FLORIDA CAPITAL GROUP, INC.
NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 21, 2024

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 21, 2024, beginning at 10:00 a.m. E.T. (the "Annual Meeting"), for the following purposes:

1. Elect Directors,

2. Ratify the appointment of Saltmarsh, Cleaveland & Gund as auditors for the year ending December 31, 2024, and

3. 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 April 23, 2024, 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

T. Keith Perry
Chief Executive Officer

May 6, 2024

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 17, 2024.

PROXY STATEMENT FOR
ANNUAL MEETING OF SHAREHOLDERS
OF FLORIDA CAPITAL GROUP, INC.
TO BE HELD ON MAY 21, 2024

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 Tuesday, May 21, 2024, 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 2025, (ii) ratify the appointment of Saltmarsh, Cleaveland & Gund as auditors for the year 2024 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 April 23, 2024, and it and the accompanying notice and form of proxy are first being mailed to the shareholders of the Company on May 6, 2024. 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 April 23, 2024, 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 April 23, 2024, there were 617,164,534 shares of the Company's common stock outstanding and entitled to vote held by 543 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 April 23, 2024.

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 FOR THE ELECTION OF THE NOMINATED DIRECTORS AND TO RATIFY THE

APPOINTMENT OF SALTMARSH, CLEAVELAND & GUND AS AUDITORS FOR THE YEAR 2024. 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, or (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: Sam Ishee.

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 2025.

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 may vote for another person nominated as a substitute by the Company's Board of Directors, or the Board of Directors may reduce the number of directors.

Background and Experience of Director Nominees

Below is a description of the background and experience of each person that has been nominated 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 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 Lumina Analytics, LLC, where he is Chairman of the Advisory Board.

He is currently a director and chairman of the 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 Presidents' Organization. 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. Stewart Baker, III, Director

Mr. Baker recently retired after 12 years at Florida Capital Bank, N.A. serving as Chief Credit Officer and Special Assets Manager before assuming the role of Managing Director, Banking in 2017. Mr. Baker has had a long career in Florida banking with both regional and local institutions. In the early 2000s, Mr. Baker was the founding CEO and director of the Bank of North Florida. He also served as Chairman of the Board of the Museum of Science and History.

Mr. Baker received his B.S. in Business Administration from Washington and Lee University and his M.B.A. from the University of North Florida. He served as a First Lieutenant in the US Army in Vietnam and was awarded the Bronze Star and Combat Infantry Badge.

Phillip S. Buddenbohm, President and Chief Operating Officer, Director

Mr. Buddenbohm joined Florida Capital Bank in September 2019 as its Chief Credit Officer. Previously, Mr. Buddenbohm served as Executive Vice President and Chief Credit Officer of Atlantic Coast Financial Corporation from 2013 until its acquisition by Ameris Bancorp in May of 2018, and Chief Credit Officer of Atlantic Coast Bank from 2005 to 2013. Mr. Buddenbohm spent the first 13 years of his career with National Commerce Financial Corporation in Memphis, Tennessee, serving in various roles of increasing responsibility. Mr.

Buddenbohm has 30 years of experience in commercial, mortgage and consumer lending, commercial credit administration, and branch services.

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.

Philip 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, where he was co-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 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 Northeast Florida and Southeast Georgia. He is also a general partner in Kingsouth Investors LLC, a general partner in RCR Acquisitions, and 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, 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, N.A. 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, UF Warrington

College Business Advisory Council, the Truist Financial Corporation 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, N.A. 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, Vice Chairman

Mr. Johnson previously served as President and CEO of Florida Capital Group, Inc., and Florida Capital Bank, N.A. Mark has been focused on growing the company's four core businesses: mortgage lending, warehouse lending, conventional commercial lending, and specialty banking. In the past few years, Florida Capital Bank, N.A. has made significant investments in technology and human resources that have created an engaging and efficient work environment focused on outstanding service to clients. In 2020, Florida Capital Bank, N.A. was the number one bank in the State of Florida in return on average equity and return on average assets.

Prior to joining Florida Capital Bank, N.A. 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 Bachelor 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.

T. Keith Perry, Chief Executive Officer, Director

Mr. Perry joined Florida Capital Bank as Executive Vice President and Chief Financial Officer in 2017 and has over forty years of experience in all aspects of commercial banking. Previously, Perry served as an Advisor to and later an employee of Commerce National Bankshares of Florida, Inc. from 2012 – 2017. He has also served as the Chief Financial Officer for CenterBank of Jacksonville, N.A., and American National Bank of Florida from 1999-2011, and 1981-1998 respectively. Mr. Perry holds multiple business-related degrees from Florida State University, and a Master of Accountancy degree from the University of North Florida, where he has also previously taught undergraduate commercial banking. From a community service perspective, he serves as volunteer CFO to SkillPointe Foundation, which helps aspiring workers afford the training they need to build rewarding, in-demand careers that do not require a four-year degree. He recently retired from over twenty years of volunteer service with the Boy Scouts of America and has also served on various non-profit boards during his banking career.

