UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A

(Amendment No. 1)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2022

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____to_____

Commission File Number: 001-41196

USCB Financial Holdings, Inc.

(Exact name of registrant as specified in its charter)

Florida	**87-4070846**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

2301 NW 87th Avenue, Doral, FL 33172

(Address of principal executive offices) (zip code)

Registrant's telephone number, including area code: **(305) 715-5200**

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, $1.00 par value per share	USCB	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☐ Yes No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "non-accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒ Smaller reporting company ☒ 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. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C.7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes ☐ No ☒

The aggregate market value of the voting stock held by non-affiliates of the registrant based on the closing price of $11.54 per share on June 30, 2022, the last business day of the registrant's second quarter, was approximately $125.4 million (20,000,753 shares issued and outstanding at such date less shares held by affiliates). Although directors and executive officers and their affiliates of the Registrant were assumed to be "affiliates" of the Registrant for purposes of the calculation, the classification is not to be interpreted as an admission of such status.

As of March 15, 2023, the registrant had had 19,622,380 shares of Class A Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of the registrant's Proxy Statement for the 2023 Annual Meeting of Shareholders (the "2023 Proxy Statement") are incorporated by reference into Part III of this report.

EXPLANATORY NOTE

This Amendment No. 1 (“Amendment No. 1”) to the Annual Report on Form 10-K of USCB Financial Holdings, Inc. (the “Company”, “we,” “our” or “us”) for the fiscal year ended December 31, 2022, as filed with the Securities and Exchange Commission (“SEC”) on March 24, 2023 (the “2022 Annual Report” or “Original Report”), is being filed (i) to correct an HTML conversion error in the stock performance graph included in Item 5 of Part II and (ii) to delete the logo of the independent registered public accounting firm that was inadvertently included on more pages than the audit report in the consolidated financial statements included in Item 8 of Part II (none of the financial data contained in the consolidated financial statements and the notes thereto set forth in Item 8 was revised or modified in any way).

In accordance with Rule 12b-15 under the Securities Exchange Act of 1934, as amended, Item 5 and Item 8 of Part II of the 2022 Annual Report are hereby amended and restated in their entirety. In addition, pursuant to Rule 12b-15, the Company is including Item 15 of Part IV with this Amendment No. 1, solely to file the certifications required under Sections 302 and 906 of the Sarbanes-Oxley Act of 2002.

This Amendment No. 1 does not affect any other portion of the 2022 Annual Report. Additionally, except as specifically referenced herein, this Amendment No. 1 does not reflect any event after March 24, 2023, the filing date of the 2022 Annual Report or modify disclosures affected by subsequent events.

Terms used herein but not otherwise defined in Amendment No. 1 have such meaning ascribed to them in the Original Report.

FORM 10-K/A
DECEMBER 31, 2022

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PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

In July 2021, the Bank's Class A common stock began trading on the Nasdaq Stock Market under ticker symbol "USCB". The listing of our Class A common stock on the Nasdaq Stock Market has resulted in a more active trading market for our Class A common stock. However, we cannot assure that a liquid trading market for our Class A common stock will be sustained.

Effective December 30, 2021, the bank holding company, or the Company, acquired all issued and outstanding shares of Class A common stock of the Bank. Each of the outstanding shares of the Bank's common stock formerly held by its shareholders was converted into and exchanged for one newly issued share of the Company's common stock. The ticker symbol "USCB" remained the same.

Prior to our listing on the Nasdaq Stock Market there was not an established public trading market for the Class A common shares. The following table shows the quarterly high and low closing prices of our Class A common stock traded on the Nasdaq Stock Market since going public on July 23, 2021:

	Stock Price	
	High	**Low**
Quarter Ended:		
September 30, 2021	$ 13.91	$ 10.57
December 31, 2021	$ 15.89	$ 12.30
March 31, 2022	$ 15.49	$ 13.30
June 30, 2022	$ 14.84	$ 11.21
September 30, 2022	$ 14.74	$ 11.08
December 31, 2022	$ 14.30	$ 12.16

As of December 31, 2022, our Class B common stock is not listed or traded on any stock exchange and no shares were issued and outstanding at such date.

Holders

As of January 31, 2023, the Company's Class A common shares were held by approximately 300 shareholders of record, not including the number of persons or entities whose stock is held in nominee or "street" name through various brokerage firms and banks.

Dividends

As a bank holding company, the Company's ability to declare and pay dividends depends on various federal regulatory considerations, including the guidelines of the Federal Reserve regarding capital adequacy and dividends.

Because we are a bank holding company and currently do not engage directly in business activities of a material nature, our ability to pay dividends to our shareholders depends, in large part, upon our receipt of dividends from the Bank, which is also subject to numerous limitations on the payment of dividends under federal and state banking laws, regulations and policies.

The principal source of revenue with which to pay dividends on common shares are dividends the Bank may declare and pay out of funds legally available for payment of dividends. As a Florida corporation, we are only permitted to pay dividends to shareholders if, after giving effect to the dividend, (i) the Company is able to pay its debts as they become due in the ordinary course of business and (ii) the Company's assets exceeds the sum of Company's (a) liabilities plus (b) the amount that would be needed for the Company to satisfy the preferential rights upon dissolution of shareholders whose preferential rights are superior to those receiving the dividend, if any.

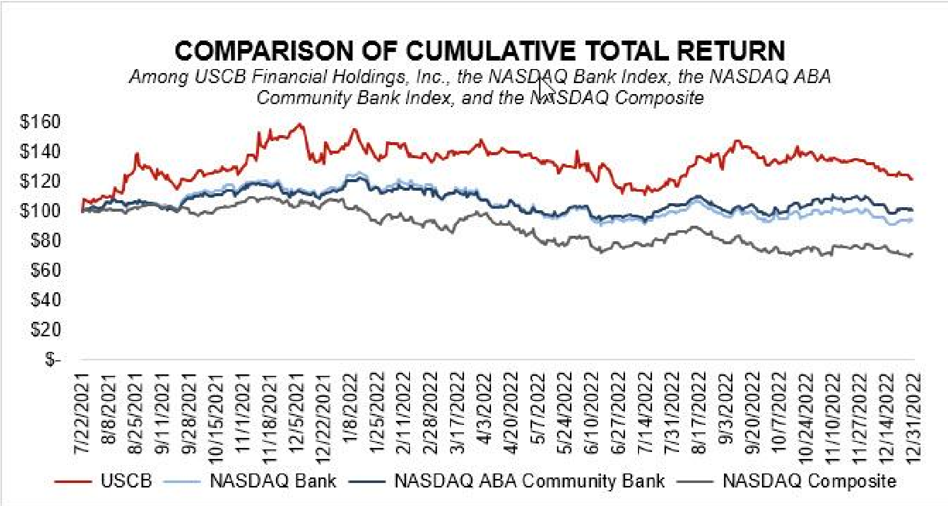
Securities Authorized for Issuance Under Equity Compensation Plans

See Note 9 "Equity Based and Other Compensation Plans" to the Consolidated Financial Statements included in this Annual Report Form on 10-K for additional information required.

Stock Price Performance

The graph below compares the cumulative total return to stockholders of our Class A common stock between July 23, 2021 (the date the Bank's Class A common stock commenced trading on the Nasdaq Stock Market) and December 31, 2022, with the cumulative total return of (a) the Nasdaq Bank Index (b) the NASDAQ ABA Community Bank Index, and (c) the Nasdaq Composite Index over the same period. This graph assumes the investment of $100 in our Class A common stock at the closing sale price of $10.82 per share on July 23, 2021, and assumes the reinvestment of dividends, if any.

The comparisons shown in the graph below are based upon historical data. We caution that the stock price performance shown in the graph below is not indicative of, nor is it intended to forecast, the potential future performance of our common stock.



		07/23/2021		12/31/2021		12/31/2022
USCB Financial Holdings, Inc. (USCB)	$	100	$	140	$	122
NASDAQ Bank (BANK)	$	100	$	115	$	94
NASDAQ ABA Community Bank (QABA)	$	100	$	114	$	101
NASDAQ Composite (IXIC)	$	100	$	107	$	71

Recent Sales of Unregistered Securities

None.

Purchases of Equity Securities by Issuer and Other Affiliates

On January 24, 2022, the Board approved a share repurchase program of up to 750,000 shares of Class A common stock. Under the repurchase program, the Company may purchase shares of Class A common stock on a discretionary basis from time to time through open market repurchases, privately negotiated transactions, or otherwise in compliance with Rule 10b-18 under the Exchange Act. As of December 31, 2022, neither the Company nor any of its affiliates had repurchased any Class A common shares of the Company.

Item 8. Financial Statements and Supplementary Data

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Stockholders and the Board of Directors of
USCB Financial Holdings, Inc.
Doral, Florida

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of USCB Financial Holdings, Inc. (the "Company") as of December 31, 2022 and 2021, the related consolidated statements of operations, comprehensive income (loss), changes in stockholders' equity, and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Crowe LLP
Crowe LLP

We have served as the Company's auditor since 2017.

Fort Lauderdale, Florida
March 24, 2023

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USCB FINANCIAL HOLDINGS, INC.
Consolidated Balance Sheets
(Dollars in thousands, except share and per share data)

	December 31, 2022	December 31, 2021
ASSETS:		
Cash and due from banks	$ 6,605	$ 6,477
Interest-bearing deposits in banks	47,563	39,751
Total cash and cash equivalents	54,168	46,228
Investment securities held to maturity (fair value $169,088 and $120,157, respectively)	188,699	122,658
Investment securities available for sale, at fair value	230,140	401,542
Federal Home Loan Bank stock, at cost	2,882	2,100
Loans held for investment, net of allowance of $17,487 and $15,057, respectively	1,489,851	1,175,024
Accrued interest receivable	7,546	5,975
Premises and equipment, net	5,263	5,278
Bank owned life insurance	42,781	41,720
Deferred tax asset, net	42,360	34,929
Lease right-of-use asset	14,395	14,185
Other assets	7,749	4,300
Total assets	$ 2,085,834	$ 1,853,939
LIABILITIES:		
Deposits:		
Demand	$ 629,776	$ $605,425
Money market and savings accounts	915,853	703,856
Interest-bearing checking accounts	66,675	55,878
Time deposits	216,977	225,220
Total deposits	1,829,281	1,590,379
Federal Home Loan Bank advances	46,000	36,000
Lease liability	14,395	14,185
Accrued interest and other liabilities	13,730	9,478
Total liabilities	1,903,406	1,650,042
Commitments and contingencies (See Note 10 and 18)		
STOCKHOLDERS' EQUITY:		
Preferred stock - Class C; $1.00 par value; $1,000 per share liquidation preference; 52,748 shares authorized; 0 issued and outstanding as of December 31, 2022 and 2021	-	-
Preferred stock - Class D; $1.00 par value; $5.00 per share liquidation preference; 12,309,480 shares authorized; 0 issued and outstanding as of December 31, 2022 and 2021	-	-
Preferred stock - Class E; $1.00 par value; $1,000 per share liquidation preference; 3,185,024 shares authorized; 0 issued and outstanding as of December 31, 2022 and 2021	-	-
Common stock - Class A Voting; $1.00 par value; 45,000,000 shares authorized; 20,000,753 and 19,991,753 issued and outstanding as of December 31, 2022 and 2021	20,001	19,992
Common stock - Class B Non-voting; $1.00 par value; 8,000,000 shares authorized; 0 issued and outstanding as of December 31, 2022 and 2021	-	-
Additional paid-in capital on common stock	311,282	310,666
Accumulated deficit	(104,104)	(124,245)
Accumulated other comprehensive income (loss)	(44,751)	(2,516)
Total stockholders' equity	182,428	203,897
Total liabilities and stockholders' equity	$ 2,085,834	$ 1,853,939

The accompanying notes are an integral part of these consolidated financial statements.

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USCB FINANCIAL HOLDINGS, INC.
Consolidated Statements of Operations
(Dollars in thousands, except per share data)

	Years Ended December 31, 2022	2021
Interest income:		
Loans, including fees	$ 60,825	$ 48,730
Investment securities	9,346	7,886
Interest-bearing deposits in financial institutions	929	106
Total interest income	71,100	56,722
Interest expense:		
Interest-bearing deposits	86	59
Savings and money markets accounts	5,173	2,082
Time deposits	1,509	1,531
Federal Home Loan Bank advances	671	554
Total interest expense	7,439	4,226
Net interest income before provision for credit losses	63,661	52,496
Provision for credit losses	2,495	(160)
Net interest income after provision for credit losses	61,166	52,656
Non-interest income:		
Service fees	4,010	3,609
Bank owned life insurance income	1,061	759
Gain (loss) on sale of securities available for sale, net	(2,529)	214
Gain on sale of loans held for sale, net	891	1,626
Gain on sale of premises and equipment, net	-	983
Loan settlement	161	2,500
Other non-interest income	1,634	1,007
Total non-interest income	5,228	10,698
Non-interest expense:		
Salaries and employee benefits	23,943	21,438
Occupancy	5,058	5,257
Regulatory assessment and fees	930	783
Consulting and legal fees	1,890	1,454
Network and information technology services	1,806	1,466
Audit and tax services fees	918	975
Other operating	4,764	4,304
Total non-interest expense	39,309	35,677
Net income before income tax expense	27,085	27,677
Income tax expense	6,944	6,600
Net income	20,141	21,077
Less: Preferred stock dividend	-	2,077
Less: Exchange and redemption of preferred shares	-	89,585
Net income (loss) available to common stockholders	$ 20,141	$ (70,585)
Per share information:		
Class A common stock		
Net income (loss) per share, basic	$ 1.01	$ (6.72)
Net income (loss) per share, diluted	$ 1.00	$ (6.72)

(1) See Note 14 "Earnings per Share" for information on the allocation of income available to common stockholders.

The accompanying notes are an integral part of these consolidated financial statements.

