USCB Financial Holdings, Inc. Reports Diluted EPS of $0.19 for Q3 2023

October 26, 2023

MIAMI, Oct. 26, 2023 (GLOBE NEWSWIRE) -- **USCB Financial Holdings, Inc. (the "Company") (NASDAQ: USCB)**, the holding company for U.S. Century Bank (the "Bank"), reported net income of $3.8 million or $0.19 per diluted share for the three months ended September 30, 2023, compared with net income of $5.6 million or $0.28 per diluted share, for the same period in 2022.

"As we deliver our third quarter earnings, I am pleased to highlight the rebound in loan growth, following earlier concerns this year about the safety and soundness of the banking industry," said Luis de la Aguilera, Chairman, President and CEO. "We are encouraged by the continued diversification of our loan growth, particularly the 59% in new non-CRE loans for the quarter," reported de la Aguilera. "Our commitment to enhancing Net Interest Margin (NIM) is evident in the 8.00% weighted average coupon for the quarter on new loans, exceeding our portfolio average," he said. "Furthermore, we took the opportunity to restructure our bank-owned life insurance, which bolstered BOLI revenue by $982 thousand this quarter, and we offset this one-time, non-recurring gain with a comparable size securities loss. This small portfolio restructuring will allow us to optimize our investment portfolio by transitioning from lower-yielding securities to higher-return investments," said de la Aguilera. "Despite a decrease in NIM early in the third quarter, September's NIM increased to 2.70% which reflects the resilience and adaptive spirit of our bank in fortifying our financial performance," said de la Aguilera.

Unless otherwise stated, all percentage comparisons in the bullet points below are calculated for the quarter ended September 30, 2023 compared to the quarter ended September 30, 2022 and annualized where appropriate.

Profitability

- Annualized return on average assets for the quarter ended September 30, 2023 was 0.67% compared to 1.09% for the third quarter of 2022.
- Annualized return on average stockholders' equity for the quarter ended September 30, 2023 was 8.19% compared to 11.90% for the third quarter of 2022.
- The efficiency ratio for the quarter ended September 30, 2023 was 64.64% compared to 54.58% for the third quarter of 2022.
- Net interest margin for the quarter ended September 30, 2023 was 2.60% compared to 3.47% for the third quarter ended 2022.
- Net interest income before provision for credit losses was $14.0 million for the quarter ended September 30, 2023, a decrease of $2.8 million or 16.4% compared to the third quarter of 2022.

Balance Sheet

- Total assets were $2.2 billion at September 30, 2023, representing an increase of $207.1 million or 10.2% from September 30, 2022.
- Total loans were $1.7 billion at September 30, 2023, representing an increase of $245.0 million or 17.1% from September 30, 2022.
- Total deposits were $1.9 billion at September 30, 2023, representing an increase of $124.3 million or 6.9% from September 30, 2022.
- Total stockholders' equity was $182.9 million at September 30, 2023, representing an increase of $5.5 million or 3.1% from September 30, 2022. Total stockholders' equity includes accumulated comprehensive loss of $51.2 million at September 30, 2023 compared to accumulated comprehensive loss of $45.2 million at September 30, 2022.

Asset Quality

- Allowance for credit losses ("ACL") was calculated under the Current Expected Credit Losses ("CECL") standard methodology for all periods in 2023 and the incurred loss methodology for all periods in 2022.
- The ACL increased by $2.9 million to $19.5 million at September 30, 2023 from $16.6 million at September 30, 2022.
- The allowance for credit losses represented 1.16% of total loans at both September 30, 2023 and at September 30, 2022.

- Non-performing loans to total loans was 0.03% at September 30, 2023 compared to 0.00% at September 30, 2022.

Non-interest Income and Non-interest Expense

- Non-interest income was $2.2 million for the three months ended September 30, 2023, an increase of $372 thousand or 20.8% compared to $1.8 million for the same period in 2022.

- Non-interest expense was $10.5 million for the three months ended September 30, 2023, an increase of $329 thousand or 3.2% compared to $10.1 million for the same period in 2022.

