

Bank

F L O R I D A

Bancorp, Inc.



2023 Annual Report



March 22, 2024

Dear Shareholder:

This past year we watched interest rates soar, which stressed both the balance sheet and profit and loss statements. Despite this, your Bank came through 2023 in excellent financial condition. The balance sheet showed a slight decrease in assets (\$477,000), while loans, despite rising interest rates, showed an \$11 million growth. Deposits shrank \$22 million due to rising interest rates as many customers paid down their lines of credit with their excess cash. The good news is as of March 8, 2024, deposits have increased \$53 million.

As you know, we opened two new offices during 2023 (Zephyrhills and St. Cloud). And, while the new offices have begun to have a positive impact on our balance sheet growth, they also have and will continue to have a negative impact on profits for another twelve to eighteen months due to additional overhead. In 2023 our total interest income increased \$3.679 million due to loan growth but was mainly due to rising interest rates. Our interest expense increased at a more rapid rate, rising some \$5.125 million and our net interest income went down \$1.446 million and is the main reason earnings dropped \$1.464 million. The Bank still had a solid year in 2023 as we earned \$1.222 million.

As you know our stock is now publicly traded and the last trade was at \$13.40 per share. We continue to look for growth opportunities through branching and potential acquisitions as we try and expand our footprint across Florida. We have and will continue to look from Palm Beach County northward and hope to open another office in 2024 which will bring us to a total of 6 offices.

I appreciate the support we are receiving from our shareholders through many of you bringing your accounts to us and by the referrals we receive every day from you. If you have any questions, please feel free to give me a call anytime day or night. My cell number is (813) 713-3232.

Sincerely,

James S. (Bud) Stalnaker, Jr.
President and CEO



BOARD OF DIRECTORS

James S. "Bud" Stalnaker, Jr.
Chairman, President & CEO - BankFlorida

Kenneth Lehman
Chairman – BankFlorida Bancorp, Inc.
Private Investor

Dale Maggard
Owner – Sonny's Discount Appliances, Inc.

Dan Knowlton
Owner – Bowlaholics Pro Shop

Allen Altman
Insurance Agent

Wilton Simpson
Florida Commissioner of Agriculture

BANKFLORIDA BANCORP, INC. AND SUBSIDIARY

Consolidated Balance Sheets
(\$ in thousands, except per share amounts)

	<u>At December 31,</u>	
	<u>2023</u>	<u>2022</u>
Assets		
Cash and due from banks	\$ 1,222	745
Interest-bearing deposits in banks	<u>33,405</u>	<u>42,926</u>
Total cash and cash equivalents	34,627	43,671
Debt securities available for sale	20,746	29,881
Loans, net of allowance for credit losses of \$3,328 and \$2,799	241,585	230,202
Accrued interest receivable	880	807
Federal Home Loan Bank stock, at cost	1,176	197
Premises and equipment, net	18,550	13,251
Deferred income taxes	1,947	2,109
Bank-owned life insurance	1,174	1,145
Other assets	<u>1,017</u>	<u>916</u>
Total assets	\$ <u>321,702</u>	<u>322,179</u>
Liabilities and Stockholders' Equity		
Deposits:		
Noninterest-bearing demand	63,845	81,979
Interest-bearing demand	9,529	18,557
Savings and money market	156,843	160,376
Time	<u>31,618</u>	<u>22,924</u>
Total deposits	261,835	283,836
Federal Home Loan Bank advances	20,000	-
Note payable	8,000	8,000
Accrued expenses and other liabilities	<u>386</u>	<u>697</u>
Total liabilities	290,221	292,533
Commitments and contingencies (Notes 5, 14 and 15)		
Stockholders' equity:		
Preferred share: \$1 par value, \$10,000,000 shares authorized; none issued and outstanding	-	-
Common stock: \$1 par value; 50,000,000 shares authorized; 3,180,332 shares issued and outstanding	3,180	3,180
Additional paid-in capital	34,178	33,956
Accumulated deficit	(3,637)	(4,859)
Accumulated other comprehensive loss	<u>(2,240)</u>	<u>(2,631)</u>
Total stockholders' equity	<u>31,481</u>	<u>29,646</u>
Total liabilities and stockholders' equity	\$ <u>321,702</u>	<u>322,179</u>