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USCB FINANCIAL HOLDINGS, INC.
Consolidated Statements of Comprehensive Income (Loss)
(Dollars in thousands)

	Years Ended December 31,	
	2022	**2021**
Net income	$ 20,141	$ 21,077
Other comprehensive income (loss):		
Unrealized loss on investment securities	(59,260)	(9,561)
Amortization of net unrealized gains on securities transferred from available-for-sale to held-to-maturity	120	108
Reclassification adjustment for (gain) loss included in net income	2,529	(214)
Tax effect	14,376	2,370
Total other comprehensive loss, net of tax	(42,235)	(7,297)
Total comprehensive income (loss)	$ (22,094)	$ 13,780

The accompanying notes are an integral part of these consolidated financial statements.

USCB FINANCIAL HOLDINGS, INC.
Consolidated Statements of Changes in Stockholders' Equity
(Dollars in thousands, except per share data)

	Preferred Stock		Common Stock					
	Shares	Par Value	Shares	Par Value	Additional Paid-in Capital on Common Stock	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balance at January 1, 2022	-	$ -	19,991,753	$ 19,992	$ 310,666	$ (124,245)	$ (2,516)	$ 203,897
Net income	-	-	-	-	-	20,141	-	20,141
Other comprehensive loss	-	-	-	-	-	-	(42,235)	(42,235)
Issuance of common stock - exercised options	-	-	9,000	9	93	-	-	102
Stock based compensation	-	-	-	-	523	-	-	523
Balance at December 31, 2022	-	-	20,000,753	20,001	311,282	(104,104)	(44,751)	182,428
Balance at January 1, 2021	12,350,879	$ 32,077	10,010,521	$ 10,010	$ 177,755	$ (53,622)	$ 4,781	$ 171,001
Net income	-	-	-	-	-	21,077	-	21,077
Other comprehensive loss	-	-	-	-	-	-	(7,297)	(7,297)
Dividends - preferred stock	-	-	-	-	-	(2,077)	-	(2,077)
Issuance of Class A common stock, net of offering costs of $6,048	-	-	4,600,000	4,600	35,226	-	-	39,826
Exchange of preferred stock	(11,109,025)	(22,154)	10,278,072	10,279	92,501	(80,626)	-	-
Redemption of preferred stock	(1,241,854)	(9,923)	-	-	-	(8,997)	-	(18,920)
Exchange of Class B to Class A common stock	-	-	(4,896,840)	(4,897)	4,897	-	-	-
Stock based compensation	-	-	-	-	287	-	-	287
Balance at December 31, 2021	-	$ -	19,991,753	$ 19,992	$ 310,666	$ (124,245)	$ (2,516)	$ 203,897

The accompanying notes are an integral part of these consolidated financial statements.

USCB FINANCIAL HOLDINGS, INC.
Consolidated Statements of Cash Flows
(Dollars in thousands)

	Years Ended December 31,	
	2022	2021
Cash flows from operating activities:		
Net income	$ 20,141	$ 21,077
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	2,495	(160)
Depreciation and amortization	688	1,033
Amortization of premiums on securities, net	433	596
Accretion of deferred loan fees, net	(1,497)	(3,754)
Stock based compensation	523	287
Loss (Gain) on sale of available for sale securities, net	2,529	(214)
Gain on sale of loans held for sale	(891)	(1,626)
Gain on sale of premises and equipment, net	-	(983)
Increase in cash surrender value of bank owned life insurance	(1,061)	(759)
Decrease in deferred tax asset	6,945	6,600
Net change in operating assets and liabilities:		
Accrued interest receivable	(1,571)	(428)
Other assets	(3,449)	(2,270)
Accrued interest and other liabilities	4,252	2,652
Net cash provided by operating activities	29,537	22,051
Cash flows from investing activities:		
Purchase of investment securities held to maturity	(14,739)	(57,917)
Proceeds from maturities and pay-downs of investment securities held to maturity	12,237	3,736
Purchase of investment securities available for sale	(53,113)	(258,767)
Proceeds from maturities and pay-downs of investment securities available for sale	40,754	61,047
Proceeds from sales of investment securities available for sale	60,649	48,940
Proceeds from call of investment securities available for sale	-	3,034
Net increase in loans held for investment	(257,580)	(33,515)
Purchase of loans held for investment	(70,175)	(129,531)
Additions to premises and equipment	(673)	(633)
Proceeds from the sale of loans held for sale	12,821	16,980
Proceeds from the sale of property	-	1,652
Proceeds from the redemption of Federal Home Loan Bank stock	3,440	611
Purchase of Federal Home Loan Bank stock	(4,222)	-
Purchase of bank owned life insurance	-	(15,000)
Net cash used in investment activities	(270,601)	(359,363)

(Continued)

The accompanying notes are an integral part of these consolidated financial statements.

USCB FINANCIAL HOLDINGS, INC.
Consolidated Statements of Cash Flows (Continued)
(Dollars in thousands)

	Years Ended December 31, 2022	2021
Cash flows from financing activities:		
Proceeds from issuance of Class A common stock, net	102	39,826
Cash dividends paid	-	(2,077)
Redemption of Preferred stock Class C	-	(5,275)
Redemption of Preferred stock Class D	-	(6,145)
Redemption of Preferred stock Class E	-	(7,500)
Net increase in deposits	238,902	316,977
Proceeds from Federal Home Loan Bank advances	126,000	-
Repayments on Federal Home Loan Bank advances	(116,000)	-
Net cash provided by financing activities	249,004	335,806
Net increase (decrease) in cash and cash equivalents	7,940	(1,506)
Cash and cash equivalents at beginning of year	46,228	47,734
Cash and cash equivalents at end of year	$ 54,168	$ 46,228
Supplemental disclosure of cash flow information:		
Interest paid	$ 7,306	$ 4,286
Supplemental schedule of non-cash investing and financing activities:		
Transfer of loans held for investment to loans held for sale	$ 11,930	$ 15,354
Transfer of investment securities from available-for-sale to held-to-maturity	$ 63,798	$ 68,667
Transfer of premises and equipment to assets held for sale	$ -	$ 652
Lease liability arising from obtaining right-of-use assets	$ 3,203	$ 328
Exchange of Preferred C for Class A common stock	$ -	$ 47,473
Exchange of Preferred D for Class A common stock	$ -	$ 55,308
Exchange of Class B common stock for Class A common stock	$ -	$ 4,897

The accompanying notes are an integral part of these consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Overview

USCB Financial Holdings, Inc., a Florida corporation incorporated in 2021, is a bank holding company with one wholly owned subsidiary, U.S. Century Bank (the "Bank"), together referred to as "the Company". The Bank, established in 2002, is a Florida state-chartered, non-member financial institution providing financial services through its banking centers located in South Florida.

In December 2021, USCB Financial Holdings, Inc. acquired all issued and outstanding shares of the Class A common stock of the Bank. Each of the outstanding shares of the Bank's common stock, par value $1.00 per share, formerly held by its shareholders were converted into and exchanged for one newly issued share of the Company's common stock, par value $1.00 per share.

The Bank owns a subsidiary, Florida Peninsula Title LLC, that offers our clients title insurance policies for real estate transactions closed at the Bank. Licensed in the State of Florida and approved by the Department of Insurance Regulation, Florida Peninsula tittle LLC began operations in 2021.

Principles of Consolidation

Intercompany transactions and balances are eliminated in consolidation. The Consolidated financial statements have been prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP").

Initial Public Offering and Exchange and Redemption of Shares

On July 27, 2021, the Company completed an initial public offering (the "IPO") and its Class A voting common shares began trading on the Nasdaq Stock Market under ticker symbol "USCB". Following the IPO, the Company completed an exchange of then outstanding preferred shares for Class A common shares and thereafter redeemed the remaining outstanding preferred shares.

In December 2021, the Company reached agreements with the Class B common shareholders to receive Class A voting common stock in exchange for all outstanding Class B non-voting common stock in a 1 for 5 stock exchange. As of December 31, 2022, there were no issued and outstanding preferred shares or Class B common shares. See Note 13 "Stockholders' Equity" for further information about the IPO and the exchange and redemption of shares.

Risk and Uncertainties

Current Banking Environment

Industry events transpiring prior to the Company's filing date, including bank failures, have led to uncertainty and concerns regarding the liquidity positions of the banking sector. These failures underscore the importance of maintaining access to diverse sources of funding. The Company's deposit base includes a combination of consumer, commercial, and public funds deposits. The Company's largest depositors include a mixture of government-related organizations and commercial clients without a high level of industry concentration.

In response to these events, the Treasury Department, Federal Reserve, and FDIC jointly announced the Bank Term Funding Program (BTFP) on March 12, 2023. This program aims to enhance liquidity by allowing institutions to pledge certain securities at the par value of the securities, and at a borrowing rate of ten basis points over the one-year overnight index swap rate. The BTFP is available to eligible U.S. federally insured depository institutions, with advances having a term of up to one year and no prepayment penalties. As of the date of the release of the Audited Consolidated Financial Statements, the Company has not accessed the BTFP.

Market conditions and external factors may unpredictably impact the competitive landscape for deposits in the banking industry. Additionally, the rising interest rate environment has increased competition for liquidity and the premium at which liquidity is available to meet funding needs. The Company believes its sources of liquidity are sufficient to meet its needs on the balance sheet date.

An unexpected influx of withdrawals of deposits could adversely impact the Company's ability to rely on organic deposits to primarily fund its operations, potentially requiring greater reliance on secondary sources of liquidity to meet withdrawal demands or to fund continuing operations. These sources may include proceeds from FHLB advances, sales of investment securities and loans, federal funds lines of credit from correspondent banks, and out-of-market time deposits.

Such reliance on secondary funding sources could increase the Company's overall cost of funding and thereby reduce net income. While the Company believes its current sources of liquidity are adequate to fund operations, there is no guarantee they will suffice to meet future liquidity demands. This may necessitate slowing or discontinuing loan growth, capital expenditures, or other investments, or liquidating assets.

For further discussion of the Company's liquidity practices, see page 59 and 62 of this Annual Report on Form 10-K.

Use of Estimates

In preparing the consolidated financial statements, management is required to make estimates and assumptions based on available information that affect the amounts reported in the financial statements and the disclosures provided.

The coronavirus (“COVID-19”) pandemic has negatively affected many of the Company’s clients and could still impair their ability to fulfill their financial obligations. The Company’s business is dependent upon the willingness and ability of its associates and customers to conduct banking and other financial transactions. While we believe conditions have improved as of December 31, 2022, if there is a resurgence in the virus, the Company could experience further adverse effects on its business, financial condition, results of operations and cash flows. While it is not possible to know the full extent of the impact the COVID-19 pandemic will have on the Company's future operations, the Company continues to communicate with its associates and customers to understand their challenges, which allows us to respond to their needs and issues as they arise.

While there was not a material impact to the Company’s Consolidated Financial Statements as of and for the year ended December 31, 2022, future increases in the allowance for credit losses (“ACL”) may be required because of the potential economic downturn that a resurgence in the virus may cause and those ACL increases can be material. It is difficult to quantify the impact that COVID-19 will have on the estimates and assumptions used to prepare the financial statements. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers investments with a maturity of 90 days or less from its original purchase date to be cash equivalents. For the Consolidated Statements of Cash Flows, cash and cash equivalents include cash on hand, amounts due from banks, and interest-bearing deposits in banks.

Restricted Cash

The Company may be required to maintain funds at other banks to satisfy a loan participation agreement. The Company reports restricted cash within cash and cash equivalents.

Interest-Bearing Deposits in Other Financial Institutions

Interest-bearing deposits in other financial institutions consist of Federal Reserve Bank, Federal Home Loan Bank and other accounts.

Investment Securities

Debt securities are recorded at fair value except for those securities which the Company has the positive intent and ability to hold to maturity. Management determines the appropriate classification of its securities at the time of purchase and accounts for them on a trade date basis.

Debt securities that management has the positive intent and ability to hold to maturity are classified as "held-to-maturity" and recorded at amortized cost. Trading securities are recorded at fair value with changes in fair value included in earnings. Securities not classified as held-to-maturity or trading are classified as "available-for-sale" and recorded at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income (loss). Equity investments must be recorded at fair value with changes in fair value included in earnings.

Purchase premiums and discounts are amortized or accreted over the estimated life of the related available-for-sale or held-to-maturity security as an adjustment to yield using the effective interest method. Prepayments of principal are considered in determining the estimated life of the security. Such amortization and accretion are included in interest income in the Consolidated Statements of Operations. Dividend and interest income are recognized when earned. Gains and losses on the sale of securities are recorded on trade date and are determined on a specific identification basis.

Declines in the fair value of available-for-sale debt securities below their cost that are deemed to be other-than-temporary are reflected in earnings as realized losses. In determining whether other-than-temporary impairment exists, management considers several factors in their analysis including (i) severity and duration of the impairment, (ii) credit rating of security including any downgrade, (iii) intent to sell the security, or if it is more likely than not that it will be required to sell the security before recovery, (iv) whether there have been any payment defaults and (v) underlying guarantor of the securities.

Federal Home Loan Bank (FHLB) Stock

The Bank is a member of the FHLB system. Members are required to own a certain amount of stock based on the level of borrowings and other factors and may invest in additional amounts. FHLB stock is carried at cost, classified as a restricted asset, and periodically evaluated for impairment based on ultimate recovery of par value. As of December 31, 2022 and 2021, FHLB stock amounted to $2.9 million and $2.1 million, respectively, with no impairment deemed necessary. Both cash and stock dividends are reported as interest income.

Loans Held for Investment and Allowance for Credit Losses

Loans held for investment ("loans") are reported at their outstanding principal balance net of charge-offs, deferred loan fees, unearned income and the ACL. Interest income is generally recognized when income is earned using the interest method. Loan origination and commitment fees and the costs associated with the origination of loans are deferred and amortized, using the interest method or the straight-line method, over the life of the related loan.