Capital

- As of September 30, 2023, 172,397 shares remain authorized for repurchase under the Company's previously announced share repurchase program. No shares were repurchased during the third quarter 2023.

- As of September 30, 2023, total risk-based capital ratios for the Company and the Bank were 13.10% and 13.06%, respectively.

- Tangible book value per common share (a non-GAAP measure) of $9.36 was negatively affected by $2.62 due to accumulated comprehensive loss of $51.2 million at September 30, 2023. At September 30, 2022, tangible book value per common share of $8.87 was negatively affected by $2.26 due to $45.2 million in accumulated comprehensive loss.

Conference Call and Webcast

The Company will host a conference call on Friday, October 27, 2023, at 11:00 a.m. Eastern Time to discuss the Company's unaudited financial results for the quarter ended September 30, 2023. To access the conference call, dial (800) 715-9871 (U.S. toll-free) and ask to join the USCB Financial Holdings Call or provide conference ID 6813115.

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 about us or to find a banking center near you, please call (305) 715-5200 or visit www.uscentury.com.

Forward-Looking Statements

This earnings release may contain statements that are not historical in nature and are intended to be, and are hereby identified as, forward-looking statements for purposes of the safe harbor provided by Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are those that are not historical facts. 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, but are not limited to, statements related to our projected growth, anticipated future financial performance, and management's long-term performance goals, as well as statements relating to the anticipated effects on results of operations and financial condition from expected developments or events, or business and growth strategies, including anticipated internal growth and balance sheet restructuring.

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

- the strength of the United States economy in general and the strength of the local economies in which we conduct operations;
- 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 procedures and processes;
- our ability to comply with the extensive laws and regulations to which we are subject, including the laws for each jurisdiction where we operate;
- adverse changes or conditions in capital and financial markets, including actual or potential stresses in the banking industry;
- deposit attrition and the level of our uninsured deposits;
- legislative or regulatory changes and changes in accounting principles, policies, practices or guidelines, including the on-going effects of the implementation of the Current Expected Credit Losses ("CECL") standard;
- the lack of a significantly diversified loan portfolio and the concentration in the South Florida market, including the risks of

geographic, depositor, and industry concentrations, including our concentration in loans secured by real estate, in particular, commercial real estate;
- the effects of climate change;
- the concentration of ownership of our common stock;
- fluctuations in the price of our common stock;
- our ability to fund or access the capital markets at attractive rates and terms and manage our growth, both organic growth as well as growth through other means, such as future acquisitions;
- inflation, interest rate, unemployment rate, market and monetary fluctuations;
- impacts of international hostilities and geopolitical events;
- increased competition and its effect on the pricing of our products and services as well as our interest rate spread and net interest margin;
- the loss of key employees
- 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 statements are 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.

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 operations and 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. Reconciliations of these non-GAAP measures to the most directly comparable GAAP measures can be found in the 'Non-GAAP Reconciliation Tables' included in the exhibits to this earnings release.

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

Contacts:

Investor Relations
InvestorRelations@uscentury.com

Media Relations
Martha Guerra-Kattou
MGuerra@uscentury.com

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Interest income:				
Loans, including fees	$ 22,523	$ 15,954	$ 63,081	$ 42,989
Investment securities	2,833	2,201	7,501	7,040
Interest-bearing deposits in financial institutions	1,026	322	2,459	474
Total interest income	26,382	18,477	73,041	50,503
Interest expense:				
Interest-bearing checking	331	19	574	52
Savings and money market accounts	8,779	1,141	20,532	2,307
Time deposits	2,565	363	5,767	893
FHLB advances and other borrowings	685	180	1,976	456
Total interest expense	12,360	1,703	28,849	3,708
Net interest income before provision for credit losses	14,022	16,774	44,192	46,795
Provision for credit losses	653	910	892	1,615
Net interest income after provision for credit losses	13,369	15,864	43,300	45,180

