

**Florida**  
Bancshares, Inc.

**ANNUAL**  
**REPORT** FOR FREEDOM,  
FOR LIBERTY, FOR THE  
AMERICAN DREAM

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**2023**

# For Freedom, For Liberty, For The **AMERICAN DREAM**

The spirit of the entrepreneur is the American spirit. It must never be left behind. It is the freedom to try, the liberty to fail, the dream and the determination to succeed.




The dream becomes reality through the hard work and tenacity of entrepreneurs and those who believe in them. They dream of a way to make life better for everyone as they achieve their own vision of prosperity. Above all else, entrepreneurs never give up.

First National Bank of Pasco embraces the American Dream...

- We work tirelessly to help America's entrepreneurs.
- We listen to understand their dreams and their obstacles.
- We innovate to create solutions other banks can't even imagine.
- And then we get it done.

**If you have an entrepreneurial dream, maybe you should bank with us.**



**MISSION** TO SAFELY HELP OUR **CUSTOMERS** ACHIEVE THEIR UNIQUE AMERICAN **DREAMS** THROUGH SOUND PERSONALIZED FINANCIAL **SOLUTIONS.**  
**WHAT'S YOUR AMERICAN DREAM?**  
WE'RE READY TO **HELP!**

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**Official Bank of the American Dream<sup>®</sup>**

# A Letter From Our President & CEO

JIM ESRY



Dear Shareholders,

Once again I'd like to thank you for being a shareholder of Florida Bancshares, Inc. as we continue to push the bank forward in our efforts to solidify our position as The Official Bank of the American Dream®.

Income performance for 2023 was not at a level that Management and the Board were satisfied with, but I'll give you our perspective before sharing our final numbers. We remain well-capitalized, and we continue to enjoy an extraordinarily strong, clean and well-managed loan portfolio, so I want to assure you that your investment in the bank is quite safe. Further, we've made significant investment in 2023 in what I would refer to as "infrastructural" areas that will help us with efficiencies for many years to come. Please let me know if you have any questions or concerns about the following:

1

*As I have reported in previous letters, due to the Fed's strategy to reduce inflation, it has caused the interest paid on our deposit accounts to be significantly higher than previously anticipated. This resulted in a large shift in deposit composition, with our low-cost-of-funds*

*balances moving from non-interest bearing accounts into higher interest bearing accounts such as Money Market and Certificate of Deposit accounts. This shift resulted in year-over-year increase in interest expense by over \$2.9 million - which had a negative impact to the bank's Net Income. Our loan portfolio yields are slower to respond to the rapid increasing rates, but we are starting to see the impact of these higher rates happening now, and we expect 2024 to be considerably better from a Net Interest Margin perspective compared to that of 2023.*

2

*You may have noticed that we're improving our facilities. We've had several deferred maintenance items at our branches that have been addressed and we realized much of those expenses in 2023. Our facilities are now ready for the coming years to serve you in the most professional way.*



3

We have also made a significant investment in our Information Technologies area. Our IT Director, David Narankevicious, has led the charge to make sure that we are doing everything we can to keep your personal data here at the bank safe and secure. This is a continually evolving environment as the “bad guys” are always inventing new ways to find access to customer data. We are committed to remain vigilant and stay ahead of the curve and provide the most safe and secure environment possible for our customers. Additionally, the entire staff is engaged in the process of improving our ability to provide you with better access to basic banking functionality. For example, we are upgrading our core processing systems (which will go live in early May) with Jack Henry and will give you a much better experience electronically via a significantly updated online banking platform and a much improved mobile app experience. We believe the efficiency of this new core system will create much needed savings for us and help us provide our customers with a much higher-end experience that rivals anything the larger banks provide.

With that background, our bank level Net Income for 2023 was just above \$250,000, down significantly from the \$1.8 million realized in 2022. Again, most of this difference was due to the significant unanticipated interest expense. Our outlook for 2024, however, is significantly better. We need to reduce the anticipated Net Income level from what I reported in January because of delays in bringing payment processing online, but we should still achieve a solid \$1.1 million in Net Income this year. As our loan portfolio continues to reprice at higher rates and our deposit interest rates have stabilized (and should fall this year), we expect our earnings to normalize through the course of 2024.



