



OFB BANCSHARES, INC.

20
ANNUAL
REPORT
22



Dear Shareholders:

In 2022, we made significant strides toward increasing profits as a result of our growth over the past several years. Net income of \$11.2 million exceeded plan and pre-tax, pre-provision income grew to \$16.5 million. Net income grew 42.9% from 2021 and return on shareholders' equity grew each quarter, ending the year at 10.21% overall. Total shareholders' equity grew to \$112.2 million. While retained earnings increased by \$11.15 million, unrealized losses on our securities portfolio, which we mark to fair value, totaled \$10.9 million, net of taxes, limiting growth in net book value during 2022. Given our liquidity position, we do not anticipate the sale of securities at a loss at this time. Our efficiency ratio was 62.04%, falling 889 basis points from the previous year. Net asset growth of \$57.8 million for the year was muted compared to previous years. However, business production by the team continued to exceed plan. Loan and deposit production remained robust throughout the year with \$323 million in new deposits onboarded and \$551 million in new loans closed. We reduced excess cash by funding a 20.7% increase in our loan portfolio, which surpassed \$1 billion in outstanding balances by year-end. Net asset growth was driven almost exclusively by noninterest-bearing deposits after experiencing significant movement of costing deposits by some of our largest depositors into alternative investments or applied toward tax payments. Rapid increases in the target federal funds rate in the second half of 2022 created changes in our strategy for interest rates offered to remain competitive. Our cost of funds increased from 0.38% during the fourth quarter of 2021 to 1.35% in the fourth quarter of 2022. The yield on earning assets increased 132 basis points to 4.45% in the fourth quarter of 2022, which was driven by increased earnings on excess cash, re-pricing of existing variable rate loans, and higher yields on new loan production. Our net interest margin increased to 3.18% in the fourth quarter of 2022, an increase of 40 basis points from the year-ago period, as we were able to leverage our large portfolio of noninterest-bearing demand deposits.

We remain the preeminent local, high-service financial institution in the markets we serve. Our winning strategy of combining the best bankers with convenient technology to service clients continues to drive new business. Our long-standing belief that people bank with people and desire a working relationship with their banker afforded our team the opportunity to attract and generate over 2,800 new deposit accounts and close over 800 loans in 2022. The strategy to invest in the team and technology is now driving incremental profits.

Our organization was recognized for the second year in a row for having a positive working environment and culture. We were awarded Best Places to Work, placing second in the large companies category. Eric Nadeau, our Chief Financial and Operating Officer, was also recognized as an Executive of the Year during the 2022 C-Suite Award ceremony hosted by the Orlando Business Journal.

As loan growth continues to be the primary driver of increased returns, our ongoing focus on quality loans to highly reputable and credit worthy borrowers is paramount. In 2022, asset quality was stable, ending the year with a negligible 0.01% non-performing loan ratio. This represented 979% coverage of non-performing loans in our allowance for loan losses. Given economic uncertainty in the market, credit selection and proper monitoring of existing loans are of the utmost importance to maintain our track record of excellent asset quality. This was the basis for continued expansion of our credit department with portfolio management tools, portfolio stress testing capabilities, and attracting talented underwriters. In fact, we believe our deep understanding of the markets we serve enables us to be opportunistic in generating new relationships as other financial institutions react to the changing environment.

Generating new deposit relationships is equally important to increasing returns. The opening of our Oviedo branch in the fourth quarter of 2022 has exceeded expectations with over \$50 million in new deposits attained by the end of 2022. In addition, our Community Association Program (CAP) has generated several new key community association manager relationships that are driving significant new association accounts. These relationships generate stable and highly valuable deposits.

In 2022, net deposit growth was \$51.5 million, with \$45.3 million of growth in noninterest-bearing checking accounts primarily through our robust commercial treasury management platform. Noninterest-bearing deposits comprised 31% of the portfolio through the year as we focused on managing cost of funds in a rising rate environment. Liquidity is also a key component of our growth strategy as it provides us with flexibility in a rapidly changing rate environment. While we were able to grow deposits in 2022, the banking industry saw record breaking decreases in deposit balances in the second half of the year.

