



**U.S. CENTURY BANK**

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**Third Quarter 2021  
Earnings Presentation  
October 29, 2021**



# Forward-Looking Statements

Statements included in this presentation 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,” “may” 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 forthcoming CECL implementation;
- 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;
- 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 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 from time to time in our filings with the FDIC.

All forward-looking statements are necessarily only estimates of future results, and there can be no assurance that actual results will not differ materially from expectations. Therefore, you are cautioned not to place undue reliance on any forward-looking statements. Further, forward-looking statements included in this presentation are made only as of the date hereof, and we undertake no obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events, unless required to do so under the federal securities laws. You should also review the risk factors we describe in the reports we will file from time to time with the FDIC.

## NON-GAAP FINANCIAL MEASURES

This presentation includes financial information determined by methods other than in accordance with generally accepted accounting principles (“GAAP”). This financial information includes certain operating performance measures. Management has included these non-GAAP measures because it believes these measures may provide useful supplemental information for evaluating our underlying performance trends. Further, management uses these measures in managing and evaluating our 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 presentation.

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



# Q3 2021 Highlights



## Capital/ Credit

- Completed the sale of 4.6 million shares in our **IPO** for net proceeds of \$42.4 million
- Exchanged and repurchased all our outstanding preferred shares
- Classified **\$100 million** of securities from **AFS to HTM** to protect tangible book value in a rising rate environment
- Credit metrics remain at historical low levels
- Recovered a **\$2.5 million** (\$0.11 EPS impact) default interest recovery from a prior loan customer of the Bank



## Profitability

- **Net income** was **\$6.6 million** an increase of \$3.2 million or 93.7% compared to third quarter 2020
- **ROAA** was **1.50%** compared to 0.93% in the third quarter 2020
- **ROAE** was **13.41%** compared to 8.11% in the third quarter 2020
- **Efficiency ratio** was **50.92%** compared to 65.02% in the third quarter 2020



## Growth

- **Average deposits** increased by **\$254.4 million** or 20.8%, compared to third quarter 2020
- **Average loans** increased by **\$112.0 million** or 10.9%, compared to third quarter 2020
- Average **loans excluding PPP** increased **\$148.3 million** or 16.1%, compared to third quarter 2020
- Purchased a yacht loan portfolio for \$48.0 million



# Yacht Lending Vertical



Tranche A  
Q2 2021

Total Purchase: \$44MM  
Loan Count: 24  
WAC: 4.11%  
LTV: 71.8%  
DSCR: 5.75x  
Liquidity Coverage: 192.43x  
Liquidity/Loan Amount: 340%  
FICO: 752



Tranche B  
Q3 2021

Total Purchase: \$48MM  
Loan Count: 30  
WAC: 4.20%  
LTV: 71.3%  
DSCR: 5.43x  
Liquidity Coverage: 101.16x  
Liquidity/Loan Amount: 248%  
FICO: 768





# Financial Results

In thousands (except per share data)

	Q3 2021	Q2 2021	Q3 2020	
<b>Balance Sheet (EOP)</b>	Investment Securities	\$430,137	\$397,904	\$192,431
	Total Loans	\$1,176,412	\$1,145,095	\$1,042,106
	Total Assets	\$1,755,011	\$1,667,005	\$1,491,036
	Total Deposits	\$1,484,589	\$1,438,776	\$1,252,622
	Total Equity	\$201,918	\$166,302	\$168,586
<b>Income Statement</b>	Net Interest Income	\$13,471	\$12,474	\$11,113
	Non-interest Income	\$4,217	\$1,516	\$1,775
	Revenue	\$17,688	\$13,990	\$12,888
	Provision for Credit Losses	\$0	\$0	\$0
	Non-interest Expense	\$9,007	\$8,674	\$8,378
	Net Income	\$6,593	\$4,053	\$3,404
	Net Income (loss) available to common stockholders <sup>(1)</sup>	\$(83,534)	\$3,299	\$2,622
	Diluted Earning Per Share (EPS)			
	Class A Common Stock	-\$5.11	\$0.64	\$0.51
	Class B Common Stock	-\$1.02	\$0.13	\$0.10
	Diluted Operating EPS <sup>(2)</sup>			
	Class A Common Stock	\$0.37	\$0.64	\$0.51
	Class B Common Stock	\$0.07	\$0.13	\$0.10

<sup>(1)</sup> Includes preferred dividend expense and a one-time accounting impact of \$89.6 million for the exchange and redemption of preferred shares. 5

<sup>(2)</sup> Non-GAAP. For reconciliation of Non-GAAP financial metrics, see Non-GAAP at the end of this presentation.