**\$307 MILLION**

**TOTAL ASSETS** NEW RECORD



**\$186 MILLION**

**LOAN PORTFOLIO** NEW RECORD



**\$288 MILLION**

**TOTAL DEPOSITS** NEW RECORD

We finished the year with over \$300 million in total assets (a record) and our loan portfolio was over \$186 million at year end (a record). I consider these milestones to significantly affect “the engine” of our core earnings.

I’m excited to report that during the year, your bank sponsored 100% of the building of a new home with Habitat for Humanity of East Pasco County, in Dade City, which is now the home of a local law enforcement officer. We also provided significant financial support to Sunrise of Pasco County, Inc., a local shelter and support agency for battered adults. We have also sponsored many local initiatives to support the education, the arts, and children’s athletics. Your bank is very involved and invested in the communities we serve, and we hope that you’re proud to have ownership of the last local community bank in Pasco County. Today, we employ 55 people in our local communities, more than any other financial institution in our area.

My hope is that you see your bank as not only a great investment, but a place that you’re proud to refer your family and friends to for banking services. If you feel that is ever not the case, please let me know. We strive to live up to our motto of being “The Official Bank of the American Dream®” and will continue to build our people and products so we can be the best bank in the area.

Sincerely,

Jim Esry  
President and CEO

### BANK’S NET INCOME

**\$1.8**  
MILLION  
2022



**\$250**  
THOUSAND  
2023

\*Net Income Projection for 2024

# Technology & Innovation

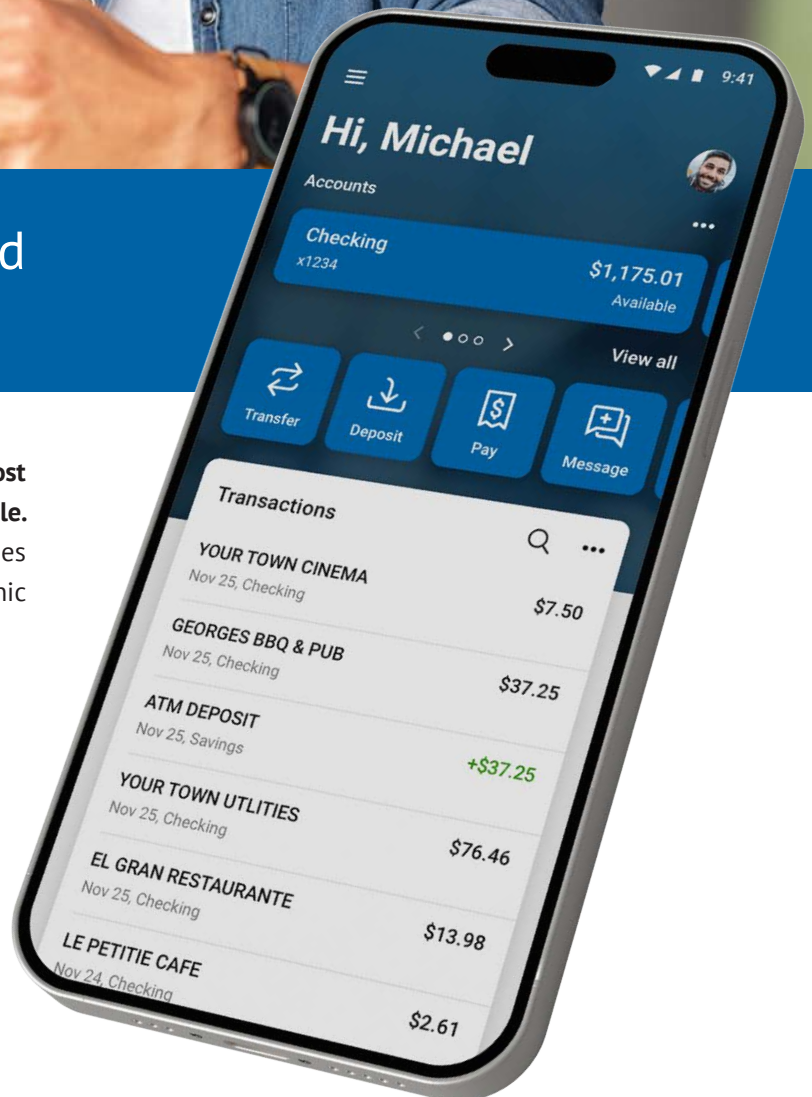
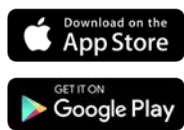


Everything customers need from a bank and **MORE...**

We are committed to providing customers with the most convenient and secure banking experience possible. That's why we have invested in significant upgrades to our banking systems—including both electronic banking and cash management options.

