

FEBRUARY 15, 2022

U.S. CENTURY BANK IN THE NEWS



U.S. CENTURY BANK'S LUIS DE LA AGUILERA ON GOING PUBLIC, ACHIEVING DIVERSIFIED GROWTH

SOUTH FLORIDA
BUSINESS JOURNAL

After making strides to turn around its finances in recent years, U.S. Century Bank (Nasdaq: USCB) launched a \$40 million initial public offering of Class A common stock in July 2021.

It marked a “pretty remarkable” milestone for the Doral-based institution after years of working to rebuild its business operations, says President and CEO Luis de la Aguilera. Since undergoing a recapitalization and high-level management changes in 2015, the bank has doubled its portfolio to \$1.9 billion in assets and \$1.6 billion in deposits.

Founded in 2002 to serve Hispanic-owned businesses, U.S. Century Bank is one of only a handful of Minority Depository Institutions operating in South Florida. It has 10 branches across Miami-Dade and Broward counties.

De la Aguilera spoke with the *Business Journal* about U.S. Century Bank's turnaround and its plans for the future:

What did your path to reconstructing U.S. Century Bank's strategy and ultimately going public in 2021 look like?

When the bank was chartered in 2002, it grew very quickly and was very concentrated in commercial real estate. When the financial crisis happened, real estate prices plummeted, collateral values evaporated and many multimillion-dollar projects went into foreclosure. Between 2009 and 2015, the bank suffered \$200 million in losses and was under regulatory supervision. In 2015, it was recapitalized by a group of investors. We have worked very hard to evaluate opportunities and not repeat past mistakes. As we saw the evolution of the bank, we felt that it was delivering results and the market was ready [for the IPO]. Very little IPOs were happening when the pandemic hit, so we came out at a time when the market was very receptive and the bank was ready.

How are the net proceeds gained from the IPO supporting your continued growth in South Florida?

The IPO was, in part, focused on simplifying our capital structure. We're going to continue supporting the lines we've developed since the recapitalization. U.S. Century Bank was very focused on commercial real estate, so part of our strategic plan is to identify non-CRE lines that we could develop. We have a business line focused on banking for homeowner and condominium associations, which is a huge market in South Florida. Two years ago, we got into small business lending and we're doing great business on that line. Last year, we were the only South Florida bank to be given designated lending authority by the SBA, which means when we don't have to go to the Association for further approval when we approve an SBA loan of up to \$5 million. That makes us faster in our underwriting and approval times. In the fourth quarter of 2021, we launched an initiative for yacht lending, and we're also focusing on health care, nonprofits, and law firms. There are a number of business verticals we've developed over time that diversify us from commercial real estate, which will still probably be the dominant business line, but it's no longer the only one.

Has the wealth migration into South Florida shifted your strategic priorities?

We're not changing our path; we're really doing more of what we've been doing successfully. We've seen a significant migration of people, businesses and capital from the Northeast and West Coast, which impacts real estate prices and sectors such as entertainment and tech. We're a bank focused on commercial businesses and entrepreneurs, so if there are more clients to source and develop, I believe they'll be served very well by the lines we've been developing over the last five years.

How is U.S. Century Bank balancing both the increased need for financial technology and the traditional branch-based model?

In community banking, the relationship with the customer is everything. It's what differentiates us from larger national and regional banks. But without a question, the customers have digital needs and demands. Since our recapitalization in 2015, we've focused on enhancing our technology. In the past two years, we've completed a core conversion and updated our entire ATM network. On the consumer side, we reupped and launched our new mobile banking platform, introduced Zelle as a direct person-to-person money transfer system, and started a complete digital account opening. Over the next two years, we have more than 11 digital offerings planned to continue the evolution of our dynamic technology roadmap.

The modern consumer wants a combination of bricks and clicks. They want to know that their banking center is around the corner if they need to go there, but they don't necessarily want to need to go there. When I arrived here, we had 18 physical locations; we have 10 now, yet we've doubled our assets and deposits, significantly grown our loan book, and added thousands of clients. I don't want to say the digital experience is replacing physical locations, but it's a very important complement.

How does the consolidation of community banks in South Florida affect your competition within the market?

Over the last 10 to 15 years, the consolidation trend has been very strong and will continue. As of 2018, there were 4,700 banks in the United States and the rate of consolidation was about 200 banks per year before the pandemic. Clearly, the ability to scale matters. Our focus is steady, safe and organic growth, but we are very opportunistic and the IPO has further strengthened us for [M&A] opportunities. If those opportunities arise, we want to be ready for them.

Describe your economic outlook for South Florida in 2022.

The South Florida economy should experience solid growth in 2022. There are a lot of strong businesses and high-net-worth individuals that are moving in. Miami is truly a global destination city. When the economy is bad overseas, it is safe harbor here in South Florida. By the same token, when the economy is not good in South Florida, it's a moment for foreign investors to come in. But there are still headwinds, such as inflation and supply-chain interruptions. Globally, we're living in turbulent times, so we understand that things can change quickly. That's why it's so important for the bank to have a strong footing, be conservative, and do what it does well.



Ashley Garrett
Digital Producer
South Florida Business Journal



WWW.USCENTURY.COM