FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, DC 20006

FORM 10/A
Post-Effective Amendment No. 1

GENERAL FORM FOR REGISTRATION OF SECURITIES
PURSUANT TO SECTION 12(b) OR (g) OF
THE SECURITIES EXCHANGE ACT OF 1934

U.S. CENTURY BANK
(Exact name of registrant as specified in its charter)

Florida (State or other jurisdiction of incorporation or organization)	**52-2371258** (I.R.S. Employer Identification No.)
2301 N.W. 87th Avenue **Miami, FL** (Address of principal executive offices)	**33172** (Zip Code)

(305) 715-5200
(Registrant's telephone number, including area code)

SECURITIES TO BE REGISTERED
PURSUANT TO SECTION 12(b) OF THE ACT:

TITLE OF EACH CLASS TO BE SO REGISTERED	NAME OF EACH EXCHANGE ON WHICH EACH CLASS IS TO BE REGISTERED
Class A common stock, par value $1.00 per share	The Nasdaq Stock Market LLC

SECURITIES TO BE REGISTERED
PURSUANT TO SECTION 12(g) OF THE ACT:

None

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ____
Non-accelerated filer ____
(Do not check if smaller reporting company)
Accelerated filer ____
Smaller reporting company _X_
Emerging growth company _X_

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ____

INFORMATION REQUIRED IN REGISTRATION STATEMENT

U.S. Century Bank (the "Bank") is amending its registration statement on Form 10 (the "Form 10"), filed with the Federal Deposit Insurance Corporation on July 15, 2021 (the "Original Filing"). This Amendment No. 1 to the Bank's Form 10 is being filed to include certain exhibits, including (i) Articles of Amendment to the Bank's Amended and Restated Articles of Incorporation, dated July 20, 2021, as Exhibit 3.2 and (ii) a revised version of the previously filed preliminary offering circular (the "Offering Circular"), dated July 22, 2021, which has been amended to include certain omitted information relating to the offer and sale of up to 4,600,000 shares of the Bank's Class A common stock, par value $1.00 per share and attached hereto as Exhibit 99.3. The other exhibits that are required to be filed hereunder are incorporated herein by reference to the Original Filing. The information responsive to Items 1–15 below, to the extent these items are applicable, is incorporated by reference to the portions of the Offering Circular indicated below.

As a company with less than $1.0 billion in revenues during its last fiscal year, the Bank qualifies as an "emerging growth company" under the Jumpstart Our Business Startups Act of 2012 ("JOBS Act"). Pursuant to the JOBS Act, an emerging growth company may take advantage of reduced reporting requirements and is relieved of certain other significant requirements that are otherwise generally applicable to public companies. As an emerging growth company, the Bank:

- may present only two years of audited financial statements and only two years of related management's discussion and analysis of financial condition and results of operations;
- may present less than five years of selected historical financial information;
- is exempt from the requirement to obtain an attestation and report from its auditors on management's assessment of the Bank's internal control over financial reporting under the Sarbanes-Oxley Act of 2002;
- is permitted to provide less extensive disclosure about its executive compensation arrangements; and
- is not required to give its shareholders non-binding advisory votes on executive compensation or golden parachute arrangements.

The Bank has elected in this Registration Statement to take advantage of scaled disclosure relating to presenting only (i) two years of audited consolidated financial statements and the related management's discussion and analysis of financial condition and results of operations for those periods and (ii) less extensive disclosure regarding executive compensation arrangements.

ITEM 1. BUSINESS

The information required by this item is contained in the sections entitled "Business," "Supervision and Regulation" and "Where You Can Find More Information" in the Offering Circular, which are incorporated by reference herein.

ITEM 1A. RISK FACTORS

The information required by this item is contained in the section entitled "Risk Factors" in the Offering Circular, which is incorporated by reference herein.

ITEM 2. FINANCIAL INFORMATION

The information required by this item is contained in the sections entitled "Selected Historical Consolidated Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Offering Circular, which are incorporated by reference herein.

ITEM 3. PROPERTIES

The information required by this item is contained in the section entitled “Business—Properties” in the Offering Circular, which is incorporated by reference herein.

ITEM 4. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this item is contained in the section entitled “Principal Shareholders” in the Offering Circular, which is incorporated by reference herein.

ITEM 5. DIRECTORS AND EXECUTIVE OFFICERS

The information required by this item is contained in the section entitled “Management” in the Offering Circular, which is incorporated by reference herein.

ITEM 6. EXECUTIVE COMPENSATION

The information required by this item is contained in the section entitled “Executive Compensation” in the Offering Circular, which is incorporated by reference herein.

ITEM 7. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is contained in the sections entitled “Certain Relationships and Related Party Transactions” and “Management—Corporate Governance Principles and Board Matters—Director Independence” in the Offering Circular, which are incorporated by reference herein.

ITEM 8. LEGAL PROCEEDINGS

The information required by this item is contained in the section entitled “Business—Legal Proceedings” in the Offering Circular, which is incorporated by reference herein.

ITEM 9. MARKET PRICE OF AND DIVIDENDS ON THE REGISTRANT’S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Information required by this item is contained in the sections entitled “Dividend Policy,” “Description of Capital Stock—General” and “Shares Eligible for Future Sale” in the Offering Circular, which are incorporated by reference herein.

The following table summarizes information, as of December 31, 2020, relating to the U.S. Century Bank Amended and Restated 2015 Equity Incentive Plan (the “2015 Incentive Plan”), pursuant to which the Bank may grant equity incentive awards to acquire shares of its common stock from time to time. The 2015 Incentive Plan was approved by the Bank’s shareholders in May 2015. The Bank does not maintain any equity incentive plans that have not been approved by the Bank’s shareholders. On June 22, 2020, the board of directors of the Bank amended the 2015 Incentive Plan by increasing the authorized number of shares of common stock available to be granted under the 2015 Incentive Plan by 3,000,000 shares to a total of 5,000,000 shares. The following table contains further information about the 2015 Incentive Plan. The following table and the share amounts disclosed in this paragraph does not reflect the 5-to-1 reverse stock split of the Bank’s Class A common stock that was effected on June 16, 2021.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding those issuable upon exercise of outstanding options, warrants and rights)
Equity compensation plans approved by security holders	1,698,333	$ 1.87	3,108,334
Equity compensation plans not approved by security holders	—	—	—
Total	1,698,333	$ 1.87	3,108,334

ITEM 10. RECENT SALES OF UNREGISTERED SECURITIES

On April 26, 2021, the Bank repurchased all 7,500 outstanding shares of its Class E Preferred Stock for an aggregate repurchase price of approximately $7.6 million, which is equal to the aggregate liquidation preference plus declared and unpaid dividends.

The Bank has priced and plans to issue $40 million of shares of its Class A common stock, plus an additional $6 million of shares of its Class A common stock if the underwriters exercise their option to purchase additional shares, pursuant to the offering described in the Offering Circular. Concurrent with the offering described in the Offering Circular, the Bank has completed a separately conducted voluntary exchange offer, pursuant to which it offered all holders of its Class C Preferred Stock and Class D Preferred Stock the ability to exchange such shares of preferred stock for shares of its Class A common stock. The exchange offer expired on July 21, 2021 and closed effective as of July 22, 2021, with the Bank accepting for exchange approximately $102.8 million in total aggregate liquidation amount of Class C and Class D preferred stock in exchange for Class A common stock, which Class A common stock was issued at the exchange rate established by the initial offering price established in the public offering. These transactions are being effected without registration under the Securities Act in reliance on the exemption provided under Section 3(a)(2).

ITEM 11. DESCRIPTION OF REGISTRANT'S SECURITIES TO BE REGISTERED

Information required by this item is contained in the sections entitled "Dividend Policy" and "Description of Capital Stock" in the Offering Circular, which are incorporated by reference herein.

ITEM 12. INDEMNIFICATION OF DIRECTORS AND OFFICERS

The information required by this item is contained in the sections entitled "Certain Relationships and Related Party Transactions—Indemnification Agreements" and "Description of Capital Stock—Limitation of Liability and Indemnification" in the Offering Circular, which are incorporated by reference herein.

ITEM 13. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by this item is contained in the financial statements and notes included in the Offering Circular, which are incorporated by reference herein.

ITEM 14. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 15. FINANCIAL STATEMENTS AND EXHIBITS

(a) Financial Statements

The information required by this item is contained in the section entitled "Index to Financial Statements of U.S. Century Bank" beginning on page F-1 of the Offering Circular, which is incorporated by reference herein.

(b) Exhibits

The following documents are filed as exhibits hereto:

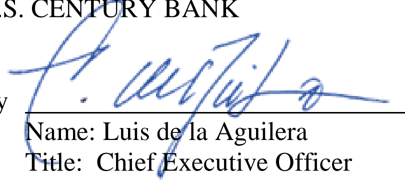
Exhibit No.	Description
3.1	Amended and Restated Articles of Incorporation of U.S. Century Bank, as amended*
3.2	Articles of Amendment to Amended and Restated Articles of Incorporation of U.S. Century Bank dated July 20, 2021
3.3	Amended and Restated Bylaws of U.S. Century Bank, as amended*
4.1	Specimen stock certificate of U.S. Century Bank Class A common stock*
4.2	Second Amended and Restated Investment Agreement, dated February 19, 2015, between U.S. Century Bank, Priam Capital Fund II, LP, Patriot Financial Partners II, L.P., and Patriot Financial Partners Parallel II, L.P.*
4.3	Registration Rights Agreement, dated February 19, 2015, between U.S. Century Bank, Priam Capital Fund II, LP, Patriot Financial Partners II, L.P., Patriot Financial Partners Parallel II, L.P., and certain other shareholders of U.S. Century Bank*
4.4	New Shareholder Agreement, dated February 19, 2015, between U.S. Century Bank and certain shareholders of U.S. Century Bank*
10.1	Employment Agreement, dated April 16, 2016, between U.S. Century Bank and Luis de la Aguilera*
10.2	First Amendment to Employment Agreement, dated April 19, 2019, between U.S. Century Bank and Luis de la Aguilera*
10.3	Amendment No. 2 to the U.S. Century Bank Employment Agreement, dated April 30, 2019, between U.S. Century Bank and Luis de la Aguilera*
10.4	Employment Agreement, dated September 11, 2020, between U.S. Century Bank and Robert Anderson*
10.5	Change in Control Agreement, dated August 2, 2019, between U.S. Century Bank and Benigno Pazos*
10.6	U.S. Century Bank Amended and Restated 2015 Equity Incentive Plan*
21.1	Subsidiaries of U.S. Century Bank*
99.1	Preliminary Offering Circular, dated as of July 15, 2021*
99.2	Investor Presentation, dated as of July 15, 2021*
99.3	Offering Circular, dated as of July 22, 2021

* Previously filed.

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

U.S. CENTURY BANK

By 

Name: Luis de la Aguilera
Title: Chief Executive Officer

Dated: July 26, 2021

Exhibit No. 3.2 to Form 10

Articles of Amendment to Amended and Restated Articles of Incorporation of U.S. Century Bank dated July 20, 2021

ARTICLES OF AMENDMENT
TO
AMENDED AND RESTATED ARTICLES OF INCORPORATION
OF U.S. CENTURY BANK

Pursuant to Sections 607.1003 and 607.1006 of the
Business Corporation Act of the State of Florida
and
Section 658.23 of the Florida Financial Institutions Code

U.S. Century Bank (the "Corporation"), a commercial bank organized and existing under the Florida Financial Institutions Code (the "Florida Code"), does hereby certify that, pursuant to the authority conferred upon its Board of Directors (the "Board") by the Corporation's Amended and Restated Articles of Incorporation, as amended (the "Articles of Incorporation"), and Sections 658.23 and 607.1003 of the Florida Business Corporation Act (the "BCA" and together with the Florida Code, the "Florida Statutes"):

1. The Corporation's original Articles of Incorporation were filed with the Secretary of State of the State of Florida (the "Florida Department of State") on August 1, 2002. The Corporation filed amendments to the Articles of Incorporation with the Florida Department of State on May 15, 2006, July 7, 2009, August 6, 2009, March 12, 2015, June 29, 2016, May 2, 2018, July 17, 2018, February 11, 2021 and June 16, 2021.

2. The Board, at a meeting duly held, in accordance with Sections 658.23 and 607.1003 of the Florida Statutes, adopted the resolutions set forth below proposing and declaring advisable the following Amendment to the Articles of Incorporation (the "Amendment"):

FILED 2021 JUL 20

RESOLVED FURTHER, that the first paragraph of Article III of the Articles of Incorporation be deleted in its entirety and replaced with the following:

> The aggregate number of shares of all classes of capital stock which the Corporation shall have authority to issue is 68,600,000, consisting of (i) 53,000,000 shares of common stock, par value $1.00 per share (the "Common Stock"), and (ii) 15,600,000 shares of preferred stock, par value $1.00 per share, except as set forth below or any articles of amendment of any class or series of preferred stock (the "Preferred Stock").

RESOLVED FURTHER, that the first paragraph under Subsection A of Article III of the Articles of Incorporation be deleted in its entirety and replaced with the following:

> The Common Stock shall consist of two classes of stock: (i) 45,000,000 shares of Class A Voting Common Stock, par value $1.00 per share (the "Voting Common Stock") and (ii) 8,000,000 shares of Class B Non-Voting Common Stock, par value $1.00 per share (the "Non-Voting Common Stock").

3. Thereafter, the holders of Class A Voting Common Stock of the Corporation at a duly called and convened meeting of the shareholders of the Corporation held on July 13, 2021 and at which a

quorum was present throughout approved the Amendment with the number of votes cast being sufficient for such approval in accordance with the provisions of Section 607.1003(3) of the Florida Statutes.

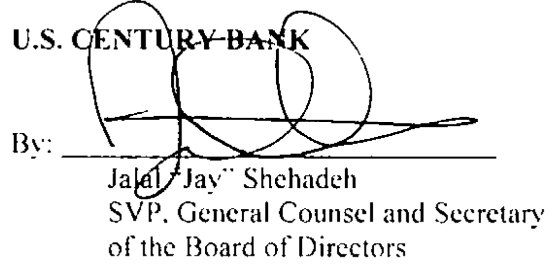
4. The Amendment was duly adopted in accordance with the applicable provisions of Sections 658.23, 607.1003 and 607.1006 of the Florida Statutes.

5. These Articles of Amendment shall become effective at 12:01 a.m. on the date these Articles of Amendment are filed with the Florida Department of State.

[*Remainder of page left blank intentionally*]

FILED
2021 JUL 20 AM 8: 33
SECRETARY OF STATE
TALLAHASSEE, FL

IN WITNESS WHEREOF, the Corporation has caused these Articles of Amendment to the Articles of Incorporation to be signed by its duly authorized officer this 13th day of July, 2021.



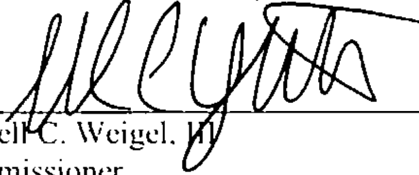
U.S. CENTURY BANK

By: ____________________________
Jalal "Jay" Shehadeh
SVP, General Counsel and Secretary
of the Board of Directors

FILED
2021 JUL 20 AM 8:33
SECRETARY OF STATE
TALLAHASSEE, FL

APPROVED by the Office of Financial Regulation this 20th day of July, 2021.

Tallahassee, Leon County, Florida



Russell C. Weigel, III
Commissioner
Office of Financial Regulation

FILED
2021 JUL 20 AM 8:33
SECRETARY OF STATE
TALLAHASSEE, FL

<u>Exhibit No. 99.3 to Form 10</u>

Offering Circular, dated as of July 22, 2021

OFFERING CIRCULAR

4,000,000 Shares

Class A Common Stock

This offering circular relates to an initial public offering of 4,000,000 shares of Class A common stock of U.S. Century Bank, a Florida chartered, non-Federal Reserve System member commercial bank.

Prior to this offering, there has been no established public market for our Class A common stock. The public offering price per share of our Class A common stock is $10.00 per share. The total offering size for this offering is $40 million, with an additional $6 million in gross proceeds if the underwriters exercise their option to purchase additional shares of Class A common stock. Our Class A common stock is listed on The Nasdaq Global Market under the symbol "USCB."

We qualify as an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, and, as a result, have elected to take advantage of certain reduced public company reporting and disclosure requirements in this offering circular.

Investing in our Class A common stock involves risks that are described in the "Risk Factors" section beginning on page 27 of this offering circular.

Shares of our Class A common stock are not savings accounts, deposits or other obligations of any bank, are not insured by the Federal Deposit Insurance Corporation or any other governmental agency, and are subject to investment risks, including the possible loss of the entire amount you invest.

This document constitutes an offering circular covering securities that are exempt from registration under the Securities Act of 1933, as amended, or the Securities Act, pursuant to Section 3(a)(2) thereof. These securities have not been approved or disapproved by the Federal Deposit Insurance Corporation, the Securities and Exchange Commission, the Florida Office of Financial Regulation, or any other regulatory body, nor has the Federal Deposit Insurance Corporation, the Securities and Exchange Commission, the Florida Office of Financial Regulation, or any other regulatory body passed upon the adequacy or accuracy of the disclosures in this offering circular. Any representation to the contrary is a criminal offense.

No registration statement covering the offer and sale of our Class A common stock has been or will be filed with the U.S. Securities and Exchange Commission, or SEC, the Florida Division of Securities or any other state securities regulator.

The distribution of this offering circular and the offering of the shares in certain jurisdictions outside the United States may be restricted by law. Persons who receive this offering circular in such jurisdictions should see "Underwriting—Selling Restrictions" beginning on page 160 for more information regarding these restrictions.

	Per Share	Total
Initial public offering price	$10.00	$40,000,000
Underwriting discounts (1)	$ 0.70	$ 2,800,000
Proceeds to us, before expenses (1)	$ 9.30	$37,200,000

(1) See "Underwriting" for additional information relating to the underwriting discounts and commissions and certain expenses payable to the underwriters by us.

The underwriters may also exercise their option to purchase up to an additional 600,000 shares of our Class A common stock at the public offering price, less the underwriting discount, for 30 days after the date of this offering circular.

The underwriters expect to deliver the shares of Class A common stock in this offering in book-entry form on or about July 27, 2021, subject to customary closing conditions. See "Underwriting" beginning on page 156 of this offering circular.

Sole Bookrunner

Keefe, Bruyette & Woods
A Stifel Company

Co-Managers

Raymond James **Piper Sandler**

Offering Circular dated July 22, 2021.

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ABOUT THIS OFFERING CIRCULAR

This offering circular describes the specific details regarding this offering and the terms and conditions of our Class A common stock being offered hereby and the risks of investing in our Class A common stock. For additional information, please see the section entitled "Where You Can Find More Information" in this offering circular.

The information contained in this offering circular and any supplement or addendum that may be provided to you by us or on our behalf or to which we refer you, is accurate only as of its date, regardless of the time of delivery of this offering circular or of any sale of our Class A common stock. Our assets, business, cash flows, financial condition, liquidity, prospects or results of operations may have changed since that date. You should not interpret the contents of this offering circular and any supplement or addendum that may be provided to you by us or on our behalf or to which we refer you, to be legal, business, investment or tax advice. You should consult with your own advisors for that type of advice and consult with them about the legal, business, investment, tax and other issues that you should consider before investing in our Class A common stock.

You should rely only on the information contained in this offering circular and any supplement or addendum that may be provided to you. Neither U.S. Century Bank nor the underwriters have authorized any other person to provide you with any additional or different information. If anyone provides you with different or inconsistent information, you should not rely on it. We and the underwriters are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted.

In this offering circular, unless we state otherwise or the context otherwise requires, references in this offering circular to "we," "our," "us," the "Bank" and "U.S. Century" refer to U.S. Century Bank and its consolidated subsidiaries.

Unless we state otherwise or the context otherwise requires, references to "common stock" shall include both our Class A Voting Common Stock, or Class A common stock, and our Class B Non-Voting Common Stock, or Class B common stock.

Unless we state otherwise or the context otherwise requires, references to "Preferred Stock" shall include both our Class C Non-Voting, Non-Cumulative, Perpetual Preferred Stock, or Class C Preferred Stock, and our Class D Non-Voting, Non-Cumulative, Perpetual Preferred Stock, or Class D Preferred Stock.

Unless otherwise indicated, the dollar amounts in this offering circular are presented rounded to the nearest thousand and fractional shares have been rounded down to the nearest whole number. Unless otherwise expressly stated or the context otherwise requires, all information in this offering circular assumes that the underwriters will not exercise their option to purchase additional shares of Class A common stock from us and gives effect to (i) a 1-for-5 reverse stock split of our Class A common stock that was effected on June 16, 2021, which we refer to as the Reverse Stock Split, and (ii) the completion of the Exchange Transactions being conducted concurrent with this offering, as described under "Recent Developments" and "The Exchange Transactions." The effect of the Reverse Stock Split on outstanding shares and per share figures has been retroactively applied to all periods presented in this offering circular. In addition, per share of common stock figures include shares of Class A common stock and Class B common stock on an as-converted to Class A common stock basis.

"U.S. Century Bank" and its logos and other trademarks referred to and included in this offering circular belong to us. Solely for convenience, we refer to our trademarks in this offering circular without the ® or the ™ symbols, but such references are not intended to indicate that we will not assert, to the fullest extent under applicable law, our rights to our trademarks. Other service marks, trademarks and trade names referred to in this offering circular, if any, are the property of their respective owners, although for presentational convenience we may not use the ® or the ™ symbols to identify such trademarks. Any references to our website herein are not

intended to be active links and the information on, or that can be accessed through, our website is not, and you must not consider the information to be, a part of this offering circular or any other filings we make with the Federal Deposit Insurance Corporation, or FDIC.

Industry and Market Data

The industry and market data and other statistical information used throughout this offering circular are based on government and other independent third-party industry sources and publications, including S&P Global Market Intelligence. Some data is also based on our good-faith estimates, which are derived from our review of internal surveys, as well as independent industry publications, government publications, reports by market research firms or other published independent sources that we believe to be accurate and reliable. Unless otherwise indicated, none of the independent industry publications referred to in this offering circular was prepared on our or our affiliates' behalf or at our expense, and we have not independently verified the data or information obtained from these sources. In addition, estimates, forecasts and assumptions are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the section entitled "Risk Factors" and elsewhere in this offering circular. Forward-looking information obtained from these sources is subject to the same qualifications and the additional uncertainties regarding other forward-looking statements in this offering circular.

Implications of Being an Emerging Growth Company

As a company with less than $1.0 billion in revenues during our last fiscal year, we qualify as an "emerging growth company" under the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. An emerging growth company may take advantage of reduced reporting requirements that would otherwise be required by law in the case of a registered offering of securities under the Securities Act of 1933, as amended, or the Securities Act, and is relieved of certain other significant requirements that are otherwise generally applicable to public reporting companies under the Securities Exchange Act of 1934, as amended, or the Exchange Act, or as applied to us through Federal Deposit Insurance Corporation, or FDIC, regulations. We are not subject to these requirements of the Securities Act for this offering, since this offering is not registered under the Securities Act. However, we will be subject to the Exchange Act as applied through FDIC regulations, as discussed below.

For purposes of this offering circular and consistent with the requirements applicable to emerging growth companies that are subject to the Securities Act, we have elected to only present (i) two years of audited consolidated financial statements and two years of related management's discussion and analysis of financial condition and results of operations, and (ii) less extensive disclosure regarding our executive compensation arrangements.

Following our initial public offering, upon registration with the FDIC as a reporting company under the Exchange Act, as applied by FDIC regulations, we expect to continue to qualify as an emerging growth company and, as such, may elect to take advantage of relief for emerging growth companies under the Exchange Act, including:

- only being required to present two years of audited financial statements and two years of related management's discussion and analysis of financial condition and results of operations;
- presenting less than five years of selected historical financial information;
- no requirement to obtain an attestation and report from our auditors on management's assessment of our internal control over financial reporting under the Sarbanes-Oxley Act of 2002, or Sarbanes-Oxley Act;
- providing less extensive disclosure about our executive compensation arrangements; and

- no requirement to give our shareholders non-binding advisory votes on executive compensation or golden parachute arrangements.

We may take advantage of some or all of these provisions for up to five years from the completion of our initial public offering, or on or about July 27, 2026, unless we earlier cease to be an emerging growth company. We will cease to be an emerging growth company and may no longer rely on this reporting relief on the earliest of (i) the last day of the fiscal year in which our annual gross revenues exceed $1.07 billion, (ii) the date we are deemed to become a large accelerated filer, which means (a) we have more than $700 million in market value of our common stock held by non-affiliates as of the last business day of our most recently completed second fiscal quarter, and (b) we have been a reporting company under the Exchange Act, as applied by FDIC regulations, for at least 12 calendar months, (iii) the date on which we issue more than $1.0 billion of non-convertible debt in a three-year period, or (iv) following the fifth anniversary of the completion of this offering.

In addition to the scaled down disclosure and other relief described above, Section 107 of the JOBS Act also permits emerging growth companies, such as us, an extended transition period for complying with new or revised accounting standards affecting public companies until they would apply to private companies. The JOBS Act provides that a company can elect to opt out of this extended transition period and comply with the requirements that apply to non-emerging growth companies, but any such election to opt out is irrevocable. We have elected to take advantage of this extended transition period, which means that the financial statements included in this offering circular, as well as any financial statements that we file in the future, will not be subject to all new or revised accounting standards generally applicable to public companies for the transition period for so long as we remain an emerging growth company or until we affirmatively and irrevocably opt out of the extended transition period under the JOBS Act. This may make our consolidated financial statements not comparable with those of a public company that is neither an emerging growth company nor an emerging growth company that has opted out of using the extended transition period because of the potential differences in accounting standards used. We cannot predict if investors will find our Class A common stock less attractive as a result of our election to rely on these exemptions. If some investors find our Class A common stock less attractive as a result, there may be a less active trading market for our Class A common stock and our stock price may be more volatile.

OFFERING CIRCULAR SUMMARY

This summary highlights certain material information contained elsewhere in this offering circular. Because this is a summary, it may not contain all of the information that is important to you when deciding to invest in our Class A common stock. You should carefully read this entire offering circular before investing, including the information under "Risk Factors" beginning on page 28, "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 69, "Cautionary Note Regarding Forward-Looking Statements" on page 58 and our financial statements and related notes appearing elsewhere in this offering circular, before deciding to invest in our Class A common stock. Except as otherwise noted, all information in this offering circular assumes that the underwriters do not exercise their option to purchase additional shares of our Class A common stock and gives effect to (i) the Reverse Stock Split of our Class A common stock that was effected on June 16, 2021 and (ii) the completion of the Exchange Transactions being conducted concurrent with this offering, as described under "Recent Developments" and "The Exchange Transactions." The effect of the Reverse Stock Split on outstanding shares and per share figures has been retroactively applied to all periods presented in this offering circular.

Our Company

U.S. Century Bank is a state-chartered bank headquartered in Miami-Dade County, Florida. Established in 2002, we are one of the largest community banks headquartered in the Miami-Dade metro area, which we define as Miami-Dade, Broward, and Palm Beach counties. Our mission is to provide high value, relationship-based banking products, services and solutions to a diverse set of clients in the markets we serve. We focus on serving small-to-medium sized businesses, or SMBs, and catering to the needs of local business owners, entrepreneurs and professionals in South Florida. We have further leveraged our success in providing comprehensive banking solutions to SMBs to also secure the personal retail deposit relationships of the owners, operators and employees of our commercial lending clients, which has been a cornerstone of our deposit growth strategy.

Through our network of 11 banking centers and digital banking platform, we offer a wide range of commercial products and services tailored to meet the needs of SMBs operating in our primary market of the Miami-Dade metro area. As of March 31, 2021, our total assets were $1.6 billion, our total loans, net of deferred fees and allowance, were $1.1 billion, including $114.0 million of Paycheck Protection Program, or PPP, loans, our total deposits were $1.4 billion and our total stockholders' equity was $170.4 million.

According to S&P Global Market Intelligence, the Miami-Dade metro area is the fourth largest metropolitan statistical area, or MSA, in the United States by total number of businesses. As one of the largest local community banks in South Florida we believe that we are uniquely positioned to take advantage of Florida's business friendly climate. We distinguish ourselves from our peers and out of state competitors by pairing local and efficient decision-making with thoughtfully tailored financial products for our clients. These products include banking solutions for SMBs, owners and operators of SMBs, homeowner associations, law firms, medical practices and other professional services firms, as well as correspondent banking services offered to financial institutions in certain Latin American and Caribbean countries that meet our risk profile, all while maintaining a high-touch approach that allows us to address our clients' business needs. In 2020, we were designated a Preferred Lending Partner with the Small Business Administration, or SBA, broadening the suite of products we can offer to our SMB clients.

We are proud that our heritage and business focus reflect the multicultural diversity of the Miami-Dade metro area. According to S&P Global Market Intelligence, approximately 68% of the total population in Miami-Dade and Broward Counties is Hispanic. We have been designated by the FDIC as a Minority Depository Institution, or MDI, and our board of directors, or Board, is comprised of a majority of members who identify as

Hispanic. Our management team is predominantly Hispanic and a substantial majority of our client-facing employees are bilingual or multilingual. We believe that our cultural familiarity with the markets and clients that we serve gives us a competitive advantage in servicing the Miami-Dade business community.

Our History

Between 2010 and 2015, we experienced significant deterioration of credit quality similar to many banking institutions following the 2008 recession, resulting in financial losses under prior leadership. In 2011 we entered into a consent order with our primary banking regulators, the FDIC and the Florida Office of Financial Regulation, or FOFR. Despite the limitations of the consent order, our deep ties to the community were instrumental in maintaining our customers and high quality deposit base.

In 2015, an investment group led by Patriot Financial Partners, or Patriot, and Priam Capital LLC, or Priam, completed a crucial $65 million recapitalization of the Bank, which we refer to in this offering circular as the 2015 Recapitalization. Following the 2015 Recapitalization, we undertook a complete reorganization of the Bank, starting with the replacement of the executive management team with individuals who brought with them larger-bank and public company expertise. We also reconstituted our board of directors with five new directors, two of whom joined in connection with the 2015 Recapitalization and three of whom joined after the 2015 Recapitalization. We also elected a new Chairwoman of the Board, Cuban-American businesswoman Aida Levitan, Ph.D., who joined the Board in 2013. The current Board includes members with proven experience in serving on boards of financial institutions, as well as those with a strong understanding of our community.

Today, our leadership team is led by our President and Chief Executive Officer, Luis de la Aguilera, who was hired in 2015 and has been integral in rebuilding our franchise and culture. In 2015, Benigno "Ben" Pazos joined as Chief Credit Officer to lead and reconstruct the credit function of the Bank, implementing robust underwriting standards and procedures and developing a problem asset resolution strategy. We further enhanced our leadership team in 2020 by hiring Rob Anderson as Chief Financial Officer, who has prior leadership experience with public companies and provides valuable public company financial reporting expertise. These executive management changes provided us with the senior leadership necessary to implement changes within the organization to create a stable platform for growth, resulting in significant improvement in our asset quality, capital position and profitability. We also focused on replacing key personnel throughout the organization with individuals who have relevant experience in growing a sound, scalable and profitable bank. As of the date of this offering circular, the average length of service at the Bank for approximately 85% of our employees is less than six years.

Our focus on enhancing our personnel systems, credit underwriting and risk management controls, coupled with the successful completion of the 2015 Recapitalization, allowed us to successfully resolve the 2011 consent order that was terminated by the FDIC in April 2016 and return to profitability for the year ended December 31, 2016.

Our Company Today

After the 2015 Recapitalization, our first priority was to assess, protect, and rebuild the balance sheet. By rebuilding our credit function, we proactively resolved the Bank's significant problem assets and imposed enhanced underwriting standards and procedures. As a result of these measures, our level of nonperforming assets, or NPAs, improved significantly from 6.04% of total assets as of December 31, 2014 to 0.04% of total assets as of March 31, 2021. Our approach to managing credit quality and workout of troubled accounts was validated through an increase in the level of net recoveries and a significant decrease in the level of charge-offs to average loans, which was 0.02% for the year ended December 31, 2020 and -0.01% for the three months ended March 31, 2021. In addition, our total risk-based capital ratio and tangible common equity ratio increased from 6.60% and (1.6%) as of December 31, 2014 to 13.80% and 8.5%, respectively, as of March 31, 2021.

Despite imposing more disciplined underwriting standards, we have achieved strong balance sheet growth. Our loan portfolio grew at a 7.2% compounded annual growth rate from December 31, 2014 to March 31, 2021. This growth was funded by an increasingly attractive deposit base; between December 31, 2014 and March 31, 2021, we grew our total deposits by 10.3% annually, while noninterest bearing deposit composition grew from 22.2% of total deposits as of December 31, 2014 to 36.8% of total deposits as of March 31, 2021.

While our Board and leadership team instilled a sense of urgency to execute our strategic plan, we did not sacrifice a disciplined expense philosophy in favor of growth. We believe our relentless focus on efficiencies, and our willingness to embrace technology was instrumental in allowing us to improve our efficiency ratio by more than 52% between December 31, 2014 and March 31, 2021.

We have also prudently managed and rationalized our branch footprint, reducing the total number of branches from 21 as of December 31, 2014 to 11 as of March 31, 2021. Notwithstanding the decrease in branches, we have maintained a consistent deposit market share in Miami-Dade County.

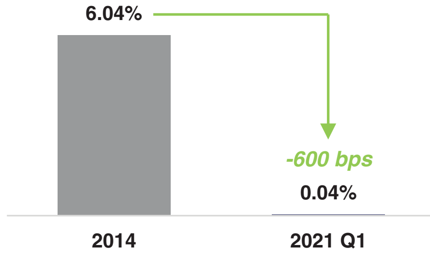
Our strategic efforts prepared us well for the COVID-19 pandemic. In March of 2020, we preemptively repositioned three of our lenders, all of whom had extensive prior special asset experience, to focus proactively on asset work-out strategies to help us minimize loss exposure in segments of our loan portfolio that could have been susceptible to the COVID-19 pandemic. We moved quickly to provide assistance to our clients on a case-by-case basis. To date we believe our underwriting standards and proactive approach to managing the COVID-19 pandemic have been successful. No loans in our portfolio were in COVID-19 related deferral status at March 31, 2021.

As of the date of this offering circular, we are well capitalized, with a conservative and diversified loan portfolio, a stable deposit base, and the infrastructure in place to build a high-performing bank based on sound, scalable and profitable operating principles. Looking ahead, we plan to leverage our seasoned management team, the attractive market opportunity in the Miami-Dade metro area, our diversified lending and deposit gathering approach and deep ties to our communities to drive future growth and profitability.

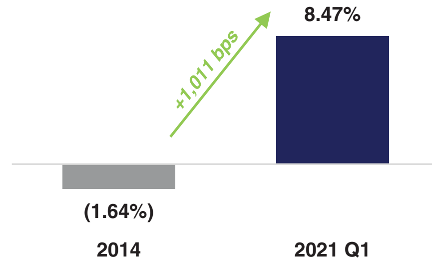
Since the 2015 Recapitalization, we have worked to deliver value for our shareholders, with significant improvement in asset quality, capital position and profitability. We believe that becoming a publicly traded bank is the appropriate next step that will position us for growth and benefit all shareholders. As a publicly traded bank, we will have an established public trading market for our stock, which currently does not exist, providing shareholders with more readily available liquidity and pricing information for their stock. We also believe that being publicly traded will make us a more attractive acquirer and will enhance our ability to capitalize on acquisition opportunities in the future. Following the completion of this offering and the Exchange Transactions, we believe that we will have a simplified capital structure consistent with other similarly sized banks. In addition, as a publicly traded bank, we will have better access to the capital markets to raise capital to support further growth. As a public company, we may be able to structure attractive stock incentive compensation to attract top tier talent. We will also become subject to additional corporate governance and ongoing disclosure requirements, which will provide our shareholders with annual, quarterly and current reports about our financial results and operations.

The following charts illustrate the success in certain key performance measures we have achieved from December 31, 2014 to March 31, 2021, and in certain circumstances highlighting the compounded annual growth rate, or CAGR, over the same period.

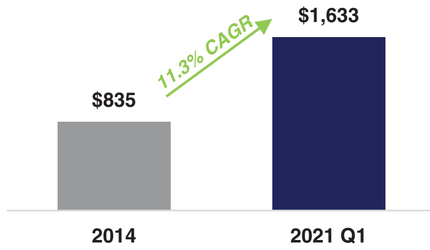
Non-Performing Assets / Assets



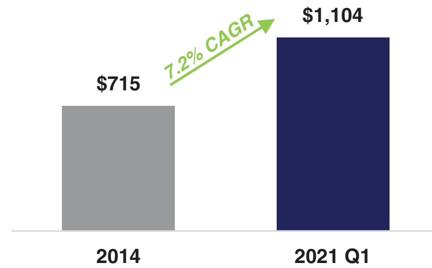
Tangible Common Equity Ratio (1)



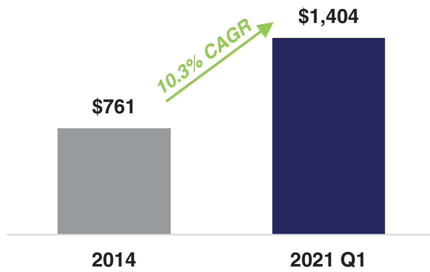
Total Assets ($mm)



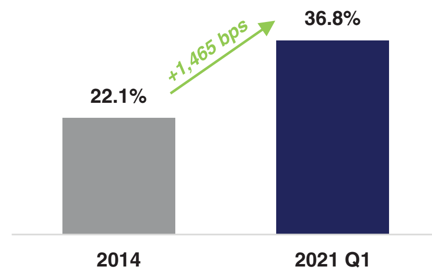
Total Loans ($mm)



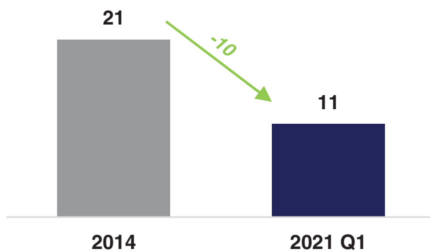
Total Deposits ($mm)



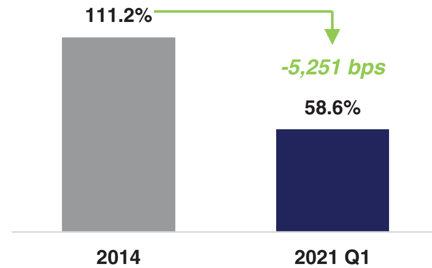
Noninterest Bearing Deposits / Deposits



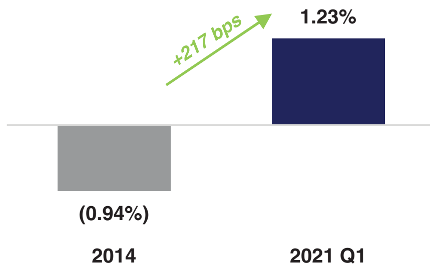
Total Branch Count



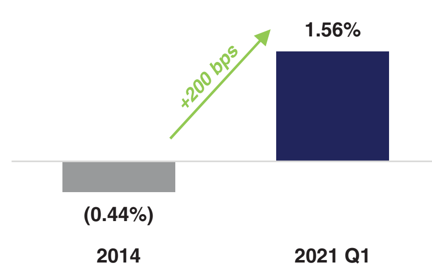
Efficiency Ratio



ROAA



Operating Pre-Tax Pre-Provision ROAA(1)



Source: S&P Global Market Intelligence and Bank documents.

(1) Reflects non-GAAP financial measure. For a reconciliation of non-GAAP measures see "Reconciliation and Management Explanation of Non-GAAP Financial Measures."

Our Competitive Strengths

We believe we are differentiated from our competitors and positioned for future growth particularly as a result of the following competitive strengths:

- ***Our Focus is Business Banking*** – Our focus is to be the relationship bank of choice for South Florida's SMBs, as well as their owners and operators. We believe our broad suite of business products, our ability to offer efficient and personalized service along with our cultural heritage and knowledge of the markets in which we operate, provide us with a competitive advantage within the Miami-Dade metro business community. Our relationships expand beyond the purely commercial, as we are also the primary relationship-retail bank for many of the owners and operators of our SMBs. This has allowed us to maintain a deposit portfolio that is evenly balanced between commercial and consumer clients without the need to operate an extensive retail branch network and while focusing primarily on commercial lending products.

