



**Second Quarter 2022
Earnings Presentation**
July 29, 2022



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.

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;
- the concentration of ownership of our Class A common stock;
- fluctuations in the price of our Class A 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;
- increased competition and its effect on the pricing of our products and services as well as our interest rate 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 31, 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.

You should assume that all numbers are unaudited unless otherwise noted.



Q2 2022 Highlights



Capital/ Credit

- **Credit metrics** remain pristine.
 - There were **no loans classified as nonperforming**.
 - ACL coverage ratio was 1.15%.
 - Tangible Book Value per Share is at \$9.00, down \$0.60 from prior quarter primarily due to AOCI.
 - No shares repurchased during the quarter; Board approved repurchase program in place covering 750,000 shares of Class A common stock.
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Profitability

- **Net income** was **\$5.3 million** or \$0.26 per diluted share.
 - **ROAA** was **1.08%** and **ROAE** was **11.38%**.
 - **Efficiency ratio** was **55.34%**.
 - **NIM** was **3.37%** and **NII** was **\$15.6 million**, up \$3.2 million or 25.4% compared to second quarter 2021.
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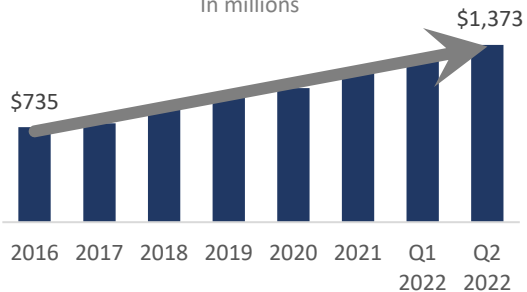
Growth

- **Average deposits** increased by **\$284.5 million** or 19.9% compared to second quarter 2021.
- Total **average loans**, excluding PPP loans, increased \$102.3 million or 34.9% annualized compared to prior quarter and \$289.9 million or 29.3% compared to second quarter 2021.

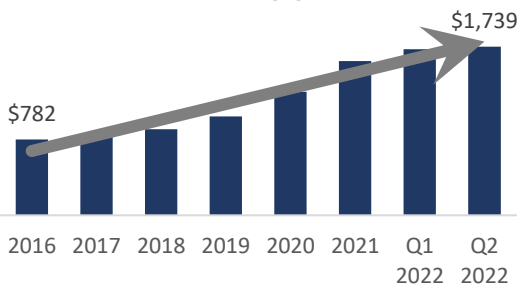


Historical Financial Data

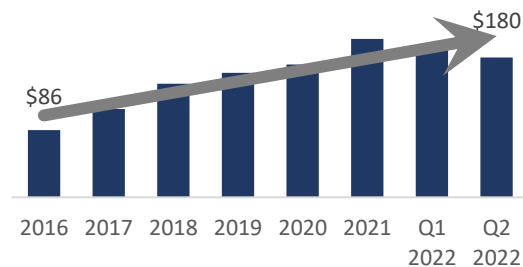
Total Loans (1)
In millions



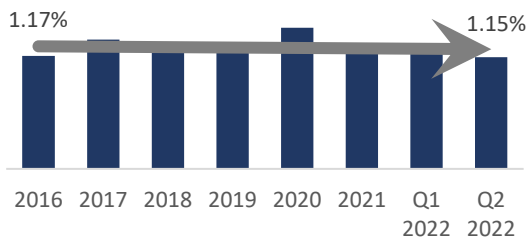
Total Deposits
In millions



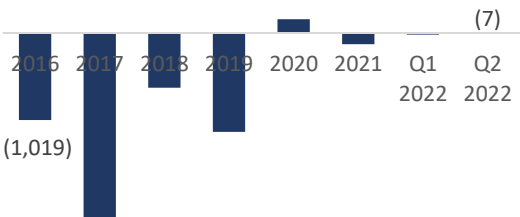
Total Stockholders' Equity
In millions



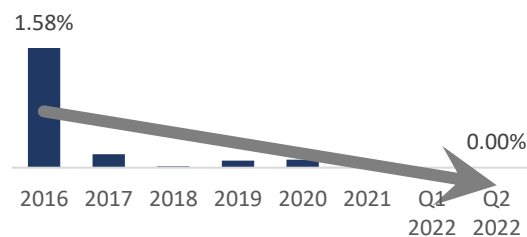
ACL/Total Loans



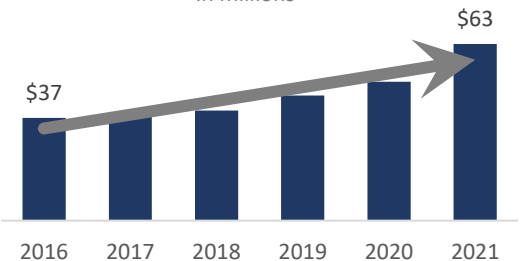
Net Charge off
In thousands



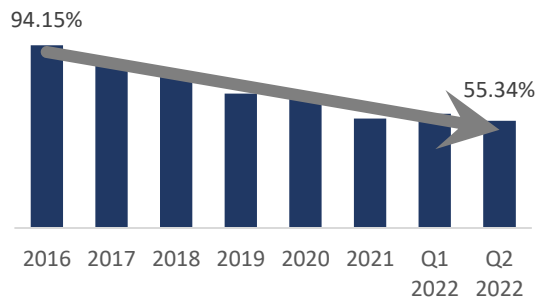
Nonperforming Assets/Total Assets



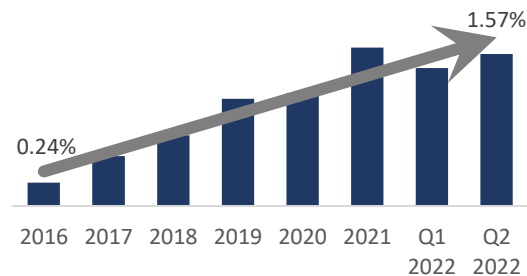
Total Revenue
In millions



Efficiency ratio



PTPP ROAA (2)



(1) Loan amounts include deferred fees/costs.