Download our **NEW Mobile Banking App: FNB Pasco Mobile**

Available on the App Store and Google Play!

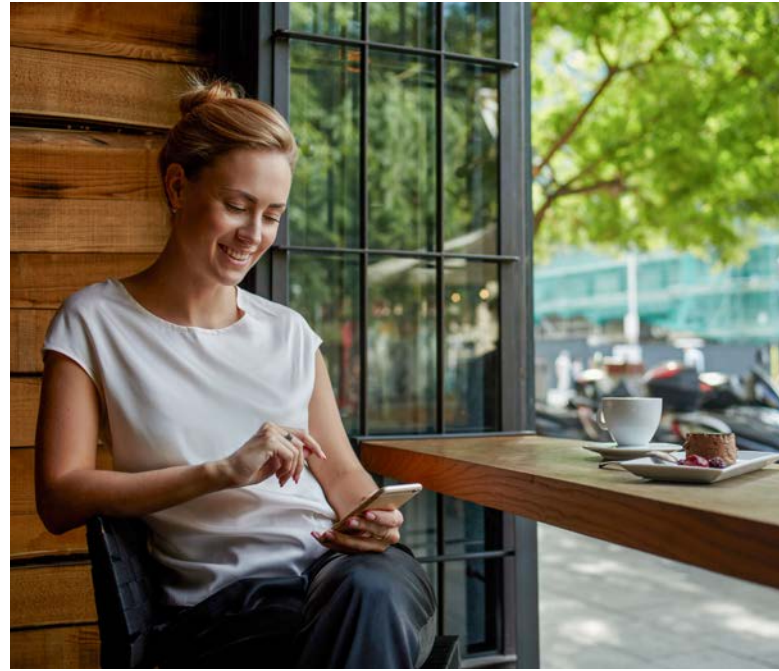


# Enhanced Online & Mobile Banking

**Easy Interface:** Navigate bank accounts on a modern, user-friendly, customizable platform.

**Expanded Features:** A wider range of capabilities including faster bill pay, mobile check deposit, sending money to friends or family (Zelle® coming soon), and personalized financial insights.

**Enhanced Security:** Customers can rest assured, knowing that their financial information is protected with the latest industry-leading security measures.



# Streamlined Cash Management

**Upgraded Visibility:** Delivering real-time access to cash flow and transaction details across all accounts.

**Automated Workflows:** Simplifying business processes with automated payments, collections, and reconciliation tools.

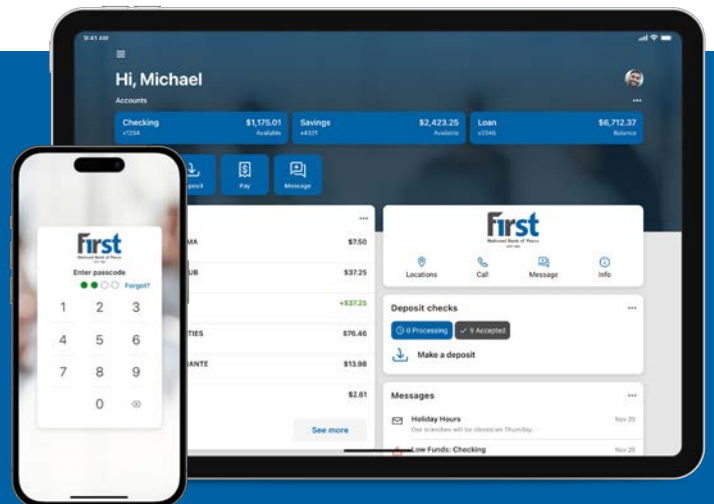
**Advanced Reporting:** Providing valuable insights into financial performance with comprehensive reporting options.