- ***We Know Our Markets and Clients*** – As an MDI with a predominately Hispanic management team, we are uniquely situated to address the needs of the diverse and rapidly growing South Florida business community. Our Executive Vice Presidents, or EVPs, have an average of 35 years of experience in the South Florida, providing the Bank with deep knowledge of our key markets. South Florida represents an important part of the convergence of Latin America, the Caribbean, Europe, and Asia, which has drawn, and continues to benefit from, flows of people, investment dollars and other resources from across the globe. According to S&P Global Market Intelligence, approximately 68% of the total population in Miami-Dade and Broward Counties is Hispanic.

  In addition to this overall market area being culturally diverse, there is a range of nationalities represented within the Hispanic community. According to Florida Trend, Cubans represent the greatest percentage of the Hispanic community in Miami-Dade and Broward Counties, and this representation is reflected in the composition of our Board and associates.

- ***Local Decision Making and Brand Recognition*** – We are the only financial institution headquartered in Doral, Miami-Dade County, Florida, and according to S&P Global Intelligence, the 8th largest Florida headquartered bank by deposit market share in the Miami-Dade MSA, as of June 30, 2020.

  Our local presence allows our management team to be both accessible and responsive to meeting the distinct and specific needs of residents and businesses. Decisions are made locally by our teams of lenders, deposit gatherers, and employees. Our collective management team knows our markets and customers and has a deep understanding of various lines-of-business, as well as the overall financial services industry. We believe we have a strong reputation within the markets in which we operate as a financial institution with a broad range of services for SMBs.

  Our headquarters is situated in a vibrant and rapidly growing market. Accolades for the city of Doral include the following:

  - Ranked #3 in The Best Small Cities to Start a Small Business: 2021 Report *(Verizon)*
  - Named the fastest growing city in Florida and 11th in the country: May 2017 *(Florida International University's Metropolitan Center)*
  - Best city in Florida for business start-ups: February 2015 *(BusinessWeek)*

- ***Attractive and Growing Deposit Base*** – As previously noted, we are a relationship-first, business bank that prioritizes generating long-term, high-balance deposit relationships with SMBs. A cornerstone of our deposit growth strategy is to secure deposits from the owners, operators and employees of our commercial lending clients. Our deposit-gathering strategy incentivizes our employees to secure both the lending and the deposit relationships of prospective clients.

  Since the 2015 Recapitalization, our total deposits increased from $761.0 million as of December 31, 2014 to $1.4 billion as of March 31, 2021, representing a CAGR of 10.3%. Our noninterest deposits as a percentage of total deposits increased from 22.2% as of December 31, 2014 to 36.8% as of March 31, 2021. As of March 31, 2021, we maintain a deposit composition that is approximately 55% commercial accounts, 45% personal accounts.

- ***Differentiated Banking Product Offerings*** – In addition to our traditional commercial banking services, we are among a select number of banks of our size within our market area that can offer certain specialty banking products, services and solutions designed for small businesses, homeowner associations, law firms, medical practices and other professional services firms, and global banking services. Our major specialty banking offerings include the following:

  - *SBA Lending:* Our SBA vertical originates loans under Sections 7(a) and 504 of the SBA program. Since its formation in 2018, the vertical serves as an opportunity to generate commercial and industrial loans, or C&I loans, and to diversify our revenue stream through originating and selling SBA 7(a) loans. As of 2020, the Bank is a Preferred Lending Partner with the SBA which allows us to offer the full range of SBA loan products and to exercise lending authority, allowing us to make timely credit decisions for prospective clients. As of March 31, 2021, we had $43.4 million in SBA loans on our balance sheet.

  - *Homeowner Association (HOA) services:* We provide banking services to HOAs and property managers, including deposit collection, lockbox services, payment services, and lending products. Launched in 2016, we offer our HOA customers a unique combination of market knowledge of a local bank, and a highly personalized "white glove" approach to customer service. As of March 31, 2021, we had $79.1 million and $29.1 million in HOA deposit and loan balances, respectively.

  - *Law firm products:* Our Jurist Advantage vertical provides customized banking solutions for law firms as well as their partners, associates and staff. We also leverage our relationships with our law firm clients to generate personal deposit accounts. As of March 31, 2021, we had $117.3 million and $3.3 million in Jurist Advantage deposit and loan balances, respectively.

  - *Global banking services:* Our global banking vertical provides correspondent banking services for banks headquartered in certain Latin America and the Caribbean countries. We also cross-sell our correspondent banking relationships to generate international personal banking clients for our Bank. Our compliance team is experienced in foreign banking, and we have consistent open communication with our foreign bank clients to ensure proper compliance controls are maintained at such institutions. As of March 31, 2021, we had $136.5 million and $48.7 million in global banking deposit and loan balances, respectively.

  As stated above, our niche banking focus has allowed us to execute a commercial strategy that has grown business substantially in targeted industries.

- ***Strong and Disciplined Credit Culture*** – Our underwriting process is informed by a conservative credit culture that encourages prudent lending. We believe our strong asset quality is due to our understanding of and experience with businesses within the Miami-Dade MSA, our long standing relationships with clients and our disciplined underwriting processes. Our thorough underwriting

processes collaboratively engage our seasoned business bankers, credit underwriters and portfolio managers in the analysis of each loan request.

We manage our credit risk by analyzing metrics related to our lines of business, which allows us to maintain a conservative and well-diversified loan portfolio reflective of our assessment of various industry sectors. Based upon our aggregate exposure to any given borrower relationship, we undertake a scaled review of loan originations that may involve senior credit officers, our Chief Credit Officer, our Credit Committee or, ultimately, our Board.

Our total loans increased from $714.7 million as of December 31, 2014 to $1.1 billion as of March 31, 2021, representing a CAGR of 7.2%. Furthermore, the cumulative amount of charge offs and recoveries over the last six years is in a net recovery. Our NPA ratio as a percentage of assets decreased from 6.04%, as of December 31, 2014 to 0.04%, as of March 31, 2021.

As noted above, our adherence to conservative credit underwriting standards and a prudent lending philosophy prepared us well for the COVID-19 pandemic. During the year ended December 31, 2020, the Bank had modified 132 loans with outstanding balance of $185.9 million. Since the onset of the COVID-19 pandemic in March 2020, we have maintained our level of NPAs under 0.5% of total assets and there are no loans under deferral status as of March 31, 2021.

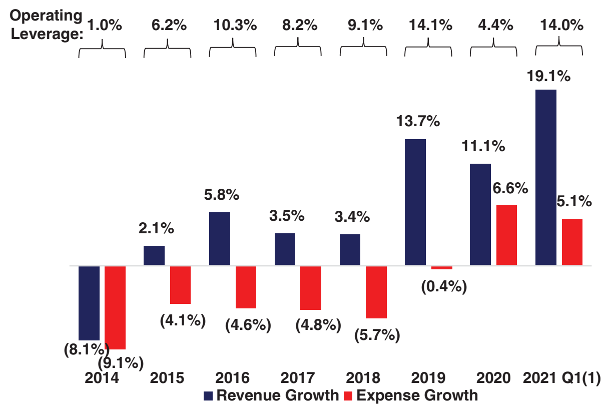
- ***Positioned in Attractive Markets*** – We operate primarily in South Florida, which is a vibrant hub for SMBs and entrepreneurs. Florida ranks third in the United States in the number of businesses employing fewer than 500 people, with approximately 2.7 million such businesses, according to data from the U.S. Small Business Administration’s Office of Advocacy for 2020. Moreover, in a 2020 study, Florida ranked #1 on Kauffman’s Early Stage Entrepreneurship Index, which measures rates of new entrepreneurs, opportunity share of new entrepreneurs, startup early job creation and startup early survival rates. We believe the addressable market of SMBs will continue to grow, expanding our potential client base. In 2017, the Miami-Dade MSA, which encompasses Miami-Dade, Broward, and Palm Beach counties, was ranked number #1 on the Kauffman Index for Startup Activity.

  The Miami-Dade MSA is characterized by a rapidly growing and diverse population, a high level of job growth and a pro-growth business climate. According to S&P Global Market Intelligence, the Miami-Dade MSA is expected to experience 5.4% population growth over the next five years, compared to 2.9% nationwide. Much of this growth is expected to stem from migration from within the United States; in 2020, Florida experienced 60% inbound migration, according to an annual United Van Lines National Movers Study.

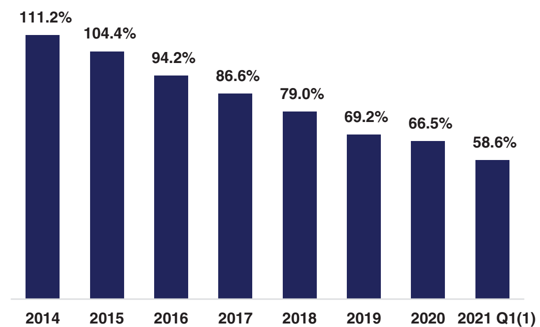
  Contributing to this growth are recent initiatives by companies to relocate some or all of their operations to Florida, given a favorable tax environment, warm weather, and the increasing prevalence of remote work. For example, certain large financial institutions, such as Blackstone Group Inc., Goldman Sachs Group Inc. and Citadel Advisors LLC, have recently established significant operations in South Florida.

- ***Profitable and Scalable Operating Platform*** – Over the past five years, we have delivered consistent and improving core profitability. We continuously strive to improve our core profitability by prudently managing our noninterest expense base. The following chart illustrates the favorable improvement of our operating leverage, defined as the difference between annual revenue growth and annual expense growth, and efficiency ratio, defined as total noninterest expenses divided by the sum of net interest income and total noninterest income, from the year ended December 31, 2014 to the three months ended March 31, 2021:

Operating Leverage



Efficiency Ratio



(1) Data presented on an annualized basis.

- ***Experienced Management and Board*** – We are led by a team of banking professionals, many of whom have extensive experience with larger banking institutions and well-established relationships with SMB leaders in the Miami-Dade MSA. Our CEO, Luis de la Aguilera was hired in 2015 following the 2015 Recapitalization, adding extensive local banking experience from a larger institution with a reputation as a leader in business banking. Mr. de la Aguilera has also led efforts to enhance the management bench with experienced hires to support the Bank's growth plans, resulting in a wholesale replacement of the executive, lending and credit teams. In addition to our experienced executive management team, our Board is comprised of well-regarded career bankers, professionals, entrepreneurs, and business and community leaders with collective depth and experience in commercial banking, finance, law, medicine and marketing.

Our Strategy

Our strategy is to pursue organic growth as well as strategic acquisitions once the Bank becomes a publicly traded company. Our primary clients are SMBs, their owners and operators, and the relationships of the employees of these businesses. As such, we currently offer a full range of products and services geared towards SMBs, international trade, and business professionals. This includes niche products and services as referenced above. Our deep relationships with South Florida SMBs allow us to maintain consistent growth in our commercial lending portfolio. Commercial lending provides opportunities to cross-sell other products such as treasury management and results in customer longevity.

Our goal is to continue the Bank's growth trajectory and to achieve profitability in the top quartile of our peers. To support these goals, management has identified the following strategies:

- ***Organic Growth*** – Our primary strategy is to grow our client base, increase market share and leverage our existing platform within the demographically attractive Miami-Dade MSA. Within the Miami-Dade MSA, we believe we have competitive advantages over smaller community banks which lack our

product expertise and breadth of service, as well as over larger regional institutions, which lack our connectedness to the business community within the Miami-Dade MSA and responsive, local decision-making.

A significant amount of consolidation has occurred in the banking industry within the Miami-Dade MSA. As a result, we believe there is a base of potential clients that desire to partner with a bank that is locally headquartered. Moreover, there are experienced bankers that we believe we can hire who prefer to work for a local, independent, banking franchise to that of a larger, regional financial institution or money center bank.

We believe our employees are the key to our ability to execute our growth strategy. Our overall success will depend upon our ability to attract, retain, develop, incentivize, and reward the human capital necessary to execute our strategy. We consistently evaluate potential lift-outs of lending teams to enhance our capabilities. We recognize and understand the need to make investments in our employees, their benefits, and the training and professional development necessary to ensure their success.

- ***Continued Focus on Branch Efficiencies*** – As a business-first bank we are not reliant on retail "foot-traffic." This approach allows us to utilize our banking centers in a targeted and efficient manner. We continue to evaluate and have already taken measures to optimize our branch network. Since 2014, we have reduced branch locations from 21 to 11 while increasing our aggregate deposit balances.

  Our refocused branch footprint has allowed us to reposition certain branch employees to treasury management and business development roles, improving our ability to generate and service commercial clients. In addition, our adoption of digital banking capabilities provides us with the delivery channels necessary to broaden our outreach to clients.

  We are intently focused on expense control and will continue to evaluate the need to reposition existing offices with new platforms and technology and potential location changes.

- ***Expand Fee Income Sources*** – Diversifying our revenue stream with fee-based income sources continues to be an important component of our strategy. This objective includes achieving growth in treasury management relationships. We also seek to increase fee income revenue by cross-selling our treasury management services to existing and new clients.

  We also look to develop new lines of business with significant fee income components. For example, our expansion into SBA lending in 2020 has allowed us to broaden the suite of products we can offer to our clients. As we continue to grow our book of business, our existing strategy of selling the guaranteed portion of the SBA loans into an active secondary market and earning a premium is expected to be additive to our fee income.

- ***Pursue Accretive and Strategic Acquisition Opportunities*** – Although our primary focus is on organic growth, we continually review potential acquisitions that would enable us to leverage our platform. We primarily seek whole bank acquisition targets that are strategic, financially attractive and support our organic growth strategy without compromising our risk profile. Our management team and Board have extensive experience at prior institutions identifying and integrating acquisitions of banking institutions and assets.

  We believe that there are numerous banking institutions in Florida that lack our scale and may seek a merger partner. According to S&P Global Market Intelligence, in the Miami MSA, there over 23 banks with assets below $1.5 billion, representing an aggregate market opportunity of approximately $10.7 billion of assets. Expanding further into Florida, there are 54 banks outside of the Miami MSA with assets below $1.5 billion, with total assets of approximately $23.7 billion. We anticipate that any future acquisition targets will be financial institutions that are complementary to our core operations.

Having a publicly traded stock as a result of this offering will make us an attractive acquirer as the 7th largest major exchange-traded public bank in Florida by assets, and enhance our ability to capitalize on such acquisition opportunities in the future.

We also continue to evaluate and seek experienced bankers with loan and deposit portfolios that meet our risk profile and return criteria. Having a publicly traded stock as a result of this offering may enable us to structure attractive stock incentive compensation to attract top tier talent. We continue to have detailed and in-depth discussions and believe that well-priced, opportunistic acquisitions of such teams and assets would be financially compelling for the Bank and allow us to efficiently deploy capital and support our organic growth strategy.

- ***Enhance Our Technology Platform*** – We believe the optimization of technology plays an important role in allowing us to execute on our strategy. Our recent core system conversion in August 2019 has enabled us to greatly expand our product offerings and enhance our internal processes. These enhancements include the adoption of Zelle® and the ongoing development of a suite of treasury management services.

  We have also identified several technology initiatives (e.g., treasury management, mobile banking, financial data aggregation, and cyber security products) that we believe will allow us to better serve our clients and improve our profitability. Our IT steering committee is heavily involved in evaluating the costs and benefits of such investments, and we believe these investments can be successfully implemented while continuing to maintain positive operating leverage.

Our Leadership

Our management team has significant banking experience in Florida and the Southeast:

Luis de la Aguilera – President, CEO and Director

Luis de la Aguilera has served as a director of our Bank since 2016 and Chief Executive Officer and President of our Bank since 2015. He has directed the reorganization, re-staffing and turn-around of our Bank after our 2015 Recapitalization. Prior to his joining us, Mr. de la Aguilera served in various leadership roles at TotalBank, Florida's 12th largest commercial bank at that time, including as President and Chief Executive Officer from 2013 to 2015, as President and Chief Marketing Officer from 2009 to 2013, as Executive Vice President, Corporate Lending from 2001 to 2009 and as Senior Vice President, Head of Business Development from 2000 to 2001. During his 15-year association with TotalBank, Mr. de la Aguilera organized, hired and directed its key production units, including commercial, real estate, small business, wealth management and residential mortgage lending, and significantly expanded its footprint in Miami-Dade County to 21 banking centers. Mr. de la Aguilera also served as a board member of TotalBank from 2006 to 2015, including as chair or a member of its Executive, Management, ALCO, BSA, Audit and Loan Committees. In his earlier career, Mr. de la Aguilera served in management and loan production positions with Ocean Bank from 1989 to 2000 and business development and lending positions with Republic National Bank from 1982 to1988. In addition to Mr. de la Aguilera's extensive banking background, he is active with the Florida Banker's Association and serves on its board. He served as a Director of Florida School of Banking at the University of Florida from 2012 to 2015 and has continued his association with the school as an active Associate Professor. He was also the Florida Representative for the American Banking Association's Government Relations Council from 2014 to 2015. Mr. de la Aguilera received a B.A. in English Literature and a Minor in Business Administration from the University of Miami.

Rob Anderson – Chief Financial Officer

Rob Anderson has served as our Executive Vice President and Chief Financial Officer since 2020. Prior to his joining our Bank, Mr. Anderson served as Chief Financial Officer and Chief Administrative Officer

of CapStar Financial Holdings (NASDAQ: CSTR), or CapStar, from 2016 to 2020 and as Executive Vice President and Chief Financial Officer of CapStar from 2012 to 2016. His earlier executive positions included serving as Senior Vice President, Business Operations Executive at Bank of America from 2010 to 2012, as Senior Vice President, CFO Commercial Banking at Capital One and as Senior Vice President Finance at Bank of American from 2003 to 2008. Mr. Anderson received a B.A. from The Ohio State University and an M.B.A. in finance from Pepperdine University. He is also a graduate of the University of Virginia Darden School of Business executive education series. Additionally, Mr. Anderson is a Certified Public Accountant (inactive).

Benigno Pazos – Chief Credit Officer

Benigno Pazos has served as our Executive Vice President and Chief Credit Officer since 2016. Prior to joining us, Mr. Pazos served in various executive positions at TotalBank including as Executive Vice President and Chief Credit Officer from 2010 to 2015, as Executive Vice President supervising the Debt Restructuring Division from 2009 to 2015 and as Senior Vice President, Commercial Lending from 2001 to 2009. Mr. Pazos has also served as a board member of TotalBank from 2012 to 2015. From 1987 to 2001, Mr. Pazos served in lending positions and was ultimately promoted to Vice President at Ocean Bank. Mr. Pazos is an active member and former President of the Cuban American CPA Association, member of the Florida Institute of Certified Public Accountants and member of the American Institute of Certified Public Accountants.

Nicholas Bustle – Chief Lending Officer

Nicholas Bustle has served as our Executive Vice President, Chief Lending Officer since 2019. Mr. Bustle has more than 35 years of managerial experience in commercial banking. Prior to joining us, he served in various executive roles with regional and national banks including as Miami Dade County Market President and First Senior Vice President – Commercial Banking at Valley Bank in 2019, as Executive Vice President and Wholesale Banking Executive at City National Bank from 2015 to 2018, as Senior Executive Vice President, Commercial Banking Executive at BankUnited, Inc. from 2009 to 2015, as City President of Miami at SunTrust Banks Inc. from 2003 to 2009 and as Executive Vice President at SunTrust Banks Inc. supervising private wealth management line of business of the South Florida region from 2006 to 2009 and supervising commercial banking line of business of the South Florida region from 2003 to 2005. Mr. Bustle has previously served on the boards of the FIU Foundation, FIU College of Business Dean’s Council, Beacon Council, Mercy Hospital, Community Partnership for Homeless and the Greater Miami Chamber of Commerce. Mr. Bustle holds an M.S. in International Business from Florida International University and a B.S. in business administration from University of Wisconsin.

Oscar Gomez – Head of Global Banking

Oscar Gomez has served as our Executive Vice President, Head of Global Banking Division since 2007 and has overseen the inception and growth of our Global Banking Division. Mr. Gomez has more than 30 years’ managerial experience in international banking. Prior to joining us, from 1984 to 2007, Mr. Gomez served as the Executive Vice President of Global Correspondent Banking and International Private Banking with Regions Bank in Miami, Florida, where he managed a portfolio of $2 billion in deposits and over $700 million in loans. Mr. Gomez is actively involved with The Bankers Association for Finance and Trade, Federacion Latinoamericana de Bancos, Florida International Bankers Association and the United Way Leadership group. He holds a bachelor’s degree in business administration with a major in accounting from Florida International University.

Andres Collazo – Director of Operations and Information Technology Systems

Andres Collazo has served as our Executive Vice President, Director of Operations and Information Technology since 2016. Mr. Collazo has over 33 years’ experience in bank operations and information

technology at a senior management level. Prior to joining us, from 2009 to 2016, Mr. Collazo served as the Senior Vice President, Information Technology and Bank Operations Manager of TotalBank. His earlier career included senior managerial positions in the field of bank operations, item processing and information technology including serving as Vice President and Item Processing Director at BB&T from 2007 to 2009, as Executive Vice President and Chief Operating Officer at South Florida Express from 2005 to 2007 and as Senior Vice President and Operations Services Director at Regions Bank. Mr. Collazo received a bachelor's degree in management information systems and computer science from Barry University.

Martha Guerra-Kattou – Director of Sales and Marketing

Martha Guerra-Kattou has served as our Executive Vice President, Director of Sales and Marketing since 2016 and oversees the operation of 11 full-service banking centers throughout Miami-Dade and south Broward counties. Ms. Guerra-Kattou has over 30 years' managerial experience in bank operations and sales and marketing. Prior to joining us, Ms. Guerra-Kattou served in different managerial positions at TotalBank since 2000, including serving as Director of Sales and Marketing from 2012 to December 2016, as Senior Vice President of Project Management from November 2011 to August 2012 and as Vice President of Branch Administration from 2000 to November 2011. Ms. Guerra-Kattou attended Miami-Dade College. She has supplemented her banking industry education by attending bank training programs in leadership and management including completing a credited course curriculum at the University of Central Florida's College of Business, the Florida Bankers Association's Florida School of Banking program and courses offered by the American Bankers Association.

Below is a brief summary of our Board members' significant experience (excluding Mr. de la Aguilera, whose biography appears above).

Aida Levitan, Ph.D., APR

- Chairwoman of the Board of the Bank since 2017
- Serves on the boards of the IMPAC Fund, Spanish Cultural Center of Miami, President of ArtesMiami, Inc. and Trustee Emertia of the Perez Art Museum Miami
- Formerly served as Vice Chair of the national Smithsonian Latino Center, Communications Chair of the National Museum of the American Latino Commission, Chair of the Aetna Latino Advisory Council, and former President of the Association of Hispanic Advertising Agencies (AHAA)
- Former Vice Chair/President of Bromley Communications and former CEO of Publicis Sanchez & Levitan
- Director since 2013

Kirk Wycoff

- Founder and Managing Partner of Patriot Financial Partners, L.P.
- Serves on the Boards of ActiveWorx, Banc of California, Inc., Grasshopper Bancorp, Inc., Auxilior Capital Partners, Inc., Numerated Growth Technologies, Progress Leasing Company, and Volunteer Bancorp, Inc.
- Director since 2015

Howard Feinglass

- Founder and Managing Partner of Priam Capital
- Director of Howard Bancorp, Inc. and Howard Bank since 2018
- Director of non-profit Riverside Hawks
- Former Principal of Odyssey Partners
- Director since 2015

Ramón Abadin	• Founder and Partner of Ramon A. Abadin P.A. • Serves on the Boards of WestCare and Florida Lawyers Mutual Insurance Company • Former President of the Florida Bar • Former President of the Cuban American Bar Association • Director since 2017
Bernardo Fernandez, Jr., M.D.	• CEO of Baptist Health Medical Group • Former Chair of the Florida Board of Medicine and Head of Section of Vascular Medicine of Cleveland Clinic Florida • Serving as a member of the Orange Bowl Committee and the Board of Trustees of St. Thomas University • Former CEO and President of Cleveland Clinic Florida • 2013 Recipient of the National Hospital CEO of the Year from The Association of Hispanic Healthcare Executives • Director since 2017
Wayne Goldstein	• Co-Founder, Co-President and Principal at Endicott Management Company • Serves on the Boards of Business News Americas, Ltd., Bank Leumi USA and Columbia Lake Partners • Former Director at First Capital Corporation, American Chartered Bancorp, Equity Bancshares, Inc. and SJB Corporation • Former Managing Director at Sandler O'Neill and Partners, L.P. • Director since 2019; intends to resign upon the completion of this offering

Our Markets

According to Pitchbook, the Miami-Dade MSA ranked 16 in the U.S. for venture capital deal volume and value, with 135 deals and $1 billion invested last year through early December. We believe the recent acceptance and expected ongoing emphasis on remote work, coupled with a low tax environment, warmer weather and favorable real estate market is incentivizing companies to relocate some or all of their operations to South Florida. We believe this trend is further demonstrated by recent relocation initiatives undertaken by large financial institutions such as Blackstone Group Inc., Goldman Sachs Group Inc. and Citadel Advisors LLC, all of which having established operations in South Florida. Moreover, according to Florida's 2019 International Trade Summary, Florida's total merchandise trade and exports were approximately $154 billion, making it the nation's 7th largest export state. Research by PortMiami in 2019 shows that international trade within Miami has an estimated employment impact of 334,500 jobs with import and export activity generating an estimated $10 billion in state income, and approximately $2 billion in state and local taxes.

The following table sets forth certain demographic information for the markets in which we operate and highlights Florida's growth statistics as compared to the U.S. as a whole.

Market Area	Total Population 2021 (Estimated)	Population Change 2010-2021 (%)	Projected Population Change 2021-2026 (%)	Median Household Income 2021 ($)	Projected Household Income Change 2021-2026 (%)	Unemployment Rate (%)
Miami-Dade County	2,792,176	11.8	5.2	58,193	14.0	8.1
Broward County	1,976,228	13.1	5.5	63,586	9.1	5.3
Miami-Dade MSA	6,280,334	12.9	5.4	62,586	11.4	6.6
Florida	21,908,282	16.5	5.9	61,374	11.3	4.8
United States	330,946,040	7.2	2.9	67,761	9.0	6.3

Source: S&P Global Market Intelligence and U.S. Bureau of Labor Statistics.

2015 Recapitalization

The 2015 Recapitalization resulted in the issuance of $65.0 million of preferred and common stock to the new investors led by Patriot and Priam. As of March 31, 2021, these investors in the aggregate continue to hold approximately 49.3% voting ownership interest and 73.3% economic ownership interest in the Bank. This investment structure was designed to keep the 2015 Recapitalization investors below certain ownership thresholds for federal and state banking law and regulation purposes and to not trigger a change in control under Section 382 of the Internal Revenue Code to preserve the value of the Bank's deferred tax assets. See below under "Principal Shareholders." As noted above, since the 2015 Recapitalization, we undertook a complete reorganization of the Bank, starting with the replacement of the entire legacy executive management team and reconstituted the board of directors with five new directors, two of whom joined in connection with the 2015 Recapitalization and three of whom joined after the 2015 Recapitalization. We also elected a new Chairwoman of the Board, Cuban-American businesswoman Aida Levitan, Ph.D., who joined the Board in 2013. We then overhauled our credit underwriting and risk management infrastructure, with key hires from larger competitors in our primary markets. We also replaced the majority of key personnel in credit and risk oversight roles. Our focus on enhancing our personnel systems, credit underwriting and risk management controls, coupled with the successful completion of the 2015 Recapitalization allowed us to resolve the 2011 consent order in April 2016 and return to profitability for the year ended December 31, 2016. As of the date of this offering circular, we are well capitalized, with a conservative and diversified loan portfolio, a stable deposit base, and the infrastructure necessary to implement multiple strategies that we have identified for our continued growth and success.

This offering is being undertaken along with certain other transactions that we believe are necessary and appropriate in order to simplify our capital structure as created as part of the 2015 Recapitalization, including the repurchase and exchange transactions described under "—Recent Developments" below. While necessary at the time, we believe our current capital structure is overly complex for a Bank of our size with our planned growth strategies. By simplifying our capital structure through the exchange of certain classes of our preferred stock for Class A common stock immediately prior to the completion of this offering, followed by the use of a portion of the proceeds from this offering for the redemptions of any remaining outstanding shares of Preferred Stock, we believe that we will have a streamlined capital structure that will position us for future growth consistent with other publicly traded banks that are similarly sized. See below under "—Preferred Stock Exchange Transactions," "Use of Proceeds" and "Capitalization."

Recent Developments

Our unaudited consolidated financial statements as of and for the three months ended June 30, 2021 are not yet available. The following preliminary unaudited consolidated financial information regarding our performance and financial condition as of and for the three months ended June 30, 2021 is based solely on management's estimates reflecting preliminary financial information, and remains subject to additional procedures and our consideration of subsequent events, particularly as they relate to material estimates and assumptions used in preparing management's estimates, which we expect to complete following this offering. These additional procedures could result in material changes to the preliminary financial information set forth below. The following consolidated financial data as of and for the three months ended March 31, 2021 is derived from our unaudited consolidated financial statements, which are included elsewhere in this offering circular.

The preliminary information set forth below is not a complete presentation of our financial results for the three months ended June 30, 2021. The following estimates constitute forward-looking statements and are subject to risks and uncertainties, including those described in the section entitled "Risk Factors" in this offering circular. See also the section entitled "Cautionary Note Regarding Forward-Looking Statements." The following preliminary financial information should be read together with the sections entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations," our audited consolidated financial statements for the year ended December 31, 2020, our unaudited consolidated financial statements for the three months ended March 31, 2021, and the related notes to those financial statements that are included elsewhere in this offering circular. There are limitations with making preliminary estimates of our financial results as of and for the three months ended June 30, 2021 and 2020 prior to the completion of our and our auditors' financial review procedures for such periods. Our independent registered public accounting firm, Crowe LLP, has not audited, reviewed, compiled or applied agreed-upon procedures with respect to the preliminary financial information, and as such, does not express an opinion, or any assurance, with respect to this preliminary financial information. Accordingly, our unaudited consolidated financial statements as of and for the three months ended June 30, 2021 may differ materially from our estimates and interim balances indicated below.

Selected Financial Highlights

- **Assets**. Total assets were $1.7 billion as of June 30, 2021, representing a $33.6 million, or 2.1%, increase compared to $1.6 billion as of March 31, 2021 and a $234.9 million, or 16.4%, increase compared to $1.4 billion as of June 30, 2020.
- **Loans**. Total loans were $1.1 billion as of June 30, 2021, representing a $41.1 million, or 3.7%, increase from March 31, 2021 and a $90.9 million, or 8.6%, increase from June 30, 2020. During the three months ended June 30, 2021, we completed the purchase of a $44.1 million loan portfolio (see "—Purchase of Yacht Loan Portfolio" below) while PPP loans decreased $29.7 million.
- **Deposits**. Total deposits were $1.4 billion as of June 30, 2021, representing a $34.5 million, or 2.5%, increase from March 31, 2021 and a $241.9 million, or 20.2%, increase from June 30, 2020.
- **Shareholders' Equity**. Total shareholders' equity was $166.3 million as of June 30, 2021, compared to $170.4 million as of March 31, 2021 and $165.6 million as of June 30, 2020. During the three months ended June 30, 2021, we completed the repurchase of all outstanding shares of Class E preferred stock for $7.6 million in the aggregate. See "—Class E Preferred Stock Repurchase" below.
- **Net Income**. Net income was $4.1 million for the three months ended June 30, 2021, compared to $1.4 million for the three months ended June 30, 2020. The increase in net income is due to $1.3 million decrease in interest expense, lower provision for credit losses, and $559 thousand increase in non-interest income.

- **Net Interest Margin**. Net interest margin was 3.14% for the three months ended June 30, 2021, compared to 3.28% for the three months ended June 30, 2020.
- **ROAA**. ROAA was 0.98% for the three months ended June 30, 2021, compared to 0.41% for the three months ended June 30, 2020.
- **ROAE**. ROAE was 9.74% for the three months ended June 30, 2021, compared to 3.55% for the three months ended June 30, 2020.
- **Efficiency Ratio.** Efficiency ratio was 62.0% for the three months ended June 30, 2021, compared to 69.0% for the three months ended June 30, 2020.

We calculate net income, earnings per share, ROAA and ROAE by using a combined statutory tax rate for federal and state income taxes of 24.52%.

Participation in Paycheck Protection Program

Since March 2020, we have participated extensively in all three rounds of the PPP, originating $168.4 million of PPP loans through June 30, 2021. As of June 30, 2021, $82.3 million in PPP loans had been forgiven. Our participation in the SBA's PPP has generated new customers, some of whom we expect to retain for conventional and SBA lending products following the end of the SBA's PPP.

Purchase of Yacht Loan Portfolio

On June 24, 2021, we purchased a yacht loan portfolio that is complementary to our business and stated strategy. The portfolio is tied to financed purchases of 24 vessels with an aggregate principal balance as of the date of purchase of $44.1 million. The credit profile of the portfolio is consistent with our underwriting standards.

Pending Branch Disposition

On June 11, 2021, in furtherance of the Bank's efforts to optimize its branch franchise, the Bank entered into a purchase and sale agreement to sell its branch located in East Hialeah. The sale is expected to close during the fourth quarter of 2021 and the Bank expects to recognize a gain of approximately $1.0 million upon the closing. The Bank intends to consolidate business operations and most personnel into the existing branch network and anticipates retaining substantially all existing customer relationships, loans and deposits.

Recovery of Default Interest

On July 1, 2021, we recovered $2.5 million in default interest from a prior 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.

Class E Preferred Stock Repurchase

On April 26, 2021, we completed the repurchase of all outstanding shares of our Class E Partially Cumulative Perpetual Preferred Stock, or Class E Preferred Stock, for an aggregate repurchase price of $7.6 million, which is equal to the aggregate liquidation preference of $7.5 million plus declared and unpaid dividends. As of the date of this offering circular, no shares of Class E Preferred Stock remain outstanding. We funded the repurchase of the Class E Preferred Stock with available cash on hand. See "Certain Relationships and Related Party Transactions—Redemption of Class E Preferred Stock" and "Description of Capital Stock—Preferred Stock—Class E Preferred Stock."

Increase in Authorized Shares of Class A Common Stock

On July 2, 2021, we provided notice to our Class A common shareholders of a special meeting to be held on July 13, 2021 for the purpose of approving an amendment to our Amended and Restated Articles of Incorporation, as amended, or the Amended and Restated Articles, to increase the authorized shares of Class A common stock from 20,000,000 to 45,000,000. The Class A common shareholders approved such amendment at the special meeting on July 13, 2021, and the amendment was thereafter filed with the Florida Department of State. The increase in authorized shares of Class A common stock will provide us with additional shares of Class A common stock available for issuance in the Exchange Transactions and this offering.

Preferred Stock Exchange Transactions

Concurrent with the offering contemplated by this offering circular, we are separately conducting a voluntary exchange offer, pursuant to which we are offering all holders of our outstanding Class C Preferred Stock and Class D Preferred Stock the ability to exchange such shares of Preferred Stock for shares of our Class A common stock, which we refer to herein as the Exchange Transactions. The exchange ratio for the shares of Class A common stock issued in the Exchange Transactions will be based upon the initial public offering price for shares of Class A common stock established in this offering. The exchange ratio is designed to ensure that the intrinsic value of the consideration provided to holders of Class C Preferred Stock and Class D Preferred Stock is aligned with the initial public offering price for shares of Class A common stock in this offering. The Exchange Transactions will occur concurrently with the pricing of shares of Class A common stock in this offering. See below under "The Exchange Transactions." Upon the completion of this offering and the Exchange Transactions, we intend to use a portion of the proceeds of this offering to redeem any remaining outstanding shares of Preferred Stock not otherwise exchanged in the Exchange Transactions. See below under "Use of Proceeds." Management of the Bank believes that the exchange of the Preferred Stock for Class A common stock pursuant to the Exchange Transactions and the subsequent redemption of the Preferred Stock to redeem any remaining outstanding shares of Preferred Stock will benefit the Bank by creating a more simplified capital structure. Additionally, it will harmonize our capital structure consistent with other similarly sized community banks.

The maximum liquidation preference of Preferred Stock that we will exchange for Class A common stock in the Exchange Transactions is 90% of the aggregate liquidation preference of all outstanding shares of Preferred Stock. Upon the pricing of the Class A common stock in this offering, we are closing the Exchange Transactions effective as of the date of this offering circular, with approximately $102.8 million in aggregate liquidation preference of the Preferred Stock accepted in exchange for approximately 10.3 million shares of Class A common stock at the exchange rates established by the initial public offering price of $10.00 per share of Class A common stock. See below under "The Exchange Transactions."

We also face risks with regard to pending litigation challenging the proposed Exchange Transactions prior to or following the completion of such Exchange Transactions. See "Risk Factors—*Litigation, including recent litigation related to the Exchange Transactions, or regulatory and enforcement actions, could subject us to significant fines, penalties, judgments or other requirements resulting in increased expenses or restrictions on our business activities*."

Shareholder Litigation

We along with three of our directors have been named as defendants in a complaint filed by two of our shareholders in the United States District Court, Southern District (*Rasco et al. v. Wycoff et al.*, Case No. 1:21-cv-22325 MGC-JJO), alleging federal securities fraud claims against the Bank and the three directors relating to the Exchange Transactions, as well as alleging that the disclosures regarding the Exchange Transactions to holders of Preferred Stock were inadequate and that we are not permitted to engage in the

Exchange Transactions under the terms of our Articles of Incorporation and asking the court to enjoin us from effecting the Exchange Transactions. We believe that the allegations in the lawsuit are legally and factually without merit, and we intend to vigorously defend against the allegations in the lawsuit, pursue any potential counterclaims against the plaintiffs as we deem appropriate, and seek coverage from our insurance carriers. See below under "Risk Factors—*Litigation including recent litigation relating to the Exchange Transactions, or regulatory and enforcement actions, could subject us to significant fines, penalties, judgments or other requirements resulting in increased expenses or restrictions on our business activities*" and "Business—Legal Proceedings" for additional information regarding the lawsuit.

Deferred Tax Assets

We have generated considerable net deferred tax assets, which consist of net operating loss carry-forwards and certain built-in losses, as of March 31, 2021, of $39.2 million, or $7.67 per share of common stock outstanding. Our ability to use these net operating loss carry-forwards and built-in losses to offset future taxable income will be limited if we experience an "ownership change" as defined in Section 382 of the Internal Revenue Code of 1986, as amended, or the Internal Revenue Code. See "Risk Factors—*Our ability to recognize the benefits of deferred tax assets is dependent on future cash flows and taxable income and may be materially impaired upon significant changes in ownership of our common stock, including changes in ownership that may result from transfers by our Significant Investors, which are not otherwise restricted*."

Subject to certain exceptions, our common stock is subject to transfer restrictions as set forth in our Amended and Restated Articles. Until the earlier of (A) January 1, 2035, (B) the repeal of Section 382 of the Internal Revenue Code or any successor statute if the Board determines that Article X of the Amended and Restated Articles is no longer necessary for the preservation of tax benefits and (C) the beginning of a taxable year to which the Board determines that no tax benefits may be carried forward, unless approved by the Board in accordance with the procedures set forth in the Amended and Restated Articles and subject to certain exceptions for permitted transfers, any attempted transfer of our common stock is prohibited to the extent that, as a result of such transfer (or any series of transfers of which such transfer is a part), either (i) any person or group of persons will own 4.95% or more of the Bank or (ii) the ownership interest in the Bank of any of our existing 5% or more shareholders will change. The transfer restrictions set forth in the Amended and Restated Articles include an exception that allows Patriot and Priam, as Significant Investors, to effect any transfer that would otherwise be prohibited. See below under "Risk Factors—*Our ability to recognize the benefits of deferred tax assets is dependent on future cash flows and taxable income and may be materially impaired upon significant changes in ownership of our common stock, including changes in ownership that may result from transfers by our Significant Investors, which are not otherwise restricted*." The expiration date of such transfer restrictions may be advanced or extended by the Board in its discretion in order to protect the tax attributes of the Bank. This provision may limit the ability of the investors who participate in this offering and the ability to resell our shares. See "Description of Capital Stock—Deferred Tax Asset Related Ownership Limitations."