Non-interest income:				
Service fees	1,329	934	3,707	2,917
Gain (loss) on sale of securities available for sale, net	(955)	(558)	(976)	(540)
Gain on sale of loans held for sale, net	255	330	696	686
Loan settlement	-	-	-	161
Other non-interest income	1,532	1,083	2,650	2,127
Total non-interest income	2,161	1,789	6,077	5,351
Non-interest expense:				
Salaries and employee benefits	6,066	6,075	18,325	17,863
Occupancy	1,350	1,281	3,968	3,802
Regulatory assessments and fees	365	269	1,041	708
Consulting and legal fees	513	604	1,257	1,519
Network and information technology services	481	488	1,464	1,323
Other operating expense	1,686	1,415	5,034	4,080
Total non-interest expense	10,461	10,132	31,089	29,295
Net income before income tax expense	5,069	7,521	18,288	21,236
Income tax expense	1,250	1,963	4,464	5,529
Net income	3,819	5,558	13,824	15,707
Per share information:				
Net income per common share, basic	$ 0.20	$ 0.28	$ 0.70	$ 0.79
Net income per common share, diluted	$ 0.19	$ 0.28	$ 0.70	$ 0.78
Weighted average shares outstanding:				
Common shares, basic	19,542,723	20,000,753	19,661,685	19,998,841
Common shares, diluted	19,611,897	20,148,208	19,729,181	20,178,089

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

	As of or For the Three Months Ended				
	9/30/2023	**6/30/2023**	**3/31/2023**	**12/31/2022**	**9/30/2022**
Income statement data:					
Net interest income	$ 14,022	$ 14,173	$ 15,997	$ 16,866	$ 16,774
Provision for credit losses	653	38	201	880	910
Net interest income after provision for credit losses	13,369	14,135	15,796	15,986	15,864
Service fees	1,329	1,173	1,205	1,093	934
Gain (loss) on sale of securities available for sale, net	(955)	-	(21)	(1,989)	(558)
Gain on sale of loans held for sale, net	255	94	347	205	330
Other income	1,532	579	539	568	1,083
Total non-interest income	2,161	1,846	2,070	(123)	1,789
Salaries and employee benefits	6,066	5,882	6,377	6,080	6,075
Occupancy	1,350	1,319	1,299	1,256	1,281
Regulatory assessments and fees	365	452	224	222	269
Consulting and legal fees	513	386	358	371	604
Network and information technology services	481	505	478	483	488
Other operating expense	1,686	1,908	1,440	1,602	1,415
Total non-interest expense	10,461	10,452	10,176	10,014	10,132
Net income before income tax expense	5,069	5,529	7,690	5,849	7,521
Income tax expense	1,250	1,333	1,881	1,415	1,963
Net income	$ 3,819	$ 4,196	$ 5,809	$ 4,434	$ 5,558
Per share information:					
Net income per common share, basic	$ 0.20	$ 0.21	$ 0.29	$ 0.22	$ 0.28
Net income per common share, diluted	$ 0.19	$ 0.21	$ 0.29	$ 0.22	$ 0.28
Balance sheet data (at period-end):					
Cash and cash equivalents	$ 33,435	$ 87,280	$ 63,251	$ 54,168	$ 73,326

Securities available-for-sale	$ 218,609	$ 218,442	$ 229,409	$ 230,140	$ 248,571
Securities held-to-maturity	$ 197,311	$ 220,956	$ 186,428	$ 188,699	$ 178,865
Total securities	$ 415,920	$ 439,398	$ 415,837	$ 418,839	$ 427,436
Loans held for investment [1]	$ 1,676,520	$ 1,595,959	$ 1,580,394	$ 1,507,338	$ 1,431,513
Allowance for credit losses	$ (19,493)	$ (18,815)	$ (18,887)	$ (17,487)	$ (16,604)
Total assets	$ 2,244,602	$ 2,225,914	$ 2,163,821	$ 2,085,834	$ 2,037,453
Non-interest-bearing deposits	$ 573,546	$ 572,360	$ 633,606	$ 629,776	$ 662,808
Interest-bearing deposits	$ 1,347,376	$ 1,348,941	$ 1,196,856	$ 1,199,505	$ 1,133,834
Total deposits	$ 1,920,922	$ 1,921,301	$ 1,830,462	$ 1,829,281	$ 1,796,642
FHLB advances and other borrowings	$ 102,000	$ 87,000	$ 120,000	$ 46,000	$ 26,000
Total liabilities	$ 2,061,718	$ 2,042,229	$ 1,979,963	$ 1,903,406	$ 1,860,036
Total stockholders' equity	$ 182,884	$ 183,685	$ 183,858	$ 182,428	$ 177,417
Capital ratios: [2]					
Leverage ratio	9.26%	9.32%	9.36%	9.61%	9.48%
Common equity tier 1 capital	11.97%	12.27%	12.04%	12.53%	12.56%
Tier 1 risk-based capital	11.97%	12.27%	12.04%	12.53%	12.56%
Total risk-based capital	13.10%	13.42%	13.20%	13.65%	13.65%