# Upgrades & Benefits

**Save Time:** Manage finances efficiently anywhere, at any time.

**Increase Control:** Greater administration of financial activities.

**Peace of Mind:** Banking information is protected with the latest industry-leading technology.



# Board of Directors



**Jim Esry**  
President & CEO



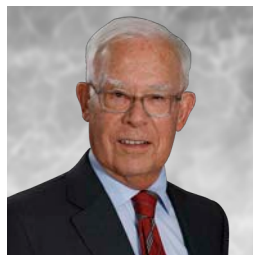
**Ander P. Gibbs**  
Chairman



**Paul P. Midili**  
Vice Chairman



**Chris Black**  
Director



**Stephen D. Carle**  
Director



**Fadi Cheikha**  
Director



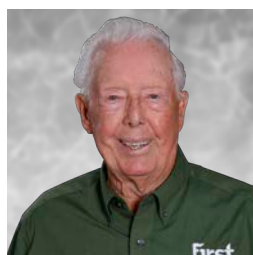
**John E. Henson**  
Director



**Marlene H. Mann**  
Director



**Paula S. O'Neil,  
Ph.D.** Director



**Ernest Peoples**  
Director

# Executive Management Team



**Jim Esry**  
President & CEO



**Michael Mashke**  
Sr. EVP & Chief Revenue Officer /  
Chief Credit Officer



**Manny Long**  
EVP & Chief Financial Officer



**Tracy Mahon**  
EVP & Chief Operating Officer



**Robert Shoemaker**  
EVP & Chief Lending Officer



**Valerie Assad, Esq.**  
EVP BSA & Compliance Officer



# Senior Management Team

**Michael Briggs**  
SVP & Commercial  
Relationship Manager

**J. Kurt Petersen**  
SVP & Commercial  
Relationship Manager

**Tommy Kristian**  
SVP & Treasury Management  
Department Manager

**Tammi Cartwright**  
SVP & Loan Operations Manager

**Tod Pukas**  
SVP & Credit Department Manager

**Alla Bush**  
VP & Portfolio Manager

**John Evenhouse**  
SVP & Commercial  
Relationship Manager

**Robert Rose**  
SVP & Credit Underwriting Manager

**Rick Orosco**  
VP & Retail Sales Manager

**Jody Grenville**  
SVP & Human Resource Manager

**Derek Siders**  
SVP & Controller

**Lori Rolla**  
VP & Loan Operations Officer

**Angela Miller**  
SVP & Residential Mortgage  
Loan Officer

**Christine Stocks**  
SVP & Construction Loan Manager

**Erin Sumnicht**  
VP & Credit Analyst

**Suzie Swailes**  
SVP & Compliance/BSA Manager

Access millions  
in FDIC insurance  
through a single,  
local bank relationship.

