

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 26, 2023

USCB Financial Holdings, Inc.

(Exact name of Registrant as Specified in Its Charter)

Florida (State or Other Jurisdiction of Incorporation)	001-41196 (Commission File Number)	87-4070846 (IRS Employer Identification No.)
2301 N.W. 87th Avenue , Miami, Florida (Address of Principal Executive Offices)		33172 (Zip Code)

Registrant's Telephone Number, Including Area Code: (305) 715-5200

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Class A common stock, \$1.00 par value per share	USCB	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On January 26, 2023, USCB Financial Holdings, Inc. (the “Company”), issued a press release announcing its financial results for the fourth quarter ended December 31, 2022. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

The information in this Item 2.02, including Exhibit 99.1, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”), or otherwise subject to the liability of that section, and shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 (the “Securities Act”) or the Exchange Act.

Item 7.01. Regulation FD Disclosure.

As previously announced, at 9:00 a.m. ET on January 27, 2023, the Company will hold an earnings conference call to discuss its financial performance for the quarter ended December 31, 2022. A copy of the slides forming the basis of the presentation is being furnished as Exhibit 99.2 to this Current Report on Form 8-K and is incorporated herein by reference. A copy of the slides has also been posted to the Company’s investor relations website, located at investors.uscenturybank.com.

The information in this Item 7.01, including Exhibit 99.2, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and shall not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	USCB Financial Holdings, Inc. Press Release, dated January 26, 2022
99.2	Earnings Presentation, dated January 27, 2022
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

EARNINGS RELEASE



USCB Financial Holdings, Inc. Reports EPS of \$0.22, Operating EPS of \$0.29 for Q4 2022

MIAMI – January 26, 2023 – USCB Financial Holdings, Inc. (the “Company”) (NASDAQ: USCB), the holding company for U.S. Century Bank (the “Bank”), reported net income of \$4.4 million or \$0.22 per diluted share for the three months ended December 31, 2022, compared with net income of \$5.7 million or \$0.30 per diluted share, for the same period in 2021.

Near quarter end, the Bank executed a portfolio restructuring strategy which resulted in a sale of \$17.0 million of its lower-yielding available-for-sale securities for an after-tax loss of \$1.5 million or \$0.07 EPS in the quarter. Proceeds from the sale will be reinvested in securities and loans currently yielding, on average, 430-460 basis points higher than the securities that were sold. The loss on sale of securities is expected to have a nominal impact on tangible book value, as such loss was previously reflected in capital through accumulated other comprehensive income (AOCI). Additionally, the reinvestment from the sale proceeds into higher yielding earning assets will have a \$0.03 EPS positive impact on 2023 earnings.

Excluding gain (loss) from the sale of securities, Non-GAAP Operating net income was \$5.9 million or \$0.29 per diluted share for the fourth quarter ended December 31, 2022, compared to \$5.6 million or \$0.30 per diluted share, for the same period in 2021.

“Despite a challenging operating environment, 2022 afforded us extraordinary opportunities for growth and profitability. While a soft landing for the economy is expected in 2023, we are taking a prudent approach with our balance sheet by limiting growth in certain assets, maintaining appropriate capital and reserve levels, managing liquidity, and preparing for a range of economic scenarios.” said Luis de la Aguilera, President and Chief Executive Officer.

Unless otherwise stated, all percentage comparisons in the bullet points below are calculated for the quarter ended December 31, 2022 compared to the quarter ended December 31, 2021 and annualized where appropriate.

Profitability

- Annualized return on average assets for the quarter ended December 31, 2022 was 0.86% compared to 1.23% for the fourth quarter of 2021. Non-GAAP Operating return on assets for the quarter ended December 31, 2022 was 1.14% compared to 1.22% for the fourth quarter of 2021.
- Annualized return on average stockholders’ equity for the quarter ended December 31, 2022 was 9.91% compared to 11.08% for the fourth quarter of 2021. Non-GAAP Operating return on equity for the quarter ended December 31, 2022 was 13.23% compared to 11.03% for the fourth quarter of 2021.
- The efficiency ratio for the quarter ended December 31, 2022 was 59.81% compared to 55.74% for the fourth quarter of 2021. Non-GAAP Operating efficiency ratio for the quarter ended December 31, 2022 was 53.46% compared to 55.85% for the fourth quarter of 2021.
- Net interest margin increased to 3.45% for the quarter ended December 31, 2022 compared to 3.19% for the fourth quarter of 2021.
- Net interest income before provision for credit losses was \$16.9 million for the quarter ended December 31, 2022, an increase of \$2.8 million or 19.8% compared to the fourth quarter of 2021.

Balance Sheet

- Total assets were \$2.1 billion at December 31, 2022, representing an increase of \$231.9 million or 12.5% from December 31, 2021.
- Total loans were \$1.5 billion at December 31, 2022, representing an increase of \$317.3 million or 26.7% from December 31, 2021.
- Total deposits were \$1.8 billion at December 31, 2022, representing an increase of \$238.9 million or 15.0% from December 31, 2021.

- Total stockholders' equity was \$182.4 million at December 31, 2022, representing a decrease of \$21.5 million or 10.5% from December 31, 2021. Total stockholders' equity includes unrealized security losses of \$44.8 million at December 31, 2022 compared to unrealized security loss of \$2.5 million at December 31, 2021.

Asset Quality

- The allowance for credit losses increased by \$2.4 million to \$17.5 million at December 31, 2022 from \$15.1 million at December 31, 2021.
- The allowance for credit losses represented 1.16% of total loans at December 31, 2022 compared to 1.27% at December 31, 2021.
- Non-performing loans to total loans was 0.00% at December 31, 2022 compared to 0.10% at December 31, 2021.

Non-interest Income and Non-interest Expense

- Non-interest income was negative \$0.1 million for the three months ended December 31, 2022 compared to \$2.6 million for the same period in 2021. Non-interest income was negative in the fourth quarter of 2022 due to a \$2.0 million loss on the sale of securities.
- Non-interest expense was \$10.0 million for the three months ended December 31, 2022, an increase of \$0.7 million or 7.5% compared to the same period in 2021.

Capital

- As of December 31, 2022, total risk-based capital ratios for the Company and the Bank were 13.65% and 13.58%, respectively.
- Tangible book value per common share of \$9.12 was negatively affected by \$2.24 due to after tax unrealized security losses of \$44.8 million at December 31, 2022. At December 31, 2021, tangible book value of \$10.20 was negatively affected by \$0.13 due to \$2.5 million after tax unrealized security losses.

Conference Call and Webcast

The Company will host a conference call on Friday, January 27, 2023, at 9:00 a.m. Eastern Time to discuss the Company's unaudited financial results for the quarter ended December 31, 2022. To access the conference call, dial (866) 652-5200 (U.S. toll-free) and ask to join the USCB Financial Holdings Call.

Additionally, interested parties can listen to a live webcast of the call in the "Investor Relations" section of the Company's website at www.uscentury.com. An archived version of the webcast will be available in the same location shortly after the live call has ended.

About USCB Financial Holdings, Inc.

USCB Financial Holdings, Inc. is the bank holding company for U.S. Century Bank. Established in 2002, U.S. Century Bank is one of the largest community banks headquartered in Miami, and one of the largest community banks in the state of Florida. U.S. Century Bank is rated 5-Stars by BauerFinancial, the nation's leading independent bank rating firm. U.S. Century Bank offers customers a wide range of financial products and services and supports numerous community organizations, including the Greater Miami Chamber of Commerce, the South Florida Hispanic Chamber of Commerce, and ChamberSouth. For more information or to find a banking center near you, please call (305) 715-5200 or visit www.uscentury.com.

Forward-Looking Statements

This earnings release may contain statements that are not historical in nature and are intended to be, and are hereby identified as, forward-looking statements for purposes of the safe harbor provided by Section 21E of the Securities Exchange Act of 1934, as amended. The words "may," "will," "anticipate," "should," "would," "believe," "contemplate," "expect," "aim," "plan," "estimate," "continue," and "intend," as well as other similar words and expressions of the future, are intended to identify forward-looking statements. These forward-looking statements include statements related to our projected growth, anticipated future financial performance, and management's long-term performance goals, as well as statements relating to the anticipated effects on results of operations and financial condition from expected developments or events, or business and growth strategies, including anticipated internal growth and the balance sheet restructuring.