(1) Loan amounts include deferred fees/costs.

(2) Reflects the Company's regulatory capital ratios which are provided for information purposes only; as a small bank holding company, the Company is not subject to regulatory capital requirements.

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

	As of or For the Three Months Ended				
	9/30/2023	6/30/2023	3/31/2023	12/31/2022	9/30/2022
Average balance sheet data:					
Cash and cash equivalents	$ 90,742	$ 94,313	$ 50,822	$ 61,892	$ 77,887
Securities available-for-sale	$ 222,134	$ 224,913	$ 230,336	$ 242,144	$ 331,206
Securities held-to-maturity	$ 218,694	$ 192,628	$ 187,826	$ 184,459	$ 116,733
Total securities	$ 440,828	$ 417,541	$ 418,162	$ 426,603	$ 447,939
Loans held for investment[1]	$ 1,610,864	$ 1,569,266	$ 1,547,393	$ 1,456,780	$ 1,398,761
Total assets	$ 2,250,258	$ 2,183,542	$ 2,120,218	$ 2,051,867	$ 2,026,791
Interest-bearing deposits	$ 1,353,516	$ 1,270,657	$ 1,179,878	$ 1,150,049	$ 1,107,129
Non-interest-bearing deposits	$ 587,917	$ 601,778	$ 664,369	$ 653,820	$ 655,853
Total deposits	$ 1,941,433	$ 1,872,435	$ 1,844,247	$ 1,803,869	$ 1,762,982
FHLB advances and other borrowings	$ 85,326	$ 93,075	$ 61,600	$ 37,500	$ 43,935
Total liabilities	$ 2,065,357	$ 1,999,304	$ 1,936,847	$ 1,874,311	$ 1,841,503
Total stockholders' equity	$ 184,901	$ 184,238	$ 183,371	$ 177,556	$ 185,288
Performance ratios:					
Return on average assets [2]	0.67%	0.77%	1.11%	0.86%	1.09%
Return on average equity [2]	8.19%	9.13%	12.85%	9.91%	11.90%
Net interest margin [2]	2.60%	2.73%	3.22%	3.45%	3.47%
Non-interest income (loss) to average assets [2]	0.38%	0.34%	0.40%	(0.02)%	0.35%
Efficiency ratio [3]	64.64%	65.25%	56.32%	59.81%	54.58%
Loans by type (at period end): [4]					
Residential real estate	$ 188,880	$ 183,093	$ 184,427	$ 185,636	$ 186,551
Commercial real estate	$ 1,005,280	$ 989,401	$ 987,757	$ 970,410	$ 928,531
Commercial and industrial	$ 212,975	$ 169,401	$ 160,947	$ 126,984	$ 121,145
Foreign banks	$ 94,640	$ 85,409	$ 97,405	$ 93,769	$ 94,450
Consumer and other	$ 173,096	$ 167,845	$ 149,410	$ 130,429	$ 100,845
Asset quality data:					
Allowance for credit losses to total loans	1.16%	1.18%	1.20%	1.16%	1.16%
Allowance for credit losses to non-performing loans	4,070%	3,871%	3,886%	-%	-%
Total non-performing loans[5]	$ 479	$ 486	$ 486	$ -	$ -
Non-performing loans to total loans	0.03%	0.03%	0.03%	-%	-%