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 Audit Committee of the Board of Directors has selected Saltmarsh, Cleaveland & Gund (“Saltmarsh”) as Florida Capital Group’s auditors for the year ending December 31, 2024, 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 year 2023. 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 may 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 2023, fees paid for services rendered by Saltmarsh, Cleaveland & Gund equaled $152,799.72. These amounts were primarily related to services performed for the audit of the Company’s annual consolidated financial statements and tax work.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE “FOR” APPROVAL RATIFYING THE SELECTION OF SALTMARSH AS AUDITORS FOR THE YEAR 2024

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.

Management's Discussion and Analysis for the Year Ended December 31, 2023

Company Highlights

Florida Capital Group, Inc. (the "Company") and its wholly owned bank subsidiary Florida Capital Bank, N.A. (the "Bank") are a registered bank holding company and a national bank headquartered in Jacksonville, Florida. The Bank operates four commercial banking offices in the state of Florida with operations in three of the most dynamic banking markets in the state of Florida – Jacksonville, Orlando and Tampa. The state of Florida remains one of the most vibrant banking markets in the United States. In addition, the Bank has nationwide operations in the mortgage banking, warehouse lending and payments processing markets.

The Bank employs approximately 115 employees who are primarily located in Florida banking markets. These employees originate residential and commercial loans and service various deposit-based activities, provide warehouse funding to the mortgage banking market, and allow clients to manage their payments streams with state-of-the-art payments processing solutions. In addition, these same employees contribute personal time and energy toward pursuits that benefit the communities in which they work and live.

The following highlights demonstrate the Bank's commitment to its clients and the communities in which they operate:

- **Client Impacts in 2023**
  - ✓ The commercial bank originated $80 million of new credit within the Bank's Florida footprint to support small and medium-sized businesses
  - ✓ The residential mortgage banking operation originated $448 million of loans nationwide
  - ✓ The warehouse lending operation funded $1.1 billion of loans to mortgage bankers to support the nation's housing markets
  - ✓ The specialty banking unit processed:
    - 20.4 million unique ACH transactions
    - $5.9 billion of ACH volume
    - 1.9 million unique prepaid card transactions
    - $4.3 billion of prepaid card "spends"

During 2023, the board of directors of the Company instituted several initiatives with a view toward increasing shareholder value. These significant achievements include:

- For the first time in the Company's history a cash dividend was paid to shareholders of common stock. The dividend was $4.7 million. The Covid mortgage market generated extraordinary earnings in 2020 and 2021 and the board of directors determined that these earnings should be shared among the stockholders.
- A simplification of the Company's capital structure by converting all outstanding Series A convertible preferred stock to common stock.
- The Company negotiated a $5.0 million minority level investment in a valued Specialty Banking client. The value of this investment is expected to increase over time commensurate with the growth and profitability of the client and is also anticipated to enhance future Bank-level business opportunities with this client.

Florida Capital Group, Inc.

Financial and Operating Summary

The Company reported net income of $2.2 million for the year ended December 31, 2023, compared to net income of $2.3 million for 2022. On a pre-tax, pre-credit provision basis (non-GAAP earnings), the Company reported earnings of $3.6 million compared to the 2022 level of $2.9 million. The elevated level of interest rates in 2023 and higher provision expense to increase the allowance for credit losses negatively impacted earnings.

This letter to shareholders is intended to be read in conjunction with the Company's audited financial statements for the year ended December 31, 2023. 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 the following four lines of business:

- **Commercial Banking** (banking offices, treasury management, lending – residential, commercial, commercial real estate, and government guaranteed lending – SBA and USDA) – Florida-based marketing strategy that generates interest income from traditional community bank lending and raises core deposits in its local markets. Banking offices are located in Jacksonville, Orlando, Tampa and Gainesville.

- **Specialty Banking** (prepaid cards, including MasterCard Send "FLCB Instant Money," ACH and third party payment processing services) – a nationwide marketing strategy whose focus is the generation of very low cost core deposits, and fee generation from lower risk, payment processing activities.

- **Mortgage Banking** (wholesale and retail residential mortgage origination) – an established, nationwide operation primarily wholesale focused.

- **Warehouse Lending** (short-term lines of credit to mortgage bankers) – a nationwide strategy, and a complement to mortgage banking with cross-over customer relationships, and product comparability.

The following table presents comparative financial highlights for the Company for the years ended December 31, 2023, and 2022.

Florida Capital Group, Inc.
Operating Trends and Key Metrics
December 31, 2023 and 2022
(000s)

	31-Dec-23	31-Dec-22	Change	% Change
Operating Results:				
Net Income	$ 2,226	$ 2,296	$ (70)	-3.0%
Adjusted Net Income (Pre-Tax, Pre-Credit)	$ 3,617	$ 2,870	$ 747	26.0%
Return On Assets	0.45%	0.48%	-0.03%	-5.9%
Return On Equity	3.56%	3.63%	-0.07%	-2.0%
Net Interest Margin	3.66%	3.35%	0.31%	9.3%
Mortgage Margin (Including Fees)	0.87%	1.00%	-0.13%	-12.7%
Tangible Book Value of Common Stock (Parent)	$ 61,221	$ 60,997	$ 224	0.4%
Tangible Book Value per Common Share (Parent)	$ 0.0991	$ 0.0989	0.0002	0.2%