These forward-looking statements involve significant risks and uncertainties that could cause our actual results to differ materially from those anticipated in such statements. Potential risks and uncertainties include, but are not limited to:

- the strength of the United States economy in general and the strength of the local economies in which we conduct operations;
- the continuation of the COVID-19 pandemic and its impact on us, our employees, customers and third-party service providers, and the ultimate extent of the impact of the pandemic and related government stimulus programs;
- our ability to successfully manage interest rate risk, credit risk, liquidity risk, and other risks inherent to our industry;
- the accuracy of our financial statement estimates and assumptions, including the estimates used for our credit loss reserve and deferred tax asset valuation allowance;
- the efficiency and effectiveness of our internal control environment;
- our ability to comply with the extensive laws and regulations to which we are subject, including the laws for each jurisdiction where we operate;
- legislative or regulatory changes and changes in accounting principles, policies, practices or guidelines, including the effects of the forthcoming implementation of the Current Expected Credit Losses (“CECL”) standard;
- the effects of our lack of a diversified loan portfolio and concentration in the South Florida market, including the risks of geographic, depositor, and industry concentrations, including our concentration in loans secured by real estate;
- effects of climate change
- the concentration of ownership of our common stock;
- fluctuations in the price of our common stock;
- our ability to fund or access the capital markets at attractive rates and terms and manage our growth, both organic growth as well as growth through other means, such as future acquisitions;
- inflation, interest rate, unemployment rate, market, and monetary fluctuations;
- impacts of international hostilities and geopolitical events
- increased competition and its effect on the pricing of our products and services as well as our margin;
- the effectiveness of our risk management strategies, including operational risks, including, but not limited to, client, employee, or third-party fraud and security breaches; and
- other risks described in this earnings release and other filings we make with the Securities and Exchange Commission (“SEC”).

All forward-looking statements are necessarily only estimates of future results, and there can be no assurance that actual results will not differ materially from expectations. Therefore, you are cautioned not to place undue reliance on any forward-looking statements. Further, forward-looking statements included in this earnings release are made only as of the date hereof, and we undertake no obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events, unless required to do so under the federal securities laws. You should also review the risk factors described in the reports the Company filed or will file with the SEC and, for periods prior to the completion of the bank holding company reorganization in December 2021, the Bank filed with the FDIC.

Non-GAAP Financial Measures

This earnings release includes financial information determined by methods other than in accordance with generally accepted accounting principles (“GAAP”). This financial information includes certain operating performance measures. Management has included these non-GAAP measures because it believes these measures may provide useful supplemental information for evaluating the Company’s underlying performance trends. Further, management uses these measures in managing and evaluating the Company’s business and intends to refer to them in discussions about our operations and performance. Operating performance measures should be viewed in addition to, and not as an alternative to or substitute for, measures determined in accordance with GAAP, and are not necessarily comparable to non-GAAP measures that may be presented by other companies. To the extent applicable, reconciliations of these non-GAAP measures to the most directly comparable GAAP measures can be found in the ‘Non-GAAP Reconciliation Tables’ included in the exhibits to this earnings release.

All numbers included in this press release are unaudited unless otherwise noted.

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USCB FINANCIAL HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
(Dollars in thousands, except per share data)

	<u>Three Months Ended December 31,</u>		<u>Twelve Months Ended December 31,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Interest income:				
Loans, including fees	\$ 17,836	\$ 12,786	\$ 60,825	\$ 48,730
Investment securities	2,306	2,216	9,346	7,886
Interest-bearing deposits in financial institutions	455	29	929	106
Total interest income	20,597	15,031	71,100	56,722
Interest expense:				
Interest-bearing checking	34	14	86	59
Savings and money market accounts	2,866	510	5,173	2,082
Time deposits	616	292	1,509	1,531
FHLB advances and other borrowings	215	139	671	554
Total interest expense	3,731	955	7,439	4,226
Net interest income before provision for credit losses	16,866	14,076	63,661	52,496
Provision for credit losses	880	-	2,495	(160)
Net interest income after provision for credit losses	15,986	14,076	61,166	52,656
Non-interest income:				
Service fees	1,093	961	4,010	3,609
Gain (loss) on sale of securities available for sale, net	(1,989)	35	(2,529)	214
Gain on sale of loans held for sale, net	205	107	891	1,626
Gain on sale of other assets	-	983	-	983
Loan settlement	-	-	161	2,500
Other non-interest income	568	558	2,695	1,766
Total non-interest income	(123)	2,644	5,228	10,698
Non-interest expense:				
Salaries and employee benefits	6,080	5,634	23,943	21,438
Occupancy	1,256	1,267	5,058	5,257
Regulatory assessments and fees	222	93	930	783
Consulting and legal fees	371	539	1,890	1,454
Network and information technology services	483	268	1,806	1,466
Other operating expense	1,602	1,518	5,682	5,279
Total non-interest expense	10,014	9,319	39,309	35,677
Net income before income tax expense	5,849	7,401	27,085	27,677
Income tax expense	1,415	1,751	6,944	6,600
Net income	4,434	5,650	20,141	21,077
Preferred stock dividend	-	-	-	2,077
Exchange and redemption of preferred shares	-	-	-	89,585
Net income (loss) available to common stockholders	\$ 4,434	\$ 5,650	\$ 20,141	\$ (70,585)
Per share information:				
Net income (loss) per common share, basic	\$ 0.22	\$ 0.30	\$ 1.01	\$ (6.72)
Net income (loss) per common share, diluted	\$ 0.22	\$ 0.30	\$ 1.00	\$ (6.72)
Weighted average shares outstanding:				
Common share, basic	20,000,753	18,913,914	19,999,323	10,507,530
Common share, diluted	20,172,438	19,023,686	20,176,838	10,507,530

USCB FINANCIAL HOLDINGS, INC.
SELECTED FINANCIAL DATA (UNAUDITED)
(Dollars in thousands, except per share data)

	As of or For the Three Months Ended				
	12/31/2022	9/30/2022	6/30/2022	3/31/2022	12/31/2021
Income statement data:					
Net interest income	\$ 16,866	\$ 16,774	\$ 15,642	\$ 14,379	\$ 14,076
Provision for credit losses	880	910	705	-	-
Net interest income after provision for credit losses	15,986	15,864	14,937	14,379	14,076
Service fees	1,093	934	1,083	900	961
Gain (loss) on sale of securities available for sale, net	(1,989)	(558)	(3)	21	35
Gain on sale of loans held for sale, net	205	330	22	334	107
Gain on sale of other assets	-	-	-	-	983
Loan settlement	-	-	-	161	-
Other income	568	1,083	515	529	558
Total non-interest income	(123)	1,789	1,617	1,945	2,644
Salaries and employee benefits	6,080	6,075	5,913	5,875	5,634
Occupancy	1,256	1,281	1,251	1,270	1,267
Regulatory assessments and fees	222	269	226	213	93
Consulting and legal fees	371	604	398	517	539
Network and information technology services	483	488	448	387	268
Other operating expense	1,602	1,415	1,315	1,350	1,518
Total non-interest expense	10,014	10,132	9,551	9,612	9,319
Net income before income tax expense	5,849	7,521	7,003	6,712	7,401
Income tax expense	1,415	1,963	1,708	1,858	1,751
Net income	4,434	5,558	5,295	4,854	5,650
Preferred stock dividend	-	-	-	-	-
Net income available to common stockholders	\$ 4,434	\$ 5,558	\$ 5,295	\$ 4,854	\$ 5,650
Per share information:					
Net income per common share, basic	\$ 0.22	\$ 0.28	\$ 0.26	\$ 0.24	\$ 0.30
Net income per common share, diluted	\$ 0.22	\$ 0.28	\$ 0.26	\$ 0.24	\$ 0.30
Balance sheet data (at period-end):					
Cash and cash equivalents	\$ 54,168	\$ 73,326	\$ 83,272	\$ 94,113	\$ 46,228
Securities available-for-sale	\$ 230,140	\$ 248,571	\$ 339,464	\$ 392,214	\$ 401,542
Securities held-to-maturity	\$ 188,699	\$ 178,865	\$ 116,671	\$ 122,361	\$ 122,658
Total securities	\$ 418,839	\$ 427,436	\$ 456,135	\$ 514,575	\$ 524,200
Loans held for investment ⁽¹⁾	\$ 1,507,338	\$ 1,431,513	\$ 1,372,733	\$ 1,258,388	\$ 1,190,081
Allowance for credit losses	\$ (17,487)	\$ (16,604)	\$ (15,786)	\$ (15,074)	\$ (15,057)
Total assets	\$ 2,085,834	\$ 2,037,453	\$ 2,016,086	\$ 1,967,252	\$ 1,853,939
Non-interest-bearing deposits	\$ 629,776	\$ 662,808	\$ 653,708	\$ 656,622	\$ 605,425
Interest-bearing deposits	\$ 1,199,505	\$ 1,133,834	\$ 1,085,012	\$ 1,056,672	\$ 984,954
Total deposits	\$ 1,829,281	\$ 1,796,642	\$ 1,738,720	\$ 1,713,294	\$ 1,590,379
FHLB advances and other borrowings	\$ 46,000	\$ 26,000	\$ 66,000	\$ 36,000	\$ 36,000
Total liabilities	\$ 1,903,406	\$ 1,860,036	\$ 1,836,018	\$ 1,775,213	\$ 1,650,042
Total stockholders' equity	\$ 182,428	\$ 177,417	\$ 180,068	\$ 192,039	\$ 203,897
Capital ratios:					
Leverage ratio	9.61%	9.48%	9.43%	9.47%	9.55%
Common equity tier 1 capital	12.53%	12.56%	12.65%	13.35%	13.70%
Tier 1 risk-based capital	12.53%	12.56%	12.65%	13.35%	13.70%
Total risk-based capital	13.65%	13.65%	13.74%	14.49%	14.92%