# Key Performance Indicators



	Q3 2021	Q2 2021	Q3 2020
Tangible Common Equity/Tangible Assets <sup>(1)</sup>	11.51%	8.50%	9.16%
Total Risk Based Capital	15.10%	12.69%	14.34%
NCO/Avg Loans <sup>(2)</sup>	-0.02%	0.06%	0.04%
NPA/Assets	0.00%	0.00%	0.11%
Allowance Credit Losses/Loans	1.27%	1.30%	1.46%



Return On Average Assets (ROAA) <sup>(2)</sup>	1.50%	0.98%	0.93%
Return On Average Equity (ROAE) <sup>(2)</sup>	13.41%	9.74%	8.11%
Net Interest Margin <sup>(2)</sup>	3.19%	3.14%	3.17%
Efficiency Ratio	50.92%	62.00%	65.02%
PTPP ROAA <sup>(1)(2)</sup>	1.98%	1.28%	1.23%



In thousands (except for TBV)

Total Assets (EOP)	\$1,755,011	\$1,667,005	\$1,491,036
Total Loans (EOP)	\$1,176,412	\$1,145,095	\$1,042,106
Total Deposits (EOP)	\$1,484,589	\$1,438,776	\$1,252,622
Tangible Book Value/Share <sup>(1)</sup>	\$10.10	\$27.71	\$26.71

<sup>(1)</sup> Non-GAAP.

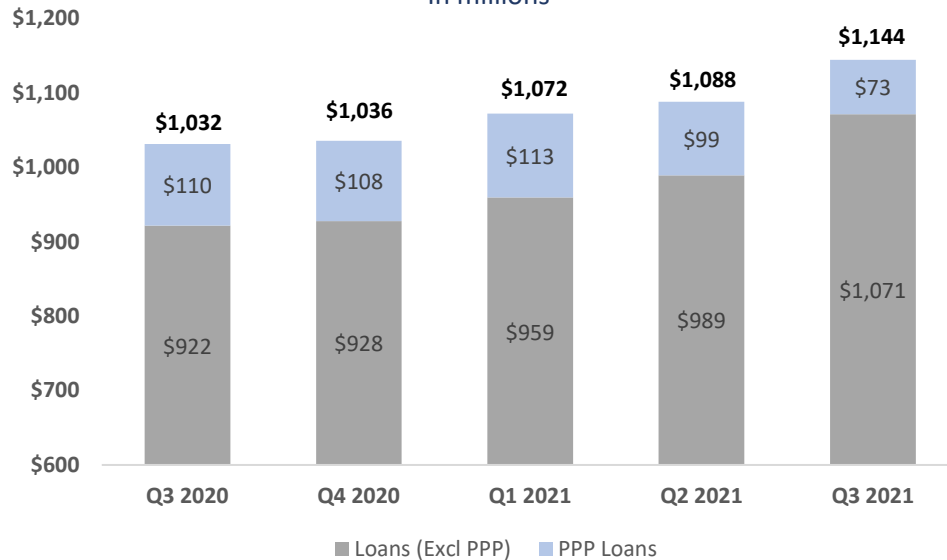
<sup>(2)</sup> Annualized.