If the principal or interest on a commercial loan becomes due and unpaid for 90 days or more, the loan is placed on non-accrual status as of the date it becomes 90 days past due and remains in non-accrual status until it meets the criteria for restoration to accrual status. Residential loans, on the other hand, are placed on non-accrual status when the principal or interest becomes due and unpaid for 120 days or more and remains in non-accrual status until it meets the criteria for restoration to accrual status. Restoring a loan to accrual status is possible when the borrower resumes payment of all principal and interest payments for a period of six months and the Company has a documented expectation of repayment of the remaining contractual principal and interest or the loan becomes secured and in the process of collection. All interest accrued but not collected for loans that are placed on nonaccrual status is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, under which cash collections are applied to unpaid principal, which may change as conditions dictate.

The Company has determined that the entire balance of a loan is contractually delinquent for all classes if the minimum payment is not received by the specified due date on the borrower's statement. Interest and fees continue to accrue on past due loans until the date the loan goes into nonaccrual status.

The Company provides for loan losses through a provision for credit losses charged to operations. When management believes that a loan or a portion of the loan balance is uncollectible, that amount is charged against the ACL. Subsequent recoveries, if any, are credited to the ACL.

The ACL reflects management's judgment of probable loan losses inherent in the portfolio at the balance sheet date. Management uses a disciplined process and methodology to establish the ACL each quarter. To determine the total ACL, the Company estimates the reserves needed for each segment of the portfolio, including loans analyzed individually and loans analyzed on a pooled basis. The ACL consists of the amount applicable to the following segments:

- Residential real estate
- Commercial real estate
- Commercial and industrial
- Foreign banks
- Other loans (secured and unsecured consumer loans)

Residential real estate loans are underwritten following the policies of the Company which includes a review of the borrower's credit, capacity and the collateral securing the loan. The borrower's ability to repay involves an analysis of factors including: current income, employment status, monthly payment of loan, current debt obligations, monthly debt to income ratio and credit history. The Company relies on appraisals in determining the value of the property. Risk is mitigated by this analysis and the diversity of the residential portfolio.

Commercial real estate loans are secured by liens on commercial properties, land, construction and multifamily housing. Underwriting of commercial loans will analyze the key market and business factors to arrive at a decision on the credit worthiness of the borrower. The analysis may include the capacity of the borrower, income generated by property for debt service, other sources of repayment, sensitivity analysis to fluctuations in market conditions including vacancy and rental rates in geographic location and loan to value. Land and construction analysis will include the time to develop, sell or lease the property. Appraisals are used to determine the value of the underlying collateral. Risk is mitigated as the properties securing the commercial real estate loans are diverse in type, location, and loan structure.

Commercial and industrial loans are secured by the business assets of the company and may include equipment, inventory, and receivables. The loans are underwritten based on the income capacity of the business, the ability to service the debt based on operating cash flows, the credit worthiness of the borrower, other sources of repayment and collateral. The Company mitigates the risk in the commercial portfolio through industry diversification.

Foreign Banks loans are short term loans with international correspondent banking institutions primarily domiciled in Latin America. Most of these loans are for trade capital and have a life of less than one year. The Company's credit review includes a credit analysis, peer comparison and current country risk overview. Annual re-evaluation of the risk rating of the borrower and country and a review of authorized signer within the Company. The risk is mitigated as these loans are short term, have limited exposure, and are geographically dispersed.

Other loans are secured and unsecured consumer loans including personal loans, overdrafts and deposit account collateralized loans. Repayment of these loans are primarily from the personal income of the borrowers. Loans are underwritten based on the credit worthiness of the borrower. The risk on these loans is mitigated by small loan balances.

In determining the balance of the ACL, loans are pooled by product segments with similar risk characteristics and management evaluates the ACL on each segment and as a whole to maintain the allowance at an adequate level based on factors which, in management's judgment, deserve current recognition in estimating credit losses. Such factors include changes in prevailing economic conditions, historical loss experience, delinquency trends, changes in the composition and size of the loan portfolio and the overall credit worthiness of the borrowers.

The ACL consists of general and specific components. The following is how management determines the balance of the general component for the ACL account for each segment of the loans as described above.

The loan segments are primarily grouped by collateral type with similar risk characteristics and a historical loss rate is determined based on a ten year look back period. The Company applies time weights to consider various stages of a credit cycle.

The ACL calculation is based on the Company's own net loss experience adjusted for certain qualitative and environmental factors. To estimate the impact of non-recurrent losses, management has developed a statistical study that tracks historical non-recurring losses at a loan level. This analysis is used to estimate an adjusted loss rate for each loan pool. Management believes the effect of these losses results in a loss rate that is more consistent with the behavior of the loan portfolio in the normal course of business.

Qualitative factors are applied to historical loss rates based on management's experience and assessment. The following are the factors used to adjust the historical loss rates:

- Loan quality review
- Lending and credit management /staff expertise and practices
- Economic and business conditions
- Lending and credit underwriting policies and procedures
- Problem loan levels and trends
- Collateral concentrations
- Large obligor concentration
- New loan volumes

- Combined loan to value (“CLTV”) qualitative adjustment for substandard accrual loan segment

Changes in these factors could result in material adjustments to the ACL. The losses the Company may ultimately incur could differ materially from the amounts estimated in arriving at the ACL.

In addition to the ACL, the Company also estimates probable losses related to financial instruments with off-balance sheet risk, such as letters of credit and unfunded loan commitments, and records these estimates in other liabilities on the Consolidated Balance Sheets with the offset recorded in non-interest expense on the Consolidated Statements of Operations. Financial instruments with off-balance sheet risk are subject to review on an aggregate basis. Past loss experience and any other pertinent information is reviewed, resulting in the estimation of the reserve for financial instruments with off-balance sheet risk.

A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement or when the loan is designated as a Troubled Debt Restructuring (“TDR”). Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Impairment is measured on a loan by loan basis by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable fair value, or the fair value of the collateral, if the loan is collateral dependent. If management determines that the value of the impaired loan is less than the recorded investment in the loan (outstanding principal balance plus accrued interest, net of previous charge-offs, and net of deferred loan fees or cost), impairment is recognized through an allowance estimate or a charge-off to the ACL.

In situations where, due to a borrower's financial difficulties, management grants a concession for other than an insignificant period of time to the borrower that would not otherwise be granted, the loan is classified as a TDR.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) was signed by the President of the United States. The CARES Act has certain provisions which encourage financial institutions to prudently work with borrowers impacted by COVID-19. Under these provisions, modifications deemed to be COVID-19 related would not be considered a TDR if the loan was not more than 30 days past due as of December 31, 2019. The deferral would need to be executed March 1, 2020 and the earlier of 60 days after the date of termination of the COVID-19 national emergency or December 31, 2020. Additional legislation was passed in December of 2020 that extended the TDR relief to January 1, 2022. Banking regulators issued similar guidance clarifying that a COVID-19 related modification should not be considered a TDR if the borrower was current on payments at the time the underlying loan modification program was implemented and considered short-term. See Note 3 “Loans” for additional disclosures of loans that were modified and not considered TDR.

In addition to the allowance for the pooled portfolios, management has developed a separate allowance for loans that are identified as impaired through a TDR. These loans are excluded from the general component of the ACL, and a separate reserve is provided under the accounting guidance for loan impairment. Residential loans whose terms have been modified in a TDR are also individually analyzed for estimated impairment.

The Company's charge-off policy is to review all impaired loans on a quarterly basis in order to monitor the Company's ability to collect them in full at maturity date and/or in accordance with terms of any restructurings. For loans which are collateral dependent, or deemed to be uncollectible, any shortfall in the fair value of the collateral relative to the recorded investment in the loan is charged off.

Concentration of Credit Risks

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties failed to perform as contracted and any collateral or security proved to be insufficient to cover the loss. Concentrations of credit risk (whether on or off-balance sheet) arising from financial instruments exist in relation to certain groups of customers. A group concentration arises when a number of counterparties have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The Company does not have a significant exposure to any individual customer or counterparty.

Most of the Company's business activity is with customers located within its primary market area, which is generally the State of Florida. The Company's loan portfolio is concentrated largely in real estate and commercial loans in South Florida. Many of the Company's loan customers are engaged in real estate development. Circumstances, which negatively impact the South Florida real estate industry or the South Florida economy, in general, could adversely impact the Company's loan portfolio.

At December 31, 2022 and 2021, the Company had a concentration of risk with loans outstanding to the Company's top ten lending relationships totaling $197.9 million and $156.4 million, respectively. At December 31, 2022 and 2021, this concentration represented 13.1%, of the net loans outstanding. For the period ended December 31, 2022 there was one commercial real estate loan note with an outstanding balance of $20 million collateralized by a 1st lien commercial property located in New York State.

At December 31, 2022, the Company also had a concentration of risk with loans outstanding totaling $88.8 million to foreign banks located in Ecuador, Dominican Republic, Honduras, and El Salvador. At December 31, 2021, the Company also had a concentration of risk with loans outstanding totaling $47.9 million to foreign banks located in Ecuador, Honduras, and El Salvador. These banks maintained deposits with right of offset totaling $31.4 million and $28.9 million at December 31, 2022 and 2021, respectively.

At various times during the year, the Company has maintained deposits with other financial institutions. The exposure to the Company from these transactions is solely dependent upon daily balances and the financial strength of the respective institution.

Premises and Equipment, net

Land is carried at cost. Premises and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is computed on the straight-line method over the estimated useful life of the asset. Leasehold improvements are amortized over the remaining term of the applicable leases or their useful lives, whichever is shorter. Estimated useful lives of these assets were as follows:

Building	40 years
Furniture, fixtures and equipment	3 to 25 years
Computer hardware and software	3 to 5 years
Leasehold improvements	Shorter of life or term of lease

Maintenance and repairs are charged to expense as incurred while improvements and betterments are capitalized. When items are retired or are otherwise disposed of, the related costs and accumulated depreciation and amortization are removed from the accounts and any resulting gains or losses are credited or charged to income.

Other Real Estate Owned

Other real estate owned ("OREO") consists of real estate property acquired through, or in lieu of, foreclosure that are held for sale and are initially recorded at the fair value of the property less estimated selling costs at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell. Subsequent write-downs are recognized as a valuation allowance with the offset recorded in the Consolidated Statements of Operations. Carrying costs are charged to other real estate owned expenses in the accompanying Consolidated Statements of Operation. Gains or losses on sale of OREO are recognized when consideration has been exchanged, all closing conditions have been met and permanent financing has been arranged.

Bank Owned Life Insurance

Bank owned life insurance ("BOLI") is carried at the amount that could be realized under the contract at the balance sheet date, which is typically cash surrender value. Changes in cash surrender value are recorded in non-interest income. At December 31, 2022, the Company maintained BOLI policies with five insurance carriers with a combined cash surrender value of $42.8 million. These policies cover certain present and former executives and officers, the Company is the beneficiary of these policies.

Employee 401(k) Plan

The Company has an employee 401(k) plan covering substantially all eligible employees. Employee 401(k) plan expense is the amount of matching contributions.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Management is required to assess whether a valuation allowance should be established on the net deferred tax asset based on the consideration of all available evidence using a more likely than not standard. In its evaluation, Management considers taxable loss carry-back availability, expectation of sufficient taxable income, trends in earnings, the future reversal of temporary differences, and available tax planning strategies.

The Company recognizes positions taken or expected to be taken in a tax return in accordance with existing accounting guidance on income taxes which prescribes a recognition threshold and measurement process. Interest and penalties on tax liabilities, if any, would be recorded in interest expense and other operating noninterest expense, respectively.

Impairment of Long-Lived Assets

The Company's long-lived assets, such as premises and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the Consolidated Balance Sheets and reported at the lower of the carrying amount or fair value less costs to sell and are no longer depreciated. The assets and liabilities of a disposal group classified as held for sale would be presented separately in the appropriate asset and liability sections of the Consolidated Balance Sheets.

Transfer of Financial Assets

Transfers of financial assets are accounted for as sales, when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (i) the assets have been isolated from the Company - put presumptively beyond the reach of the transferor and its creditors, even in bankruptcy or other receivership, (ii) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (iii) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity or the ability to unilaterally cause the holder to return specific assets.

Comprehensive Income (Loss)

Under GAAP, certain changes in assets and liabilities, such as unrealized holding gains and losses on securities available-for-sale, are excluded from current period earnings and reported as a separate component of the stockholders' equity section of the Consolidated Balance Sheets, such items, along with net income (loss), are components of comprehensive income (loss). Additionally, any unrealized gains or losses on transfers of investment securities from available-for-sale to held-to-maturity are recorded to accumulated other comprehensive income on the date of transfer and amortized over the remaining life of each security. The amortization of the unrealized gain or loss on transferred securities is reported as a component of comprehensive income (loss). See Note 2 “Investment Securities” for further discussion.

Advertising Costs

Advertising costs are expensed as incurred.

Earnings per Common Share

Basic earnings per common share is net income available to common stockholders divided by the weighted average number of common shares outstanding during the period. Diluted earnings per common share included the effect of additional potential common shares issuable under vested stock options. Basic and diluted earnings per share are updated to reflect the effect of stock splits as occurred. See Note 14 “Earnings Per Share” for additional information on earnings per common share. See Note 13 “Stockholders’ Equity” for further discussion on stock splits.

Interest Income

Interest income is recognized as earned, based upon the principal amount outstanding, on an accrual basis.

Operating Segments

While the Company monitors the revenue streams of the various products and services, operations are managed and financial performance is evaluated on a Company wide basis. Operating results of the individual products are not used to make resource allocations or performance decisions by Company management.

