USCB Financial Holdings, Inc. Reports First Quarter 2022 Results

April 28, 2022

MIAMI, April 28, 2022 (GLOBE NEWSWIRE) -- **USCB Financial Holdings, Inc. (the "Company") (NASDAQ: USCB)**, the holding company for U.S. Century Bank, reported net income of $4.9 million or $0.24 per diluted share for the three months ended March 31, 2022, compared with net income of $4.8 million or $0.78 and $0.16 per diluted share for Class A and Class B common stock, respectively, for the same period in 2021. On December 21, 2021, the Company agreed to exchange all the outstanding shares of Class B common stock for Class A common stock at a ratio of 5 to 1. As of December 31, 2021, the Company's only class of securities issued and outstanding was Class A common stock.

"Despite recent broad macroeconomic and geopolitical concerns, I am pleased with our first quarter financial results, which showed continued growth in both our loan and deposit portfolios. We continue to employ excess liquidity to purchase securities and maximize returns while maintaining pristine credit quality," said Luis de la Aguilera, President and Chief Executive Officer ("CEO").

During the first quarter of 2022, the Board of Directors (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 other means. As of March 31, 2022, the Company had not repurchased any shares.

During the quarter ended March 31, 2022, the Company appointed the following three new Board members:

- Ramon A. Rodriguez (appointed February 15, 2022) - A well-respected Certified Public Accountant in Florida with decades of experience, currently serves as Chairman and CEO of Cable Insurance, a property and casualty insurer dedicated to the commercial automotive market. Previously, he was CEO of Madsen Sapp Mena Rodriguez & Co. from 1971 until he retired from public accounting in 2009. Mr. Rodriguez was a founder and board member of DME Corporation, a manufacturing company in the defense and aerospace sector, from 1975 to 2009. He also served on the board of Republic Services, Inc., a solid waste company listed on the NYSE, from 1999 to 2020 and is a past chairman of the board.

- Robert E. Kafafian (appointed March 28, 2022) - A recognized banking industry leader in performance measurement and the founder, Chairman and CEO of The Kafafian Group, Inc. He has a distinguished 40-year career consulting and advising more than 500 financial institutions across the United States and has been instrumental in the design and development of a nationally recognized bank profitability software product. Mr. Kafafian is a frequent speaker and writer on a variety of banking subjects and is often quoted in banking periodicals. He teaches at numerous state, regional, and national banking schools.

- Maria C. Alonso (appointed March 31, 2022) - A highly regarded business executive with a proven track record spanning more than 25 years across banking, marketing, social responsibility, and community engagement, most recently served as the President and CEO of United Way Miami, one of the region's largest philanthropies, from 2017 through 2021. Her involvement in community organizations has included: New World School of the Arts (past Executive Committee Chair), Leadership Florida, International Women's Forum, Greater Miami Chamber of Commerce (past Board Chair), Miami-Dade Beacon Council (past One Community, One Goal Co-Chair), Camillus House, Miami Dade College Foundation, The Miami Foundation, and Teach for America. Ms. Alonso is a recognized community leader having received numerous awards celebrating her civic, business, and philanthropic contributions to the South Florida community.

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

Profitability

- Annualized return on average assets for the quarter ended March 31, 2022 was 1.03% compared to 1.23% for the first quarter of 2021.

- Annualized return on average stockholders' equity for the quarter ended March 31, 2022 was 9.75% compared to 11.30% for the first quarter of 2021.

- The efficiency ratio for the quarter ended March 31, 2022 increased to 58.88% compared to 58.64% for the first quarter of 2021.

- Net interest margin decreased to 3.22% for the quarter ended March 31, 2022 compared to 3.35% for the first quarter of 2021.

- Net interest income was $14.4 million for the quarter ended March 31, 2022, an increase of $1.9 million or 15.3% compared to the first quarter of 2021. The increase was primarily driven by higher loan and investment income along with lower deposit costs.

Balance Sheet

- Total assets were $2.0 billion at March 31, 2022, representing an increase of $333.9 million or 20.4% from March 31, 2021.
- Total deposits were $1.7 billion at March 31, 2022, representing an increase of $309.1 million or 22.0%, from March 31, 2021.
- Total shareholders' equity was $192.0 million at March 31, 2022, representing an increase of $21.6 million or 12.7% from March 31, 2021.
- Total loans were $1.3 billion at March 31, 2022, representing an increase of $154.4 million or 14.0% from March 31, 2021.