Risks Related to our Business

Our ability to successfully operate our business is subject to numerous risks, including those identified in the section titled "Risk Factors" immediately following this summary. These risks include, among others:

- Our business operations and lending activities are concentrated in South Florida, and we are more sensitive to adverse changes in the local economy than our more geographically diversified competitors.
- Litigation and regulatory actions, including possible enforcement actions, could subject us to significant fines, penalties, judgments or other requirements resulting in increased expenses or restrictions on our business activities.

- The small- to medium-sized businesses to which we lend may have fewer resources to weather adverse business developments, which may impair a borrower's ability to repay a loan.
- We may not effectively execute on our organic growth plans, which may adversely affect our ability to maintain our recent historical growth and earnings trends.
- The COVID-19 pandemic and resulting substantial disruption to global and domestic economies has adversely impacted, and is expected to continue to adversely impact, our business operations, asset valuations, and financial results, with the ultimate impact of COVID-19 on our business and financial results being uncertain.
- We may not be able to manage our credit risk adequately, which could lead to unexpected losses, and our allowance for credit losses may not be sufficient to absorb potential losses in our loan portfolio.
- We are subject to interest rate risk, which could adversely affect our profitability.
- We may experience losses, expenses, and reputational harm arising out of the origination of PPP loans. As a participating lender in the SBA's PPP, we are subject to added risks, including credit, fraud and litigation risks.
- We could recognize losses on investment securities held in our securities portfolio.
- The loss of one or more of our key personnel, or our failure to attract and retain other highly qualified personnel in the future, could harm our business.
- We are subject to certain operational risks, including, but not limited to, customer, employee or third-party fraud and data processing system failures and errors.
- Our ability to recognize the benefits of deferred tax assets is dependent on future cash flows and taxable income.
- The banking industry is highly regulated, and legislative or regulatory actions taken now or in the future may have a significant adverse effect on our operations.
- We face strong competition from financial services companies and other companies that offer banking services, and we must respond to rapid technological changes to remain competitive.
- Our cross-border correspondent banking and other foreign banking business poses unique risks for a U.S. financial institution and may result in a higher risk of non-compliance with Bank Secrecy Act and anti-money laundering rules due to these business relationships and could increase our compliance costs if not appropriately managed.
- Provisions in our governing documents and Florida law may have an anti-takeover effect and there are substantial regulatory limitations on changes of control of our Bank.

Corporate Information

Our principal executive offices are located at 2301 N.W. 87th Avenue, Miami, Florida 33172, and our telephone number is (305) 715-5200. Our website is www.uscentury.com. The information contained on or accessible from our website does not constitute a part of this offering circular and is not incorporated by reference herein.

THE OFFERING

Common stock we are offering	4,000,000 shares of Class A common stock (4,600,000 shares of Class A common stock if the underwriters exercise their option to purchase additional shares).
Underwriters' option to purchase additional shares	We have granted the underwriters an option to purchase up to an additional 600,000 shares of Class A common stock within 30 days of the date of this offering circular.
Common stock to be outstanding after this offering[1][2]	18,167,540 shares of Class A common stock and 6,121,052 shares of Class B common stock (with the Class B common stock representing 1,224,212 shares of Class A common stock on an as-converted basis).
Price per share	$10.00 per share.
Use of proceeds	We estimate that the net proceeds to us from this offering, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, will be approximately $34.0 million (or approximately $39.6 million if the underwriters exercise their option to purchase additional shares in full). We intend to use the net proceeds to us from this offering to support our continued growth, including organic growth and potential future acquisitions, as well as for the redemption of any remaining outstanding Preferred Stock following the completion of the Exchange Transactions, and for general corporate purposes. Our management will retain broad discretion to allocate the net proceeds of this offering, and investors will be relying on the judgment of our management regarding the application of the proceeds. See "Use of Proceeds."
Dividend policy	We have not declared or paid any dividends on our Class A common stock or our Class B common stock. We currently intend to retain all of our future earnings, if any, for use in our business and do not anticipate paying any cash dividends on our common stock in the foreseeable future. The declaration of all future dividends, if any, will be at the discretion of our board of directors, or Board, and will depend on many factors, including our financial condition, earnings, liquidity requirements, regulatory constraints, and any other factors that our Board deems relevant in making such a determination. Our ability to pay dividends is subject to restrictions under applicable banking laws and regulations. Therefore, there can be no assurance that we will pay any dividends to holders of our Class A common stock, or as to the amount of any such dividends. See "Dividend Policy."
Directed share program	At our request, the underwriters have reserved for sale at the initial public offering price up to 5% of the shares of our Class A common stock being offered by this offering circular for sale to certain of our

	employees, executive officers, directors, business associates and related persons or entities who have expressed an interest in purchasing our Class A common stock in this offering. The number of shares available for sale to the general public in the offering will be reduced to the extent these persons purchase any of the reserved shares. Any reserved shares not so purchased will be offered by the underwriters to the general public on the same terms as the other shares as described in this offering circular. See "Underwriting—Directed Share Program."
Preemptive and other rights	Purchasers of Class A common stock in this offering will not have any preemptive rights. Our common stock is not subject to redemption. Our Class B common stock may be converted to Class A common stock in certain circumstances. See "Description of Capital Stock." Our significant institutional investors, Patriot Financial Partners II, L.P. and Patriot Financial Partners Parallel II, L.P., or collectively Patriot, and Priam Capital Fund II, LP, or Priam, who we refer to as the "Significant Investors," have contractual preemptive rights to purchase an amount of Class A common stock in this offering to enable such holders to maintain their proportionate common stock-equivalent ownership interest, subject to agreed-upon limitations. The Significant Investors have waived their contractual preemptive rights for this offering. The Significant Investors have additional rights, including director nomination and registration rights, as further described in this offering circular. See "Certain Relationships and Related Party Transactions—Arrangements with Certain Investors—Investment Agreement; Matching/Contractual Preemptive Rights."
Exchange listing	Our Class A common stock is listed on The Nasdaq Global Market under the symbol "USCB."
Risk factors	Investing in our Class A common stock involves significant risks. You should read the "Risk Factors" beginning on page 28, as well as other cautionary statements throughout this offering circular, before investing in shares of our Class A common stock.

(1) The numbers as they relate to our common stock set forth in this table have been adjusted to give effect to the 1-for-5 Reverse Stock Split of our Class A common stock that was effected on June 16, 2021, and the Exchange Transactions undertaken as part of our capital simplification occurring concurrent with this offering, as described under "Recent Developments" and "The Exchange Transactions."

(2) Based on 3,889,469 shares outstanding (as adjusted for the Reverse Stock Split) as of March 31, 2021 and 10,278,071 shares of Class A common stock issued at the closing of the Exchange Transactions, does not include 403,667 shares reserved for issuance pursuant to outstanding stock options, and does not include 1,224,212 shares reserved for issuance upon conversion of Class B common stock. See "The Exchange Transactions" and "Executive Compensation—Equity Incentive Plan." As of March 31, 2021, there were approximately 562 holders of our Class A common stock and 2 holders of our Class B common stock.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The following tables set forth our selected historical consolidated financial data for the periods ended on and as of the dates indicated. We derived the selected historical consolidated statements of operations data for the years ended December 31, 2020 and 2019 and the selected historical consolidated balance sheet data as of December 31, 2020 and 2019 from our audited consolidated financial statements included elsewhere in this offering circular. The historical financial information as of and for the years ended December 31, 2018, 2017 and 2016, except for the selected ratios, is derived from our audited financial statements not included in this offering circular. Selected historical consolidated financial data as of and for the three months ended March 31, 2021 and 2020 has been derived from our unaudited consolidated financial statements included elsewhere in this offering circular and has not been audited, but in the opinion of our management, contain all adjustments (consisting of only normal or recurring adjustments) necessary to present fairly in all material respects our financial position and results of operations for the period in accordance with generally accepted accounting principles, or GAAP. Our historical results shown below and elsewhere in this offering circular are not necessarily indicative of our future performance. The selected historical consolidated financial data in this section are not intended to replace the consolidated financial statements and are qualified in their entirety by our consolidated financial statements and related notes included elsewhere in this offering circular. Additionally, the selected historical financial data presented below contains financial measures that are not presented in accordance with GAAP and have not been audited. See below under "—Reconciliation and Management Explanation of Non-GAAP Financial Measures."

(Dollars in thousands)	As of and for the three months ended March 31,		As of and for the years ended,				
	2021	2020	2020	2019	2018	2017	2016
Income Statement Data							
Total interest income	$ 13,728	$ 13,142	$ 52,633	$ 50,941	$ 44,125	$ 35,909	$ 33,924
Total interest expense	1,253	3,028	9,036	12,253	8,243	4,604	3,717
Net interest income	12,475	10,114	43,597	38,688	35,882	31,305	30,207
Provision for credit losses	(160)	1,500	3,250	—	—	(540)	—
Total noninterest income	2,321	1,911	6,097	6,060	3,466	6,750	6,564
Total noninterest expenses	8,677	8,226	33,036	30,982	31,098	32,974	34,621
Net income before income tax expense	6,279	2,299	13,408	13,766	8,250	5,621	2,150
Provision for income taxes [2]	1,498	564	2,588	3,375	(26,262)	(20,875)	—
Net Income	$ 4,781	$ 1,735	$ 10,820	$ 10,391	$ 34,512	$ 26,496	$ 2,150
Pre-tax, pre-provision (PTPP) income [1]	$ 6,119	$ 3,799	$ 16,658	$ 13,766	$ 8,250	$ 5,081	$ 2,150
Balance Sheet Data							
Cash and Cash equivalents	$ 105,940	$ 89,650	$ 47,734	$ 35,741	$ 25,349	$ 37,837	$ 75,954
Securities available-for-sale	$ 341,344	$ 165,971	$ 334,322	$ 182,262	$ 167,111	$ 145,320	$ 151,699
Loans held for investment [3]	$ 1,103,981	$ 985,059	$ 1,038,504	$ 1,001,934	$ 887,951	$ 765,319	$ 734,510
Allowance for credit losses	$ 15,009	$ 13,621	$ 15,086	$ 11,998	$ 10,839	$ 10,200	$ 8,558
Total assets	$ 1,633,359	$ 1,334,347	$ 1,501,742	$ 1,312,272	$ 1,155,314	$ 994,567	$ 990,128
Deposits	$ 1,404,231	$ 1,084,407	$ 1,273,402	$ 1,017,623	$ 886,662	$ 820,186	$ 781,755
FHLB advances	$ 36,000	$ 64,000	$ 36,000	$ 111,000	$ 117,000	$ 55,000	$ 115,000
Total liabilities	$ 1,462,934	$ 1,174,153	$ 1,330,741	$ 1,151,990	$ 1,008,816	$ 880,690	$ 903,769
Total stockholders' equity	$ 170,425	$ 160,194	$ 171,001	$ 160,282	$ 146,498	$ 113,877	$ 86,359
Capital Stock Information							
Common shares outstanding at end of period	10,010,521	10,008,521	10,010,521	10,008,521	10,008,521	10,001,854	9,971,854
Common shares outstanding at end of period, Class B common stock on an as-converted to Class A common stock basis	5,113,681	5,111,681	5,113,681	5,111,681	5,111,681	5,105,014	5,075,014
Preferred stock dividends (in thousands)	$ 781	$ 781	$ 3,127	$ 1,826	$ 656	$ 586	$ —
Selected Performance Ratios							
Return on average assets	1.23%	0.53%	0.76%	0.84%	3.06%	2.69%	0.24%
PTPP return on average assets [1]	1.58%	1.15%	1.17%	1.11%	0.73%	0.52%	0.24%
Return on average equity	11.30%	4.30%	6.54%	6.75%	29.88%	28.89%	2.55%

(Dollars in thousands)	As of and for the three months ended March 31, 2021	2020	As of and for the years ended, 2020	2019	2018	2017	2016
Return on Average tangible equity [(1)]	11.30%	4.30%	6.54%	6.75%	29.88%	28.89%	2.55%
Operating return on average assets [(1)]	1.22%	0.43%	0.73%	0.83%	0.65%	0.36%	0.24%
Operating PTPP return on average assets [(1)]	1.56%	1.02%	1.14%	1.10%	0.92%	0.55%	0.24%
Operating return on average equity [(1)]	11.19%	3.52%	6.34%	6.72%	6.32%	3.85%	2.54%
Operating return on average tangible equity	11.19%	3.52%	6.34%	6.72%	6.32%	3.85%	2.54%
Net interest margin	3.35%	3.24%	3.26%	3.34%	3.33%	3.30%	3.46%
Yield on interest-earnings assets	3.69%	4.23%	3.93%	4.40%	4.10%	3.78%	3.89%
Yield on total loans	4.43%	4.65%	4.58%	4.80%	4.56%	4.32%	4.38%
Cost of interest-bearing deposits	0.53%	1.39%	1.00%	1.48%	0.99%	0.67%	0.61%
Cost of funds	0.37%	1.06%	0.73%	1.14%	0.82%	0.52%	0.45%
Non-interest income to total revenue	15.69%	15.89%	12.27%	13.54%	8.81%	17.74%	17.85%
Non-interest income to average assets	0.60%	0.58%	0.43%	0.49%	0.31%	0.69%	0.74%
Non-interest expense to average assets	2.24%	2.49%	2.31%	2.49%	2.76%	3.35%	3.89%
Efficiency ratio [(5)]	58.64%	68.41%	66.48%	69.24%	79.03%	86.65%	94.15%
Loan to deposit ratio	78.62%	90.84%	81.55%	98.46%	100.15%	93.31%	93.96%
Selected Asset Quality Ratios							
Net charge-offs to average loans	-0.01%	0.01%	0.02%	-0.12%	-0.08%	-0.30%	-0.14%
Nonperforming assets to total assets	0.04%	0.17%	0.11%	0.09%	0.01%	0.17%	1.58%
Allowance for credit losses to nonperforming assets	2213.72%	605.44%	956.02%	1018.51%	6601.29%	590.42%	54.84%
Allowance for credit losses to total loans	1.36%	1.38%	1.45%	1.20%	1.22%	1.33%	1.17%
Capital Ratios [(6)]							
Tier 1 leverage ratio	8.57%	9.12%	8.61%	9.15%	9.23%	9.70%	8.82%
Common Equity Tier 1 RWA *	9.47%	8.74%	9.71%	8.36%	8.16%	8.55%	7.96%
Tier 1 Capital to RWA *	12.54%	12.04%	12.99%	11.56%	11.88%	12.12%	11.39%
Total capital to RWA *	13.80%	13.30%	14.24%	12.78%	13.13%	13.38%	13.63%
Loan Composition							
Residential real estate	$ 231,554	$ 271,161	$ 232,754	$ 279,506	$ 260,712	$ 229,451	$ 187,978
Commercial real estate	$ 650,762	$ 592,139	$ 606,425	$ 585,341	$ 511,646	$ 445,679	$ 448,351
Commercial and industrial	$ 174,546	$ 49,194	$ 157,330	$ 45,038	$ 32,728	$ 29,387	$ 33,624
Foreign banks	$ 45,659	$ 66,041	$ 38,999	$ 84,213	$ 72,618	$ 53,800	$ 53,572
Other	$ 5,627	$ 6,928	$ 5,507	$ 8,244	$ 10,274	$ 7,552	$ 11,120
Deposit Composition							
Noninterest-bearing transaction	$ 516,550	$ 327,000	$ 442,467	$ 306,203	$ 256,887	$ 270,891	$ 241,028
Interest-bearing transaction	$ 54,247	$ 49,257	$ 45,132	$ 41,862	$ 51,920	$ 46,832	$ 42,419
Money market and savings	$ 589,092	$ 420,541	$ 527,373	$ 408,606	$ 397,490	$ 357,339	$ 298,447
Time	$ 244,342	$ 287,610	$ 258,430	$ 260,952	$ 180,365	$ 145,124	$ 199,861

* RWA = risk weighted assets

(1) Considered a non-GAAP financial measure. See "—Reconciliation and Management Explanation of Non-GAAP Financial Measures" for a reconciliation of this measure to its most comparable GAAP measure.

(2) 2017 included $46.4 million reversal in valuation allowance reduced by Tax Act enactment of $23.2 million. 2018 included $28.8 million reversal in valuation allowance.

(3) Loans held-for-investment includes deferred fees/costs.

(4) Net interest margin is defined as net interest income divided by average interest-earning assets.

(5) Efficiency ratio is defined as total noninterest expenses divided by sum of net interest income and total noninterest income.

(6) For a discussion of the capital level requirements applicable to us, see the section entitled "Supervision and Regulation—Capital and Related Requirements."

Reconciliation and Management Explanation of Non-GAAP Financial Measures

Some of the financial measures discussed herein, including in our selected historical consolidated financial data, are non-GAAP financial measures. We classify a financial measure as being a non-GAAP financial measure if that financial measure excludes or includes amounts, or is subject to adjustments that have the effect of excluding or including amounts, that are included or excluded, as the case may be, in the most directly comparable measure calculated and presented in accordance with GAAP in our statements of income, balance sheets or statements of cash flows. These non-GAAP financial measures are:

- "pre-tax, pre-provision income", or PTPP income, which is defined as net income plus income tax expense and provision for (recapture of) credit losses.
- "PTPP return on average assets", which is defined as PTPP income divided by average assets.
- "return on average tangible equity", which is defined as net income divided by average tangible equity. The most directly comparable GAAP financial measure is return on average equity.
- "operating return on average equity", which is defined as operating net income divided by average stockholders' equity.
- "operating net income," which is defined as net income minus deferred tax valuation allowance, net gains/losses on sales of securities and tax effect on sales of securities.
- "operating PTPP income," which is defined as PTPP income minus net gains/losses on sales of securities.
- "operating PTPP return on average assets", which is defined as operating PTPP income divided by average assets.
- "operating return on average assets," which is defined as operating net income divided by average assets.
- "average tangible equity," which is defined as average stockholders' equity less average goodwill and other intangible assets. The most directly comparable GAAP financial measure is average stockholders' equity. We had no goodwill or other intangible assets as of any of the dates indicated. As a result, average tangible equity is the same as average stockholders' equity as of each of the dates indicated. Accordingly, no reconciliation is applicable or presented.
- "operating return on average tangible equity," which is defined as operating net income divided by average tangible equity.
- "tangible common equity ratio," which is defined as stockholders' equity less goodwill and other intangible assets divided by total assets less goodwill and other intangible assets. We had no goodwill or other intangible assets as of any of the dates indicated. As a result, tangible equity and tangible assets are the same as stockholders' equity and total assets as of each of the dates indicated. Accordingly, no reconciliation is applicable or presented.

We believe these non-GAAP financial measures provide useful information to management and investors that is supplementary to our financial condition, results of operations and cash flows computed in accordance with GAAP. Specifically, we believe these non-GAAP financial measures (i) allow management and investors to better assess our performance by removing volatility that is associated with discrete items that are unrelated to our core business and (ii) enable a more complete understanding of factors and trends affecting our business.

However, we acknowledge that non-GAAP financial measures have inherent limitations, are not required to be uniformly applied, and are not audited. Accordingly, these non-GAAP financial measures should not be considered as substitutes for GAAP financial measures, and we strongly encourage investors to review the GAAP financial measures included in this offering circular and not to place undue reliance upon any single financial measure. In addition, because non-GAAP financial measures are not standardized, it may not be possible to compare the non-GAAP financial measures presented in this offering circular with other companies' non-GAAP financial measures having the same or similar names. As such, you should not view these disclosures as a substitute for results determined in accordance with GAAP, and they are not necessarily comparable to non-GAAP financial measures that other companies use. The information provided below presents a reconciliation of each of our non-GAAP financial measures to the most directly comparable GAAP financial measure.

The following reconciliation table provides a more detailed analysis of these non-GAAP financial measures along with their most directly comparable financial measures calculated in accordance with GAAP.

	As of and for the three months ended March 31,		As of and for the years ended,				
(Dollars in thousands)	**2021**	**2020**	**2020**	**2019**	**2018**	**2017**	**2016**
PTPP Income							
Net income	$ 4,781	$ 1,735	$ 10,820	$ 10,391	$ 34,512	$ 26,496	$ 2,150
Plus: Provision for income taxes	1,498	564	2,588	3,375	(26,262)	(20,875)	—
Plus: Provision for credit losses	(160)	1,500	3,250	—	—	(540)	—
PTPP income	$ 6,119	$ 3,799	$ 16,658	$ 13,766	$ 8,250	$ 5,081	$ 2,150
PTPP Return on Average Assets							
PTPP income	$ 6,119	$ 3,799	$ 16,658	$ 13,766	$ 8,250	$ 5,081	$ 2,150
Average assets	1,573,881	1,327,733	1,428,935	1,244,194	1,127,690	985,285	889,499
PTPP return on average assets	1.58%	1.15%	1.17%	1.11%	0.73%	0.52%	0.24%
Operating Net Income							
Net income	$ 4,781	$ 1,735	$ 10,820	$ 10,391	$ 34,512	$ 26,496	$ 2,150
Less: Deferred tax valuation allowance	—	—	—	—	28,799	23,154	—
Less: Net gains (losses) on sale of securities	62	418	434	51	(2,132)	(307)	10
Less: Tax effect on sale of securities	(15)	(102)	(106)	(13)	540	116	—
Operating net income	$ 4,734	$ 1,419	$ 10,492	$ 10,353	$ 7,305	$ 3,533	$ 2,140
Operating PTPP Income							
PTPP income	$ 6,119	$ 3,799	$ 16,658	$ 13,766	$ 8,250	$ 5,081	$ 2,150
Less: Net gains (losses) on sale of securities	62	418	434	51	(2,132)	(307)	10
Operating PTPP Income	$ 6,057	$ 3,381	$ 16,224	$ 13,715	$ 10,382	$ 5,388	$ 2,140
Operating PTPP Return on Average Assets							
Operating PTPP income	$ 6,057	$ 3,381	$ 16,224	$ 13,715	$ 10,382	$ 5,388	$ 2,140
Average assets	1,573,881	1,327,733	1,428,935	1,244,194	1,127,690	985,285	889,499
Operating PTPP Return on average assets	1.56%	1.02%	1.14%	1.10%	0.92%	0.55%	0.24%

(Dollars in thousands)	As of and for the three months ended March 31, 2021	2020	As of and for the years ended, 2020	2019	2018	2017	2016
Operating Return on Average Asset							
Operating net income	$ 4,734	$ 1,419	$ 10,492	$ 10,353	$ 7,305	$ 3,533	$ 2,140
Average assets	1,573,881	1,327,733	1,428,935	1,244,194	1,127,690	985,285	889,499
Operating return on average assets	1.22%	0.43%	0.73%	0.83%	0.65%	0.36%	0.24%
Operating Return on Average Tangible Equity							
Operating net income	$ 4,734	$ 1,419	$ 10,492	$ 10,353	$ 7,305	$ 3,533	$ 2,140
Average tangible equity	171,576	162,143	165,516	154,023	115,518	91,721	84,170
Operating return on average tangible equity	11.19%	3.52%	6.34%	6.72%	6.32%	3.85%	2.54%

RISK FACTORS

Investing in our Class A common stock involves a high degree of risk. There are risks, many beyond our control, which could cause our financial condition or results of operations to differ materially from management's expectations. You should carefully consider the following risk factors, which describe some of the risks that may affect us, as well as the other information in this offering circular, including our consolidated financial statements and the related notes thereto, before deciding whether to invest in our Class A common stock. Any one of the following risks, by itself or together with one or more other factors, could adversely affect our business, prospects, financial condition, results of operations and cash flows, perhaps materially. The risks presented below are not the only risks that we face. Additional risks of which we are currently unaware or that we currently deem immaterial may also have an adverse effect on our business, results of operations, financial conditions, prospects, and the market price and liquidity of our Class A common stock. In such an event, the value of our Class A common stock could decline and you could lose all or part of your investment. Further, to the extent that any of the information contained in this offering circular constitutes forward-looking statements, the risk factors below also are cautionary statements identifying important factors that could cause actual results to differ materially from those expressed in any forward-looking statements made by us or on our behalf. See "Cautionary Note Regarding Forward-Looking Statements" on page 58.

Risks Related to our Business and Operations

Our business operations and lending activities are concentrated in South Florida, and we are more sensitive to adverse changes in the local economy than our more geographically diversified competitors.

Unlike many of our larger competitors that maintain significant operations located outside of our market area, most of our customers are concentrated in South Florida. In addition, we have a high concentration of loans secured by real estate located in South Florida. As of March 31, 2021, approximately $867.6 million, or 78.6%, of our loans included real estate as a component of collateral. Additionally, approximately 86.0% of our loans secured by real estate have collateral located in South Florida. Therefore, our success depends upon the general economic conditions in South Florida, which may differ from the economic conditions in other areas of the U.S. or the U.S. generally.

Our real estate collateral provides an alternate source of repayment in the event of default by the borrower; however, the value of the collateral may decline during the time the credit is outstanding. The concentration of our loans in the South Florida area subjects us to risk that a downturn in the local economy or recession in this area could result in a decrease in loan originations and increases in delinquencies and foreclosures, which would have a greater negative effect on us than if our lending were more geographically diversified. If we are required to liquidate our real estate collateral securing a loan during a period of reduced real estate values to satisfy the debt, our earnings and capital could be adversely affected. Moreover, since a large portion of our portfolio is secured by properties located in South Florida, the occurrence of a natural disaster, such as a hurricane, or a man-made disaster could result in a decline in loan originations, a decline in the value or destruction of mortgaged properties and an increase in the risk of delinquencies, foreclosures or loss on loans originated by us. We may suffer further losses due to the decline in the value of the properties underlying our mortgage loans, which would have an adverse impact on our results of operations and financial condition.

A downturn in the local economy generally may lead to loan losses that are not offset by operations in other markets; it may also reduce the ability of our customers to grow or maintain their deposits with us. For these reasons, any regional or local economic downturn that affects South Florida, or existing or prospective borrowers or depositors in South Florida, could have a material adverse effect on our business, financial condition and results of operations.

Litigation, including recent litigation relating to the Exchange Transactions, or regulatory and enforcement actions, could subject us to significant fines, penalties, judgments or other requirements resulting in increased expenses or restrictions on our business activities.

In the normal course of business, from time to time, we have in the past and may in the future be named as a defendant in various legal actions arising in connection with our current and/or prior business activities. Legal actions could include claims for injunctive relief or substantial compensatory or punitive damages or claims for indeterminate amounts of damages. In addition, in 2018 we were named as a defendant in shareholder litigation related to our attempt to effect an exchange offer of our then outstanding preferred stock for Class A common stock. Although this litigation was settled in 2020, there can be no assurance that similar claims will not be filed against us in connection with this offering and the related transactions, including the Exchange Transactions. We understand a preferred shareholder who was a party to such litigation recently sent correspondence to all of our shareholders expressing concern with the terms of the Exchange Transactions, and indicating that such preferred shareholder, along with other preferred shareholders, were analyzing their options with regard to the Exchange Transactions. On June 24, 2021, two shareholders filed a Complaint for Injunctive Relief against three of our directors in the United States District Court, Southern District of Florida (*Rasco et al. v. Wycoff et al.*, Case No. 1:21-cv-22325 MGC-JJO), alleging breach of fiduciary duty and requesting, among other things, that the directors be enjoined from exchanging their respective shares of Preferred Stock in the Exchange Transactions. On June 28, 2021, a Motion to Dismiss was filed by one of the director defendants for lack of subject matter jurisdiction, which motion is pending. On July 12, 2021, the plaintiff shareholders filed a First Amended Complaint (the "Amended Complaint"), adding the Bank as a defendant. The Amended Complaint alleges federal securities fraud claims against the Bank and the three directors relating to the Exchange Transactions, alleging that disclosures regarding the Exchange Transactions to holders of Preferred Stock were inadequate and that the Bank is not permitted to engage in the Exchange Transactions under the terms of its Articles of Incorporation and asking the court to enjoin the Bank from effecting the Exchange Transactions. While we believe that the allegations in the lawsuit are legally and factually without merit, and we intend to vigorously defend against the allegations in the lawsuit, pursue any potential counterclaims against the plaintiffs as we deem appropriate, and seek coverage from our insurance carriers, there can be no assurance that this litigation will be resolved favorably or that it will be resolved prior to the completion of the Exchange Transactions and this offering. There is also no assurance that we will be able to secure coverage from our insurance carriers for any expenses incurred by us in connection with this litigation. If the plaintiff shareholders are successful, the court could award preliminary or permanent injunctive relief as well as substantial compensatory or punitive damages.

Further, in the future our regulators may impose consent orders, civil money penalties, matters requiring attention, or similar types of supervisory penalties or criticism. We may also, from time to time, be the subject of subpoenas, requests for information, reviews, investigations and proceedings (both formal and informal) by governmental agencies regarding our current and/or prior business activities. Any such legal or regulatory actions may subject us to substantial compensatory or punitive damages, significant fines, penalties, obligations to change our business practices or other requirements resulting in increased expenses, diminished income and damage to our reputation. Our involvement in any such matters, whether tangential or otherwise and even if the matters are ultimately determined in our favor, could also cause significant harm to our reputation and divert management attention away from the operation of our business. Further, any settlement, consent order or adverse judgment in connection with any formal or informal proceeding or investigation by government agencies may result in litigation, investigations or proceedings as other litigants and government agencies begin independent reviews of the same activities. As a result, the outcome of legal and regulatory actions could have an adverse effect on our business, results of operations and results of operations.

The small- to medium-sized businesses to which we lend may have fewer resources to weather adverse business developments, which may impair a borrower's ability to repay a loan.

We target our business development and marketing strategies primarily to serve the banking and financial services needs of small- to medium-sized businesses, or SMBs, and the owners and operators of those businesses. SMBs generally have fewer financial resources in terms of capital or borrowing capacity than larger entities, frequently

have smaller market shares than their competition, may be more vulnerable to economic downturns, often need substantial additional capital to expand or compete, and may experience substantial volatility in operating results, any of which, individually or in the aggregate, may impair their ability as a borrower to repay a loan. These factors may impact SMBs significantly more as a result of the effects of the COVID-19 pandemic. In addition, the success of SMBs often depends on the management skills, talents and efforts of a small group of key people, and the death, disability or resignation of one or more of these individuals could have an adverse impact on the business and its ability to repay its loan. If general economic conditions negatively impact the markets in which we operate or any of our borrowers otherwise are affected by adverse business developments, our SMB borrowers may be disproportionately affected and their ability to repay outstanding loans may be negatively affected, which could have a material adverse effect on our business, financial condition and results of operations.

The COVID-19 pandemic and resulting substantial disruption to global and domestic economies has adversely impacted, and is expected to continue to adversely impact, our business operations, asset valuations, and financial results, and the ultimate impact of COVID-19 on our business and financial results remains uncertain.

The COVID-19 pandemic has created global and domestic economic and financial disruptions that have adversely affected, and are expected to continue to adversely affect, our business operations, asset valuations and financial results. The pandemic has negatively impacted the global and domestic economies, disrupted supply chains, lowered certain equity market valuations in certain sectors, created significant volatility and disruption in financial markets, disrupted and reduced the use of commercial properties and destinations, and increased unemployment levels at an unprecedented pace. Certain large, medium and small businesses within certain industries have been particularly hard hit both in the U.S. and internationally, including the aviation industry, the travel, hotel and hospitality industry, the restaurant industry, property management industry and the retail industry. In addition, the pandemic has resulted in temporary closures of many businesses, the practice of social distancing, and stay-at-home requirements and recommendations in many states and communities. Should the negative economic impacts of COVID-19 persist or worsen, this could have a continued adverse impact on our business, financial condition and results of operations, as these circumstances continue to impact our core SMB customers. Additionally, an expected recovery from the impacts of COVID-19, including the dissemination of the COVID-19 vaccination in the U.S. and worldwide, may not occur as fast as anticipated, and any such recovery may not yield the same benefits to us as other financial institutions or other companies in other industries.

The pandemic has influenced and could further influence the recognition of the provision for credit losses in our loan portfolios and has increased and could further increase our allowance for credit losses, depending on the duration of the pandemic, the ongoing impact of government stimulus and the ongoing impact on the overall economy. The provision for credit losses reflects estimates of future credit losses, however the actual credit losses that our loan portfolio may experience remains uncertain since the current economic cycle is not complete, particularly as some businesses remain closed and as more customers may draw on their lines of credit or seek additional loans to help finance their businesses.

In addition, the Coronavirus Aid, Relief, and Economic Security Act, or CARES Act, and related guidance from the federal banking agencies provide financial institutions the option to temporarily suspend requirements under GAAP related to classification of certain loan modifications as troubled debt restructurings, or TDRs, to account for the current and anticipated effects of COVID-19. The CARES Act, as amended by the Consolidated Appropriations Act, 2021, specified that COVID-19 related loan modifications executed between March 1, 2020 and the earlier of (i) 60 days after the date of termination of the national emergency declared by the President and (ii) January 1, 2022, on loans that were current as of December 31, 2019, are not TDRs. Additionally, under guidance from the federal banking agencies, other short-term modifications made on a good faith basis in response to COVID-19 to borrowers that were current prior to any relief are not TDRs under ASC Subtopic 310-40, “Troubled Debt Restructuring by Creditors.” These modifications include short-term (e.g., up to six months) modifications such as payment deferrals, fee waivers, extensions of repayment terms, or delays in payment that are insignificant.

In response to the COVID-19 pandemic, all of the federal banking regulatory agencies have encouraged lenders to extend additional loans, and the federal government is considering additional stimulus and support legislation focused on providing aid to various segments of industry, including small businesses. The full impact on our lending and other business activities as a result of new government and regulatory policies, programs and guidelines, as well as our regulators' reaction to such activities, remains uncertain.

Because there have been no comparable recent global pandemics or similar disruptions that resulted in a similar global impact, the full extent to which the COVID-19 pandemic will impact our business operations, asset valuations and financial results will depend on future developments which remain uncertain and cannot be predicted at this time. These include the scope and duration of the pandemic, including the introduction of new strains of the virus, the efficacy and distribution of, and participation in, vaccination programs, the continued effectiveness of our business continuity plan, the direct and indirect impact of the pandemic on our employees, customers and third-party service providers, as well as other market participants, and the effectiveness of actions taken by governmental authorities and other third parties in response to the pandemic. If the pandemic continues to spread, morph or otherwise results in a continuation or worsening of the current economic and commercial environments, our business, financial condition, results of operations, cash flows, and ability to pay dividends, as well as our regulatory capital and liquidity ratios could be materially adversely affected.

Our lending business is subject to credit risk, which could lead to unexpected losses.

Our primary business involves making loans to customers. The business of lending is inherently risky because the principal or interest on the loan may not be repaid timely or at all or the value of any collateral securing the loan may be insufficient to cover our outstanding exposure. These risks may be affected by the strength or weakness of the particular borrower's business sector and local, regional and national market and economic conditions. Many of our loans are made to SMBs that may be less able to withstand competitive, economic and financial pressures than larger borrowers. Our risk management practices, such as monitoring the concentration of our loans within specific industries in which we lend and concentrations with individual borrowers or related borrowers, and our credit approval practices, may not adequately reduce credit risk. In addition, there are risks inherent in making any loan, including risks relating to proper loan underwriting, risks resulting from changes in economic and industry conditions and risks inherent in dealing with individual borrowers, including the risk that a borrower may not provide information to us about their business in a timely manner, may present inaccurate or incomplete information to us, may lack a U.S. credit history, may leave the U.S. without fulfilling their loan obligations, leaving us with little recourse to them personally, and/or risks relating to the value of collateral. In order to manage credit risk successfully, we must, among other things, maintain disciplined and prudent underwriting standards and ensure that our lenders follow those standards. The weakening of these standards for any reason, such as an attempt to attract higher yielding loans, a lack of discipline or diligence by our employees in underwriting and monitoring loans, the inability of our employees to adequately adapt policies and procedures to changes in economic or any other conditions affecting borrowers and the quality of our loan portfolio, may result in loan defaults, foreclosures and additional charge-offs and may necessitate that we significantly increase our allowance for credit losses, each of which could adversely affect our net income. A failure to effectively manage credit risk associated with our loan portfolio could lead to unexpected losses and have a material adverse effect on our business, financial condition and results of operations.

The potential for the replacement or discontinuation of London Inter-bank Offered Rate, or LIBOR, as a benchmark interest rate and a transition to an alternative reference interest rate could present operational problems and result in market disruption.

In 2017, the Financial Conduct Authority announced that after 2021 it will no longer compel banks to submit the rates required to calculate LIBOR. In November 2020, the administrator of LIBOR announced it will consult on its intention to extend the retirement date of certain offered rates whereby the publication of the one week and two month LIBOR offered rates will cease after December 31, 2021; but, the publication of the

remaining LIBOR offered rates will continue until June 30, 2023. Given consumer protection, litigation, and reputation risks, the bank regulatory agencies have indicated that entering into new contracts that use LIBOR as a reference rate after December 31, 2021 would create safety and soundness risks and that they will examine bank practices accordingly. Therefore, the agencies encouraged banks to cease entering into new contracts that use LIBOR as a reference rate as soon as practicable and in any event by December 31, 2021.

There is uncertainty as to what rate or rates may become accepted alternatives to LIBOR, or what the effect of any such changes in views or alternatives may be on the markets for LIBOR-indexed financial instruments. In response, the Board of Governors of the Federal Reserve System, or the Federal Reserve, based on the recommendations of the New York Federal Reserve's Alternative Reference Rate Committee, has begun publishing SOFR, which is intended to replace LIBOR, and has encouraged banks to transition away from LIBOR as soon as practicable. Although SOFR appears to be the preferred replacement rate for LIBOR, there are conceptual and technical differences between LIBOR and SOFR that remain unresolved at this time. Accordingly, it is unclear if other benchmarks may emerge or if other rates will be adopted outside of the United States. The replacement of LIBOR also may result in economic mismatches between different categories of instruments that now consistently rely on the LIBOR benchmark. Markets are slowly developing in response to these new rates, and questions around liquidity in these rates and how to appropriately adjust these rates to eliminate any economic value transfer at the time of transition remain a significant concern.

Certain of our financial products are tied to LIBOR. Inconsistent approaches to a transition from LIBOR to an alternative rate among different market participants and for different financial products may cause market disruption and operational problems, which could adversely affect us, including by exposing us to increased interest rate risk and associated costs, including, but not limited to, creating the possibility of disagreements with counterparties.

Natural disasters and severe weather events in Florida could have a material adverse impact on our business, financial condition and operations.

Our operations and our customer base are primarily located in South Florida. This region is vulnerable to natural disasters and severe weather events or acts of God, such as hurricanes or tropical storms, which can have a material adverse impact on our loan portfolio, our overall business, financial condition and operations, cause widespread property damage and have the potential to significantly depress the local economies in which we operate. Future adverse weather events in Florida could potentially result in extensive and costly property damage to businesses and residences, depress the value of property serving as collateral for our loans, force the relocation of residents, and significantly disrupt economic activity in the region.

We cannot predict the extent of damage that may result from such adverse weather events, which will depend on a variety of factors that are beyond our control, including, but not limited to, the severity and duration of the event, the timing and level of government responsiveness, the pace of economic recovery and availability of insurance to cover losses. In addition, the nature, frequency and severity of these adverse weather events and other natural disasters may be exacerbated by climate change. If a significant adverse weather event or other natural disaster were to occur, it could have a materially adverse impact on our financial condition, results of operations and our business, as well as potentially increase our exposure to credit and liquidity risks.

Our business is subject to interest rate risk, and variations in interest rates may materially and adversely affect our financial performance.