Stock-Based Compensation

Stock based compensation accounting guidance requires that the compensation cost relating to share-based payment transactions be recognized in the accompanying Consolidated Financial Statements. That cost will be measured based on the grant date fair value of the equity or liability instruments issued. The stock-based compensation accounting guidance covers a wide range of share-based compensation arrangements including stock options, restricted share plans, performance-based awards, share appreciation rights, and employee share purchase plans.

The stock-based compensation accounting guidance requires that compensation cost for all stock awards be calculated and recognized over the employees' service period, generally defined as the vesting period. For awards with graded-vesting, compensation cost is recognized on a straight-line basis over the requisite service period for the entire award. A Black-Scholes model is used to estimate the fair value of stock options.

Loss Contingencies

Loss contingencies, including claims and legal actions arising in the normal course of business, are recorded as liabilities when the likelihood of loss is probable, and an amount or range of loss can be reasonably estimated. In the opinion of management, none of these actions, either individually or in the aggregate, is expected to have a material adverse effect on the Company’s Consolidated Financial Statements. See Note 18 “Loss Contingencies” for further details.

Dividend Restrictions

Banking regulations require maintaining certain capital levels and may limit the dividends paid by the Bank to the Company or by the Company to the shareholders.

Fair Value Measurements

Fair values of financial instruments are estimated using relevant market information and other assumptions, as more fully disclosed in Note 12 “Fair Value Measurements”. Fair value estimates involve uncertainties and matters of significant judgment. Changes in assumptions or in market conditions could significantly affect the estimates.

Derivative Instruments

Derivative financial instruments are carried at fair value and reflect the estimated amount that would have been received to terminate these contracts at the reporting date based upon pricing or valuation models applied to current market information.

The Company enters into interest rate swaps to provide commercial loan clients the ability to swap from a variable interest rate to a fixed rate. The Company enter into a floating-rate loan with a customer with a separately issued swap agreement allowing the customer to convert floating payments of the loan into a fixed interest rate. To mitigate risk, the Company will enter into a matching agreement with a third party to offset the exposure on the customer agreement. These swaps are not considered to be qualified hedging transactions and the unmatched unrealized gain or loss is recorded in other non-interest income.

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized in an amount that reflects the consideration the Company expects to receive for the services the Company provides to its customers. The main revenue earned by the Company from loans and investment securities are excluded from the accounting standard update “Revenue from Contracts with Customers”. Deposit and service charge fees, consisting of primarily monthly maintenance fees, wire fees, ATM interchange fees and other transaction-based fees, are the most significant types of revenue within the accounting standard update. Revenue is recognized when the service provided by the Company is complete. The aggregate amount of revenue within the scope of this standard that is received from sources other than deposit service charges and fees is not material.

Cash Flow Statement

The Company reports the net activity rather than gross activity in the Consolidated Statements of Cash Flows. The net cash flows are reported for loans held for investment, accrued interest receivable, deferred tax asset, other assets, customer deposits, accrued interest payable, other liabilities, and proceeds from issuance of Class A common shares.

Reclassifications

Certain amounts in the Consolidated Financial Statements have been reclassified to conform to the current presentation. Reclassifications had no impact on the net income or stockholders’ equity of the Company.

Recently Issued Accounting Standards – Not Yet Adopted

Measurement of Credit Losses on Financial Instruments

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses (Topic 326); Measurement of Credit Losses on Financial Instruments. This accounting standard update (“ASU” or “Update”) on accounting for current expected credit losses on financial instruments (“CECL”) will replace the current probable incurred loss impairment methodology under U.S. GAAP with a methodology that reflects the expected credit losses. The Update is intended to provide financial statement users with more decision-useful information about expected credit losses. This Update is applicable to the Company on a modified retrospective basis for interim and annual periods in fiscal years beginning after December 15, 2022. The Company adopted this ASU on January 1, 2023. To date, the Company executed a detailed implementation plan through the adoption date, implemented a software solution to assist with the CECL estimation process, and has completed parallel run models, and finished a data gap analysis.

The company expects its allowance for credit losses to increase in 2023 approximately $1.0 million to $2.0 million upon adoption of ASU 2016-13 compared to its allowance for loan losses at December 31, 2022. Reserve on unfunded commitments will also increase approximately $200 thousand to $600 thousand and it will be recognized as a liability on the Consolidated Balance Sheet. The Company reviewed it’s held-to-maturity debt securities and the allowance was deemed immaterial. The Company will initially apply the impact of the new guidance through a cumulative-effect adjustment to retained earnings as of January 1, 2023. Future adjustments to credit loss expectations will be recorded through the income statement as charges or credits to earnings.

The disclosed estimates are subject to further refinement upon finalization of the Company’s review of the calculations, assumptions, methodologies and judgments. Internal controls over financial reporting relating to these new processes have been designed and implemented and are being evaluated. The Company is in the final stages of completing the formal governance and approval process. The ongoing impact to the Company’s results of operations in future periods will be influenced by the loan portfolio composition and by macroeconomic conditions and forecasts at each reporting date. Adoption of the standard on the first quarter of 2023 is expected to result in higher volatility in the quarterly provision for credit losses when compared to the Company’s historical results under the incurred loss model.

Troubled Debt Restructurings and Vintage Disclosures

In March 2022, the FASB issued ASU 2022-02, Financial Instruments – Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures. This accounting standard eliminates the accounting guidance for troubled debt restructurings by creditors in ASC 310-40, and it enhances disclosure requirements for some loan refinancings and restructurings involving borrowers experiencing financial difficulty. Specifically, rather than applying the troubled debt restructuring recognition and measurement guidance, creditors will evaluate all loan modifications to determine if they result in a new loan or a continuation of the existing loan. Losses associated with troubled debt restructurings should be incorporated in a creditor's estimate of its allowance for credit losses. Additionally, public business entities are required to disclose current-period gross write-offs by year of origination for loan financing receivables and net investment in leases.

Reference Rate Reform

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848), Facilitation of the Effects of Reference Rate Reform on Financial Reporting. In January 2021, the FASB clarified the scope of this guidance with ASU 2021-01 which provides optional guidance for a limited period of time to ease the burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting. This ASU is effective March 12, 2020 through December 31, 2024. The Company is evaluating the impact of this ASU and has not yet determined whether LIBOR transition and this ASU will have material effects on our business operations and consolidated financial statements.

2. INVESTMENT SECURITIES

The following tables present a summary of the amortized cost, unrealized or unrecognized gains and losses, and fair value of investment securities at the dates indicated (in thousands):

	December 31, 2022			
Available-for-sale:	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
U.S. Government Agency	$ 10,177	$ -	$ (1,522)	$ 8,655
Collateralized mortgage obligations	118,951	-	(23,410)	95,541
Mortgage-backed securities - Residential	73,838	-	(12,959)	60,879
Mortgage-backed securities - Commercial	32,244	15	(4,305)	27,954
Municipal securities	25,084	-	(6,601)	18,483
Bank subordinated debt securities	15,964	5	(1,050)	14,919
Corporate bonds	4,037	-	(328)	3,709
	$ 280,295	$ 20	$ (50,175)	$ 230,140
Held-to-maturity:				
U.S. Government Agency	$ 44,914	$ 25	$ (5,877)	$ 39,062
U.S. Treasury	9,841	-	(13)	9,828
Collateralized mortgage obligations	68,727	28	(7,830)	60,925
Mortgage-backed securities - Residential	42,685	372	(4,574)	38,483
Mortgage-backed securities - Commercial	11,442	-	(665)	10,777
Corporate bonds	11,090	-	(1,077)	10,013
	$ 188,699	$ 425	$ (20,036)	$ 169,088

	December 31, 2021			
Available-for-sale:	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
U.S. Government Agency	$ 10,564	$ 6	$ (50)	$ 10,520
Collateralized mortgage obligations	160,506	22	(3,699)	156,829
Mortgage-backed securities - Residential	120,643	228	(2,029)	118,842
Mortgage-backed securities - Commercial	49,905	820	(608)	50,117
Municipal securities	25,164	6	(894)	24,276
Bank subordinated debt securities	27,003	1,418	(13)	28,408
Corporate bonds	12,068	482	-	12,550
	$ 405,853	$ 2,982	$ (7,293)	$ 401,542
Held-to-maturity:				
U.S. Government Agency	$ 34,505	$ 14	$ (615)	$ 33,904
Collateralized mortgage obligations	44,820	-	(1,021)	43,799
Mortgage-backed securities - Residential	26,920	-	(568)	26,352
Mortgage-backed securities - Commercial	3,103	-	(90)	3,013
Corporate bonds	13,310	-	(221)	13,089
	$ 122,658	$ 14	$ (2,515)	$ 120,157

For the year ended December 31, 2022, there were 26 investment securities that were transferred from available-for-sale (“AFS”) to held-to-maturity (“HTM”) with an amortized cost basis and fair value amount of $74.4 million and $63.8 million, respectively. On the date of transfer, these securities had a total net unrealized loss of $10.6 million which was included in accumulated other comprehensive income (loss).

Transfers of debt securities into the HTM category from the AFS category are made at fair value at the date of transfer. The unrealized gain or loss at the date of transfer is retained in accumulated other comprehensive income (“AOCI”) and in the carrying value of the held-to-maturity securities. Such amounts are amortized over the remaining life of the security. For the year ended December 31, 2022, total amortization out of AOCI for the net unrealized losses on securities transferred from AFS to HTM was $120 thousand and $108 thousand for year ended December 31, 2021.

The following table presents the proceeds, realized gross gains and realized gross losses on sales and calls of AFS debt securities for the years ended December 31, 2022 and 2021 (in thousands):

Available-for-sale:	**2022**	**2021**
Proceeds from sales and call of securities	$ 60,649	$ 51,974
Gross Gains	$ 217	$ 545
Gross Losses	(2,746)	(331)
Net realized gains (losses)	$ (2,529)	$ 214

The amortized cost and fair value of investment securities, by contractual maturity, are shown below for the date indicated (in thousands). Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Securities not due at a single maturity date are shown separately.

December 31, 2022:	Available-for-sale Amortized Cost	Available-for-sale Fair Value	Held-to-maturity Amortized Cost	Held-to-maturity Fair Value
Due within one year	$ -	$ -	$ 1,515	$ 1,475
Due after one year through five years	4,037	3,709	9,575	8,539
Due after five years through ten years	16,964	15,722	-	-
Due after ten years	24,084	17,680	-	-
U.S. Government Agency	10,177	8,655	44,914	39,061
U.S. Treasury	-	-	9,841	9,828
Collateralized mortgage obligations	118,951	95,541	68,727	60,925
Mortgage-backed securities - Residential	73,838	60,879	42,685	38,483
Mortgage-backed securities - Commercial	32,244	27,954	11,442	10,777
	$ 280,295	$ 230,140	$ 188,699	$ 169,088

At December 31, 2022 and 2021, there were no securities to any one issuer, in an amount greater than 10% of total stockholders' equity other than the United States Government and Government Agencies. All the collateralized mortgage obligations and mortgage-backed securities are issued by United States sponsored entities at December 31, 2022 and 2021.

Information pertaining to investment securities with gross unrealized losses, aggregated by investment category and length of time that those individual securities have been in a continuous loss position, are presented as of the following dates (in thousands):

December 31, 2022	Less than 12 months Fair Value	Less than 12 months Unrealized Losses	12 months or more Fair Value	12 months or more Unrealized Losses	Total Fair Value	Total Unrealized Losses
U.S. Government Agency	$ 11,407	(1,093)	36,310	(7,616)	$ 47,717	$ (8,709)
U.S. Treasury	9,828	(13)	-	-	9,828	$ (13)
Collateralized mortgage obligations	16,500	(963)	139,965	(34,962)	156,465	$ (35,925)
Mortgage-backed securities - Residential	5,059	(564)	91,742	(19,348)	96,801	$ (19,912)
Mortgage-backed securities - Commercial	10,052	(1,173)	26,823	(5,300)	36,875	$ (6,473)
Municipal securities	-	-	18,483	(6,601)	18,483	$ (6,601)
Bank subordinated debt securities	11,295	(670)	2,619	(381)	13,914	$ (1,051)
Corporate bonds	13,723	(926)	-	-	13,723	$ (926)
	$ 77,864	$ (5,402)	$ 315,942	$ (74,208)	$ 393,806	$ (79,610)

December 31, 2021	Less than 12 months Fair Value	Less than 12 months Unrealized Losses	12 months or more Fair Value	12 months or more Unrealized Losses	Total Fair Value	Total Unrealized Losses
U.S. Government Agency	$ 25,951	$ (254)	$ 15,477	$ (516)	$ 41,428	$ (770)
Collateralized mortgage obligations	155,668	(3,223)	38,459	(1,497)	194,127	$ (4,720)
Mortgage-backed securities - Residential	88,772	(1,178)	37,373	(1,274)	126,145	$ (2,452)
Mortgage-backed securities - Commercial	25,289	(318)	7,507	(309)	32,796	$ (627)
Municipal securities	11,292	(395)	11,978	(499)	23,270	$ (894)
Bank subordinated debt securities	4,487	(13)	-	-	4,487	$ (13)
	$ 311,459	$ (5,381)	$ 110,794	$ (4,095)	$ 422,253	$ (9,476)

The unrealized losses associated with $134.7 million of investment securities transferred from the AFS portfolio to the HTM portfolio represent unrealized losses since the date of purchase, independent of the impact associated with changes in the cost basis upon transfer between portfolios.

The Company performs a review of the investments that have an unrealized loss to determine whether there have been any changes in the economic circumstance of the security issuer to indicate that the unrealized loss is impaired on an other-than-temporary ("OTTI") basis. Management considers several factors in their analysis including (i) severity and duration of the impairment, (ii) credit rating of the security including any downgrade, (iii) intent to sell the security, or if it is more likely than not that it will be required to sell the security before recovery, (iv) whether there have been any payment defaults and (v) underlying guarantor of the securities.