(2) Non-GAAP Financial Measure.

* As of end of period for Balance Sheet amounts.



Financial Results

In thousands (except per share data)

	Q2 2022	Q1 2022	Q2 2021	
Balance Sheet (EOP)	Total Securities	\$456,135	\$514,575	\$395,804
	Total Loans ⁽¹⁾	\$1,372,733	\$1,258,388	\$1,145,095
	Total Assets	\$2,016,086	\$1,967,252	\$1,667,005
	Total Deposits	\$1,738,720	\$1,713,294	\$1,438,776
	Total Equity	\$180,068	\$192,039	\$166,302
Income Statement	Net Interest Income	\$15,642	\$14,379	\$12,474
	Non-interest Income	\$1,617	\$1,945	\$1,516
	Total Revenue	\$17,259	\$16,324	\$13,990
	Provision for Credit Losses	\$705	\$0	\$0
	Non-interest Expense	\$9,551	\$9,612	\$8,674
	Net Income	\$5,295	\$4,854	\$4,053
	Net Income available to common stockholders ⁽²⁾	\$5,295	\$4,854	\$3,299
	Diluted Earning Per Share (EPS) ⁽³⁾			
	Class A Common Stock	\$0.26	\$0.24	\$0.64
	Class B Common Stock	\$0.00	\$0.00	\$0.13

⁽¹⁾ Loan amounts include deferred fees/costs.

⁽²⁾ No preferred stock outstanding as of Q2'22 and Q1'22.

⁽³⁾ See footnote disclosure in the Non-GAAP table for common stock activity (redemption and exchange of preferred stock, IPO, and exchange of Class B common stock) which impacted diluted EPS for Q2'22 and Q1'22.



Key Performance Indicators

	Q2 2022	Q1 2022	Q2 2021
Tangible Common Equity/Tangible Assets ⁽¹⁾	8.93%	9.76%	8.50%
Total Risk-Based Capital ⁽²⁾	13.74%	14.49%	12.69%
NCO/Avg Loans ⁽³⁾	0.00%	-0.01%	0.06%
NPA/Assets	0.00%	0.00%	0.00%
Allowance Credit Losses/Loans	1.15%	1.20%	1.30%



Return On Average Assets (ROAA) ⁽³⁾	1.08%	1.03%	0.98%
Return On Average Equity (ROAE) ⁽³⁾	11.38%	9.75%	9.74%
Net Interest Margin ⁽³⁾	3.37%	3.22%	3.14%
Efficiency Ratio	55.34%	58.88%	62.00%
PTPP ROAA ⁽¹⁾⁽³⁾	1.57%	1.42%	1.28%



In thousands (except for TBV/share)

Total Assets (EOP)	\$2,016,086	\$1,967,252	\$1,667,005
Total Loans (EOP)	\$1,372,733	\$1,258,388	\$1,145,095
Total Deposits (EOP)	\$1,738,720	\$1,713,294	\$1,438,776
Tangible Book Value/Share ⁽¹⁾	\$9.00	\$9.60	\$27.71



⁽¹⁾ Non-GAAP Financial Measures. TBV/Share for Q2'22 and Q1'22, see footnote disclosure in the Non-GAAP table for common stock activity (redemption and exchange of preferred stock, IPO, and exchange of Class B common stock) which impacted TBV/share.

⁽²⁾ The Company was established in Q4 2021. As such, the capital ratios for Q2 2022 and Q1 2022 are for the Bank Holding Company while Q2 2021 is for the Bank only.

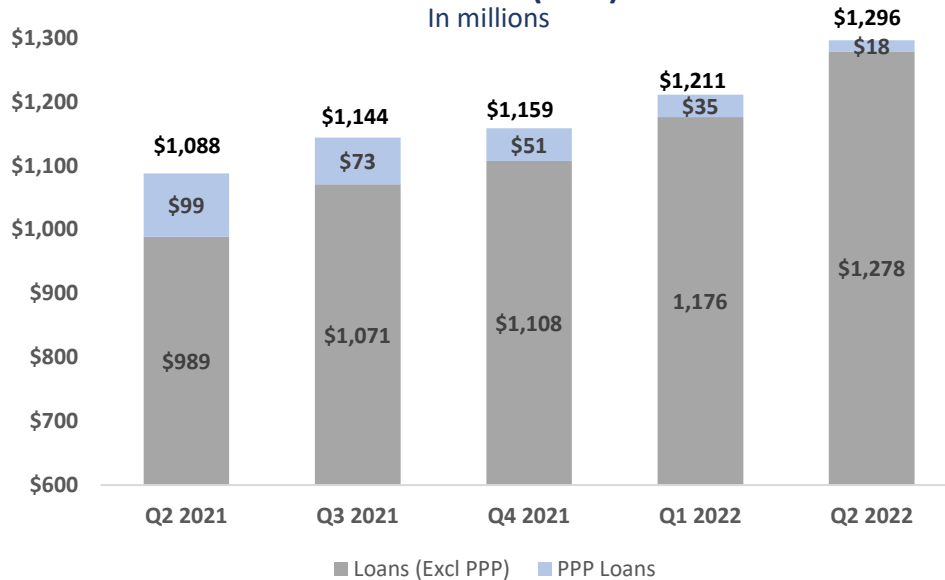
⁽³⁾ Annualized.