(1) Loan amounts include deferred fees/costs.

USCB FINANCIAL HOLDINGS, INC.
AVERAGE BALANCES, RATIOS, AND OTHER DATA (UNAUDITED)
(Dollars in thousands)

	As of or For the Three Months Ended				
	12/31/2022	9/30/2022	6/30/2022	3/31/2022	12/31/2021
Average balance sheet data:					
Cash and cash equivalents	\$ 61,892	\$ 77,887	\$ 80,254	\$ 99,911	\$ 87,819
Securities available-for-sale	\$ 242,144	\$ 331,206	\$ 370,933	\$ 385,748	\$ 374,589
Securities held-to-maturity	\$ 184,459	\$ 116,733	\$ 120,130	\$ 122,381	\$ 114,108
Total securities	\$ 426,603	\$ 447,939	\$ 491,063	\$ 508,129	\$ 488,697
Loans held for investment ⁽¹⁾	\$ 1,456,780	\$ 1,398,761	\$ 1,296,476	\$ 1,211,432	\$ 1,158,755
Total assets	\$ 2,051,867	\$ 2,026,791	\$ 1,968,381	\$ 1,913,484	\$ 1,828,037
Interest-bearing deposits	\$ 1,150,049	\$ 1,107,129	\$ 1,071,709	\$ 1,023,844	\$ 958,241
Non-interest-bearing deposits	\$ 653,820	\$ 655,853	\$ 644,975	\$ 626,400	\$ 603,735
Total deposits	\$ 1,803,869	\$ 1,762,982	\$ 1,716,684	\$ 1,650,244	\$ 1,561,976
FHLB advances and other borrowings	\$ 37,500	\$ 43,935	\$ 36,330	\$ 36,011	\$ 36,000
Total liabilities	\$ 1,874,311	\$ 1,841,503	\$ 1,781,784	\$ 1,711,624	\$ 1,625,675
Total stockholders' equity	\$ 177,556	\$ 185,288	\$ 186,597	\$ 201,860	\$ 202,362
Performance ratios:					
Return on average assets ⁽²⁾	0.86%	1.09%	1.08%	1.03%	1.23%
Return on average equity ⁽²⁾	9.91%	11.90%	11.38%	9.75%	11.08%
Net interest margin ⁽²⁾	3.45%	3.47%	3.37%	3.22%	3.19%
Non-interest income to average assets ⁽²⁾	(0.02)%	0.35%	0.33%	0.41%	0.57%
Efficiency ratio ⁽³⁾	59.81%	54.58%	55.34%	58.88%	55.74%
Loans by type (at period end): ⁽⁴⁾					
Residential real estate	\$ 185,636	\$ 186,551	\$ 203,662	\$ 204,317	\$ 201,359
Commercial real estate	\$ 970,410	\$ 928,531	\$ 843,445	\$ 782,072	\$ 704,988
Commercial and industrial	\$ 126,984	\$ 121,145	\$ 131,271	\$ 134,832	\$ 146,592
Foreign banks	\$ 93,769	\$ 94,450	\$ 84,770	\$ 63,985	\$ 59,491
Consumer and other	\$ 130,429	\$ 100,845	\$ 109,250	\$ 73,765	\$ 79,229
Asset quality data:					
Allowance for credit losses to total loans	1.16%	1.16%	1.15%	1.20%	1.27%
Allowance for credit losses to non-performing loans	- %	- %	- %	- %	1.265%
Non-accrual loans less non-accrual TDRs	-	-	-	-	1,190
Non-accrual TDRs	-	-	-	-	-
Loans over 90 days past due and accruing	-	-	-	-	-
Total non-performing loans ⁽⁵⁾	-	-	-	-	1,190
Non-performing loans to total loans	- %	- %	- %	- %	0.10%
Non-performing assets to total assets	- %	- %	- %	- %	0.06%
Net charge-offs (recoveries of) to average loans ⁽²⁾	(0.00)%	0.03%	(0.00)%	(0.01)%	(0.05)%
Net charge-offs (recovery of) credit losses	(2)	91	(7)	(17)	(157)
Interest rates and yields:⁽²⁾					
Loans	4.86%	4.53%	4.35%	4.35%	4.32%
Investment securities	2.13%	1.94%	2.04%	1.85%	1.81%
Total interest-earning assets	4.21%	3.82%	3.60%	3.43%	3.41%
Deposits	0.77%	0.34%	0.21%	0.20%	0.21%
FHLB advances and other borrowings	2.27%	1.63%	1.53%	1.54%	1.51%
Total interest-bearing liabilities	1.25%	0.59%	0.38%	0.37%	0.38%
Other information:					
Full-time equivalent employees	191	191	192	190	187

(1) Loan amounts include deferred fees/costs.

(2) Annualized.

(3) Efficiency ratio is defined as total non-interest expense divided by sum of net interest income and total non-interest income.

(4) Loan amounts exclude deferred fees/costs.

(5) The amounts for total non-performing loans and total non-performing assets are the same for the dates presented since there were no impaired investments or other real estate owned (OREO) recorded.

USCB FINANCIAL HOLDINGS, INC.
NET INTEREST MARGIN (UNAUDITED)
(Dollars in thousands)

	Three Months Ended December 31,					
	2022			2021		
	Average Balance	Interest	Yield/Rate ⁽¹⁾	Average Balance	Interest	Yield/Rate ⁽¹⁾
Assets						
Interest-earning assets:						
Loans ⁽²⁾	\$ 1,456,780	\$ 17,836	4.86%	\$ 1,158,755	\$ 12,786	4.32%
Investment securities ⁽³⁾	429,020	2,306	2.13%	490,797	2,216	1.81%
Other interest-earnings assets	53,717	455	3.36%	80,170	29	0.14%
Total interest-earning assets	1,939,517	20,597	4.21%	1,729,722	15,031	3.41%
Non-interest-earning assets	112,350			98,315		
Total assets	<u>\$ 2,051,867</u>			<u>\$ 1,828,037</u>		
Liabilities and stockholders' equity						
Interest-bearing liabilities:						
Interest-bearing checking	\$ 61,976	34	0.22%	\$ 56,558	14	0.10%
Saving and money market deposits	871,269	2,866	1.31%	673,993	510	0.30%
Time deposits	216,804	616	1.13%	227,690	292	0.51%
Total interest-bearing deposits	1,150,049	3,516	1.21%	958,241	816	0.34%
FHLB advances and other borrowings	37,500	215	2.27%	36,000	139	1.51%
Total interest-bearing liabilities	1,187,549	3,731	1.25%	994,241	955	0.38%
Non-interest-bearing demand deposits	653,820			603,735		
Other non-interest-bearing liabilities	32,942			27,699		
Total liabilities	1,874,311			1,625,675		
Stockholders' equity	177,556			202,362		
Total liabilities and stockholders' equity	<u>\$ 2,051,867</u>			<u>\$ 1,828,037</u>		
Net interest income		<u>\$ 16,866</u>			<u>\$ 14,076</u>	
Net interest spread ⁽⁴⁾			2.96%			3.03%
Net interest margin ⁽⁵⁾			3.45%			3.19%

(1) Annualized.