At December 31, 2022, the Company had $53.7 million of unrealized losses on mortgage backed securities and collateralized mortgage obligations of government sponsored entities having a fair value of $294.6 million that were attributable to a combination of factors, including relative changes in interest rates since the time of purchase. The contractual cash flows for these securities are guaranteed by U.S. government agencies and U.S. government sponsored entities. The municipal bonds are of high credit quality and the declines in fair value are not due to credit quality. Based on the assessment of these mitigating factors, management believes that the unrealized losses on these debt security holdings are a function of changes in investment spreads and interest rate movements and not changes in credit quality. Management expects to recover the entire amortized cost basis of these securities.

At December 31, 2022, the Company does not intend to sell debt securities that are in an unrealized loss position and it is not more than likely than not that the Company will be required to sell these securities before recovery of the amortized cost basis. Therefore, management does not consider any investment to be other than temporarily impaired at December 31, 2022.

As of December 31, 2022, the Company maintains a master repurchase agreement with a public banking institution for up to $20.0 million fully guaranteed with investment securities upon withdrawal. Any amounts borrowed would be at a variable interest rate based on prevailing rates at the time funding is requested. At December 31, 2022, the Company did not have any securities pledged under this agreement.

In 2018, the Company became a Qualified Public Depositor ("QPD") with the State of Florida. As a QPD, the Company has the authority to legally maintain public deposits from cities, municipalities, and the State of Florida. These public deposits are secured by securities pledged to the State of Florida at a ratio of 25% of the average outstanding uninsured deposits. The Company must also maintain a minimum amount of pledged securities to be in the program.

At December 31, 2022, the Company had eighteen securities with a fair value of $49.0 million pledged to the State of Florida under the public funds program. The Company held a total of $204.2 million in public funds at December 31, 2022.

At December 31, 2021, the Company had eleven securities with a fair value of $20.4 million pledged to the State of Florida under the public funds program. The Company held a total of $37.3 million in public funds at December 31, 2021.

3. LOANS

The following table is a summary of the distribution of loans held for investment by type (in thousands):

	December 31, 2022		December 31, 2021	
	Total	Percent of Total	Total	Percent of Total
Residential Real Estate	$ 185,636	12.3 %	$ 201,359	16.9 %
Commercial Real Estate	970,410	64.4 %	704,988	59.2 %
Commercial and Industrial	126,984	8.4 %	146,592	12.3 %
Foreign Banks	93,769	6.2 %	59,491	5.0 %
Consumer and Other	130,429	8.7 %	79,229	6.6 %
Total gross loans	1,507,228	100.0 %	1,191,659	100.0 %
Less: Unearned income	(110)		1,578	
Total loans net of unearned income	1,507,338		1,190,081	
Less: Allowance for credit losses	17,487		15,057	
Total net loans	$ 1,489,851		$ 1,175,024	

At December 31, 2022 and 2021, the Company had $338.1 million and $185.1 million, respectively, of commercial real estate and residential mortgage loans pledged as collateral on lines of credit with the FHLB and the Federal Reserve Bank of Atlanta. At December 31, 2022 and 2021 the Company had no loans and one loan for $1.2 million, respectively, in the process of foreclosure.

The Company was a participant of the Small Business Administration's ("SBA") Paycheck Protection Program ("PPP") loans. These loans were designed to provide a direct incentive for small businesses to keep their workers on payroll and had to be used towards payroll cost, mortgage interest, rent, utilities and other costs related to COVID-19. These loans are forgivable under specific criteria as determined by the SBA. The Company had PPP loans of $1.3 million at December 31, 2022 and $42.4 million at December 31, 2021, which are categorized as commercial and industrial loans. These PPP loans had deferred loan fees of $13 thousand at December 31, 2022 and $1.5 million at December 31, 2021.

The Company recognized $1.6 million and $4.5 million in PPP loan fees and interest income for the years ended December 31, 2022 and 2021, respectively, which is reported under loans, including fees within the Consolidated Statements of Operations.

The Company segments the portfolio by pools grouping loans that share similar risk characteristics and employing collateral type and lien position to group loans according to risk. The Company determines historical loss rates for each loan pool based on its own loss experience. In estimating credit losses, the Company also considers qualitative and environmental factors that may cause estimated credit losses for the loan portfolio to differ from historical losses.

Changes in the allowance for credit losses for the years ended December 31, 2022 and 2021 are as follows (in thousands):

	Residential Real Estate	Commercial Real Estate	Commercial and Industrial	Foreign Banks	Consumer and Other	Total
December 31, 2022:						
Beginning balance	$ 2,498	$ 8,758	$ 2,775	$ 457	$ 569	$ 15,057
Provision for credit losses	(1,179)	1,385	1,474	263	552	2,495
Recoveries	33	-	18	-	4	55
Charge-offs	-	-	(104)	-	(16)	(120)
Ending Balance	$ 1,352	$ 10,143	$ 4,163	$ 720	$ 1,109	$ 17,487
December 31, 2021:						
Beginning balance	$ 3,408	$ 9,453	$ 1,689	$ 348	$ 188	$ 15,086
Provision for credit losses	(919)	(695)	955	109	390	(160)
Recoveries	238	-	149	-	5	392
Charge-offs	(229)	-	(18)	-	(14)	(261)
Ending Balance	$ 2,498	$ 8,758	$ 2,775	$ 457	$ 569	$ 15,057

Allowance for credit losses and the outstanding balances in loans as of December 31, 2022 and 2021 are as follows (in thousands):

	Residential Real Estate	Commercial Real Estate	Commercial and Industrial	Foreign Banks	Consumer and Other	Total
December 31, 2022:						
Allowance for credit losses:						
Individually evaluated for impairment	$ 155	$ -	$ 41	$ -	$ 98	$ 294
Collectively evaluated for impairment	1,197	10,143	4,122	720	1,011	17,193
Balances, end of period	$ 1,352	$ 10,143	$ 4,163	$ 720	$ 1,109	$ 17,487
Loans:						
Individually evaluated for impairment	$ 7,206	$ 393	$ 82	$ -	$ 196	$ 7,877
Collectively evaluated for impairment	178,430	970,017	126,902	93,769	130,233	1,499,351
Balances, end of period	$ 185,636	$ 970,410	$ 126,984	$ 93,769	$ 130,429	$ 1,507,228
December 31, 2021:						
Allowance for credit losses:						
Individually evaluated for impairment	$ 178	$ -	$ 71	$ -	$ 111	$ 360
Collectively evaluated for impairment	2,320	8,758	2,704	457	458	14,697
Balances, end of period	$ 2,498	$ 8,758	$ 2,775	$ 457	$ 569	$ 15,057
Loans:						
Individually evaluated for impairment	$ 9,006	$ 696	$ 141	$ -	$ 224	$ 10,067
Collectively evaluated for impairment	192,353	704,292	146,451	59,491	79,005	1,181,592
Balances, end of period	$ 201,359	$ 704,988	$ 146,592	$ 59,491	$ 79,229	$ 1,191,659

Credit Quality Indicators

The Company grades loans based on the estimated capability of the borrower to repay the contractual obligation of the loan agreement based on relevant information which may include: current financial information on the borrower, historical payment experience, credit documentation and other current economic trends. Internal credit risk grades are evaluated periodically.

The Company's internally assigned credit risk grades are as follows:

Pass – Loans indicate different levels of satisfactory financial condition and performance.

Special Mention – Loans classified as special mention have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date.

Substandard – Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the obligator or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.

Doubtful – Loans classified as doubtful have all the weaknesses inherent in those classified at substandard, with the added characteristic that the weaknesses make collection or liquidation in full on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

Loss – Loans classified as loss are considered uncollectible.

Loan credit exposures by internally assigned grades are presented below for the periods indicated (in thousands):

	As of December 31, 2022				
	Pass	Special Mention	Substandard	Doubtful	Total Loans
Residential real estate:					
Home equity line of credit ("HELOC") and other	$ 623	$ -	$ -	$ -	$ 623
1-4 family residential	132,178	-	-	-	132,178
Condo residential	52,835	-	-	-	52,835
	185,636	-	-	-	185,636
Commercial real estate:					
Land and construction	38,687	-	-	-	38,687
Multi family residential	176,820	-	-	-	176,820
Condo commercial	49,601	-	393	-	49,994
Commercial property	702,357	-	2,552	-	704,909
Leasehold improvements	-	-	-	-	-
	967,465	-	2,945	-	970,410
Commercial and industrial: (1)					
Secured	120,873	-	807	-	121,680
Unsecured	5,304	-	-	-	5,304
	126,177	-	807	-	126,984
Foreign banks	93,769	-	-	-	93,769
Consumer and other loans	130,233	-	196	-	130,429
Total	$ 1,503,280	$ -	$ 3,948	$ -	$ 1,507,228

(1) All outstanding PPP loans were internally graded pass.

	As of December 31, 2021				
	Pass	Special Mention	Substandard	Doubtful	Total Loans
Residential real estate:					
Home equity line of credit ("HELOC") and other	$ 701	$ -	$ -	$ -	$ 701
1-4 family residential	130,840	-	4,581	-	135,421
Condo residential	65,237	-	-	-	65,237
	196,778	-	4,581	-	201,359
Commercial real estate:					
Land and construction	24,581	-	-	-	24,581
Multi family residential	127,489	-	-	-	127,489
Condo commercial	41,983	-	417	-	42,400
Commercial property	509,189	1,222	-	-	510,411
Leasehold improvements	107	-	-	-	107
	703,349	1,222	417	-	704,988
Commercial and industrial: (1)					
Secured	97,605	-	536	-	98,141
Unsecured	48,434	-	17	-	48,451
	146,039	-	553	-	146,592
Foreign banks	59,491	-	-	-	59,491
Consumer and other loans	79,005	-	224	-	79,229
Total	$ 1,184,662	$ 1,222	$ 5,775	$ -	$ 1,191,659

(1) All outstanding PPP loans were internally graded pass.

Loan Aging

The Company also considers the performance of loans in grading and in evaluating the credit quality of the loan portfolio. The Company analyzes credit quality and loan grades based on payment performance and the aging status of the loan. The following table include an aging analysis of accruing loans and total non-accruing loans as of December 31, 2022 and 2021 (in thousands):

	Accruing					
As of December 31, 2022:	**Current**	**Past Due 30-89 Days**	**Past Due > 90 Days and Still Accruing**	**Total Accruing**	**Non-Accrual**	**Total Loans**
Residential real estate:						
Home equity line of credit and other	$ 623	$ -	$ -	$ 623	$ -	$ 623
1-4 family residential	131,120	1,058	-	132,178	-	132,178
Condo residential	50,310	2,525	-	52,835	-	52,835
	182,053	3,583	-	185,636	-	185,636
Commercial real estate:						
Land and construction	38,687	-	-	38,687	-	38,687
Multi family residential	176,820	-	-	176,820	-	176,820
Condo commercial	49,994	-	-	49,994	-	49,994
Commercial property	704,884	25	-	704,909	-	704,909
Leasehold improvements	-	-	-	-	-	-
	970,385	25	-	970,410	-	970,410
Commercial and industrial:						
Secured	121,649	31	-	121,680	-	121,680
Unsecured	4,332	972	-	5,304	-	5,304
	125,981	1,003	-	126,984	-	126,984
Foreign banks	93,769	-	-	93,769	-	93,769
Consumer and other	130,169	260	-	130,429	-	130,429
Total	$ 1,502,357	$ 4,871	$ -	$ 1,507,228	$ -	$ 1,507,228

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As of December 31, 2021:	Accruing Current	Accruing Past Due 30-89 Days	Accruing Past Due > 90 Days and Still Accruing	Total Accruing	Non-Accrual	Total Loans
Residential real estate:						
Home equity line of credit and other	$ 701	$ -	$ -	$ 701	$ -	$ 701
1-4 family residential	133,942	289	-	134,231	1,190	135,421
Condo residential	64,243	994	-	65,237	-	65,237
	198,886	1,283	-	200,169	1,190	201,359
Commercial real estate:						
Land and construction	24,581	-	-	24,581	-	24,581
Multi family residential	127,053	436	-	127,489	-	127,489
Condo commercial	42,400	-	-	42,400	-	42,400
Commercial property	510,411	-	-	510,411	-	510,411
Leasehold improvements	107	-	-	107	-	107
	704,552	436	-	704,988	-	704,988
Commercial and industrial:						
Secured	98,141	-	-	98,141	-	98,141
Unsecured	48,041	410	-	48,451	-	48,451
	146,182	410	-	146,592	-	146,592
Foreign banks	59,491	-	-	59,491	-	59,491
Consumer and other	78,969	260	-	79,229	-	79,229
Total	$ 1,188,080	$ 2,389	$ -	$ 1,190,469	$ 1,190	$ 1,191,659

There was no interest income recognized attributable to nonaccrual loans outstanding at December 31, 2022 and 2021. Interest income on these loans for the years ended December 31, 2022 and 2021, would have been approximately $0 thousand and $5 thousand, respectively, had these loans performed in accordance with their original terms.

There were no loans over 90 days past due and accruing as of December 31, 2022 and 2021.

Impaired Loans

The following table includes the unpaid principal balances for impaired loans with the associated allowance amount, if applicable, on the basis of impairment methodology for the dates indicated (in thousands):

	December 31, 2022			December 31, 2021		
	Unpaid Principal Balance	Net Investment Balance	Valuation Allowance	Unpaid Principal Balance	Net Investment Balance	Valuation Allowance
Impaired Loans with No Specific Allowance:						
Residential real estate	$ 3,551	$ 3,544	$ -	$ 5,021	$ 5,035	$ -
Commercial real estate	393	393	-	696	695	-
	3,944	3,937	-	5,717	5,730	-
Impaired Loans with Specific Allowance:						
Residential real estate	3,655	3,626	155	3,985	3,950	178
Commercial and industrial	82	82	41	141	141	71
Consumer and other	196	196	98	224	224	111
	3,933	3,904	294	4,350	4,315	360
Total	$ 7,877	$ 7,841	$ 294	$ 10,067	$ 10,045	$ 360

Net investment balance is the unpaid principal balance of the loan adjusted for the remaining net deferred loan fees.