Asset Quality

- The allowance for credit losses was $15.1 million and $15.0 million as of March 31, 2022 and 2021, respectively.
- The allowance for credit losses represented 1.20% of total loans at March 31, 2022 compared to 1.36% at March 31, 2021. The decrease in coverage was primarily driven by reduced uncertainty around the economic impact of the COVID-19 pandemic on our loan portfolio.
- Non-performing loans to total loans was 0.00% at March 31, 2022 compared to 0.06% at March 31, 2021.

Non-interest Income and Non-interest Expense

- Non-interest income totaled $1.9 million for the three months ended March 31, 2022, a decrease of $376 thousand or 16.2% compared to the same period in 2021. The decrease was primarily driven by fewer loan sales resulting in gains.
- Non-interest expense was $9.6 million for the three months ended March 31, 2022 compared to $8.7 million for the same period in 2021. The increase was primarily driven by higher salaries and employee benefits due to new hires, salary compensation, and seasonal payroll taxes.

Capital

- The Company and its wholly owned subsidiary, U.S. Century Bank (the "Bank"), exceeded all regulatory capital requirements and remained significantly above "well-capitalized" guidelines. As of March 31, 2022, total risk-based capital ratio for the Company and the Bank was 14.49% and 14.41%, respectively.

Conference Call and Webcast

USCB Financial Holdings, Inc. (the "Company"), will host a conference call on Friday, April 29, 2022, at 9:00 a.m. Eastern Time to discuss the Company's unaudited financial results for the quarter ended March 31, 2022. To access the conference call, dial (844) 221-2148 (domestically) or (929) 517-0937 (internationally) and use conference code 6069233.

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

About USCB Financial Holdings, Inc.

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

Forward-Looking Statements

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

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

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

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

Non-GAAP Financial Measures

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

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

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

	Three Months Ended March 31,	
	2022	2021
Interest income:		
Loans, including fees	$ 12,982	$ 11,868
Investment securities	2,329	1,844
Interest-bearing deposits in financial institutions	31	16

Total interest income	15,342	13,728
Interest expense:		
Interest-bearing deposits	16	14
Savings and money markets accounts	551	548
Time deposits	259	554
Federal Home Loan Bank advances	137	137
Total interest expense	963	1,253
Net interest income before provision for credit losses	14,379	12,475
Provision for credit losses	-	(160)
Net interest income after provision for credit losses	14,379	12,635
Non-interest income:		
Service fees	900	889
Gain on sale of securities available for sale, net	21	62
Gain on sale of loans held for sale, net	334	964
Loan settlement	161	-
Other non-interest income	529	406
Total non-interest income	1,945	2,321
Non-interest expense:		
Salaries and employee benefits	5,875	5,278
Occupancy	1,270	1,387
Regulatory assessment and fees	213	178
Consulting and legal fees	517	185
Network and information technology services	387	508
Other operating	1,350	1,141
Total non-interest expense	9,612	8,677
Net income before income tax expense	6,712	6,279
Income tax expense	1,858	1,498
Net income	4,854	4,781
Preferred stock dividend	-	781
Net income available to common stockholders	$ 4,854	$ 4,000
Allocation of net income per common stock class: (1)		
Class A	$ 4,854	$ 3,042
Class B	$ -	$ 958
Per share information: (1)		
Class A common stock (2)		
Net income per share, basic	$ 0.24	$ 0.78
Net income per share, diluted	$ 0.24	$ 0.78
Class B common stock		
Net income per share, basic	$ -	$ 0.16
Net income per share, diluted	$ -	$ 0.16
Weighted average shares outstanding:		
Class A common stock (2)		
Basic	19,994,953	3,889,469
Diluted	20,109,783	3,913,279
Class B common stock		
Basic	-	6,121,052
Diluted	-	6,121,052

(1) For the three months ended March 31, 2021, the allocation of net income available to common stockholders was based on the weighted average shares outstanding per common share class to the total weighted average shares outstanding during the period. The income allocation is calculated using the weighted average shares outstanding of Class B common stock on a as-converted basis (20% per share equivalent to Class A common stock).