Changes in the interest rate environment may reduce our profits. It is expected that we will continue to realize income from the differential or "spread" between the interest earned on loans, securities and other interest-earning assets, and the interest paid on deposits, borrowings and other interest-bearing liabilities. Net interest spreads are affected, in part, by the difference between the maturities and repricing characteristics of interest-earning assets and interest-bearing liabilities. Changes in market interest rates generally affect loan

volume, loan yields, funding sources and funding costs. Our net interest spread depends on many factors that are partly or completely out of our control, including competition, general economic conditions, and federal economic monetary and fiscal policies, and in particular, the Federal Reserve's policy determinations with respect to interest rates. After steadily increasing the target federal funds rate in 2018 and 2017, the Federal Reserve in 2019 decreased the target federal funds rate by 75 basis points, and in response to the COVID-19 pandemic in March 2020, effected an additional 150 basis point decrease to a range of 0.00% to 0.25% as of March 31, 2020 where it has remained since that date. The Federal Reserve could make additional changes during 2021, subject to economic conditions. A prolonged low interest rate environment could negatively impact our net interest margin as assets reprice that are not subject to interest rate floors. The rate at which the U.S. economy recovers from the adverse impact of COVID-19 may have a material influence on whether interest rates rise during the second half of 2021 and into 2022 or remain at current levels.

While an increase in interest rates may increase our loan yield, it may adversely affect the ability of certain borrowers with variable rate loans to pay the contractual interest and principal due to us. Following an increase in interest rates, our ability to maintain a positive net interest spread is dependent on our ability to increase our loan offering rates, replace loans that mature and repay or that prepay before maturity with new originations at higher rates, minimize increases on our deposit rates, and maintain an acceptable level and composition of funding. We cannot provide assurances that we will be able to increase our loan offering rates and continue to originate loans due to the competitive landscape in which we operate. Additionally, we cannot provide assurances that we can minimize the increases in our deposit rates while maintaining an acceptable level of deposits. Finally, we cannot provide any assurances that we can maintain our current levels of noninterest-bearing deposits as customers may seek higher-yielding products when interest rates increase.

Accordingly, changes in levels of interest rates could materially and adversely affect our net interest margin, asset quality, loan origination volume, average loan portfolio balance, liquidity, and overall profitability.

Our allowance for credit losses may not be sufficient to absorb potential losses in our loan portfolio.

We maintain an allowance for credit losses that represents management's judgment of probable losses and risks inherent in our loan portfolio. As of March 31, 2021, our allowance for credit losses totaled $15.0 million, which represented approximately 1.36% of our total loans held for investment. The level of the allowance reflects management's continuing evaluation of general economic conditions, present political and regulatory conditions, diversification and seasoning of the loan portfolio, historic loss experience, identified credit problems, delinquency levels and adequacy of collateral. Determining the appropriate level of our allowance for credit losses involves a degree of subjective judgment and requires management to make significant estimates of and assumptions regarding current credit risks and future trends, all of which may undergo material changes.

Inaccurate management assumptions, deterioration of economic conditions affecting borrowers, new negative information regarding existing loans, identification of additional problem loans or deterioration of existing problem loans, and other factors (including third-party review and analysis), both within and outside of our control, may require us to increase our allowance for credit losses. In addition, our regulators, as an integral part of their periodic examinations, review our methodology for calculating, and the adequacy of, our allowance for credit losses and may direct us to make additions to the allowance based on their judgments about information available to them at the time of their examination. Further, if actual charge-offs in future periods exceed the amounts allocated to our allowance for credit losses, we may need additional provisions for credit losses to restore the adequacy of our allowance for credit losses. Finally, the measure of our allowance for credit losses depends on the adoption and interpretation of accounting standards. The Financial Accounting Standards Board, or FASB, issued a new credit impairment model, the Current Expected Credit Loss, or CECL model, which is expected to become applicable to us on January 1, 2023 after the FASB elected to delay implementation for smaller reporting companies. CECL will require financial institutions to estimate and develop a provision for credit losses over the lifetime of the loan at origination, as opposed to reserving for incurred or probable losses up to the balance sheet date. Under the CECL model, expected credit deterioration would be reflected in the

income statement in the period of origination or acquisition of a loan, with changes in expected credit losses due to further credit deterioration or improvement reflected in the periods in which the expectation changes. Accordingly, implementation of the CECL model could require financial institutions, like us, to increase our allowances for credit losses from levels in place prior to the implementation of CECL. Moreover, the CECL model may create more volatility in our level of allowance for credit losses. If we are required to materially increase our level of allowance for credit losses for any reason, such increase could adversely affect our business, prospects, cash flow, liquidity, financial condition and results of operations.

Our commercial loan portfolio may expose us to increased credit risk.

Commercial business and real estate loans generally have a higher risk of loss because loan balances are typically larger than residential real estate and consumer loans and repayment is usually dependent on cash flows from the borrower's business or the property securing the loan. Our commercial business loans are primarily made to small business and middle market customers. As of March 31, 2021, commercial business and real estate loans totaled $908.3 million, or 82.0%, of our total gross loan portfolio. As of the same date, our largest outstanding commercial business loan was $8.0 million and largest outstanding commercial real estate loan was $18.5 million. These loans typically involve repayment that depends upon income generated, or expected to be generated, by the property securing the loan and/or by the cash flow generated by the business borrower and may be adversely affected by changes in the economy or local market conditions. These loans expose a lender to the risk of having to liquidate the collateral securing these loans at times when there may be significant fluctuation of commercial real estate values or to the risk of inadequate cash flows to service the commercial loans. Unexpected deterioration in the credit quality of our commercial business and/or real estate loan portfolio could require us to increase our allowance for credit losses, which would reduce our profitability and could have an adverse effect on our business, financial condition, and results of operations.

Commercial construction loans generally have a higher risk of loss due to the assumptions used to estimate the value of property at completion and the cost of the project, including interest. It can be difficult to accurately evaluate the total funds required to complete a project, and construction lending often involves the disbursement of substantial funds with repayment dependent, in large part, on the success of the ultimate project rather than the ability of a borrower or guarantor to repay the loan from sources other than the subject project. If the assumptions and estimates are inaccurate, the value of completed property may fall below the related loan amount. As of March 31, 2021, commercial construction loans totaled $31.4 million, or 2.8% of our total gross loan portfolio. As of the same date, our largest outstanding commercial construction loan was $9.5 million. If we are forced to foreclose on a project prior to completion, we may be unable to recover the entire unpaid portion of the loan, which would lead to losses. In addition, we may be required to fund additional amounts to complete a project, incur taxes, maintenance and compliance costs for a foreclosed property and may have to hold the property for an indeterminate period of time, any of which could adversely affect our business, prospects, cash flow, liquidity, financial condition and results of operations.

Our SBA lending program is dependent upon the federal government and our status as a participant in the SBA's Preferred Lenders Program, and we face specific risks associated with originating SBA loans and selling the guaranteed portion thereof.

We have been approved by the SBA to participate in the SBA's Preferred Lenders Program. As an SBA Preferred Lender, we enable our clients to obtain SBA loans without being subject to the potentially lengthy SBA approval process necessary for lenders that are not SBA Preferred Lenders. The SBA periodically reviews the lending operations of participating lenders to assess, among other things, whether the lender exhibits prudent risk management. When weaknesses are identified, the SBA may request corrective actions or impose enforcement actions, including revocation of the lender's Preferred Lender status. If we lose our status as an SBA Preferred Lender, we may lose some or all of our customers to lenders who are SBA Preferred Lenders, which could adversely affect our business, financial condition and results of operations.

We generally sell the guaranteed portion of our SBA 7(a) loans in the secondary market. These sales have resulted in both premium income for us at the time of sale, and created a stream of future servicing income. There can be no assurance that we will be able to continue originating these loans, that a secondary market for these loans will continue to exist or that we will continue to realize premiums upon the sale of the guaranteed portion of these loans. When we sell the guaranteed portion of our SBA 7(a) loans, we incur credit risk on the non-guaranteed portion of the loans, and if a customer defaults on the non-guaranteed portion of a loan, we share any loss and recovery related to the loan pro-rata with the SBA.

The laws, regulations and standard operating procedures that are applicable to SBA loan products may change in the future. We cannot predict the effects of these changes on our business and profitability. Because government regulation greatly affects the business and financial results of all commercial banks and bank holding companies, especially our organization, changes in the laws, regulations and procedures applicable to SBA loans could adversely affect our ability to operate profitably. In addition, the aggregate amount of SBA 7(a) and 504 loan guarantees by the SBA must be approved each fiscal year by the federal government. We cannot predict the amount of SBA 7(a) loan guarantees in any given fiscal year. If the federal government were to reduce the amount of SBA loan guarantees, such reduction could adversely impact our SBA lending program, including making and selling the guaranteed portion of fewer SBA 7(a) and 504 loans. In addition, any default by the U.S. government on its obligations or any prolonged government shutdown could, among other things, impede our ability to originate SBA loans or sell such loans in the secondary market, which could materially and adversely affect our business, financial condition and results of operations.

The SBA may not honor its guarantees if we do not originate loans in compliance with SBA guidelines.

As of March 31, 2021, SBA 7(a) and 504 program loans of $43.4 million comprised 3.9% of our total gross loan portfolio and we intend to grow this segment of our portfolio in the future. SBA lending programs typically guarantee 75.0% of the principal on an underlying loan. If the SBA establishes that a loss on an SBA guaranteed loan is attributable to significant technical deficiencies in the manner in which the loan was originated, funded or serviced by us, the SBA may seek recovery of the principal loss related to the deficiency from us notwithstanding that a portion of the loan was guaranteed by the SBA, which could adversely affect our business, financial condition and results of operations. While we follow the SBA’s underwriting guidelines, our ability to do so depends on the knowledge and diligence of our employees and the effectiveness of controls we have established. If our employees do not follow the SBA guidelines in originating loans and if our loan review and audit programs fail to identify and rectify such failures, the SBA may reduce or, in some cases, refuse to honor its guarantee obligations and we may incur losses as a result.

Global banking is an important part of our business, which creates increased BSA/AML risk.

As of March 31, 2021, loans to foreign correspondent banks and international banking was $48.7 million, which comprised 4.4% of our loan portfolio; $45.7 million was to foreign correspondent banks and $3.0 million was to international private banking. Deposits from foreign correspondent banks and international private banking was $136.5 million which comprised 9.7% of our total deposits; $73.4 million was from foreign correspondent banks and $63.1 million was from international private banking. We intend to continue to grow this segment of our loan and deposit portfolio in the future.

As a unique aspect of our business model includes correspondent services to banks in Latin America and the Caribbean, these cross-border correspondent banking relationships pose unique risks because they create situations in which a U.S. financial institution will be handling funds from a financial institution in Latin America and the Caribbean whose customers may not be transparent to us. Moreover, many foreign financial institutions, including in Latin America and the Caribbean where our correspondent banking services are located, are not subject to the same or similar regulatory guidelines as U.S. banks. Accordingly, these foreign institutions may pose higher money laundering risk to their respective U.S. bank correspondent(s). Because of the large

amount of funds, multiple transactions, and our potential lack of familiarity with a foreign correspondent financial institution's customers, these customers may be able to more easily conceal the source and use of illicit funds. Consequently, we may have a higher risk of non-compliance with the BSA and other AML rules and regulations due to our correspondent banking relationships with foreign financial institutions. Additionally, international private banking places additional pressure on our policies, procedures and systems for complying with the Bank Secrecy Act of 1970, as amended, or BSA, and other anti-money laundering, or AML, statutes and regulations. Our failure to strictly adhere to the terms and requirements of our OFAC license or our failure to adequately manage our BSA/AML compliance risk in light of our correspondent banking relationship with foreign financial institutions and international private banking could result in regulatory or other actions being taken against us, which could significantly increase our compliance costs and materially and adversely affect our results of operations.

We may not recover all amounts that are contractually owed to us by our borrowers.

We are dependent on the collection of loan principal, interest, and fees to partially fund our operations. A shortfall in collections and proceeds may impair our ability to fund our operations or to repay our existing debt.

When we lend funds, commit to fund a loan or enter into a letter of credit or other credit-related contract with a counterparty, we incur credit risk. The credit quality of our portfolio can have a significant impact on our earnings. We expect to experience charge-offs and delinquencies on our loans in the future. Many borrowers have been negatively impacted by the COVID-19 pandemic and related economic consequences, and may continue to be similarly or more severely affected in the future. Our customers' actual operating results may be worse than our underwriting contemplated when we originated the loans, and in these circumstances, we could incur substantial impairment or loss of the value on these loans. We may fail to identify problems because our customer did not report them in a timely manner or, even if the customer did report the problem, we may fail to address it quickly enough or at all, or some loans, due to market circumstances, may not be able to be fully rehabilitated. Even if customers provide us with full and accurate disclosure of all material information concerning their businesses, we may misinterpret or incorrectly analyze this information. Mistakes may cause us to make loans that we otherwise would not have made or to fund advances that we otherwise would not have funded, either of which could result in losses on loans, or necessitate that we significantly increase our allowance for loan and lease losses. As a result, we could suffer loan losses and have nonperforming loans, which could have a material adverse effect on our net earnings and results of operations and financial condition, to the extent the losses exceed our allowance for loan and lease losses.

Some of our loans are secured by a lien on specified collateral of the borrower and we may not obtain or properly perfect our liens or the value of the collateral securing any particular loan may not be sufficient to protect us from suffering a partial or complete loss if the loan becomes nonperforming and we proceed to foreclose on or repossess the collateral. With respect to loans that we originate for condominium or homeowners' associations, or the Associations, these loans are primarily secured by and rely upon the cash flow received by the Associations from payments received from their property owners, as well as cash on hand. These Associations rely upon payments received from their property owners in order to perform on these loans and for the loan collateral. Accordingly, our ability to recover amounts on nonperforming loans made to Associations is dependent upon the Association having sufficient cash on hand for repayment of the loan and/or having the ability to impose assessments on its property owners, some of whom may not have the ability to pay such assessments. In such events, we could suffer loan losses, which could have a material adverse effect on our net earnings, allowance for loan and lease losses, financial condition, and results of operations.

Nonperforming assets take significant time to resolve and adversely affect our results of operations and financial condition, and could result in further losses in the future.

As of March 31, 2021, our nonperforming loans (which consist of nonaccrual loans, including nonaccrual loans modified as TDR, and loans past due 90 days or more and still accruing interest) totaled $678 thousand, or 0.04% of our total assets, and our nonaccrual assets (which include nonaccrual loans, impaired securities and other real estate owned, or OREO) totaled $678 thousand, or 0.04% of total assets. We did not have any loans in accruing status that were 30-89 days delinquent as of March 31, 2021.

Our nonperforming assets adversely affect our net income in various ways. We do not record interest income on nonaccrual loans or OREO, thereby adversely affecting our net income and returns on assets and equity, increasing our loan administration costs and adversely affecting our efficiency ratio. When we take collateral in foreclosure and similar proceedings, we are required to mark the collateral to its then-fair market value, which may result in a loss. These nonperforming loans and OREO also increase our risk profile and the level of capital our regulators believe is appropriate for us to maintain in light of such risks. The resolution of nonperforming assets requires significant time commitments from management and can be detrimental to the performance of their other responsibilities. If we experience increases in nonperforming loans and nonperforming assets, our net interest income may be negatively impacted and our loan administration costs could increase, each of which could have an adverse effect on our net income and related ratios, such as return on assets and equity.

We engage in lending secured by real estate and may foreclose on the collateral and own the underlying real estate, subjecting us to the costs and potential risks associated with the ownership of real property, or consumer protection initiatives or changes in state or federal law may substantially raise the cost of foreclosure or prevent us from foreclosing at all.

Since we originate loans secured by real estate, we may have to foreclose on the collateral property to recover our investment and may thereafter own and operate such property, in which case we would be exposed to the risks inherent in the ownership of real estate. The amount that we, as a mortgagee, may realize after a foreclosure depends on factors outside of our control, including, but not limited to, general or local economic conditions, environmental cleanup liabilities, various assessments relating to the ownership of the property, interest rates, real estate tax rates, operating expenses of the mortgaged properties, our ability to obtain and maintain adequate occupancy of the properties, zoning laws, governmental and regulatory rules, and natural disasters. Our inability to manage the amount of costs or size of the risks associated with the ownership of real estate, or write-downs in the value of OREO, could have an adverse effect on our business, financial condition, and results of operations.

Additionally, consumer protection initiatives or changes in state or federal law may substantially increase the time and expenses associated with the residential foreclosure process or prevent us from foreclosing at all. A number of states in recent years have either considered or adopted foreclosure reform laws that make it substantially more difficult and expensive for lenders to foreclose on residential properties in default. Furthermore, federal regulators have prosecuted a number of mortgage servicing companies for alleged consumer law violations. If new state or federal laws or regulations are ultimately enacted that significantly raise the cost of residential foreclosures or raise outright barriers, they could have an adverse effect on our business, financial condition, and results of operations.

We are exposed to risk of environmental liability when we take title to property.

In the course of our business, we may foreclose on and take title to real estate. As a result, we could be subject to environmental liabilities with respect to these properties. We may be held liable to a governmental entity or to third parties for property damage, personal injury, investigation and clean-up costs incurred by these parties in connection with environmental contamination or may be required to investigate or clean up hazardous or toxic substances or chemical releases at a property. The costs associated with investigation or remediation

activities could be substantial. In addition, if we are the owner or former owner of a contaminated site, we may be subject to common law claims by third parties based on damages and costs resulting from environmental contamination emanating from the property. If we become subject to significant environmental liabilities, our business, financial condition and results of operations could be adversely affected.

We are subject to certain operational risks, including, but not limited to, customer, employee or third-party fraud and data processing system failures and errors.

Employee errors and employee or customer misconduct could subject us to financial losses or regulatory sanctions and seriously harm our reputation. Misconduct by our employees could include hiding unauthorized activities from us, improper or unauthorized activities on behalf of our customers or improper use of confidential information. It is not always possible to prevent employee errors and misconduct, and the precautions we take to prevent and detect this activity may not be effective in all cases. Employee errors could also subject us to financial claims for negligence.

We have implemented a system of internal controls designed to mitigate operational risks, including data processing system failures and errors and customer or employee fraud, as well as insurance coverage designed to protect us from material losses associated with these risks, including losses resulting from any associated business interruption. If our internal controls fail to prevent or detect an occurrence, or if any resulting loss is not insured or exceeds applicable insurance limits, it could adversely affect our business, prospects, cash flow, liquidity, financial condition and results of operations.

When we originate loans, we rely heavily upon information supplied by third parties, including the information contained in credit applications, property appraisals, title information, equipment pricing and valuation and employment and income documentation, in deciding which loans we will originate, as well as the terms of those loans. If any of the information upon which we rely is misrepresented, either fraudulently or inadvertently, and the misrepresentation is not detected prior to funding, the value of the loan may be significantly lower than expected, or we may fund a loan that we would not have funded or on terms that do not comply with our general underwriting standards. Whether a misrepresentation is made by the applicant, the borrower, one of our employees or another third party, we generally bear the risk of loss associated with the misrepresentation. A loan subject to a material misrepresentation is typically unsellable or subject to repurchase if it is sold prior to detection of the misrepresentation. The sources of the misrepresentations are often difficult to locate, and it is often difficult to recover any of the resulting monetary losses we may suffer, which could adversely affect our business, financial condition and results of operations.

We are subject to liquidity risk, which could adversely affect our financial condition and results of operations.

Effective liquidity management is essential for the operation of our business. Although we have implemented strategies to maintain sufficient and diverse sources of funding to accommodate planned, as well as unanticipated, liquidity needs (including changes in assets, liabilities, and off-balance sheet commitments under various economic conditions), an inability to raise funds through deposits, borrowings, the sale of investment securities and other sources could have a material adverse effect on our liquidity. Our access to funding sources in amounts adequate to finance our activities could be impaired by factors that affect us specifically or the financial services industry in general. Factors that could detrimentally impact our access to liquidity sources include a decrease in the level of our business activity due to a market disruption, a decrease in the borrowing capacity assigned to our pledged assets by our secured creditors, competition from other financial institutions which could drive up the costs of deposits or adverse regulatory action against us. Deterioration in economic conditions and the loss of confidence in financial institutions may increase our cost of funding and limit our access to some of our customary sources of liquidity, including, but not limited to, inter-bank borrowings and borrowings from the Federal Home Loan Bank, or the FHLB, of Atlanta and the Federal Reserve Bank of Atlanta. Our ability to acquire deposits or borrow could also be impaired by factors that are not specific to us,

such as a severe disruption of the financial markets or negative views and expectations about the prospects for the financial services industry generally as a result of conditions faced by banking organizations in the domestic and international credit markets. Any decline in available funding or cost of liquidity could adversely impact our ability to originate loans, invest in securities, meet our expenses or fulfill obligations such as repaying our borrowings or meeting deposit withdrawal demands, any of which could, in turn, have an adverse effect on our business, financial condition, and results of operations.

We have several large depositor relationships, the loss of which could force us to fund our business through more expensive and less stable sources.

As of March 31, 2021, our 20 largest depositors, which includes certain correspondent banking relationships, accounted for approximately $250.3 million in deposits, or 17.8% of our total deposits. Withdrawals of deposits by any one of our largest depositors could force us to rely more heavily on more expensive and less stable funding sources. Consequently, the occurrence of any of these events could have a material adverse effect on our business, financial condition and results of operations.

The value of our securities in our investment portfolio may decline in the future.

The fair market value of our investment securities may be adversely affected by general economic and market conditions, including changes in interest rates, credit spreads, and the occurrence of any events adversely affecting the issuer of particular securities in our investments portfolio or any given market segment or industry in which we are invested. Any of these factors, among others, could cause OTTI and realized and/or unrealized losses in future periods and declines in other comprehensive income, which could have an adverse effect on our business, financial condition and results of operations. The process for determining whether impairment of a security is OTTI usually requires complex, subjective judgments about the future financial performance and liquidity of the issuer, any collateral underlying the security and our intent and ability to hold the security for a sufficient period of time to allow for any anticipated recovery in fair value, in order to assess the probability of receiving all contractual principal and interest payments on the security. Our failure to correctly and timely assess any impairments or losses with respect to our securities could have an adverse effect on our business, financial condition and results of operations.

We may not effectively execute on our expansion strategy, which may adversely affect our ability to maintain our historical growth and earnings trends.

Our primary expansion strategy focuses on organic growth, supplemented by acquisitions of financial institutions and banking teams; however, we may not be able to successfully execute on these aspects of our expansion strategy, which may cause our future growth rate to decline below our recent historical levels, or may prevent us from growing at all. More specifically, we may not be able to generate sufficient new loans and deposits within acceptable risk and expense tolerances or obtain the personnel or funding necessary for additional growth. Various factors, such as economic conditions and competition with other financial institutions, may impede or restrict the growth of our operations. Further, we may be unable to attract and retain experienced bankers, which could adversely affect our growth. The success of our strategy also depends on our ability to manage our growth effectively, which in turn depends on a number of factors, including our ability to adapt our credit, operational, technology, risk management, internal controls and governance infrastructure to accommodate expanded operations. Even if we are successful in continuing our growth, such growth may not offer the same levels of potential profitability, and we may not be successful in controlling costs and maintaining asset quality in the face of that growth. Accordingly, our inability to maintain growth or to effectively manage growth could have an adverse effect on our business, financial condition and results of operations.

New lines of business, products, product enhancements or services may subject us to additional risk.

From time to time, we may implement new lines of business or offer new products and product enhancements as well as new services within our existing lines of business. There are substantial risks and uncertainties associated with these efforts. In developing, implementing or marketing new lines of business, products, product enhancements or services, we may invest significant time and resources. We may underestimate the appropriate level of resources or expertise necessary to make new lines of business or products successful or to realize their expected benefits. We may not achieve the milestones set in initial timetables for the development and introduction of new lines of business, products, product enhancements or services, and price and profitability targets may not prove feasible. External factors, such as compliance with regulations, competitive alternatives and shifting market preferences, may also impact the ultimate implementation of a new line of business or offerings of new products, product enhancements or services. Any new line of business, product, product enhancement or service could have a significant impact on the effectiveness of our system of internal controls. We may also decide to discontinue businesses or products, due to lack of customer acceptance or unprofitability. Failure to successfully develop and implement new lines of business or offerings of new products, product enhancements or services could have an adverse effect on our business, financial condition and results of operations and could subject us to new and unanticipated operational, credit, regulatory and reputational risks, among other risks.

Our business needs and future growth may require us to raise additional capital and that capital may not be available on terms acceptable to us or may be dilutive to existing shareholders.

After giving effect to this offering, we believe that we will have sufficient capital to meet our capital needs for our current growth plans. However, we expect that we will need to raise additional capital, in the form of debt or equity securities, in the future to have sufficient capital resources to meet our longer-term growth plans, and/or if the quality of our assets or earnings were to deteriorate significantly. In addition, we are required by federal regulatory authorities to maintain adequate levels of capital to support our operations.

Our ability to raise capital will depend on, among other things, conditions in the capital markets, which are outside of our control, and our financial performance. Accordingly, we cannot provide assurance that such capital will be available on terms acceptable to us or at all. Any occurrence that limits our access to capital may adversely affect our capital costs and our ability to raise capital. Further, if we need to raise capital in the future, we may have to do so when many other financial institutions are also seeking to raise capital and would then have to compete with those institutions for investors. Any inability to raise capital on acceptable terms when needed may cause us to either issue additional shares of common stock or other securities on less than desirable terms or reduce our rate of growth until market conditions become more favorable. If any of such events occur, they could have a material adverse effect on our business, financial condition and results of operations and could be dilutive to both tangible book value and our share price.

In addition, an inability to raise capital when needed may subject us to increased regulatory supervision and the imposition of restrictions on our growth and business. These restrictions could negatively affect our ability to operate or further expand our operations through loan growth, acquisitions or the establishment of additional branches. These restrictions may also result in increases in operating expenses and reductions in revenues that could have a material adverse effect on our financial condition, results of operations and our share price.

We may grow through mergers or acquisitions, a strategy that may not be successful or, if successful, may produce risks in successfully integrating and managing the merged companies or acquisitions and may dilute our shareholders.

As part of our growth strategy, we may pursue mergers and acquisitions of banks and non-bank financial services companies within or outside our principal market areas that fit within the mission-driven values of our franchise and that we believe support our business and make financial and strategic sense. We may have

difficulty identifying suitable acquisition candidates or executing on acquisitions that we pursue, and we may not realize the anticipated benefits of any transactions we complete. Additionally, for any opportunistic acquisition we were to consider, we expect to face significant competition from numerous other financial services institutions, many of which will have greater financial resources than we do. Accordingly, attractive opportunistic acquisitions may not be available to us. There can be no assurance that we will be successful in identifying or completing any future acquisitions.

Mergers and acquisitions involve numerous risks, any of which could harm our business, including:

- the possibility that expected benefits may not materialize in the time frame expected or at all, or may be more costly to achieve, or that the acquired business will not perform to our expectations;
- time, expense and difficulties in integrating the operations, management, products and services, technologies, existing contracts, accounting processes and personnel of the target and realizing the anticipated synergies of the combined businesses;
- incurring the time and expense associated with identifying and evaluating potential acquisitions and merger partners and negotiating potential transactions, resulting in management's attention being diverted from the operation of our existing business;
- difficulties in supporting and transitioning customers of the target and disruption of our ongoing banking business;
- the price we pay or other resources that we devote may exceed the value we realize, or the value we could have realized if we had allocated the purchase consideration or other resources to another opportunity;
- entering new markets or areas in which we have limited or no experience;
- the possibility that our culture is disrupted as a result of an acquisition;
- potential loss of key personnel and customers from either our business or the target's business;
- assumption of unanticipated problems, claims or other liabilities of the acquired business;
- an inability to realize expected synergies or returns on investment;
- the possibility of regulatory approval for the acquisition being delayed, impeded, restrictively conditioned or denied due to existing or new regulatory issues surrounding us, the target institution or the proposed combined entity and the possibility that any such issues associated with the target institution, of which we may or may not be aware at the time of the acquisition, could adversely impact the combined entity after completion of the acquisition;
- the possibility that the acquisition may not be timely completed, if at all;
- the need to raise capital; and
- inability to generate sufficient revenue to offset acquisition costs.

Our acquisition activities could require us to use a substantial amount of cash, other liquid assets, and/or incur debt. Also, if we finance acquisitions by issuing equity securities, our existing shareholders' ownership may be diluted, which could negatively affect the market price of our Class A common stock. Additionally, if the goodwill recorded in connection with our potential future acquisitions were determined to be impaired, then we would be required to recognize a charge against our earnings, which could materially and adversely affect our results of operations during the period in which the impairment was recognized. Acquisitions may also involve the payment of a premium over book and market values and, therefore, some dilution of our tangible book value and net income per common share may occur in connection with any future transaction.

As a result, we may not achieve the anticipated benefits of any such merger or acquisition, and we may incur costs in excess of what we anticipate. Our failure to successfully evaluate and execute mergers, acquisitions or investments or otherwise adequately address and manage the risks associated with such transactions could have a material adverse effect on our business, results of operations and financial condition, including short-term and long-term liquidity.

The loss of one or more of our key personnel, or our failure to attract and retain other highly qualified personnel in the future, could harm our business.

Our future success will, to some extent, depend on the continued service of our directors, executive officers and senior management team. The loss of the services of any of these individuals could have a significant adverse effect on our business. In particular, we believe that retaining Luis de la Aguilera, our President and Chief Executive Officer, Robert Anderson, our Chief Financial Officer, and Benigno Pazos, our Chief Credit Officer, is important to our continuing success. Although we have entered into employment and other agreements with certain members of our executive and senior management team, including Mr. de la Aguilera and Mr. Anderson, no assurance can be given that these individuals will continue to be employed by us. The loss of any of these individuals could negatively affect our ability to achieve our growth strategy and could have a material adverse effect on our business and results of operations.

We also need to continue to attract and retain other senior management and to recruit qualified individuals to succeed existing key personnel to ensure the continued growth and successful operation of our business. We may be unable to attract or retain qualified management and other key personnel in the future due to the intense competition for qualified personnel among companies in the financial services business and related businesses. The loss of the services of any senior management personnel, or the inability to recruit and retain qualified personnel in the future, could have an adverse effect on our business, results of operations, financial condition and prospects. Additionally, to attract and retain personnel with appropriate skills and knowledge to support our business, we may offer a variety of benefits, which may reduce our earnings or adversely affect our business, results of operations, financial condition or prospects.

Damage to our reputation could significantly harm our businesses.

Our ability to attract and retain customers and highly-skilled management and employees is impacted by our reputation. A negative public opinion of us and our business can result from any number of activities, including our lending practices, corporate governance and regulatory compliance, acquisitions, customer complaints and actions taken by community organizations in response to these activities. Furthermore, negative publicity regarding us as an employer could have an adverse impact on our reputation, especially with respect to matters of diversity, pay equity and workplace harassment. Significant harm to our reputation could also arise as a result of regulatory or governmental actions, litigation and the activities of our customers, other participants in the financial services industry or our contractual counterparties, such as our service providers and vendors. The potential harm is heightened given increased attention to how corporations address environmental, social and governance issues. In addition, a cybersecurity event affecting us or our customers' data could have a negative impact on our reputation and customer confidence in us and our cybersecurity practices. Damage to our reputation could also adversely affect our credit ratings and access to the capital markets. Additionally, whereas negative public opinion once was primarily driven by adverse news coverage in traditional media, the widespread use of social media platforms by virtually every segment of society facilitates the rapid dissemination of information or misinformation, which magnifies the potential harm to our reputation.

We face strong competition from financial services companies and other companies that offer banking services, which could materially and adversely affect our business.

The financial services industry has become even more competitive as a result of legislative, regulatory and technological changes and continued banking consolidation, which may increase as a result of current economic,

market and political conditions. We face substantial competition in all phases of our operations from a variety of competitors, including local banks, regional banks, community banks and, more recently, financial technology, or "fintech" companies. Many of our competitors offer the same banking services that we offer and our success depends on our ability to adapt our products and services to evolving industry standards and customer requirements. Increased competition in our market may result in reduced new loan and lease production and/or decreased deposit balances or less favorable terms on loans and leases and/or deposit accounts. We also face competition from many other types of financial institutions, including without limitation, non-bank specialty lenders, insurance companies, private investment funds, investment banks, and other financial intermediaries. Should competition in the financial services industry intensify, our ability to market our products and services may be adversely affected. If we are unable to attract and retain banking customers, we may be unable to grow or maintain the levels of our loans and deposits and our results of operations and financial condition may be adversely affected as a result. Ultimately, we may not be able to compete successfully against current and future competitors.

We must respond to rapid technological changes to remain competitive.

We will have to respond to future technological changes, which are occurring at a rapid pace in the financial services industry. We expect that new technologies and business processes applicable to the banking industry will continue to emerge, and these new technologies and business processes may be better than those we currently use. Because the pace of technological change is high and our industry is intensely competitive, our future success will depend, in part, upon our ability to address the needs of our customers by using technology to provide products and services that will satisfy customer demands for convenience, as well as to create additional efficiencies in our operations. We may not be able to implement new technology-driven products and services effectively or be successful in marketing these products and services to our customers. Failure to keep pace successfully with technological change affecting the financial services industry could harm our ability to compete effectively and could have an adverse effect on our business, financial condition and results of operations. As these technologies improve in the future, we may be required to make significant capital expenditures in order to remain competitive, which may increase our overall expenses and have an adverse effect on our business, financial condition and results of operations.

A failure, interruption, or breach in the security of our systems, or those of our contracted vendors, could disrupt our business, result in the disclosure of confidential information, damage our reputation, and create significant financial and legal exposure.

Although we devote significant resources to maintain and regularly update our systems and processes that are designed to protect the security of our computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to us and our customers, there is no assurance that all of our security measures will provide absolute security. Many financial institutions, including us, have been subjected to attempts to infiltrate the security of their websites or other systems, some involving sophisticated and targeted attacks intended to obtain unauthorized access to confidential information, destroy data, disrupt or degrade service, sabotage systems or cause other damage, including through the introduction of computer viruses or malware, cyber-attacks and other means. We have been targeted by individuals and groups using phishing campaigns, pretext calling, malicious code and viruses and expect to be subject to such attacks in the future. While we have not experienced a material cyber-incident or security breach that has been successful in compromising our data or systems to date, we can never be certain that all of our systems are entirely free from vulnerability to breaches of security or other technological difficulties or failures.

Despite efforts to ensure the integrity and security of our systems, it is possible that we may not be able to anticipate, detect or recognize threats to our systems or to implement effective preventive measures against all efforts to breach our security inside or outside our business, especially because the techniques used to attack our systems change frequently or are not recognized until launched, and because cyber-attacks can originate from a wide variety of sources, including individuals or groups who are associated with external service providers or who

are or may be involved in organized crime or linked to terrorist organizations or hostile foreign governments. Those parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of our systems to disclose sensitive information in order to gain access to our data or that of our customers or clients. Similar to other companies, our risks and exposures related to cybersecurity attacks have increased as a result of the COVID-19 pandemic, the related increased reliance on remote working and increase in digital operations. Such risks and exposures are expected to remain high for the foreseeable future due to the rapidly evolving nature and sophistication of these threats and the expanding use of technology, as our web-based product offerings grow and we expand internal usage of web-based applications.

A successful penetration or circumvention of the security of our systems, including those of our third-party vendors, could cause serious negative consequences, including significant disruption of our operations, misappropriation of confidential information, or damage to computers or systems, and may result in violations of applicable privacy and other laws, financial loss, loss of confidence in our security measures, customer dissatisfaction, increased insurance premiums, significant litigation exposure and harm to our reputation, all of which could have a material adverse effect on our business, financial condition, results of operations, and future prospects.

We rely on other companies to provide key components of our business infrastructure and our operations could be interrupted if our third-party service providers experience difficulty, terminate their services or fail to comply with banking regulations.

Third parties provide key components of our business operations such as data processing, recording and monitoring transactions, online banking interfaces and services, Internet connections and network access. While we have selected these third-party vendors carefully, performing upfront due diligence and ongoing monitoring activities, we do not control their actions. Any problems caused by these third parties, including those resulting from disruptions in services provided by a vendor (including as a result of a cyber-attack, other information security event or a natural disaster), financial or operational difficulties for the vendor, issues at third-party vendors to our vendors, failure of a vendor to handle current or higher volumes, failure of a vendor to provide services for any reason, poor performance of services, failure to comply with applicable laws and regulations, or fraud or misconduct on the part of employees of any of our vendors, could adversely affect our ability to deliver products and services to our customers, our reputation and our ability to conduct our business, which could adversely affect our business, prospects, cash flow, liquidity, financial condition and results of operations. In certain situations, replacing these third-party vendors could also create significant delay, expense, and operational difficulties, which could also adversely affect our business. Accordingly, use of such third parties creates an unavoidable and inherent risk to our business operations. Such risk is generally expected to remain elevated until the COVID-19 pandemic subsides and may remain elevated thereafter, as many of our vendors have also been, and may further be, affected by increased reliance on remote work environments, market volatility and other factors that increase their risks of business disruption or that may otherwise affect their ability to perform under the terms of any agreements with us or provide essential services.

Our operations could be interrupted or materially impacted if any of our third-party service providers fail to comply with banking regulations and other applicable laws. The FDIC, the FOFR and other regulators expect financial institutions to be responsible for all aspects of their performance, including aspects that they delegate to third parties. Accordingly, we will be responsible for deficiencies in our oversight and control of our third party relationships and in the performance of the parties with which we have these relationships. As a result, if our regulators conclude that we have not exercised adequate oversight and control over our third party vendors or other ongoing third party business relationships or that such third parties have not performed appropriately, we could be subject to remedial and/or enforcement actions, including civil money penalties or other administrative or judicial penalties or fines as well as requirements for customer remediation, any of which could have a material adverse effect our business, financial condition or results of operations.

Certain of our directors may have conflicts of interest in determining whether to present business opportunities to us or another entity with which they are, or may become, affiliated.

Certain of our directors are or may become subject to fiduciary obligations in connection with their service on the boards of directors of other corporations, including financial institutions. A director's association with other financial institutions, which give rise to fiduciary or contractual obligations to such institutions, may create conflicts of interest. To the extent that any of our directors become aware of acquisition opportunities that may be suitable for entities other than us to which they have fiduciary or contractual obligations, or they are presented with such opportunities in their capacities as fiduciaries to such entities, they may honor such obligations to such other entities. You should assume that to the extent any of our directors become aware of an opportunity that may be suitable both for us and another entity to which such person has a fiduciary obligation or contractual obligation to present such opportunity as set forth above, he or she may first give the opportunity to such other entity or entities and may give such opportunity to us only to the extent such other entity or entities reject or are unable to pursue such opportunity. In addition, you should assume that to the extent any of our directors become aware of an acquisition opportunity that does not fall within the above parameters, but that may otherwise be suitable for us, he or she may not present such opportunity to us.

Pursuant to an agreement between us and our Significant Investors, each of the Significant Investors have the right to nominate one director to serve on our Board, including Board committees, and to designate one non-voting Board observer. The directors and Board observers designated by the Significant Investors have the right to, and have no duty not to, engage in the same or similar business activities or lines of business as us. In the event that a director or Board observer designated by a Significant Investor acquires knowledge of a potential transaction or matter that may be a corporate opportunity for us, such person shall have no duty to communicate or present such corporate opportunity to us and shall not be liable to us or our shareholders for breach of any duty by reason of the fact that such person or a related investment fund thereof, directly or indirectly, pursues or acquires such opportunity for itself, directs such opportunity to another person, or does not present such opportunity to us. See "Certain Relationships and Related Party Transactions—Arrangements with Certain Investors" and "Management—Certain Rights of the Significant Investors—Corporate Opportunities."

Risks Related to Our Tax, Accounting and Regulatory Compliance

We are subject to changes in federal, state, and local tax laws, interpretation of existing laws, and examinations and challenges by taxing authorities.

Our financial performance is impacted by federal, state, and local tax laws. Given the current economic and political environment, and ongoing budgetary pressures, the enactment of new federal, state, or local tax legislation or new interpretations of existing tax laws could occur. The enactment of such legislation, or changes in the interpretation of existing law (including changes that may be retroactive), including provisions impacting income tax rates, apportionment, consolidation or combination, income, expenses, and credits, may have a material adverse effect on our financial condition, results of operations, and liquidity.

It cannot be predicted whether, when, in what form, or with what effective dates new tax laws may be enacted, regulations, or rulings may be promulgated or issued under existing or new tax laws. New tax laws could result in an increase in the corporate tax rate. New tax laws, regulations, or rulings could affect our or our shareholders' tax liability or require changes in the manner in which we operate in order to minimize or mitigate any adverse effects of changes in tax law or in the interpretations thereof.