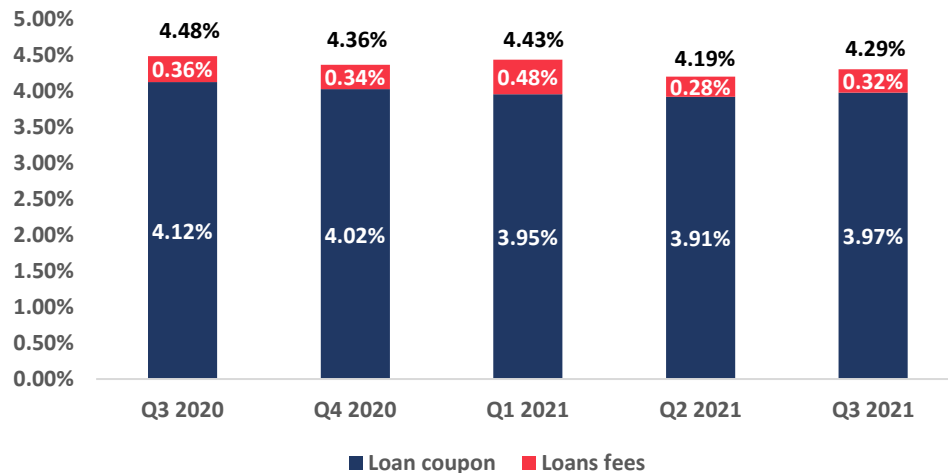
# Loan Portfolio

## Total Loans (AVG)

In millions



## Loan Yields



## Commentary

- Total loans increased \$55.8 million or 20.3% annualized compared to last quarter and \$112.0 million or 10.9% compared to third quarter 2020.
- Total loans excluding PPP loans increased \$82.1 million or 32.9% annualized compared to last quarter and \$148.3 million or 16.1% compared to third quarter 2020.
- Purchased a \$48.0 million portfolio of Yacht loans in third quarter 2021.
- Loan coupon steady from prior quarters and variance in loan fees is predominately due to PPP loan forgiveness.



# Paycheck Protection Program (PPP)

3 successful rounds of PPP loans, originating \$168.4 million through September 30, 2021

In thousands (except for ROAA)

	Q3 2021	Q2 2021	Q3 2020
Pre-Tax Income	\$8,681	\$5,316	\$4,510
Net Income	\$6,593	\$4,053	\$3,404
Average Assets	\$1,741,423	\$1,660,060	\$1,460,732
ROAA <sup>(1)</sup>	1.50%	0.98%	0.93%



<i>of which</i>			
PPP Income	\$1,071	\$925	\$1,078
Unrealized PPP Fees EOP	\$2,360	\$3,169	\$2,635
PPP Balance EOP	\$57,991	\$84,240	\$109,567
PPP AVG. Balance	\$73,215	\$99,363	\$109,550

<sup>(1)</sup> Annualized.

