



OFB BANCSHARES, INC.

2023  
ANNUAL  
REPORT



## Dear Shareholders:

While 2023 was a year of uncertainty and turmoil in banking and the economy, One Florida Bank maintained strong liquidity, increased earnings, and continued to grow. Asset quality and deposit growth were the primary success drivers during the year. While banks struggled with maintaining deposits and liquidity due to historic rapid increases in short term interest rates, we were purposeful in maintaining and growing deposits even as deposit costs rose across the industry. Our long-time strategy of funding loans in the communities we serve, rather than expansive investment in securities, proved to be sound. As a result, our unrealized loss on securities, a plague for many banks in the past year, was less than half that of our peers at 8% of gross equity at the end of 2023. While our strategy to maintain and grow deposits in the current environment negatively affected our cost of funds, we believe that liquidity, a strong balance sheet and a growing client base are key drivers for future value creation. Net income in 2023 was \$12.1 million, representing an increase of 8.2% over 2022. Return on shareholders' equity was 10.31% and total shareholders' equity ended 2023 at \$124.8 million, which is net of unrealized losses on securities of \$10.8 million. Given our strong liquidity position, we do not anticipate the sale of securities which would necessitate taking any loss. We project over \$50 million of securities to mature in 2024, providing additional cash flow to further bolster liquidity and fund loan growth. This represented approximately 40% of our portfolio fair value at December 31, 2023. Net asset growth for 2023 was \$148.2 million. As our loan and deposit portfolios season, normal variations in balances in both have presented themselves. During 2023, net loan growth was \$231.9 million, thanks to new loan originations of \$515 million, and deposit growth was \$124.2 million. We continued to open between 150 to 200 new deposit accounts each month, which is consistent with prior periods as prospective clients continue to be attracted to our value proposition of high-end service and best in class technology.

As noted, our cost of funds rapidly accelerated with rising short and medium-term treasury yields. For the year, our cost of funds was 2.35% in 2023 compared to 0.69% in 2022. However, the cost of funds was 2.79% in the fourth quarter of 2023 compared to 1.35% in the fourth quarter of 2022 and we continued to see a deceleration in our rising cost of funds through the fourth quarter of 2023 as the Fed paused their tightening cycle. While the federal funds rate increased 525 basis points during the cycle, our cost of funds increased 245 basis points, or 47% of the increase in federal funds. In addition to increases in deposit rates, we realized a shift in balances from noninterest-bearing demand accounts to higher costing money market accounts as clients sought to yield higher returns on idle cash. Helping to offset a higher cost of funds, our asset yield increased during 2023 to 5.23% from 3.62% in 2022 as new loan rates were significantly higher than our average portfolio rate and existing loans repriced higher. In the fourth quarter of 2023, our asset yield was 5.53% as our patience in holding cash during the low-rate environment of 2021 paid off with the increases in the federal funds rate in 2022 and 2023. On a net basis, our interest margin was stable through most of 2023 at 3.02% for the year compared to 2.98% in 2022. This reflects our strategy to balance the duration of assets and liabilities in our goal to yield stable profitability through any rate cycle.

Our ability to grow assets, liquidity and profitability in 2023 was driven by deep relationships with our clients. In the wake of unprecedented bank failures in the first quarter, inflation and systemic liquidity concerns in the industry, we were able to grow because our high-touch, communicative bankers were able to differentiate us from competition. While it is not a new concept for us, this year more than ever we proved that people bank with people and value trust and responsiveness. We won and retained relationships because of our speed to market and a team approach to delivering exceptional client service. Recognition of our team who take this commitment so seriously continues to be shared by clients and the community. For the third year in a row, we were recognized by the Orlando Business Journal as a Best Place to Work, again placing second in the large company category. We value being recognized as a Best Place to Work because it is based on anonymous feedback from our team members. We will continue to foster this culture as it is our strongest competitive advantage as we obtain additional market share and value creation.

Asset quality and a strong credit culture has always been core to our strategy. Even as concerns around credit quality in banks made headlines in 2023, our asset quality remained strong and unchanged. Non-performing assets remained negligible at 0.01% of total assets and only 1.24% of our Allowance for Credit Losses. Market concerns around rising rates and maturing or re-pricing commercial real estate loans became apparent in 2023. However, our credit team had already completed numerous stress tests on our portfolio to assess specific risk associated with the current interest rate environment. Sound underwriting, appropriate equity and liquidity among our borrowers, mitigated this risk with positive stress test results, even at much higher interest rates. Because of our granular portfolio allocation strategy, our exposure to any one asset class is intended to be limited by design. Monitoring of client receivables showed stable trends in collection rates and utilization of lines of credit also remained stable throughout the year. We remain steadfast in lending to reputable borrowers with strong financial performance and disciplined in diversification of our credit portfolio. With this strategy as our guidepost, we will continue to seek new opportunities to lend to the right borrowers and grow earning assets.