In the normal course of business, we are routinely subjected to examinations and audits from federal, state, and local taxing authorities regarding tax positions taken by us and the determination of the amount of taxes due. These examinations may relate to income, franchise, gross receipts, payroll, property, sales and use, or other tax returns. The challenges made by taxing authorities may result in adjustments to the amount of taxes due, and may result in the imposition of penalties and interest. If any such challenges are not resolved in our favor, they could have a material adverse effect on our financial condition, results of operations, and liquidity.

Our ability to recognize the benefits of deferred tax assets is dependent on future cash flows and taxable income and may be materially impaired upon significant changes in ownership of our common stock, including changes in ownership that may result from transfers by our Significant Investors, which are not otherwise restricted.

We recognize the expected future tax benefit from deferred tax assets when it is more likely than not that the tax benefit will be realized. Otherwise, a valuation allowance is applied against deferred tax assets, reducing the value of such assets. Assessing the recoverability of deferred tax assets requires management to make significant estimates related to expectations of future taxable income from all sources, including reversal of taxable temporary differences, forecasted operating earnings and available tax planning strategies. Estimates of future taxable income are based on forecasted income from operations and the application of existing tax laws in each jurisdiction. The improved risk profile of the Bank is a key component used in the determination of our ability to realize the expected future benefit of our deferred tax assets. To the extent that future taxable income differs significantly from estimates as a result of the interest rate environment and loan growth capabilities or other factors, our ability to realize the net deferred tax assets could be negatively affected.

The Tax Cuts and Jobs Act made widespread changes to the Internal Revenue Code (with additional changes made by the CARES Act). These changes include, among other items, a reduction in the federal corporate tax rate from a top rate of 35% to a flat rate of 21%, effective January 1, 2018. While we may benefit on a prospective net income basis from this decrease in corporate tax rates, the reduction in the corporate tax rate required us to re-measure our deferred tax assets, which resulted in a reduction in our deferred tax asset of $23.2 million in the fourth quarter of 2017 before the impact of normal year-end tax provisioning and the effect of the new tax law.

Subject to certain exceptions, our Class A common stock is subject to transfer restrictions as set forth in our Amended and Restated Articles that are designed to preserve our deferred tax assets. Notwithstanding these protective provisions, the Amended and Restated Articles include an exception that allows our Significant Investors the right to effect any transfer that would otherwise be prohibited, which transfer could result in the loss of the deferred tax assets.

Additionally, significant future issuances of common stock or common stock equivalents, or changes in the direct or indirect ownership of our common stock or common stock equivalents, could cause an ownership change and could limit our ability to utilize our net operating loss carryforwards and other tax attributes pursuant to Section 382 and Section 383 of the Internal Revenue Code. Future changes in tax law or changes in ownership structure could limit our ability to utilize our recorded net deferred tax assets. Our net deferred tax assets as of March 31, 2021 were $39.2 million. See Note 9 of our Consolidated Financial Statements as of and for the years ended December 31, 2020 and 2019 for further discussion of our deferred tax assets.

Changes in our accounting policies or in accounting standards could materially affect how we report our financial results and condition.

Our consolidated financial statements are prepared based on the application of accounting policies generally accepted in the United States, or GAAP. For the year ended December 31, 2020, we qualified as a public business entity (but not as a public company). Changes in our accounting policies or in accounting standards could materially affect how we report our financial results and condition. From time to time, the FASB changes the financial accounting and reporting standards that govern the preparation of our financial statements. As a result of changes to financial accounting or reporting standards, whether promulgated or required by the FASB or other regulators, we could be required to change certain of the assumptions or estimates we have previously used in preparing our financial statements, which could negatively affect how we record and report our results of operations and financial condition generally.

The accuracy of our financial statements and related disclosures could be affected if the judgments, assumptions or estimates used in our critical accounting policies are inaccurate.

The preparation of our financial statements and related disclosures in conformity with GAAP requires us to make judgments, assumptions and estimates that affect the amounts reported in our consolidated financial statements and accompanying notes. In some cases, management must select the accounting policy or method to apply from two or more alternatives, any of which may be reasonable under the circumstances, yet which may result in our reporting materially different results than would have been reported under a different alternative. Certain accounting policies are critical or significant to presenting our financial condition and results of operations. Our critical accounting policies, which are included in the section captioned "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this offering circular, describe those significant accounting policies and methods used in the preparation of our consolidated financial statements that we consider critical because they require judgments, assumptions and estimates that materially affect our consolidated financial statements and related disclosures. As a result, if future events or regulatory views concerning such analyses differ significantly from the judgments, assumptions and estimates in our critical accounting policies, those events or assumptions could have a material impact on our consolidated financial statements and related disclosures, in each case resulting in our need to revise or restate prior period financial statements, cause damage to our reputation and the price of our Class A common stock and adversely affect our business, prospects, cash flow, liquidity, financial condition and results of operations.

As a new public company, we may not efficiently or effectively create an effective internal control environment, and any future failure to maintain effective internal control over financial reporting could impair the reliability of our financial statements, which in turn could harm our business, impair investor confidence in the accuracy and completeness of our financial reports and our access to the capital markets, cause the price of our Class A common stock to decline and subject us to regulatory penalties.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting and for evaluating and reporting on that system of internal control. Our internal control over financial reporting consists of a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. As a public company, we will be required to comply with FDIC regulations, including the Sarbanes-Oxley Act and other rules that govern public companies that we previously were not required to comply with as a private company. In particular, we will be required to certify our compliance with Section 404 of the Sarbanes-Oxley Act beginning with our second annual report on Form 10-K, which will require us to annually furnish a report by management on the effectiveness of our internal control over financial reporting. When evaluating our internal controls over financial reporting, we may identify material weaknesses that we may not be able to remediate in time to meet the applicable deadline imposed upon us for compliance with the requirements of Section 404 of the Sarbanes-Oxley Act. We are in the process of reviewing our formal policies, processes and practices related to financial reporting and to the identification of key financial reporting risks, assessment of their potential impact and linkage of those risks to specific areas and controls within our organization.

If we fail to achieve and maintain the adequacy of our internal controls, as such standards are modified, supplemented, or amended from time to time, we may not be able to ensure that we will be able to conclude on an ongoing basis that we have effective internal controls over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act. We cannot be certain as to the timing of completion of our evaluation, testing, and any remediation actions or the impact of the same on our operations. If we fail to adequately comply with the requirements of Section 404 of the Sarbanes-Oxley Act, we may be subject to adverse regulatory consequences and there could be a negative reaction in the financial markets due to a loss of investor confidence in us and the reliability of our financial statements. In addition, we may be required to incur costs in improving our internal control system and hiring additional personnel. Any such action could negatively affect our business, financial condition, results of operations, and the price of our Class A common stock may decline.

While we remain an emerging growth company, we will not be required to include an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. To prepare for eventual compliance with the auditor attestation requirement of Section 404 of Sarbanes-Oxley once we no longer qualify as an emerging growth company, we are currently engaged in a process to document and evaluate our internal control over financial reporting, which is both costly and challenging. In this regard, we will need to dedicate internal resources, potentially engage outside consultants and adopt a detailed work plan to assess and document the adequacy of internal control over financial reporting, continue steps to improve control processes as appropriate, validate through testing that controls are functioning as documented and continue to refine our reporting and improvement process for internal control over financial reporting. Despite our efforts, there is a risk that we will not be able to conclude, within the prescribed time frame or at all, that our internal control over financial reporting is effective as required by Section 404 of Sarbanes-Oxley. If we identify one or more material weaknesses, it could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our financial statements.

We operate in a highly regulated environment, and the laws and regulations that govern our operations, corporate governance, executive compensation and accounting principles, or changes in them, or our failure to comply with them, could adversely affect us.

We operate in a highly regulated industry and we are subject to examination, supervision and comprehensive regulation by various federal and state agencies, including the FDIC and the FOFR. As such, we are subject to extensive regulation, supervision and legal requirements that govern almost all aspects of our operations. These laws and regulations are not intended to protect our shareholders. Rather, these laws and regulations are intended to protect customers, depositors, the Deposit Insurance Fund, or DIF, and the overall financial health and stability of the United States banking system. These laws and regulations, among other matters, prescribe minimum capital requirements, impose limitations on the business activities and investments in which we can engage, regulate and restrict our lending activities, require us to provide certain banking services broadly within the communities in which we operate, determine the locations of our branch offices and impose certain specific accounting requirements on us that may be more restrictive and may result in greater or earlier charges to earnings or reductions in our capital than GAAP would require. We are also subject to capitalization guidelines established by our regulators, which require us to maintain adequate capital to support our business. Compliance with laws and regulations can be difficult and costly, and changes to laws and regulations often impose additional operating costs. Further, we must obtain approval from our regulators before engaging in many activities, and our regulators have the ability to compel us to, or restrict us from, taking certain actions entirely. There can be no assurance that any regulatory approvals we may require or otherwise seek will be obtained.

Regulations affecting banks and other financial institutions are undergoing continuous review and frequently change, and the ultimate effect of such changes cannot be predicted. Changes to the legal and regulatory framework governing our operations, including the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, and the Economic Growth, Regulatory Relief and Consumer Protection Act, or the Regulatory Relief Act, have significantly revised the laws and regulations under which we operate. Such regulations and laws may be modified or repealed at any time, and new legislation may be enacted that will affect us and our subsidiaries, including any changes resulting from the recent change in U.S. presidential administration and change in control of the U.S. Senate.

Our failure to comply with these laws and regulations, even if the failure follows good faith effort or reflects a difference in interpretation, could subject us to restrictions on our business activities, enforcement actions and fines and other penalties, any of which could adversely affect our results of operations, regulatory capital levels and the price of our securities. Further, any new laws, rules and regulations, such as were imposed under the Dodd-Frank Act or the Regulatory Relief Act, could make compliance more difficult or expensive or otherwise adversely affect our business, prospects, cash flow, liquidity, financial condition and results of operations.

Our participation in the SBA PPP loan program exposes us to risks related to noncompliance with the PPP, as well as litigation risk related to our administration of the PPP loan program, which could have a material adverse impact on our business, financial condition, and results of operations.

We are a participating lender in the PPP, a loan program administered through the SBA, that was created to help eligible businesses, organizations and self-employed persons fund their operational costs during the COVID-19 pandemic. Under this program, the SBA guarantees 100% of the amounts loaned under the PPP.

The PPP opened on April 3, 2020; however, because of the short window between the passing of the CARES Act and the opening of the PPP, there was some ambiguity in the laws, rules and guidance regarding the operation of the PPP. Subsequent rounds of legislation and associated agency guidance have not provided needed clarity and in certain instances have potentially created additional inconsistencies and ambiguities. Accordingly, we are exposed to risks relating to noncompliance with the PPP.

Additionally, since the launch of the PPP, several larger banks have been subject to litigation regarding the process and procedures that such banks used in processing applications for the PPP, as well as litigation regarding the alleged nonpayment of fees that may be due to certain agents who facilitated PPP loan applications. We may be exposed to the risk of PPP-related litigation, from both customers and non-customers that approached us regarding PPP loans, regarding our process and procedures used in processing applications for the PPP. If any such litigation is filed against us and is not resolved in a manner favorable to us, it may result in significant financial liability or adversely affect our reputation. Regardless of outcome, litigation can be costly and distracting. Any financial liability, litigation costs or reputational damage caused by PPP-related litigation could have a material adverse impact on our business, financial condition and results of operations.

PPP loans are fixed, low interest rate loans that are guaranteed by the SBA and subject to numerous other regulatory requirements, and a borrower may apply to have all or a portion of the loan forgiven. If PPP borrowers fail to qualify for loan forgiveness, we face a heightened risk of holding these loans at unfavorable interest rates for an extended period of time. While the PPP loans are guaranteed by the SBA, various regulatory requirements will apply to our ability to seek recourse under the guarantees, and related procedures are currently subject to uncertainty.

In addition, we may be exposed to credit risk on PPP loans if a determination is made by the SBA that there is a deficiency in the manner in which the loan was originated, funded, or serviced, such as an issue with the eligibility of borrower to receive a PPP loan, which may or may not be related to the ambiguity in the laws, rules and guidance regarding the operations of the PPP. If a deficiency is identified, the SBA may deny its liability under the guaranty, reduce the amount of the guaranty, or, if it has already paid under the guaranty, seek recovery of any loss related to the deficiency from us.

We face a risk of noncompliance with the Bank Secrecy Act and other anti-money laundering statutes and regulations and corresponding enforcement proceedings.

The federal Bank Secrecy Act, the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, or the USA PATRIOT Act, and other laws and regulations require financial institutions, among other duties, to institute and maintain effective anti-money laundering programs and to file suspicious activity and currency transaction reports, as appropriate. The federal Financial Crimes Enforcement Network, or FinCEN, established by the U.S. Treasury Department to administer the Bank Secrecy Act, is authorized to impose significant civil money penalties for violations of those requirements and has engaged in coordinated enforcement efforts with the individual federal banking regulators, as well as the U.S. Department of Justice, Drug Enforcement Administration and Internal Revenue Service. Additionally, South Florida has been designated as a “High Intensity Financial Crime Area,” or HIFCA, by FinCEN and a “High Intensity Drug Trafficking Area,” or HIDTA, by the Office of National Drug Control Policy. The HIFCA program is intended to concentrate law enforcement efforts to combat money laundering efforts in higher-risk areas. There is also increased

scrutiny of compliance with the rules enforced by the Office of Foreign Assets Control, or OFAC. Federal and state bank regulators have for many years focused on compliance with Bank Secrecy Act and anti-money laundering regulations. In order to comply with regulations, guidelines and examination procedures in this area, we have dedicated significant resources to our anti-money laundering program, especially due to the regulatory focus on financial and other institutions located in South Florida. Our business includes supporting our customers, including foreign financial institutions, with respect to their international banking needs and our policies, procedures and systems have been designed to address federal and state anti-money laundering compliance. If our policies, procedures and systems are deemed deficient or the policies, procedures and systems of the financial institutions that we may acquire are deficient, we would be subject to liability, including fines, and regulatory actions that are deemed necessary in order to remediate such deficiencies and prevent the recurrence thereof. In recent years, sanctions that the regulators have imposed on banks that have not complied with all anti-money laundering requirements have been especially severe. Failure to maintain and implement adequate programs to combat money laundering and terrorist financing could also have serious reputational consequences for us, which could have a material adverse effect on our business, financial condition and results of operations.

We are subject to capital adequacy requirements and may become subject to more stringent capital requirements, which could adversely affect our financial condition and operations.

In July 2013, the federal banking agencies published new regulatory capital rules based on the international standards, known as Basel III, that were developed by the Basel Committee on Banking Supervision. The new rules raised the risk-based capital requirements and revised the methods for calculating risk-weighted assets, usually resulting in higher risk weights. The new rules now apply to us.

The Basel III rules increased capital requirements and included two new capital measurements, a risk-based common equity Tier 1 ratio and a capital conservation buffer. Common Equity Tier 1 (CET1) capital is a subset of Tier 1 capital and is limited to common equity (plus related surplus), retained earnings, accumulated other comprehensive income and certain other items. Other instruments that have historically qualified for Tier 1 treatment, including noncumulative perpetual preferred stock, are consigned to a category known as Additional Tier 1 capital and must be phased out of CETI over a period of nine years beginning in 2014. In order to be a "well-capitalized" depository institution under the new regime, an institution must maintain a CET1 capital ratio of 7.0% or more; a Tier 1 capital ratio of 8.5% or more; a total capital ratio of 10.5% or more; and a leverage ratio of 4% or more. Institutions must also maintain a capital conservation buffer consisting of common equity Tier 1 capital. In addition to the higher required capital ratios and the new deductions and adjustments, the final rules increased the risk weights for certain assets, meaning that we will have to hold more capital against these assets. We will also be required to hold capital against short-term commitments that are not unconditionally cancellable.

While we currently meet these new requirements of the Basel III-based capital requirements, we may fail to do so in the future. The failure to meet applicable regulatory capital requirements could result in one or more of our regulators placing limitations or conditions on our activities, including our growth initiatives, or restricting the commencement of new activities, and could affect customer and investor confidence, our costs of funds and level of required deposit insurance assessments to the FDIC, our ability to pay dividends on our capital stock, our ability to make acquisitions, and our business, results of operations and financial condition, generally.

In addition, in the current economic and regulatory environment, including the COVID-19 pandemic, bank regulators may impose capital requirements that are more stringent than those required by applicable existing regulations. The application of more stringent capital requirements for us could, among other things, result in lower returns on equity, require the raising of additional capital, and result in regulatory actions if we were to be unable to comply with such requirements. Implementation of changes to asset risk weightings for risk-based capital calculations, items included or deducted in calculating regulatory capital or additional capital conservation buffers, could result in management modifying our business strategy and could limit our ability to make distributions, including paying dividends.

We are periodically subject to examination and scrutiny by a number of banking agencies and, depending upon the findings and determinations of these agencies, we may be required to make adjustments to our business that could adversely affect us.

As part of the bank regulatory process, the FDIC and the FOFR periodically conduct examinations of our business, including compliance with applicable laws and regulations. If, as a result of an examination, one of these banking agencies were to determine that the financial condition, capital resources, asset quality, asset concentration, earnings prospects, management, liquidity sensitivity to market risk, risk management and internal controls or other aspects of any of our operations has become unsatisfactory, or that we or our management are in violation of any law or regulation, the banking agency could take a number of different remedial or punitive actions as it deems appropriate. These actions include the power to prohibit the continuation of "unsafe or unsound" practices, to require affirmative actions to correct any conditions resulting from any violation or practice, to issue an administrative order or enforcement that can be judicially enforced, to direct an increase in our capital, to restrict our growth, to change the asset composition of our loan or securities portfolios or balance sheet, to assess civil monetary penalties against our officers or directors, to remove officers and directors and, if it is concluded that such conditions cannot be corrected or there is an imminent risk of loss to depositors, to terminate our deposit insurance and force us to terminate our business operations. If we become subject to such regulatory actions, our business, financial condition, results of operations and reputation may be negatively impacted.

We are subject to numerous laws and regulations of certain regulatory agencies designed to protect consumers, including the Community Reinvestment Act, or CRA, and fair lending laws, and failure to comply with these laws could lead to a wide variety of sanctions.

The CRA directs all insured depository institutions to help meet the credit needs of the local communities in which they operate branches, including low- and moderate-income neighborhoods. Each institution is examined periodically by its primary federal regulator, which assesses the institution's CRA performance. The Equal Credit Opportunity Act, the Fair Housing Act and other fair lending laws and regulations impose nondiscriminatory lending requirements on financial institutions. The U.S. Department of Justice, the Federal Reserve, and other federal agencies are responsible for enforcing these laws and regulations. A successful regulatory challenge to our performance under the CRA, fair lending or consumer lending laws and regulations could result in a wide variety of sanctions, including damages and civil money penalties, injunctive relief, customer restitution, restrictions on mergers and acquisitions activity, restrictions on expansion, and restrictions on entering new business lines. Private parties may also have the ability to challenge an institution's performance under fair lending laws in private class action litigation. Such actions could have an adverse effect on our business, financial condition and results of operations.

Risks Related to Our Class A Common Stock

Shares of our Class A common stock are not insured deposits.

Shares of our Class A common stock are not bank deposits and are not insured or guaranteed by the FDIC or any other governmental agency. Your investment will be subject to risk, including those outlined in this section and elsewhere in this offering circular, and you may lose your entire investment.

Prior to this offering, no public trading market for our Class A common stock existed and we cannot assure you that an active, liquid trading market will develop, or once developed, will be maintained.

Prior to this offering, there has been no established public market for shares of our Class A common stock. We cannot predict the extent to which investor interest in us will lead to the development and sustainment of an active trading market for the Class A common stock on The Nasdaq Global Market or otherwise, or how liquid that market might become. If an active and liquid trading market does not develop or is not sustained, you may

have difficulty selling any shares of our Class A common stock that you purchase in this initial public offering and the value of our Class A common stock may be adversely affected. The initial public offering price for the shares of our Class A common stock will be determined by negotiations between us and the representatives of the underwriters, and may not be indicative of prices that will prevail in the open market following this offering. A public trading market having the desired characteristics of depth, liquidity and orderliness depends upon the presence in the marketplace of sufficient numbers of willing buyers and sellers of our Class A common stock and their independent decisions, over which we have no control. The market price of our Class A common stock may decline below the initial public offering price, and you may not be able to sell your shares of our Class A common stock at or above the price you paid in this offering, at the volumes desired, or at all. An inactive and illiquid trading market may also impair our ability to raise capital to continue to fund operations by selling shares of our Class A common stock and may impair our ability to acquire other companies or technologies by using our Class A common stock as consideration. Additionally, the market price of our Class A common stock could decline significantly due to actual or anticipated issuances or sales of our Class A common stock in the future.

We do not anticipate paying dividends on our common stock, and our future ability to pay dividends is subject to restrictions.

We currently do not intend to pay any cash dividends on our common stock in the foreseeable future following this offering. Holders of our Class A common stock (as well as our Class B common stock, who will receive dividends in the same amounts and at the same times) are only entitled to receive cash dividends when, as and if declared by our Board out of funds legally available for dividends. Our ability to pay dividends on our common stock will substantially depend upon our earnings and financial condition, liquidity and capital requirements, the general economic and regulatory climate and other factors deemed relevant by our Board. There are numerous laws and banking regulations and guidance that limit our ability to pay dividends on our common stock. See “Dividend Policy” and “Supervision and Regulation.”

The market price and trading volume of our Class A common stock may be volatile, which could result in rapid and substantial losses for our shareholders.

Even if an active trading market develops, the market price of our Class A common stock may be highly volatile and could be subject to wide fluctuations. In addition, the trading volume on our Class A common stock may fluctuate and cause significant price variations to occur. If the market price of our Class A common stock declines significantly, you may be unable to resell your shares of Class A common stock at or above your purchase price, if at all. We cannot assure you that the market price of our Class A common stock will not fluctuate or decline significantly in the future. Some, but certainly not all, of the factors that could negatively affect the price of our Class A common stock, or result in fluctuations in the price or trading volume of our Class A common stock, include:

- general market conditions;
- domestic and international economic factors unrelated to our performance;
- variations in our quarterly operating results or failure to meet the market’s earnings expectations;
- publication of research reports about us or the financial services industry in general;
- the failure of securities analysts to cover our Class A common stock after this offering;
- additions or departures of our key personnel;
- adverse market reactions to any indebtedness we may incur or securities we may issue in the future;
- actions by our shareholders;
- the expiration of contractual lock-up agreements;

- the operating and securities price performance of companies that investors consider to be comparable to us;
- changes or proposed changes in laws or regulations affecting our business; and
- actual or potential litigation and governmental investigations.

In addition, if the market for stocks in our industry, or the stock market in general, experiences a loss of investor confidence, the trading price of the Class A common stock could decline for reasons unrelated to our business, financial condition or results of operations. If any of the foregoing occurs, it could cause our Class A common stock price to fall and may expose us to lawsuits that, even if unsuccessful, could be costly to defend and a distraction to management.

Investors in this offering will experience immediate and substantial dilution in the book value of their investment.

The initial public offering price of our Class A common stock will be substantially higher than the net book value per share of our outstanding Class A common stock immediately prior to this offering. Therefore, if you purchase our Class A common stock in this offering, you will incur an immediate dilution of $0.43 in net book value per share from the price you paid, based on an initial public offering price of $10.00 per share and 90% of the aggregate liquidation preference of all outstanding shares of Preferred Stock being exchanged for Class A common stock. The exercise of outstanding options and the issuance of additional securities by us could result in further dilution. We will also incur significant dilution upon the consummation of the Exchange Transactions. For a further description of the dilution that you will experience immediately after this offering, see the section titled "Dilution."

There are significant restrictions in our Amended and Restated Articles that restrict the ability to sell our capital stock to shareholders that would own 4.95% or more of our stock, excluding our Significant Investors.

Because the continued availability of our "deferred tax assets" depends, in part, on the value of our stock owned by shareholders owning 5% or more of our stock, Article X of the Amended and Restated Articles, except as otherwise may be approved by the Board or except for transfers by our Significant Investors, prohibits any direct or indirect transfer of stock or options to acquire stock to any person who, as a result of the transfer, would own 4.95% or more of our stock, as long as the Bank continues to have "deferred tax assets." Such restrictions may limit the ability to transfer our stock.

Because we are an emerging growth company and because we have decided to take advantage of certain exemptions from various reporting and other requirements applicable to emerging growth companies, our Class A common stock could be less attractive to investors.

We are an "emerging growth company," as defined in the JOBS Act. For as long as we remain an emerging growth company, we will have the option to take advantage of certain exemptions from various reporting and other requirements that are applicable to other public companies that are not emerging growth companies, including:

- we may present only two years of audited financial statements and only two years of related management's discussion and analysis of financial condition and results of operations;
- we may provide less than five years of selected historical financial information;
- we are exempt from the requirements to obtain an attestation and report from our auditors on management's assessment of our internal control over financial reporting under the Sarbanes-Oxley Act;
- we are permitted to have less extensive disclosure about our executive compensation arrangements; and

- we are not required to give our shareholders non-binding advisory votes on executive compensation or golden parachute arrangements.

Following our public offering, we may continue to take advantage of some or all of the reduced regulatory and reporting requirements that will be available to us as long as we continue to qualify as an emerging growth company. We will remain an emerging growth company until the earliest of (i) the last day of the first fiscal year in which our annual gross revenues exceed $1.07 billion, (ii) the date that the market value of our Class A common stock that is held by non-affiliates exceeds $700 million as of the last business day of June 30 of that year, (iii) the date on which we have, during the previous three-year period, issued more than $1 billion in non-convertible debt, or (iv) the end of fiscal year following the fifth anniversary of the completion of this offering.

It is possible that some investors could find our Class A common stock less attractive if we choose to rely on these exemptions. If some investors find our Class A common stock less attractive, there may be a less active trading market for our Class A common stock and our stock price may be more volatile.

Because we have elected to use the extended transition period for complying with new or revised accounting standards for an "emerging growth company," our financial statements may not be comparable to companies that comply with these accounting standards as of the public company effective dates.

We have elected to use the extended transition period for complying with new or revised accounting standards under Section 7(a)(2)(B) of the Securities Act. This election allows us to delay the adoption of new or revised accounting standards that have different effective dates for public and private companies until those standards apply to private companies. As a result of this election, our financial statements may not be comparable to companies that comply with these accounting standards as of the public company effective dates. Because our financial statements may not be comparable to companies that comply with public company effective dates, investors may have difficulty evaluating or comparing our business, performance or prospects in comparison to other public companies, which may have a negative impact on the value and liquidity of our Class A common stock. We cannot predict if investors will find our Class A common stock less attractive because we plan to rely on this exemption. If some investors find our Class A common stock less attractive as a result, there may be a less active trading market for our Class A common stock and our stock price may be more volatile.

Securities analysts may not initiate coverage or continue to cover our Class A common stock.

The trading market for our Class A common stock will depend in part on the research reports that securities analysts publish about us and our business. We do not have any control over these securities analysts, and they may not cover our Class A common stock. If securities analysts do not cover our Class A common stock, the lack of research coverage may adversely affect our market price. If we are covered by securities analysts, and our Class A common stock is the subject of an unfavorable report, the price of our Class A common stock may decline. If one or more of these analysts cease to cover us or fail to publish regular reports on us, we could lose visibility in the financial markets, which could cause the price or trading volume of our Class A common stock to decline.

Future sales of our Class A common stock could depress the market price of our Class A common stock.

Future sales of our Class A common stock in the public market following this offering or in future offerings, or the perception that these sales could occur, could cause the market price of our Class A common stock to decline. These sales could also make it more difficult for us to sell equity or equity-related securities in the future, at a time and place that we deem appropriate.

Following the completion of this offering and the Exchange Transactions, we will have 18,167,540 shares of Class A common stock issued and outstanding (after giving effect to the Reverse Stock Split). Of the outstanding

shares of Class A common stock, all of the 4,000,000 shares sold in this offering (or 4,600,000 shares if the underwriters exercise in full their option to purchase additional shares) will be freely transferable as the Class A common stock are bank securities and, therefore, are exempt from registration requirements of the federal securities laws pursuant to Section 3(a)(2) of the Securities Act. Subject in certain cases to lock-up agreements with respect to our directors, officers and certain shareholders that restrict their ability, with certain exceptions, to transfer shares of our Class A common stock held by them for a period of 180 days after the date of the offering circular, as described under "Underwriting—Lock-up Agreements," shares of our Class A common stock outstanding following this offering may be sold into the market over time. Subject to certain exceptions, approximately 8,715,113 shares of our Class A common stock will become eligible for sale upon expiration of the 180-day lock-up period. In addition, certain holders of our Class A common stock will remain entitled, under an existing registration rights agreement, to require us to register shares of Class A common stock for public sale in accordance with the terms of such agreement. See "Certain Relationships and Related Party Transaction—Arrangements with Certain Investors." Accordingly, the market price of our Class A common stock could be adversely affected by actual or anticipated sales of a significant number of shares of our Class A common stock in the future.

Future equity issuances could result in dilution, which could cause the value of our Class A common stock to decline.

On July 13, 2021, our Class A common shareholders approved an amendment to our Amended and Restated Articles to increase the authorized shares of Class A common stock from 20,000,000 to 45,000,000. The authorized number of shares of our Class A common stock can be further increased by a vote of the holders of a majority of our outstanding Class A common stock, as provided in our Amended and Restated Articles. We may issue additional shares of our Class A common stock in the future pursuant to current or future equity compensation plans or in connection with future acquisitions or financings. If we choose to raise capital by selling shares of our Class A common stock for any reason, the issuance would have a dilutive effect on the holders of our Class A common stock and could have a material negative effect on the value of our Class A common stock.

Our Class A common stock is subordinate to our existing and future indebtedness and preferred stock.

Shares of our Class A common stock are equity interests and do not constitute indebtedness. As such, our Class A common stock ranks junior to all of our customer deposits and indebtedness, and other non-equity claims on us, with respect to assets available to satisfy claims. Additionally, our Class A common stock is subordinate in dividend and liquidation rights to our outstanding Preferred Stock, and may be subordinate to the dividend, liquidation or other rights of any series of preferred stock we may issue in the future. See "Description of Capital Stock."

We may issue shares of preferred stock in the future, which could make it difficult for another company to acquire us or could otherwise adversely affect holders of our Class A common stock, which could depress the market price of our Class A common stock.

Our Amended and Restated Articles authorize us to issue up to 15,600,000 shares of one or more series of preferred stock. Our Board will have the authority to determine the preferences, limitations and relative rights of shares of preferred stock and to fix the number of shares constituting any series and the designation of such series, without any further vote or action by our shareholders. Our preferred stock could be issued with voting, liquidation, dividend and other rights superior to the rights of our Class A common stock. The potential issuance of preferred stock with greater dividend, liquidation and other rights that are senior to our common stock may delay or prevent a change in control of us, discouraging bids for our Class A common stock at a premium over the market price, and materially adversely affect the market price and the voting and other rights of the holders of our Class A common stock.

We have existing investors that own a significant amount of our common stock and Preferred Stock whose individual interests may differ from yours.

A significant percentage of our Class A common stock, Class B common stock, and outstanding Preferred Stock is currently held by a few institutional investors from our 2015 Recapitalization, including Patriot and Priam. See "Certain Relationships and Related Party Transactions" below. Additionally, these institutional investors received a significant amount of additional shares of Class A common stock in exchange for their shares of Preferred Stock in the Exchange Transactions. Each of Patriot and Priam will own approximately 21.3% and 21.3%, respectively, of our outstanding Class A common stock immediately following the closing of this offering and the Exchange Transactions. In addition, Patriot and Priam are each entitled to nominate a director to our Board and have certain subscription rights as a result of the 2015 Recapitalization to purchase new equity securities that we issued in the future, in each case as long as certain equity ownership criteria are met. See "Management—Certain Rights of the Significant Investors." Patriot and Priam are independent of each other. However, these institutional investors may have a heightened level of influence over us because of their individual levels of Class A common stock ownership and their individual rights to representation on our Board. For example, Patriot and Priam will have a greater ability than our other shareholders to influence the election of directors and the potential outcome of other matters submitted to a vote of our shareholders, including mergers and other acquisition transactions, amendments to our Amended and Restated Articles, and other extraordinary corporate matters. The interests of these investors could conflict with the interests of our other shareholders, and any future transfer by these investors of their shares of Class A common stock to other investors who have different business objectives could adversely affect our business, results of operations, financial condition, prospects or the market value of our Class A common stock.

Additionally, Patriot and Priam have entered into agreements with us that provide certain registration rights, including demand registration rights, contractual preemptive rights, rights to nominate directors to our Board and information rights, which rights will continue after this offering. For additional information concerning the rights of these Significant Investors, see "Management—Certain Rights of the Significant Investors" and "Certain Relationships and Related Party Transactions—Arrangements with Certain Investors."

Public company requirements may strain our resources and divert management's attention, which could adversely impact our ability to execute our strategy and harm operating results.

As a public company, we will be subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act, the Dodd-Frank Act, the Nasdaq continued listing requirements and other applicable securities rules and regulations. In particular, we will be required to file with the FDIC annual, quarterly and current reports with respect to our business and financial condition. Despite recent reforms made possible by the JOBS Act and other legislative and regulatory actions, compliance with these rules and regulations will nonetheless increase our legal and financial compliance costs, make some activities more difficult, time-consuming or costly and increase demand on our systems and resources, particularly after we are no longer an "emerging growth company."

While the members of our Board and our executive officers have substantial experience relevant to our business, some of them have limited experience with operations as a public company upon which you can base your expectations of our future success or failure in complying with public company requirements. Our management may fail to comply with public company requirements, or may fail to do so effectively and efficiently, each of which would materially and adversely harm our ability to execute our strategy, and consequently, our operating results. Furthermore, as a result of disclosure of information in this offering circular and in filings required of a public company, our business and financial condition will become more visible, which may result in threatened or actual litigation, including by competitors and other third parties. If these claims are successful, our business and operating results could be harmed, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of management and adversely affect our business, prospects, cash flow, liquidity, financial condition and results of operations.

Our new public company status and these new rules and regulations will make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified executive officers and qualified members of our Board, particularly to serve on the audit and risk committee and compensation committee.

Provisions in our governing documents and Florida law may have an anti-takeover effect and there are substantial regulatory limitations on changes of control of the Bank.

Our corporate organizational documents and provisions of federal and state law to which we are subject contain certain provisions that could have an anti-takeover effect and may delay, make more difficult or prevent an attempted acquisition that you may favor or an attempted replacement of our Board or management.

Our Amended and Restated Articles and our Amended and Restated Bylaws may have an anti-takeover effect and may delay, discourage or prevent an attempted acquisition or change of control or a replacement of our Board or management. Our governing documents include provisions that:

- empower our Board, without shareholder approval, to issue our preferred stock, the terms of which, including voting power, are to be set by our Board;
- provide that directors may be removed from office only for cause and only upon a majority vote of the shares of our Bank with voting power;
- prohibit holders of our Class A common stock to take action by written consent in lieu of a shareholder meeting;
- require holders of at least 10% of our Class A common stock to call a special meeting;
- do not provide for cumulative voting in elections of our directors;
- provide that our Board has the authority to amend our Amended and Restated Bylaws;
- require shareholders that wish to bring business before annual or special meetings of shareholders, or to nominate candidates for election as directors at our annual meeting of shareholders, to provide timely notice of their intent in writing and satisfy disclosure requirements; and
- enable our Board to increase, between annual meetings, the number of persons serving as directors and to fill the vacancies created as a result of the increase until the next meeting of shareholders by a majority vote of the directors present at a meeting of directors.

In addition, certain provisions of Florida law may delay, discourage, or prevent an attempted acquisition or change in control. Furthermore, banking laws impose notice, approval, and ongoing regulatory requirements on any shareholder or other party that seeks to acquire direct or indirect "control" of an FDIC-insured depository institution, which includes the Change in Bank Control Act. These laws could delay or prevent an acquisition.

Also, for preservation and continued availability of our "deferred tax assets," our Amended and Restated Articles prohibits any direct or indirect transfer of stock or options to acquire stock to any person who, as a result of the transfer, would own 4.95% or more of our stock, as long as we continue to have "deferred tax assets," subject to limited exceptions as provided in our Amended and Restated Articles, including an exception that allows our Significant Investors to effect any transfer that would otherwise be prohibited. Because of the requirements to overcome this restriction, this provision of the Amended and Restated Articles could have an anti-takeover effect and may delay, make more difficult or prevent an attempted acquisition that you may favor.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Statements included in this offering circular 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 Exchange Act. 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, those described under "Risk Factors" and the following:

- 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;
- increased competition and its effect on pricing of our products and services as well as our margins;
- legislative or regulatory changes;
- our ability to comply with the extensive laws and regulations to which we are subject, including the laws for each jurisdiction where we operate;
- the concentration of ownership of our Class A common stock;
- fluctuations in the price of our Class A common stock;
- changes in accounting principles, policies, practices or guidelines, including the effects of forthcoming CECL implementation;
- the soundness of other financial institutions;
- 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;
- 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;
- changes in any applicable law, rule, regulation or practice with respect to tax or legal issues, whether of general applicability or specific to us;
- the frequency and magnitude of foreclosure of our loans;
- our ability to control costs;
- changes in the securities and real estate markets;

- negative publicity and the impact on our reputation;
- our ability to attract and retain highly qualified personnel;
- our ability to adapt to rapid changes in digital technology to address the needs of our customers and comply with applicable regulatory standards, including compliance with data protection and privacy standards;
- success of our marketing efforts in attracting and retaining customers;
- the effectiveness of our risk management strategies, including operational risks, including, but not limited to, client, employee, or third-party fraud and security breaches, computer viruses, and data processing system failures and errors;
- our ability to maintain a compliance and technology infrastructure suitable for the nature of our business;
- changes in monetary and fiscal policies of the U.S. government and the Federal Reserve;
- inflation, interest rate, unemployment rate, market, and monetary fluctuations;
- the efficiency and effectiveness of our internal control environment;
- the ability of our third-party service providers to continue providing services to us without interruption;
- the effects of harsh weather conditions and natural disasters, including hurricanes, and man-made disasters;
- the willingness of our customers to accept third-party products and services rather than our products and services and vice versa;
- changes in consumer spending and saving habits;
- growth and profitability of our noninterest income;
- anti-takeover provisions under federal and state law as well as our governing documents;
- other risks described from time to time in our filings with the FDIC; and
- our ability to manage the risks involved in the foregoing.

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, which should be read in conjunction with the other cautionary statements that are included elsewhere in this offering circular, including the numerous risks described in the “Risk Factors” section. Further, forward-looking statements included in this offering circular 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, however, review the risk factors we describe in the reports we will file from time to time with the FDIC after the date of this offering circular. See “Where You Can Find More Information.”

USE OF PROCEEDS

We estimate that the net proceeds to us from the sale of our Class A common stock in this offering will be $34.0 million (or $39.6 million if the underwriters exercise in full their option to purchase additional shares from us), after deducting the underwriting discount and estimated offering and exchange transaction expenses payable by us.

We intend to use the net proceeds to us from this offering to support our continued growth, including organic growth and potential future acquisitions, as well as for the redemption of any remaining outstanding shares of Preferred Stock following the completion of the Exchange Transactions, and for general corporate purposes. Although we do not contemplate changes in the proposed use of proceeds, to the extent we find that adjustment is required for other uses by reason of existing business conditions, the use of proceeds may be adjusted. The actual use of proceeds of this offering could differ from those outlined above as a result of several factors, including those set forth in the section entitled "Risk Factors" and elsewhere in this offering circular. Our management will retain broad discretion to allocate the net proceeds to us from this offering, and investors will be relying on the judgment of our management regarding the application of the proceeds. The precise amounts and timing of our use of the proceeds to us from this offering will depend upon market conditions, among other factors. Proceeds held by us will be invested in short-term investments until needed for the uses described above.

