity declined and the demand for commercial credit was stifled. Traditional community bank lending activity in 2020 was largely comprised of originating SBA-guaranteed Paycheck Protection Program loans related to CARES Act fiscal stimulus. At the same time, management focused on credit quality and monitoring existing relationships instead of loan origination. However, by the end of 2021 virtually all PPP loans had been repaid or forgiven. As a result, lending initiatives were successfully restarted. As seen in the chart below, commercial and CRE loan balances hit a low point of $86 million in the second quarter of 2021, but have since rebounded and peaked at $105 million at the end of the first quarter of 2022. The Bank's commercial lending – primarily real estate focused, and deposit relationship-based - continues in the Bank's target markets.



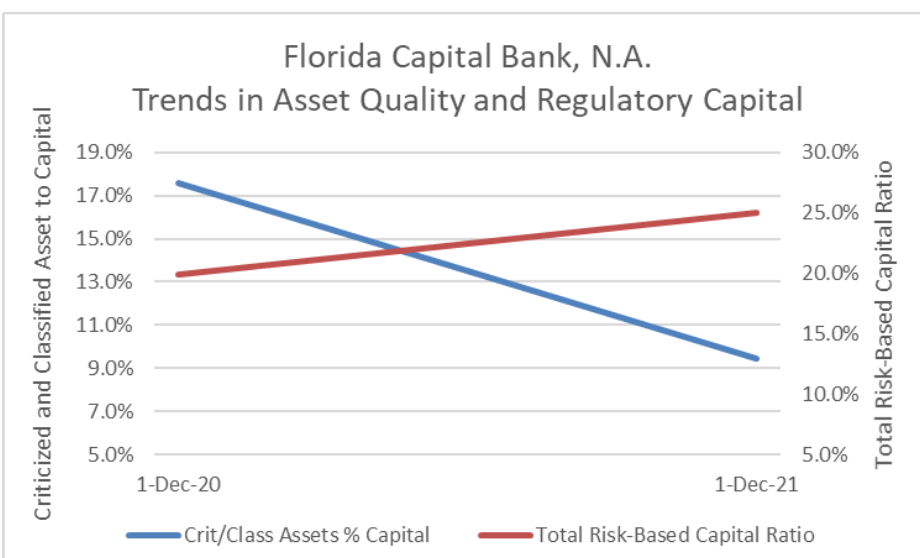
Balance Sheet

Total assets of $441 million at December 31, 2021 were $33 million or 7% less than the $474 million reported at December 31, 2020. For the same period, mortgage-related balances (held-for-sale and warehouse) declined $103 million or 52% as the mortgage market weakened. On a comparative basis, the commercial bank-related held for investment loan portfolio grew $32 million or 18%. During December 2021, the Bank acquired a $25 million portfolio of residential mortgage loans in order to deploy some of the substantial cash balances that had accumulated during the year as a result of the decline in mortgage balances and deposit growth. Other balance sheet changes include the sale of virtually all of the Bank's mortgage servicing asset to an unrelated third party (approximately $322 million of servicing balances at a gain of approximately $911 thousand). This servicing had been acquired at an attractive price following the onset of the pandemic as aggregators exited the market. In addition, the Bank sold a $3 million portfolio of non-accrual and Covid-deferral loans and recognized a net charge-off of approximately $272 thousand. This sale reduced the Bank's credit risk and resulted in a ratio of classified and criticized assets of 6% at year-end 2021.

As discussed above, the deposit growth that occurred during 2020 was confirmed at the end of 2021. At December 31, 2021, the average balance of total core deposits (excludes brokered and institutional deposits) was $321 million compared an average balance of $303 at the end of 2020, which represented an $18 million or 6% increase. The majority of this growth occurred in lower cost, non-maturity deposits in the Specialty Banking business line, which increased $16 million or 18% year-over-year.

As a result of deposit growth in 2021 and declining mortgage balances, the Bank significantly reduced wholesale borrowings. At year-end 2021, the Bank had no outstanding FHLB advances, institutional certificates of deposit, or secured borrowings from the Federal Reserve Bank of Atlanta pursuant to the Paycheck Protection Program Liquidity Facility. Wholesale borrowings represented approximately 6% of total assets at year-end 2021 compared to 17% at the end of 2020.