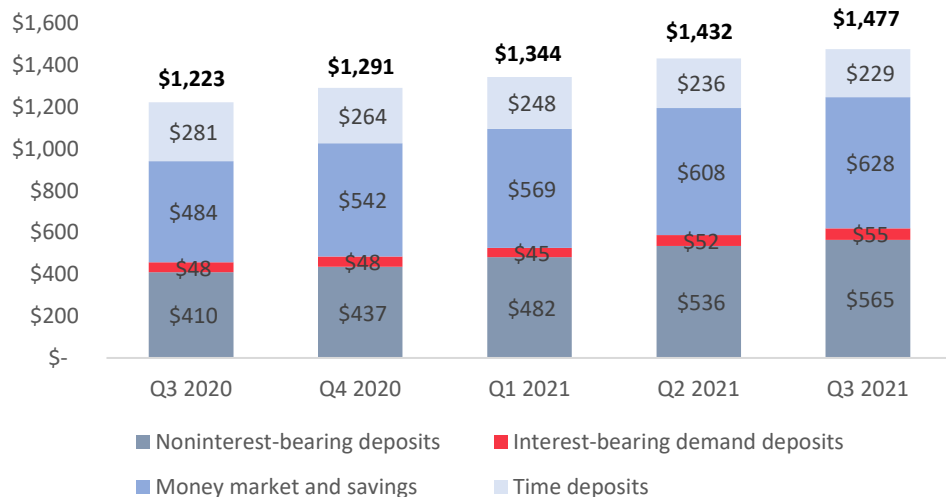




# Deposit Portfolio

## Deposits (AVG)

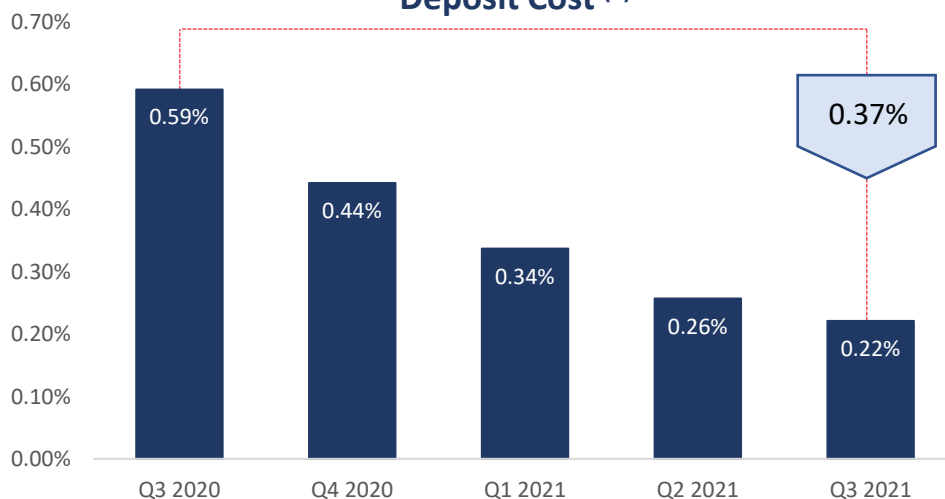
In millions



## Commentary

- Average deposits increased \$45.1 million or 12.5% annualized compared to last quarter and \$254.4 million or 20.8% compared to third quarter 2020.
- DDA average deposits grew \$29.0 million or 21.5% annualized compared to last quarter and \$155.1 million or 37.8% compared to third quarter 2020.
- 37 bps decrease in cost of deposits compared to third quarter 2020.

## Deposit Cost <sup>(1)</sup>



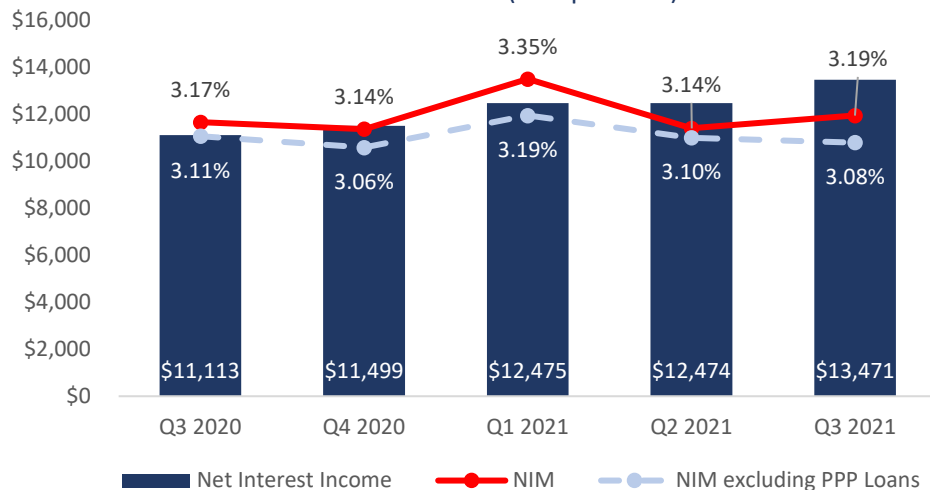
<sup>(1)</sup> Annualized.