BANKFLORIDA BANCORP, INC. AND SUBSIDIARY

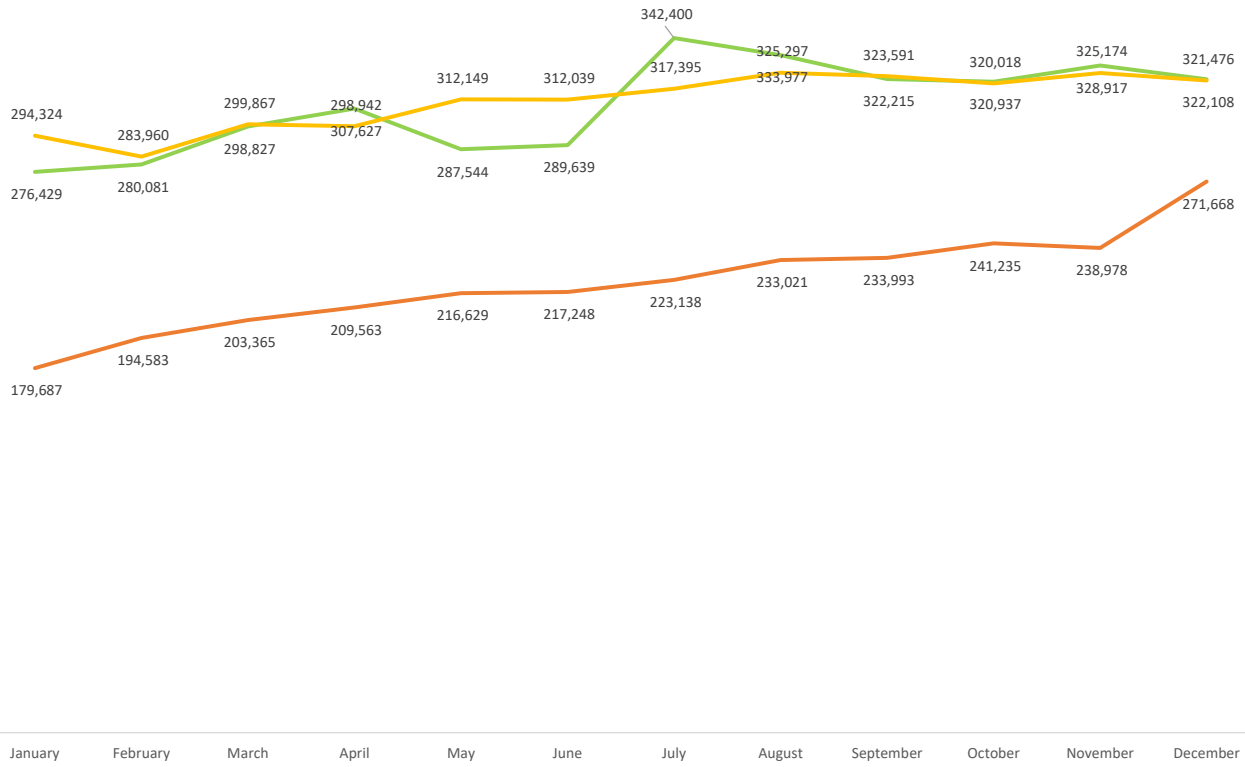
Consolidated Statements of Income
(In thousands)