The following table presents the average recorded investment balance on impaired loans as of December 31, 2022 and 2021 (in thousands):

	2022	2021
Residential real estate	$ 7,626	$ 8,791
Commercial real estate	575	714
Commercial and industrial	109	178
Consumer and other	210	254
Total	$ 8,520	$ 9,937

Interest income recognized on impaired loans for the years ended December 31, 2022 and 2021 was $ 351 thousand and $415 thousand, respectively.

Troubled Debt Restructuring

A troubled debt restructuring ("TDR") occurs when the Company has agreed to a loan modification in the form of a concession for a borrower who is experiencing financial difficulty.

The following table presents performing and non-performing TDRs for the dates indicated (in thousands):

	December 31, 2022			December 31, 2021		
	Accrual Status	Non-Accrual Status	Total TDRs	Accrual Status	Non-Accrual Status	Total TDRs
Residential real estate	$ 7,206	$ -	$ 7,206	$ 7,815	$ -	$ 7,815
Commercial real estate	393	-	393	696	-	696
Commercial and industrial	82	-	82	141	-	141
Consumer and other	196	-	196	224	-	224
Total	$ 7,877	$ -	$ 7,877	$ 8,876	$ -	$ 8,876

The Company had allocated $294 thousand and $ 360 thousand of specific allowance for TDR loans at December 31, 2022 and 2021, respectively. Charge-offs on TDR loans for the years ended December 31, 2022 and 2021 was $0 thousand and $18 thousand, respectively. There was no commitment to lend additional funds to these TDR customers.

The Company did not have any new TDR loans, loan modifications, nor defaults for the years ended December 31, 2022 and December 31, 2021.

During the year ended December 31, 2022 and 2021, the Company did not modify any new loans to borrowers impacted by COVID-19. At December 31, 2022, there was no loan past due that was modified in 2021.

4. LEASES

The Company enters into leases in the normal course of business primarily for banking centers and back-office operations. As of December 31, 2022, the Company leased nine of the ten banking centers and the headquarter building. The Company is obligated under non-cancelable operating leases for these premises with expiration dates ranging from 2026 to 2036, many of these leases have extension clauses which the Company could exercise which would extend these dates.

The Company has classified all leases as operating leases. Lease expense for operating leases are recognized on a straight-line basis over the lease term. Right-of-use ("ROU") assets represent the right to use the underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. The Company elected the short-term lease recognition exemption for all leases that qualify, meaning those with terms under 12 months. ROU assets or lease liabilities are not to be recognized for short-term leases.

ROU assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term. In the Company's Consolidated Balance Sheets, ROU assets are reported under other assets while lease liabilities are classified under accrued interest and other liabilities.

As most of the Company's leases do not provide an implicit rate, the incremental borrowing rate based on the information available at commencement date is used. The Company's incremental borrowing rate is based on the FHLB advance rate matching or nearing the lease term.

The following table presents the ROU assets and lease liabilities as of December 31, 2022 and 2021 (in thousands):

	2022	2021
ROU assets:		
Operating leases	$ 14,395	$ 14,185
Lease liabilities:		
Operating leases	$ 14,395	$ 14,185

The weighted average remaining lease term and weighted average discount rate as of December 31, 2022 and 2021:

	2022	2021
Weighted average remaining lease term (in years):		
Operating leases	6.98	8.28
Weighted average discount rate:		
Operating leases	2.94%	2.32%

Future lease payment obligations and a reconciliation to lease liability as of December 31, 2022 (in thousands):

2023	$ 3,158
2024	3,236
2025	3,312
2026	2,383
2027	951
Thereafter	3,478
Total future minimum lease payments	16,518
Less: interest component	(2,123)
Total lease liability	$ 14,395

5. PREMISES AND EQUIPMENT

A summary of premises and equipment are presented below as of December 31, 2022 and 2021 (in thousands):

	2022	2021
Land	$ 972	$ 972
Building	1,952	1,947
Furniture, fixtures and equipment	8,841	8,726
Computer hardware and software	4,575	4,552
Leasehold improvements	10,451	9,921
Premises and equipment, gross	26,791	26,118
Accumulated depreciation and amortization	(21,528)	(20,840)
Premises and equipment, net	$ 5,263	$ 5,278

Depreciation and amortization expense was $688 thousand and $1.0 million for the years ended December 31, 2022 and 2021, respectively. During 2021, the Company eliminated $0.6 million in assets due to the sale of one banking center and relocation of another banking center. The depreciation on these assets was $0.6 million with the remaining amount recognized as an immaterial loss.

6. INCOME TAXES

The Company's provision for income taxes is presented in the following table for the years ended December 31, 2022 and 2021 (in thousands):

	2022	2021
Current:		
Federal	$ -	$ -
State	-	$ -
Total current	-	$ -
Deferred:		
Federal	5,462	$ 5,314
State	1,482	$ 1,286
Total deferred	6,944	$ 6,600
Total tax expense	$ 6,944	$ 6,600

The actual income tax expense for the years ended December 31, 2022 and 2021 differs from the statutory tax expense for the year (computed by applying the U.S. federal corporate tax rate of 21% for 2022 and 2021 to income before provision for income taxes) as follows (in thousands):

	2022	2021
Federal taxes at statutory rate	$ 5,688	$ 5,812
State income taxes, net of federal tax benefit	1,177	$ 969
Bank owned life insurance	(269)	$ (186)
Other, net	348	$ 5
Total tax expense	$ 6,944	$ 6,600

The following table presents the deferred tax assets and deferred tax liabilities as of December 31, 2022 and 2021 (in thousands):

	2022	2021
Deferred tax assets:		
Net operating loss	$ 21,720	$ 28,819
Allowance for credit losses	4,432	3,816
Lease liability	3,648	3,595
Unrealized loss on available for sale securities	15,193	817
Deferred loan fees	-	400
Depreciable property	158	361
Stock option compensation	373	241
Accruals	723	600
Other, net	-	2
Deferred tax asset	$ 46,247	$ 38,651
Deferred tax liability:		
Deferred loan cost	(28)	-
Lease right of use asset	(3,648)	(3,595)
Deferred expenses	(175)	(127)
Other, net	(36)	-
Deferred tax liability	$ (3,887)	$ (3,722)
Net deferred tax asset	$ 42,360	$ 34,929

At December 31, 2022 the Company had approximately $81.8 million of Federal and $104.5 million of State net operating loss carryforwards expiring in various amounts from 2031 to 2036. Their utilization is limited to future taxable earnings of the Company.

In assessing the realizability of deferred tax assets, management considered whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment.

The U.S. Federal jurisdiction and Florida are the major tax jurisdictions where the Company files income tax returns. The Company is generally no longer subject to U.S. Federal or State examinations by tax authorities for years before 2019.

For the years ended December 31, 2022 and 2021, the Company did not have any unrecognized tax benefits as a result of tax positions taken during a prior period or during the current period. Additionally, no interest or penalties were recorded as a result of tax uncertainties.

7. DEPOSITS

The following table presents deposits by type at December 31, 2022 and 2021 (in thousands):

	2022	2021
Non-interest bearing deposits	$ 629,776	$ 605,425
Interest-bearing transaction accounts	66,675	55,878
Saving and money market deposits	915,853	703,856
Time deposits	216,977	225,220
Total deposits	$ 1,829,281	$ 1,590,379

Time deposits exceeding the FDIC deposit insurance limit of $250 thousand at December 31, 2022 and 2021 were $82.0 million and $119.4 million, respectively.

At December 31, 2022, the scheduled maturities of time deposits were (in thousands):

2023	$ 182,647
2024	11,135
2025	1,998
2026	20,402
2027	549
Thereafter	246
	$ 216,977

At December 31, 2022 and 2021, the aggregate amount of demand deposits reclassified to loans as overdrafts was $230 thousand and $247 thousand, respectively.

8. BORROWINGS

Borrowed funds consist of fixed rate advances from the FHLB. At December 31, 2022 FHLB advances were $ 46.0 million and at December 31, 2021 were $36 million.

The following table presents the fixed interest rates and expected maturities of the FHLB advances at December 31, 2022 and 2021 (in thousands):

At December 31, 2022			
Interest Rate	Type of Rate	Maturity Date	Amount
2.05%	Fixed	March 27, 2025	$ 10,000
1.07%	Fixed	July 18, 2025	6,000
1.04%	Fixed	July 30, 2024	5,000
0.81%	Fixed	August 17, 2023	5,000
4.17%	Fixed	January 13, 2023	20,000
			$ 46,000

At December 31, 2021			
Interest Rate	Type of Rate	Maturity Date	Amount
0.81%	Fixed	August 17, 2023	$ 5,000
1.04%	Fixed	July 30, 2024	5,000
2.05%	Fixed	March 27, 2025	10,000
1.91%	Fixed	March 28, 2025	5,000
1.81%	Fixed	April 17, 2025	5,000
1.07%	Fixed	July 18, 2025	6,000
			$ 36,000

The FHLB holds a blanket lien on the Company's loan portfolio that may be pledged as collateral for outstanding advances, subject to eligibility under the borrowing agreement. The Company may also choose to assign cash balances held at the FHLB as additional collateral. See Note 3 “Loans” for further discussion on pledged loans.

9. EQUITY BASED AND OTHER COMPENSATION PLANS

Employee 401(k) Plan

The Company has an employee 401(k) plan (the “Plan”) covering substantially all eligible employees. The Plan includes a provision that the employer may contribute to the accounts of eligible employees for whom a salary deferral is made. There was $313 thousand and $296 thousand of Company contributions to the Plan during the years ended December 31, 2022 and 2021, respectively, and are included under salaries and employee benefits in the Consolidated Statements of Operations.

Stock-Based Compensation

Stock option balances, weighted average exercise price, and weighted average fair value of options granted for the year ended December 31, 2021 were adjusted to reflect the 1 for 5 reverse stock split on Class A common stock. Stock options are only exercisable to Class A common stock. See Note 13 “Stockholders’ Equity” for further discussion on stock split.

In 2015, the Company's shareholders approved the 2015 Equity Incentive Plan (the “2015 Option Plan”), which authorized grants of options to purchase up to 2,000,000 shares of common stock. The 2015 Option Plan provided that vesting schedules will be determined upon issuance of options by the Board of Directors or compensation committee. Options granted under the 2015 Option Plan have a 10-year life, in no event shall an option be exercisable after the expiration of 10 years from the grant date. The 2015 Option Plan has a 10-year life and will terminate in 2025. In July 2020, the shareholders of the Company approved to amend the 2015 Option plan authorizing the issuance of an additional 3,000,000 shares of common stock and extending the life of the plan 5 additional years, terminating in 2030. The approved shares after being adjusted to reflect the 1 for 5 reverse stock split totaled 1,000,000 shares. In December 2021, the shareholders of the Company approved to amend the 2015 Option plan authorizing the issuance of an additional 1,400,000 shares of common stock.

At December 31, 2022, there were 1,386,667 shares available for grant under the 2015 Option Plan. At December 31, 2021, there were 1,401,667 shares available for grant under the 2015 Option Plan.

The Company recognizes compensation expense based on the estimated grant date fair value method using the Black-Scholes option pricing model and accounts for this expense using a prorated straight-line amortization method over the vesting period of the option. Stock based compensation expense is based on awards that the Company expects will ultimately vest, reduced by estimated forfeitures. Estimated forfeitures consider the voluntary termination trends as well as actual option forfeitures.

The compensation expense is reported under salaries and employee benefits in the accompanying Consolidated Statements of Operations. Compensation expense totaling $523 thousand was recognized for the year ended December 31, 2022 and $287 thousand for the year ended December 31, 2021. There was no related tax benefit for the years ended December 31, 2022 and 2021.

Unrecognized compensation cost remaining on stock-based compensation totaled $787 thousand and $1.3 million for the years ended December 31, 2022 and 2021, respectively.

Cash flows resulting from excess tax benefits are required to be classified as a part of cash flows from operating activities. Excess tax benefits are realized tax benefits from tax deductions for exercised options in excess of the deferred tax asset attributable to the compensation cost for such options.

The fair value of options granted was determined using the following weighted-average assumptions at December 31, 2022:

Assumption	2022
Risk-free interest rate	2.34%
Expected term	10 years
Expected stock price volatility	10%
Dividend yield	0%

The following table presents a summary of stock options for the years ended December 31, 2022 and 2021:

	Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Years	Aggregate Intrinsic Value (in thousands)
Balance at January 1, 2022	959,667	$ 10.87	8.4	
Granted	15,000	$ 14.03		
Exercised	(9,000)	$ 11.35		
Balance at December 31, 2022	965,667	$ 10.91	7.4	
Exercisable at December 31, 2022	560,000	$ 10.18	6.4	$ 1,131
Balance at January 1, 2021	339,667	$ 9.37	7.1	
Granted	620,000	$ 11.69		
Balance at December 31, 2021	959,667	$ 10.87	8.4	
Exercisable at December 31, 2021	319,667	$ 9.07	6.0	$ 663

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the difference between the valuation of the Company's stock and the exercise price, multiplied by the number of options considered in-the-money) that would have been received by the option holders had all option holders exercised their options.

The weighted average fair value of options granted for the years ended December 31, 2022 and 2021 was $3.45 and $2.32, respectively.

There were no restricted stock awards outstanding as of December 31, 2021 or 2022.

There are no equity compensation plans of the Company that have not been approved by the shareholders.

10. OFF-BALANCE SHEET ARRANGEMENTS

The Company is a party to financial instruments with off-balance-sheet risk in the normal course of business in order to meet the financial needs of its customers and to reduce its own exposure to fluctuations in interest rates. These financial instruments include unfunded commitments under lines of credit, commitments to extend credit, standby and commercial letters of credit. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the Company's Consolidated Balance Sheets. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instruments for unused lines of credit, and standby letters of credit is represented by the contractual amount of these commitments.