(2) Average loan balances include non-accrual loans. Interest income on loans includes accretion of deferred loan fees, net of deferred loan costs.

(3) At fair value except for securities held to maturity. This amount includes FHLB stock.

(4) Net interest spread is the average yield on total interest-earning assets minus the average rate on total interest-bearing liabilities.

(5) Net interest margin is the ratio of net interest income to total interest-earning assets.

USCB FINANCIAL HOLDINGS, INC.
NON-GAAP FINANCIAL MEASURES (UNAUDITED)
(Dollars in thousands)

	As of or For the Three Months Ended				
	12/31/2022	9/30/2022	6/30/2022	3/31/2022	12/31/2021
Pre-tax pre-provision ("PTPP") income:					
Net income	\$ 4,434	\$ 5,558	\$ 5,295	\$ 4,854	\$ 5,650
Plus: Provision for income taxes	1,415	1,963	1,708	1,858	1,751
Plus: Provision for credit losses	880	910	705	-	-
PTPP income	\$ 6,729	\$ 8,431	\$ 7,708	\$ 6,712	\$ 7,401
PTPP return on average assets:					
PTPP income	\$ 6,729	\$ 8,431	\$ 7,708	\$ 6,712	\$ 7,401
Average assets	\$ 2,051,867	\$ 2,026,791	\$ 1,968,381	\$ 1,913,484	\$ 1,828,037
PTPP return on average assets ⁽¹⁾	1.30%	1.65%	1.57%	1.42%	1.61%
Operating net income:					
Net income	\$ 4,434	\$ 5,558	\$ 5,295	\$ 4,854	\$ 5,650
Less: Net gains (losses) on sale of securities	(1,989)	(558)	(3)	21	35
Less: Tax effect on sale of securities	504	141	1	(5)	(9)
Operating net income	\$ 5,919	\$ 5,975	\$ 5,297	\$ 4,838	\$ 5,624
Operating PTPP income:					
PTPP income	\$ 6,729	\$ 8,431	\$ 7,708	\$ 6,712	\$ 7,401
Less: Net gains (losses) on sale of securities	(1,989)	(558)	(3)	21	35
Operating PTPP income	\$ 8,718	\$ 8,989	\$ 7,711	\$ 6,691	\$ 7,366
Operating PTPP return on average assets:					
Operating PTPP income	\$ 8,718	\$ 8,989	\$ 7,711	\$ 6,691	\$ 7,366
Average assets	\$ 2,051,867	\$ 2,026,791	\$ 1,968,381	\$ 1,913,484	\$ 1,828,037
Operating PTPP return on average assets ⁽¹⁾	1.69%	1.76%	1.57%	1.42%	1.60%
Operating return on average assets:					
Operating net income	\$ 5,919	\$ 5,975	\$ 5,297	\$ 4,838	\$ 5,624
Average assets	\$ 2,051,867	\$ 2,026,791	\$ 1,968,381	\$ 1,913,484	\$ 1,828,037
Operating return on average assets ⁽¹⁾	1.14%	1.17%	1.08%	1.03%	1.22%
Operating return on average equity:					
Operating net income	\$ 5,919	\$ 5,975	\$ 5,297	\$ 4,838	\$ 5,624
Average equity	177,556	185,288	186,597	201,860	202,362
Operating return on average equity	13.23%	12.79%	11.39%	9.72%	11.03%
Operating Revenue:					
Net interest income	\$ 16,866	\$ 16,774	\$ 15,642	\$ 14,379	\$ 14,076
Non-interest income	(123)	1,789	1,617	1,945	2,644
Less: Net gains (losses) on sale of securities	(1,989)	(558)	(3)	21	35
Operating revenue	\$ 18,732	\$ 19,121	\$ 17,262	\$ 16,303	\$ 16,685
Operating Efficiency Ratio:					
Total non-interest expense	\$ 10,014	\$ 10,132	\$ 9,551	\$ 9,612	\$ 9,319
Operating revenue	18,732	19,121	17,262	16,303	16,685
Operating efficiency ratio	53.46%	52.99%	55.33%	58.96%	55.85%

(1) Annualized.

USCB FINANCIAL HOLDINGS, INC.
NON-GAAP FINANCIAL MEASURES (UNAUDITED)
(Dollars in thousands, except per share data)

	As of or For the Three Months Ended				
	12/31/2022	9/30/2022	6/30/2022	3/31/2022	12/31/2021
Tangible book value per common share (at period-end):⁽¹⁾					
Total stockholders' equity	\$ 182,428	\$ 177,417	\$ 180,068	\$ 192,039	\$ 203,897
Less: Intangible assets	-	-	-	-	-
Tangible stockholders' equity	\$ 182,428	\$ 177,417	\$ 180,068	\$ 192,039	\$ 203,897
Total shares issued and outstanding (at period-end):					
Common shares	20,000,753	20,000,753	20,000,753	20,000,753	19,991,753
Total common shares issued and outstanding	20,000,753	20,000,753	20,000,753	20,000,753	19,991,753
Tangible book value per common share ⁽²⁾	\$ 9.12	\$ 8.87	\$ 9.00	\$ 9.60	\$ 10.20
Operating diluted net income per common share:⁽¹⁾					
Operational Net Income	\$ 5,919	\$ 5,975	\$ 5,297	\$ 4,838	\$ 5,624
Total weighted average diluted common stock	20,172,438	20,148,208	20,171,261	20,109,783	19,023,686
Operating diluted net income per common share:	\$ 0.29	\$ 0.30	\$ 0.26	\$ 0.24	\$ 0.30
Tangible Common Equity/Tangible Assets					
Tangible stockholders' equity	182,428	177,417	180,068	192,039	203,897
Tangible Assets	2,085,834	2,037,453	2,016,086	1,967,252	1,853,939
Tangible Common Equity/Tangible Assets	8.75%	8.71%	8.93%	9.76%	11.00%

(1) The Company believes these non-GAAP measurements are key indicators of the ongoing earnings power of the Company.

(2) Excludes the dilutive effect, if any, of shares of common stock issuable upon exercise of outstanding stock options.



**Fourth Quarter 2022
Earnings Presentation**
January 27, 2023



Forward-Looking Statements

This presentation may contain statements that are not historical in nature and are intended to be, and are hereby identified as, forward-looking statements for purposes of the safe harbor provided by Section 21E of the Securities Exchange Act of 1934, as amended. The words “may,” “will,” “anticipate,” “should,” “would,” “believe,” “contemplate,” “expect,” “aim,” “plan,” “estimate,” “continue,” and “intend,” as well as other similar words and expressions of the future, are intended to identify forward-looking statements. These forward-looking statements include statements related to our projected growth, anticipated future financial performance, and management’s long-term performance goals, as well as statements relating to the anticipated effects on results of operations and financial condition from expected developments or events, or business and growth strategies, including anticipated internal growth and balance sheet restructuring.

These forward-looking statements involve significant risks and uncertainties that could cause our actual results to differ materially from those anticipated in such statements. Potential risks and uncertainties include, but are not limited to:

- the strength of the United States economy in general and the strength of the local economies in which we conduct operations;
- the continuation of the COVID-19 pandemic and its impact on us, our employees, customers and third-party service providers, and the ultimate extent of the impacts of the pandemic and related government stimulus programs;
- our ability to successfully manage interest rate risk, credit risk, liquidity risk, and other risks inherent to our industry;
- the accuracy of our financial statement estimates and assumptions, including the estimates used for our credit loss reserve and deferred tax asset valuation allowance;
- the efficiency and effectiveness of our internal control environment;
- our ability to comply with the extensive laws and regulations to which we are subject, including the laws for each jurisdiction where we operate;
- legislative or regulatory changes and changes in accounting principles, policies, practices or guidelines, including the effects of the forthcoming implementation of the Current Expected Credit Losses (“CECL”) standard;
- the effects of our lack of a diversified loan portfolio and concentration in the South Florida market, including the risks of geographic, depositor, and industry concentrations, including our concentration in loans secured by real estate;
- effects of climate change
- the concentration of ownership of our common stock;
- fluctuations in the price of our common stock;
- our ability to fund or access the capital markets at attractive rates and terms and manage our growth, both organic growth as well as growth through other means, such as future acquisitions;
- inflation, interest rate, unemployment rate, market, and monetary fluctuations;
- impacts of international hostilities and geopolitical events
- increased competition and its effect on the pricing of our products and services as well as our margin;
- the effectiveness of our risk management strategies, including operational risks, including, but not limited to, client, employee, or third-party fraud and security breaches; and
- other risks described in this presentation and other filings we make with the Securities and Exchange Commission (“SEC”).