Looking Ahead

Fiscal 2023 is already off to a successful start. Even as certain sectors of the economy have slowed, we are taking advantage of the investments we have made in our core competencies that position us to continue building franchise value. Our team is actively seeking opportunities to grow with high performing clients with sound risk profiles. We recently expanded into Jacksonville with a seasoned commercial banking executive who will be responsible for growing that market. We also hired additional producers in our equipment finance department who will geographically diversify the portfolio with high quality and well collateralized commercial and industrial loans.

As we continue on our growth trajectory, we will remain focused on quality assets, safe and sound banking practices, and a strong compliance culture to ensure an excellent regulatory profile is maintained. Most importantly, our overriding focus is value creation for you, our shareholders. We thank you for your trust in us, both as shareholders and clients. When we work together, our goals are ONE.

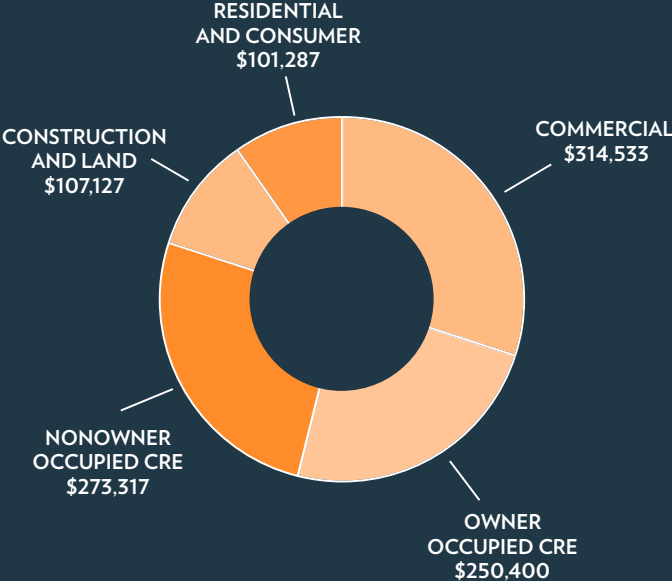
Randy Burden
CHAIRMAN & CEO