A summary of the amounts of the Company's financial instruments with off-balance sheet risk are shown below at December 31, 2022 and 2021 (in thousands):

	2022	2021
Commitments to grant loans and unfunded lines of credit	$ 95,461	$ 134,877
Standby and commercial letters of credit	4,320	6,420
Total	$ 99,781	$ 141,297

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses.

Unfunded lines of credit and revolving credit lines are commitments for possible future extensions of credit to existing customers. These lines of credit are uncollateralized and usually do not contain a specified maturity date and ultimately may not be drawn upon to the total extent to which the Company is committed.

Standby and commercial letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Those letters of credit are primarily issued to support public and private borrowing arrangements. Essentially all letters of credit have fixed maturity dates and many of them expire without being drawn upon, they do not generally present a significant liquidity risk to the Company.

11. DERIVATIVES

The Company utilizes interest rate swap agreements as part of its asset liability management strategy to help manage its interest rate risk position. The notional amount of the interest rate swaps do not represent amounts exchanged by the parties. The amounts exchanged are determined by reference to the notional amount and the other terms of the individual interest rate swap agreements.

The Company enters into interest rate swaps with its loan customers. The Company had 15 and 18 interest rate swaps with loan customers with a notional amount of $33.9 million and $39.2 million at December 31, 2022 and 2021, respectively. These interest rate swaps have a maturity date between 2025 and 2051. The Company entered into corresponding and offsetting derivatives with third parties. The fair value of liability on these derivatives requires the Company to provide the counterparty with funds to be held as collateral which the Company reports as other assets under the Consolidated Balance Sheets. While these derivatives represent economic hedges, it does not qualify as hedges for accounting purposes.

The following table reflects the Company's customer related interest rate swaps for the dates indicated (in thousands):

	Notional Amount	Collateral Amount	Balance Sheet Location	Fair Value Asset	Fair Value Liability
December 31, 2022:					
Derivatives not designated as hedging instruments:					
Interest rate swaps related to customer loans	$ 33,893	$ 1,278	Other assets/Other liabilities	$ 5,011	$ 5,011
December 31, 2021:					
Derivatives not designated as hedging instruments:					
Interest rate swaps related to customer loans	$ 39,156	$ 1,260	Other assets/Other liabilities	$ 1,434	$ 1,434

12. FAIR VALUE MEASUREMENTS

Determination of Fair Value

The Company uses fair value measurements to record fair-value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with the fair value measurements accounting guidance, the fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Company's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

The fair value guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

Fair Value Hierarchy

In accordance with this guidance, the Company groups its financial assets and financial liabilities generally measured at fair value in three levels, based on the markets in which the assets and liabilities are traded, and the reliability of the assumptions used to determine fair value.

Level 1 - Valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 - Valuation is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.

Level 3 - Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Items Measured at Fair Value on a Recurring Basis

Investment securities: When instruments are traded in secondary markets and quoted market prices do not exist for such securities, management generally relies on prices obtained from independent vendors or third-party broker-dealers. Management reviews pricing methodologies provided by the vendors and third-party broker-dealers in order to determine if observable market information is being utilized. Securities measured with pricing provided by independent vendors or third-party broker-dealers are classified within Level 2 of the hierarchy and often involve using quoted market prices for similar securities, pricing models or discounted cash flow analyses utilizing inputs observable in the market where available.

Derivatives: The fair value of derivatives are measured with pricing provided by third-party participants and are classified within Level 2 of the hierarchy.

The following table represents the Company's assets measured at fair value on a recurring basis at December 31, 2022 and 2021 for each of the fair value hierarchy levels (in thousands):

	2022				2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Investment securities available for sale:								
U.S. Government Agency	$ -	$ 8,655	$ -	$ 8,655	$ -	$ 10,520	$ -	$ 10,520
Collateralized mortgage obligations	-	95,541	-	95,541	-	156,829	-	156,829
Mortgage-backed securities - Residential	-	60,879	-	60,879	-	118,842	-	118,842
Mortgage-backed securities - Commercial	-	27,954	-	27,954	-	50,117	-	50,117
Municipal securities	-	18,483	-	18,483	-	24,276	-	24,276
Bank subordinated debt securities	-	14,919	-	14,919	-	28,408	-	28,408
Corporate bonds	-	3,709	-	3,709	-	12,550	-	12,550
Total	-	230,140	-	230,140	-	401,542	-	401,542
Derivative assets	-	5,011	-	5,011	-	1,434	-	1,434
Total assets at fair value	$ -	$ 235,151	$ -	$ 235,151	$ -	$ 402,976	$ -	$ 402,976
Derivative liabilities	$ -	$ 5,011	$ -	$ 5,011	$ -	$ 1,434	$ -	$ 1,434
Total liabilities at fair value	$ -	$ 5,011	$ -	$ 5,011	$ -	$ 1,434	$ -	$ 1,434

Items Measured at Fair Value on a Non-recurring Basis

Impaired Loans: At December 31, 2022 and 2021, in accordance with provisions of the loan impairment guidance, individual loans with a carrying amount of approximately $3.9 million and $4.4 million, respectively, were written down to their fair value of approximately $3.6 million and $4.0 million, respectively, resulting in an impairment charge of $294 thousand and $360 thousand, respectively, which was included in the allowance for credit losses at December 31, 2022 and 2021, respectively. Loans applicable to write-downs, or impaired loans, are estimated using the present value of expected cash flows or the appraised value of the underlying collateral discounted as necessary due to management's estimates of changes in economic conditions are considered a Level 3 valuation.

Other Real Estate: Other real estate owned are valued at the lesser of the third-party appraisals less management's estimate of the costs to sell or the carrying cost of the other real estate owned. Appraisals generally use the market approach valuation technique and use market observable data to formulate an opinion of the fair value of the properties. However, the appraiser uses professional judgment in determining the fair value of the property and the Company may also adjust the value for changes in market conditions subsequent to the valuation date when current appraisals are not available. As a consequence of the carrying cost or the third-party appraisal and adjustments therein, the fair values of the properties are considered a Level 3 valuation.

The following table represents the Company’s assets measured at fair value on a non-recurring basis at December 31, 2022 and 2021 for each of the fair value hierarchy levels (in thousands):

	Level 1	Level 2	Level 3	Total
December 31, 2022:				
Impaired loans	$ -	$ -	$ 3,639	$ 3,639
December 31, 2021:				
Impaired loans	$ -	$ -	$ 3,990	$ 3,990

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The following table presents quantified information about Level 3 fair value measurements for assets measured at fair value on a non-recurring basis at December 31, 2022 and 2021 (in thousands):

	Fair Value		Valuation Technique(s)	Unobservable Input(s)
December 31, 2022:				
Residential real estate	$	3,500	Sales comparison approach	Adj. for differences between comparable sales
Commercial and industrial		41	Discounted cash flow	Adj. for differences in net operating income expectations
Other		98	Discounted cash flow	Adj. for differences in net operating income expectations
Total impaired loans	$	3,639		
December 31, 2021:				
Residential real estate	$	3,807	Sales comparison approach	Adj. for differences between comparable sales
Commercial and industrial		70	Discounted cash flow	Adj. for differences in net operating income expectations
Other		113	Discounted cash flow	Adj. for differences in net operating income expectations
Total impaired loans	$	3,990		

There were no financial liabilities measured at fair value on a non-recurring basis at December 31, 2022 and 2021.

Items Not Measured at Fair Value

The carrying amounts and estimated fair values of financial instruments not carried at fair value, at December 31, 2022 and 2021 are as follows (in thousands):

			Fair Value Hierarchy							
	Carrying Amount		Level 1		Level 2		Level 3		Fair Value Amount	
December 31, 2022:										
Financial Assets:										
Cash and due from banks	$	$6,605	$	$6,605	$	-	$	-	$	6,605
Interest-bearing deposits in banks	$	47,563	$	47,563	$	-	$	-	$	47,563
Investment securities held to maturity	$	188,699	$	-	$	169,088	$	-	$	169,088
Loans held for investment, net	$	1,489,851	$	-	$	-	$	1,436,877	$	1,436,877
Accrued interest receivable	$	7,546	$	-	$	1,183	$	6,363	$	7,546
Financial Liabilities:										
Demand Deposits	$	$629,776	$	$629,776	$	-	$	-	$	629,776
Money market and savings accounts	$	915,853	$	915,853	$	-	$	-	$	915,853
Interest-bearing checking accounts	$	66,675	$	66,675	$	-	$	-	$	66,675
Time deposits	$	216,977	$	-	$	-	$	211,406	$	211,406
FHLB advances	$	46,000	$	-	$	44,547	$	-	$	44,547
Accrued interest payable	$	229	$	-	$	92	$	137	$	229
December 31, 2021:										
Financial Assets:										
Cash and due from banks	$	6,477	$	6,477	$	-	$	-	$	6,477
Interest-bearing deposits in banks	$	39,751	$	39,751	$	-	$	-	$	39,751
Investment securities held to maturity		122,658	$	-	$	120,157	$	-	$	120,157
Loans held for investment, net	$	1,175,024	$	-	$	-	$	1,189,191	$	1,189,191
Accrued interest receivable	$	5,975	$	-	$	1,222	$	4,753	$	5,975
Financial Liabilities:										
Demand Deposits	$	605,425	$	605,425	$	-	$	-	$	605,425
Money market and savings accounts	$	703,856	$	703,856	$	-	$	-	$	703,856
Interest-bearing checking accounts	$	55,878	$	55,878	$	-	$	-	$	55,878
Time deposits	$	225,220	$	-	$	-	$	224,688	$	224,688
FHLB advances	$	36,000	$	-	$	36,479	$	-	$	36,479
Accrued interest payable	$	96	$	-	$	50	$	46	$	96

13. STOCKHOLDERS' EQUITY

Common Stock

On June 16, 2021, the Bank effected a 1 for 5 reverse stock split of all the Class A common stock $1.00 par value per share. As of the effective date of June 16, 2021, each five shares of the Company's Class A common stock was combined into one fully paid share of Class A common stock. Any fractional shares resulting from this reverse stock split were rounded up to one whole share. The Bank has adjusted the Class A common stock, earnings per share and stock options adjusted for this 1 for 5 reverse stock split for all periods presented here. The Class B non-voting common stock was not adjusted but if sold or exchanged would be converted at the 1 for 5 reverse stock split of 5 Class B common stock for 1 share of Class A common stock.

On July 27, 2021, the Bank completed the Initial Public Offering ("IPO") of its Class A common stock, in which it issued and sold 4,600,000 shares of Class A common stock at a price of $10.00 per share. The Company received total net proceeds of $40.0 million after deducting underwriting discounts and expenses.

On December 21, 2021, the Company entered into agreements with the Class B shareholders to exchange all outstanding Class B non-voting common stock for Class A voting common stock at a ratio of 5 to 1. On the same day, a total of 6,121,052 shares of Class B common stock was exchanged for 1,224,212 shares of Class A common stock.

In December 2021, the Company acquired all the issued and outstanding shares of the Class A voting common stock of the Bank, which were the only issued and outstanding shares of the Bank's capital stock, in a share exchange (the "Reorganization") effected under the Florida Business Corporation Act. Each of the outstanding shares of the Bank's common stock, par value $1.00 per share, formerly held by its shareholders was converted into and exchanged for one newly issued share of the Company's common stock, par value $1.00 per share, and the Bank became the Company's wholly-owned subsidiary. Prior to completing the bank holding company formation, the Company had no material assets and had not conducted any business or operations except for activities related to our organization and the Reorganization.

In the Reorganization, each shareholder of the Bank received securities of the same class, having substantially the same designations, rights, powers, preferences, qualifications, limitations and restrictions, as those that the shareholder held in the Bank, and the Company's current shareholders own the same percentages of its common stock as they previously owned of the Bank's common stock.

Preferred Stock

On April 5, 2021, the Board authorized and approved the offer to repurchase all outstanding shares of Class E preferred stock at the liquidation value of $7.5 million along with declared dividends of $103 thousand. All Class E preferred stock shareholders approved the repurchase which the Company completed on April 26, 2021.

The Company offered the Class C and Class D preferred stockholders the ability to exchange their shares for Class A common stock. The offer to exchange was voluntary and the preferred stockholders were given the option to convert 90% of their preferred shares for Class A common stock with the remaining 10% to be redeemed in the form of cash. The exchange ratio for the shares of Class A common stock issued in the exchange transaction was based upon the IPO price for shares of Class A common stock.

During the year ended 2021, 47,473 shares of Class C preferred stock and 11,061,552 shares of Class D preferred stock converted into 10,278,072 shares of Class A common stock. The exchange of the Class C and Class D preferred shares had a total liquidation value of $102.8 million. The remaining unconverted shares of Class C preferred stock and Class D preferred stock totaling 1,234,354 shares were subsequently redeemed at liquidation value for $11.4 million.

The fair value of consideration on the exchange and redemption of the Class C and Class D preferred shares exceeded the book value causing a one-time reduction in net income available to common stockholders of $ 89.6 million. As of December 31, 2022, there were no preferred shares and no outstanding dividends to be paid.

