OFB BANCSHARES, INC.
2023 MID-YEAR UPDATE

Dear Shareholder,

We hope this communication finds you well and the first half of 2023 has been successful for you and your family. We are pleased to provide a mid-year update on OFB Bancshares, Inc. While the banking industry as a whole has faced challenges this year, One Florida Bank has continued to grow and revenues have continued to increase. In the first half of 2023, we surpassed $1.5 billion in total assets and net interest income increased 20.3% over the same period last year. Managing liquidity and cost of funds has been the primary theme this year as continued increases in short-term interest rates took effect on the deposit market. Our focus has been to maintain our margin and liquidity position, and we have been successful.

Our financial summary is updated on our website and is based on the June 30, 2023, regulatory call report filing. The summary can be accessed at www.onefloridabank.com/investors.

Highlights of our financial results from the first half of 2023 include:

- Asset growth was $117.4 million, or 8.2%, from year-end 2022. Assets totaled $1.55 billion at June 30, 2023.
- Deposit growth was $114.3 million. While depositors have shifted focus to earning higher short-term returns on cash, we maintained a stable noninterest-bearing deposit base and grew relationship-based interest-bearing deposits allowing us to fund higher-yielding loan growth and maintain strong liquidity.
- Loan growth was $134.6 million, or 12.9%, from year-end 2022. Our approach remains disciplined in credit selection and leveraging the deep relationships of our banking team. New commercial loan production was $250.0 million in the first half of the year.
- Our net interest margin expanded to 3.13% in the first half of 2023 compared to 2.80% in the first half of 2022.
- Net income was $6.0 million, while pre-tax, pre-provision income was $8.4 million. We adopted the new Current Expected Credit Loss (CECL) standard in calculating our required allowance for credit losses and the result was minimally impactful on our required reserve.
- Loan yields and earning asset yields continued to increase due to improved loan pricing, increased rates on existing variable rate loans, and increased returns on cash balances held at the Federal Reserve Bank.
- Noninterest income was $745,000, which was negatively impacted in 2023 by a reduction in gains on mortgage loan sales as increased mortgage rates have slowed the volume in that business line.
- Return on average equity for the first half of 2023 was 10.53%, while return on average assets was 0.81%.

We continue to drive our relationship approach to banking, believing that people bank with people, and this allows us to provide superior service to our clients. Our team clearly communicates and performs on our primary value propositions to the market, and they continue to be well received:

- Speed of execution
- Certainty to close
- Best-in-class relationship service
- Community bank service with big bank capacity

We continue to attract and maintain the best talent to carry out our primary value propositions. This is accomplished through a culture built with valued employees that is replicated as we grow. For the fourth year in a row, we won a "Best Places to Work" award based on confidential surveys of our employees. An example of this important aspect of our strategy is our new Oviedo branch, which was established around talent with years of tenure in that market. The branch, which opened in December 2022, has exceeded $60 million in total deposits. We are working on plans for a branch in Jacksonville, where we currently have a lending office with two relationship bankers, to drive deposit growth in that market.

In a rapidly changing rate and economic environment, we are more vigilant than ever in the management of both our deposit and loan portfolio. Client communication and monitoring are key to management of deposit growth and cost as well as credit risk. A full review of our commercial real estate portfolio has been completed, including stress testing for increased interest rates, potential higher vacancy rates in certain sectors and higher capitalization rates given interest rate changes since the beginning of the year. We are pleased to report that asset quality remains strong and loan portfolio metrics are sound.

We look forward to continued success in the second half of 2023. As always, we thank you for your investment and your support. When we work together, our goals are ONE!

Randy Burden
CHAIRMAN & CEO

Rick Pullum
PRESIDENT