Rick Pullum
PRESIDENT

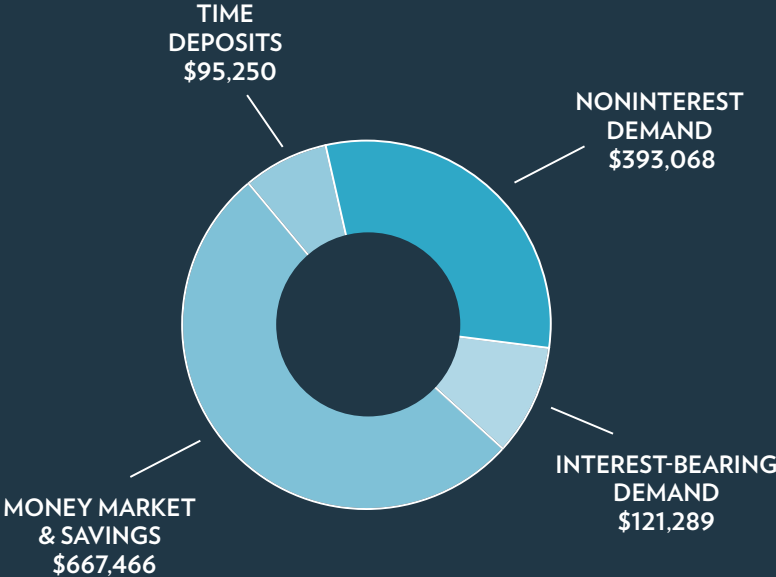


2022 ANNUAL REPORT

LOANS

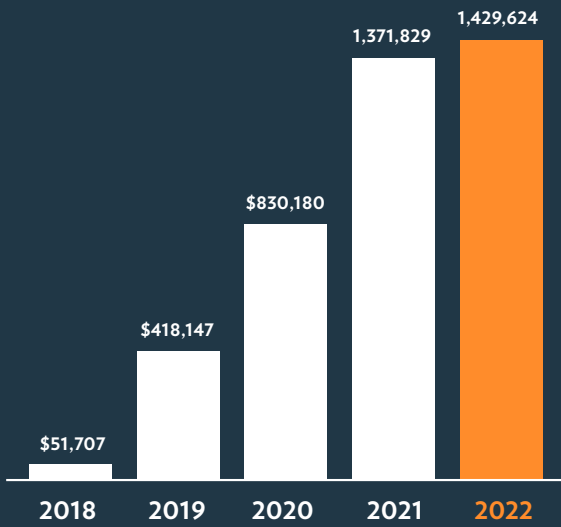


DEPOSITS

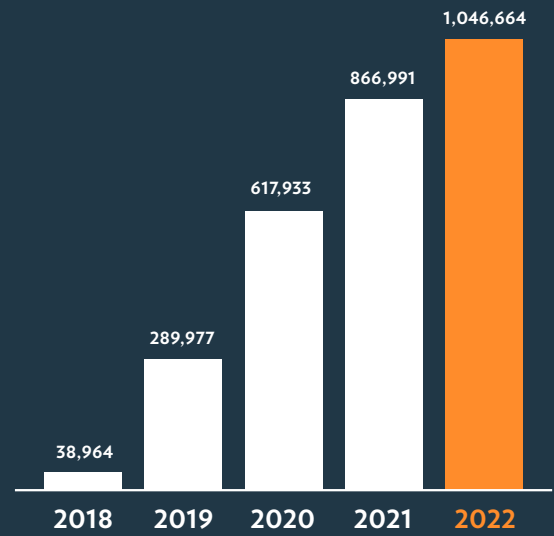


*As of December 31, 2022. Dollars in thousands.

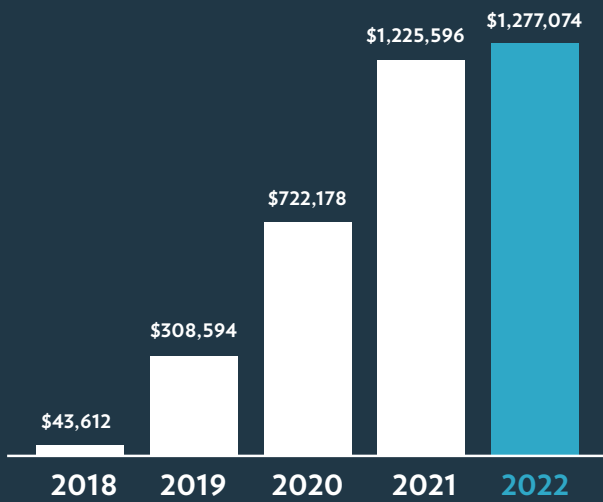
ASSETS



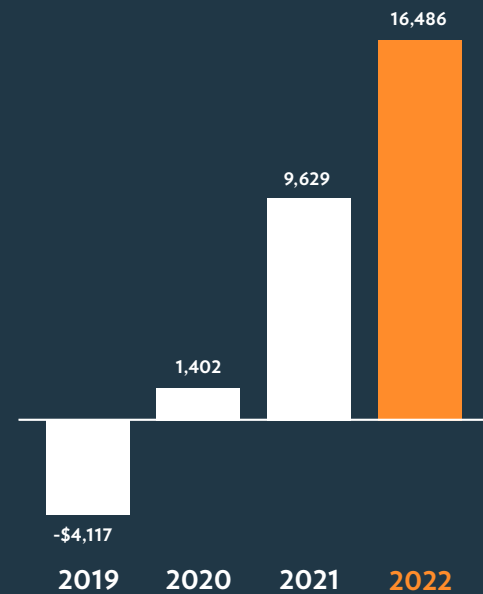
LOANS



DEPOSITS



PRE-TAX PRE-PROVISION INCOME



2022

*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

One Florida Bank
#2 ranking
(Large companies 100-499 employees)
ORLANDO BUSINESS JOURNAL



2022 BEST PLACES TO WORK

A BEST PLACE TO WORK

The Orlando Business Journal recognized One Florida Bank as a “Best Place to Work” in the large business category for the second year in a row. The award, which follows a rigorous nomination and submission process, recognizes Central Florida’s outstanding employers who go beyond to foster a meaningful work environment. One Florida Bank received a score of 96.1 on the way to achieving the award.

We celebrate our team members who make our bank culture the successful, supportive environment that it is. Thank you to everyone on our team for helping us achieve this recognition.