### Looking Ahead

The company recently celebrated five years of successful growth since recapitalizing our organization. In that timeframe, we accomplished many of the strategic initiatives set forth in our original business plan. Management is now engaged in planning for our next phase of value creation. While our core strategy will remain the same and our value proposition will continue to drive growth, we will assess activities to enhance profitability through business lines that generate non-interest income. We are making strategic changes to our SBA lending delivery model to drive additional fee income without the addition of fixed costs. Our plans include equipping our team with an improved value-based sales approach to continue increasing treasury management fees, which were up 34% in 2023. Plans are underway for the expansion of our mortgage platform to be in a position to take advantage of an improving interest rate environment for mortgage banking in the coming year. We have also positioned ourselves to expand the One Florida Bank Community Association Program throughout the state of Florida, which now exceeds \$125 million in total deposits and services over 300 owners' associations.

Outside of these core organic strategies, we continue to assess market opportunities that present themselves for more rapid value creation. The company will continue to grow prudently with appropriate risk tolerance and return expectations. We will always be committed to a strong compliance and credit culture. Our focus will continue to be creating value for you, our shareholders. We appreciate your investment, your trust, and your business. When we work together, our goals are ONE.

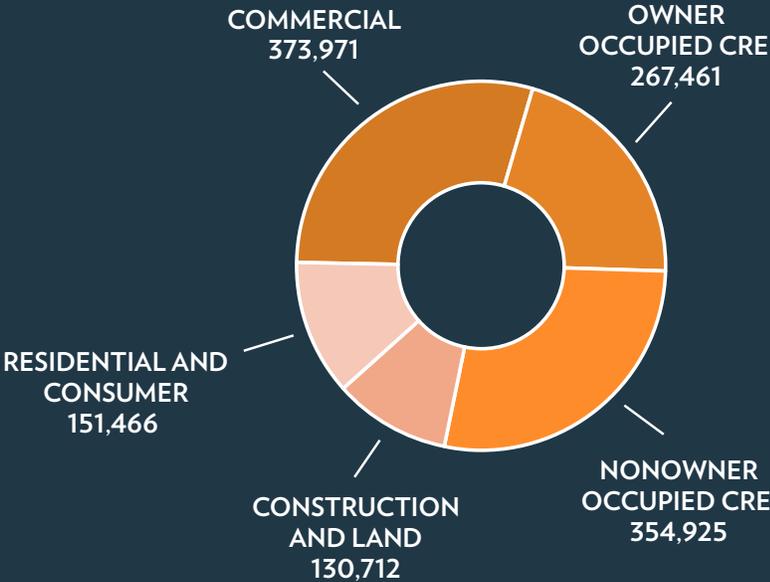
**Randy Burden**  
**CHAIRMAN & CEO**

**Rick Pullum**  
**PRESIDENT**

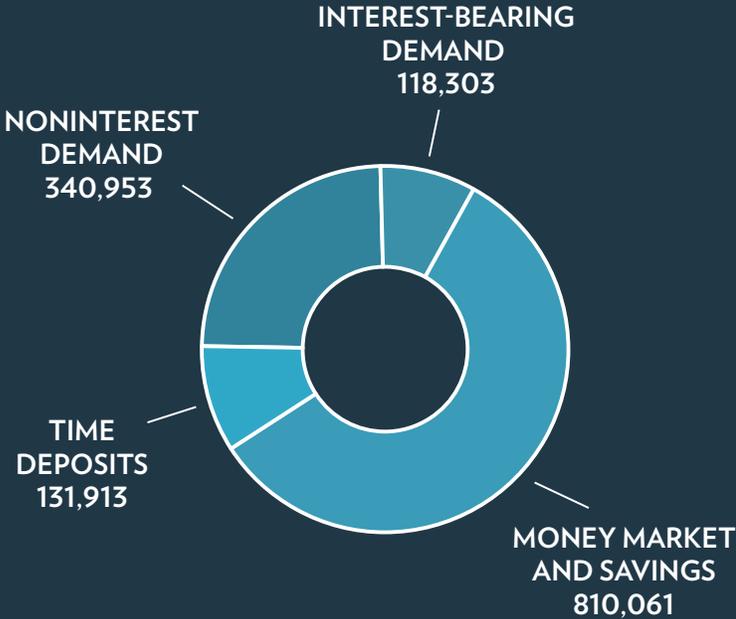


# 2023 ANNUAL REPORT

## LOANS

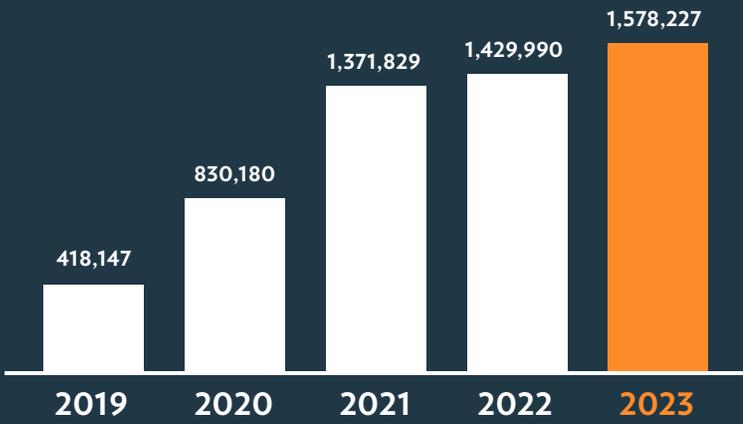


## DEPOSITS

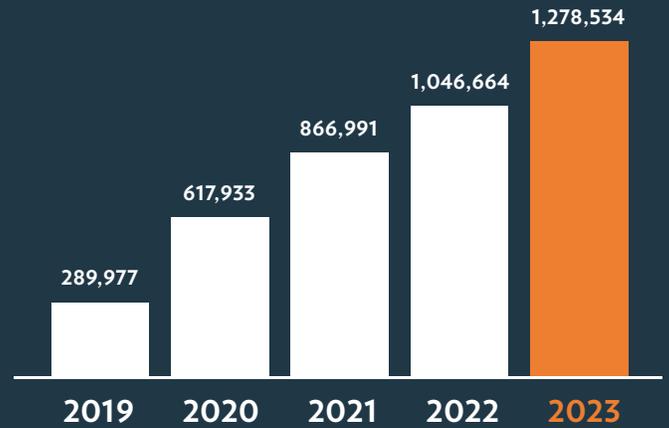


\*As of December 31, 2023. Dollars in thousands.

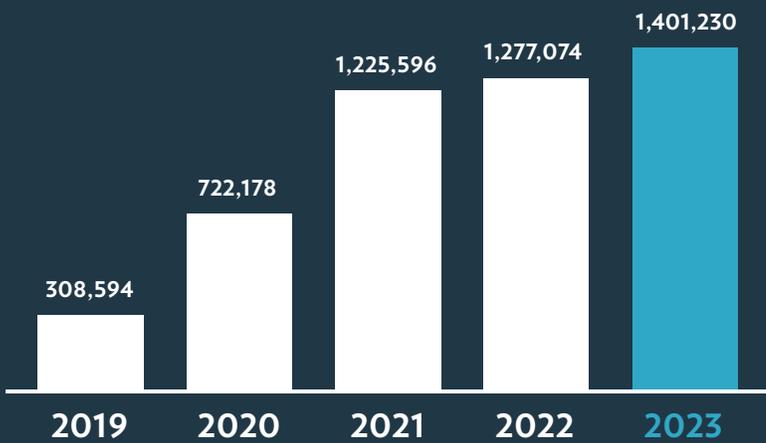
## ASSETS



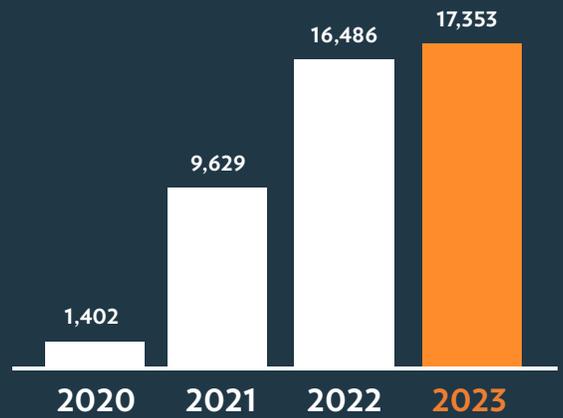
## LOANS



## DEPOSITS



## PRE-TAX PRE-PROVISION INCOME



# 2023

\*Dollars in thousands

## OUR MISSION

# To serve the needs of our clients and communities as a locally owned and managed bank.

## OUR CORE VALUES

**1** Staying customer focused to provide exceptional value, because strong relationships build understanding, connection, and quality products and services