	<u>Year Ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Interest income:		
Loans	\$ 13,662	11,067
Debt securities available for sale	812	652
Other interest-earning assets	<u>1,713</u>	<u>789</u>
Total interest income	<u>16,187</u>	<u>12,508</u>
Interest expense:		
Deposits	5,605	1,208
Other interest	<u>925</u>	<u>197</u>
Total interest expense	<u>6,530</u>	<u>1,405</u>
Net interest income	9,657	11,103
Credit loss expense	<u>600</u>	<u>1,000</u>
Net interest income after credit expense loss	<u>9,057</u>	<u>10,103</u>
Noninterest income:		
Mortgage brokerage fees	-	151
Service charges and fees	93	67
Financial services fees	54	39
Earnings on bank-owned life insurance	29	26
Loss on sale of debt securities available for sale	(145)	-
Other	<u>101</u>	<u>21</u>
Total noninterest income	<u>132</u>	<u>304</u>
Noninterest expense:		
Salaries and benefits	4,763	4,377
Occupancy and equipment	652	404
Data processing	959	920
Regulatory assessments	175	251
Professional fees	280	186
Other	<u>716</u>	<u>659</u>
Total noninterest expense	<u>7,545</u>	<u>6,797</u>
Income before income taxes	1,644	3,610
Income taxes	<u>422</u>	<u>924</u>
Net income	<u>\$ 1,222</u>	<u>2,686</u>



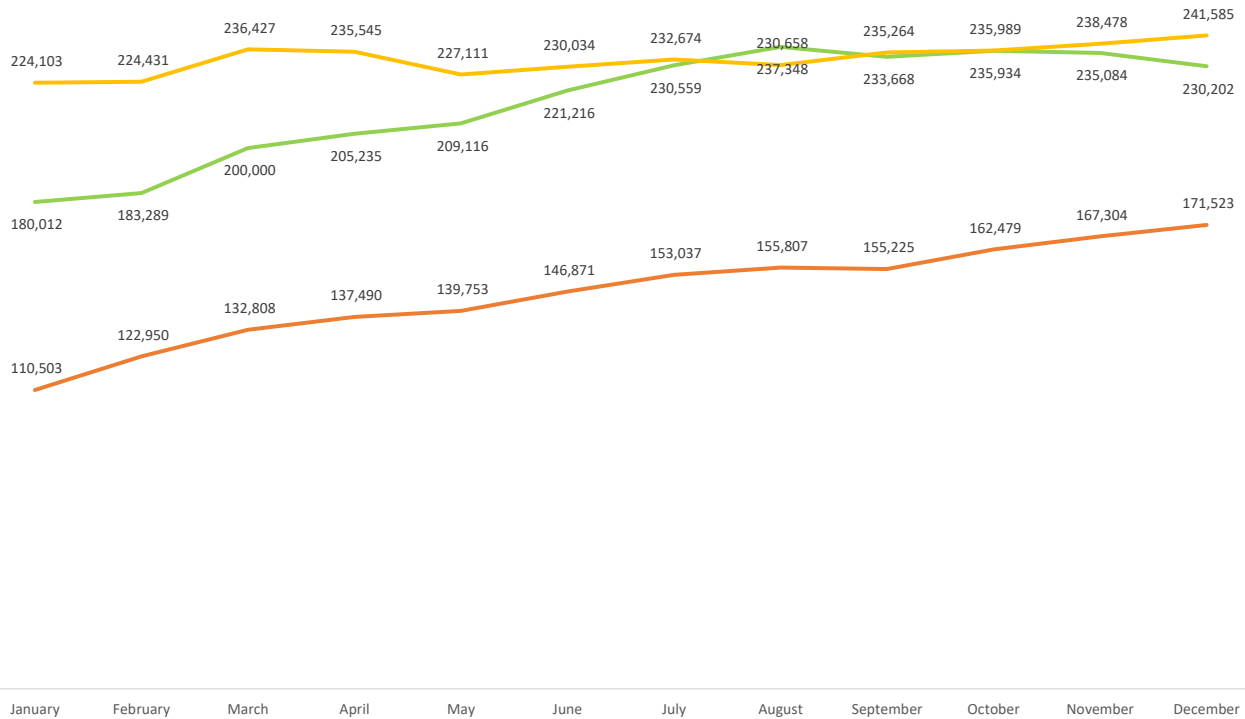
TOTAL ASSETS (in thousands)

— 2021 — 2022 — 2023



TOTAL LOANS (in thousands)

— 2021 — 2022 — 2023





TOTAL DEPOSITS (in thousands)