(2) For the three months ended March 31, 2021, the common stock outstanding, weighted average shares and net income per share for the Class A common stock were adjusted to reflect the 1 for 5 reverse stock split that occurred in June 2021.

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

	As of or For the Three Months Ended

	3/31/2022	12/31/2021	9/30/2021	6/30/2021	3/31/2021
Income Statement Data:					
Net interest income	$ 14,379	$ 14,076	$ 13,471	$ 12,474	$ 12,475
Provision for credit losses	-	-	-	-	(160)
Net interest income after provision for credit losses	14,379	14,076	13,471	12,474	12,635
Service fees	900	961	856	903	889
Gain (loss) on sale of securities available for sale, net	21	35	(70)	187	62
Gain on sale of loans held for sale, net	334	107	532	23	964
Gain on sale of other assets	-	983	-	-	-
Loan settlement	161	-	2,500	-	-
Other income	529	558	399	403	406
Total non-interest income	1,945	2,644	4,217	1,516	2,321
Salaries and employee benefits	5,875	5,634	5,313	5,213	5,278
Occupancy	1,270	1,267	1,192	1,411	1,387
Regulatory assessment and fees	213	93	317	195	178
Consulting and legal fees	517	539	357	373	185
Network and information technology services	387	268	358	332	508
Other operating	1,350	1,518	1,470	1,150	1,141
Total non-interest expenses	9,612	9,319	9,007	8,674	8,677
Net income before income tax expense	6,712	7,401	8,681	5,316	6,279
Income tax expense	1,858	1,751	2,088	1,263	1,498
Net income	4,854	5,650	6,593	4,053	4,781
Preferred stock dividend	-	-	542	754	781
Exchange and redemption of preferred shares	-	-	89,585	-	-
Net income (loss) available to common stockholders	$ 4,854	$ 5,650	$ (83,534)	$ 3,299	$ 4,000
Allocation of net income (loss) per common stock class: (1)					
Class A	$ 4,854	$ 5,650	$ (77,278)	$ 2,509	$ 3,042
Class B	$ -	$ -	$ (6,256)	$ 790	$ 958
Per share information:					
Class A common stock (2)					
Net income (loss) per share, basic	$ 0.24	$ 0.30	$ (5.11)	$ 0.65	$ 0.78
Net income (loss) per share, diluted	$ 0.24	$ 0.30	$ (5.11)	$ 0.64	$ 0.78
Class B common stock					
Net income (loss) per share, basic	$ -	$ -	$ (1.02)	$ 0.13	$ 0.16
Net income (loss) per share, diluted	$ -	$ -	$ (1.02)	$ 0.13	$ 0.16
Balance Sheet Data (at period-end):					
Cash and cash equivalents	$ 94,113	$ 46,228	$ 69,597	$ 47,117	$ 105,940
Securities available-for-sale	$ 392,214	$ 401,542	$ 328,171	$ 395,804	$ 341,344
Securities held-to-maturity	$ 122,361	$ 122,658	$ 99,866	$ -	$ -
Total securities	$ 514,575	$ 524,200	$ 428,037	$ 395,804	$ 341,344
Loans held for investment (3)	$ 1,258,388	$ 1,190,081	$ 1,176,412	$ 1,145,095	$ 1,103,981
Allowance for credit losses	$ (15,074)	$ (15,057)	$ (14,900)	$ (14,848)	$ (15,009)
Total assets	$ 1,967,252	$ 1,853,939	$ 1,755,011	$ 1,667,005	$ 1,633,359
Non-interest-bearing deposits	$ 656,622	$ 605,425	$ 570,091	$ 555,993	$ 516,550
Interest-bearing deposits	$ 1,056,672	$ 984,954	$ 914,498	$ 882,783	$ 887,681
Total deposits	$ 1,713,294	$ 1,590,379	$ 1,484,589	$ 1,438,776	$ 1,404,231
Federal Home Loan Bank advances and other borrowings	$ 36,000	$ 36,000	$ 36,000	$ 36,000	$ 36,000
Total liabilities	$ 1,775,213	$ 1,650,042	$ 1,553,093	$ 1,500,703	$ 1,462,934
Total stockholders' equity	$ 192,039	$ 203,897	$ 201,918	$ 166,302	$ 170,425
Capital ratios: (4)					
Leverage ratio	9.47%	9.55%	9.69%	7.91%	8.57%
Common equity tier 1 capital	13.35%	13.70%	13.85%	9.24%	9.47%
Tier 1 risk-based capital	13.35%	13.70%	13.85%	11.44%	12.54%
Total risk-based capital	14.49%	14.92%	15.10%	12.69%	13.80%

