



August 2, 2022

Dear Shareholder:

Enclosed you will find our June 30, 2022 UNAUDITED financials showing you the progress of your bank over the previous 12 months. Total Assets are up \$72.4MM (33.3%). We have achieved tremendous loan growth during this time as loans grew from \$148.3MM to \$223.4MM (50.6%). This loan growth along with our net interest margin moving from 3.02% in January 2022 to 3.98% in June 2022 has driven our income statement for the first half of 2022.

Our earnings for the first six months were \$899,000 versus \$43,000 for the first six months of 2021. For the month of June, BankFlorida had a .92 ROA (return of average assets) and 9.47% ROE (return on equity). We have owned the Bank now for 2 years and are way ahead of our projections (budgets) for 2022. Asset quality remains strong as NONPERFORMING Assets were at .05% and past due Loans at .27%. Both well ahead of our peer group.

Our St. Cloud office should be under construction during the third quarter, and we hope to open by the end of the first quarter of 2023. We are in the process of having our stock traded on the OTCQX which should happen during the 4th quarter of this year. There are still some shareholders who have not exchanged their stock certificates for book entry accounting. So, if you have not yet completed this exchange, please contact our CFO, Pam Mattox, (352) 647-2713 and she will help you complete the process.

We will continue to look for growth opportunities and appreciate your investment in your Bank. If you ever have any questions or needs, please give me a call.

Sincerely,

James S. "Bud" Stalnaker
President & CEO



Balance Sheet, Unaudited (in thousands \$)

| | Consolidated <u>At June 30, 2022</u> | Consolidated <u>At June 30, 2021</u> |
|---|---|---|
| LOANS | | |
| Real Estate - Residential | 46,112 | 35,119 |
| Real Estate - Home Equity | 1,627 | 2,094 |
| Real Estate - Commercial | 143,772 | 79,720 |
| Commercial & Industrial | 30,924 | 22,563 |
| SBA/USDA Loans | 978 | 1,971 |
| PPP Loans | - | 6,417 |
| Consumer and All Other | - | 465 |
| TOTAL LOANS | <u>223,413</u> | <u>148,349</u> |
| Allowance for Loan Losses | 2,200 | 1,478 |
| TOTAL LOANS net of ALLL | <u>221,213</u> | <u>146,871</u> |
| INVESTMENTS & INT-BEARING ACCTS | | |
| Securities - AFS | 23,296 | 13,759 |
| FHLB Stock | 197 | 148 |
| Excess Balance Account & FFS | 28,858 | 43,155 |
| Due From Banks Interest-bearing | 2,632 | 1,080 |
| Total Investments & Int-bearing | <u>54,983</u> | <u>58,142</u> |
| Total Earning Assets | 276,196 | 205,013 |
| Cash & Due From Banks | 908 | 2,269 |
| Premises & Equipment, net | 8,423 | 6,250 |
| Organizational costs, net of amortization | 35 | 38 |
| All Other Assets | 4,112 | 3,716 |
| Total Non Earning Assets | <u>13,478</u> | <u>12,273</u> |
| Total Assets | <u><u>289,674</u></u> | <u><u>217,286</u></u> |
| DEPOSITS | | |
| Noninterest-bearing Checking | 86,197 | 53,539 |
| Interest-bearing Checking | 20,462 | 10,434 |
| Savings & Money Markets | 134,250 | 108,468 |
| Total Core Deposits | <u>240,909</u> | <u>172,441</u> |
| Certificates of Deposit | 10,887 | 14,100 |
| Wholesale CD's | 848 | 5,436 |
| Total Deposits | 252,644 | 191,977 |
| Note Payable | 8,000 | 0 |
| Accrued Expenses and other liabilities | 385 | 336 |
| Total Liabilities | 261,029 | 192,313 |
| Total Stockholders' Equity | <u>28,645</u> | <u>24,973</u> |
| Total Liabilities & Stockholders' Equity | <u><u>289,674</u></u> | <u><u>217,286</u></u> |



Income Statement, Unaudited (in thousands \$)

| | Consolidated 6 months ended June 30, 2022 | Consolidated 6 months ended June 30, 2021 |
|-------------------------------------|---|---|
| Interest Income | | |
| Loans | 4,743 | 3,085 |
| Investments | 293 | 129 |
| Total Interest Income | 5,036 | 3,214 |
| Interest Expense | | |
| Deposits | 427 | 479 |
| Borrowings | 0 | 1 |
| Total Interest Expense | 427 | 480 |
| Net Interest Income | 4,609 | 2,734 |
| Provision for Loan Losses (ALLL) | 400 | 270 |
| Net Interest Income after Provision | 4,209 | 2,464 |
| Non Interest Income | | |
| Account Service Charges | 18 | 19 |
| Other Service Charges & Fees | 34 | 11 |
| BOLI Income | 12 | 13 |
| Financial Services | 14 | 76 |
| Rental Income | 61 | 68 |
| Miscellaneous Income | 86 | 2 |
| Total Non Interest Income | 225 | 189 |
| Non Interest Expenses | | |
| Salaries & Benefits | 1,989 | 1,615 |
| Furniture, Fixtures & Equipment | 48 | 62 |
| Occupancy | 210 | 215 |
| Legal & Professional Fees | 87 | 73 |
| Data Processing & Network | 419 | 319 |
| Marketing | 41 | 21 |
| Regulatory Expenses | 120 | 71 |
| Corporate Governance | 50 | 29 |
| Other Expenses | 251 | 200 |
| Total Non-Interest Expense | 3,215 | 2,605 |
| Net Income before Taxes | 1,219 | 48 |
| Provision for Taxes | 320 | 5 |
| Net Income | 899 | 43 |