EXECUTIVE OF THE YEAR

Eric Nadeau, our Chief Financial and Operating Officer, was recognized by the Orlando Business Journal as a recipient of their prestigious 2022 C-Suite Award. The award recognizes area leaders for their contributions to their industry, their community, and to the growth and financial success of their organization.

This marks the second consecutive year the OBJ recognized a member of our leadership team as a top executive. We congratulate Eric and thank him and our entire leadership team for their contributions to our bank and the Central Florida business community.



TOP COMMUNITY AWARDS

Our branch teams are the foundation of our service to the community. In 2022, two of our branches were recognized for exceptional service.

The Chipley branch was named in the Best of Tri-County Readers’ Choice awards, which includes Washington, Holmes and Jackson Counties. They received second place honors for their service to our Washington County clients.

The Winter Park Chamber of Commerce voted our Winter Park branch a top finalist in their “Best Bank” category. The awards ceremony at the historic Winter Park Farmers’ Market celebrated local businesses and cultural institutions.



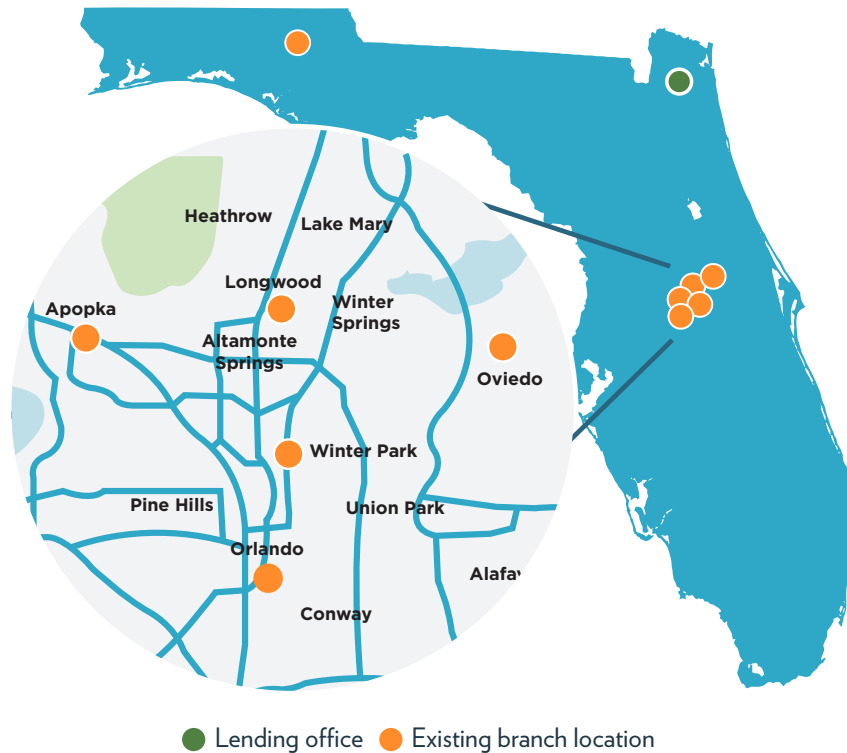
SUSTAINED SUPPORT FOR HABITAT FOR HUMANITY

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 seven bank officers serving on various Habitat committees and three additional team members serving as mentors for future Habitat homebuyers during their journey to homeownership. Additionally, Susan Rich, our Chief Compliance Officer, began her 4th year as the Board Chair.

One Florida Bank was recognized as a Women Build 2022 Golden Hammer Sponsor for our financial and volunteer contributions to their affordable housing program. We are proud to support this impactful local organization.

EXPANDING THE ONE FLORIDA MAP

In the past year we looked to the future by targeting new opportunities and underserved markets. We added an Oviedo branch to our Central Florida footprint and broadened our outlook to the north Florida market with the opening of a new commercial lending office. This expansionist mindset builds on our rapidly growing, well-capitalized Central Florida franchise and adds to our expert management team.