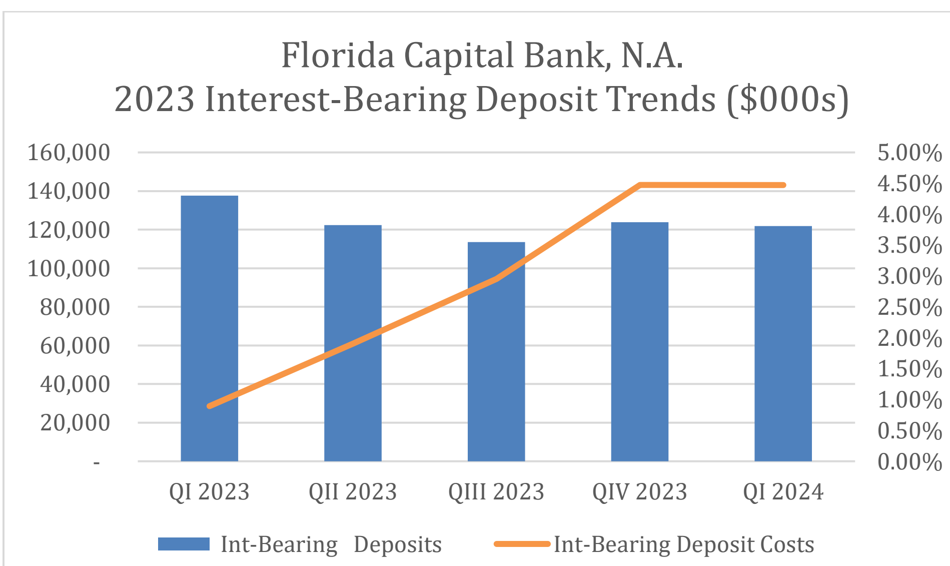
Economic, Industry and Company-Specific Trends

As a prominent economist noted recently, the financial market's mantra of "Higher for Longer" has now become "Higher for Even Longer" as the Federal Reserve continues its tight money policy to fight inflation. As a result, the yield curve remains inverted (short-term rates are higher than long-term rates) amid a "sticky" inflation environment. While inflation has declined noticeably, the Fed's preferred inflation measures are not at their targeted levels. These events have negatively impacted both the commercial banking (significantly higher deposit costs) and the mortgage banking industries (reduced loan origination as refinancing opportunities are limited). The mortgage industry's woes continued in 2023 with the same culprits as 2022 – weak origination levels, industry-wide excess capacity, and compressed margins. The commercial banking industry suffered from increased deposit funding costs, which now approximate 5.0% at the margin. These economic factors resulted in flat Bank earnings for 2023.

Most large independent mortgage banks reported losses during late 2023 as "refinance" business dried up and "purchase" business was severely limited due to the lack of housing inventory. According to market data, approximately 80% of all current mortgages are at rates less than 6.0% (current mortgage market rates are north of 7.0%). Originations declined approximately $375 million or 46% to $448 million during 2023, which resulted in a decline in mortgage banking revenue from $9.5 million in 2022 to $4.5 million in 2023. As a result of these factors, management aggressively reduced the headcount in the mortgage bank, and continues to focus on managing the expense base of the operation.

The board of directors' 2021 decision to invest resources – capital and staffing - in the commercial bank proved to be a successful strategy in 2023 as commercial bank earnings improved. Commercial loan production – primarily secured by real estate - was vibrant and balances reached levels not seen by the Bank since prior to the Great Financial Crisis. Commercial bank loan production approximated $80 million for 2023 and balances increased from $301 million at the end of 2022 to $349 million at year-end 2023. Total commercial/CRE loan interest income increased from $5.8 million in 2022 to $8.7 million in 2023.

On the funding side, the commercial bank, along with its peers, faced an extremely challenging environment for raising deposits. Aggressive Fed rate hikes, competition from money market mutual funds, customer flight to "too big to fail" banks and a variety of other considerations combined to make 2023 one of the most difficult funding periods in recent history. The following chart shows the trend in the Bank's cost of interest-bearing liabilities during 2023.