Loan Portfolio

Total Loans (AVG)

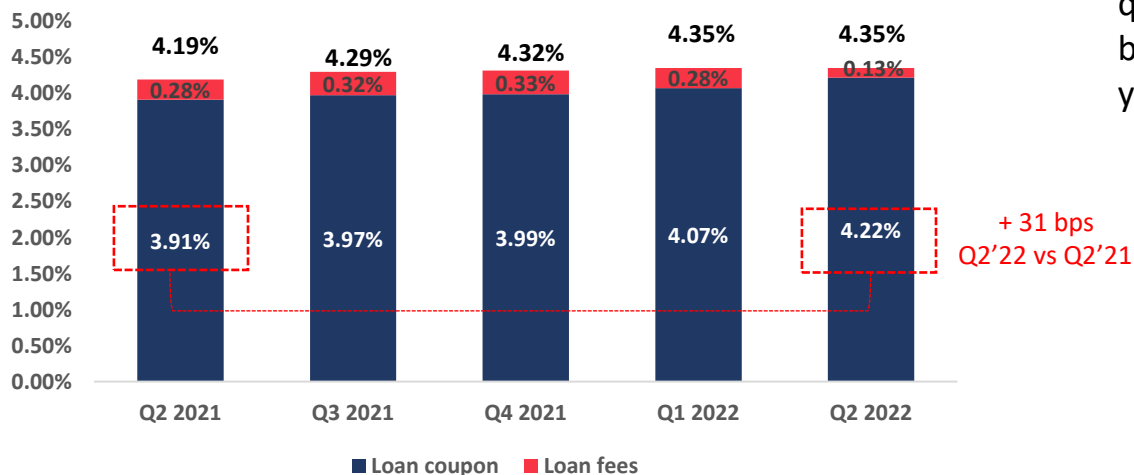
In millions



Commentary

- Total average loans, excluding PPP loans, increased \$102.3 million or 34.9% annualized compared to prior quarter and \$289.9 million or 29.3% compared to second quarter 2021.
- Loan coupon increased 15 bps due to a higher interest rate environment compared to prior quarter and 31 bps increase compared to second quarter 2021.
- Loan fees decreased 15 bps from prior quarter as most of the PPP loan fees have been recognized, normalizing the loan yield composition.

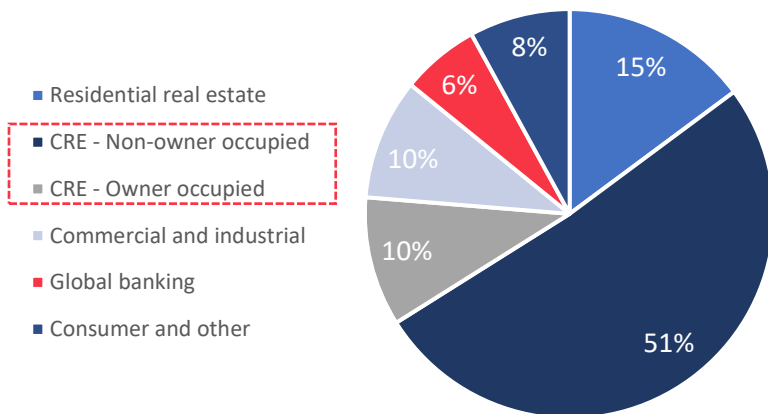
Loan Yields





Loan Portfolio Mix

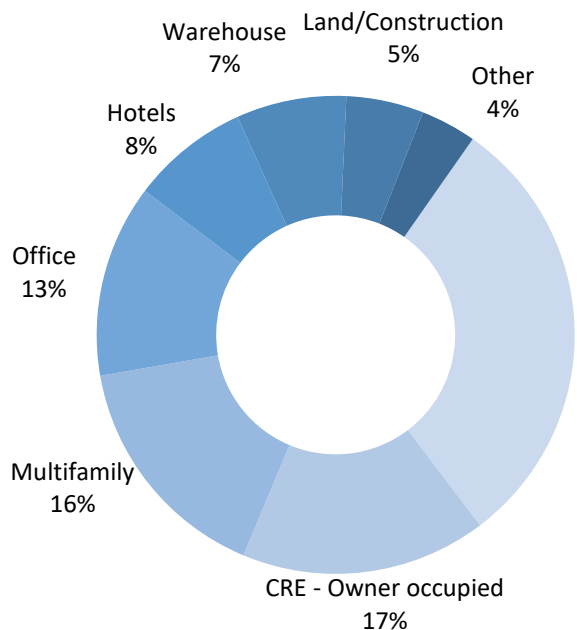
Loan Portfolio Mix



Commentary

- Total Loan balances at quarter end was \$1.373 billion.
- Commercial Real Estate (owner occupied and non-owner occupied) was 61% or \$843.4 million of the total loan portfolio.
- CRE mix is diversified and granular. Retail makes up 30% of total CRE or \$252.6 million.

CRE Loan Portfolio



Retail 30%

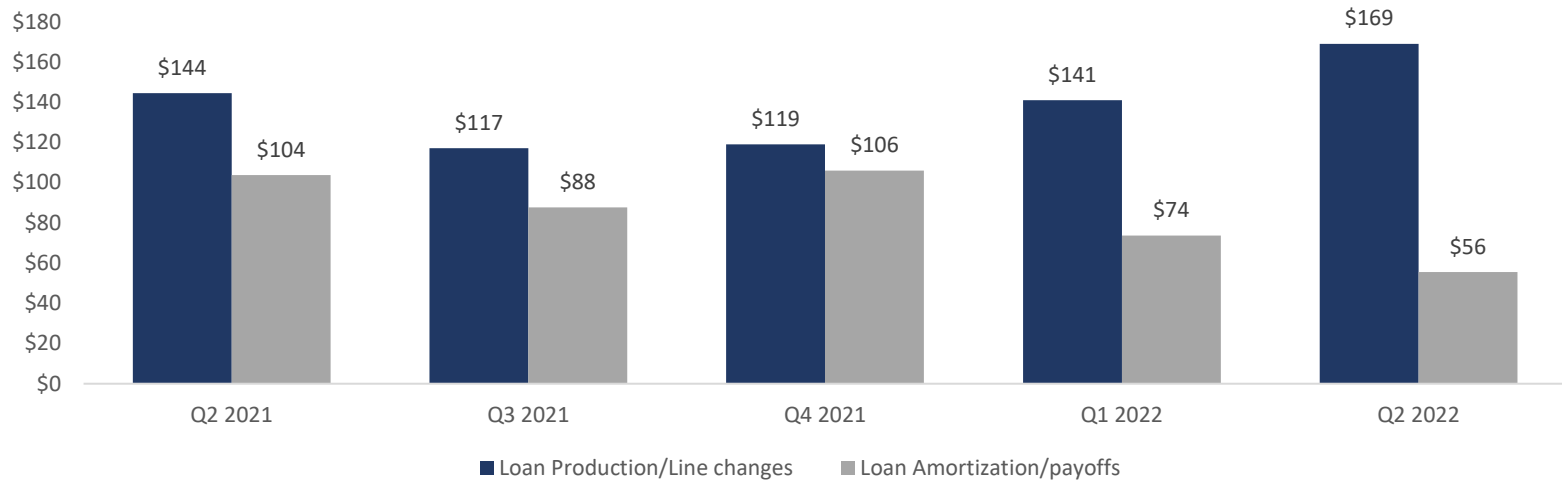
- LTV was **56.9%**
- Average loan size was \$3.0 million