- Branch-light model focused on substantial growth in sticky deposits and commercial loans
- Scarcity value in key US growth market:
Only two banks headquartered in the Orlando MSA with total assets between \$1 and \$10 billion
- Five branches covering key markets in a rapidly developing region:
Orlando gains 1,000 new residents every week, a trend that has continued for the last 60 years. This is expected to increase to 1,500 in the next few years.
Orlando has one of the youngest median ages in the state at just above 37, while the state average is 42.
- Oviedo expands One Florida Bank's reach into a market with over \$1.5 billion of deposits.
- Jacksonville's recent low unemployment rate of under 3% and an annual increase in private sector employment of over 5% provides One Florida Bank's new Jacksonville commercial lending team a fantastic opportunity to participate in an attractive, rapidly growing metropolitan market.



MARKET ADDITIONS: NOW OPEN!

A NEW COMMUNITY BANK FOR OVIEDO

This year we made the investment to open a new branch in the Oviedo community. New Market Executive Tim Slattery brings years of community-focused banking in the area and will lead his team in a key region that lacked an established relationship-based bank.

One of the most important factors in opening a branch in a new community is knowing we have the right banker and team in place. Slattery and One Florida Bank Market Executive Sandy Hughes knew one another from community service initiatives and recognized that our teams' cultures aligned. "From working with Sandy, I knew that our team would be the perfect fit with One Florida," he says. "We share the same values."



Slattery is personally invested in Oviedo and committed to helping the community grow. For years, he has been involved in downtown revitalization efforts, having served on the Oviedo Community Redevelopment Agency's Board of Directors. His local insight is one of the main reasons why we brought our new branch to the Water Tower District.

We are proud to bring relationship-based banking back to the Oviedo community. One Florida is already supporting Oviedo and Hagerty High School booster clubs, the Oviedo Women's Club, and the Oviedo Chamber of Commerce. We look forward to being a part of the Oviedo community for years to come.



NEW LENDING OFFICE IN JACKSONVILLE

North Florida Market Executive, John Faiella, joined the One Florida Bank team in fall 2022, bringing a 25+ year career building commercial banking teams in Jacksonville. After opening the new lending office, Faiella is tasked with building out his team and building upon his early successes in the new year.

One Florida targeted the north Florida market for its distinct market opportunities to expand our industry base. "Jacksonville has clusters in healthcare, transportation and logistics," Faiella says. "There's a great opportunity to take advantage and grow the commercial side of the business."

Faiella cited a void in the community and relationship banking space in north Florida as a key opportunity, but also the overall value proposition One Florida presents to small-to-mid-sized business clients.

"One of the biggest things I considered was the right culture and the right fit," Faiella says. "But when I'm recruiting both talent and prospects, I also focus on lending capacity, speed to market, and having the right technology, along with offering white glove service."

One Florida Bank provides all of that and more. "I admire the tremendous growth and success One Florida has experienced in Orlando," he says. "It's time to replicate that in north Florida."

Bringing Thought Leaders Together

As a bank that values communication and collaboration, we always look to highlight how our team members work in the community in ways that offer value to our clients and partners. This fall, we hosted a panel of community leaders for an in-depth discussion on issues facing our region.

One Florida Bank partnered with the Orlando Business Journal to host an Executive Insights roundtable. We brought together local partners and industry leaders to discuss housing and transportation in the region, including both challenges and solutions. We invited clients and key prospects to the event to hear from the panel, network, and further connect with our banking team.



The OBJ's director of sales, Anne-Marie Hayward, facilitated the discussion, which was led by Rick Pullum and joined by Craig Ustler, President of Ustler Development, Joe Nunziata, Co-CEO of FBC Mortgage and One Florida Bank Board Member, and Jack Adkins, Director of Transportation Development for District 5 for the FDOT.

"I THINK THE AFFORDABILITY OF HOUSING AMONG OTHER GOODS AND SERVICES IS AN ISSUE. WE NEED TO WORK WITH CLIENTS AND COME UP WITH COMMON SENSE SOLUTIONS TO EVERYDAY ISSUES BUSINESSES FACE."

- RICK PULLUM

Together, they had a lively discussion on the recent rise in new residents moving to the region and its impact on Central Florida development. Citing the nearly 1,000 weekly additions to the area, the panel agreed that this represents a "good problem to have" but presents challenges in housing costs and availability of goods and services.

"I think the affordability of housing among other goods and services is an issue," Pullum said. "We need to work with clients and come up with common sense solutions to everyday issues businesses face."