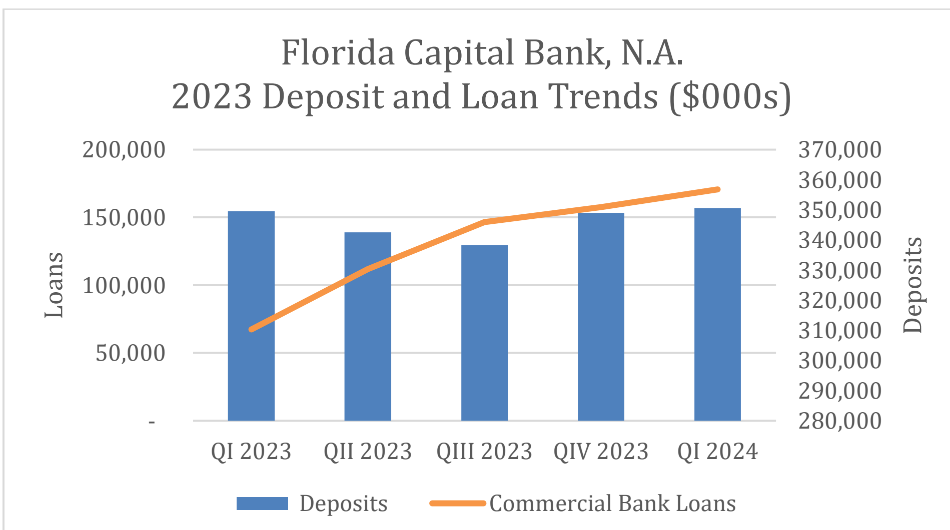


Credit quality remains strong both from an industry and Bank perspective. Classified loans as a percentage of capital and surplus remained stable at about 3% throughout 2023. Other credit metrics were also favorable and well within management risk limits. The first quarter of 2023 saw the adoption of the Current Expected Credit Losses ("CECL") model, and in anticipation of this adoption, management recorded a $398 thousand charge to 2023 beginning retained earnings to reflect the associated change in accounting principle from the previous Incurred Loss model. The Bank reported provision expense of $682 thousand during 2023, and the allowance for credit losses increased to $5.45 million or 1.6% of gross loans (excluding loans held-for-sale and warehouse balances).

Commercial Bank

The impact of the board's revised strategy to concentrate more resources (capital, human and technological) in the commercial bank was realized during 2023. Significant balance sheet growth in this line of business occurred in 2023 as total consolidated loan held-for-investment balances increased 22% year-over-year. Higher short-term interest rates resulted in higher deposit and wholesale funding costs and higher overall interest expense for the commercial bank. Notwithstanding the higher interest expense, the net interest margin improved thirty-one basis points to 3.66%. The improvement is attributed to significant loan growth in the commercial bank and low cost funding provided by the Specialty Banking unit.

The following chart tracks loan and deposit balances by quarter during 2023 and for the first quarter of 2024.

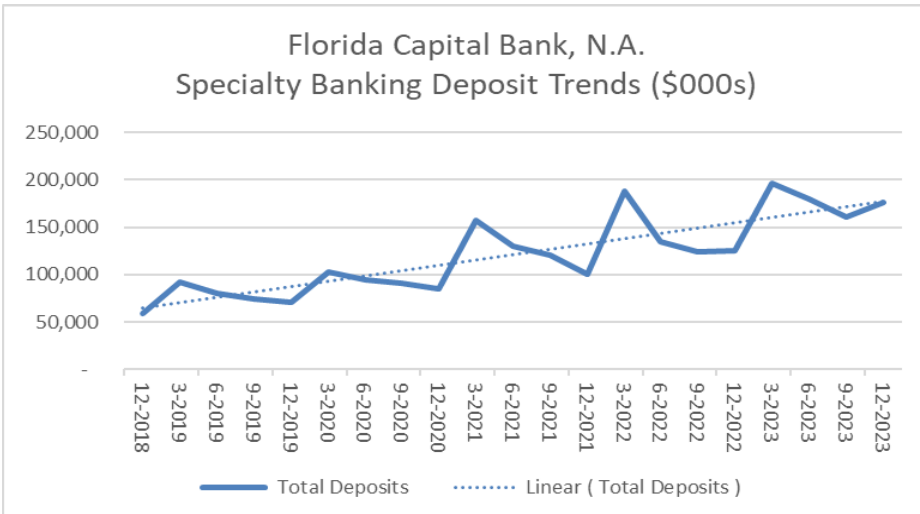


Loan origination activity remained strong throughout the year and the deposit outflows that occurred starting in the second quarter of 2023 eventually stabilized and balances were rebuilt by the end of the first quarter of 2024. The earnings impact of this growth can be seen in interest income from loans, which increased by approximately $4.0 million or 25% during 2023. The Bank's commercial lending – primarily real estate focused, and deposit relationship-based – remains active in all of the Bank's target markets.

Specialty Banking

The Specialty Banking line of business has now been in existence for eight years and is a centerpiece of the Bank's strategy to create sustainable commercial bank growth and earnings. The Bank's current strategic plan emphasizes growth of this line of business as a critical funding objective, particularly in the current climate of high funding costs. These deposits are transactional in nature and typically do not bear interest. As a result, the Bank has a significant competitive funding advantage relative to its peer group as its blended marginal cost of funds is significantly lower than peer measures. During 2023, the Specialty Banking line of business generated approximately 42% of the Bank's total funding needs.