Loan Production

Net Loan Production Trend

In millions



Commentary

- Q2 loan growth driven by increased production levels and lower payoffs and paydowns.
- Payoffs and paydowns slowing with increase in interest rates.
- \$169 million loan production in Q2 2022 is attributable to \$158 million in new loans and \$11 million in net increase of existing lines of credit.



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)

	Q2 2022	Q1 2022	Q2 2021
Pre-Tax Income	\$7,003	\$6,712	\$5,316
Net Income	\$5,295	\$4,854	\$4,053
Average Assets	\$1,968,381	\$1,913,484	\$1,660,060
ROAA ⁽¹⁾	1.08%	1.03%	0.98%

of which

PPP Income ⁽²⁾	\$484	\$1,001	\$925
Unrealized PPP Fees EOP	\$149	\$590	\$3,169
PPP Balance EOP	\$13,507	\$24,646	\$84,240
PPP AVG. Balance	\$17,643	\$34,901	\$99,563



⁽¹⁾ Annualized.

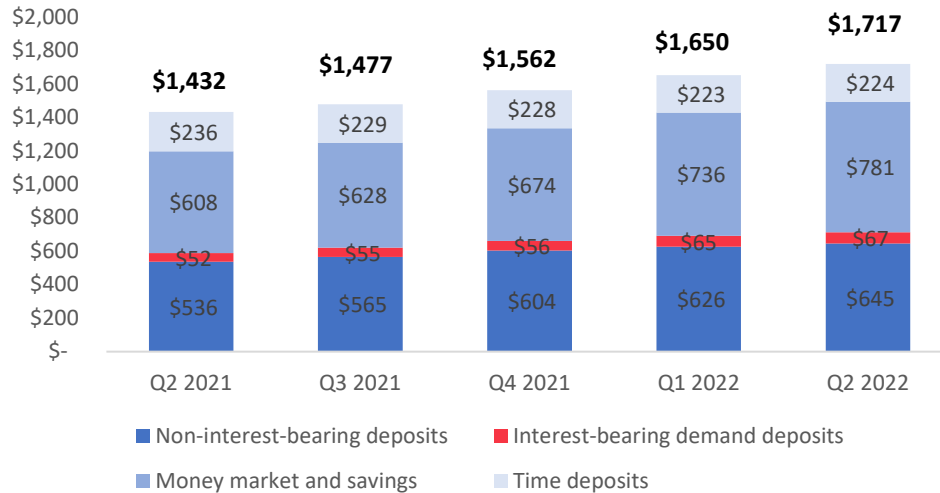
⁽²⁾ PPP Income includes loan fees and interest income.



Deposit Portfolio

Deposits (AVG)

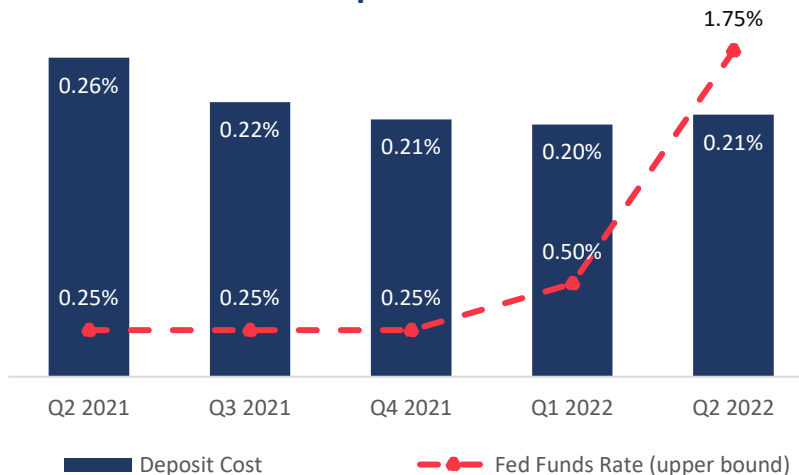
In millions



Commentary

- Average deposits increased \$66.4 million or 16.1% annualized compared to prior quarter and \$284.5 million or 19.9% compared to second quarter 2021.
- Average DDA deposits grew \$18.6 million or 11.9% annualized compared to prior quarter and \$109.1 million or 20.4% compared to second quarter 2021.
- DDA balances comprise 37.6% of total deposits at June 30, 2022.
- Deposit cost increased 1bps compared to prior quarter and decreased 5 bps compared to second quarter 2021.