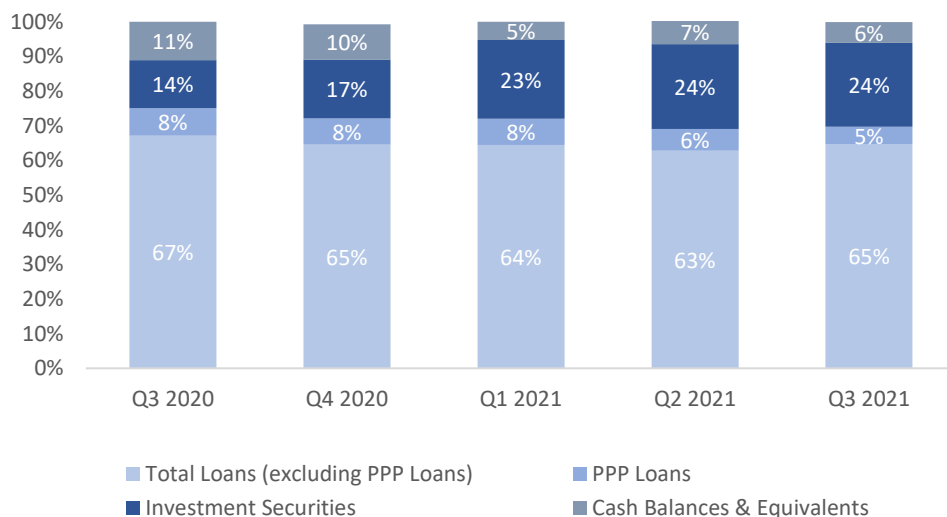
# Net Interest Margin

## Net Interest Income/Margin <sup>(1)</sup>

In thousands (except ratios)



## Earning Assets Mix (AVG)



## Commentary

- Net interest income increased by \$1.0 million or 31.7% annualized compared to last quarter by \$2.4 million or 21.2% compared to third quarter 2020.
- NII growth driven by lower deposit cost and interest income generated by a larger investment portfolio.
- NIM impacted by shift in balance sheet mix. Cash balances and securities make up 30% of total earning assets in the third quarter 2021.

<sup>(1)</sup> NIM annualized.



# Non-interest Income

In thousands (except ratios)

	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Service Fees	\$ 856	\$ 903	\$ 889	\$ 1,030	\$ 777
Gain (loss) on Sale of Securities available for sale	(70)	187	62	11	-
Gain (loss) on Sale of Loans held for sale	532	23	964	(1)	612
Other Income	2,899	403	406	414	386
<b>Total non-interest income</b>	<b>\$ 4,217</b>	<b>\$ 1,516</b>	<b>\$ 2,321</b>	<b>\$ 1,454</b>	<b>\$ 1,775</b>
Average total assets	\$ 1,741,423	\$ 1,660,060	\$ 1,573,881	\$ 1,522,735	\$ 1,460,732
Non-interest income / Average Assets <sup>(1)</sup>	0.96%	0.37%	0.60%	0.38%	0.48%
Revenue	\$ 17,688	\$ 13,990	\$ 14,796	\$ 12,953	\$ 12,888
Non-interest income as % of Revenue	23.85%	10.84%	15.69%	11.23%	13.77%

## Commentary

- Recovered \$2.5 million in default interest from a prior lending customer of the Bank. The loan was originated in 2008 and subsequently went through many iterations of credit collection. This payment reflects the final payment and settlement of lien judgments against the client.
- Executed several SBA loan sales in the quarter.

<sup>(1)</sup> Annualized.



# Non-interest Expense

In thousands (except ratios and FTE)

	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Salaries and employee benefits	\$ 5,313	\$ 5,213	\$ 5,278	\$ 4,435	\$ 4,907
Occupancy	1,192	1,411	1,387	1,402	1,419
Regulatory assessment and fees	317	195	178	171	179
Consulting and legal fees	357	373	185	274	342
Network and information technology services	358	332	508	380	407
Other operating	1,470	1,150	1,141	1,603	1,124
<b>Total non-interest expenses</b>	<b>\$ 9,007</b>	<b>\$ 8,674</b>	<b>\$ 8,677</b>	<b>\$ 8,265</b>	<b>\$ 8,378</b>
Efficiency ratio	50.92%	62.00%	58.64%	63.81%	65.02%
Average total assets	\$ 1,741,423	\$ 1,660,060	\$ 1,573,881	\$ 1,522,735	\$ 1,460,732
Non-interest expense / Average assets <sup>(1)</sup>	2.05%	2.10%	2.24%	2.16%	2.28%
Full-time equivalent employees	184	183	186	179	178

## Commentary

- Occupancy expense decreased due to full asset depreciation and rental income.
- Regulatory assessment and fees increased due to greater FDIC insurance expense with deposit growth.
- Other operating expenses increased due to expenses related to being public and an increase in reserves on off-balance sheet items.
- Stable non-interest expense to average assets ratio.