All forward-looking statements are necessarily only estimates of future results, and there can be no assurance that actual results will not differ materially from expectations. Therefore, you are cautioned not to place undue reliance on any forward-looking statements. Further, forward-looking statements included in this presentation are made only as of the date hereof, and we undertake no obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events, unless required to do so under the federal securities laws. You should also review the risk factors described in the reports USCB Financial Holdings, Inc. filed or will file with the SEC and, for periods prior to the completion of the bank holding company reorganization in December 2021, U.S. Century Bank filed with the FDIC.

Non-GAAP Financial Measures

This presentation includes financial information determined by methods other than in accordance with generally accepted accounting principles (“GAAP”). This financial information includes certain operating performance measures. Management has included these non-GAAP measures because it believes these measures may provide useful supplemental information for evaluating the Company’s underlying performance trends. Further, management uses these measures in managing and evaluating the Company’s business and intends to refer to them in discussions about our operations and performance. Operating performance measures should be viewed in addition to, and not as an alternative to or substitute for, measures determined in accordance with GAAP, and are not necessarily comparable to non-GAAP measures that may be presented by other companies. To the extent applicable, reconciliations of these non-GAAP measures to the most directly comparable GAAP measures can be found in the ‘Non-GAAP Reconciliation Tables’ included in the presentation.

All numbers included in this presentation are unaudited unless otherwise noted.



Q4 2022 Highlights



Capital/ Credit

- **Credit metrics** remain strong.
- There were **no loans classified as nonperforming**.
- ACL coverage ratio was 1.16%.
- No shares repurchased during the quarter; Board approved repurchase program in place covering 750,000 shares of common stock.



Profitability

- **Net income** was **\$4.4 million** or \$0.22 per diluted share. **Non-GAAP Operating net income** was \$5.9 million or \$0.29 per diluted share. Executed a portfolio restructuring strategy which resulted in a sale of \$17.0 million of lower-yielding securities for an after-tax loss of \$1.5 million or \$0.07 EPS. Proceeds from the sale of securities will be reinvested in higher yielding assets generating an additional \$0.03 in 2023 EPS.
- **ROAA** was **0.86%** and **ROAE** was **9.91%**. **Non-GAAP Operating ROAA** was 1.14% and **Non-GAAP Operating ROAE** 13.23%.
- **Efficiency ratio** was **59.81%**. **Non-GAAP Operating efficiency ratio** was 53.46%.
- **NIM** was 3.45% and **NII** was \$16.9 million, compared to 3.19% and \$14.1 million the fourth quarter 2021.



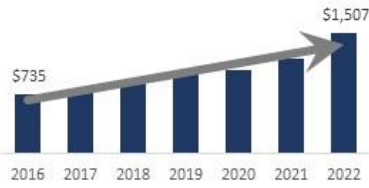
Growth

- **Average deposits** increased by **\$241.9 million** or 15.5% compared to fourth quarter 2021.
- **Average loans**, excluding PPP loans, increased \$347.8 million or 31.4% compared to fourth quarter 2021.
- **Tangible Book Value per Share** was \$9.12, up \$0.25 from prior quarter. After tax unrealized security losses impact of \$2.24 in TBV for quarter end.

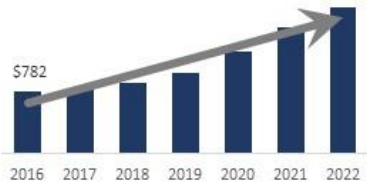


Historical Financial Data (EOP for Balance Sheet amounts)

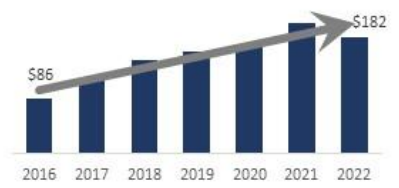
Loans ⁽¹⁾
In millions



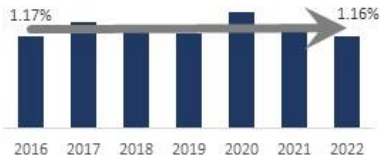
Deposits
In millions



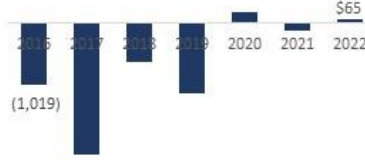
Total stockholders' equity
In millions



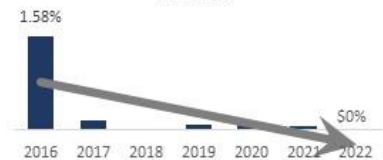
ACL/Total Loans



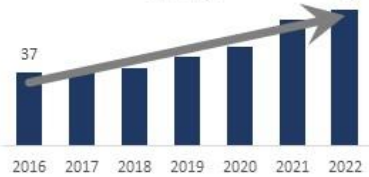
Net Charge Off
In thousands



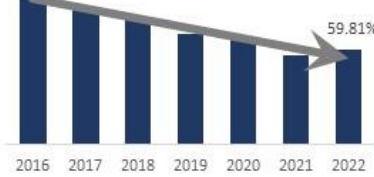
Nonperforming Assets/Total Assets



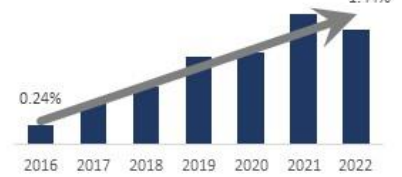
Total Revenue
In millions



Efficiency ratio



PTPP ROAA ⁽²⁾



⁽¹⁾ Loan amounts include deferred fees/costs.
⁽²⁾ Non-GAAP financial measure.



Business Verticals



JA/PCG⁽¹⁾



HOA⁽²⁾



Global



SBA⁽³⁾



Yachts

Deposits EOP
\$172 Million



33%
Growth
YoY

Loans EOP
\$9 Million



266%
Growth
YoY

Deposits EOP
\$97 Million



42%
Growth
YoY

Loans EOP
\$73 Million



59%
Growth
YoY

Deposits EOP
\$177 Million



14%
Growth
YoY

Loans EOP
\$94 Million



58%
Growth
YoY

Loans EOP
\$38 Million

- \$19MM closed in SBA 7As in 2022
- \$891K in gain on sale of loans in 2022

Loans EOP
\$125 Million



57%
Growth
YoY

- \$77MM in loan production in 2022
- 32% of the purchased portfolio was paid off in 2022

⁽¹⁾ JA/PCG: Jurist Advantage/Private Client Group

⁽²⁾ HOA: Homeowners Association

⁽³⁾ Does not include PPP Loans.



Financial Results

In thousands (except per share data)

	Q4 2022	Q3 2022	Q4 2021	
Balance Sheet (EOP)	Total Securities	\$418,839	\$427,436	\$524,200
	Total Loans ⁽¹⁾	\$1,507,338	\$1,431,513	\$1,190,081
	Total Assets	\$2,085,834	\$2,037,453	\$1,853,939
	Total Deposits	\$1,829,281	\$1,796,642	\$1,590,379
	Total Equity ⁽²⁾	\$182,428	\$177,417	\$203,897
Income Statement	Net Interest Income	\$16,866	\$16,774	\$14,076
	Non-interest Income	(\$123)	\$1,789	\$2,644
	Total Revenue	\$16,743	\$18,563	\$16,720
	Provision for Credit Losses	\$880	\$910	\$0
	Non-interest Expense	\$10,014	\$10,132	\$9,319
	Net Income	\$4,434	\$5,558	\$5,650
	Diluted Earning Per Share (EPS)	\$0.22	\$0.28	\$0.30
	<i>Operating Net Income ⁽³⁾</i>	<i>\$5,919</i>	<i>\$5,975</i>	<i>\$5,624</i>
	<i>Operating diluted net income per common share ⁽³⁾</i>	<i>\$0.29</i>	<i>\$0.30</i>	<i>\$0.30</i>

⁽¹⁾ Loan amounts include deferred fees/costs.