Deposit Cost ⁽¹⁾



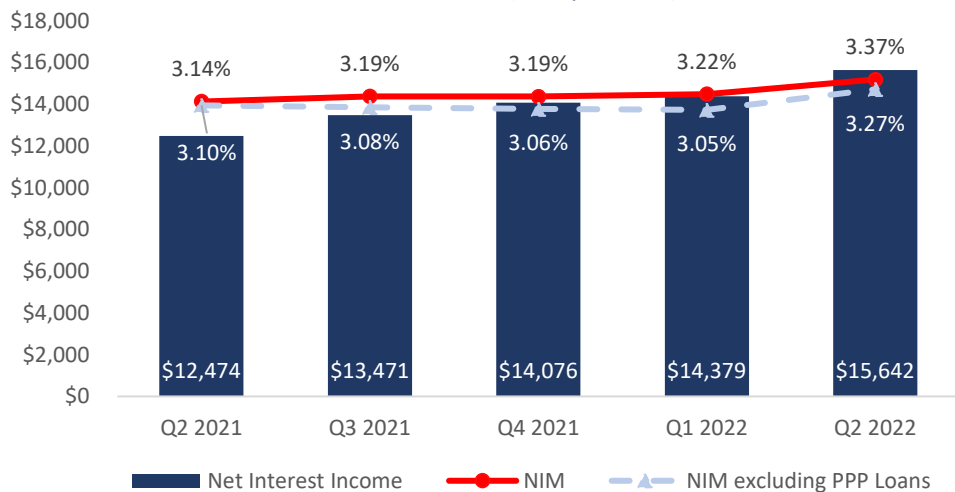
⁽¹⁾ Annualized.



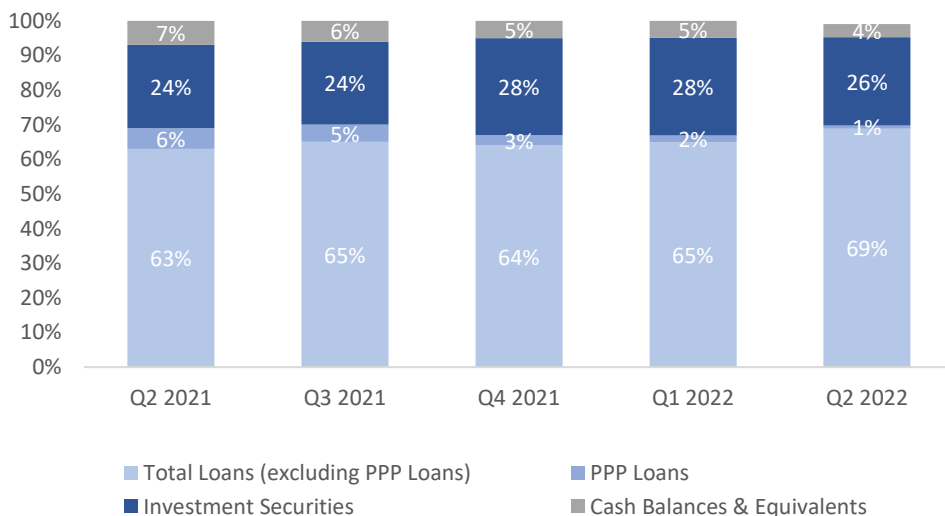
Net Interest Margin

Net Interest Income/Margin ⁽¹⁾

In thousands (except ratios)



Interest-Earning Assets Mix (AVG)



Commentary

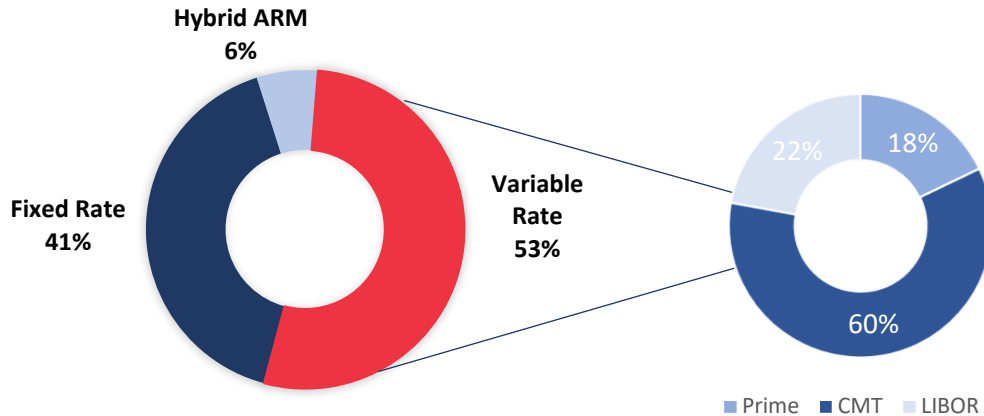
- Net interest income increased by \$1.3 million or 35.2% annualized compared to prior quarter and \$3.2 million or 25.4% compared to second quarter 2021.
- NIM impacted by an increase in interest rates and a shift in balance sheet mix. Loan production growth shifted assets to a higher yielding asset class and was funded by cash balances, a lower securities portfolio and growth in new deposits.
- NIM of 3.37% up 15 bps from prior quarter and up 23 bps from second quarter 2021 demonstrating an asset sensitive balance sheet.

⁽¹⁾ Annualized.