Dividends

The Board approved the following dividend amounts on the preferred shares for the years ended December 31, 2022 and 2021 (in thousands):

	2022	2021
Preferred stock - Class C: Non-voting, Non-cumulative, Perpetual: $1.00 par value; $1,000 per share liquidation preference; annual dividend rate of 4% of liquidation preference paid quarterly. Quarterly dividend of $10.00 per share.	$ -	$ 1,494
Preferred stock - Class D: Non-voting, Non-cumulative, Perpetual: $1.00 par value; $5.00 per share liquidation preference; annual dividend rate of 4% of par value paid quarterly. Quarterly dividend of $0.01 per share.	-	348
Preferred stock - Class E: Non-voting, partially cumulative, Perpetual: $1.00 par value; $1,000 per share liquidation preference; annual dividend rate of 7% of liquidation preferences paid quarterly. Quarterly dividend of $17.50 per share.	-	235
Total dividends paid	$ -	$ 2,077

Declaration of dividends by the Board is required before dividend payments are made. The dividend payment dates for Class C and Class D preferred shares were set by the Board while the Class E preferred shares had a set dividend payment date on the fifteenth of February, May, August, and November.

No dividends were approved by the Board for the common stock classes for the years ended December 31, 2022 and 2021. Additionally, there were no dividends declared and unpaid at December 31, 2022 and 2021.

14. EARNINGS PER SHARE

Earnings per share ("EPS") for common stock is calculated using the two-class method required for participating securities. Basic EPS is calculated by dividing net income (loss) available to common stockholders by the weighted-average number of common shares outstanding for the period, without consideration for common stock equivalents. Diluted EPS is computed by dividing net income (loss) available to common stockholders by the weighted-average number of common shares outstanding for the period and the weighted-average number of dilutive common stock equivalents outstanding for the period determined using the treasury-stock method. For purposes of this calculation, common stock equivalents include common stock options and are only included in the calculation of diluted EPS when their effect is dilutive.

In calculating EPS for the year ended December 31, 2022 and 2021, net income available to common stockholders was not allocated between Class A and Class B common stock since there was no issued and outstanding Class B common stock at year-end.

The following table reflects the calculation of net income (loss) available to common stockholders for the years ended December 31, 2022 and 2021 (in thousands):

	2022	2021
Net Income	$ 20,141	$ 21,077
Less: Preferred stock dividends	-	2,077
Less: Exchange and redemption of preferred shares	-	89,585
Net income (loss) available to common stockholders	$ 20,141	$ (70,585)

The following table reflects the calculation of basic and diluted earnings (loss) per common share class for the years ended December 31, 2022 and 2021 (in thousands, except per share amounts):

	2022 Class A	2021 Class A
Basic EPS		
Numerator:		
Net income (loss) available to common shares before allocation	$ 20,141	$ (70,585)
Multiply: % allocated on weighted avg. shares outstanding	100.0%	100.0%
Net income (loss) available to common shares after allocation	$ 20,141	$ (70,585)
Denominator:		
Weighted average shares outstanding	19,999,323	10,507,530
Earnings (loss) per share, basic	$ 1.01	$ (6.72)
Diluted EPS		
Numerator:		
Net income (loss) available to common shares before allocation	$ 20,141	$ (70,585)
Multiply: % allocated on weighted avg. shares outstanding	100.0%	100.0%
Net income (loss) available to common shares after allocation	$ 20,141	$ (70,585)
Denominator:		
Weighted average shares outstanding for basic EPS	19,999,323	10,507,530
Add: Dilutive effects of assumed exercises of stock options	177,515	-
Weighted avg. shares including dilutive potential common shares	20,176,838	10,507,530
Earnings (loss) per share, diluted	$ 1.00	$ (6.72)
Anti-dilutive stock options excluded from diluted EPS	15,000	183,303

For the year ended 2021, the Company was in a net loss position after adjusting for the exchange and redemption of the Class C and Class D preferred shares, making basic net loss per share the same as diluted net loss per share as the inclusion of all potential common shares outstanding would have been antidilutive.

See Note 13 “Stockholders’ Equity” for further discussion on the stock splits.

15. REGULATORY MATTERS

Banks and bank holding companies are subject to regulatory capital requirements administered by federal and state banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and the Bank must meet specific capital guidelines that involve quantitative measures of their assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Company and the Bank’s capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Based on changes to the Federal Reserve’s definition of a “Small Bank Holding Company” that increased the threshold to $3.0 billion in assets in August 2018, the Company is not currently subject to separate minimum capital measurements. At such time when the Company reaches the $3.0 billion asset level, it will be subject to capital measurements independent of the Bank.

The Bank has elected to permanently opt-out of the inclusion of accumulated other comprehensive income in the capital calculations, as permitted by the regulations. This opt-out will reduce the impact of market volatility on the Bank’s regulatory capital levels.

The Bank is subject to the rules of the Basel III regulatory capital framework and related Dodd-Frank Wall Street Reform and Consumer Protection Act. The rules include the implementation of a 2.5% capital conservation buffer that is added to the minimum requirements for capital adequacy purposes. Failure to maintain the required capital conservation buffer will limit the ability of the Bank to pay dividends, repurchase shares or pay discretionary bonuses. At December 31, 2022 and 2021, the capital ratios for the Bank were sufficient to meet the conservation buffer.

Prompt corrective action regulations provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion, and capital restoration plans are required.

At December 31, 2022 and 2021, the most recent notification from the regulatory authorities categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. Failure to meet statutorily mandated capital guidelines could subject the Bank to a variety of enforcement remedies, including issuance of a capital directive, the termination of deposit insurance by the FDIC, a prohibition on accepting or renewing brokered deposits, limitations on the rates of interest that the Bank may pay on its deposits and other restrictions on its business. To be categorized as well capitalized, an institution must maintain minimum total risk-based, Tier 1 risk-based and Tier 1 leverage ratios as set forth in the table below. There are no conditions or events since the notification that management believes have changed the Bank's category.

Actual and required capital amounts and ratios are presented below for the Bank at December 31, 2022 and 2021 (in thousands, except ratios). The required amounts for capital adequacy shown do not include the capital conservation buffer previously discussed.

	Actual		Minimum Capital Requirements		To be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2022:						
Total risk-based capital:	$ 216,693	13.58 %	$ 127,616	8.00 %	$ 159,520	10.00 %
Tier 1 risk-based capital:	$ 198,909	12.47 %	$ 95,712	6.00 %	$ 127,616	8.00 %
Common equity tier 1 capital:	$ 198,909	12.47 %	$ 71,784	4.50 %	$ 103,688	6.50 %
Leverage ratio:	198,909	9.56 %	$ 83,210	4.00 %	$ 104,012	5.00 %
December 31, 2021: [(1)]						
Total risk-based capital	$ 186,735	14.92 %	$ 100,125	8.00 %	$ 125,157	10.00 %
Tier 1 risk-based capital	$ 171,484	13.70 %	$ 75,094	6.00 %	$ 100,125	8.00 %
Common equity tier 1 capital	$ 171,484	13.70 %	$ 56,321	4.50 %	$ 81,352	6.50 %
Leverage ratio	$ 171,484	9.55 %	$ 71,825	4.00 %	$ 89,781	5.00 %

Effective December 30, 2021, the Company acquired the Bank in a merger and reorganization through the formation of a bank holding company. Pursuant to this transaction, all of the outstanding shares of the Bank's $1.00 par value common stock formerly held by its shareholders was converted into and exchanged for one newly issued share of the Company's par value common stock, and the Bank became a subsidiary of the Company. See Note 13 "Stockholders' Equity" for further details.

The Company is limited in the amount of cash dividends that it may pay. Payment of dividends is generally limited to the Company's net income of the current year combined with the Bank's retained income of the preceding two years, as defined by state banking regulations. However, for any dividend declaration, the Company must consider additional factors such as the amount of current period net income, liquidity, asset quality, capital adequacy and economic conditions at the Bank. It is likely that these factors would further limit the amount of dividends which the Company could declare. In addition, bank regulators have the authority to prohibit banks from paying dividends if they deem such payment to be an unsafe or unsound practice.

16. RELATED PARTY TRANSACTIONS

In the ordinary course of business, principal officers, directors, and affiliates may engage in transactions with the Company. The following table presents loans to and deposits from related parties included within the accompanying Consolidated Financial Statements at December 31, 2022 and 2021 (in thousands):

	2022	2021
Consolidated Balance Sheets:		
Loans held for investment, net	$ -	$ -
Deposits	$ 6,825	$ 1,905
Consolidated Statements of Operations:		
Interest income	$ -	$ -
Interest expense	$ 54	$ 16

Loan Purchases

During 2022, the Bank purchased $42.8 million of loans from entities that are deemed to be related parties. The Bank paid those entities fees of $881 thousand.

17. PARENT COMPANY CONDENSED FINANCIAL INFORMATION

In December 2021, USCB Financial Holdings, Inc. was formed as the parent bank holding company of U.S. Century Bank. The condensed balance sheet is presented below for USCB Financial Holdings, Inc. at the dates indicated (in thousands):

	December 31, 2022	December 31, 2021
ASSETS:		
Cash and Cash Equivalents	$ 1,102	$ -
Investment in bank subsidiary	181,326	203,897
Other assets	-	-
Total assets	$ 182,428	$ 203,897
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Other liabilities	$ -	$ -
Stockholders' equity	182,428	203,897
Total liabilities and stockholders' equity	$ 182,428	$ 203,897

The condensed income statement is presented below for USCB Financial Holdings, Inc. at the dates indicated (in thousands):

	December 31, 2022	December 31, 2021
INCOME:		
Dividends from subsidiaries	$ 1,000	$ -
Service fees from subsidiaries	-	-
Total	$ 1,000	$ -
EXPENSE:		
Employee compensation and benefits	-	-
Total	-	-
Income before income taxes and undistributed subsidiary income	1,000	
Provision (benefit) for income taxes	-	-
Equity in undisbursed subsidiary income	19,141	
Net Income	$ 20,141	$ -

The condensed cash flow is presented below for USCB Financial Holdings, Inc. at the dates indicated (in thousands):

	December 31, 2022	December 31, 2021
Cash flows from operating activities:		
Net income	$ 20,141	$ -
Adjustments to reconcile net income to net cash provided by operating activities:		-
Equity in undistributed earnings of subsidiaries	(19,141)	-
Other		-
Net cash provided by operating activities	$ 1,000	$ -
Cash flows from investing activities:		
Capital contributions to subsidiary	-	-
Other	-	-
Net cash used in investing activities	-	-
Cash flows from financing activities:		
Dividends paid	-	-
Proceeds from exercise of stock options	102	-
Repurchase of common stock	-	-
Net cash (used in) provided by financing activities	102	-
Net increase (decrease) in cash and cash equivalents	1,102	-
Cash and cash equivalents, beginning of period	-	-
Cash and cash equivalents, end of period	$ 1,102	$ -

18. LOSS CONTINGENCIES

Loss contingencies, including claims and legal actions may arise in the ordinary course of business. In the opinion of management, none of these actions, either individually or in the aggregate, is expected to have a material adverse effect on the Company’s Consolidated Financial Statements.

19. SUBSEQUENT EVENTS

Management has evaluated subsequent events from January 1, 2023 through March 24, 2023, which is the date this Annual Report Form 10-K was available to be issued.

Share Repurchase Program

In February 2023 the Company repurchased 250,000 shares of USCB Financial Holdings Inc. Class A common stock at a price of $12.04. Additionally, the Company repurchased 250,000 shares of USCB Financial Holdings Inc Class A Common stock at a price of $11.39 in March 2023. These repurchases were made thru the open market pursuant to the Company's publicly announced repurchase program.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) List of documents filed as part of this Amendment No. 1 to the Annual Report on Form 10-K and are set forth in Item 8 hereto:

1) *Financial Statements:*

Report of Independent Registered Public Accounting Firm
Consolidated Balance Sheets as of December 31, 2022 and 2021
Consolidated Statements of Operations for the years ended December 31, 2022 and 2021
Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2022 and 2021
Consolidated Statements of Changes in Stockholders' Equity for the years ended December 31, 2022 and 2021
Consolidated Statements of Cash Flows for the years ended December 31, 2022 and 2021
Notes to Consolidated Financial Statements

2) *Financial Statement Schedules:*

Financial statement schedules are omitted as not required or not applicable or because the information is included in the Consolidated Financial Statements or notes thereto.

(b) List of Exhibits:

Item 15(b) of the Original Report is hereby amended solely to provide the exhibits required to be filed in connection with the Form 10-K/A.

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.*
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.*
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350.**
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350.**
101	The following financial statements from the Company's Annual Report on Form 10-K for the year ended December 31, 2021, formatted in Inline XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Statements of Changes in Stockholders' Equity, (v) Consolidated Statements of Cash Flows, (vi) Notes to Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.
** Furnished hereby.

SIGNATURES

Pursuant to the requirements of the Exchange Act, the registrant has duly caused this Amendment No. 1 to this report to be signed on its behalf by the undersigned thereunto duly authorized.

USCB FINANCIAL HOLDINGS, INC.

Date: March 27, 2023

By: /s/ Luis de la Aguilera
Luis de la Aguilera
President and Chief Executive Officer

Exhibit 31.1

Certification of Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Luis de la Aguilera, certify that:

1. I have reviewed this Annual Report on Form 10-K/A of USCB Financial Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an Annual Report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Luis de la Aguilera
Luis de la Aguilera
President and Chief Executive Officer

Date: 3/27/2023

Exhibit 31.2

Certification of Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Robert Anderson, certify that:

1. I have reviewed this Annual Report on Form 10-K/A of USCB Financial Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an Annual Report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Robert Anderson

Robert Anderson
Chief Financial Officer

Date: 3/27/2023

Exhibit 32.1

**Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350
as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of USCB Financial Holdings, Inc. (the "Company") on Form 10-K/A for the year ended December 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Luis de la Aguilera, as President and Chief Executive Officer of the Company, certify, to the best of my knowledge, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Luis de la Aguilera

Luis de la Aguilera
President and Chief Executive Officer

Date: 3/27/2023

Exhibit 32.2

**Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350
as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of USCB Financial Holdings, Inc. (the "Company") on Form 10-K/A for the year ended December 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert Anderson, as Chief Financial Officer of the Company, certify, to the best of my knowledge, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Robert Anderson

Robert Anderson
Chief Financial Officer

Date: 3/27/2023