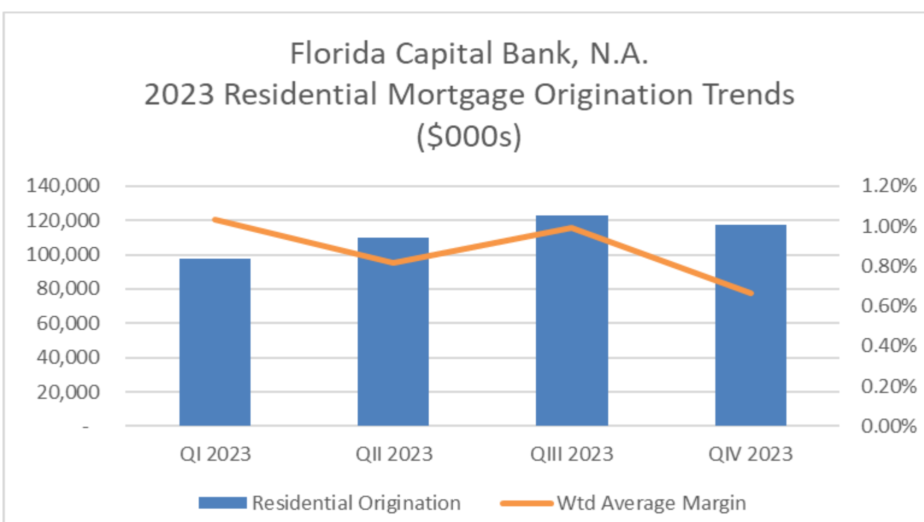
The following chart depicts the historical funding generated by this business line, which reflected a compounded annual growth rate of 23% over the prior five years. The deposit balances represent average month-to-date balances for the month indicated.



Specialty Banking as a strategic business line is comprised of fee-based ACH third party payment processing (29% of business line deposits at year-end 2023), and a deposit generating, prepaid card program (71% of deposits).

Residential Mortgage Origination

The Bank reported residential mortgage production of $448 million during 2023 compared to $824 million for 2022 and relative to 2023 budgeted originations of $480 million. Quarterly production for the year was stable at around its budgeted level of $120 million, and the mortgage margin moved in a fairly narrow range of between seventy basis points and one hundred basis points.

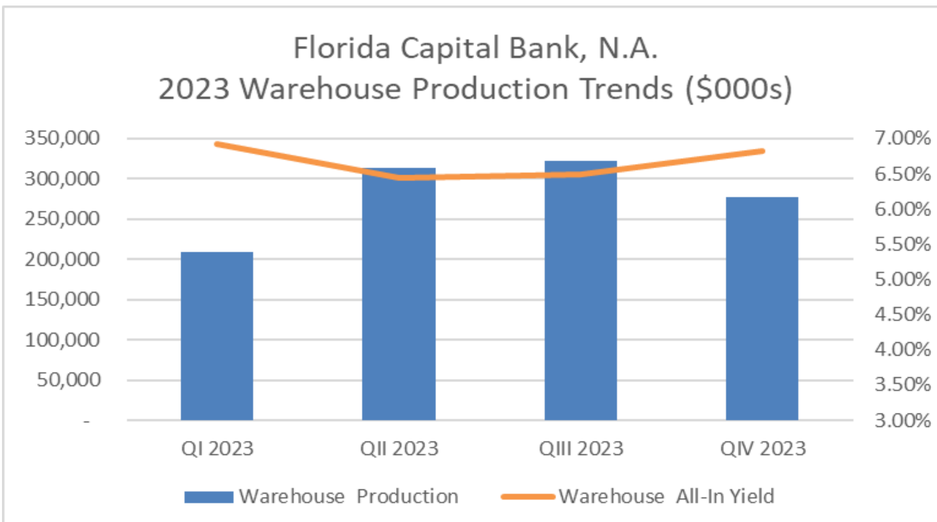


The combination of lower volume and compressed margins resulted in a decline in both industry and Bank revenues. For 2023, the Bank reported mortgage-banking income of $4.5 million compared to $9.5 million in 2022.

Management closely watches trends in the Bank's price-committed pipeline ("locks") of residential mortgages. Locks are a leading indicator of future production and held-for-sale balances. On this note, locks trended upward during the last quarter of 2023, and have continued to increase during the first quarter of 2024.

Warehouse Lending

Warehouse lending production for 2023 declined to $1.1 billion from the $1.3 billion production level reported for 2022; however, the higher rate environment supported higher yields and enabled this business line to maintain its relative contribution to Bank earnings in 2023. Yields for 2023 were approximately 6.6% and higher than 2022 yields of about 4.8%.



The modest decline in production and balances was expected due to continued weakness in the residential mortgage lending market during 2023. From a balance sheet perspective, total outstanding warehouse balances were $40 million at year-end 2023 compared to a budgeted level of $16 million and a balance of $19 million on December 31, 2022. Total year-to-date 2023 interest income from warehouse lending was $2.5 million, which exceeded the 2023 budgeted amount of $1.2 million and compared favorably to actual interest income of $1.6 million in 2022.