The group discussed diversifying housing stock, changes to government approvals processes and affordable housing funding, and the challenges higher traffic patterns and rising construction costs have added to ongoing transportation projects.

We would like to thank the Orlando Business Journal, our colleagues on the panel, and our partners and clients who attended.

"This was a great opportunity to have an open and honest appraisal of the opportunities and challenges we all face from continued growth," Pullum said. "The accessibility and openness of our local leaders are a credit to our community. It truly shows that when we work together, our goals are one."

The full article is archived on the Orlando Business Journal's website, or you can view it on our LinkedIn and Facebook pages.



Serving an Association of Industry Builders

Associations fundamentally bring people together. In particular, the Association for Corporate Growth (ACG) brings together investors, lenders, intermediaries, and advisors who provide capital and guidance to help companies grow. Having expanded the organization to 14,500 members and counting by the year-end 2022, ACG is focused on growth and convening members in new and exciting ways.

Since 1954, ACG has served as the premiere global mergers and acquisitions community. Their membership of middle-market professionals represents a network across 61 markets worldwide. With a focus on professionals who invest in, own, and advise growing companies, ACG provides events, educational programs, and innovative data services to help their members thrive. ACG works with like-minded business leaders and entrepreneurs similar to our bank clients, making the relationship a natural fit.

Chief Financial Officer Lisa Harris says ACG's mission is about helping members drive growth. "There are a lot of middle market professionals out there ready to take the next step, but they aren't always sure where to find the capital or knowledge to grow," she says. "ACG's events, media outlets, and powerful network of deal makers provide the direction and support they need to identify expansion opportunities and connect with the right partners."

A prime example of ACG's convening style is their premiere annual event, DealMAX. Serving as a summit for middle-market professionals to come together, the event fuels efficiency, accelerates dealmaking and maximizes growth of deal networks.

"THEY OPENED OUR EYES TO WHAT TO EXPECT FROM A BANKING PARTNER."

They also added incredible value to their suite of services in 2022 by acquiring GF Data. The platform offers key data insights and reliable valuation data on private equity-sponsored M&A transactions valued \$10 to \$500 million from more than 370 firms. The quarterly reports help subscribers accurately value and assess middle-market businesses.

"We had to absorb GF Data into ACG's non-profit structure and needed a banking partner to help make that acquisition," she says. "One Florida Bank helped us grow and expand."



Communication Grows Relationships

ACG's relationship with One Florida Bank began when the association sought to secure a Small Business Association Paycheck Protection Program (PPP) loan. After not getting the assistance needed from their bank, the two were connected by One Florida Bank and ACG board member, Steve Castino. From there, OFB SVP Mike Jennings helped ACG secure their loan within a week. Jennings says, "It wasn't about bringing their business over, it was about doing the right thing."

"In my professional career, I have never been this impressed," Harris says. "Our organization places an emphasis on relationships; it only makes sense that we would want that in our partner."

Since then, the relationship has blossomed. ACG is in the connection business, and Jennings kept the line of communication flowing and delivered quick decisions. "The One Florida Bank team is empowered to make moves quickly," she says. "That makes me and my team able to do what we're supposed to be doing."

"We are a chapter affiliated organization," Harris says. "So, we have to have an account for each affiliate and our main organization. I think it's more work on their part – one client with twenty accounts – but we didn't have a single hiccup."

One Florida's investment in Treasury Management tools made a big difference. With ACG's leadership in different time zones, a comprehensive platform proved beneficial. "They have all the tools needed to operate," she says. "The system is easy and I'm not spending 20% of the day on treasury."

"Being with One Florida Bank has been a learning experience," she says. "Not only did they help us, but they opened our eyes to what we can expect from a banking partner."

The “Search” for History’s Great Stories

Identifying and preserving our history. Recovering what was lost. Artfully sharing the stories of the past.

This may sound like a modern-day Indiana Jones story, but it is the daily focus of SEARCH, Inc., (SEARCH) founded by Dr. Anne Stokes.

It is no surprise Stokes would end up leading a company like SEARCH. She spent her childhood in the Central Florida outdoors, inspired by chance encounters finding pottery sherds around Native American sites and immersed in a home library of archaeology and astronomy books.