DIVIDEND POLICY

Holders of our Class A common stock are only entitled to receive dividends when and if declared by our Board out of funds legally available for dividends. We have not declared or paid any dividends on our Class A common stock or our Class B common stock; however, we have previously declared and paid dividends on our two classes of outstanding Preferred Stock in accordance with our Amended and Restated Articles. See "Description of Capital Stock" in this offering circular for more information regarding our outstanding classes of Preferred Stock. We currently intend to retain all of our future earnings, if any, for use in our business and do not anticipate paying any cash dividends on our common stock in the foreseeable future. Any actual determination relating to our dividend policy will be made, subject to applicable law and regulatory approvals, by our Board and will depend on a number of factors, including: (i) our historical and projected financial condition, liquidity and results of operations, (ii) our capital levels and needs, (iii) tax considerations, (iv) any acquisitions or potential acquisitions or other business opportunities that we may consider, (v) statutory and regulatory prohibitions and other limitations, (vi) the terms of any credit agreements or other borrowing arrangements that restrict our ability to pay cash dividends, (vii) terms of classes and series of securities issued by us that have dividend rights, including any that are senior to our common stock; (viii) general economic conditions, and (ix) other factors deemed relevant by our Board. Our Board may determine not to pay any cash dividends on our common stock at any time. There can be no assurance that we will pay any dividends to holders of our Class A common stock, or as to the amount of any such dividends.

We are subject to bank regulatory requirements that in some situations could affect our ability to pay dividends. The FDIC's prompt corrective action regulations prohibit depository institutions, such as us, from making any "capital distribution," which includes any transaction that the FDIC determines, by order or regulation, to be "in substance a distribution of capital," unless the depository institution will continue to be at least adequately capitalized after the distribution is made. Pursuant to these provisions, it is possible that the FDIC would seek to prohibit the payment of dividends on our capital stock if we failed to maintain a status of at least adequately capitalized. Florida bank regulations contain similar provisions.

There can be no assurance that we will pay any dividends to holders of our Class A common stock or as to the amount of any such dividends. See "Cautionary Note Regarding Forward-Looking Statements" and "Supervision and Regulation—Payment of Dividends." If we did pay dividends on our Class A common stock, those dividends would be payable out of our capital surplus.

THE EXCHANGE TRANSACTIONS

Concurrent with the offering contemplated by this offering circular, we are separately conducting a voluntary exchange offer, pursuant to which we are offering all holders of our outstanding Preferred Stock the ability to exchange such shares of Preferred Stock for shares of our Class A common stock, which we refer to as the Exchange Transactions. We believe that the exchange of the Preferred Stock for Class A common stock pursuant to the Exchange Transactions will benefit the Bank by creating a more simplified capital structure. It will also harmonize our capital structure consistent with other similarly sized community banks.

The number of shares of Class A common stock that will be issued on a post-Reverse Stock Split basis in connection with the Exchange Transactions will be determined by dividing (i) the sum of the amount of liquidation preference of the Preferred Stock that is tendered, plus any declared and unpaid dividends accrued thereon to, but not including, the date of issuance of the Class A common stock, divided by (ii) the initial public offering price per share of Class A common stock in this offering. The exchange ratio is designed to ensure that the intrinsic value of the consideration provided to holders of Preferred Stock in the Exchange Transactions is aligned with the initial public offering price in this offering. As of March 31, 2021, there were 52,748 shares of Class C Preferred Stock issued and outstanding, with a $1,000 liquidation preference per share, and 12,290,631 shares of Class D Preferred Stock issued and outstanding, with a liquidation preference of $5 per share. See below under "Description of Capital Stock." The aggregate total liquidation preference of our outstanding shares of Preferred Stock is $114.2 million. The maximum liquidation preference of Preferred Stock that we will exchange for Class A common stock in the Exchange Transactions is $102.8 million, which is approximately 90% of the aggregate liquidation preference of all outstanding shares of Preferred Stock, or the Exchange Offer Consideration Cap. If the number of shares of Class A common stock required to be issued in exchange for shares of Preferred Stock in the Exchange Transactions exceeds the Exchange Offer Consideration Cap or the number of shares of Class A common stock available for issuance, the shares of Preferred Stock to be exchanged in the Exchange Transactions will be accepted on a pro rata basis in accordance with these limitations.

We intend to use a portion of proceeds from this offering to redeem the remaining outstanding shares of Preferred Stock not otherwise exchanged in the Exchange Transactions for cash, at the stated liquidation preference, plus declared and unpaid dividends to and including the date of redemption. See "Use of Proceeds" above. The number of shares of Class A common stock to be issued per share of Preferred Stock validly tendered will be established concurrently with the pricing of shares of Class A common stock in this offering, and the Exchange Transactions will close immediately prior to the closing of this offering.

The offer of our shares of Class A common stock pursuant to this offering circular shall not be deemed to be an offer to exchange the Preferred Stock. Similarly, any solicitation efforts conducted in connection with the Exchange Transactions by any person shall not be deemed to be an offer or solicitation with respect to the offer of shares of Class A common stock pursuant to this offering circular.

Upon the pricing of Class A common stock in this offering, we are closing the Exchange Transactions effective as of the date of this offering circular, with approximately $102.8 million in aggregate liquidation preference of the Preferred Stock accepted in exchange for approximately 10.3 million shares of Class A common stock at the exchange rates established by the initial public offering price of $10.00 per share of Class A common stock.

The resulting issuance of Class A common stock pursuant to the Exchange Transactions will be dilutive to holders of our Class A common stock and may affect the market price of our Class A common stock. See above under "Risk Factors—*Future equity issuances could result in dilution, which could cause the value of our common stock to decline*." See also "Capitalization" for pro forma financial information based on various levels of participation in the Exchange Transactions.

We also face risks with regard to pending litigation challenging the proposed Exchange Transactions prior to or following the completion of such Exchange Transactions. See "Risk Factors—*Litigation, including recent litigation related to the Exchange Transactions, or regulatory and enforcement actions, could subject us to significant fines, penalties, judgments or other requirements resulting in increased expenses or restrictions on our business activities*."

CAPITALIZATION

The table below shows the Bank's actual capitalization as of March 31, 2021, and proposed capitalization on an as adjusted basis to give effect to:

- the completion of the repurchase of Series E Preferred Stock on April 26, 2021;
- the completion of the Reverse Stock Split;
- the completion of the increase to the number of authorized shares of Class A common stock from 20,000,000 to 45,000,000;
- the issuance of 10,278,071 additional shares of Class A common stock in the Exchange Transactions (including payment of related fees and expenses);
- the completion of this offering (including payment of related fees and expenses) and the issuance of $46 million in newly issued shares of Class A common stock to the public, which assumes that the underwriters exercise their option to purchase additional shares of Class A common stock; and
- the redemption of any remaining outstanding shares of Preferred Stock by the Bank for cash in accordance with their terms following this offering.

(Dollars in thousands)	Actual as of March 31, 2021	As Adjusted
Cash and due from banks	$ 8,500	$ 29,157
Interest-bearing deposit in banks	$ 97,440	$ 97,440
Borrowings:		
FHLB Advances	$ 36,000	$ 36,000
Stockholders' Equity:		
Common Equity (Class A Voting[A] and Class B Non-Voting[B])	$138,348	$191,082
Class C Non-Voting, Non-Cumulative, Perpetual Preferred Stock[C]	$ 12,325	$ 0
Class D Non-Voting, Non-Cumulative, Perpetual Preferred Stock[D]	$ 12,291	$ 0
Class E Partially Cumulative Perpetual Preferred Stock[E]	$ 7,461	$ 0
Total Stockholders' Equity	**$170,425**	**$191,082**
Preferred Stock Exchange Information		
Liquidation Preference of Preferred Stock Exchanged		$102,781
Liquidation Preference of Preferred Stock Redeemed		$ 11,420
Pro Forma Regulatory Capital		
Tier 1 Leverage Ratio	8.57%	9.79%
CET1 Ratio	9.47%	14.52%
Tier 1 Risk Based Ratio	12.54%	14.52%
Total Capital Ratio	13.80%	15.77%

(Dollars in thousands) **Shares Issued At IPO Price of $10.00 Per Share**	**Actual as of March 31, 2021**	**As Adjusted**
Class A Voting Common Shares Issued to IPO Investors		4,600,000
Class A Voting Common Shares Issued to Preferred Investors		10,278,071
Exchange Ratio to Class C		100.000x
Exchange Ratio to Class D		0.500x
Class A Voting Common Shares	3,889,469	18,767,540
Class B Non-Voting Common Shares (As Converted)	1,224,212	1,224,212
Total Common Shares Outstanding (Class B Shares As Converted)	5,113,681	19,991,752
Tangible Book Value Per Share	$ 27.05	$ 9.56

(A) Class A Voting Common Stock, $1.00 par value per share; 45,000,000 shares authorized; 3,889,469 issued and outstanding.

(B) 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 our Amended and Restated Articles, in certain limited circumstances, 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. See "Description of Capital Stock—Common Stock" for a further description of our Class B non-voting common stock.

(C) Class C Non-Voting, Non-Cumulative, Perpetual Preferred Stock, $1.00 par value per share; $1,000 liquidation preference per share; 52,748 shares authorized; 52,748 shares issued and outstanding; no shares issued and outstanding as adjusted.

(D) Class D Non-Voting, Non-Cumulative, Perpetual Preferred Stock, $1.00 par value per share; $5.00 liquidation preference per share; 12,309,480 shares authorized; 12,290,631 shares issued and outstanding; no shares issued and outstanding as adjusted.

(E) Class E Partially Cumulative Perpetual Preferred Stock, $1.00 par value per share; $1,000 liquidation preference per share; 3,185,024 shares authorized; 7,500 shares issued and outstanding; no shares issued and outstanding as adjusted.

DILUTION

If you invest in our Class A common stock in this offering, your ownership interest will be diluted immediately following this offering to the extent the initial public offering price per share of our Class A common stock exceeds the net tangible book value per share of our common stock (including our Class A common stock and Class B common stock on an as-converted basis) upon completion of this offering.

Net tangible book value per share of our common stock is equal to our total stockholders' equity, excluding preferred stock and intangible assets, divided by the number of shares of our common stock outstanding (including our Class A common stock and Class B common stock on an as-converted basis). As of March 31, 2021, the net tangible book value of our common stock was approximately $138.3 million, or $27.05 per share, of common stock based on 5,113,681 shares of our common stock (including 3,889,469 shares of Class A common stock issued and outstanding and 1,224,212 shares of Class A common stock convertible from Class B common stock issued and outstanding), which share amounts reflect our Reverse Stock Split that was effectuated on June 16, 2021.

After giving effect to the sale of 4,000,000 shares of our Class A common stock by us in this offering (assuming the underwriters do not exercise their option to purchase additional shares from us) and the exchange of 10,278,071 shares of our Class A common stock for Preferred Stock in the Exchange Transactions, each at an initial public offering price of $10.00 per share, and after deducting the underwriting discount and estimated offering expenses payable by us, the pro forma net tangible book value of our common stock at March 31, 2021 would have been $185.5 million, or $9.57 per share (as adjusted to reflect the Reverse Stock Split). Therefore, under those assumptions, this offering will result in an immediate decrease of approximately $17.49 in the net tangible book value per share of our common stock to existing shareholders and an immediate dilution of approximately $0.43 in the net tangible book value per share of our common stock to investors purchasing shares in this offering, or approximately 4.3% of the assumed initial public offering price of $10.00 per share.

The following table illustrates the calculation of the amount of dilution per share as of March 31, 2021 that a new investor of our Class A common stock in this offering will incur given the assumptions above:

Initial public offering price per share	$10.00
Net tangible book value per share of common stock as of March 31, 2021	$27.05
Decrease in net tangible book value per share of common stock attributable to new investors in this offering and the Exchange Transactions	$17.49
Pro forma net tangible book value per share of common stock upon completion of this offering and the Exchange Transactions	$ 9.57
Dilution per share of common stock to new investors in this offering	$ 0.43

If the underwriters exercise their option to purchase additional shares from us in full, then our pro forma net tangible book value of our common stock as of March 31, 2021 would be approximately $191.1 million, or $9.56 per share, representing an immediate decrease in net tangible book value to our existing shareholders of approximately $17.50 per share and immediate dilution in net tangible book value to investors purchasing shares in this offering of approximately $0.44 per share.

The following table summarizes, as adjusted to reflect the Reverse Stock Split, the differences between the number of shares of Class A common stock issued and outstanding immediately prior to the closing of this offering and the Exchange Transactions, purchased from us in this offering, and issued in connection with the Exchange Transactions.

(Dollars in thousands, except per share amounts)	Shares Held Number	Percent
Shareholders as of March 31, 2021	3,889,469	21.4%
Effect of Exchange Transactions	10,278,071	56.6
New investors in this offering	4,000,000	22.0
Total	18,167,540	100.0%

If the underwriters exercise in full their option to purchase additional shares from us, the percentage of shares of our Class A common stock held by existing shareholders (excluding, for the avoidance of doubt, shares received in connection with the Exchange Transactions) will decrease to approximately 20.7% of the total number of shares of our common stock outstanding after this offering, and the number of shares held by new investors will increase to 4,600,000, or approximately 24.5% of the total shares of our common stock outstanding after this offering.

The immediately preceding table and the paragraph that precedes the table above exclude the following as of March 31, 2021, as adjusted to reflect the Reverse Stock Split:

- up to 600,000 shares of Class A common stock that may be issued upon the exercise in full of the underwriters' option to purchase additional shares from us;
- 403,667 shares of common stock issuable upon exercise of outstanding stock options with a weighted average exercise price of $9.30 per share, of which 243,678 shares were vested; and
- 557,667 shares of common stock reserved for future issuance under our stock option plans (excluding the 403,667 shares issuable upon exercise of outstanding stock options as noted above).

To the extent that any of the foregoing are exercised, investors participating in the offering will experience further dilution.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our consolidated financial condition and results of operations for the three months ended March 31, 2021 and 2020 and the years ended December 31, 2020 and 2019 should be read in conjunction with our consolidated financial statements and related notes thereto included elsewhere in this offering circular. Historical results of operations and the percentage relationships among any amounts included, and any trends that may appear, may not indicate results of operations for any future periods.

In addition to historical information, this discussion includes certain forward-looking statements regarding business matters and events and trends that may affect our future results. Comments regarding our business that are not historical facts are considered forward-looking statements that involve inherent risks and uncertainties. Actual results may differ materially from those contained in these forward-looking statements. For additional information regarding our cautionary disclosures, see the "Cautionary Note Regarding Forward-Looking Statements" beginning on page 58 of this offering circular. For a more complete discussion of the factors that could affect our future results, see "Risk Factors" beginning on page 28 of this offering circular.

All dollar amounts in the tables in this section are in thousands of dollars, except per share data or when otherwise specifically noted.

Overview

Our Business

U.S. Century Bank, a state-chartered bank headquartered in Miami, Florida, commenced operations on October 28, 2002. The Bank is subject to regulation by the FDIC and is not a member of the Federal Reserve System. As of March 31, 2021, the Bank operated 11 banking centers in the South Florida area, with 10 banking centers located in Miami-Dade County and one in Broward County. Total assets of the Bank as of March 31, 2021 were $1.6 billion. We are one of the leading Hispanic-operated community banks in the State of Florida.

The Bank has eight wholly owned subsidiaries which were formed to hold its other real estate owned, or OREO: U.S. Century Real Estate Holdings, LLC; U.S. Century REH I, LLC; U.S. Century REH II, LLC; U.S. Century REH III, LLC; U.S. Century REH IV, LLC; U.S. Century REH V, LLC; U.S. Century REH VI, LLC; and U.S. Century REH VII, LLC. These subsidiaries currently do not hold any assets as the Bank does not have OREO as of March 31, 2021 or 2020.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared based on the application of GAAP, the most significant of which are described in Note 2 to our unaudited interim consolidated financial statements included on page F-7 of this offering circular. To prepare financial statements in conformity with GAAP, management makes estimates, assumptions and judgments based on available information. These estimates, assumptions and judgments affect the amounts reported in the financial statements and accompanying notes. These estimates, assumptions and judgments are based on information available as of the date of the financial statements and, as this information changes, actual results could differ from the estimates, assumptions and judgments reflected in the financial statements. In particular, management has identified accounting policies that, due to the estimates, assumptions and judgments inherent in those policies, are critical in understanding our financial statements. Management has presented the application of these policies to the audit and risk committee of our Board.

The following is a discussion of the critical accounting policies and significant estimates that require us to make complex and subjective judgments. Additional information about these policies can be found in Note 2 of our consolidated financial statements, which are included on page F-7 of this offering circular.

Allowance for Credit Losses

The allowance for credit losses is a valuation allowance that is established through charges to earnings in the form of a provision for credit losses. The amount of the allowance for credit losses is affected by the following: (i) charge-offs of loans that decrease the allowance, (ii) subsequent recoveries on loans previously charged off that increase the allowance and (iii) provisions for credit losses charged to income that increase the allowance. Management considers the policies related to the allowance for credit losses as the most critical to the financial statement presentation. The total allowance for credit losses includes activity related to allowances calculated in accordance with Accounting Standards Codification ("ASC") 310, Receivables, and ASC 450, Contingencies.

Throughout the year, management estimates the probable incurred losses in the loan portfolio to determine if the allowance for credit losses is adequate to absorb such losses. The allowance for credit losses consists of specific and general components. The specific component relates to loans that are individually classified as impaired. We follow a loan review program to evaluate the credit risk in the loan portfolio. Loans that have been identified as impaired are reviewed on a quarterly basis in order to determine whether a specific reserve is required. The general component covers non-impaired loans and is based on industry and our specific historical loan loss experience, volume, growth and composition of the loan portfolio, the evaluation of our loan portfolio through our internal loan review process, general current economic conditions both internal and external to us that may affect the borrower's ability to pay, value of collateral and other qualitative relevant risk factors. Based on a review of these estimates, we adjust the allowance for credit losses to a level determined by management to be adequate. Estimates of loan losses are inherently subjective as they involve an exercise of judgment.

The CARES Act, as amended by the Consolidated Appropriations Act, 2021, specified that COVID-19 related loan modifications executed between March 1, 2020 and the earlier of (i) 60 days after the date of termination of the national emergency declared by President Trump and (ii) January 1, 2022, on loans that were current as of December 31, 2019, are not TDRs. Additionally, under guidance from the federal banking agencies, other short-term modifications made on a good faith basis in response to COVID-19 to borrowers that were current prior to any relief are not TDRs under ASC Subtopic 310-40, "Troubled Debt Restructurings by Creditors." These modifications include short-term (i.e., up to six months) modifications such as payment deferrals, fee waivers, extensions of repayment terms, or delays in payment that are insignificant.

The Bank's charge-off policy is to continuously review all impaired loans in order to monitor the Bank's ability to collect them in full at the applicable maturity date and/or in accordance with terms of any restructurings. For loans which are collateral dependent, or deemed to be uncollectible, any shortfall in the fair value of the collateral relative to the recorded investment in the loan is charged off. The amount charged-off conforms to the amount necessary to comply with GAAP.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. As of March 31, 2021 and December 31, 2020, the net deferred tax assets represented $39.2 million or 23.0% of our total stockholders' equity and as of December 31, 2019 the deferred tax assets represented $42.7 million or 27.0% of our total stockholders' equity.

Management is required to assess whether a valuation allowance should be established on the net deferred tax assets based on the consideration of all available evidence using a more likely than not standard. In its evaluation, management considers taxable loss carry-back availability, expectation of sufficient taxable income, trends in earnings, the future reversal of temporary differences, and available tax planning strategies.

The Bank recognizes positions taken or expected to be taken in a tax return in accordance with existing accounting guidance on income taxes which prescribes a recognition threshold and measurement process. Interest and penalties on tax liabilities, if any, would be recorded in interest expense and other operating noninterest expense, respectively.

Results of Operations

General

Our results of operations depend substantially on net interest income, which is the difference between interest income on interest-earning assets, consisting primarily of interest income on loans, investment securities and other short-term investments and interest expense on interest-bearing liabilities, consisting primarily of interest expense on deposits and borrowings. Our results of operations are also dependent on non-interest income, consisting primarily of income from service charges on deposit accounts, net gains on sales of loans and income from bank-owned life insurance. Other factors contributing to our results of operations include our provisions for credit losses, income taxes, and non-interest expenses, such as salaries and employee benefits, occupancy and depreciation expenses, professional fees, data processing fees and other miscellaneous operating costs.

The following table sets forth the principal components of net income for the periods indicated.

	Three Months Ended March 31,		Change		Twelve Months Ended December 31,		Change	
(Dollars in thousands)	**2021**	**2020**	**2021 vs 2020**		**2020**	**2019**	**2020 vs 2019**	
Interest income	$13,728	$13,142	$ 586	4.5%	$52,633	$50,941	$ 1,692	3.3%
Interest expense	1,253	3,028	(1,775)	-58.6%	9,036	12,253	(3,217)	-26.3%
Net Interest Income	12,475	10,114	2,361	23.3%	43,597	38,688	4,909	12.7%
Provision for loan losses	(160)	1,500	(1,660)	-110.7%	3,250	—	3,250	100.0%
Net interest income after provision	12,635	8,614	4,021	46.7%	40,347	38,688	1,659	4.3%
Noninterest income	2,321	1,911	410	21.5%	6,097	6,060	37	0.6%
Noninterest expense	8,677	8,226	451	5.5%	33,036	30,982	2,054	6.6%
Income before income taxes	6,279	2,299	3,980	173.1%	13,408	13,766	(358)	-2.6%
Income tax expense	1,498	564	934	165.6%	2,588	3,375	(787)	-23.3%
Net Income	$ 4,781	$ 1,735	$ 3,046	175.6%	$10,820	$10,391	$ 429	4.1%

Three months ended March 31, 2021 compared to three months ended March 31, 2020

Net income for the three months ended March 31, 2021 was $4.8 million, compared to $1.7 million for the three months ended March 31, 2020. The 175.6% increase resulted from a lower interest expense, provision for credit losses and higher noninterest income.

Net interest income increased $2.4 million or 23.3% as a result of $1.8 million savings in interest expense. For the three months ended March 31, 2021, we recorded $1.5 million in interest and loan fee income related to PPP loans. There was no income from PPP loans for the three months ended March 31, 2020. The net interest margin for the three months ended March 31, 2021 was 3.35% compared to 3.24% for the same period in 2020. The increase in net interest margin is predominantly attributed to lower deposit cost.

Provision for credit loss for the three months ended March 31, 2021 resulted in a $160 thousand benefit. The provision expense of $1.5 million during the same period last year was due to the economic impact of the COVID-19 pandemic. Our allowance for credit losses as a percentage of total loans was 1.36% at March 31, 2021 and 1.38% as of March 31, 2020.

Noninterest income for the three months ended March 31, 2021 was $2.3 million compared to $1.9 million for the three months ended March 31, 2020. The 21.5% increase is due to higher deposit account service fees and higher gain on sale of loans related to our SBA program.

Noninterest expense for the three months ended March 31, 2021 was $8.7 million, compared to $8.2 million for the three months ended March 31, 2020. The increase of 5.5% or $451 thousand period-over-period was primarily due to an increase in employee cost. The number of full-time employees increased from 176 at March 31, 2020 to 186 at March 31, 2021.

Income tax expense for the three months ended March 31, 2021 was $1.5 million, compared to $564 thousand for the three months ended March 31, 2021. Our effective tax rate for the three months ended March 31, 2021 was 23.86% and for the three months ended March 31, 2020 was 24.53%.

Year ended December 31, 2020 compared to year ended December 31, 2019

Net income for the year ended December 31, 2020 was $10.8 million, compared to $10.4 million for the year ended December 31, 2019. The 4.1% increase resulted from a higher net interest income.

Net interest income increased $4.9 million, or 12.7% as a result of $1.7 million growth in interest income due to loan growth and a $3.2 million savings in interest expense. For the year ended December 31, 2020, we recorded $3.1 million in interest and loan fee income related to PPP loans. The net interest margin for the 12 months ended December 31, 2020 was 3.26% compared to 3.34% for the same period in 2019. The decline in net interest margin is attributed to payoffs of higher yield loans due to declining rates in the market. Lower deposit cost contributed to the growth of net interest income as the cost of interest-bearing liabilities for the year ended December 31, 2020 dropped to 1.07%, compared to 1.57% for the prior year.

Provision for credit loss for the year ended December 31, 2020 was $3.3 million. There was no provision for credit loss in the prior year. The primary driver of the increase was the provision related to the economic impact of the COVID-19 pandemic. Our allowance for credit losses as a percentage of total loans was 1.45% at December 31, 2020 compared to 1.20% at December 31, 2019.

Noninterest income for the year ended December 31, 2020 was $6.1 million, an increase of $37 thousand compared to the year ended December 31, 2019. Deposit account service fees, a strong driver for noninterest income, dropped due to the effects of the COVID-19 pandemic, but increases in gain on sale of securities, gain on sale of loans and swap related loan fees offset the decrease.

Noninterest expense for the year ended December 31, 2020 was $33.0 million, compared to $31.0 million for the year ended December 31, 2019. The increase of 6.6% or $2.1 million year-over-year was primarily due to an increase in employee cost. The number of full-time employees increased from 175 at December 31, 2019 to 179 at December 31, 2020. The increase in salaries and employee benefits and other operating costs has enabled us to support recent growth and has provided us with the necessary technology and required professionals to execute our growth strategy.

Income tax expense for the year ended December 31, 2020 was $2.6 million, compared to $3.4 million for the year ended December 31, 2019. In December 2020, we made a one-time upward adjustment to our DTA of $700 thousand, which lowered our effective tax rate for the year ended December 31, 2020. Our effective tax rate for the year ended December 31, 2020 was 19.30% and for the year ended December 31, 2019 was 24.52%.

Net Interest Income and Net Interest Margin Analysis

Net interest income, representing interest income less interest expense, is a significant contributor to our revenues and earnings. We generate interest income from interest and dividends on interest-earning assets,

including loans, investment securities and other short-term investments. We incur interest expense from interest paid on interest-bearing liabilities, including interest-bearing deposits, FHLB advances and other borrowings. To evaluate net interest income, we measure and monitor (i) yields on our loans and other interest-earning assets, (ii) the costs of our deposits and other funding sources, (iii) our net interest spread, and (iv) our net interest margin. Net interest spread is equal to the difference between rates earned on interest-earning assets and rates paid on interest-bearing liabilities. Net interest margin is equal to the annualized net interest income divided by average interest-earning assets. Because non-interest-bearing sources of funds, such as non-interest-bearing deposits and stockholders' equity, also fund interest-earning assets, net interest margin includes the benefit of these non-interest-bearing sources.

Changes in the market interest rates and interest rates we earn on interest-earning assets or pay on interest-bearing liabilities, as well as the volume and types of interest-earning assets and interest-bearing and non-interest-bearing liabilities, are usually the largest drivers of periodic changes in net interest spread, net interest margin and net interest income. Our asset liability committee, or ALCO, has in place asset-liability management techniques to manage major factors that affect net interest income and net interest margin.

The following tables contain information related to our average balance sheet, average yields on assets, and average costs of liabilities for the periods indicated:

	For The Three Months Ended March 31,					
	2021			2020		
(Dollars in thousand, except yields and rates)	Average Outstanding Balance	Interest Income / Expense	Average Yield / Rate	Average Outstanding Balance	Interest Income / Expense	Average Yield / Rate
Interest-Earning Assets						
Total Loans (gross) (1)	$1,071,782	$11,868	4.43%	$1,000,437	$11,736	4.65%
Total Securities	337,434	1,844	2.19%	183,408	1,264	2.76%
Cash Balances in other Banks	78,568	16	0.08%	50,026	142	1.12%
Total interest-earning assets	**$1,487,784**	**$13,728**	**3.69%**	**$1,233,871**	**$13,142**	**4.23%**
Noninterest-earning assets	86,097			93,862		
Total assets	**$1,573,881**			**$1,327,733**		
Interest-Bearing Liabilities						
Interest-bearing transaction accounts	$ 44,549	14	0.13%	$ 47,206	46	0.39%
Saving and money market deposits	568,595	548	0.39%	425,609	1,127	1.07%
Time deposits	248,156	554	0.90%	273,913	1,412	2.07%
Borrowings and repurchase agreements	36,000	137	1.52%	75,298	443	2.33%
Total Interest-bearing Liabilities	**$ 897,300**	**1,253**	**0.56%**	**$ 822,026**	**$ 3,028**	**1.48%**
Noninterest-bearing deposits	482,376			319,292		
Total Funding sources	**1,379,676**			**1,141,318**		
Noninterest-bearing liabilities	22,629			24,272		
Shareholders' equity	171,576			162,143		
Total liabilities and shareholders' equity	**$1,573,881**			**$1,327,733**		
Net interest spread (2)			**3.13%**			**2.75%**
Net interest income/margin (3)		**$12,475**	**3.35%**		**$10,114**	**3.24%**

(1) Average loan balances include nonaccrual loans. Interest income on loans includes amortization of deferred loan fees, net of deferred loan costs. Average loans also includes $112.4 million in PPP loans for 2021

(2) Net interest spread is the average yield on total interest-earning assets minus the average rate on total interest-bearing liabilities.
(3) Net interest margin is the ratio of net interest income to total interest-earning assets.

	For the Year Ended December 31,					
	2020			2019		
(Dollars in thousand, except yields and rates)	Average Outstanding Balance	Interest Income / Expense	Average Yield / Rate	Average Outstanding Balance	Interest Income / Expense	Average Yield / Rate
Interest-Earning Assets						
Total Loans (gross) (1)	$1,026,906	$47,078	4.58%	$ 931,668	$44,734	4.80%
Total Securities	201,073	5,248	2.61%	187,428	5,447	2.91%
Cash Balances in other Banks	110,898	307	0.28%	38,812	760	1.96%
Funds sold	—	—		—	—	
Total interest-earning assets	**$1,338,877**	**$52,633**	**3.93%**	**$1,157,908**	**$50,941**	**4.40%**
Noninterest-earning assets	90,058			86,286		
Total assets	**$1,428,935**			**$1,244,194**		
Interest-Bearing Liabilities						
Interest-bearing transaction accounts	$ 46,819	158	0.34%	$ 45,872	161	0.35%
Saving and money market deposits	473,028	3,095	0.65%	416,871	5,140	1.23%
Time deposits	276,462	4,709	1.70%	225,095	4,845	2.15%
Borrowings and repurchase agreements	51,362	1,074	2.09%	93,703	2,107	2.25%
Total Interest-bearing Liabilities	**$ 847,671**	**$ 9,036**	**1.07%**	**$ 781,541**	**$12,253**	**1.57%**
Noninterest-bearing deposits	390,467			290,521		
Total Funding sources	**1,238,138**			**1,072,062**		
Noninterest-bearing liabilities	25,281			18,109		
Shareholders' equity	165,516			154,023		
Total liabilities and shareholders' equity	**$1,428,935**			**$1,244,194**		
Net interest spread (2)			**2.87%**			**2.83%**
Net interest income/margin (3)		**$43,597**	**3.26%**		**$38,688**	**3.34%**

(1) Average loan balances include nonaccrual loans. Interest income on loans includes amortization of deferred loan fees, net of deferred loan costs. Average loans also includes $73.9 million in PPP loans for 2020
(2) Net interest spread is the average yield on total interest-earning assets minus the average rate on total interest-bearing liabilities.
(3) Net interest margin is the ratio of net interest income to total interest-earning assets.

Increases and decreases in interest income and interest expense result from changes in average balances (volume) of interest-earning assets and interest-bearing liabilities, as well as changes in average interest rates. The following table sets forth the effects of changing rates and volumes on our net interest income during the periods shown. Information is provided with respect to (i) effects on interest income attributable to changes in volume (change in volume multiplied by prior rate) and (ii) effects on interest income attributable to changes in rate (changes in rate multiplied by prior volume). Change applicable to both volume and rate have been allocated to volume.

Three months ended March 31, 2021 compared to three months ended March 31, 2020

Net interest income for the period ending in March 31, 2021 was $12.5 million, up 23.3% or $2.4 million from March 31, 2020, largely due to a decrease in our interest-bearing liabilities cost.

Total interest-earning assets as of March 31, 2021 was $1.5 billion, representing an increase of 20.6% from March 31, 2020, of which securities had the highest increase with $154.0 million. For the same period, average loans increased 7.1% or $71.3 million. For the three months ended March 31, 2021, we had $112.4 million in average PPP loans, for the same period last year there were no PPP loans in our portfolio. Total deposits grew $277.7 million or 26.0% and was driven in large part by the uncertainty surrounding the COVID-19 pandemic. The decrease in interest expense of $1.8 million or 58.6% for the three months ended in March 31, 2021 was a

result of decreasing interest rates. Proactive assessment of market conditions enabled us to lower our interest expense by 0.91% compared to March 31, 2020. Borrowings and repurchase agreements decreased $39.3 million or 52.2%. Excess liquidity provided us with an opportunity to lower our higher rate borrowings. The interest rate for borrowings decreased 0.81% for the period ended March 31, 2021.

The impact of the factors described above resulted in an increase of our net interest margin from 3.24% as of March 31, 2020 to 3.35% as of March 31, 2021.

Year ended December 31, 2020 compared to year ended December 31, 2019

Net interest income for the period ending in December 31, 2020 was $43.6 million, up 12.7% or $4.9 million from December 31, 2019, largely due to decrease in our interest-bearing liabilities cost and loan portfolio growth.

Interest-earning assets increased 15.6% or $181.2 million for the twelve months ended December 31, 2020 from the prior-year period. Cash balance in other banks increased by 185.8% due to increase of customer deposits due to the COVID-19 pandemic.

Average loans increased 10.2% or $95.3 million for the period ended in December 31, 2020 compared to the prior-year period. One major driver for loan growth for the year ended December 31, 2020 was the SBA's Paycheck Protection Program. For the year ended December 31, 2020, we had $73.9 million in average PPP loans. Lower loan yields were a result of decreasing interest rates and new PPP loans priced at 1% interest rate. The resulting yield on average interest-earning assets decreased from 4.40% for the period ended December 31, 2019 to 3.93% for the period ended December 31, 2020.

Average interest-bearing liabilities grew due to a $66.1 million or 8.5% increase in customer deposits for the period ended December 31, 2020 compared to the prior-year period. The decrease in interest expense of $3.2 million or (26.3%) for the period ended in December 31, 2020 was a result of decreasing interest rates. Proactive assessment of market conditions enabled us to lower our interest expense by 0.50% compared to December 31, 2019. Borrowings and repurchase agreements decreased $42.3 million or 45.2%. Excess liquidity provided us with an opportunity to lower our higher rate borrowings. Borrowings expense decreased 0.16% for the period ended December 31, 2020.

The impact of the factors described above resulted in a slight decrease of our net interest margin from 3.34% in December 31, 2019 to 3.26% in December 31, 2020.

Provision for Credit Losses

The allowance for credit losses represents probable incurred losses in our portfolio. Per our asset liability management, or ALM, policy, we maintain an adequate allowance for credit losses that can mitigate probable losses inherent in the loan portfolio. The allowance for credit losses is increased by the provision for credit losses and is decreased by charge-offs, net of recoveries on prior loan charge-offs. There are multiple credit quality metrics that we use to base our determination of the amount of the allowance for credit losses and corresponding provision for credit losses. These credit metrics evaluate the credit quality and level of credit risk inherent in our loan portfolio, assess nonperforming loans and charge-offs levels, considers statistical trends and economic conditions and other applicable factors. See "Critical Accounting Policies and Estimates—Allowance for Credit Losses."

Three months ended March 31, 2021 compared to three months ended March 31, 2020

Provision for credit loss for the three months ended March 31, 2021 was a $160 thousand benefit compared to $1.5 million provision expense in March 31, 2020. The primary driver of the decrease was the normalization of the credit risk associated with the COVID-19 pandemic. Our allowance for credit losses as a percentage of total loans was 1.36% at March 31, 2021 compared to 1.38% at March 31, 2020.

Year ended December 31, 2020 compared to year ended December 31, 2019

Provision for credit loss for the year ended December 31, 2020 was $3.3 million. There was no provision for credit loss in the prior year. The primary driver of the increase was the provision related to the economic impact of the COVID-19 pandemic. Our allowance for credit losses as a percentage of total loans was 1.45% at December 31, 2020 compared to 1.20% at December 31, 2019.

Noninterest Income

We generate net interest income and other types of recurring noninterest income from our operations. Our services and products generate service charges and fees, mainly from our depository accounts. We also generate income from gain on sale of loans though our SWAP and SBA programs. In addition, we own insurance on several employees and generate income on the increase in the cash surrender value of these policies.

The following table sets forth the major components of our noninterest income for the three months ended March 31, 2021 and 2020 and the years ended December 31, 2020 and 2019:

	Three Months Ended March 31,		Change		Twelve Months Ended December 31,		Change	
(Dollars in thousands)	**2021**	**2020**	**2021 vs 2020**		**2020**	**2019**	**2020 vs 2019**	
Service fees	$ 889	$ 878	$ 11	1.3%	$3,266	$4,111	$(845)	-20.6%
Net gain (loss) on sale of securities	62	418	(356)	-85.2%	434	51	383	751.0%
Gain on sale of loans	964	228	736	322.8%	839	294	545	185.4%
Other income	406	387	19	4.9%	1,558	1,604	(46)	-2.9%
Total Noninterest Income	$2,321	$1,911	$ 410	21.5%	$6,097	$6,060	$ 37	0.6%

Three months ended March 31, 2021 compared to three months ended March 31, 2020

Noninterest income for the three months ended March 31, 2021 increased $410 thousand or 21.5%, compared to the three months ended March 31, 2020. Deposit account service fees, an important driver for noninterest income, is normalizing after a decrease in 2020 as a result of the COVID-19 pandemic. Gain on sales of loans increased due to increased activity in our SBA program.

Year ended December 31, 2020 compared to year ended December 31, 2019

Noninterest income for the year ended December 31, 2020 increased $37 thousand, or 0.6%, compared to the year ended December 31, 2019. Deposit account service fees, a strong driver for noninterest income, decreased as a result of the COVID-19 pandemic, but increases in gain on sale of securities, gain on sales of loans and swap related loan fees offset the decrease.

Noninterest Expense

The following table sets forth the major components of our noninterest expense for the three months ended March 31, 2021 and 2020 and the years ended December 31, 2020 and 2019:

	Three Months Ended March 31,		Change		Twelve Months Ended December 31,		Change	
(Dollars in thousands)	**2021**	**2020**	**2020 vs 2019**		**2020**	**2019**	**2020 vs 2019**	
Salaries and employee benefits	$5,278	$5,070	$208	4.1%	$19,204	$17,757	$1,447	8.1%
Occupancy	1,387	1,399	(12)	-0.9%	5,656	6,165	(509)	-8.3%
Regulatory assessment and fees	178	176	2	1.1%	691	337	354	105.0%
Consulting and legal fees	185	159	26	16.4%	1,045	1,020	25	2.5%
Network and information technology services	508	337	171	50.7%	1,536	1,543	(7)	-0.5%
Other operating	1,141	1,085	56	5.2%	4,904	4,160	744	17.9%
Total Noninterest Expense	$8,677	$8,226	$451	5.5%	$33,036	$30,982	$2,054	6.6%

Three months ended March 31, 2021 compared to three months ended March 31, 2020

Noninterest expense for the three months ended March 31, 2021 was $8.7 million compared to $8.2 million for the three months ended March 31, 2020. The increase of 5.5% or $451 thousand period-over-period is primarily due to an increase in employee cost. The number of full-time employees increased from 176 at March 31, 2020 to 186 at March 31, 2021.

Year ended December 31, 2020 compared to year ended December 31, 2019

Noninterest expense for the year ended December 31, 2020 was $33.0 million compared to $31.0 million for the period ended December 31, 2019. The increase of 6.6% or $2 million year-over-year is primarily due to an increase in employee cost. The number of full-time employees increased from 175 at December 31, 2019 to 179 at December 31, 2020. The increase in salaries and employee benefits and other operating costs has enabled us to support recent growth and has provided us with the necessary technology and required professionals to execute our growth strategy.

Income Tax Provision

Fluctuations in the effective tax rate reflect the effect of the differences in the inclusion or deductibility of certain income and expenses for income tax purposes. Therefore, future decisions on the investments we choose will affect our effective tax rate. Surrender value of bank-owned life insurance policies for key employees, purchasing municipal bonds, and overall taxable income will be important elements in determining our effective tax rate.