Asset quality measures improved during the year and remain strong at year-end 2021. The original dire credit predictions that appeared at the onset of the pandemic in early 2020 have to date largely been unrealized in the banking sector. The chart below shows the ratio of criticized and classified assets as a percentage of regulatory capital at year-end 2021 juxtaposed with the increase in the Bank's total risk-based capital ratio. As noted in the prior year letter to shareholders, management recorded substantial provision expense to increase the allowance for loan losses to levels considered consistent with the pandemic-related credit outlook. During 2021, management elected to maintain the level of the allowance, and accordingly, recorded provision expense that generally absorbed net charge-offs for the year. Aggressive efforts to monitor and manage evolving credit problems along with substantial retained earnings accumulated over the past three years have substantially reduced the Company's total risk profile.



Income Statement

For 2021, net interest income was $12.3 million, which was a $2.2 million or 15% decline compared to the 2020 reported amount of $14.4 million. Year-to-date 2021 total interest income of $14.1 million was $4.6 million or 25% less than the $18.7 million reported for 2020, which reflected the decline in mortgage-related balances during 2021. For the same period, interest expense was $1.8 million, which was $2.5 million or 58% less than the $4.3 million reported in 2020. This decline was the result of the significantly lower level of wholesale funding – particularly the maturity of the remaining $25 million of FHLB advances - and management-initiated deposit repricing initiatives. Non-interest income was $23.5 million for the year ended December 31, 2021 compared to $41.9 million for 2020 representing an $18.4 million or 44% decline. This result was primarily due to the lower volume of residential mortgage production reported for 2021 coupled with lower mortgage margins. For the same period, non-interest expenses were $29.7 million compared to $36.2 million reflecting the declining level of resources required to satisfy lower mortgage production levels.

First Quarter 2022

The Company reported net income of $893 thousand for the quarter ended March 31, 2022 compared to budgeted net income of $13 thousand for the same period. The first quarter is historically the weakest quarter in the mortgage market as weather dampens the demand for new housing starts and complicates house hunting activities generally. The reported earnings reflect the true-up of the Bank's 2020 CARES Act Employee Retention Credit accrual in the after-tax amount of approximately $285 thousand. On a non-GAAP basis, normalized first quarter earnings were $535 thousand. Earnings growth continues to enhance the Bank's regulatory capital ratios, which management estimates at March 31, 2022 were tier 1 leverage of 12.5% and total risk-based of 24.8%. These capital levels provide the foundation for future earnings opportunities.

Geopolitical and economic uncertainty highlighted the first quarter business environment. The economic dislocations caused by the 2020 pandemic have now been superseded by Russia's invasion of Ukraine and dramatically higher oil and natural gas prices, which are fueling the inflation outlook. Higher inflation had already begun to take hold as a result of pandemic-generated disruptions in supply chains. The Great Resignation in which the supply of labor has diminished is exacerbating these inflationary trends by exerting upward pressure on wages. The outlook for inflation expectations has led to rising interest rates, which do not bode well for future residential mortgage originations as the thirty-year mortgage rate has now crossed the 5% threshold. The fiscal stimulus of the past two years has been replaced by the rapid withdrawal beginning in the first quarter of 2022 of monetary accommodation by the Fed, which has historically resulted in uncertain future economic levels and often in recession. In spite of all these exogenous influences, the economy has remained resilient, which offers opportunities to add traditional commercial bank loans to the balance sheet.

The outlook for credit remains uncertain in light of higher interest rates and the uncertainty associated with Fed monetary policy. As a result, management continues to maintain the allowance for loan losses near its post-pandemic level. Management carefully assesses the need for quarterly provisions for loan losses and balances trends in net charge-offs and current and expected loan growth accordingly. Borrower deferral and foreclosure activity has diminished to near zero and at quarter-end virtually all Paycheck Protection Program loans had either been repaid or forgiven. Problem asset levels remain very modest, but in an abundance of caution the Bank has maintained its allowance for credit losses at an unprecedented 1.9% of loans held for investment (excluding warehouse balances).

First quarter 2022 residential mortgage originations were $230 million compared to projected levels of $180 million for a $50 million or 28% favorable variance. For the same period, warehouse lending production was on target as it reported $422 million of actual production versus strategic plan levels of $423 million. Residential mortgage loans held for sale were $73 million at March 31, 2022 compared to the strategic plan level of $47 million, and warehouse balances ended the quarter at $39 million versus plan of $45 million.