(1) The allocation of net income (loss) available to common stockholders was based on the weighted average shares outstanding per common share class to the total weighted average shares outstanding during each period. The income (loss) allocation is calculated using the weighted average shares outstanding of Class B common stock on a as-converted basis (20% per share equivalent to Class A common stock).

(2) The quarters ended June 30, 2021 and prior were all adjusted for the 1 for 5 reverse stock split.

(3) Loan amounts include deferred fees/costs.

(4) The Bank Holding Company was formed during the quarter ended December 31, 2021. As such, the capital ratios for Q1 2022 and Q4 2021 are for the Bank Holding Company and for Q3 2021 and prior are for the Bank.

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

	As of or For the Three Months Ended				
	3/31/2022	12/31/2021	9/30/2021	6/30/2021	3/31/2021
Average balance sheet data:					
Cash and cash equivalents	$ 99,911	$ 87,819	$ 116,622	$ 108,028	$ 86,157
Securities available-for-sale	$ 385,748	$ 374,589	$ 346,407	$ 382,990	$ 334,723
Securities held-to-maturity	$ 122,381	$ 114,108	$ 51,238	$ -	$ -
Total securities	$ 508,129	$ 488,697	$ 397,645	$ 382,990	$ 334,723
Loans held for investment(1)	$ 1,211,432	$ 1,158,755	$ 1,144,275	$ 1,088,492	$ 1,071,782
Total assets	$ 1,913,484	$ 1,828,037	$ 1,741,423	$ 1,660,060	$ 1,573,881
Interest-bearing deposits	$ 1,023,844	$ 958,241	$ 912,330	$ 896,271	$ 861,300
Non-interest-bearing deposits	$ 626,400	$ 603,735	$ 564,928	$ 535,894	$ 482,376
Total deposits	$ 1,650,244	$ 1,561,976	$ 1,477,258	$ 1,432,165	$ 1,343,676
Federal Home Loan Bank advances and other borrowings	$ 36,011	$ 36,000	$ 36,000	$ 36,000	$ 36,000
Total liabilities	$ 1,711,624	$ 1,625,675	$ 1,546,414	$ 1,493,129	$ 1,402,305
Total stockholders' equity	$ 201,860	$ 202,362	$ 195,009	$ 166,931	$ 171,576
Performance ratios:					
Return on average assets (2)	1.03%	1.23%	1.50%	0.98%	1.23%
Return on average equity (2)	9.75%	11.08%	13.41%	9.74%	11.30%
Net interest margin (2)	3.22%	3.19%	3.19%	3.14%	3.35%
Non-interest income to average assets (2)	0.41%	0.57%	0.96%	0.37%	0.60%
Efficiency ratio (3)	58.88%	55.74%	50.92%	62.00%	58.64%
Loans by type (at period end): (4)					
Residential real estate	$ 204,317	$ 201,359	$ 201,124	$ 213,575	$ 231,554
Commercial real estate	$ 782,072	$ 704,988	$ 693,469	$ 673,944	$ 650,762
Commercial and industrial	$ 134,832	$ 146,592	$ 137,486	$ 155,440	$ 174,546
Foreign banks	$ 63,985	$ 59,491	$ 58,839	$ 62,042	$ 45,659
Consumer and other	$ 73,765	$ 79,229	$ 87,515	$ 43,979	$ 5,627
Asset quality data:					
Allowance for credit losses to total loans	1.20%	1.27%	1.27%	1.30%	1.36%
Allowance for credit losses to non-performing loans	-%	1,265%	82,778%	74,240%	2,214%
Non-accrual loans less non-accrual TDRs	-	1,190	-	-	228
Non-accrual TDRs	-	-	18	20	450
Loans- over 90 days past due and accruing	-	-	-	-	-
Total non-performing loans(5)	-	1,190	18	20	678
Non-performing loans to total loans	-%	0.10%	0.00%	0.00%	0.06%
Non-performing assets to total assets	-%	0.06%	0.00%	0.00%	0.04%
Net charge-offs (recoveries of) to average loans (2)	(0.01)%	(0.05)%	(0.02)%	0.06%	(0.03)%
Net charge-offs (recovery of) credit losses	(17)	(157)	(51)	160	(83)
Interest rates and yields:(2)					
Loans	4.35%	4.32%	4.29%	4.19%	4.43%
Investment securities	1.85%	1.81%	1.86%	2.04%	2.19%
Total interest-earning assets	3.43%	3.41%	3.43%	3.41%	3.69%
Deposits	0.20%	0.21%	0.22%	0.26%	0.34%
Borrowings and repurchase agreements	1.54%	1.51%	1.52%	1.52%	1.52%
Total interest-bearing liabilities	0.37%	0.38%	0.40%	0.45%	0.57%