Three months ended March 31, 2021 compared to three months ended March 31, 2020

Income tax expense for the three months ended March 31, 2021 was $1.5 million, compared to $564 thousand for the three months ended March 31, 2020. Our effective tax rate for the three months ended March 31, 2021 was 23.86% and for the three months ended March 31, 2020, our effective tax rate was 24.52%.

Year ended December 31, 2020 compared to year ended December 31, 2019

Income tax expense for the year ended December 31, 2020 was $2.6 million, compared to $3.4 million for the year ended December 31, 2019. In December 2020 we made a one-time upward adjustment to our DTA of $700 thousand, which lowered our effective tax rate for the year ended December 31, 2020. Our effective tax rate for the year ended December 31, 2020 was 19.30% and the year ended December 31, 2019 was 24.52%.

Financial Condition

Total assets at March 31, 2021 were $1.6 billion, an increase of $131.6 million, or 8.8%, over total assets of $1.5 billion at December 31, 2020. Total loans increased $65.5 million, or 6.3%, to $1.1 billion at March 31, 2021 compared to $1.0 billion at December 31, 2020. Of this increase, $9.1 million is attributed to the net increase of PPP loans. Available-for-sale, or AFS, securities were $341.3 million at March 31, 2021, compared to $334.3 million at December 31, 2020, an increase of $7.0 million. Total deposits increased by $130.8 million, or 10.3%, to $1.4 billion between March 31, 2021 and December 31, 2020.

Total assets at December 31, 2020 were $1.5 billion, an increase of $189.5 million, or 14.4%, over total assets of $1.3 billion at December 31, 2019. Total loans increased $33.4 million, or 3.38%, to $1.0 billion at the end of 2020 compared to $989.9 million at December 31, 2019. Of this increase, $104.8 million is attributed to loans originated under the PPP. AFS securities were $334.3 million at December 31, 2020, compared to $182.3 million at December 31, 2019, an increase of $152.1 million. Total deposits increased by $255.8 million, or 25.1%, to $1.3 billion between December 31, 2020 and December 31, 2019.

The following table shows selected balance sheet, income statement, and profitability ratios for the three months ended September 30, 2020, December 31, 2020, and March 31, 2021.

	As of or for the quarter ended,		
(Dollars in Millions)	9/30/2020	12/31/2020	3/31/2021
BALANCE SHEET			
Total Assets	$1,491.0	$1,501.7	$1,633.4
Total Loans	1,042.1	1,038.5	1,104.0
Total Deposits	1,252.6	1,273.4	1,404.2
Total Equity	$ 168.6	$ 171.0	$ 170.4
INCOME STATEMENT			
Net Interest Income	$ 11.1	$ 11.5	$ 12.5
Noninterest Income	1.8	1.5	2.3
Provision for Loan Losses	0.0	0.0	(0.2)
Noninterest Expense	8.4	8.3	8.7
Pre-Tax Pre-Provision Income	4.5	4.7	6.1
Net Income	$ 3.4	$ 4.2	$ 4.8
PPROFITABILITY			
Operating ROAA[(1)]	0.94%	1.12%	1.22%
Operating PTPP ROAA[(1)]	1.24%	1.23%	1.56%
Efficiency Ratio	65.0%	63.9%	58.6%
Net Interest Margin	3.24%	3.21%	3.35%

(1) Reflects non-GAAP financial measure. For a reconciliation of non-GAAP measures see “Reconciliation and Management Explanation of Non-GAAP Financial Measures.”

Investment Portfolio

Our investment portfolio is used and managed to provide liquidity through cash flows, marketability and, if necessary, collateral for borrowings. The investment portfolio is also used as a tool to manage interest rate risk and the Bank’s capital market risk exposure. The philosophy of the portfolio is to maximize the Bank’s profitability taking into consideration the Bank’s risk appetite and tolerance, manage the assets composition and diversification, and maintain adequate risk-based capital ratios.

We manage our investment portfolio according to a written ALM policy, which includes an investment guideline, approved by our Board. Such policy is reviewed annually (at a minimum) or as necessary, depending

on market conditions and/or unexpected events. The investment portfolio composition is subject to change depending on the funding and liquidity needs of the Bank, and the interest risk management objective directed by the ALCO. The portfolio of investments can be used to modify the duration of the balance sheet. The allocation of cash into securities takes into consideration anticipated future cash flows (uses and sources) and all available sources of credit.

Our investment portfolio consists primarily of securities issued by U.S. government-sponsored agencies, agency mortgage-backed securities, Collateralized Mortgage Obligation securities and other debt securities, all with varying contractual maturities and coupons. Due to the optionality embedded in these securities, the final maturities do not necessarily represent the expected life of the portfolio. Some of these securities will be called or paid down depending on capital market conditions and expectations. The investment portfolio is regularly reviewed by the Chief Financial Officer, Treasurer, or ALCO of the Bank to ensure an appropriate risk and return profile as well as for adherence to the investment policy.

As of March 31, 2021, the totality of the portfolio was classified as AFS. The book values of our AFS securities are adjusted monthly for unrealized gain or loss as a valuation allowance, and any gain or loss is reported on an after-tax basis as a component of other comprehensive income in stockholders' equity. Periodically, we may need to assess whether there have been any events or unexpected economic circumstances to indicate that a security on which there is an unrealized loss is impaired on an other-than-temporary basis. If the impairment is deemed to be permanent, an analysis would be made considering many factors, including the severity and duration of the impairment, the severity of the event, our intent and ability to hold the security for a period of time sufficient for a recovery in value, recent events specific to the issuer or industry, any related credit events, and for debt securities, external credit ratings and recent downgrades related to deterioration of credit quality. Securities on which there is an unrealized loss that is deemed to be other-than-temporary are written down to fair value, with the write-down recorded as a realized loss in securities gains (losses). As of March 31, 2021, there are no securities which management has classified as other-than-temporarily impaired.

The investment portfolio increased to $341.3 million as of March 31, 2021, up from $334.3 million at December 31, 2020. The book value of the securities increased over the past year due to higher than expected cash balances. Management reinvested idle cash balances into high credit quality investments to increase the Bank's profitability and modify the Bank's balance sheet duration according to the ALM policy. As of March 31, 2021, AFS securities having a market value of $9.8 million were pledged to secure public deposits.

The investment portfolio increased to $334.3 million as of December 31, 2020, up from $182.3 million at December 31, 2019. The book value of the securities increased over the past year due to higher than expected cash balances. Management reinvested idle cash balances into high credit quality investments to increase the Bank's profitability and modify the Bank's balance sheet duration according to the ALM policy. As of December 31, 2020, AFS securities having a market value of $7.8 million were pledged to secure public deposits.

The following table presents the fair value of securities available for sale by type at March 31, 2021 and December 31, 2020 and 2019.

	At March 31,	At December 31,	
(Dollars in thousands)	**2021**	**2020**	**2019**
U.S. Government Agency - SBA	$ 5,533	$ 1,552	$ 9,377
U.S. Government Agency	19,448	20,032	1,436
Collateralized mortgage obligations	99,702	104,650	46,743
Mortgage-backed securities	134,208	129,632	101,527
Municipal securities	28,787	24,211	—
Bank subordinated debt securities	24,630	24,630	—
Corporate bonds	29,036	29,615	23,179
Total security	$341,344	$334,322	$182,262

The following table presents the book value of our securities by their stated maturities, as well as the weighted average yields for each maturity range at March 31, 2021:

(Dollars in thousands)	Due in one year or less		Dues after one year through five years		Due after five years through ten years		Due after ten years Total		Total	
	Book Value	Weighted Avg Yield	Book Value	Weighted Avg Yield	Book Value	Weighted Avg Yield	Book Value	Weighted Avg Yield	Book Value	Weighted Avg Yield
Available-for-sale:										
U.S. Government Agency - SBA	$ —	—	$ —	—	$ 4,030	1.58%	$ 1,465	3.03%	$ 5,495	1.97%
U.S. Government Agency	$ —	—	$ —	—	$17,991	1.15%	$ 2,188	0.43%	$ 20,179	1.08%
Collateralized mortgage obligations	$ —	—	$ —	—	$ —	—	$100,097	1.42%	$100,097	1.42%
Mortgage-backed securities - Residential	$ —	—	$ 1,293	2.41%	$16,744	1.95%	$ 76,307	1.58%	$ 94,344	1.66%
Mortgage-backed securities - Commercial	$ —	—	$ 895	2.34%	$ —	—	$ 38,022	3.74%	$ 38,917	3.71%
Municipal securities	$ —	—	$ —	—	$ 3,620	1.42%	$ 26,761	1.73%	$ 30,381	1.69%
Bank subordinated debt securities	$ —	—	$ —	—	$23,004	5.25%	$ 1,000	6.13%	$ 24,004	5.29%
Corporate bonds	$1,997	3.62%	$12,488	4.08%	$13,241	2.28%	$ —	—	$ 27,726	3.19%
Total	$1,997		$14,676		$78,630		$245,840		$341,143	2.17%

Loans and Leases

Loans are our largest category of interest-earning assets, and usually provide higher yields than the rest of our interest-earning assets. Higher yields typically carry inherent credit and liquidity risks in comparison to lower yield assets. We attempt to manage and mitigate such risks according to our credit and ALM policies, risk tolerance and balance sheet composition.

The tables below provide a summary of the loan portfolio composition in dollars and percentages as of the periods indicated.

(Dollars in thousands)	At March 31, 2021	At December 31, 2020	At December 31, 2019
Residential real estate	$ 231,554	$ 232,754	$ 279,506
Commercial real estate	650,762	606,425	585,341
Commercial and industrial	174,546	157,330	45,038
Foreign banks	45,659	38,999	84,213
Other	5,627	5,507	8,244
Total gross loans	$1,108,148	$1,041,015	$1,002,342
Unearned income	4,167	2,511	408
Total loans net of unearned income	1,103,981	1,038,504	1,001,934
Allowance for loan and lease losses	15,009	15,086	11,998
Total net loans	$1,088,972	$1,023,418	$ 989,936

(Dollars in thousands)	At March 31, 2021	At December 31, 2020	At December 31, 2019
Residential real estate	20.90%	22.36%	27.89%
Commercial real estate	58.72	58.25	58.40
Commercial and industrial	15.75	15.11	4.49
Foreign banks	4.12	3.75	8.40
Other	0.51	0.53	0.82
Total gross loans	100.00%	100.00%	100.00%

Over the past two years, we have experienced growth in our loan portfolio. Although the relative composition of our loan portfolio has not changed significantly over the last two years, in 2020 we experienced some small shifts on loans allocations due to COVID-19. Since our inception, our primary focus has been on commercial real estate lending, which represented 78.3% of our total gross loan portfolio as of March 31, 2021. In the past, we supplemented our core commercial growth with the origination of 1-4 family residential loans and the acquisition of 1-4 family residential loan portfolios in order to further diversify our loan portfolio. However, we have determined not to further pursue this line of business and are focused on growing our commercial portfolio. The recent increase in commercial and industrial loans is explained by the Bank's participation in the PPP. Additionally, the decrease on foreign banks participation to total loans was also caused by the uncertainty created by COVID-19. We do expect that in the following years foreign bank loans and commercial and industrial loans as a percentage of total loans will normalize to previous trends.

Other than the previous mentioned shifts, we do not expect any significant changes over the foreseeable future in the composition of our loan portfolio or in our emphasis on commercial real estate lending. Our loan growth strategy since inception has been reflective of the market in which we operate and of our strategic plan as approved by the Board.

Most of our commercial real estate exposure represents loans to commercial businesses secured by owner-occupied real estate. The growth experienced over the last couple of years is primarily due to implementation of our relationship-based banking model and the success of our relationship managers in competing for new business in a highly competitive metropolitan area. Many of our larger loan clients have lengthy relationships with members of our senior management team or our relationship managers that date back to former institutions.

From a liquidity perspective, our loan portfolio provides us with additional liquidity due to repayments or unexpected prepayments. The following table details maturities and sensitivity to interest rate changes for our loan portfolio at March 31, 2021:

	March 31, 2021			
(Dollars in thousands)	**Due in 1 year or less**	**Due in 1-5 years**	**Due after 5 years**	**Total**
Residential Real Estate	$ 24,838	$ 57,845	$148,871	$ 231,554
Commercial Real Estate	158,019	404,355	88,388	650,762
Commercial and Industrial	104,977	58,660	10,909	174,546
Foreign Banks	45,659	—	—	45,659
Other	5,612	15	—	5,627
Total gross loans	**$339,105**	**$520,875**	**$248,168**	**$1,108,148**
Interest rate sensitivity:				
Fixed interest rates	$148,740	$123,649	$ 39,629	$ 312,018
Floating or adjustable rates	190,365	397,226	208,539	796,130
Total gross loans	**$339,105**	**$520,875**	**$248,168**	**$1,108,148**

The information presented in the table above is based upon the contractual maturities of the individual loans, which may be subject to renewal at their contractual maturity. Renewals will depend on approval by our credit department and balance sheet composition by the time of the analysis, as well as any modification of terms at the loan's maturity. Additionally, maturity concentrations, loan duration, prepayment speeds and other interest rate sensitivity measures are discussed, reviewed, and analyzed by the ALCO. Decisions on term rates modification are discussed as well.

We believe that this table presents fairly the maturity structure of the loan portfolio as of March 31, 2021. Furthermore, the term structure and type of rate (fixed, adjustable or variable) is discussed by the ALCO on a quarterly basis.

As of March 31, 2021, approximately 72% of our loans are adjustable/variable rates while the rest (28%) are fixed rate loans. The adjustable/variable loans re-price to different benchmarks and tenors in different periods of time. Of total loans, 30% re-price using Constant Maturity Treasury as a benchmark, 19% using LIBOR and 16% using PRIME. By contractual characteristics, there are no material concentrations on anniversary repricing. Additionally, it is important to note that most of our loans have interest rate floors. This embedded option protects the Bank from a decrease in interest rates and positions us to gain in the scenario of higher interest rates.

Asset Quality

Our asset quality grading analysis estimates the capability of the borrower to repay the contractual obligation of the loan agreement as scheduled or at all. The Bank's internal credit risk grading system is based on experiences with similarly graded loans. Credit risk grades are refreshed each quarter as they become available, at which time management analyzes the resulting scores, as well as other external statistics and factors, to track loan performance.

The Bank's internally assigned grades are as follows:

- Pass – Loans indicate different levels of satisfactory financial condition and performance.
- Special Mention – Loans classified as special mention have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date.
- Substandard – Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the obligator or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.
- Doubtful – Loans classified as doubtful have all the weaknesses inherent in those classified at substandard, with the added characteristic that the weaknesses make collection or liquidation in full on the basis of currently existing facts, conditions, and values, highly questionable and improbable.
- Loss – Loans classified as loss are considered uncollectible.

Loan credit exposures by internally assigned grades are as follows for the dates indicated:

	At March 31, 2021				
(Dollars in thousands)	**Pass**	**Special Mention**	**Substandard**	**Doubtful**	**Total Loans**
Residential real estate	$ 226,863	$—	$4,691	$—	$ 231,554
Commercial real estate	650,328	—	434	—	650,762
Commercial and industrial	174,326	—	220	—	174,546
Foreign banks	45,659	—	—	—	45,659
Other loans	5,353	—	274	—	5,627
Total	$1,102,529	$—	$5,619	$—	$1,108,148

	At December 31, 2020				
Residential real estate	$ 225,861	$—	$6,893	$—	$ 232,754
Commercial real estate	605,180	—	1,245	—	606,425
Commercial and industrial	157,097	—	233	—	157,330
Foreign banks	38,999	—	—	—	38,999
Other loans	5,229	—	278	—	5,507
Total	$1,032,366	$—	$8,649	$—	$1,041,015

Allowance for Credit Losses and Non-Performing Assets

Allowance for Credit Losses

In determining the balance of the allowance account, loans are pooled by product segments with similar risk characteristics and management evaluates the allowance for credit losses on each segment and as a whole on a regular basis to maintain the allowance at an adequate level based on factors which, in management's judgment, deserve current recognition in estimating credit losses. Such factors include changes in prevailing economic conditions, historical loss experience, delinquency trends, changes in the composition and size of the loan portfolio and the overall credit worthiness of the borrowers. See "Critical Accounting Policies and Estimates—Allowance for Credit Losses."

The following table presents a summary of changes in the allowance for loan and lease losses for the periods and dates indicated.

(Dollars in thousands)	Three Months Ended March 31,	Twelve Months Ended December 31,	
	2021	2020	2019
Total loan outstanding, net of unearned income	$1,103,981	$1,038,504	$1,001,934
Average loans outstanding, net of unearned income	1,071,782	$1,026,906	$ 931,668
Allowance for loan and lease losses at beginning of period	$ 15,086	$ 11,998	$ 10,839
Charge-offs:			
Residential Real Estate	—	(473)	(13)
Commercial Real Estate	—	—	—
Commercial and Industrial	—	(153)	—
Foreign Banks	—	—	—
Other Loans	(9)	(30)	(30)
Total Charge-offs	(9)	(656)	(43)
Recoveries			
Residential Real Estate	4	168	10
Commercial Real Estate	—	1	209
Commercial and Industrial	87	307	841
Foreign Banks	—	—	—
Other Loans	1	18	142
Total Recoveries	92	494	1,202
Net Charge-offs:	83	(162)	1,159
Provision for loan and lease losses	(160)	3,250	—
Allowance for loan and lease losses at period end	$ 15,009	$ 15,086	$ 11,998
Allowance for loan and lease losses to period end loans	1.36%	1.45%	1.20%
Net Charge-offs to YTD average loans	-0.01%	0.02%	-0.12%

The following tables represent management's allocation of our allowance for loan and lease losses to specific loan categories for the periods indicated:

(Dollars in thousands)	At March 31, 2021	At December 31, 2020	At December 31, 2019
Residential Real Estate	$ 3,087	$ 3,408	$ 3,749
Commercial Real Estate	9,320	9,453	6,591
Commercial and Industrial	2,005	1,689	1,214
Foreign Banks	407	348	332
Other Loans	190	188	112
Unallocated	—	—	—
Total allowance for loan and lease losses	$15,009	$15,086	$11,998

	At March 31, 2021	At December 31, 2020	At December 31, 2019
Residential Real Estate	21%	23%	31%
Commercial Real Estate	62%	63%	55%
Commercial and Industrial	13%	11%	10%
Foreign Banks	3%	2%	3%
Other Loans	1%	1%	1%
Unallocated	0%	0%	0%
Total allowance for loan and lease losses	100%	100%	100%

Non-Performing Assets

The following table presents our non-performing assets as of the dates indicated.

(Dollars in thousands)	At March 31, 2021	At December 31, 2020	At December 31, 2019
Non-accrual loans, less non-accrual TDR loans	228	778	361
Non-accrual TDRs	450	800	142
Loans past due over 90 days and still accruing	—	—	675
Total non-performing loans	678	1,578	1,178
Other real estate	—	—	—
Total non-performing assets	678	1,578	1,178
Allowance for credit losses to period end loans	1.36%	1.45%	1.20%
Allowance for credit losses to period end non-performing loans	2214%	956%	1019%
Net charge-offs to average loans	-0.01%	0.02%	-0.12%
Non-performing loans to period end loans	0.06%	0.15%	0.12%

Nonperforming assets include all loans categorized as nonaccrual or restructured, impaired securities, nonaccrual TDRs, other real estate owned and other repossessed assets. Problem loans for which the collection or liquidation in full is reasonably uncertain are placed on a nonaccrual status. This determination is based on current existing facts concerning collateral values and the paying capacity of the borrower. When we determine that the collection of the full contractual balance is unlikely, the loan is placed on nonaccrual to avoid overstating the bank's income for a loan with increased credit risk. If the principal or interest on an asset becomes due and unpaid for 90 days or more the asset is placed in nonaccrual status as of the date it becomes 90 days past due and remains in nonaccrual status until it meets the criteria for restoration to accrual status. Restoring a loan to accrual status is possible when the borrower resumes payment of all principal and interest payments for a period of six

months and the Bank has a documented expectation of repayment of the remaining contractual principal and interest or the loan becomes secured and in the process of collection.

A TDR, or loan that has been identified as a troubled debt restructuring, is a debtor that is experiencing financial difficulties and the Bank grants a concession. This determination is performed during the annual review process or whenever problems are surfacing regarding the client's ability to repay in accordance with the original terms of the loan or line of credit. In general, a borrower that can obtain funds from sources other than the Bank at market interest rates at or near those for non-troubled debt is not involved in a troubled debt restructuring. The concessions are given to the debtor in various forms: interest rate reductions, principal forgiveness, extension of maturity date, waiver or deferral of payments and other concessions intended to minimize potential losses.

The following tables present performing and nonperforming Troubled Debt Restructurings (dollars in thousands):

	March 31, 2021		
Loans by Segment	Accrual Status	Non-Accrual Status	Total Troubled Debt Restructuring
Residential real estate	$ 7,892	$428	$ 8,320
Commercial real estate	$ 722	—	$ 722
Commercial and industrial	$ 170	$ 22	$ 191
Other loans	$ 274	—	$ 274
Total	**$ 9,058**	**$450**	**$ 9,507**

	December 31, 2020		
Loans by Segment	Accrual Status	Non-Accrual Status	Total Troubled Debt Restructuring
Residential real estate	$ 8,884	$777	$ 9,661
Commercial real estate	$ 733	—	$ 733
Commercial and industrial	$ 179	$ 23	$ 202
Other loans	$ 278	—	$ 278
Total	**$10,074**	**$800**	**$10,874**

The Bank had allocated $436 thousand and $453 thousand of specific allowance for Troubled Debt Restructured loans at March 31, 2021 and December 31, 2020, respectively. There was no commitment to lend additional funds at March 31, 2021 and December 31, 2020.

Charge offs on Troubled Debt Restructured loans totaled $153 thousand at December 31, 2020. There were $0 charged off on Troubled Debt Restructured loans at March 31, 2021.

The Bank did not have new Troubled Debt Restructure loans for the three months ended March 31, 2021.

During 2019, two Troubled Debt Restructured loans defaulted totaling $428 thousand. There were $0 defaulted on Troubled Debt Restructured loans for the year ended December 31, 2020 or for the three months ended March 31, 2021.

The Bank provided financial relief to borrowers impacted by COVID-19 and provided modifications to include interest only deferral or principal and interest deferral. These modifications are excluded from Troubled Debt Restructuring classification under Section 4013 of the CARES Act or under applicable interagency guidance of the federal banking regulators. During the year ended December 31, 2020, the Bank had modified 132 loans with outstanding balances of $185.9 million. At December 31, 2020, two modified loans totaling

$777 thousand were classified as non-accrual and two modified loans totaling $1.4 million were past due. As of December 31, 2020, $0 in our portfolio were in COVID-19 related deferral status.

In order to determine whether a borrower is experiencing financial difficulty, an evaluation is performed of the probability that the borrower will be in payment default on its debt in the foreseeable future without the modification. This evaluation is performed by the Bank's Credit department based on internally derived parameters.

Cash Surrender Value of Bank-Owned Life Insurance

At March 31, 2021, the combined cash surrender value of all Bank-owned life insurance policies was $26.1 million. The policies cover certain present and former executives and officers. The Bank is the beneficiary of these policies.

Deposits

Client deposits are the primary funding source for the Bank's growth. Through our network of branches, we offer a competitive array of deposit accounts and treasury management services designed to meet our customers' business needs. Our primary deposit customers are SMBs, and the personal business of owners and operators of these SMBs, as well as the retail/consumer relationships of the employees of these businesses. Our focus on quality and customer service has created a strong brand recognition within our depositors, which reflects in the composition of our deposits; most of our funding sources are core deposits.

Additionally, our personal and private banking management line of business is focused on the needs of the owners and operators of the our business customers, offering a suite of checking, savings, money market and time deposit accounts, and utilizing superior client service to build and expand client relationships. A unique aspect of our business model is our ability to offer correspondent services to banks in Central America and the Caribbean.

The following table presents the average balance and average rate paid on deposits for each of the following categories for the three months ended March 31, 2021 and the years ended December 31, 2020 and 2019:

	Average Deposits					
	Average for Three Months Ended March 31,		Average for Twelve Months Ended December 31,			
	2021		2020		2019	
(Dollars in thousands)	Average Balance	Average Rate Paid	Average Balance	Average Rate Paid	Average Balance	Average Rate Paid
Types of Deposits:						
Noninterest-bearing deposits	$ 482,376	0.00%	$ 390,467	0.00%	$290,521	0.00%
Interest-bearing transaction accounts	44,549	0.13%	46,819	0.34%	45,872	0.35%
Saving and money market deposits	568,595	0.39%	473,028	0.65%	416,871	1.23%
Time deposits	248,156	0.90%	276,462	1.70%	225,095	2.15%
Total deposits	**$1,343,676**	**0.34%**	**$1,186,776**	**0.67%**	**$978,359**	**1.04%**

Total average deposits for the three months ended March 31, 2021 were $1.3 billion, an increase of $168.0 million, or 14.3% over total average deposits of $1.2 billion for the year ended December 31, 2020. Our focus on demand deposits has resulted in an increase in average balances of $103.2 million, or 27.2%, in noninterest-bearing demand deposits and an increase of $95.7 million, or 20.2%, in saving and money market deposits when comparing the average balances for the three months ended March 31, 2021 to the average balances for the year ended December 31, 2020.

Total average deposits for the year ended December 31, 2020 were $1.2 billion, an increase of $195.2 million, or 19.9% over total average deposits of $980 million for the year ended December 31, 2019. Our focus on demand deposits has resulted in an increase in average balances of $87.6 million, or 30%, in noninterest-bearing demand deposits and an increase of $56.1 million, or 13.5%, in saving and money market deposits when comparing the average balances for the year ended December 31, 2020 to the average balances for the year ended December 31, 2019.

The following table presents the maturities of our certificates of deposit as of March 31, 2021:

	At March 31, 2021				
	Three Months or Less	Over three through twelve months	Over twelve through three years	Over three years	Total
Time deposits over $250,000	27,839	70,883	4,526	20,273	123,521
Time deposits $250,000 or less	33,604	68,033	16,353	2,831	120,821
Total	**$61,443**	**$138,916**	**$20,879**	**$23,104**	**$244,342**

As necessary, we complement our deposit funding strategies with wholesale funding when needed for balance sheet planning according to the expectations set forth by the ALCO. Before engaging in wholesale funding, we also take into consideration if the terms of funding are attractive and will not disrupt our offering rates in the markets we operate.

Borrowed Funds

As member of the FHLB we are eligible for advances with various terms and conditions. This accessibility of additional funding allows us to efficiently and timely meet both expected and unexpected outgoing cash flows and collateral needs without adversely affecting either daily operations or the financial condition of the Bank.

At March 31, 2021 and December 31, 2020, we had $36.0 million of fixed rate advances from the FHLB outstanding at an average rate of 1.52%. Most of the advances are due in the first two quarters of 2025.

We had no outstanding balances on our Fed Funds line of credit as of March 31, 2021.

At December 31, 2020, we had $36.0 million of fixed rate advances from the FHLB outstanding at an average rate of 1.52%. Most of the advances are due in the first two quarters of 2025. Our FHLB fixed rate advances as of March 31, 2021 are summarized in the below table:

Interest Rate	Type of Rate	Maturity Date	Amount
0.81%	Fixed	August 17, 2023	$ 5,000
1.04%	Fixed	July 30, 2024	5,000
2.05%	Fixed	March 27, 2025	10,000
1.91%	Fixed	March 28, 2025	5,000
1.81%	Fixed	April 17, 2025	5,000
1.07%	Fixed	July 18, 2025	6,000
			$36,000

We have also established Fed Funds lines of credit with our upstream correspondent banks to manage temporary fluctuations in our daily cash balances. We had no outstanding balances on our Fed Funds line of credit as of March 31, 2021.

Off-Balance Sheet Arrangements

We engage in various financial transactions in our operations that, under GAAP, may not be included on the balance sheet. To meet the financing needs of our customers we may include commitments to extend credit and standby letters of credit. To varying degree, such commitments involve elements of credit, market and interest rate risk in excess of the amount recognized in the balance sheet. We use more conservative credit and collateral policies in making these credit commitments as we do for on-balance sheet items.

Our off-balance sheet arrangements are summarized in the following table:

(Dollars in thousands)	At March 31, 2021	At December 31, 2020	At December 31, 2019
Commitments to grant loans and unfunded lines of credit	$114,571	$107,553	$139,808
Standby and commercial letters of credit	$ 1,509	$ 1,813	$ 1,512

Contractual Obligations

In the normal course of operations, we enter various contractual obligations that may require future cash payments on debt and lease agreements. We monitor our liquidity to manage present and future demands for and sources of liquidity. The following table of contractual commitments summarizes the maturity of our contractual obligations as of March 31, 2021:

	At March 31, 2021				
	Three Months or Less	Over three through twelve months	Over twelve through three years	Over three years	Total
FHLB	$ —	$ —	$10,000	$26,000	$ 36,000
Time deposits over $250,000	27,839	70,883	4,526	20,273	123,521
Time deposits $250,000 or less	33,604	68,033	16,353	2,831	120,821
Operating Leases (1)	—	1,956	6,723	7,578	16,257
Total	**$61,443**	**$140,872**	**$37,602**	**$56,682**	**$296,599**

(1) Operating leases not including interest component

Asset and Liability Management

The asset liability management committee of our Bank, or ALCO, is comprised of members of senior management and our Board. Senior management is responsible for ensuring in a timely manner that Board-approved strategies, policies, and procedures for managing and mitigating risks are appropriately executed within the designated lines of authority and responsibility.

ALCO oversees the establishment, approval, implementation, and review of interest rate risk, or IRR, management, and mitigation strategies, ALM related policies, ALCO procedures and risk tolerances and appetite. While some degree of IRR is inherent to the banking business, our ALCO has established sound risk management practices in place to identify, measure, monitor and mitigate IRR exposures.

When assessing the scope of IRR exposure and impact on the balance sheet, cash flows and income statement, management considers both earnings and economic impacts. Asset price variations, deposits volatility and reduced earnings or outright losses could adversely affect the Bank’s liquidity, performance, and capital adequacy.

Income simulations are used to assess the impact of changing rates on earnings under different scenarios and time horizons. These simulations utilize both instantaneous and parallel changes in the level of interest rates, as well as non-parallel changes such as changing slopes and twists of the yield curve. Static simulation models are based on current exposures and assume a constant balance sheet with no new growth. Dynamic simulation analysis is also utilized to have a more comprehensive assessment on IRR. This simulation relies on detailed assumptions outlined in our budget and strategic plan, and in assumptions regarding changes in existing lines of business, new business, management strategies and client expected behavior.

To have a more complete picture of IRR, the bank also evaluates the economic value of equity, or EVE. This assessment will allow us to measure the degree to which the economic values of the Bank will change under different interest rate scenarios (parallel and non-parallel). The economic-value approach focuses on a longer-term time horizon and captures all future cash flows expected from existing assets and liabilities. The economic value model utilizes a static approach in that the analysis does not incorporate new business; rather, the analysis shows a snapshot in time of the risk inherent in the balance sheet.

Quantitative and Qualitative Disclosures about Market Risk

According to our ALCO model, as of March 31, 2021, we were an asset sensitive bank. This indicates that our assets generally reprice faster than our liabilities, which results in a favorable impact to net interest income when market interest rates increase. Many assumptions are used to calculate the impact of interest rate variations on our net interest income, such as asset prepayment speeds, non-maturity deposit price sensitivity, pricing correlations, deposit truncations and decay rates, and key rate drivers.

Because of the inherent use of these estimates and assumptions in the model, our actual results may, and most likely will, differ from static measures results. In addition, static measures like EVEs do not include actions that management may undertake to manage the risks in response to anticipated changes in interest rates or client/deposits behavior. As part of our ALM strategy and policy, management hast the ability to modify the balance sheet to either increase asset duration and decrease liability duration in order to reduce asset sensitivity, or to decrease asset duration and increase liability duration in order to increase asset sensitivity.

According to our model, as of March 31, 2021, the net interest margin, or NIM, will remain fairly stable for static rate scenarios (-400 basis points; +400 basis points). For the static forecast for year two, the NIM will increase from 3.13% to 3.69% under a +400 basis points scenario. Additionally, utilizing an economic value of equity, or EVE, approach, we analyze the risk to capital from the effects of various interest rate scenarios through a long-term discounted cash flow model. This measures the difference between the economic value of our assets and the economic value of our liabilities, which is a proxy for our liquidation value. According to our balance sheet composition, and as expected, our model stipulates than an increase of rates will have a negative impact on the EVE. Results and analysis are presented quarterly to the Board, and strategies are defined.

Liquidity and Capital Adequacy

Liquidity

Liquidity is defined as a bank's capacity to meet its cash and collateral obligations at a reasonable cost. Maintaining an adequate level of liquidity depends on the Bank's ability to efficiently meet both expected and unexpected cash flow and collateral needs without adversely affecting either daily operations or the financial condition of the Bank.

Liquidity risk is the risk that we will be unable to meet our short-term and long-term obligations as they become due because of an inability to liquidate assets or obtain relatively adequate funding. The Bank's obligations, and the funding sources used to meet them, depend significantly on our business mix, balance sheet structure and composition, credit quality of our assets and the cash flow profiles of our on- and off-balance sheet obligations.

In managing inflows and outflows, management regularly monitors situations that can give rise to increased liquidity risk. These include funding mismatches, market constraints on the ability to convert assets (particularly investments) into cash or in accessing sources of funds (i.e., market liquidity), and contingent liquidity events. Changes in macroeconomic conditions or exposure to credit, market, operational, legal and reputational risks also could affect the Bank's liquidity risk profile unexpectedly and are considered in the assessment of liquidity and ALM framework.

Management has established a comprehensive and holistic management process for identifying, measuring, monitoring and mitigating liquidity risk. Due to its critical importance to the viability of the Bank, liquidity risk management is integrated into our risk management processes and ALM policy.

Critical elements of our liquidity risk management include: effective corporate governance consisting of oversight by the Board and active involvement by senior management; appropriate strategies, policies, procedures, and limits used to identify and mitigate liquidity risk; comprehensive liquidity risk measurement and monitoring systems (including assessments of the current and prospective cash flows or sources and uses of funds) that are commensurate with the complexity and business activities of the Bank; active management of intraday liquidity and collateral; an appropriately diverse mix of existing and potential future funding sources; adequate levels of highly liquid marketable securities free of legal, regulatory, or operational impediments, that can be used to meet liquidity needs in stressful situations; comprehensive contingency funding plans that sufficiently address potential adverse liquidity events and emergency cash flow requirements; and internal controls and internal audit processes sufficient to determine the adequacy of the institution's liquidity risk management process.

We expect funds to be available from several basic banking activity sources, including the core deposit base, the repayment and maturity of loans and investment security cash flows. Other potential funding sources include federal funds purchased, brokered certificates of deposit, listing certificates of deposit, and borrowings from the FHLB. Accordingly, our liquidity resources were at sufficient levels to fund loans and meet other cash needs as necessary.

Capital Adequacy

As of March 31, 2021, the Bank was well capitalized under the FDIC's prompt corrective action framework. Additionally, we follow the capital conservation buffer framework, and according to our actual ratios the Bank exceeds the capital conversation buffer in all capital ratios as of March 31, 2021. See "Supervision and Regulation."

	Actual		Minimum Capital Requirements		To be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	%	Amount	%
As of March 31, 2021:						
Total risk-based capital (to risk weighted assets)	$144,200	13.80%	$83,622	8.00%	$104,528	10.00%
Tier 1 capital (to risk weighted assets)	131,108	12.54%	62,717	6.00%	83,622	8.00%
Common Tier 1 capital (to risk weighted assets)	99,031	9.47%	47,038	4.50%	67,943	6.50%
Tier 1 capital (to average total assets)	131,108	8.57%	61,183	4.00%	76,478	5.00%
As of December 31, 2020:						
Total risk-based capital (to risk weighted assets)	$139,326	14.24%	$78,260	8.00%	$ 97,825	10.00%
Tier 1 capital (to risk weighted assets)	127,061	12.99%	58,695	6.00%	78,260	8.00%
Common Tier 1 capital (to risk weighted assets)	94,984	9.71%	44,021	4.50%	63,587	6.50%
Tier 1 capital (to average total assets)	127,061	8.61%	59,053	4.00%	73,817	5.00%

Impact of Inflation

Our consolidated financial statements and related notes have been prepared in accordance with GAAP, which require the measurement of financial position and operating results in terms of historical dollars, without considering the changes in the relative purchasing power of money over time due to inflation. The impact of inflation is reflected in the increased cost of operations. Unlike most industrial companies, nearly all of our assets and liabilities are monetary in nature. As a result, interest rates have a greater impact on our performance than do the effects of general levels of inflation. Interest rates do not necessarily move in the same direction or to the same extent as the price of goods or services.

BUSINESS

Our Company

U.S. Century Bank is a state-chartered bank headquartered in Miami-Dade County, Florida. Established in 2002, we are one of the largest community banks headquartered in the Miami-Dade metro area, which we define as Miami-Dade, Broward, and Palm Beach counties. Our mission is to provide high value, relationship-based banking products, services and solutions to a diverse set of clients in the markets we serve. We focus on serving small-to-medium sized businesses, or SMBs, and catering to the needs of local business owners, entrepreneurs and professionals in South Florida. We have further leveraged our success in providing comprehensive banking solutions to SMBs to also secure the personal retail deposit relationships of the owners, operators and employees of our commercial lending clients, which has been a cornerstone of our deposit growth strategy.

Through our network of 11 banking centers and digital banking platform, we offer a wide range of commercial products and services tailored to meet the needs of SMBs operating in our primary market of the Miami-Dade metro area. As of March 31, 2021, our total assets were $1.6 billion, our total loans, net of deferred fees and allowance, were $1.1 billion, including $114.0 million of PPP loans, our total deposits were $1.4 billion and our total stockholders' equity was $170.4 million.

According to S&P Global Market Intelligence, the Miami-Dade metro area is the fourth largest metropolitan statistical area, or MSA, in the United States by total number of businesses. As one of the largest local community banks in South Florida we believe that we are uniquely positioned to take advantage of Florida's business friendly climate. We distinguish ourselves from our peers and out of state competitors by pairing local and efficient decision-making with thoughtfully tailored financial products for our clients. These products include banking solutions for SMBs, owners and operators of SMBs, homeowner associations, law firms, medical practices and other professional services firms, as well as correspondent banking services offered to financial institutions in certain Latin American and Caribbean countries that meet our risk profile, all while maintaining a high-touch approach that allows us to address our clients' business needs. In 2020, we were designated a Preferred Lending Partner with the SBA, which broadened the suite of products that we can offer to our SMB clients.

We are proud that our heritage and business focus reflect the multicultural diversity of the Miami-Dade metro area. According to S&P Global Market Intelligence, approximately 68% of the total population in Miami-Dade and Broward Counties is Hispanic. We have been designated by the FDIC as a Minority Depository Institution, or MDI, and our Board is comprised of a majority of members who identify as Hispanic. Our management team is predominantly Hispanic and a substantial majority of our client-facing employees are bilingual or multilingual. We believe that our cultural familiarity with the markets and clients that we serve gives us a competitive advantage in servicing the Miami-Dade business community.

Our History

Between 2010 and 2015, we experienced significant deterioration of credit quality similar to many banking institutions following the 2008 recession, resulting in financial losses under prior leadership. In 2011 we entered into a consent order with our primary banking regulators, the FDIC and the FOFR. Despite the limitations of the consent order, our deep ties to the community were instrumental in maintaining our customers and high quality deposit base.

In 2015, an investment group led by Patriot and Priam completed a crucial $65 million recapitalization of the Bank. Following this 2015 Recapitalization, we undertook a complete reorganization of the Bank, starting with the replacement of the executive management team with individuals who brought with them larger-bank and public company expertise. We also reconstituted our board of directors with five new directors, two of whom joined in connection with the 2015 Recapitalization and three of whom joined after the 2015 Recapitalization.

We also elected a new Chairwoman of the Board, Cuban-American businesswoman Aida Levitan, Ph.D., who joined the Board in 2013. The current Board includes members with proven experience in serving on boards of financial institutions, as well as those with a strong understanding of our community.