⁽²⁾ Total Equity includes after tax unrealized security losses of \$44.8 million for Q4 2022, \$45.2 million for Q3 2022, and unrealized security loss of \$2.5 million for Q4 2021.

⁽³⁾ Non-GAAP financial measure.



Key Performance Indicators



	Q4 2022	Q3 2022	Q4 2021
Tangible Common Equity/Tangible Assets ⁽¹⁾	8.75%	8.71%	11.00%
Total Risk-Based Capital	13.65%	13.65%	14.92%
NCO/Avg Loans ⁽²⁾	(0.00%)	0.03%	(0.05%)
NPA/Assets	0.00%	0.00%	0.06%
Allowance Credit Losses/Loans	1.16%	1.16%	1.27%



Return On Average Assets (ROAA) ⁽²⁾	0.86%	1.09%	1.23%
Operating Return On Average Assets ⁽¹⁾⁽²⁾	1.14%	1.17%	1.22%
Return On Average Equity (ROAE) ⁽²⁾	9.91%	11.90%	11.08%
Operating Return On Average Equity ⁽¹⁾⁽²⁾	13.23%	12.79%	11.03%
Net Interest Margin ⁽²⁾	3.45%	3.47%	3.19%
Efficiency Ratio	59.81%	54.58%	55.74%
Operating Efficiency Ratio ⁽¹⁾	53.46%	52.99%	55.85%



	In thousands (except for TBV/share)		
Total Assets (EOP)	\$2,085,834	\$2,037,453	\$1,853,939
Total Loans (EOP)	\$1,507,338	\$1,431,513	\$1,190,081
Total Deposits (EOP)	\$1,829,281	\$1,796,642	\$1,590,379
Tangible Book Value/Share ⁽¹⁾⁽³⁾	\$9.12	\$8.87	\$10.20

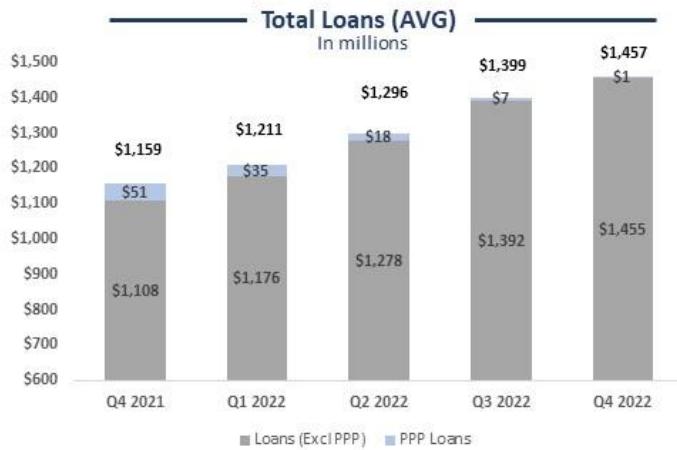
⁽¹⁾ Non-GAAP Financial Measures.

⁽²⁾ Annualized.

⁽³⁾ After tax unrealized security (loss) effect on tangible book value per share was (\$2.24) for Q4 2022, (\$2.26) for Q3 2022 and (\$0.13) for Q4 2021.



Loan Portfolio



Commentary

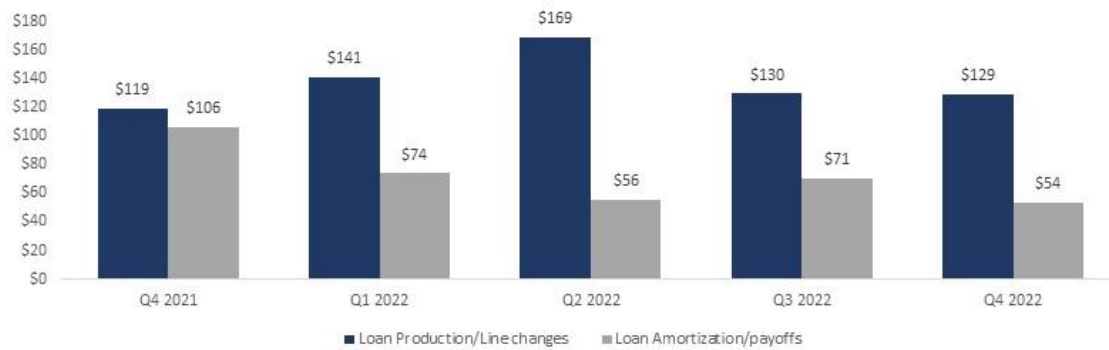
- Average loans, excluding PPP loans, increased \$63.3 million or 18.0% annualized compared to prior quarter and \$347.8 million or 31.4% compared to fourth quarter 2021.
- Loan coupon increased 32 bps compared to prior quarter and 83 bps compared to fourth quarter 2021. Increase due to a higher interest rate environment.
- Loan fees yield decreased 29 bps compared to fourth quarter 2021 primarily due to amortization of premium on yacht loan purchased in 2021 and subsequently paid off in 2022. Additionally, a decrease of \$847 thousand in PPP loan fees.



Loan Production

Net Loan Production Trend

In millions



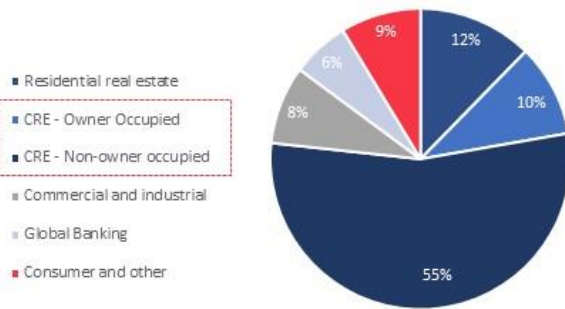
Commentary

- 2022 payoffs slowing with increase in interest rates.
- \$569 million was originated in 2022.
- Average coupon on new loans was 5.68% for fourth quarter 2022, 86 bps above portfolio average.



Loan Portfolio Mix

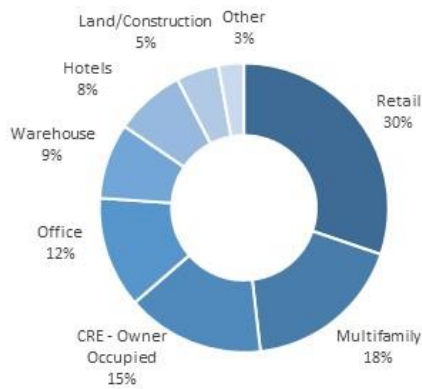
Loan Portfolio Mix



Commentary

- Total Loan balances at quarter end was \$1,507.3 million.
- Commercial Real Estate (owner occupied and non-owner occupied) was 65% or \$970.4 million of the total loan portfolio.
- CRE mix is diversified and granular. Retail makes up 30% of total CRE or \$293.3 million.

CRE Loan Portfolio



Loan Type	Weighted Average		Average Loan Size ⁽³⁾
	LTV ⁽¹⁾	DSCR ⁽²⁾	
Retail	57%	1.57	\$3.0
Multifamily	62%	1.38	\$1.4
CRE - Owner Occupied	62%	2.61	\$1.0
Office	54%	1.66	\$2.2
Warehouse	56%	1.59	\$1.8
Hotels	53%	1.53	\$4.8
Other	59%	1.56	\$1.6
Land/Construction	59%	N/A	\$2.9

⁽¹⁾ LTV - Loan to value ratio.

⁽²⁾ DSCR - Debt service coverage ratio.

⁽³⁾ Balance in millions.

As of 12/31/22



Asset Quality

Allowance for Credit Losses

In thousands (except ratios)



Commentary

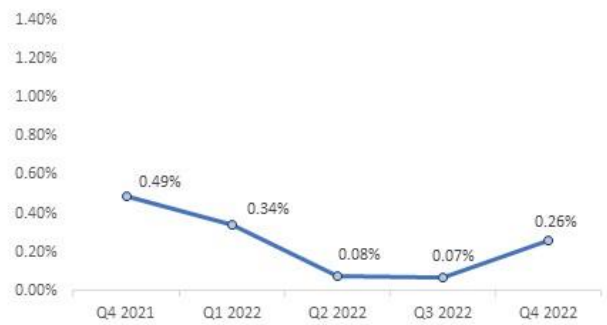
- ACL coverage ratio is at 1.16%.
- No loans classified as non-performing.
- No OREO.
- Company is prepared to implement CECL.