 **IntraFi** | ICS® & CDARS®



**A+ & Five Star Rated  
Safety, Strength &  
Financial Soundness**

# Transaction Highlights



## GE Investments of Polk, LLC Sand Lake Groves

Bartow, FL

34.8 Acre – 45 lot

Residential Acquisition and Development Loan

**Loan Amount: \$2,193,990**



## Baylife Construction Management, LLC

3600 W. Kensington Ave. Tampa, FL

4655 SF – 4 Bedrooms 5.5 Bathroom Spec Home

Guidance Line of Credit

**Loan Amount: \$1,540,000**





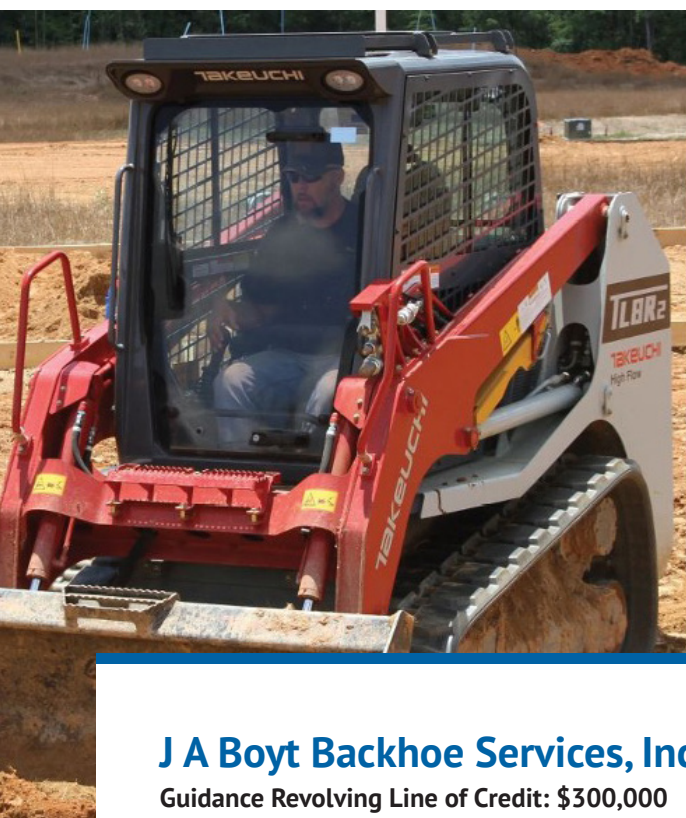
## Highlands Partners, LLC

14313 7th St. Dade City, FL 33525

22,800 SF Retail / Entertainment

Converted Construction Loan to Permanent Financing

Loan Amount: \$1,500,000

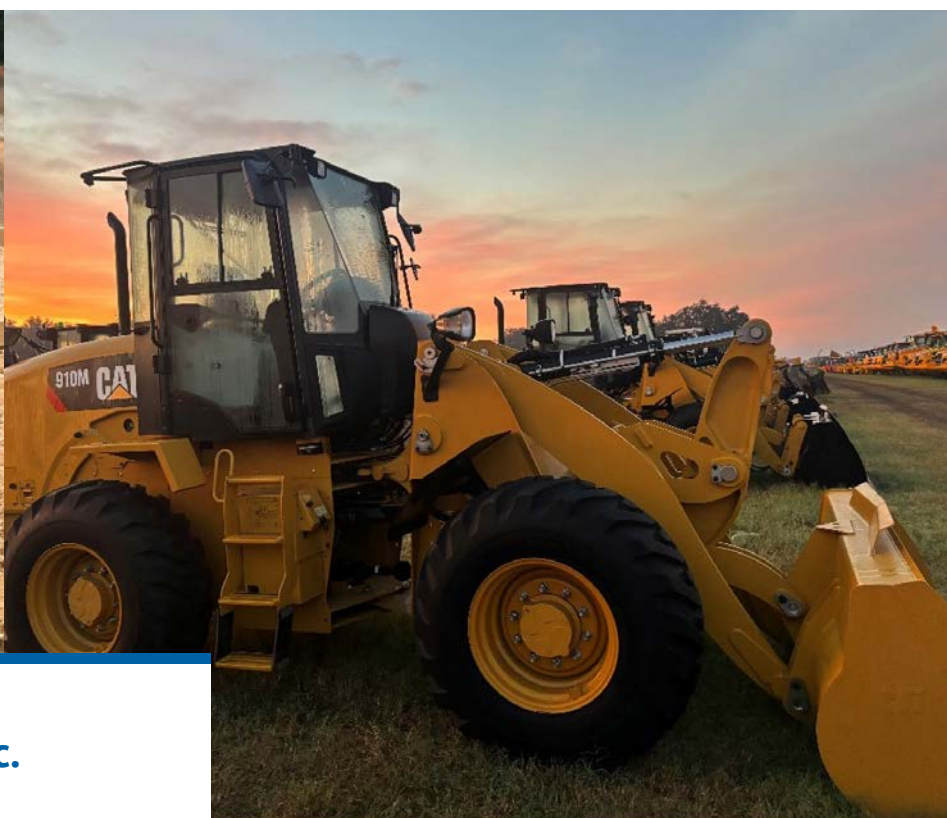


## J A Boyt Backhoe Services, Inc.

Guidance Revolving Line of Credit: \$300,000

First Funding – 2023 Takeuchi TL8R2-CR: \$70,000

Second Funding – 2023 CAT 910M Loader: \$125,500



# Financial Statements

Florida Bancshares, Inc.  
and Subsidiary First National Bank of Pasco

## Consolidated Statements of Financial Condition December 31, 2023 and 2022

<b>Assets</b>	<b>2023</b>	<b>2022</b>
Cash and due from banks	\$ 6,462,134	\$ 6,539,138
Interest-bearing deposits in banks	23,231,068	7,143,792
Cash and cash equivalents	29,693,202	13,682,930
Securities available for sale	75,682,098	79,404,953
Restricted equity securities, at cost	638,613	1,463,013
Loans receivable, net of allowance for credit losses of \$2,929,980 in 2023 and \$2,678,972 in 2022	182,416,883	174,005,377
Accrued interest receivable	1,056,412	943,958
Premises and equipment, net	5,082,105	4,868,284
Deferred income taxes	4,545,281	4,864,387
Cash surrender value of life insurance	7,377,031	5,725,345
Other assets	749,138	94,761
<b>Total Assets</b>	<b>\$ 307,240,763</b>	<b>\$ 285,053,008</b>

## Liabilities And Stockholders' Equity

<b>Liabilities</b>	<b>2023</b>	<b>2022</b>
Noninterest-bearing demand deposits	\$ 83,507,658	\$ 98,534,594
Interest-bearing demand deposits	95,449,456	98,187,921
Savings deposits	12,901,110	17,905,583
Time deposits	95,655,397	33,775,640
Total deposits	287,513,621	248,403,738
Federal Home Loan Bank advances	-	18,500,000
Notes payable	7,000,000	7,000,000
Accrued interest payable	557,323	83,629
Deferred compensation payable	358,169	367,292
Accrued expenses and other liabilities	1,620,442	1,512,407
Total liabilities	297,049,555	275,867,066