Non-performing assets to total assets[5]	0.02%	0.02%	0.02%	-%	-%
Net charge-offs (recoveries of) to average loans [2]	(0.00)%	0.01%	(0.01)%	(0.00)%	0.03%
Net charge-offs (recovery) of credit losses	$ (5)	$ 29	$ (49)	$ (2)	$ 91
Interest rates and yields:[2]					
Loans	5.55%	5.33%	5.17%	4.86%	4.53%
Investment securities	2.52%	2.26%	2.20%	2.13%	1.94%
Total interest-earning assets	4.89%	4.68%	4.51%	4.21%	3.82%
Deposits	2.39%	1.99%	1.29%	0.77%	0.34%
FHLB advances and other borrowings	3.19%	3.42%	3.27%	2.27%	1.63%
Total interest-bearing liabilities	3.41%	2.97%	2.08%	1.25%	0.59%
Other information:					
Full-time equivalent employees	194	198	196	191	191

(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 at the dates presented since there were no impaired investments or other real estate owned (OREO) recorded.

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

	Three Months Ended September 30,					
	2023			2022		
	Average Balance	Interest	Yield/Rate [1]	Average Balance	Interest	Yield/Rate [1]
Assets						
Interest-earning assets:						
Loans [2]	$ 1,610,864	$ 22,523	5.55%	$ 1,398,761	$ 15,954	4.53%
Investment securities [3]	445,828	2,833	2.52%	450,514	2,201	1.94%
Other interest-earnings assets	83,479	1,026	4.88%	70,540	322	1.81%
Total interest-earning assets	2,140,171	26,382	4.89%	1,919,815	18,477	3.82%
Non-interest-earning assets	110,087			106,976		
Total assets	$ 2,250,258			$ 2,026,791		
Liabilities and stockholders' equity						
Interest-bearing liabilities:						
Interest-bearing checking	$ 52,080	331	2.52%	$ 66,585	19	0.11%
Saving and money market deposits	1,011,164	8,779	3.44%	823,521	1,141	0.55%
Time deposits	290,272	2,565	3.51%	217,023	363	0.66%
Total interest-bearing deposits	1,353,516	11,675	3.42%	1,107,129	1,523	0.55%
FHLB advances and other borrowings	85,326	685	3.19%	43,935	180	1.63%
Total interest-bearing liabilities	1,438,842	12,360	3.41%	1,151,064	1,703	0.59%
Non-interest-bearing demand deposits	587,917			655,853		
Other non-interest-bearing liabilities	38,598			34,586		
Total liabilities	2,065,357			1,841,503		
Stockholders' equity	184,901			185,288		
Total liabilities and stockholders' equity	$ 2,250,258			$ 2,026,791		
Net interest income		$ 14,022			$ 16,774	
Net interest spread [4]			1.48%			3.23%
Net interest margin [5]			2.60%			3.47%