Non-performing Loans

In thousands (except ratios)



Classified Loans ⁽¹⁾ to Total Loans



⁽¹⁾ Loans classified as substandard at period end. No loans classified doubtful or loss at period end.



Deposit Portfolio

Deposits (AVG)

In millions



Deposit Cost ⁽¹⁾



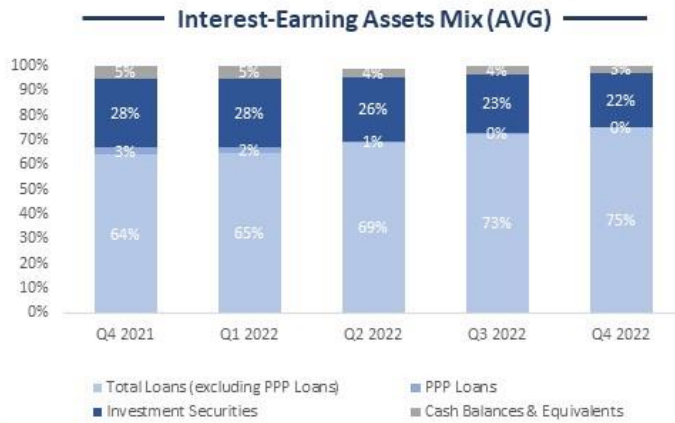
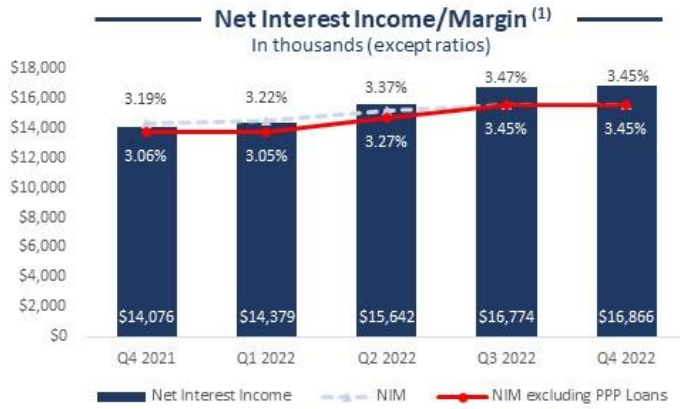
⁽¹⁾ Annualized.

Commentary

- Average deposits increased \$40.9 million or 9.2% annualized compared to prior quarter and \$241.9 million or 15.5% compared to fourth quarter 2021.
- Average DDA deposits decreased slightly compared to prior quarter due to seasonal property tax payments and increased \$50.1 million or 8.3% compared to fourth quarter 2021.
- DDA balances comprised 36.2% of total deposits on December 31, 2022.
- Deposit cost increased 43 bps compared to prior quarter and increased 56 bps compared to fourth quarter 2021.
- Deposit cost lagged the Fed Fund Rate increases with a 13.2% Deposit beta from Q4 2021.



Net Interest Margin



Commentary

- Net interest income increased by \$0.1 million or 2.2% annualized compared to prior quarter and \$2.8 million or 19.8% compared to fourth quarter 2021.
- NIM predominately impacted by an increase in deposit cost and growth in loans.
- NIM of 3.45% up 26 bps from fourth quarter 2021.
- Earning Assets Mix continues to improve towards higher earning assets (loans).

⁽¹⁾ Annualized.



Paycheck Protection Program (PPP)

3 successful rounds of PPP loans, originating \$168.4 million. Forgiveness of the last round of PPP loans is in process.

In thousands (except for ROAA)

	Q4 2022	Q3 2022	Q4 2021
Pre-Tax Income	\$5,849	\$7,521	\$7,401
Net Income	\$4,434	\$5,558	\$5,650
Average Assets	\$2,051,867	\$2,026,791	\$1,828,037
ROAA ⁽¹⁾	0.86%	1.09%	1.23%



<i>of which</i>			
PPP Income ⁽²⁾	\$10	\$145	\$978
Unrealized PPP Fees EOP	\$13	\$19	\$1,506
PPP Balance EOP	\$1,304	\$1,362	\$42,424
PPP AVG. Balance	\$1,320	\$6,620	\$51,098

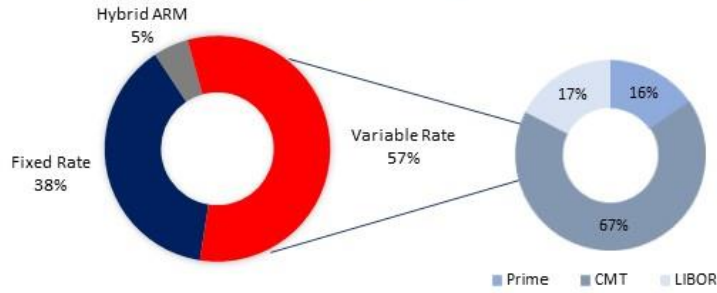
⁽¹⁾ Annualized.

⁽²⁾ PPP Income includes loan fees and interest income.

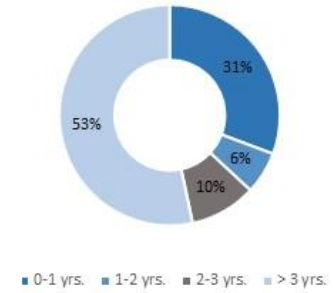


Interest Rate Sensitivity

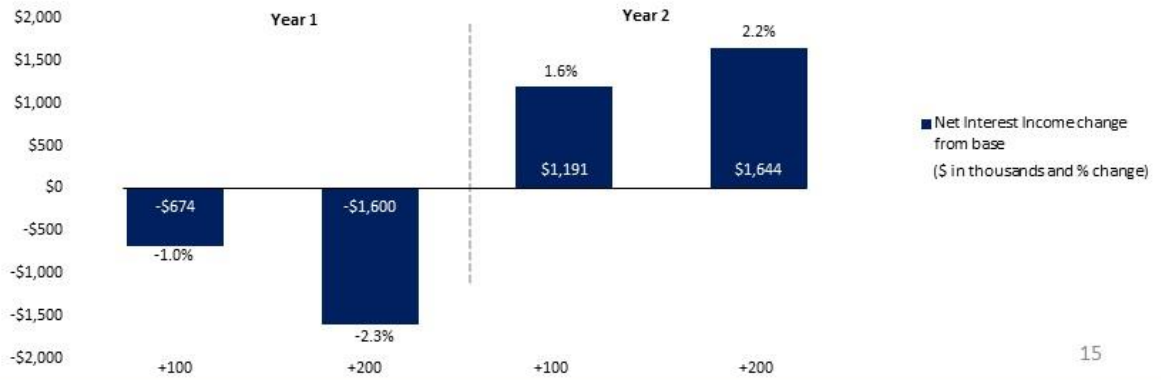
Loan Portfolio Repricing Profile by Rate Type



Loan Repricing Schedule Variable/Hybrid Rate Loans



Static NII Simulation Year 1 & 2



As of 12/31/22



Non-interest Income

In thousands (except ratios)

	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Service fees	\$1,093	\$934	\$1,083	\$900	\$961
Gain (loss) on sale of securities available for sale	(1,989)	(558)	(3)	21	35
Gain on sale of loans held for sale	205	330	22	334	107
Gain on sale of other assets	-	-	-	-	983
Loan settlement	-	-	-	161	-
Other income	568	1,083	515	529	558
Total non-interest income	(\$123)	\$1,789	\$1,617	\$1,945	\$2,644
Average total assets	\$2,051,867	\$2,026,791	\$1,968,381	\$1,913,484	\$1,828,037
Non-interest income / Average assets ⁽¹⁾	(0.02%)	0.35%	0.33%	0.41%	0.57%

Commentary

- Service fees remain substantially consistent quarter over quarter.
- Loss on sale of securities of \$2.0 million due to portfolio restructuring strategy which resulted in the sale of \$17.0 million of lower-yielding securities with an after-tax loss of \$1.5 million in the fourth quarter 2022.
- SBA loan sales produced \$205K of gains in the fourth quarter 2022.
- Fluctuation of non-interest income primarily impacted by one-time items in prior quarters.