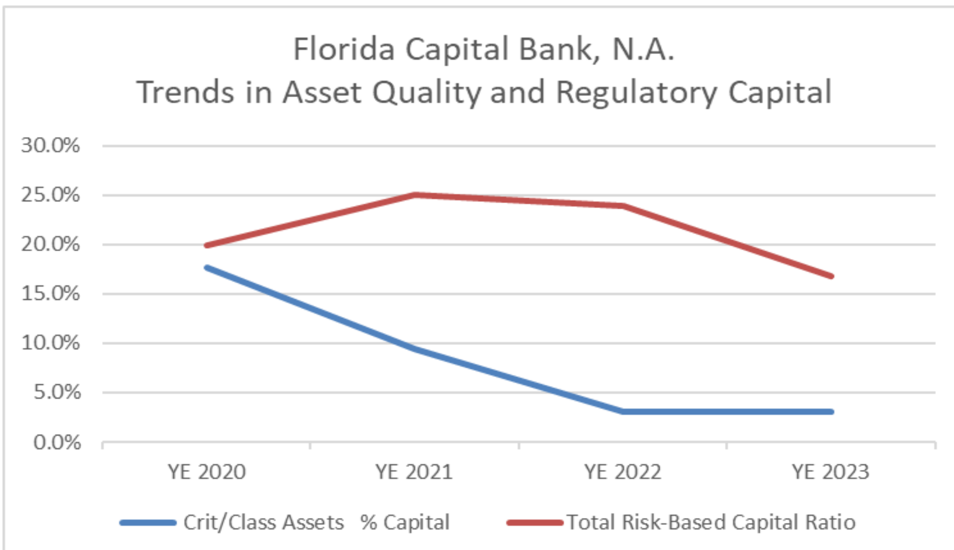
Balance Sheet

Total assets of $500 million on December 31, 2023, were $56 million or 13% greater than the $444 million reported on December 31, 2022. This growth is attributable to the Board's strategic focus to increase commercial banking assets. On December 31, 2023, the Bank's held-for-investment loan portfolio, excluding warehouse balances, totaled $349 million, which represented growth of $49 million or 16%. The majority of this growth occurred in the CRE/construction caption. For the same period, mortgage-related balances (held-for-sale and warehouse) totaled $71 million and were $28 million or 66% higher than the amount reported for year-end 2022.

Total deposits at year-end 2023 were $433 million, which represented a $57 million or 15% increase from the prior year end. Non-interest bearing deposits increased $88 million or 39% during 2023 and represented approximately 72% of total deposits at the end of the year. This deposit growth was primarily contributed by the Specialty Banking unit where deposits were $270 million at December 31, 2023. This level compares very favorably to deposits of $174 million at December 31, 2022, reflecting almost $100 million of growth. Higher interest rates continued to reprice interest sensitive deposit balances throughout 2023, and the overall cost of funding increased significantly from 0.43% in 2022 to 1.50% in 2023.

At the end of 2023, on-balance sheet liquidity was adequate at 14% with available liquidity (access to a variety of on and off-balance sheet funding sources) at 50%. Regulatory capital ratios remained very strong and higher than peer levels at year-end 2023. The tier 1 leverage ratio was 11.2% at the end of 2023, and the total risk-based capital ratio was 16.8% at the end of the year.

Asset quality measures remain strong at year-end 2023 as all metrics remain within board-established risk limits. The chart below shows the ratio of criticized and classified assets as a percentage of regulatory capital for the four years ending 2023 juxtaposed with the change in the Bank's total risk-based capital ratios for the same period.



Income Statement

For 2023, net interest income was $17.6 million, which was a $2.0 million or 13% improvement compared to the 2022 reported amount of $15.6 million. This significant improvement resulted from: 1) growth of traditional community bank loans; 2) the higher level of rates; and 3) growth of low cost Specialty Banking deposits. Year-to-date 2023 total interest income of $24.0 million was $6.6 million or 38% greater than the $17.4 million reported for 2022. This improvement was primarily volume related as higher loan balances combined with higher interest rates to drive growth in total interest income (see the chart in the section titled "Commercial Bank").

For the same period, interest expense was $6.4 million, which was $4.6 million higher or almost four times the level reported for 2022. Interest costs increased across the spectrum of funding alternatives. The interest cost of the Bank's deposit base increased $1.9 million or 155% to $3.1 million in 2023 as the Bank sharply increased deposit rates to levels necessary to compete with other banks and with alternative investment choices. Wholesale borrowing costs also rose sharply as interest on other borrowings increased $2.7 million or 485%.

Non-interest income was $6.9 million for the year ended December 31, 2023, compared to $12.1 million for 2022 representing a $5.2 million or 43% decline. The decline occurred in mortgage banking income, which fell $5.0 million in 2023 reflecting the weaker mortgage environment. For the same period, non-interest expenses were $20.9 million compared to $24.8 million and this decline was associated with staff and other expense reductions.

First Quarter 2024

The Company reported net income of $1.45 million for the quarter ended March 31, 2024, compared to budgeted net income of $948 thousand for the same period. This exceptional earnings performance resulted from: 1) a $25 million increase in loan balances with the growth split approximately evenly between the commercial bank and the mortgage bank; 2) an unexpected improvement in mortgage originations, which were $165 million for the quarter compared to $117 million in the fourth quarter of 2023; and 3) sharply lower interest expense as low cost Specialty Banking deposits hit a seasonal peak in the first quarter which resulted in minimal wholesale funding usage during the quarter. During the first quarter of 2024, the Specialty Banking unit achieved a new peak in total deposits as the average balance of deposits in January 2024 exceeded $300 million for the first time. Specialty Banking deposits represented 61% of total deposits in the first quarter of 2024.