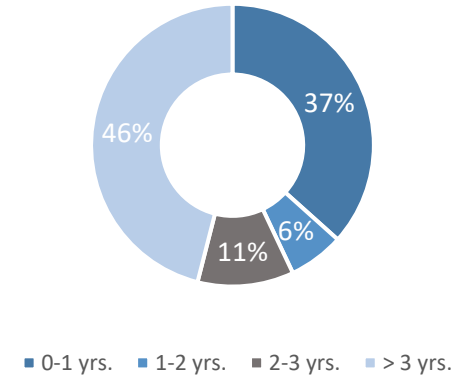


Interest Rate Sensitivity

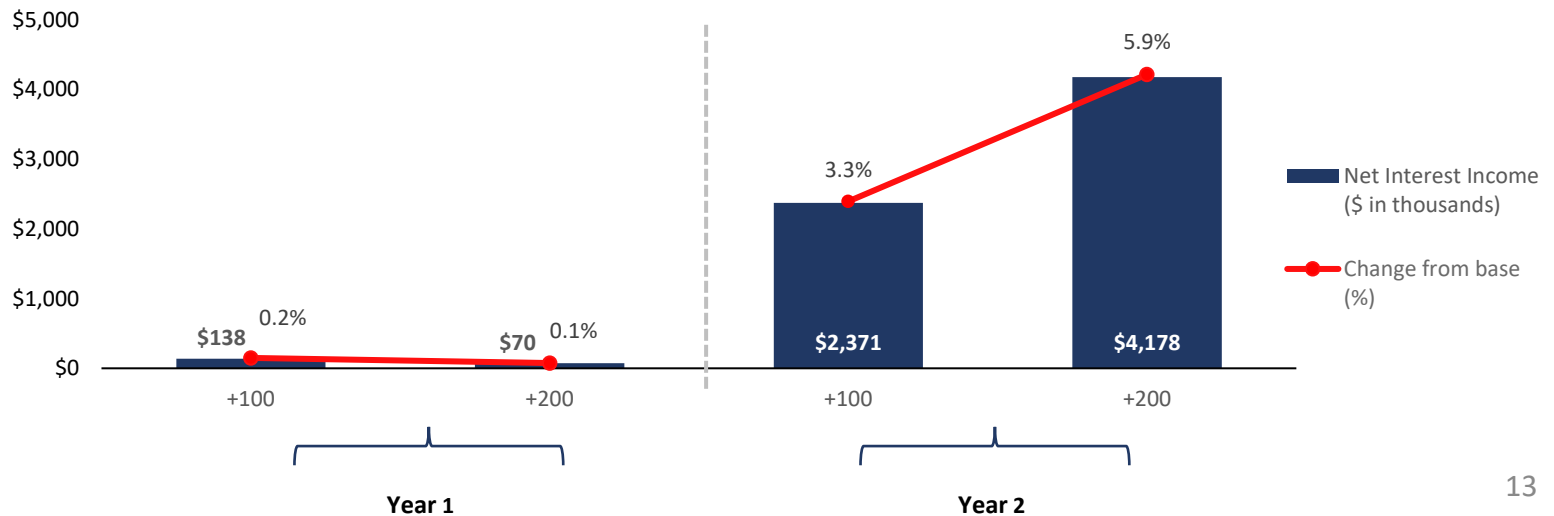
Loan Portfolio Repricing Profile
by Rate Type



Loan Repricing Schedule
Variable/Hybrid Rate Loans



Static NII Simulation Year 1 & 2





Non-interest Income

In thousands (except ratios)

	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Service fees	\$1,083	\$900	\$961	\$856	\$903
Gain (loss) on sale of securities available for sale	(3)	21	35	(70)	187
Gain on sale of loans held for sale	22	334	107	532	23
Gain on sale of other assets	-	-	983	-	-
Loan settlement	-	161	-	2,500	-
Other income	515	529	558	399	403
Total non-interest income	\$1,617	\$1,945	\$2,644	\$4,217	\$1,516
Average total assets	\$1,968,381	\$1,913,484	\$1,828,037	\$1,741,423	\$1,660,060
Non-interest income / Average assets ⁽¹⁾	0.33%	0.41%	0.57%	0.96%	0.37%
Total Revenue	\$17,259	\$16,324	\$16,720	\$17,688	\$13,990
Non-interest income as % of total revenue	9.37%	11.91%	15.81%	23.85%	10.84%

Commentary

- Service fees and other income remain consistent quarter over quarter.
- Fluctuation of non-interest income primarily impacted by one-time items in prior quarters.
- Prudently managing securities with minimal losses (\$3 thousand) in Q2 2022 as interest rates increase.

⁽¹⁾ Annualized.



Non-interest Expense

In thousands (except ratios and FTE)

	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Salaries and employee benefits	\$5,913	\$5,875	\$5,634	\$5,313	\$5,213
Occupancy	1,251	1,270	1,267	1,192	1,411
Regulatory assessment and fees	226	213	93	317	195
Consulting and legal fees	398	517	539	357	373
Network and information technology services	448	387	268	358	332
Other operating expense	1,315	1,350	1,518	1,470	1,150
Total non-interest expenses	\$9,551	\$9,612	\$9,319	\$9,007	\$8,674
Efficiency ratio	55.34%	58.88%	55.74%	50.92%	62.00%
Average total assets	\$1,968,381	\$1,913,484	\$1,828,037	\$1,741,423	\$1,660,060
Non-interest expense / Average assets ⁽¹⁾	1.95%	2.04%	2.02%	2.05%	2.10%
Full-time equivalent employees	192	190	187	184	183

Commentary

- Salaries and employee benefits increased primarily due to 2 new FTEs.
- Consulting and legal fees normalizing after one-time expenses related to the holding company reorganization in Q1 2022 and Q4 2021.
- Higher revenue and slightly lower non-interest expense improved efficiency ratio to 55.34%.

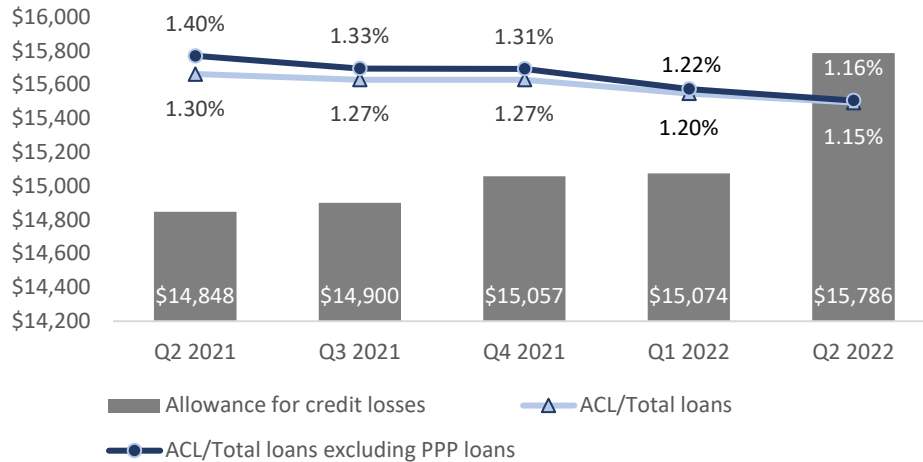
⁽¹⁾ Annualized.