## Stockholders' Equity

Common stock, \$1 par value; 5,000,000 shares authorized, 1,100,065 issued; 1,010,716 and 952,716 outstanding at December 31, 2023 and 2022, respectively	1,100,065	1,100,065
Additional paid-in capital	7,271,439	6,932,185
Retained earnings	12,828,539	13,581,658
Less treasury stock, at cost; 89,349 and 147,349 shares at December 31, 2023 and 2022, respectively	(1,325,979)	(2,186,725)
Director and employee deferred compensation payable in stock	1,348,259	1,348,259
Accumulated other comprehensive loss	(11,031,115)	(11,589,500)
Total stockholders' equity	<u>10,191,208</u>	<u>9,185,942</u>
<b>Total Liabilities and Stockholders' Equity</b>	<b><u>\$ 307,240,763</u></b>	<b><u>\$ 285,053,008</u></b>

## Ratio Analysis

	2023	2022
Return on Average Assets	0.08%	0.67%
Return on Equity	1.50%	11.63%
Leverage Ratio	9.22%	9.92%
Yield on Loan Portfolio	6.15%	5.35%
Yield on Investment Securities	1.92%	1.84%
Cost of All Interest-Bearing Funds	2.54%	0.69%
Net Interest Margin	3.40%	3.85%

## Consolidated Statements of Operations

### Years Ended December 31, 2023 and 2022

<b>Interest Income</b>	<b>2023</b>	<b>2022</b>
Loans receivable and fees on loans	\$ 10,955,717	\$ 8,871,950
Investment securities	1,824,950	1,709,291
Interest-bearing deposits in banks	762,446	33,535
Total interest income	13,543,113	10,614,776
<b>Interest Expense:</b>		
Deposits	3,270,718	359,260
Other	983,137	672,933
Total interest expense	4,253,855	1,032,193
Net interest income	9,289,258	9,582,583
Provision for Credit Losses	-	165,000
Net interest income after provision for credit losses	9,289,258	9,417,583
<b>Noninterest Income:</b>		
Service charges on deposit accounts	369,363	702,677
Other service charges and fees	624,387	377,186
Secondary market loan fees	108,891	248,088
Other income	772,894	650,926
Total noninterest income	1,875,535	1,978,877
<b>Noninterest Expense:</b>		
Salaries and employee benefits	7,518,217	6,354,359
Occupancy expense	577,282	568,747
Data processing expense	884,915	505,075
Equipment expense	240,960	278,246
Professional fees	506,337	439,983
Regulatory assessments	233,404	194,049
Other expenses	1,354,686	1,187,145
Total noninterest expense	11,315,801	9,527,604
<b>(Loss) Income Before Income Tax Expense</b>	(151,008)	1,868,856
<b>Income Tax (Benefit) Expense</b>	(43,647)	406,748
<b>Net (Loss) Income</b>	<b>\$ (107,361)</b>	<b>\$ 1,462,108</b>

