

The Miami Herald/October 28, 2011

Letter to the Editor:

We were very disappointed to learn that the *Miami Herald* would print an article appearing on the ProPublica website on October 19. This letter is sent to you in the interest of presenting the facts to your readers and correcting the record. On behalf of our 281 hard-working officers and employees, we are writing to provide the real facts regarding the bank.

U.S. Century is a community bank headquartered in Miami and has always acted in the best interests of our stockholders and our community. U.S. Century Bank was one of the few Florida banks to receive TARP funds after The U.S. Treasury determined that we met the requirements of the program. The TARP funds were approved by the Treasury Department in February of 2009. The bank debated the acceptance of the loan for six months. In August, realizing that the economy had worsened, the bank accepted \$50.2 million in TARP funds. This was done in effort to continue to serve our customers, as a community bank should. As a matter of fact, since receiving the funds, through September 2011, U.S. Century Bank has modified more than \$144 million in loans to its customers. In addition, it has issued \$146 million in funded new loans (with \$213 million in commitments) to local businesses. We have used the TARP funds exactly for their intended purpose: to lend money to our customers in an effort to help our economy and community.

Loans to bank directors and officers are very common within community banks. Bank directors are expected to not only bring business to the bank, but to do business with the bank. The banking industry is one of the most regulated industries and all insider loans, were made in accordance with FDIC rules; as cited in Section 215.4 which specifies that “a member bank may not extend credit to a bank “insider” or to any of its affiliates unless the extension is made on the same terms as other loans and in accordance with underwriting procedures used for other loans...”

U.S. Century Bank is a South Florida community bank, in a market which has been at “ground zero” for several years. The collapse of our local market and the real estate market has been one of the worst in the country. Accordingly, any comparison to national averages is misleading. The nation’s leaders and top economists did not predict or properly prepare for the breadth, depth and length of this terrible economic crisis, which has affected all of us, including our bank. Notwithstanding that, we have and we will continue to work with our customers and community to get through this crisis.

The bank has always had a good relationship with regulatory agencies. The bank was examined in the normal course, twice by the FDIC and once by the State of Florida between August of 2009 to June 2011. Like many other banks, however, the bank agreed to the entry of a consent order in June 2011. We take our responsibilities under law and applicable regulations very seriously, and as such, we started addressing the issues identified in the consent order prior to its entry. We are continuing to address and resolve those issues as expeditiously as possible, in order to return our bank to profitability and continued safe and sound growth.

Under the agreement with the U.S. Treasury for TARP funds and within the state's regulatory guidelines, a bank cannot issue dividend payments of any kind if it is not profitable. As a result, we have been unable to pay dividends to the U.S. Treasury. It is our intent, however, to pay the required dividends and to repay the TARP funds as quickly as possible.

Although we have diversified into other areas, like many community banks, U.S. Century Bank had a significant commercial real estate portfolio. Asset quality problems began to impact us severely in the latter part of 2009, and have continued as we work through problem assets, mark down loans to current value, and take additional reserves, as required by federal regulations and accounting principles. We were actually one of the last banks to experience asset quality problems due to our strong underwriting guidelines.

In closing, we are pleased to report that we have made progress in complying with the consent order. Our focus at U.S. Century Bank is to increase our capital, lower our non-performing loans, comply with the requirements of the consent order and return to profitability. All in an effort to continue being a good community bank and to support our customers, our employees, and our community.

Octavio Hernandez
Vice Chairman, President and CEO
U.S. Century Bank