Asset Quality

Allowance for Credit Losses

In thousands (except ratios)

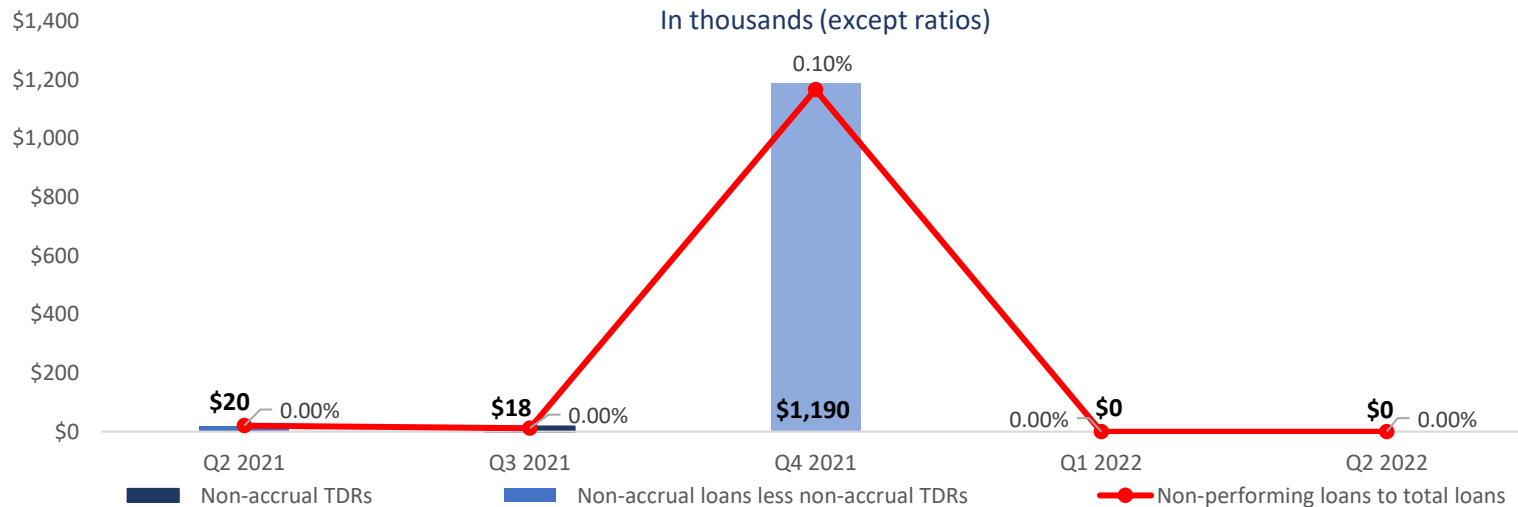


Commentary

- ACL coverage ratio is at 1.15% or 1.16% excluding PPP loans, in line with pre-pandemic levels.
- No loans classified as non-performing.
- No OREOs.
- CECL modeling progressing as planned; first parallel run was completed in Q2 2022.

Non-performing Loans

In thousands (except ratios)





Capital

Capital Ratios ⁽¹⁾	Q2 2022	Q1 2022	Q2 2021	Well-Capitalized
Leverage Ratio	9.43%	9.47%	7.91%	5.00%
TCE/TA ⁽²⁾	8.93%	9.76%	8.50%	NA
Tier 1 Risk Based Capital	12.65%	13.35%	11.44%	8.00%
Total Risk Based Capital	13.74%	14.49%	12.69%	10.00%

Commentary

- All capital ratios remain significantly above “well capitalized” guidelines.
- Q2 2022 EOP shares outstanding:
Class A Common Stock: 20,000,753
- No shares repurchased during the quarter; Board approved repurchase program in place covering 750,000 shares of Class A common stock.

⁽¹⁾ The Company was established in Q4 2021. As such, the capital ratios for Q2 2022 and Q1 2022 are for the Company while Q2 2021 is for the Bank only.

⁽²⁾ Non-GAAP.



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 37.6% Non-Interest-Bearing Deposits (EOP)



Non-GAAP Reconciliation

In thousands (except ratios)