SEARCH, INC. CEO,
DR. ANNE STOKES.

However, it was her first anthropology class at the University of Florida and subsequent graduate work that solidified her path. Stokes started SEARCH in 1993 with \$300 and a dream, and quickly grew her company through cultural resources consulting. Initially, SEARCH worked with engineering companies and developers, but soon expanded

with projects in energy, statewide contracts, and with the U.S. military.

Today, SEARCH is one of the largest cultural resource companies in the country, with more than 40 locations nationwide and more than 4,500 projects completed around the world.

For her developer clients, “Our job is to solve their problems,” she says. “We’ll help you make sure your project goes forward.”

The true legacy of SEARCH, however, is in the stories it helps tell.



Big Finds Forgotten by Time

Much of SEARCH’s most public work is in investigating and recovering artifacts and information from important archaeological sites. Whether overland in the field, or underwater with their “SEARCH2O” maritime program, they deploy subject matter experts and innovative technology to bring history back to life.

SEARCH has been supported by organizations like National Geographic to help investigate shipwrecks and other historical sites. Their work in Alabama identifying the slave ship, Clotilda, is featured in the documentary “Clotilda: Last American Slave Ship,” now on Disney+.



Their work is also regularly featured on National Geographic’s “Drain the Oceans” series, which will soon feature their recent work on the Beeswax wreck in Oregon.

It is perhaps more famously known as the shipwreck that inspired the cult classic film, “The Goonies”.

What sets SEARCH apart from other archaeology companies is their appreciation for the meaning behind their work. “We believe these are powerful stories that need to be told,” Stokes says. “Most cultural resource management companies come in and do the compliance work. What we offer is exploration and storytelling.”



Giving Back to Those Who Have Given the Most

Some of their military projects read like blockbuster Hollywood adventures, like their search for “the ship that couldn’t be sunk”, the USS Nevada. “After being hit in Pearl Harbor and repeatedly during nuclear testing and target practice at Bikini Atoll, it did finally sink in 1948,” Stokes says. “It meant a lot for the veterans to see this perfectly preserved sunken ship,” she says.

Also meaningful is their work with the Defense POW/MIA Accounting Agency (DPAA) to bring closure to the families and friends of lost service members. Since 2014, SEARCH has worked with the DPAA to positively identify the remains of missing personnel. They have led archaeological investigations and recoveries in support of that mission in the south Pacific, western Germany, New Guinea, the Netherlands, Italy and northeastern India across the Himalayas.

“It is truly the most meaningful work to return service members to their families,” Stokes says.

A Local Partner For a Global Mission

As her team and company continued to grow, Stokes also grew her relationship with One Florida Bank from shareholder to client.

Recently, SEARCH has surged, expanding from 170 employees to 280 in the last year. “We’re growing at a fast pace,” she says. “With this rapid growth, we may look at acquisitions or have other team needs. I’ve never had a line of credit before, but together with my new CFO we knew we were going to need one.”

“IT IS TRULY THE MOST MEANINGFUL WORK TO RETURN SERVICE MEMBERS TO THEIR FAMILIES.”

“Business-wise or personally, every time I need something, I go to One Florida,” she says. “When we needed the LOC, Mike Jennings and his team said, ‘tell us what you really need and we will provide you a solution.’”

“I have other banks,” she says, “but I can’t get that service anywhere else.”

As an academic who followed her passions, she says that success means others can follow their dreams. “Every week we deploy around 150 experts around the world,” she says. “Today, I can employ all these people, and they can all have a great, meaningful career.”

All photos courtesy of SEARCH, Inc.