The Bank's Specialty Banking unit continued its deposit raising success in the first quarter as non-interest bearing deposit levels exceeded $200 million for the first time. At the same time, the Bank has successfully retained the retail/small business deposit growth in the banking offices generated during the pandemic. This deposit growth has led to unprecedented levels of liquidity as cash and equivalents represented 28% of assets at March 31, 2022.

The implications of the extraordinary deposit growth and elevated liquidity levels are a reduction in wholesale funding (down from 42% of assets at the end of the first quarter of 2020 to 5% at the end of the first quarter of 2022), improved levels of core deposits, and a lower cost of funds. The other implication of this deposit growth and current liquidity level 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. To address the current level of liquidity, management intends to acquire an additional residential mortgage portfolio during the second quarter in the amount of $50 million. This purchase will generate additional earnings and absorb some of the current liquidity.

Management acknowledges that the outlook for the mortgage market is presently uncertain and realizes that future sustainable earnings from the commercial bank will become an increasingly important component of overall bank financial success. A current strategic objective of the board is to generate more commercial bank assets relative to mortgage bank assets in order to create a more sustainable and less volatile future earnings stream. These efforts will take some time, but the board and management are committed to this strategic initiative.

In Memoriam

We note with much sadness the passing of former director M.G. Sanchez who retired from the board during 2020 for health reasons. Mr. Sanchez had served as a director and the chair of various board committees since the Bank's initial organization. He made many significant contributions to the success of the Company during his tenure, particularly his contributions in the form of board governance, lending and risk management, which 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

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Tangible Book Value of Common Stock (Parent)	$ 59,829	$ 55,723	$ 4,106	7.4%
Tangible Book Value per Common Share (Parent)	$ 0.0970	$ 0.0868	$ 0.0102	11.7%
Balance Sheet and Production Trends:				
Assets (Average)	$ 468,349	$ 484,706	$ (16,357)	-3.4%
Loans - Mortgage Banking (Average)	$ 155,214	$ 204,711	$ (49,497)	-24.2%
Loans - Held For Investment (Average)	$ 175,252	$ 197,522	$ (22,270)	-11.3%
Core Deposits (Average)	$ 348,414	$ 277,569	$ 70,845	25.5%
Loans HFI to Core Deposits (Average)	50%	71%	-21%	-29.3%
Residential Mortgage Production	$ 1,123,277	$ 1,443,004	$ (319,727)	-22.2%
Warehouse Production	$ 2,671,266	$ 3,256,736	$ (585,470)	-18.0%
Credit Quality:				
Allowance for Loan Losses	$ 4,352	$ 4,498	$ (146)	-3.2%
Allowance to Loans (excl. HFS and Warehouse)	2.02%	2.36%	-0.34%	-14.4%
Classified Loans as a % of Capital and Surplus	6%	10%	-4%	-41.8%
Regulatory Capital:				
Tier 1 Leverage Ratio	15.17%	12.29%	2.88%	23.4%
Total Risk-Based Capital Ratio	25.05%	19.85%	5.20%	26.2%
Liquidity:				
On-Balance Sheet Liquidity	27.8%	12.2%	15.6%	127.9%
Available Liquidity	61.2%	67.9%	-6.7%	-9.9%

Florida Capital Group, Inc. and Subsidiary
Consolidated Statements of Financial Condition
(Unaudited March 31, 2022 - Audited December 31, 2021 and 2020)