(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 earned on total interest-earning assets minus the average rate paid 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				
	9/30/2023	**6/30/2023**	**3/31/2023**	**12/31/2022**	**9/30/2022**
Pre-tax pre-provision ("PTPP") income:(1)					
Net income	$ 3,819	$ 4,196	$ 5,809	$ 4,434	$ 5,558
Plus: Provision for income taxes	1,250	1,333	1,881	1,415	1,963
Plus: Provision for credit losses	653	38	201	880	910
PTPP income	$ 5,722	$ 5,567	$ 7,891	$ 6,729	$ 8,431
PTPP return on average assets:(1)					
PTPP income	$ 5,722	$ 5,567	$ 7,891	$ 6,729	$ 8,431
Average assets	$ 2,250,258	$ 2,183,542	$ 2,120,218	$ 2,051,867	$ 2,026,791
PTPP return on average assets (2)	1.01%	1.02%	1.51%	1.30%	1.65%
Operating net income:(1)					
Net income	$ 3,819	$ 4,196	$ 5,809	$ 4,434	$ 5,558
Less: Net gains (losses) on sale of securities	(955)	-	(21)	(1,989)	(558)
Less: Tax effect on sale of securities	242	-	5	504	141
Operating net income	$ 4,532	$ 4,196	$ 5,825	$ 5,919	$ 5,975
Operating PTPP income:(1)					
PTPP income	$ 5,722	$ 5,567	$ 7,891	$ 6,729	$ 8,431
Less: Net gains (losses) on sale of securities	(955)	-	(21)	(1,989)	(558)
Operating PTPP income	$ 6,677	$ 5,567	$ 7,912	$ 8,718	$ 8,989
Operating PTPP return on average assets:(1)					
Operating PTPP income	$ 6,677	$ 5,567	$ 7,912	$ 8,718	$ 8,989
Average assets	$ 2,250,258	$ 2,183,542	$ 2,120,218	$ 2,051,867	$ 2,026,791
Operating PTPP return on average assets (2)	1.18%	1.02%	1.51%	1.69%	1.76%
Operating return on average assets:(1)					
Operating net income	$ 4,532	$ 4,196	$ 5,825	$ 5,919	$ 5,975
Average assets	$ 2,250,258	$ 2,183,542	$ 2,120,218	$ 2,051,867	$ 2,026,791
Operating return on average assets (2)	0.80%	0.77%	1.11%	1.14%	1.17%
Operating return on average equity:(1)					
Operating net income	$ 4,532	$ 4,196	$ 5,825	$ 5,919	$ 5,975
Average equity	$ 184,901	$ 184,238	$ 183,371	$ 177,556	$ 185,288
Operating return on average equity (2)	9.72%	9.13%	12.88%	13.23%	12.79%
Operating Revenue:(1)					
Net interest income	$ 14,022	$ 14,173	$ 15,997	$ 16,866	$ 16,774
Non-interest income	2,161	1,846	2,070	(123)	1,789
Less: Net gains (losses) on sale of securities	(955)	-	(21)	(1,989)	(558)
Operating revenue	$ 17,138	$ 16,019	$ 18,088	$ 18,732	$ 19,121
Operating Efficiency Ratio:(1)					
Total non-interest expense	$ 10,461	$ 10,452	$ 10,176	$ 10,014	$ 10,132
Operating revenue	$ 17,138	$ 16,019	$ 18,088	$ 18,732	$ 19,121
Operating efficiency ratio	61.04%	65.25%	56.26%	53.46%	52.99%

(1) The Company believes these non-GAAP measurements are key indicators of the ongoing earnings power of the Company.
(2) 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				
	9/30/2023	**6/30/2023**	**3/31/2023**	**12/31/2022**	**9/30/2022**
Tangible book value per common share (at period-end):[1]					
Total stockholders' equity	$ 182,884	$ 183,685	$ 183,858	$ 182,428	$ 177,417
Less: Intangible assets	-	-	-	-	-
Tangible stockholders' equity	$ 182,884	$ 183,685	$ 183,858	$ 182,428	$ 177,417
Total shares issued and outstanding (at period-end):					
Total common shares issued and outstanding	19,542,290	19,544,777	19,622,380	20,000,753	20,000,753
Tangible book value per common share[2]	$ 9.36	$ 9.40	$ 9.37	$ 9.12	$ 8.87
Operating diluted net income per common share:[1]					
Operating net income	$ 4,532	$ 4,196	$ 5,825	$ 5,919	$ 5,975
Total weighted average diluted shares of common stock	19,611,897	19,639,682	19,940,606	20,172,438	20,148,208
Operating diluted net income per common share:	$ 0.23	$ 0.21	$ 0.29	$ 0.29	$ 0.30
Tangible Common Equity/Tangible Assets[1]					
Tangible stockholders' equity	$ 182,884	$ 183,685	$ 183,858	$ 182,428	$ 177,417
Tangible total assets[3]	$ 2,244,602	$ 2,225,914	$ 2,163,821	$ 2,085,834	$ 2,037,453
Tangible Common Equity/Tangible Assets	8.15%	8.25%	8.50%	8.75%	8.71%

(1) The Company believes these non-GAAP measurements are key indicators of the ongoing earnings power of the Company.
(2) Excludes the dilutive effect, if any, of shares of common stock issuable upon exercise of outstanding stock options.
(3) Since the Company has no intangible assets, tangible total assets is the same amount as total assets calculated under GAAP.