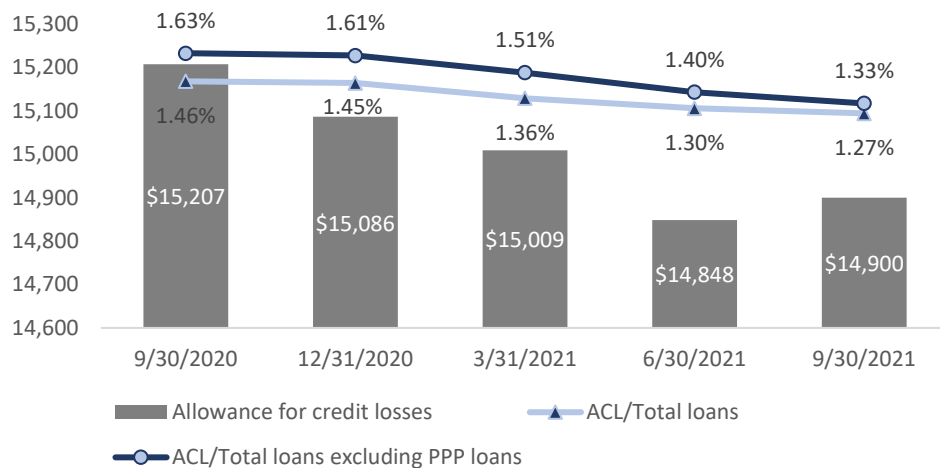
<sup>(1)</sup> Annualized.



# Asset Quality

## Allowance for Credit Losses

In thousands (except ratios)

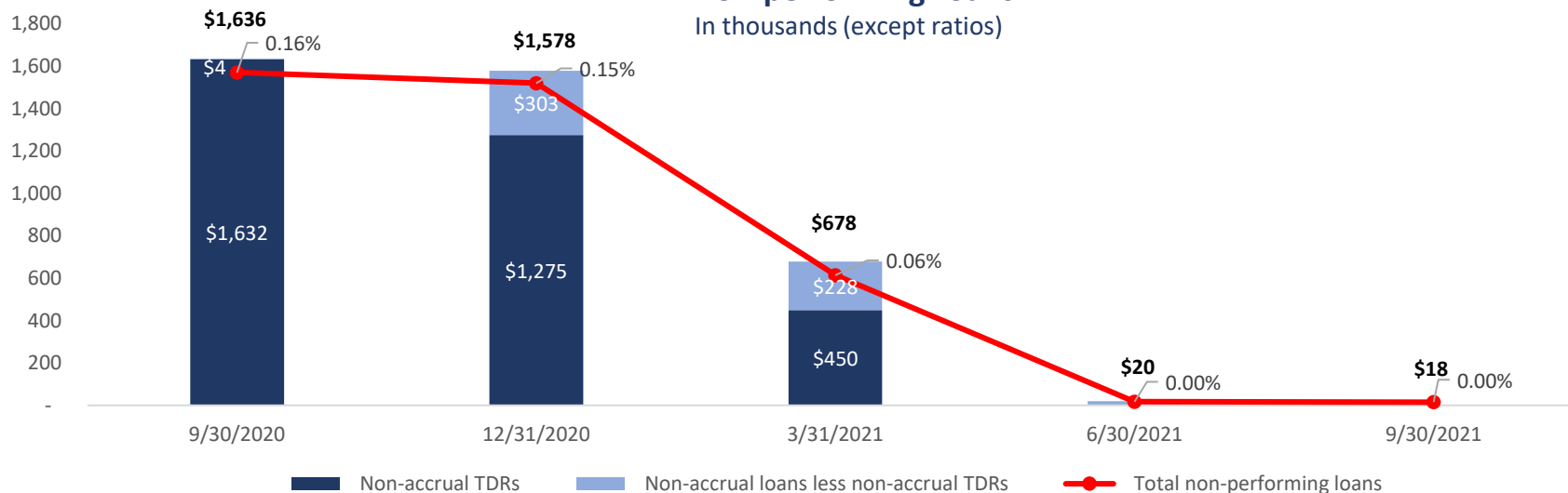


## Commentary

- No loans are under deferment due to Covid-19
- No OREOs
- Less than 0.01% non-performing loans to total loans

## Non-performing Loans

In thousands (except ratios)





# Capital

Capital Ratios	Q3 2021	Q2 2021	Q3 2020	Well-Capitalized
Leverage Ratio	9.69%	7.91%	8.73%	5.00%
TCE/TA <sup>(1)</sup>	11.51%	8.50%	9.16%	NA
Tier 1 Risk Based Capital	13.85%	11.44%	13.08%	8.00%
Total Risk Based Capital	15.10%	12.69%	14.34%	10.00%

## Commentary

- Completed IPO and all capital ratios remain significantly above “well capitalized” guidelines
- No remaining preferred shares at quarter-end
- EOP Shares outstanding:
  - Class A Common Stock: 18,767,541
  - Class B Common Stock: 6,121,052 (1,224,212 as converted) <sup>(2)</sup>

<sup>(1)</sup> Non-GAAP.