	As of or for the three months ended				
	6/30/2022	3/31/2022	12/31/2021	9/30/2021	6/30/2021
Pre-Tax Pre-Provision ("PTPP") Income:					
Net income	\$ 5,295	\$ 4,854	\$ 5,650	\$ 6,593	\$ 4,053
Plus: Provision for income taxes	1,708	1,858	1,751	2,088	1,263
Plus: Provision for credit losses	705	-	-	-	-
PTPP income	<u>\$ 7,708</u>	<u>\$ 6,712</u>	<u>\$ 7,401</u>	<u>\$ 8,681</u>	<u>\$ 5,316</u>
PTPP Return on Average Assets:					
PTPP income	\$ 7,708	\$ 6,712	\$ 7,401	\$ 8,681	\$ 5,316
Average assets	\$ 1,968,381	\$ 1,913,484	\$ 1,828,037	\$ 1,741,423	\$ 1,660,060
PTPP return on average assets ⁽¹⁾	1.57%	1.42%	1.61%	1.98%	1.28%
Operating Net Income:					
Net income	\$ 5,295	\$ 4,854	\$ 5,650	\$ 6,593	\$ 4,053
Less: Net gains (losses) on sale of securities	(3)	21	35	(70)	187
Less: Tax effect on sale of securities	1	(5)	(9)	17	(46)
Operating net income	<u>\$ 5,297</u>	<u>\$ 4,838</u>	<u>\$ 5,624</u>	<u>\$ 6,646</u>	<u>\$ 3,912</u>
Operating PTPP Income:					
PTPP income	\$ 7,708	\$ 6,712	\$ 7,401	\$ 8,681	\$ 5,316
Less: Net gains (losses) on sale of securities	(3)	21	35	(70)	187
Operating PTPP Income	<u>\$ 7,711</u>	<u>\$ 6,691</u>	<u>\$ 7,366</u>	<u>\$ 8,751</u>	<u>\$ 5,129</u>
Operating PTPP Return on Average Assets:					
Operating PTPP income	\$ 7,711	\$ 6,691	\$ 7,366	\$ 8,751	\$ 5,129
Average assets	\$ 1,968,381	\$ 1,913,484	\$ 1,828,037	\$ 1,741,423	\$ 1,660,060
Operating PTPP Return on average assets ⁽¹⁾	1.57%	1.42%	1.60%	1.99%	1.24%
Operating Return on Average Assets:					
Operating net income	\$ 5,297	\$ 4,838	\$ 5,624	\$ 6,646	\$ 3,912
Average assets	\$ 1,968,381	\$ 1,913,484	\$ 1,828,037	\$ 1,741,423	\$ 1,660,060
Operating return on average assets ⁽¹⁾	1.08%	1.03%	1.22%	1.51%	0.95%

(1) Annualized.



Non-GAAP Reconciliation

In thousands (except per share data)

	As of and for the three months ended				
	6/30/2022	3/31/2022	12/31/2021	9/30/2021	6/30/2021
Tangible Book Value per Common Share (at period-end):⁽¹⁾					
Total stockholders' equity (GAAP)	\$ 180,068	\$ 192,039	\$ 203,897	\$ 201,918	\$ 166,302
Less: Intangible assets	-	-	-	-	-
Less: Preferred stock	-	-	-	-	24,616
Tangible stockholders' equity (non-GAAP)	\$ 180,068	\$ 192,039	\$ 203,897	\$ 201,918	\$ 141,686
Total shares issued and outstanding (at period-end):⁽²⁾					
Class A common shares	20,000,753	20,000,753	19,991,753	18,767,541	3,889,469
Class B common shares	-	-	-	1,224,212	1,224,212
Total common shares issued and outstanding	20,000,753	20,000,753	19,991,753	19,991,753	5,113,681
Tangible book value per common share (non-GAAP) ⁽³⁾	\$ 9.00	\$ 9.60	\$ 10.20	\$ 10.10	\$ 27.71
Operating Net Income Available to Common Stockholders:⁽¹⁾					
Net income (GAAP)	\$ 5,295	\$ 4,854	\$ 5,650	\$ 6,593	\$ 4,053
Less: Preferred dividends	-	-	-	542	754
Less: Exchange and redemption of preferred shares	-	-	-	89,585	-
Net income (loss) available to common stockholders (GAAP)	5,295	4,854	5,650	(83,534)	3,299
Add back: Exchange and redemption of preferred shares	-	-	-	89,585	-
Operating net income avail. to common stock (non-GAAP)	\$ 5,295	\$ 4,854	\$ 5,650	\$ 6,051	\$ 3,299
Allocation of operating net income per common stock class:					
Class A common stock	\$ 5,295	\$ 4,854	\$ 5,650	\$ 5,598	\$ 2,509
Class B common stock	-	-	-	453	790
Weighted average shares outstanding:					
Class A common stock					
Basic	20,000,753	19,994,953	18,913,914	15,121,460	3,889,469
Diluted	20,171,261	20,109,783	19,023,686	15,187,729	3,933,636
Class B common stock					
Basic	-	-	-	6,121,052	6,121,052
Diluted	-	-	-	6,121,052	6,121,052
Diluted EPS:⁽⁴⁾⁽⁵⁾					
Class A common stock					
Net income (loss) per diluted share (GAAP)	\$ 0.26	\$ 0.24	\$ 0.30	\$ (5.11)	\$ 0.64
Add back: Exchange and redemption of preferred shares	-	-	-	5.48	-
Operating net income per diluted share (non-GAAP)	\$ 0.26	\$ 0.24	\$ 0.30	\$ 0.37	\$ 0.64
Class B common stock					
Net income (loss) per diluted share (GAAP)	\$ -	\$ -	\$ -	\$ (1.02)	\$ 0.13
Add back: Exchange and redemption of preferred shares	-	-	-	1.09	-
Operating net income per diluted share (non-GAAP)	\$ -	\$ -	\$ -	\$ 0.07	\$ 0.13

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

(2) During the quarter ended September 30, 2021, 47,473 shares of Class C preferred stock and 11,061,552 shares of Class D preferred stock were converted into 10,278,072 shares of Class A common stock. Additionally, the Bank closed on the initial public offering of its Class A common stock on July 27, 2021, in which it issued 4,600,000 shares of Class A common stock. As such, the total shares issued and outstanding of Class A common stock was 18,767,541 shares at September 30, 2021.

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

(4) During the quarter ended September 30, 2021, basic net loss per share is the same as diluted net loss per share as the inclusion of all potential common shares outstanding would have been antidilutive.

(5) During the quarter ended December 31, 2021, the Company entered into agreements with the Class B common shareholders to exchange all outstanding Class B non-voting common stock for Class A voting common stock at a ratio of 1 share of Class A common stock for each 5 shares of Class B non-voting common stock. In calculating net income (loss) per diluted share for the prior quarters presented, the allocation of operating net income available to common stockholders was based on the weighted average shares outstanding per common share class to the total weighted average shares outstanding during each period. The operating net income allocation was calculated using the weighted average shares outstanding of Class B common stock on an as-converted basis. 20



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