**3** Dedicating our time and resources to building a collaborative, supportive workplace to develop generations of talent for our Florida business community

**2** Committing to a thoughtful, disciplined and conservative approach to our credit processes

**4** Living each day to the highest codes of ethics and integrity, always remaining fully compliant with all laws and regulations

# ACCOLADES AND IMPACT

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ORLANDO BUSINESS JOURNAL



## BEST PLACE TO WORK, BRANCH RECOGNITION

The Orlando Business Journal recognized One Florida Bank as a “Best Place to Work” in the large business category for the third year in a row.

Additionally, our branches continued to receive recognition for their commitment to the areas they serve. As part of its 100th anniversary, the Winter Park Chamber of Commerce named the Winter Park branch a top finalist in their “Best Bank” category for the second consecutive year. Chipley also placed for the third year in a row in the Best of Tri-County Readers’ Choice awards for their exemplary service to Washington County.



## SUPPORTING IMPORTANT LOCAL CAUSES

Rick Pullum, President of One Florida Bank, received The Golden Ticket award from iDignity in recognition for his service, ongoing support, and dedication toward the organization’s mission. iDignity works to help restore dignity and hope by assisting underprivileged individuals through the often complex process of regaining legal proof of identification. He serves on the Board of Directors.

One Florida Bank team members also volunteered at iDignity’s Identification Service Days, guiding participants to their service appointments and supporting this impactful local organization.



## CONTINUED SUPPORT FOR HABITAT FOR HUMANITY

The One Florida Bank team continued their partnership with and support of Habitat for Humanity of Seminole County & Greater Apopka. Our team participated in numerous build days, home dedications, and other special events throughout the year. We also provided leadership, with eight officers serving on various Habitat committees and three team members serving as mentors for future Habitat homebuyers during their journey to homeownership.

At the Volunteer Appreciation Celebration, One Florida Bank was acknowledged as Outstanding Volunteer Group, Mortgage Loan Officer Trip Parker was given the Lifetime Achievement Award, and Chief Compliance Officer Susan Rich was recognized as the Official Habitat Cheer Captain.



In June, Susan Rich concluded her 4th year as Board Chair and continues to serve as the Immediate Past Chair. Additionally, Susan was elected to the Habitat for Humanity of Florida board of directors in July.

One Florida Bank was recognized as the Presenting Sponsor for the 2023 Women Build Program for our financial and volunteer contributions to their affordable housing program. Also, One Florida Bank sponsored the building of a home by Habitat for Humanity of Seminole County & Greater Apopka through the Community Contribution Tax Credit Program. We are proud to support this impactful local organization.

# CAP SUCCESSES

## OFB Update: Community Association Program

*John Calpey, Senior Vice President and Director of Association Services, explores the 2023 growth of CAP and future opportunities.*

We founded One Florida Bank with an entrepreneurial mindset and a relationship-based approach to banking. In 2020, John Calpey identified an opportunity in the market, contending we have the strength of positioning and industry knowledge to attract some of the largest property management organizations in the state.

### SNAPSHOT

#### CAP Growth Success:

- \$125mm in CAP deposits
- \$15.8mm in loan volume
- 300 Association accounts representing 25,000 + doors

Calpey led the initiative with the launch of our Community Association Program (CAP) as a local banking solution for community association management companies. The goal was to tailor our community-based banking approach and offer an innovative technology platform designed to streamline their business operations through our partner CINC Systems. Additionally, we provided lending solutions not widely offered to community associations.

Four years later, Florida continues to lead the nation in the number of community associations. These associations are traditionally relationship-based institutions, so while the pandemic slowed the progress of the initial launch, CAP is showing great progress after a strong year.

“With three years of being active with the Community Associations Institute (CAI) of Central Florida, we are cornering an increasing part of the market,” Calpey says. “We have a lot of association business in Orlando, Daytona, Melbourne, Tampa, Lakeland, and we’re still expanding our business along Florida’s east coast.”