⁽¹⁾ Annualized.



Non-interest Expense

In thousands (except ratios and FTE)

	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Salaries and employee benefits	\$6,080	\$6,075	\$5,913	\$5,875	\$5,634
Occupancy	1,256	1,281	1,251	1,270	1,267
Regulatory assessments and fees	222	269	226	213	93
Consulting and legal fees	371	604	398	517	539
Network and information technology services	483	488	448	387	268
Other operating expense	1,602	1,415	1,315	1,350	1,518
Total non-interest expenses	\$10,014	\$10,132	\$9,551	\$9,612	\$9,319
Efficiency ratio	59.81%	54.58%	55.34%	58.88%	55.74%
Operating Efficiency Ratio ⁽¹⁾	53.46%	52.99%	55.33%	58.96%	55.85%
Average total assets	\$2,051,867	\$2,026,791	\$1,968,381	\$1,913,484	\$1,828,037
Non-interest expense / Average assets ⁽²⁾	1.94%	1.98%	1.95%	2.04%	2.02%
Full-time equivalent employees	191	191	192	190	187

Commentary

- Non-interest expense to average assets remains below 2021 levels.
- Salaries and employee benefits increased primarily due to 4 net new FTEs, merit increases, and bonus and sales incentive expense based on bank performance.
- Operating efficiency ratio down 239 bps from fourth quarter 2021 due to higher revenue.

⁽¹⁾ Non-GAAP financial measures.

⁽²⁾ Annualized.



Capital

Capital Ratios	Q4 2022	Q3 2022	Q4 2021	Well-Capitalized
Leverage Ratio	9.61%	9.48%	9.55%	5.00%
TCE/TA ⁽¹⁾	8.75%	8.71%	11.00%	NA
Tier 1 Risk Based Capital	12.53%	12.56%	13.70%	8.00%
Total Risk Based Capital	13.65%	13.65%	14.92%	10.00%

Commentary

- All capital ratios remain significantly above “well capitalized” guidelines.
- Q4 2022 EOP shares outstanding:
Common Stock: 20,000,753
- No shares repurchased during the quarter; Board approved repurchase program in place covering 750,000 shares of common stock.

⁽¹⁾ Non-GAAP Financial Measures



Takeaways



Leading Franchise Located in one of the Most Attractive Banking Markets in Florida and the U.S.



Experienced and Tested Management Team



Robust Organic Growth



Strong Asset Quality, with Minimal Charge-offs Experienced Since Recapitalization



Strong Profitability, with Pathway For Future Enhancement Identified



Core Funded Deposit Base with 36.2% Non-Interest-Bearing Deposits (EOP)



Non-GAAP Reconciliation

In thousands (except ratios)

	As of or for the three months ended				
	12/31/2022	4/30/2022	6/30/2022	3/31/2022	12/31/2021
Pre-Tax Pre-Provision ("PTPP") Income:					
Net income	\$ 4,434	\$ 5,558	\$ 5,295	\$ 4,854	\$ 5,650
Plus: Provision for income taxes	1,415	1,963	1,708	1,858	1,751
Plus: Provision for credit losses	880	910	705	-	-
PTPP income	\$ 6,729	\$ 8,431	\$ 7,708	\$ 6,712	\$ 7,401
PTPP Return on Average Assets:					
PTPP income	\$ 6,729	\$ 8,431	\$ 7,708	\$ 6,712	\$ 7,401
Average assets	\$ 2,051,867	\$ 2,026,791	\$ 1,968,381	\$ 1,913,484	\$ 1,828,037
PTPP return on average assets ⁽¹⁾	1.30%	1.63%	1.57%	1.42%	1.61%
Operating Net Income:					
Net income	\$ 4,434	\$ 5,558	\$ 5,295	\$ 4,854	\$ 5,650
Less: Net gains (losses) on sale of securities	(1,989)	(558)	(3)	21	35
Less: Tax effect on sale of securities	504	141	1	(9)	(9)
Operating net income	\$ 5,919	\$ 5,975	\$ 5,297	\$ 4,838	\$ 5,624
Operating PTPP Income:					
PTPP income	\$ 6,729	\$ 8,431	\$ 7,708	\$ 6,712	\$ 7,401
Less: Net gains (losses) on sale of securities	(1,989)	(558)	(3)	21	35
Operating PTPP income	\$ 8,718	\$ 8,989	\$ 7,711	\$ 6,691	\$ 7,366
Operating PTPP Return on Average Assets:					
Operating PTPP income	\$ 8,718	\$ 8,989	\$ 7,711	\$ 6,691	\$ 7,366
Average assets	\$ 2,051,867	\$ 2,026,791	\$ 1,968,381	\$ 1,913,484	\$ 1,828,037
Operating PTPP return on average assets ⁽¹⁾	1.69%	1.76%	1.57%	1.42%	1.60%
Operating Return on Average Assets:					
Operating net income	\$ 5,919	\$ 5,975	\$ 5,297	\$ 4,838	\$ 5,624
Average assets	\$ 2,051,867	\$ 2,026,791	\$ 1,968,381	\$ 1,913,484	\$ 1,828,037
Operating return on average assets ⁽¹⁾	1.14%	1.17%	1.08%	1.03%	1.22%
Operating Return on Average Equity:					
Operating net income	\$ 5,919	\$ 5,975	\$ 5,297	\$ 4,838	\$ 5,624
Average equity	177,556	185,288	186,597	201,860	202,362
Operating return on average equity ⁽¹⁾	13.23%	12.79%	11.39%	9.72%	11.08%
Operating Revenue:					
Net interest income	\$ 16,866	\$ 16,774	\$ 15,642	\$ 14,379	\$ 14,076
Non-interest income	(123)	1,789	1,617	1,945	2,644
Less: Net gains (losses) on sale of securities	(1,989)	(558)	(3)	21	35
Operating revenue	\$ 18,732	\$ 19,121	\$ 17,262	\$ 16,303	\$ 16,685
Operating Efficiency Ratio:					
Total non-interest expense	\$ 10,014	\$ 10,132	\$ 9,551	\$ 9,612	\$ 9,319
Operating revenue	18,732	19,121	17,262	16,303	16,685
Operating efficiency ratio	53.46%	52.99%	55.33%	58.90%	55.88%

(1) Annualized



Non-GAAP Reconciliation

In thousands (except per share data)

	As of and for the three months ended				
	12/31/2022	9/30/2022	6/30/2022	3/31/2022	12/31/2021
Tangible Book Value per Common Share (at period-end):⁽¹⁾					
Total stockholders' equity	\$ 182,428	\$ 177,417	\$ 180,068	\$ 192,039	\$ 203,897
Less: Intangible assets	-	-	-	-	-
Less: Preferred stock	-	-	-	-	-
Tangible stockholders' equity	\$ 182,428	\$ 177,417	\$ 180,068	\$ 192,039	\$ 203,897
Total shares issued and outstanding (at period-end):					
Class A common shares	20,000,753	20,000,753	20,000,753	20,000,753	19,991,753
Total common shares issued and outstanding	20,000,753	20,000,753	20,000,753	20,000,753	19,991,753
Tangible book value per common share ⁽²⁾	\$ 9.12	\$ 8.87	\$ 9.00	\$ 9.60	\$ 10.20
Operational diluted net income per share of common stock:					
Operating net income	\$ 5,919	\$ 5,975	\$ 5,297	\$ 4,838	\$ 5,624
Weighted average shares					
Diluted	\$ 20,172,438	\$ 20,148,208	\$ 20,171,261	\$ 20,109,783	\$ 19,023,686
Operating diluted net income per share of common stock	\$ 0.29	\$ 0.30	\$ 0.26	\$ 0.24	\$ 0.30
Tangible Common Equity/Tangible Assets					
Tangible stockholders' equity	\$ 182,428	\$ 177,417	\$ 180,068	\$ 192,039	\$ 203,897
Tangible Assets	2,085,834	2,037,453	2,016,086	1,967,252	1,853,939
Tangible Common Equity/Tangible Assets	8.75%	8.71%	8.93%	9.76%	11.00%

(1) The Company believes these non-GAAP measurements are key indicators of the ongoing earnings power of the Company.

(2) Excludes the dilutive effect, if any, of shares of common stock issuable upon exercise of outstanding stock options.



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