<sup>(2)</sup> Class B Common stock as converted 5 to 1.



# Takeaways



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



**Experienced and Tested Management Team**



**Robust Organic Growth**



**Low Risk, Commercially Oriented Loan Portfolio**



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



**Strong Profitability, with Pathway For Future Enhancement Identified**



**Core Funded Deposit Base with 38.4% Non-Interest Bearing Deposits (EOP)**



**Balanced Liquidity Profile – 79.2% Loan / Deposit Ratio to Support Future Loan Deployment**



# Non-GAAP Reconciliation

In thousands (except ratios)

	As of and for the three months ended				
	9/30/2021	6/30/2021	3/31/2021	12/31/2020	9/30/2020
<b>Pre-Tax Pre-Provision ("PTPP") Income:</b>					
Net income	\$ 6,593	\$ 4,053	\$ 4,781	\$ 4,239	\$ 3,404
Plus: Provision for income taxes	2,088	1,263	1,498	449	1,106
Plus: Provision for (recovery of) credit losses	-	-	(160)	-	-
<b>PTPP income</b>	<b>\$ 8,681</b>	<b>\$ 5,316</b>	<b>\$ 6,119</b>	<b>\$ 4,688</b>	<b>\$ 4,510</b>
<b>PTPP Return on Average Assets:</b>					
PTPP income	\$ 8,681	\$ 5,316	\$ 6,119	\$ 4,688	\$ 4,510
Average assets	\$ 1,741,423	\$ 1,660,060	\$ 1,573,881	\$ 1,522,735	\$ 1,460,732
PTPP return on average assets <sup>(1)</sup>	1.98%	1.28%	1.58%	1.22%	1.23%
<b>Operating Net Income:</b>					
Net income	\$ 6,593	\$ 4,053	\$ 4,781	\$ 4,239	\$ 3,404
Less: Net gains (losses) on sale of securities	(70)	187	62	11	-
Less: Tax effect on sale of securities	17	(46)	(15)	(3)	-
<b>Operating net income</b>	<b>\$ 6,646</b>	<b>\$ 3,912</b>	<b>\$ 4,734</b>	<b>\$ 4,231</b>	<b>\$ 3,404</b>
<b>Operating PTPP Income:</b>					
PTPP income	\$ 8,681	\$ 5,316	\$ 6,119	\$ 4,688	\$ 4,510
Less: Net gains (losses) on sale of securities	(70)	187	62	11	-
<b>Operating PTPP Income</b>	<b>\$ 8,751</b>	<b>\$ 5,129</b>	<b>\$ 6,057</b>	<b>\$ 4,677</b>	<b>\$ 4,510</b>
<b>Operating PTPP Return on Average Assets:</b>					
Operating PTPP income	\$ 8,751	\$ 5,129	\$ 6,057	\$ 4,677	\$ 4,510
Average assets	\$ 1,741,423	\$ 1,660,060	\$ 1,573,881	\$ 1,522,735	\$ 1,460,732
Operating PTPP Return on average assets <sup>(1)</sup>	1.99%	1.24%	1.56%	1.22%	1.23%
<b>Operating Return on Average Asset:</b>					
Operating net income	\$ 6,646	\$ 3,912	\$ 4,734	\$ 4,231	\$ 3,404
Average assets	\$ 1,741,423	\$ 1,660,060	\$ 1,573,881	\$ 1,522,735	\$ 1,460,732
Operating return on average assets <sup>(1)</sup>	1.51%	0.95%	1.22%	1.11%	0.93%

(1) Annualized.