Other information:					
Full-time equivalent employees	190	187	184	183	186

(1) Loan amounts include deferred fees/costs.

(2) Annualized.

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

(4) Loan amounts exclude deferred fees/costs.

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

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

	Three Months Ended March 31,					
	2022			2021		
	Average Balance	Interest	Yield/Rate (1)	Average Balance	Interest	Yield/Rate (1)
Assets						
Interest-earning assets:						
Loans (2)	$ 1,211,432	$ 12,982	4.35%	$ 1,071,782	$ 11,868	4.43%
Investment securities (3)	510,257	2,329	1.85%	337,434	1,844	2.19%
Other interest-earnings assets	90,137	31	0.14%	78,568	16	0.08%
Total interest-earning assets	1,811,826	15,342	3.43%	1,487,784	13,728	3.69%
Non-interest-earning assets	101,658			86,097		
Total assets	$ 1,913,484			$ 1,573,881		
Liabilities and stockholders' equity						
Interest-bearing liabilities:						
Interest-bearing demand deposits	$ 64,436	16	0.10%	$ 44,549	14	0.13%
Saving and money market deposits	736,134	551	0.30%	568,595	548	0.39%
Time deposits	223,274	259	0.47%	248,156	554	0.91%
Total interest-bearing deposits	1,023,844	826	0.33%	861,300	1,116	0.53%
Borrowings and repurchase agreements	36,011	137	1.54%	36,000	137	1.52%
Total interest-bearing liabilities	1,059,855	963	0.37%	897,300	1,253	0.57%
Non-interest-bearing demand deposits	626,400			482,376		
Other non-interest-bearing liabilities	25,369			22,629		
Total liabilities	1,711,624			1,402,305		
Stockholders' equity	201,860			171,576		
Total liabilities and stockholders' equity	$ 1,913,484			$ 1,573,881		
Net interest income		$ 14,379			$ 12,475	
Net interest spread (4)			3.07%			3.13%
Net interest margin (5)			3.22%			3.35%

(1) Annualized.

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

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

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

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

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

	As of or For the Three Months Ended				
	3/31/2022	12/31/2021	9/30/2021	6/30/2021	3/31/2021
Pre-Tax Pre-Provision ("PTPP") Income:					
Net income	$ 4,854	$ 5,650	$ 6,593	$ 4,053	$ 4,781
Plus: Provision for income taxes	1,858	1,751	2,088	1,263	1,498