“Being a local bank has really helped out,” Calpey says. “Being in the marketplace – just having brick and mortar gave us an advantage with local companies looking to work with a Florida based bank.”

The bank was successful with onboarding two new startup management companies in 2022 which ramped up deposit balances in 2023 in excess of \$14 million. They have also been instrumental in marketing our program to other association managers.

The bank also experienced a large increase in loan opportunities in 2023, which quickly outpaced expectations. “We attribute part of that to Florida’s statute changes to surfside communities that had to abide by the new deferral regulations for associations and boards,” Calpey says. Total community loans originated last year exceeded \$15 million, mostly for capital improvements and storm related repairs.

With the regulatory changes and new referral opportunities, One Florida Bank is positioned to service the needs of the community associations in Florida for years to come. “Our existing community association clients will also continue to expand and grow. “Assessments are up, operating costs are rising, and the state continues to experience tremendous population growth.”

“We’re expanding our community association business,” Calpey says. “It takes time and patience, but the connections through CAI, trade shows, and property management companies have positioned us to accomplish great things in 2024.”



CAP has produced deposit accounts and loan leads for roof replacements, clubhouses, and more.

# A SUSTAINABLE VISION FOR GROWTH

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We set out to build the strongest community bank in Central Florida. In five years, we have succeeded in that goal and demonstrated a proven plan for sustained growth.

That success is a direct result of our community-based strategy. We built the finest, relationship-focused team of local bankers, consistently provide exemplary service, and remain attentive and responsive so our clients know they can rely on our speed to market and local decision making.

**“THIS YEAR MORE THAN EVER WE PROVED THAT PEOPLE BANK WITH PEOPLE AND VALUE TRUST AND RESPONSIVENESS.”**

**-RICK PULLUM, PRESIDENT**

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Looking forward, we will build on that high-quality, high-touch approach by improving value-based sales to increase treasury management, shaping SBA lending to drive fee income, and expanding our mortgage platform to best take advantage of market opportunities.

As we move toward the next phase of value creation, we are as committed as ever to our foundation of building, fostering, and servicing local relationships, because working together, our goals are ONE.

# TGL Brings the Spectacular to Competitive Golf

An indoor stadium experience. Fans cheering for their favorite team. Game-changing technology. Celebrities all around. Primetime broadcast on ESPN.

This is... golf?

It is with TGL presented by SoFi, an all-new indoor, technology-infused golf league with six teams of PGA TOUR superstars set to launch in January 2025.

It's a vision that germinated for years in the mind of TMRW Sports and TGL founder and CEO, Mike McCarley. Building on an extensive sports entertainment background as former president of Golf Channel and marketing head of NBC Sports Group, McCarley envisioned TGL as a melding of modern match play, technology, and media, all to make golf more accessible to more people.

Co-founders Tiger Woods and Rory McIlroy signed on right away. The PGA TOUR, SoFi and ESPN quickly followed.

TGL will launch its inaugural season in 2025 with six teams backed by experienced sports ownership groups like Atlanta's Arthur Blank; Boston's Fenway Sports Group; New York's Steve Cohen; Woods and David Blitzer forming the Jupiter, Fla. Team; Alexis Ohanian fronting a group for Los Angeles; and San Francisco's group led by Marc Lasry's Avenue Sports Fund and Stephen Curry.

"This is a unique opportunity that takes 600 years of tradition and shapes it to appeal to all different types of people," said Matthew Levine, TMRW Sports Senior Vice President, Business Operations. "It's going to be a blend of entertainment, sports, and culture through creative uses of technology."

**"IT'S GOING TO BREAK SOME NORMS."**

## A Future-focused Fan Experience

TGL follows an evolution in how fans are engaging with the sport. The National Golf Foundation reported that while 26.6 million people played on courses in 2023, a whopping 32.9 million played on off-course locations like simulators and social driving range destinations. Clearly, there is a demand for something different. "If you're at a traditional golf tournament, you really have two options: follow a group or pick a spot and watch everybody come through," Levine said. "With TGL, everything is right in front of you in one venue. It gives the feel of an NBA courtside experience with lights, music and celebrity."

But, he adds, "at its core, it's still golf."





## A Tech-based Game, a Venue Like No Other

As fans pour into SoFi Center on the campus of Palm Beach State College to cheer for their favorite team, they'll be doing so in a completely tech-infused stadium that will change the game.