The outlook for credit remains stable and management has continued to increase the level of the allowance for credit losses by recording $300 thousand of provision expense as a charge to first quarter 2024 earnings. All credit metrics remain favorable and within board-established risk limits at the present time. The current allowance for credit losses now slightly exceeds $5.7 million or 1.6% of loans held-for-investment excluding warehouse balances, and management believes this level is adequate based upon current and expected credit losses.

Management Transition

Effective December 31, 2023, President and Chief Executive Officer Mark F. Johnson retired from his executive management position and was appointed Vice Chairman of the Board of the Company and the Bank. The board's succession plan for management was implemented and the board appointed Phillip S. Buddenbohm, President and Chief Operating Officer and T. Keith Perry, Chief Executive Officer. Management and the board thank Mr. Johnson for his leadership, his untiring devotion to the vision and mission of the Company, and for his clear strategic thinking. Under Mr. Johnson's leadership, the Company successfully transitioned from a mortgage-centric bank to a bank centered on traditional community banking. He also successfully led the Bank through the series of "achievements" that are noted in the "Company Highlights" section of this narrative.

New Directors

The boards of directors of the Company and the Bank welcomed two new directors in 2023 as Phillip S. Buddenbohm, President and Chief Operating Officer and T. Keith Perry, Chief Executive Officer were appointed to the board pursuant to the Bank's management succession plan. Mr. Buddenbohm was previously Executive Vice President – Commercial Banking and Credit, while Mr. Perry was Executive Vice President and Chief Financial Officer. Both of these individuals have long and extensive commercial banking backgrounds and had been with the bank in their prior positions for a number of years.

A Message to Our Shareholders

We wish to express our heartfelt appreciation for the continuing support of our loyal shareholders who have participated in our long journey. You provide the capital, our management team leads the way, and our employees perform the services and sell the products. Our goals remain to provide a return to our shareholders, to attract, retain and engage our employees, and to satisfy and nurture our customer relationships.

T. Keith Perry

W. Andrew Krusen, Jr.
Chairman of the Board

T. Keith Perry
Chief Executive Officer

Florida Capital Group, Inc.
Operating Trends and Key Metrics
December 31, 2023 and 2022
(000s)

	31-Dec-23	31-Dec-22	Change	% Change
Operating Results:				
Net Income	$ 2,226	$ 2,296	$ (70)	-3.0%
Adjusted Net Income (Pre-Tax, Pre-Credit)	$ 3,617	$ 2,870	$ 747	26.0%
Return On Assets	0.45%	0.48%	-0.03%	-5.9%
Return On Equity	3.56%	3.63%	-0.07%	-2.0%
Net Interest Margin	3.66%	3.35%	0.31%	9.3%
Mortgage Margin (Including Fees)	0.87%	1.00%	-0.13%	-12.7%
Tangible Book Value of Common Stock (Parent)	$ 61,221	$ 60,997	$ 224	0.4%
Tangible Book Value per Common Share (Parent)	$ 0.0991	$ 0.0989	0.0002	0.2%
Balance Sheet and Production Trends:				
Assets (Average)	$ 492,751	$ 481,635	$ 11,116	2.3%
Loans - Mortgage Banking (Average)	$ 59,133	$ 90,812	$ (31,679)	-34.9%
Loans - Held For Investment (Average)	$ 330,050	$ 261,611	$ 68,439	26.2%
Core Deposits (Average)	$ 341,865	$ 363,411	$ (21,546)	-5.9%
Loans HFI to Core Deposits (Average)	97%	72%	25%	34.1%
Residential Mortgage Production	$ 448,169	$ 823,615	$ (375,446)	-45.6%
Warehouse Production	$ 1,122,574	$ 1,335,782	$ (213,208)	-16.0%
Credit Quality:				
Allowance for Loan Losses	$ 5,450	$ 4,347	$ 1,103	25.4%
Allowance to Loans (excl. HFS and Warehouse)	1.56%	1.39%	0.17%	12.1%
Classified Loans as a % of Capital and Surplus	3%	3%	0%	0.0%
Regulatory Capital:				
Tier 1 Leverage Ratio	11.23%	15.25%	-4.02%	-26.4%
Total Risk-Based Capital Ratio	16.76%	23.90%	-7.14%	-29.9%
Liquidity:				
On-Balance Sheet Liquidity	13.9%	12.4%	1.5%	12.1%
Available Liquidity	49.9%	53.7%	-3.8%	-7.0%

Florida Capital Group, Inc. and Subsidiary
Consolidated Statements of Financial Condition
(Unaudited March 31, 2024 - Audited December 31, 2023 and 2022)