Plus: Provision for (recovery of) credit losses	-	-	-	-	(160)
PTPP income	$ 6,712	$ 7,401	$ 8,681	$ 5,316	$ 6,119
PTPP Return on Average Assets:					
PTPP income	$ 6,712	$ 7,401	$ 8,681	$ 5,316	$ 6,119
Average assets	$ 1,913,484	$ 1,828,037	$ 1,741,423	$ 1,660,060	$ 1,573,881
PTPP return on average assets (1)	1.42%	1.61%	1.98%	1.28%	1.58%
Operating Net Income:					
Net income	$ 4,854	$ 5,650	$ 6,593	$ 4,053	$ 4,781
Less: Net gains (losses) on sale of securities	21	35	(70)	187	62
Less: Tax effect on sale of securities	(5)	(9)	17	(46)	(15)
Operating net income	$ 4,838	$ 5,624	$ 6,646	$ 3,912	$ 4,734
Operating PTPP Income:					
PTPP income	$ 6,712	$ 7,401	$ 8,681	$ 5,316	$ 6,119
Less: Net gains (losses) on sale of securities	21	35	(70)	187	62
Operating PTPP Income	$ 6,691	$ 7,366	$ 8,751	$ 5,129	$ 6,057
Operating PTPP Return on Average Assets:					
Operating PTPP income	$ 6,691	$ 7,366	$ 8,751	$ 5,129	$ 6,057
Average assets	$ 1,913,484	$ 1,828,037	$ 1,741,423	$ 1,660,060	$ 1,573,881
Operating PTPP Return on average assets (1)	1.42%	1.60%	1.99%	1.24%	1.56%
Operating Return on Average Assets:					
Operating net income	$ 4,838	$ 5,624	$ 6,646	$ 3,912	$ 4,734
Average assets	$ 1,913,484	$ 1,828,037	$ 1,741,423	$ 1,660,060	$ 1,573,881
Operating return on average assets (1)	1.03%	1.22%	1.51%	0.95%	1.22%

(1) Annualized.

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

	As of or For the Three Months Ended				
	3/31/2022	**12/31/2021**	**9/30/2021**	**6/30/2021**	**3/31/2021**
Tangible book value per common share (at period-end):(1)					
Total stockholders' equity (GAAP)	$ 192,039	$ 203,897	$ 201,918	$ 166,302	$ 170,425
Less: Intangible assets	-	-	-	-	-
Less: Preferred stock	-	-	-	24,616	32,077
Tangible stockholders' equity (non-GAAP)	$ 192,039	$ 203,897	$ 201,918	$ 141,686	$ 138,348
Total shares issued and outstanding (at period-end):(2)					
Class A common shares	20,000,753	19,991,753	18,767,541	3,889,469	3,889,469
Class B common shares	-	-	1,224,212	1,224,212	1,224,212
Total common shares issued and outstanding	20,000,753	19,991,753	19,991,753	5,113,681	5,113,681
Tangible book value per common share (non-GAAP)	$ 9.60	$ 10.20	$ 10.10	$ 27.71	$ 27.05
Operating net income available to common stockholders:(1)					
Net income (GAAP)	$ 4,854	$ 5,650	$ 6,593	$ 4,053	$ 4,781
Less: Preferred dividends	-	-	542	754	781
Less: Exchange and redemption of preferred shares	-	-	89,585	-	-
Net income (loss) available to common stockholders (GAAP)	4,854	5,650	(83,534)	3,299	4,000

Add back: Exchange and redemption of preferred shares	-	-	89,585	-	-
Operating net income avail. to common stock (non-GAAP)	$ 4,854	$ 5,650	$ 6,051	$ 3,299	$ 4,000
Allocation of operating net income per common stock class:					
Class A common stock	$ 4,854	$ 5,650	$ 5,598	$ 2,509	$ 3,042
Class B common stock	$ -	$ -	$ 453	$ 790	$ 958
Weighted average shares outstanding:					
Class A common stock					
Basic	19,994,953	18,913,914	15,121,460	3,889,469	3,889,469
Diluted	20,109,783	19,023,686	15,187,729	3,933,636	3,913,279
Class B common stock					
Basic	-	-	6,121,052	6,121,052	6,121,052
Diluted	-	-	6,121,052	6,121,052	6,121,052
Diluted EPS: (3) (4)					
Class A common stock					
Net income (loss) per diluted share (GAAP)	$ 0.24	$ 0.30	$ (5.11)	$ 0.64	$ 0.78
Add back: Exchange and redemption of preferred shares	-	-	5.48	-	-
Operating net income per diluted share (non-GAAP)	$ 0.24	$ 0.30	$ 0.37	$ 0.64	$ 0.78
Class B common stock					
Net income (loss) per diluted share (GAAP)	$ -	$ -	$ (1.02)	$ 0.13	$ 0.16
Add back: Exchange and redemption of preferred shares	-	-	1.09	-	-
Operating net income per diluted share (non-GAAP)	$ -	$ -	$ 0.07	$ 0.13	$ 0.16

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

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

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

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