Surrounded by 1,600 spectators, players in each 3-on-3 matchup tee off into a massive 46-by-64-foot golf simulator screen in "Screenplay". The short game is then played out in "Greenplay," which features three dynamic, virtual greens within a 3,800 square foot putting surface, each individually shaped and adjusted by nearly 200 jacks.

The shorter fifteen-hole, two-hour format will also feature a shot clock, referees, and team timeouts – new competitive elements nuances to keep excitement high – with players mic'd up throughout the match.

The very fact that TGL offers fans "teams" to cheer for is itself unique, Levine said. "Fans from Boston or LA can now show loyalty to their local team. Until now, that tribalism in golf really isn't prevalent except in the Ryder Cup, Presidents Cup or at the Olympics."

## A Central Florida Connection to South Florida Innovations

Even with celebrity investors and a Palm Beach County arena, TMRW Sports and TGL maintain an important banking relationship with One Florida Bank, one built on a relationship that dates back years prior.

TMRW Sports Chief Financial Officer, Katie Fitzpatrick, had a professional connection with many on the One Florida Bank executive team, and with TMRW Sports corporate offices located in Winter Park, knew that would prove helpful.

"I know the One Florida team and the value of local community banking," Fitzpatrick said. "We knew starting out that we wanted a local banking relationship beyond our outside funding and partnerships. One Florida Bank's customer service is second to none. I count on the local branch, the treasury management team, and loan officers daily. Being able to call any of the team members at any time is truly invaluable to our business."

Regardless of which team you support, golf fans, entertainment junkies, and the One Florida Bank team will be cheering on TGL.



## CLIENT FEATURE

# Built From the Ground Up

Chris Shultz likes to build things. Businesses? Absolutely. He is the founder of a successful custom home company in Oviedo, Aulin Homes. However, those homes are built on more than empty lots and concrete; they grew from Shultz's entrepreneurial spirit and commitment to doing business the right way.

Coming from a local business family, he went out on his own in 1990, founding CKS Masonry & Concrete. In the intervening years, he grew it to become an Oviedo institution. "I wanted to create a name that people knew was honest and would take care of everything," he says. "We've built a legacy. We're not perfect every day, but if we're not, we make it right."

After nearly thirty years of growing CKS, Shultz and his team thought since they already had expertise in concrete, they would just keep building from the ground up. "That first year we did two or three spec homes and found it to be successful," he says. "From there we started building a lot more homes, got a staff, and are now building around twenty-five homes a year."

In fact, Aulin builds not only on the knowledge and reputation of CKS, but also its location, with CKS's headquarters located on Aulin Ave. The Oviedo ties run deep.

"Around this area everybody knows who CKS is," Schultz says. "It's kind of a household name, which means people get more confidence when they see CKS at our Aulin sites. They can see a real office, our staff."

## A Quality Start, A Custom Dream

Aulin Homes may have started with a few spec homes, but it has since grown in both the scope and scale. "We're a boutique builder, and we still pick up lots to offer a nicer country style, starter home," Schultz says. "This tier is nothing like a national track home, but with nice trim and cabinetry. It's something people can feel good about owning."

The custom side, he says, has really taken off. "It started out doing better than we thought," he says. "But when you can pull into our vintage office in Oviedo, meet our staff and see our selection, it's an easy sell."

Since launching Aulin Homes, the custom side has continued to grow, especially in Seminole County, developing a portfolio of home projects ranging from \$950,000-1.2 million.

Treating people decently and honestly pays off, he says. "The first three homes we did have turned us to ten more people," he says. "We're walking people through the entire process so we don't get to the end and have problems."

## Building Oviedo's Entrepreneurial Spirit

Schultz says he routinely looks for new opportunities to invest, to grow teams who share his values, and create new legacies. "This isn't the first time I've done this," he laughs.

Ten years ago he developed a similar offshoot in Ovida Construction, a general contracting company in the commercial space. "A family friend bought me out, and continues to run it well," he says. So, he decided to do it again.

"I like to work with people I trust and who are more aggressive and enthusiastic for the day-to-day than I am, and that's Danny Bourque, who's the president at Aulin," he says. "And I'm blessed to have my sons running CKS and together the two of them are handling everything."