	Unaudited March 31, 2022	Audited December 31, 2021	Audited December 31, 2020
Assets:			
Cash and due from banks	$ 4,920,665	$ 7,945,375	$ 15,806,404
Interest-bearing deposits in banks	139,227,576	98,823,065	50,410,930
Cash and cash equivalents	144,148,241	106,768,440	66,217,334
Securities available for sale	19,890,330	16,535,446	16,537,420
Restricted equity securities, at cost	2,113,150	2,093,450	2,886,600
Loans receivable, net of allowance for loan losses of $4,168,250 in 2022, $4,351,843 in 2021 and $4,498,479 in 2020	245,372,874	254,427,021	262,511,051
Loans held for sale	72,911,375	41,785,567	104,164,524
Accrued interest receivable	627,769	677,797	1,210,039
Foreclosed real estate	-	96,920	172,522
Premises and equipment, net	2,371,085	738,232	307,749
Cash surrender value of life insurance	10,604,139	10,547,088	10,316,628
Loan servicing rights, net	275,198	261,818	2,233,589
Deferred tax asset	1,910,299	1,813,037	1,319,066
Other assets	7,404,185	5,624,578	6,344,888
Total Assets	$ 507,628,645	$ 441,369,394	$ 474,221,410
Liabilities:			
Noninterest-bearing demand deposits	$ 230,626,745	$ 163,456,623	$ 166,912,305
Interest-bearing demand deposits	60,183,271	60,813,349	46,301,185
Money market and savings deposits	94,321,648	95,654,850	77,035,801
Time deposits	54,958,503	55,329,514	90,507,097
Total Deposits	440,090,167	375,254,336	380,756,388
Other borrowings	508,186	534,224	3,607,896
Federal Home Loan Bank advances	-	-	25,000,000
Notes payable	150,000	150,000	150,000
Accrued interest payable	71,610	66,811	216,674
Accrued expense and other liabilities	3,546,425	2,482,335	5,976,382
Total Liabilities	444,366,388	378,487,706	415,707,340
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, $0.01 par value; 617,113,408 shares authorized, and 617,030,226 issued in 2022, 2021 and 2020	6,170,303	6,170,303	6,170,303
Additional paid-in capital	170,053,745	170,053,745	170,053,745
Accumulated deficit	(115,234,937)	(116,122,124)	(120,898,193)
Treasury stock, 442,721 shares at cost in 2022, 2021 and 2020	(3,770)	(3,770)	(3,770)
Accumulated other comprehensive (loss) income	(514,144)	(7,526)	400,925
Total Stockholders' Equity	63,262,257	62,881,688	58,514,070
Total Liabilities and Stockholders' Equity	$ 507,628,645	$ 441,369,394	$ 474,221,410

In the opinion of management, the March 31, 2022 unaudited condensed financial statements have been prepared on the same basis as the audited financial statements for the years ended December 31, 2021 and December 31, 2020, and include all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the Company's financial position at March 31, 2022, and statement of operations for the three months ended March 31, 2022.

Florida Capital Group, Inc. and Subsidiary
Consolidated Statements of Income
(Unaudited March 31, 2022 - Audited December 31, 2021 and 2020)

	Unaudited For Period Ended March 31, 2022	Audited For Year Ended December 31, 2021	Audited For Year Ended December 31, 2020
INTEREST INCOME:			
Loans receivable and fees on loans	$ 3,032,979	$ 13,541,003	$ 17,961,493
Investment securities	64,795	286,196	341,437
Interest-bearing deposits in banks	99,526	245,877	405,864
Total interest income	3,197,300	14,073,076	18,708,794
INTEREST EXPENSE:			
Deposits	259,999	1,474,338	3,272,649
Other	4,406	326,919	1,010,099
Total interest expense	264,405	1,801,257	4,282,748
NET INTEREST INCOME	2,932,895	12,271,819	14,426,046
PROVISION FOR LOAN LOSSES	0	430,000	2,986,000
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	2,932,895	11,841,819	11,440,046
NONINTEREST INCOME:			
Service charges on deposit accounts	177,377	762,473	646,332
Mortgage banking income	3,551,553	18,736,377	40,087,207
Other income	680,343	4,013,141	1,133,068
Total noninterest income	4,409,273	23,511,991	41,866,607
NONINTEREST EXPENSE:			
Salaries and employee benefits	4,251,205	20,767,469	25,296,752
Occupancy and equipment expense	313,119	1,317,967	1,394,946
Data processing, communications and telephone	524,774	2,214,215	2,448,922
Loan related expense	9,492	78,241	183,493
Foreclosed real estate expense	(9,264)	(88,472)	363,815
Mortgage banking related expense	364,580	2,202,744	2,244,626
Regulatory fees	104,670	(14,468)	847,529
Professional fees	172,518	891,833	992,157
Marketing expense	198,065	919,625	908,088
Other expenses	241,576	1,413,677	1,514,394
Total noninterest expense	6,170,735	29,702,831	36,194,722
Income Before Income Taxes	1,171,433	5,650,979	17,111,931
Income Tax Expense	278,393	874,910	3,289,888
Net Income	$ 893,040	$ 4,776,069	$ 13,822,043

In the opinion of management, the March 31, 2022 unaudited condensed financial statements have been prepared on the same basis as the audited financial statements for the years ended December 31, 2021 and December 31, 2020, and include all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the Company's financial position at March 31, 2022, and statement of operations for the three months ended March 31, 2022.