	Unaudited March 31, 2024	Audited December 31, 2023	Audited December 31, 2022
Assets:			
Cash and due from banks	$ 9,478,914	$ 9,306,770	$ 6,289,160
Interest-bearing deposits in banks	36,491,940	36,391,721	60,931,265
Cash and cash equivalents	45,970,854	45,698,491	67,220,425
Securities available for sale	12,590,419	13,217,014	14,754,688
Other investments	7,412,500	6,967,500	2,136,900
Loans receivable, net of allowance for credit losses of $5,666,756, $5,450,154, and $4,346,919 at March 31, 2024, December 31, 2023, and December 31, 2022, respectively	397,702,408	384,004,552	314,579,561
Loans held for sale	42,222,972	30,357,971	23,629,835
Accrued interest and dividends receivable	1,457,617	1,460,682	1,134,920
Premises and equipment, net	1,565,456	1,710,540	2,247,034
Cash surrender value of life insurance	11,064,814	11,007,272	10,777,198
Loan servicing rights, net	77,907	101,829	165,636
Deferred tax asset	2,443,471	2,401,982	2,174,595
Other assets	3,157,468	2,875,287	5,269,115
Total Assets	$ 525,665,886	$ 499,803,120	$ 444,089,907
Liabilities:			
Noninterest-bearing demand deposits	$ 328,103,922	$ 311,478,194	$ 223,557,746
Interest-bearing demand deposits	27,535,799	32,817,683	39,257,242
Money market and savings deposits	64,378,885	58,338,974	69,036,500
Time deposits	30,587,535	29,925,225	43,956,114
Total Deposits	450,606,141	432,560,076	375,807,602
Other borrowings	8,297,355	323,956	429,652
Notes payable	-	-	150,000
Accrued interest payable	57,984	395,619	195,461
Accrued expenses and other liabilities	4,061,503	5,200,972	3,656,043
Total Liabilities	463,022,983	438,480,623	380,238,758
Commitments and contingencies	-	-	-
Stockholders' Equity:			
Preferred stock, 1,000,000 shares authorized; Series A: liquidation preference of $20 per share; 0, 0, and 139,553 shares issued at March 31, 2024, December 31, 2023, and December 31, 2022, respectively	-	-	2,791,060
Common stock, $0.01 par value; 619,000,000 authorized; 618,425,756, 618,425,756, and 617,030,226 shares issued at March 31, 2024, December 31, 2023, and December 31, 2022, respectively	6,184,258	6,184,258	6,170,303
Additional paid-in capital	168,137,254	168,135,424	170,053,745
Accumulated deficit	(110,557,699)	(112,003,819)	(113,831,628)
Treasury stock, at cost; 372,721, 392,721 and 442,721 shares at March 31, 2024, December 31, 2023 and December 31, 2022, respectively	(3,174)	(3,345)	(3,770)
Accumulated other comprehensive loss	(1,117,736)	(990,021)	(1,328,561)
Total Stockholders' Equity	62,642,903	61,322,497	63,851,149
Total Liabilities and Stockholders' Equity	$ 525,665,886	$ 499,803,120	$ 444,089,907

In the opinion of management, the March 31, 2024 unaudited condensed financial statements have been prepared on the same basis as the audited financial statements for the years ended December 31, 2023 and December 31, 2022, and include all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the Company's financial position at March 31, 2024, and statement of operations for the three months ended March 31, 2024.

Florida Capital Group, Inc. and Subsidiary
Consolidated Statements of Income
(Unaudited March 31, 2024 - Audited December 31, 2023 and 2022)

	Unaudited For Period Ended March 31, 2024	Audited For Year Ended December 31, 2023	Audited For Year Ended December 31, 2022
INTEREST INCOME:			
Loans receivable and fees on loans	$ 5,569,211	$ 20,015,636	$ 16,045,777
Investment securities	105,186	386,606	315,480
Interest-bearing deposits in banks	1,036,086	3,600,012	1,040,372
Total interest income	6,710,483	24,002,254	17,401,629
INTEREST EXPENSE:			
Deposits	1,372,781	3,114,452	1,223,204
Other	16,636	3,311,149	566,060
Total interest expense	1,389,417	6,425,601	1,789,264
NET INTEREST INCOME	5,321,066	17,576,653	15,612,365
PROVISION FOR CREDIT LOSSES	300,000	682,000	0
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	5,021,066	16,894,653	15,612,365
NONINTEREST INCOME:			
Service charges on deposit accounts	210,860	673,134	705,179
Mortgage banking income	1,587,828	4,519,732	9,487,307
Other income	276,782	1,719,520	1,885,451
Total noninterest income	2,075,470	6,912,386	12,077,937
NONINTEREST EXPENSE:			
Salaries and employee benefits	3,488,728	13,519,144	16,675,971
Occupancy and equipment expense	253,700	1,061,372	1,217,898
Data processing, communications and telephone	540,982	2,217,671	2,364,667
Mortgage banking related expense	164,417	959,580	1,595,534
Professional fees	222,912	990,799	854,445
Marketing expense	54,418	253,424	655,375
Other expenses	456,521	1,870,411	1,456,722
Total noninterest expense	5,181,678	20,872,401	24,820,612
Income Before Income Taxes	1,914,858	2,934,638	2,869,690
Income Tax Expense	468,738	709,050	573,342
Net Income	$ 1,446,120	$ 2,225,588	$ 2,296,348

In the opinion of management, the March 31, 2024 unaudited condensed financial statements have been prepared on the same basis as the audited financial statements for the years ended December 31, 2023 and December 31, 2022, and include all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the Company's financial position at March 31, 2024, and statement of operations for the three months ended March 31, 2024.