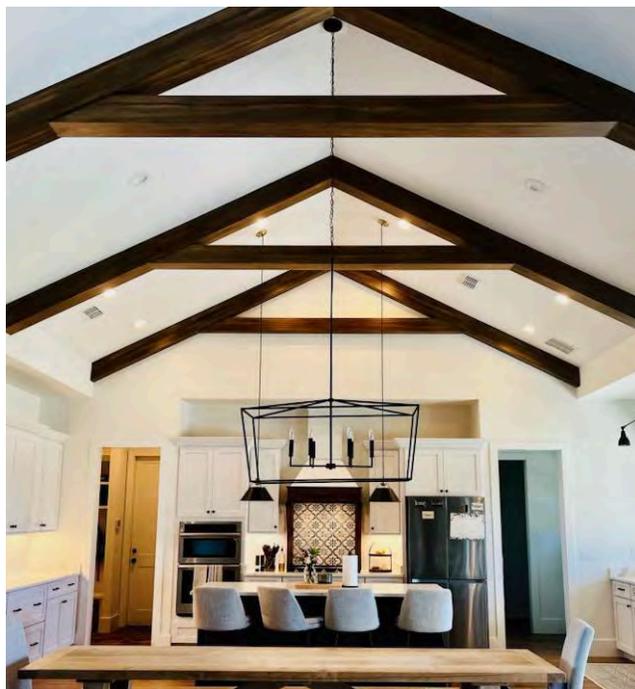
"After 34 years," he says, "I'm lucky to be around smart people who want to go to the next level and do the things that are required."

## Trust Builds More Than Just Homes

Schultz's tree of successful businesses and expanding number of Aulin Homes has been a boon for One Florida Bank, says Oviedo Market Executive Tim Slattery.

"I've had a banking relationship with Chris going back years, and each business he's been involved with has been highly successful, which is amazing to see," he says. "We'll maintain those relationships, and with Aulin Homes, we'll help the home buyers with mortgages when possible, so it's turned into a well-rounded relationship for us."

"I've known Tim a long time he's a good man," Schultz says. "When I heard what he was doing (with One Florida) it was a no brainer."



For an entrepreneur, it's good to have that direct line available when it is needed. "I understand how banking works and I like that comfortable feeling. It gives us the confidence to know if we need the green light we could," he says.

"You guys (One Florida) have always been, 'Okay, sounds good. Let's go.'"

As for what's next? Whether Schultz is taking Aulin Homes to the next level, building warehouses, or starting a new project where there's both opportunity and a need for trust, it won't surprise Tim Slattery. "It'll happen soon, you can bet."



2023

## BOARD OF DIRECTORS

Randy O. Burden, Chairman  
John O. Burden, Vice Chairman  
A. David Bates  
James P. Caruso  
Steven R. Castino  
Douglas Hooker  
Edward J. Kleiman  
G. Geoffrey Longstaff  
Brian B. Musso  
Sal A. (Joe) Nunziata  
Samuel D. Oswald  
Jack G. Prevost  
Frederick G. Pullum

## MANAGEMENT TEAM

Randy O. Burden, Chief Executive Officer  
Frederick G. Pullum, President  
Eric S. Nadeau, Chief Financial Officer  
Richard A. Anderson, Jr., Chief Commercial Banking Officer  
Cary L. Berman, Chief Retail Banking Officer  
Matthew A. Diemer, Commercial Banking Director  
Pamela L. Gass, Director of Human Resources  
David Rankin, Commercial Banking Director  
Susan A. Rich, Chief Compliance Officer  
Renee S. Smith, Director of Credit Administration  
Joanne M. Stange, Chief Treasury & Deposit Services Officer  
William M. Stange, Commercial Relationship Officer  
Alan F. Twichell, Jr., Chief Credit Officer  
Samantha Baiman Vellios, Director of Loan Services