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, Director of Treasury and Deposit Services
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

NEW – Lending Office
Jacksonville, FL

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

NEW – Oviedo Branch

77 Geneva Drive
Oviedo, FL 32765
321.765.6442

Toll Free Customer Support

844.529.8490



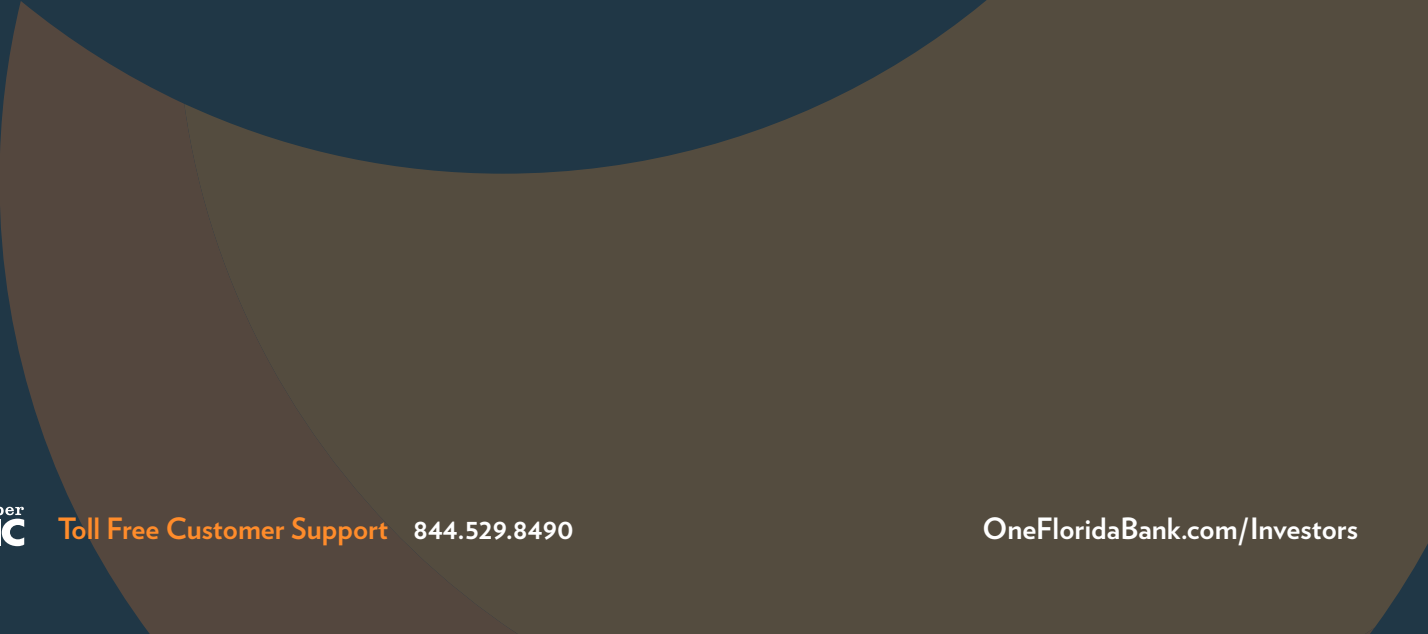
CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Unaudited)
As of and for the years ended December 31, 2022 and 2021

Dollars in thousands

	2022	2021
Consolidated Balance Sheets		
Cash and amounts due from financial institutions	\$ 216,102	\$ 405,932
Securities	151,045	89,061
Loans, net of allowance and net fees	1,036,869	858,467
Other assets	25,608	18,369
Total assets	\$ 1,429,624	\$ 1,371,829
Deposits:		
Noninterest-bearing	\$ 393,068	\$ 347,757
Interest-bearing	884,006	877,439
Total deposits	1,277,074	1,225,596
FHLB advances and other borrowings	31,252	30,954
Other liabilities	9,092	4,143
Total liabilities	1,317,418	1,260,693
Common stock	46,601	46,601
Additional paid-in capital	66,849	66,585
Retained earnings (accumulated deficit)	9,725	(1,429)
Unrealized loss on securities, net of taxes	(10,969)	(621)
Total shareholders' equity	112,206	111,136
Total liabilities and equity	\$ 1,429,624	\$ 1,371,829

Consolidated Statements of Operations

Interest income	\$ 50,412	\$ 34,234
Interest expense	8,954	3,071
Net interest income	41,458	31,163
Provision for loan losses	1,271	3,106
Noninterest income	1,969	1,961
Noninterest expense	26,941	23,495
Income before income taxes	15,215	6,523
Income tax expense (benefit)	4,061	(1,284)
Net income	\$ 11,154	\$ 7,807
Pre-tax, pre-provision income	\$ 16,486	\$ 9,629



Toll Free Customer Support 844.529.8490

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