# Non-GAAP Reconciliation

In thousands (except per share data)

	As of and for the three months ended				
	9/30/2021	6/30/2021	3/31/2021	12/31/2020	9/30/2020
<b>Tangible Book Value per Common Share (at period-end):</b>					
Total stockholders' equity (GAAP)	\$ 201,918	\$ 166,302	\$ 170,425	\$ 171,001	\$ 168,586
Less: Intangible assets	-	-	-	-	-
Less: Preferred stock	-	24,616	32,077	32,077	32,077
Tangible stockholders' equity (non-GAAP)	\$ 201,918	\$ 141,686	\$ 138,348	\$ 138,924	\$ 136,509
<b>Total shares issued and outstanding (at period-end):</b>					
Class A common shares	18,767,541	3,889,469	3,889,469	3,889,469	3,887,469
Class B common shares <sup>(1)</sup>	1,224,212	1,224,212	1,224,212	1,224,212	1,224,212
Total common shares outstanding	19,991,753	5,113,681	5,113,681	5,113,681	5,111,681
Tangible book value per common share (non-GAAP) <sup>(2)</sup>	\$ 10.10	\$ 27.71	\$ 27.05	\$ 27.17	\$ 26.71
<b>Operating Net Income Available to Common Stockholders:</b>					
Net income (GAAP)	\$ 6,593	\$ 4,053	\$ 4,781	\$ 4,239	\$ 3,404
Less: Preferred dividends	542	754	781	782	782
Less: Exchange and redemption of preferred shares	89,585	-	-	-	-
Net income (loss) available to common stockholders (GAAP)	(83,534)	3,299	4,000	3,457	2,622
Add back: Exchange and redemption of preferred shares	89,585	-	-	-	-
Operating net income avail. to common stock (non-GAAP) <sup>(3)</sup>	\$ 6,051	\$ 3,299	\$ 4,000	\$ 3,457	\$ 2,622
<b>Allocation of operating net income per common stock class:</b>					
Class A common stock	\$ 5,598	\$ 2,509	\$ 3,042	\$ 2,629	\$ 1,994
Class B common stock	\$ 453	\$ 790	\$ 958	\$ 828	\$ 628
<b>Weighted average shares outstanding:</b>					
Class A common stock					
Basic	15,121,460	3,889,469	3,889,469	3,887,512	3,887,469
Diluted	15,187,729	3,933,636	3,913,279	3,911,322	3,944,455
Class B common stock					
Basic	6,121,052	6,121,052	6,121,052	6,121,052	6,121,052
Diluted	6,121,052	6,121,052	6,121,052	6,121,052	6,121,052
<b>Diluted EPS: <sup>(3) (4) (5)</sup></b>					
Class A common stock					
Net income (loss) per diluted share (GAAP)	\$ (5.11)	\$ 0.64	\$ 0.78	\$ 0.67	\$ 0.51
Add back: Exchange and redemption of preferred shares	5.48	-	-	-	-
Operating net income per diluted share (non-GAAP)	\$ 0.37	\$ 0.64	\$ 0.78	\$ 0.67	\$ 0.51
Class B common stock					
Net income (loss) per diluted share (GAAP)	\$ (1.02)	\$ 0.13	\$ 0.16	\$ 0.14	\$ 0.10
Add back: Exchange and redemption of preferred shares	1.09	-	-	-	-
Operating net income per diluted share (non-GAAP)	\$ 0.07	\$ 0.13	\$ 0.16	\$ 0.14	\$ 0.10

(1) Class B Non-Voting Common Stock, \$1.00 par value per share; 8,000,000 shares authorized; 6,121,052 issued and outstanding (convertible to 1,224,212 shares of Class A Voting Common Stock); 6,121,052 shares issued and outstanding as adjusted (convertible to 1,224,212 shares of Class A Voting Common Stock). Pursuant to the terms of the Amended and Restated Articles, each share of Class B non-voting common stock is convertible to 0.2 shares of Class A Voting Common Stock after adjustment based on the completion of the Reverse Stock Split of our Class A common stock.

(2) Tangible book value per common share is equal to total stockholders' equity, excluding preferred stock and intangible assets, divided by the number of shares of common stock outstanding at period-end (including Class A common stock and Class B common stock on an as-converted basis).

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

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

(5) In calculating net income (loss) per diluted share, 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.



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