### Corporate Office

33 W. Pinesloch Avenue, Suite A  
Orlando, FL 32806  
407.693.0593

### Apopka Branch

21 E. Third Street  
Apopka, Florida 32703  
407.693.0610

### Chipley Branch

1385 Main Street  
Chipley, Florida 32428  
850.415.6870

### Downtown South – Orlando Main Office

1601 South Orange Ave.  
Orlando, Florida 32806  
407.693.0601

### Longwood Branch

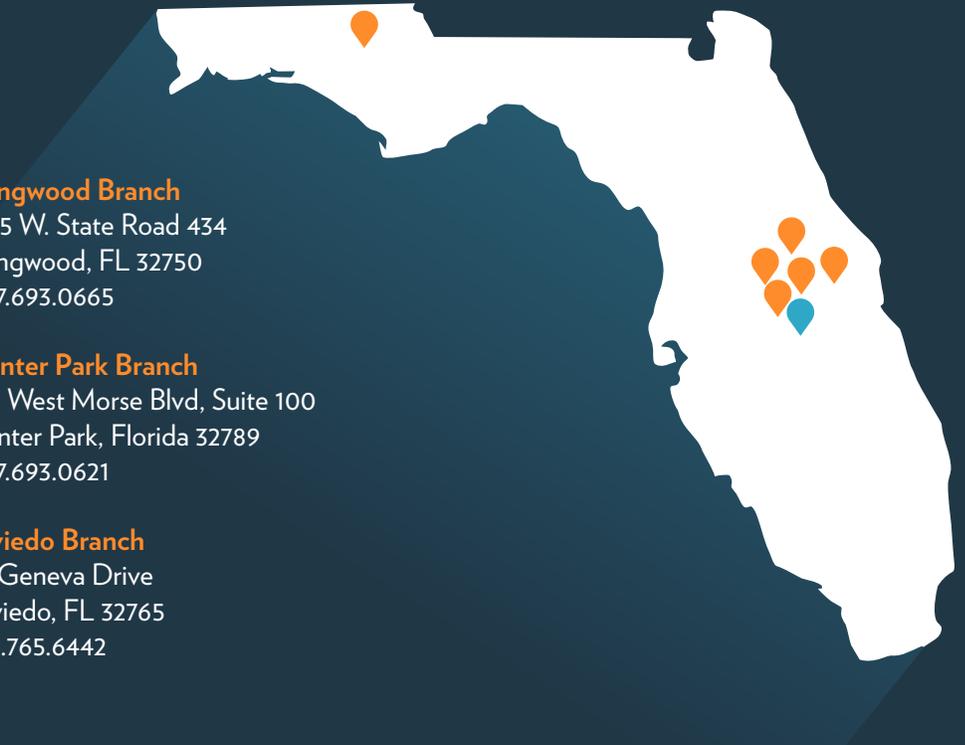
1145 W. State Road 434  
Longwood, FL 32750  
407.693.0665

### Winter Park Branch

531 West Morse Blvd, Suite 100  
Winter Park, Florida 32789  
407.693.0621

### Oviedo Branch

77 Geneva Drive  
Oviedo, FL 32765  
321.765.6442



### Toll Free Customer Support

844.529.8490



# OFB BANCSHARES, INC.

## CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Unaudited) As of and for the years ended December 31, 2023 and 2022

*Dollars in thousands*

### Consolidated Balance Sheets

	<u>2023</u>	<u>2022</u>
Cash and amounts due from financial institutions	\$ 155,645	\$ 216,102
Securities	127,135	151,045
Loans, net of allowance and net fees	1,268,070	1,036,869
Other assets	<u>27,377</u>	<u>25,974</u>
Total assets	<u>\$ 1,578,227</u>	<u>\$ 1,429,990</u>
Deposits:		
Noninterest-bearing	\$ 340,953	\$ 393,068
Interest-bearing	<u>1,060,277</u>	<u>884,006</u>
Total deposits	1,401,230	1,277,074
FHLB advances and other borrowings	44,801	31,252
Other liabilities	<u>7,399</u>	<u>9,458</u>
Total liabilities	1,453,430	1,317,784
Common stock	46,621	46,601
Additional paid-in capital	67,194	66,849
Retained earnings (accumulated deficit)	21,790	9,725
Unrealized loss on securities, net of taxes	<u>(10,808)</u>	<u>(10,969)</u>
Total shareholders' equity	<u>124,797</u>	<u>112,206</u>
Total liabilities and equity	<u>\$ 1,578,227</u>	<u>\$ 1,429,990</u>

### Consolidated Statements of Operations

Interest income	\$ 79,847	\$ 50,445
Interest expense	<u>33,673</u>	<u>8,954</u>
Net interest income	46,174	41,491
Provision for loan losses	1,214	1,271
Noninterest income	1,653	1,936
Noninterest expense	<u>30,474</u>	<u>26,941</u>
Income before income taxes	16,139	15,215
Income tax expense (benefit)	<u>4,073</u>	<u>4,061</u>
Net income	<u>\$ 12,066</u>	<u>\$ 11,154</u>
Pre-tax, pre-provision income	\$ 17,353	\$ 16,486



2023



Member  
**FDIC**

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[OneFloridaBank.com/Investors](https://www.onefloridabank.com/investors)