

Management's Discussion and Analysis for the First Quarter Ending March 31, 2025

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 the dynamic banking markets of – Jacksonville, Orlando, Tampa, and Gainesville. The Bank also manages a nationwide mortgage banking and warehouse lending business units as well as a "payments" business unit.

During the first quarter of 2025, the board of directors of the Company continued to execute strategic initiatives to increase shareholder value. These objectives remain centered around growth in the commercial banking unit. They include:

- Asset growth, particularly growing loans held for investment. The board of directors and management have been focused on creating consistent quarterly earnings by increasing the percentage of loans held for investment to total assets. In prior years, the Bank has been heavily reliant on earnings provided by its mortgage division. In low-interest rate environments, mortgage originations and earnings are plentiful. However, in high-interest rate environments both mortgage originations and earnings are diminished. During the first quarter, loans HFI increased \$7.7 million and ended the quarter at \$396.0 million vs \$359.1 million as of Mar 2024. Despite current interest rates and expensive housing, the mortgage market has continued to improve, and the board remains strategically focused on mortgage opportunities.
- Liability growth, particularly core deposit growth. Core deposits grew \$41.4 million in the first quarter and ended the quarter with \$622.9 million vs \$450.8 million for Mar 2024. Core deposits are currently a critical strategic objective for all FDIC-insured commercial banks. The Bank has a presence in some of the best banking markets in Florida. Management intends to focus resources on these market opportunities with the goal to generate core funding for the Bank. These resources include technology upgrades (particularly digital capabilities), brand marketing, new deposit products, staff additions and potentially additional physical locations.
- Specialty Banking continues to generate double-digit growth (21.8%) of low-cost funding in the prepaid card market and through third party payment processing. During the first quarter, Specialty Banking deposits grew by \$39.7 million and ended the quarter at \$345.0 million vs \$283.3 million as of Mar 2024. Specialty Banking deposits are included in the core deposits above.
- Private Client Services continues to generate deposits through our competitive deposit product offerings. During the first quarter, Private Client Services deposits grew by \$19.4 million and ended the quarter at \$105.5 million vs \$16.4 million as of March 2024. Private Client Services deposits are included in the core deposits above.
- In 2024, management decided to transition the Bank's existing technology infrastructure. This conversion is presently underway and is expected to conclude late summer 2025.

Financial and Operating Summary

The following table presents financial highlights for the First quarter ending March 31, 2025, and 2024.

Florida Capital Group, Inc
Operating Trends and Key Metrics
First Quarter Ending March 31, 2025 and 2024
(000s)

Operating Results:	Q1 2025	Q1 2024	Change	% Change
Net Income	\$ 2,413	\$ 1,446	\$ 967	67%
Adjusted Net Income (Pre-Tax, Pre-Credit)	\$ 3,317	\$ 2,215	\$ 1,102	50%
Return on Assets	1.57%	1.10%	0.47%	43%
Return on Equity	14.24%	9.23%	5.00%	54%
Total Assets	\$ 615,416	\$ 525,905	\$89,512	17%
Net Interest Margin	3.77%	4.10%	-0.33%	-8%
Mortgage Margin (Including Fees)	1.20%	0.95%	0.25%	27%
Tangible Book Value of Common Stock (Parent)	\$ 67,760	\$ 62,721	\$ 5,039	8%
Tangible Book Value per Common Share (Parent)	\$ 0.1096	\$ 0.1015	\$0.0082	8%

The Company reported net income of \$2.4 million for the first quarter ending March 31, 2025, compared to net income of \$1.5 million for the comparable 2024 period. On a pre-tax, pre-credit provision basis (non-GAAP earnings), the Company reported first quarter earnings of \$3.3 million compared to the 2024 comparable period level of \$2.2 million. The improved earnings level is related to the continued growth of the commercial bank, higher Specialty Banking unit deposits, and an improved mortgage market, while continuing to face higher deposit pricing from competitors.

The Overall Economy

During the first quarter, the Fed continued to hold the Fed Funds Targeted rate at 4.50%. Currently, the bond market anticipates further easing by the end of 2025 (Fed Funds Rate of 3.75%). The US 10 Year Treasury is currently yielding 4.22%, down 3bps from March 31, 2025. The Consumer Price Index (CPI) for March 2025 was 2.4%, down 0.4% from December 2024.

A Message to Our Shareholders

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. We thank you for your steadfast support and look forward to future success.



W. Andrew Krusen, Jr.
Chairman of the Board



Sam Ishee
Chief Financial Officer