# Community Support & Involvement

We strive to be an integral part of our local communities. All of our Officers are encouraged to become involved in local charities and civic organizations. First National Bank of Pasco is proud to have provided support (either monetary or through dedicated service) to the following local organizations:



- |   |  |   |
|---|--|---|
| Academy at the Farm                       | East Pasco Youth Soccer League               | Pasco High School Athletics               |
| American Legion Veteran's Golf Tournament | Gulf Coast Knights Baseball                  | Pasco High School Band                    |
| Anclote High School                       | Gulf High School                             | Pasco Middle School                       |
| Bayonet Point Middle School               | Gulf Highlands Elementary School             | Pasco Sheriff's Charities                 |
| Betmar Shuffleclub                        | Habitat for Humanity of East & Central Pasco | PHSC Foundation                           |
| Calusa Elementary School                  | Kirkland Ranch Academy of Innovation         | Propeller Club - Port of Tampa            |
| Cavalier Rescue of Florida                | Lacoochee Elementary School                  | RB Cox Elementary School                  |
| Champions for Children                    | Lake Jovita Homeowner's Association          | Rotary Club of Land O' Lakes              |
| Charity Chics North Tampa/Pasco           | Lake Myrtle Elementary School                | Scotty D. Charities                       |
| City of Dade City                         | Metropolitan Ministries                      | SEPI - Travelers Rest RV Park             |
| Cotee River Elementary School             | MLK Basketball Program                       | Sunray Elementary School                  |
| Cypress Creek Middle School               | Pasco County 4H Club                         | Sunrise of Pasco                          |
| Dade City Centre for Arts                 | Pasco High PTA                               | The Greater Dade City Chamber of Commerce |
| Daybreak Rotary Club of Zephyrhills       |  | The Links Lake Bernadette                 |
|   |  | Thomas Promise Foundation                 |
|   |  | Veterans Elementary School                |
|   |  | West Zephyrhills Elementary School        |
|   |  | Wiregrass Ranch High School               |
|   |  | Zephyrhills BBQ & Blues Festival          |
|   |  | Zephyrhills High School Athletics         |
|   |  | Zephyrhills Little League                 |



# Official Bank of the American Dream<sup>®</sup>

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We work tirelessly to help America's entrepreneurs. We listen to understand their dreams and their obstacles. We innovate to create solutions other banks can't even imagine. And then we get it done. If you have dreams, maybe you should bank with us.

For over 35 Years, First National Bank of Pasco has served the financial needs of businesses and individuals in greater Tampa Bay and throughout North America.

We look forward to the opportunity to serve you!

## First National Bank of Pasco Offers National Online Banking Services and Convenient Service Locations:

### Dade City

13315 U.S. Hwy 301  
Dade City, FL 33525  
(352) 521-0141

### Lutz

23613 S.R. 54  
Lutz, FL 33559  
(813) 607-2555

### Zephyrhills West

37215 S.R. 54  
Zephyrhills, FL 33542  
(813) 779-1905

### Zephyrhills South

4518 Gall Blvd.  
Zephyrhills, FL 33542  
(813) 782-1540



First National Bank of Pasco is a member of Allpoint, Presto! and the Armed Forces Financial Network, giving you convenient access to hundreds of surcharge-free ATMs in the greater Tampa Bay area and thousands nationwide.

Please visit our website to find ATM locations near where you live, work, and play.



SCAN ME



[www.FNBPasco.com](http://www.FNBPasco.com)