Today, our leadership team is led by our President and Chief Executive Officer, Luis de la Aguilera, who was hired in 2015 and has been integral in rebuilding our franchise and culture. In 2015, Ben Pazos joined as Chief Credit Officer to lead and reconstruct the credit function of the Bank, implementing robust underwriting standards and procedures and developing a problem asset resolution strategy. We further enhanced our leadership team in 2020 by hiring Rob Anderson as Chief Financial Officer, who has prior leadership experience with public companies and provides valuable public company financial reporting expertise. These executive management changes provided us with the senior leadership necessary to implement changes within the organization to create a stable platform for growth, resulting in significant improvement in our asset quality, capital position and profitability. We also focused on replacing key personnel throughout the organization with individuals who have relevant experience in growing a sound, scalable and profitable bank. As of the date of this offering circular, the average length of service at the Bank for approximately 85% of our employees is less than six years.

Our focus on enhancing our personnel systems, credit underwriting and risk management controls, coupled with the successful completion of the 2015 Recapitalization, allowed us to successfully resolve the 2011 consent order that was terminated by the FDIC in April 2016 and return to profitability for the year ended December 31, 2016.

Our Company Today

After the 2015 Recapitalization, our first priority was to assess, protect, and rebuild the balance sheet. By rebuilding our credit function, we proactively resolved the Bank's significant problem assets and imposed enhanced underwriting standards and procedures. As a result of these measures, our level of nonperforming assets, or NPAs, improved significantly from 6.04% of total assets as of December 31, 2014 to 0.04% of total assets as of March 31, 2021. Our approach to managing credit quality and workout of troubled accounts was validated through an increase in the level of net recoveries and a significant decrease in the level of charge-offs to average loans, which was 0.02% for the year ended December 31, 2020 and -0.01% for the three months ended March 31, 2021. In addition, our total risk-based capital ratio and tangible common equity ratio increased from 6.60% and (1.6%) as of December 31, 2014 to 13.80% and 8.5%, respectively, as of March 31, 2021.

Despite imposing more disciplined underwriting standards, we have achieved strong balance sheet growth. Our loan portfolio grew at a 7.2% compounded annual growth rate from December 31, 2014 to March 31, 2021. This growth was funded by an increasingly attractive deposit base; between December 31, 2014 and March 31, 2021, we grew our total deposits by 10.3% annually, while noninterest bearing deposit composition grew from 22.2% of total deposits as of December 31, 2014 to 36.8% of total deposits as of March 31, 2021.

While our Board and leadership team instilled a sense of urgency to execute our strategic plan, we did not sacrifice a disciplined expense philosophy in favor of growth. We believe our relentless focus on efficiencies, and our willingness to embrace technology was instrumental in allowing us to improve our efficiency ratio by more than 52% between December 31, 2014 and March 31, 2021.

We have also prudently managed and rationalized our branch footprint, reducing the total number of branches from 21 as of December 31, 2014 to 11 as of March 31, 2021. Notwithstanding the decrease in branches, we have maintained a consistent deposit market share in Miami-Dade County.

Our strategic efforts prepared us well for the COVID-19 pandemic. In March of 2020, we preemptively repositioned three of our lenders, all of whom had extensive prior special asset experience, to focus proactively on asset work-out strategies to help us minimize loss exposure in segments of our loan portfolio that could have

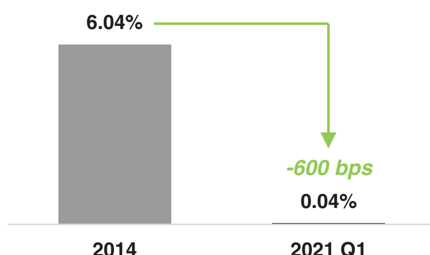
been susceptible to the COVID-19 pandemic. We moved quickly to provide assistance to our clients on a case-by-case basis. To date we believe our underwriting standards and proactive approach to managing the COVID-19 pandemic have been successful. During the year ended December 31, 2020, the Bank had modified 132 loans with outstanding balance of $185.9 million. As of December 31, 2020, two modified loans totaling $777 thousand were classified as non-accrual, two modified loans totaling $1.4 million were past due, and no loans in our portfolio were in COVID-19 related deferral status.

As of the date of this offering circular, we are well capitalized, with a conservative and diversified loan portfolio, a stable deposit base, and the infrastructure in place to build a high-performing bank based on sound, scalable and profitable operating principles. Looking ahead, we plan to leverage our seasoned management team, the attractive market opportunity in the Miami-Dade metro area, our diversified lending and deposit gathering approach and deep ties to our communities to drive future growth and profitability.

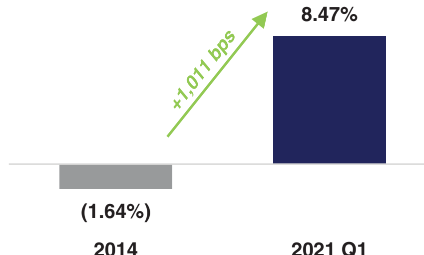
Since the 2015 Recapitalization, we have worked to deliver value for our shareholders, with significant improvement in asset quality, capital position and profitability. We believe that becoming a publicly traded bank is the appropriate next step that will position us for growth and benefit all shareholders. As a publicly traded bank, we will have an established public trading market for our stock, which currently does not exist, providing shareholders with more readily available liquidity and pricing information for their stock. We also believe that being publicly traded will make us a more attractive acquirer and will enhance our ability to capitalize on acquisition opportunities in the future. Following the completion of this offering and the Exchange Transactions, we believe that we will have a simplified capital structure consistent with other similarly sized banks. In addition, as a publicly traded bank, we will have better access to the capital markets to raise capital to support further growth. As a public company, we may be able to structure attractive stock incentive compensation to attract top tier talent. We will also become subject to additional corporate governance and ongoing disclosure requirements, which will provide our shareholders with annual, quarterly and current reports about our financial results and operations.

The following charts illustrate the success in certain key performance measures we have achieved from December 31, 2014 to March 31, 2021, and in certain circumstances highlighting the compounded annual growth rate, or CAGR, over the same period.

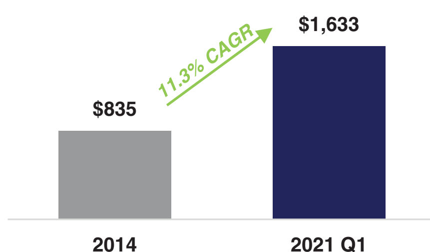
Non-Performing Assets / Assets



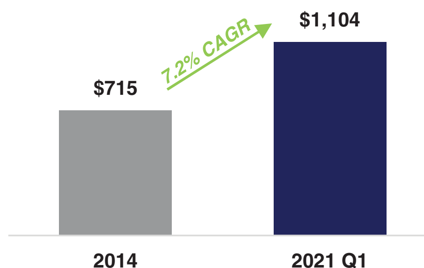
Tangible Common Equity Ratio (1)



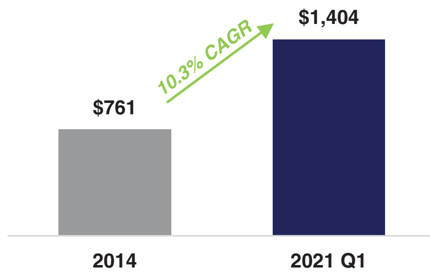
Total Assets ($mm)



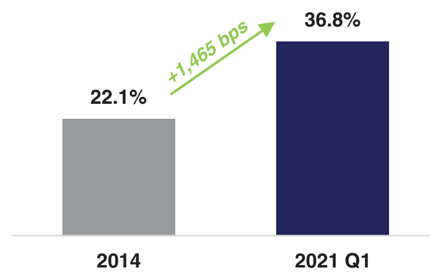
Total Loans ($mm)



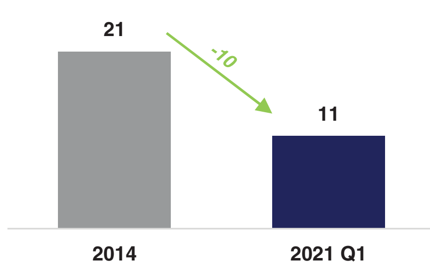
Total Deposits ($mm)



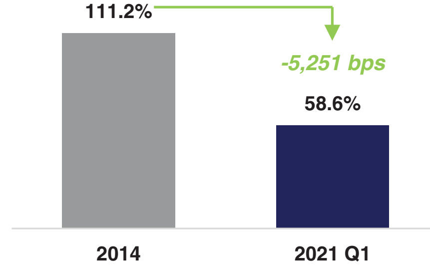
Noninterest Bearing Deposits / Deposits



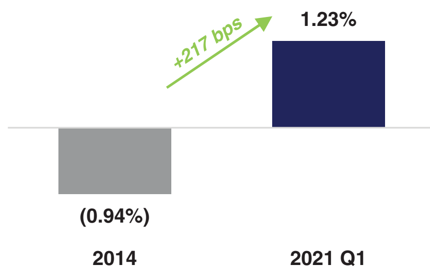
Total Branch Count



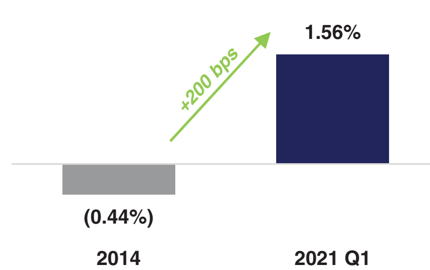
Efficiency Ratio



ROAA



Operating Pre-Tax Pre-Provision ROAA(1)



Source: S&P Global Market Intelligence and Bank documents.
(1) Reflects non-GAAP financial measure. For a reconciliation of non-GAAP measures see "Reconciliation and Management Explanation of Non-GAAP Financial Measures."

Our Competitive Strengths

We believe we are differentiated from our competitors and positioned for future growth particularly as a result of the following competitive strengths:

- ***Our Focus is Business Banking*** – Our focus is to be the relationship bank of choice for South Florida's SMBs, as well as their owners and operators. We believe our broad suite of business products, our ability to offer efficient and personalized service along with our cultural heritage and knowledge of the markets in which we operate, provide us with a competitive advantage within the Miami-Dade metro business community. Our relationships expand beyond the purely commercial, as we are also the primary relationship-retail bank for many of the owners and operators of our SMBs. This has allowed us to maintain a deposit portfolio that is evenly balanced between commercial and consumer clients without the need to operate an extensive retail branch network and while focusing primarily on commercial lending products.
- ***We Know Our Markets and Clients*** – As an MDI with a predominately Hispanic management team, we are uniquely situated to address the needs of the diverse and rapidly growing South Florida business community. Our EVPs have an average of 35 years of experience in the South Florida, providing the Bank with deep knowledge of our key markets. South Florida represents an important part of the convergence of Latin America, the Caribbean, Europe, and Asia, which has drawn, and continues to benefit from, flows of people, investment dollars and other resources from across the globe. According to S&P Global Market

Intelligence, approximately 68% of the total population in Miami-Dade and Broward Counties is Hispanic.

In addition to this overall market area being culturally diverse, there is a range of nationalities represented within the Hispanic community. According to Florida Trend, Cubans represent the greatest percentage of the Hispanic community in Miami-Dade and Broward Counties, and this representation is reflected in the composition of our Board and associates.

- ***Local Decision Making and Brand Recognition*** – We are the only financial institution headquartered in Doral, Miami-Dade County, Florida, and according to S&P Global Intelligence, the 8th largest Florida headquartered bank by deposit market share in the Miami-Dade MSA, as of June 30, 2020.

  Our local presence allows our management team to be both accessible and responsive to meeting the distinct and specific needs of residents and businesses. Decisions are made locally by our teams of lenders, deposit gatherers, and employees. Our collective management team knows our markets and customers and has a deep understanding of various lines-of-business, as well as the overall financial services industry. We believe we have a strong reputation within the markets in which we operate as a financial institution with a broad range of services for SMBs.

  Our headquarters is situated in a vibrant and rapidly growing market. Accolades for the city of Doral include the following:

  - Ranked #3 in The Best Small Cities to Start a Small Business: 2021 Report *(Verizon)*
  - Named the fastest growing city in Florida and 11th in the country: May 2017 *(Florida International University's Metropolitan Center)*
  - Best city in Florida for business start-ups: February 2015 *(BusinessWeek)*

- ***Attractive and Growing Deposit Base*** – As previously noted, we are a relationship-first, business bank that prioritizes generating long-term, high-balance deposit relationships with SMBs. A cornerstone of our deposit growth strategy is to secure deposits from the owners, operators and employees of our commercial lending clients. Our deposit-gathering strategy incentivizes our employees to secure both the lending and the deposit relationships of prospective clients.

  Since the 2015 Recapitalization, our total deposits increased from $761.0 million as of December 31, 2014 to $1.4 billion as of March 31, 2021, representing a CAGR of 10.3%. Our noninterest deposits as a percentage of total deposits increased from 22.2% as of December 31, 2014 to 36.8% as of March 31, 2021. As of March 31, 2021, we maintain a deposit composition that is approximately 55% commercial accounts, 45% personal accounts.

- ***Differentiated Banking Product Offerings*** – In addition to our traditional commercial banking services, we are among a select number of banks of our size within our market area that can offer certain specialty banking products, services and solutions designed for small businesses, homeowner associations, law firms, medical practices and other professional services firms, and global banking services. Our major specialty banking offerings include the following:

  - *SBA Lending:* Our SBA vertical originates loans under Sections 7(a) and 504 of the SBA program. Since its formation in 2018, the vertical serves as an opportunity to generate C&I loans and to diversify our revenue stream through originating and selling SBA 7(a) loans. As of 2020, the Bank is a Preferred Lending Partner with the SBA which allows us to offer the full range of SBA loan products and to exercise lending authority, allowing us to make timely credit decisions for prospective clients. As of March 31, 2021, we had $43.4 million in SBA loans on our balance sheet.
  - *Homeowner Association (HOA) services:* We provide banking services to HOAs and property managers, including deposit collection, lockbox services, payment services, and lending products. Launched in 2016, we offer our HOA customers a unique combination of market knowledge of a local bank, and a highly personalized "white glove" approach to customer service. As of March 31, 2021, we had $79.1 million and $29.1 million in HOA deposit and loan balances, respectively.

- *Law firm products:* Our Jurist Advantage vertical provides customized banking solutions for law firms as well as their partners, associates and staff. We also leverage our relationships with our law firm clients to generate personal deposit accounts. As of March 31, 2021, we had $117.3 million and $3.3 million in Juris Advantage deposit and loan balances, respectively.
- *Global banking services:* Our global banking vertical provides correspondent banking services for banks headquartered in certain Latin America and the Caribbean countries. We also cross-sell our correspondent banking relationships to generate international personal banking clients for our Bank. Our compliance team is experienced in foreign banking, and we have consistent open communication with our foreign bank clients to ensure proper compliance controls are maintained at such institutions. As of March 31, 2021, we had $136.5 million and $48.7 million in global banking deposit and loan balances, respectively.

As stated above, our niche banking focus has allowed us to execute a commercial strategy that has grown business substantially in targeted industries.

- ***Strong and Disciplined Credit Culture*** – Our underwriting process is informed by a conservative credit culture that encourages prudent lending. We believe our strong asset quality is due to our understanding of and experience with businesses within the Miami-Dade MSA, our long standing relationships with clients and our disciplined underwriting processes. Our thorough underwriting processes collaboratively engage our seasoned business bankers, credit underwriters and portfolio managers in the analysis of each loan request.

  We manage our credit risk by analyzing metrics related to our lines of business, which allows us to maintain a conservative and well-diversified loan portfolio reflective of our assessment of various industry sectors. Based upon our aggregate exposure to any given borrower relationship, we undertake a scaled review of loan originations that may involve senior credit officers, our Chief Credit Officer, our Credit Committee or, ultimately, our Board.

  Our total loans increased from $714.7 million as of December 31, 2014 to $1.1 billion as of March 31, 2021, representing a CAGR of 7.2%. Furthermore, the cumulative amount of charge offs and recoveries over the last six years is in a net recovery. Our NPA ratio as a percentage of assets decreased from 6.04%, as of December 31, 2014 to 0.04%, as of March 31, 2021.

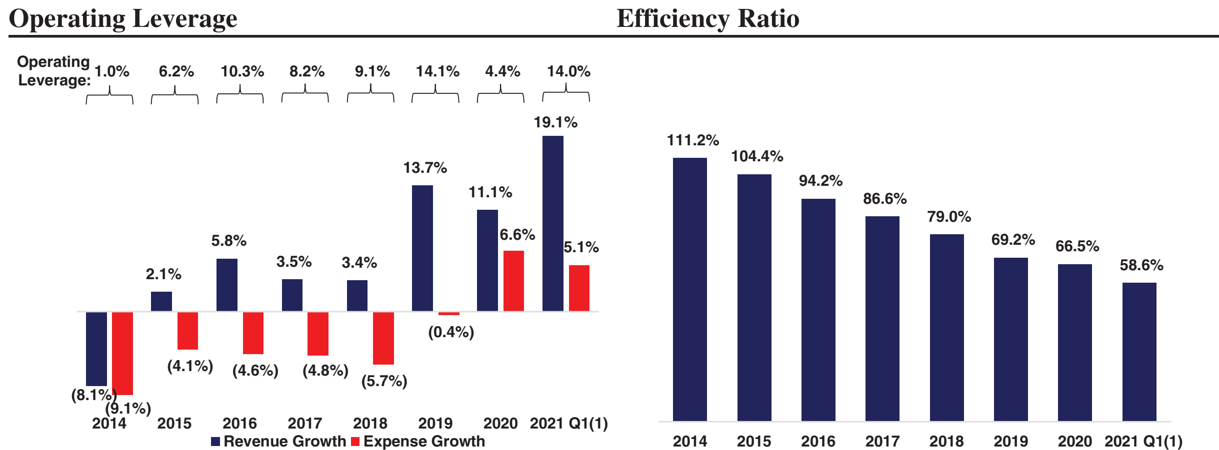
  As noted above, our adherence to conservative credit underwriting standards and a prudent lending philosophy prepared us well for the COVID-19 pandemic. During the year ended December 31, 2020, the Bank had modified 132 loans with outstanding balance of $185.9 million. As of December 31, 2020, two modified loans totaling $777 thousand were classified as non-accrual, two modified loans totaling $1.4 million were past due, and no loans in our portfolio were in COVID-19 related deferral status. Since the onset of the COVID-19 pandemic in March 2020, we have maintained our level of NPAs under 0.5% of total assets and there are no loans under deferral status as of March 31, 2021.

- ***Positioned in Attractive Markets*** – We operate primarily in South Florida, which is a vibrant hub for SMBs and entrepreneurs. Florida ranks third in the United States in the number of businesses employing fewer than 500 people, with approximately 2.7 million such businesses, according to data from the U.S. Small Business Administration's Office of Advocacy for 2020. Moreover, in a 2020 study, Florida ranked #1 on Kauffman's Early Stage Entrepreneurship Index, which measures rates of new entrepreneurs, opportunity share of new entrepreneurs, startup early job creation and startup early survival rates. We believe the addressable market of SMBs will continue to grow, expanding our potential client base. In 2017, the Miami-Dade MSA, which encompasses Miami-Dade, Broward, and Palm Beach counties, was ranked number #1 on the Kauffman Index for Startup Activity.

  The Miami-Dade MSA is characterized by a rapidly growing and diverse population, a high level of job growth and a pro-growth business climate. According to S&P Global Market Intelligence, the Miami-Dade MSA is expected to experience 5.4% population growth over the next five years, compared to 2.9% nationwide. Much of this growth is expected to stem from migration from within the United States; in 2020, Florida experienced 60% inbound migration, according to an annual United Van Lines National Movers Study.

Contributing to this growth are recent initiatives by companies to relocate some or all of their operations to Florida, given a favorable tax environment, warm weather, and the increasing prevalence of remote work. For example, certain large financial institutions, such as Blackstone Group Inc., Goldman Sachs Group Inc. and Citadel Advisors LLC, have recently established significant operations in South Florida.

- ***Profitable and Scalable Operating Platform*** – Over the past five years, we have delivered consistent and improving core profitability. We continuously strive to improve our core profitability by prudently managing our noninterest expense base. The following chart illustrates the favorable improvement of our operating leverage, defined as the difference between annual revenue growth and annual expense growth, and efficiency ratio, defined as total noninterest expenses divided by the sum of net interest income and total noninterest income, from the year ended December 31, 2014 to the three months ended March 31, 2021:



(1) Data presented on an annualized basis.

- ***Experienced Management and Board*** – We are led by a team of banking professionals, many of whom have extensive experience with larger banking institutions and well-established relationships with SMB leaders in the Miami-Dade MSA. Our CEO, Luis de la Aguilera was hired in 2015 following the 2015 Recapitalization, adding extensive local banking experience from a larger institution with a reputation as a leader in business banking. Mr. de la Aguilera has also led efforts to enhance the management bench with experienced hires to support the Bank’s growth plans, resulting in a wholesale replacement of the executive, lending and credit teams. In addition to our experienced executive management team, our Board is comprised of well-regarded career bankers, professionals, entrepreneurs, and business and community leaders with collective depth and experience in commercial banking, finance, law, medicine and marketing.

Our Strategy

Our strategy is to pursue organic growth as well as strategic acquisitions once the Bank becomes a publicly traded company, which will in turn create value for our shareholders. Our primary clients are SMBs, their owners and operators, and the relationships of the employees of these businesses. As such, we currently offer a full range of products and services geared towards SMBs, international trade, and business professionals. This includes niche products and services as referenced above. Our deep relationships with South Florida SMBs allow us to maintain consistent growth in our commercial lending portfolio. Commercial lending provides opportunities to cross-sell other products such as treasury management and results in customer longevity.

Our goal is to continue the Bank's growth trajectory and to achieve profitability in the top quartile of our peers, which in turn will create value for our shareholders. To support these goals, management has identified the following strategies:

- ***Organic Growth*** – Our primary strategy is to grow our client base, increase market share and leverage our existing platform within the demographically attractive Miami-Dade MSA. Within the Miami-Dade MSA, we believe we have competitive advantages over smaller community banks which lack our product expertise and breadth of service, as well as over larger regional institutions, which lack our connectedness to the business community within the Miami-Dade MSA and responsive, local decision-making.

  A significant amount of consolidation has occurred in the banking industry within the Miami-Dade MSA. As a result, we believe there is a base of potential clients that desire to partner with a bank that is locally headquartered. Moreover, there are experienced bankers that we believe we can hire who prefer to work for a local, independent, banking franchise to that of a larger, regional financial institution or money center bank.

  We believe our employees are the key to our ability to execute our growth strategy. Our overall success will depend upon our ability to attract, retain, develop, incentivize, and reward the human capital necessary to execute our strategy. We consistently evaluate potential lift-outs of lending teams to enhance our capabilities. We recognize and understand the need to make investments in our employees, their benefits, and the training and professional development necessary to ensure their success.

- ***Continued Focus on Branch Efficiencies*** – As a business-first bank we are not reliant on retail "foot-traffic." This approach allows us to utilize our banking centers in a targeted and efficient manner. We continue to evaluate and have already taken measures to optimize our branch network. Since 2014, we have reduced branch locations from 21 to 11 while increasing our aggregate deposit balances.

  Our refocused branch footprint has allowed us to reposition certain branch employees to treasury management and business development roles, improving our ability to generate and service commercial clients. In addition, our adoption of digital banking capabilities provides us with the delivery channels necessary to broaden our outreach to clients.

  We are intently focused on expense control and will continue to evaluate the need to reposition existing offices with new platforms and technology and potential location changes.

- ***Expand Fee Income Sources*** – Diversifying our revenue stream with fee-based income sources continues to be an important component of our strategy. This objective includes achieving growth in treasury management relationships. We also seek to increase fee income revenue by cross-selling our treasury management services to existing and new clients.

  We also look to develop new lines of business with significant fee income components. For example, our expansion into SBA lending in 2020 has allowed us to broaden the suite of products we can offer to our clients. As we continue to grow our book of business, our existing strategy of selling the guaranteed portion of the SBA loans into an active secondary market and earning a premium is expected to be additive to our fee income.

- ***Pursue Accretive and Strategic Acquisition Opportunities*** – Although our primary focus is on organic growth, we continually review potential acquisitions that would enable us to leverage our platform. We primarily seek whole bank acquisition targets that are strategic, financially attractive and support our organic growth strategy without compromising our risk profile. Our management team and Board have extensive experience at prior institutions identifying and integrating acquisitions of banking institutions and assets.

  We believe that there are numerous banking institutions in Florida that lack our scale and may seek a merger partner. According to S&P Global Market Intelligence, in the Miami MSA, there over 23 banks with assets below $1.5 billion, representing an aggregate market opportunity of approximately $10.7 billion of assets. Expanding further into Florida, there are 54 banks outside of the Miami MSA with assets below $1.5 billion,

with total assets of approximately $23.7 billion. We anticipate that any future acquisition targets will be financial institutions that are complementary to our core operations.

Having a publicly traded stock as a result of this offering will make us an attractive acquirer as the 7th largest major exchange-traded public bank in Florida by assets, and enhance our ability to capitalize on such acquisition opportunities in the future.

We also continue to evaluate and seek experienced bankers with loan and deposit portfolios that meet our risk profile and return criteria. Having a publicly traded stock as a result of this offering may enable us to structure attractive stock incentive compensation to attract top tier talent. We continue to have detailed and in-depth discussions and believe that well-priced, opportunistic acquisitions of such teams and assets would be financially compelling for the Bank and allow us to efficiently deploy capital and support our organic growth strategy.

- ***Enhance Our Technology Platform*** – We believe the optimization of technology plays an important role in allowing us to execute on our strategy. Our recent core system conversion in August 2019 has enabled us to greatly expand our product offerings and enhance our internal processes. These enhancements include the adoption of Zelle® and the ongoing development of a suite of treasury management services.

  We have also identified several technology initiatives (e.g., treasury management, mobile banking, and cyber security products) that we believe will allow us to better serve our clients and improve our profitability. Our IT steering committee is heavily involved in evaluating the costs and benefits of such investments, and we believe these investments can be successfully implemented while continuing to maintain positive operating leverage.

Our Leadership

Our management team has significant banking experience in Florida and the Southeast:

Luis de la Aguilera – President, CEO and Director

Luis de la Aguilera has served as a director of our Bank since 2016 and Chief Executive Officer and President of our Bank since 2015. He has directed the reorganization, re-staffing and turn-around of our Bank after our 2015 Recapitalization. Prior to his joining us, Mr. de la Aguilera served in various leadership roles at TotalBank, Florida's 12th largest commercial bank at that time, including as President and Chief Executive Officer from 2013 to 2015, as President and Chief Marketing Officer from 2009 to 2013, as Executive Vice President, Corporate Lending from 2001 to 2009 and as Senior Vice President, Head of Business Development from 2000 to 2001. During his 15-year association with TotalBank, Mr. de la Aguilera organized, hired and directed its key production units, including commercial, real estate, small business, wealth management and residential mortgage lending, and significantly expanded its footprint in Miami-Dade County to 21 banking centers. Mr. de la Aguilera also served as a board member of TotalBank from 2006 to 2015, including as chair or a member of its Executive, Management, ALCO, BSA, Audit and Loan Committees. In his earlier career, Mr. de la Aguilera served in management and loan production positions with Ocean Bank from 1989 to 2000 and business development and lending positions with Republic National Bank from 1982 to1988. In addition to Mr. de la Aguilera's extensive banking background, he is active with the Florida Banker's Association and serves on its board. He served as a Director of Florida School of Banking at the University of Florida from 2012 to 2015 and has continued his association with the school as an active Associate Professor. He was also the Florida Representative for the American Banking Association's Government Relations Council from 2014 to 2015. Mr. de la Aguilera received a B.A. in English Literature and a Minor in Business Administration from the University of Miami.

Rob Anderson – Chief Financial Officer

Rob Anderson has served as our Executive Vice President and Chief Financial Officer since 2020. Prior to his joining our Bank, Mr. Anderson served as Chief Financial Officer and Chief Administrative Officer of

CapStar Financial Holdings (NASDAQ: CSTR), or CapStar, from 2016 to 2020 and as Executive Vice President and Chief Financial Officer of CapStar from 2012 to 2016. His earlier executive positions included serving as Senior Vice President, Business Operations Executive at Bank of America from 2010 to 2012, as Senior Vice President, CFO Commercial Banking at Capital One and as Senior Vice President Finance at Bank of American from 2003 to 2008. Mr. Anderson received a B.A. from The Ohio State University and an M.B.A. in finance from Pepperdine University. He is also a graduate of the University of Virginia Darden School of Business executive education series. Additionally, Mr. Anderson is a Certified Public Accountant (inactive).

Benigno Pazos – Chief Credit Officer

Benigno Pazos has served as our Executive Vice President and Chief Credit Officer since 2016. Prior to joining us, Mr. Pazos served in various executive positions at TotalBank including as Executive Vice President and Chief Credit Officer from 2010 to 2015, as Executive Vice President supervising the Debt Restructuring Division from 2009 to 2015 and as Senior Vice President, Commercial Lending from 2001 to 2009. Mr. Pazos has also served as a board member of TotalBank from 2012 to 2015. From 1987 to 2001, Mr. Pazos served in lending positions and was ultimately promoted to Vice President at Ocean Bank. Mr. Pazos is an active member and former President of the Cuban American CPA Association, member of the Florida Institute of Certified Public Accountants and member of the American Institute of Certified Public Accountants.

Nicholas Bustle – Chief Lending Officer

Nicholas Bustle has served as our Executive Vice President, Chief Lending Officer since 2019. Mr. Bustle has more than 35 years of managerial experience in commercial banking. Prior to joining us, he served in various executive roles with regional and national banks including as Miami Dade County Market President and First Senior Vice President – Commercial Banking at Valley Bank in 2019, as Executive Vice President and Wholesale Banking Executive at City National Bank from 2015 to 2018, as Senior Executive Vice President, Commercial Banking Executive at BankUnited, Inc. from 2009 to 2015, as City President of Miami at SunTrust Banks Inc. from 2003 to 2009 and as Executive Vice President at SunTrust Banks Inc. supervising private wealth management line of business of the South Florida region from 2006 to 2009 and supervising commercial banking line of business of the South Florida region from 2003 to 2005. Mr. Bustle has previously served on the boards of the FIU Foundation, FIU College of Business Dean's Council, Beacon Council, Mercy Hospital, Community Partnership for Homeless and the Greater Miami Chamber of Commerce. Mr. Bustle holds an M.S. in International Business from Florida International University and a B.S. in business administration from University of Wisconsin.

Oscar Gomez – Head of Global Banking

Oscar Gomez has served as our Executive Vice President, Head of Global Banking Division since 2007 and has overseen the inception and growth of our Global Banking Division. Mr. Gomez has more than 30 years' managerial experience in international banking. Prior to joining us, from 1984 to 2007, Mr. Gomez served as the Executive Vice President of Global Correspondent Banking and International Private Banking with Regions Bank in Miami, Florida, where he managed a portfolio of $2 billion in deposits and over $700 million in loans. Mr. Gomez is actively involved with The Bankers Association for Finance and Trade, Federacion Latinoamericana de Bancos, Florida International Bankers Association and the United Way Leadership group. He holds a bachelor's degree in business administration with a major in accounting from Florida International University.

Andres Collazo – Director of Operations and Information Technology Systems

Andres Collazo has served as our Executive Vice President, Director of Operations and Information Technology since 2016. Mr. Collazo has over 33 years' experience in bank operations and information technology at a senior management level. Prior to joining us, from 2009 to 2016, Mr. Collazo served as the

Senior Vice President, Information Technology and Bank Operations Manager of TotalBank. His earlier career included senior managerial positions in the field of bank operations, item processing and information technology including serving as Vice President and Item Processing Director at BB&T from 2007 to 2009, as Executive Vice President and Chief Operating Officer at South Florida Express from 2005 to 2007 and as Senior Vice President and Operations Services Director at Regions Bank. Mr. Collazo received a bachelor's degree in management information systems and computer science from Barry University.

Martha Guerra-Kattou – Director of Sales and Marketing

Martha Guerra-Kattou has served as our Executive Vice President, Director of Sales and Marketing since 2016 and oversees the operation of 11 full-service banking centers throughout Miami-Dade and south Broward counties. Ms. Guerra-Kattou has over 30 years' managerial experience in bank operations and sales and marketing. Prior to joining us, Ms. Guerra-Kattou served in different managerial positions at TotalBank since 2000, including serving as Director of Sales and Marketing from 2012 to December 2016, as Senior Vice President of Project Management from November 2011 to August 2012 and as Vice President of Branch Administration from 2000 to November 2011. Ms. Guerra-Kattou attended Miami-Dade College. She has supplemented her banking industry education by attending bank training programs in leadership and management including completing a credited course curriculum at the University of Central Florida's College of Business, the Florida Bankers Association's Florida School of Banking program and courses offered by the American Bankers Association.

Below is a brief summary of our Board members' significant experience (excluding Mr. de la Aguilera, whose biography appears above).

Aida Levitan, Ph.D., APR

- Chairwoman of the Board of the Bank since 2017
- Serves on the boards of the IMPAC Fund, Spanish Cultural Center of Miami, President of ArtesMiami, Inc. and Trustee Emertia of the Perez Art Museum Miami
- Formerly served as Vice Chair of the national Smithsonian Latino Center, Communications Chair of the National Museum of the American Latino Commission, Chair of the Aetna Latino Advisory Council, and former President of the Association of Hispanic Advertising Agencies (AHAA)
- Former Vice Chair/President of Bromley Communications and former CEO of Publicis Sanchez & Levitan
- Director since 2013

Kirk Wycoff

- Founder and Managing Partner of Patriot Financial Partners, L.P.
- Serves on the Boards of Banc of ActiveWorx, California, Inc., Grasshopper Bancorp, Inc., Auxilior Capital Partners, Inc., Numerated Growth Technologies, Progress Leasing Company, and Volunteer Bancorp, Inc.
- Director since 2015

Howard Feinglass

- Founder and Managing Partner of Priam Capital
- Director of Howard Bancorp, Inc. and Howard Bank since 2018
- Director of non-profit Riverside Hawks
- Former Principal of Odyssey Partners
- Director since 2015

Ramón Abadin

- Founder and Partner of Ramon A. Abadin P.A.
- Serves on the Boards of WestCare and Florida Lawyers Mutual Insurance Company
- Former President of the Florida Bar
- Former President of the Cuban American Bar Association
- Director since 2017

Bernardo Fernandez, Jr., M.D.	• CEO of Baptist Health Medical Group • Former Chair of the Florida Board of Medicine and Head of Section of Vascular Medicine of Cleveland Clinic Florida • Serving as a member of the Orange Bowl Committee and the Board of Trustees of St. Thomas University • Former CEO and President of Cleveland Clinic Florida • 2013 Recipient of the National Hospital CEO of the Year from The Association of Hispanic Healthcare Executives • Director since 2017
Wayne Goldstein	• Co-Founder, Co-President and Principal at Endicott Management Company • Serves on the Boards of Business News Americas, Ltd., Bank Leumi USA and Columbia Lake Partners • Former Director at First Capital Corporation, American Chartered Bancorp, Equity Bancshares, Inc. and SJB Corporation • Former Managing Director at Sandler O'Neill and Partners, L.P. • Director since 2019; intends to resign upon the completion of this offering

Our Markets

According to Pitchbook, the Miami-Dade MSA ranked 16 in the U.S. for venture capital deal volume and value, with 135 deals and $1 billion invested last year through early December. We believe the recent acceptance and expected ongoing emphasis on remote work, coupled with a low tax environment, warmer weather and favorable real estate market is incentivizing companies to relocate some or all of their operations to South Florida. We believe this trend is further demonstrated by recent relocation initiatives undertaken by large financial institutions such as Blackstone Group Inc., Goldman Sachs Group Inc. and Citadel Advisors LLC, all of which having established operations in South Florida. Moreover, according to Florida's 2019 International Trade Summary, Florida's total merchandise trade and exports were approximately $154 billion, making it the nation's 7th largest export state. Research by PortMiami in 2019 shows that international trade within Miami has an estimated employment impact of 334,500 jobs with import and export activity generating an estimated $10 billion in state income, and approximately $2 billion in state and local taxes.

The following table sets forth certain demographic information for the markets in which we operate and highlights Florida's growth statistics as compared to the U.S. as a whole.

Market Area	Total Population 2021 (Estimated)	Population Change 2010-2021 (%)	Projected Population Change 2021-2026 (%)	Median Household Income 2021 ($)	Projected Household Income Change 2021-2026 (%)	Unemployment Rate (%)
Miami-Dade County	2,792,176	11.8	5.2	58,193	14.0	8.1
Broward County	1,976,228	13.1	5.5	63,586	9.1	5.3
Miami-Dade MSA	6,280,334	12.9	5.4	62,586	11.4	6.6
Florida	21,908,282	16.5	5.9	61,374	11.3	4.8
United States	330,946,040	7.2	2.9	67,761	9.0	6.3

Source: S&P Global Market Intelligence and U.S. Bureau of Labor Statistics.

2015 Recapitalization

The 2015 Recapitalization resulted in the issuance of $65.0 million of preferred and common stock to the new investors led by Patriot and Priam. As of March 31, 2021, these investors in the aggregate continue to

hold approximately 49.3% voting ownership interest and 73.3% economic ownership interest in the Bank. This investment structure was designed to keep the 2015 Recapitalization investors below certain ownership thresholds for federal and state banking law and regulation purposes and to not trigger a change in control under Section 382 of the Internal Revenue Code to preserve the value of the Bank's deferred tax assets. See below under "Principal Shareholders." As noted above, since the 2015 Recapitalization, we undertook a complete reorganization of the Bank, starting with the replacement of the entire legacy executive management team and reconstituted the board of directors with five new directors, two of whom joined in connection with the 2015 Recapitalization and three of whom joined after the 2015 Recapitalization. We also elected a new Chairwoman of the Board, Cuban-American businesswoman Aida Levitan, Ph.D., who joined the Board in 2013. We then overhauled our credit underwriting and risk management infrastructure, with key hires from larger competitors in our primary markets. We also replaced the majority of key personnel in credit and risk oversight roles. Our focus on enhancing our personnel systems, credit underwriting and risk management controls, coupled with the successful completion of the 2015 Recapitalization allowed us to resolve the 2011 consent order in April 2016 and return to profitability for the year ended December 31, 2016. As of the date of this offering circular, we are well capitalized, with a conservative and diversified loan portfolio, a stable deposit base, and the infrastructure necessary to implement multiple strategies that we have identified for our continued growth and success.

This offering is being undertaken along with certain other transactions that we believe are necessary and appropriate in order to simplify our capital structure as created as part of the 2015 Recapitalization, including the repurchase and exchange transactions described under "The Exchange Transactions." While necessary at the time, we believe our current capital structure is overly complex for a Bank of our size with our planned growth strategies. By simplifying our capital structure through the exchange of certain classes of our preferred stock for Class A common stock immediately prior to the completion of this offering, followed by the use of a portion of the proceeds from this offering for the redemptions of any remaining outstanding shares of Preferred Stock, we believe that we will have a streamlined capital structure that will position us for future growth consistent with other publicly traded banks that are similarly sized. See "The Exchange Transactions," "Use of Proceeds" and "Capitalization."

Deferred Tax Assets

We have generated considerable net deferred tax assets, which consist of net operating loss carry-forwards and certain built-in losses, as of March 31, 2021, of $39.2 million, or $7.67 per share of common stock outstanding. Our ability to use these net operating loss carry-forwards and built-in losses to offset future taxable income will be limited if we experience an "ownership change" as defined in Section 382 of the Internal Revenue Code of 1986, as amended, or the Internal Revenue Code. See "Risk Factors—*Our ability to recognize the benefits of deferred tax assets is dependent on future cash flows and taxable income and may be materially impaired upon significant changes in ownership of our common stock, including changes in ownership that may result from transfers by our Significant Investors, which are not otherwise restricted*."

Subject to certain exceptions, our common stock is subject to transfer restrictions as set forth in our Amended and Restated Articles. Until the earlier of (A) January 1, 2035, (B) the repeal of Section 382 of the Internal Revenue Code or any successor statute if the Board determines that Article X of the Amended and Restated Articles is no longer necessary for the preservation of tax benefits and (C) the beginning of a taxable year to which the Board determines that no tax benefits may be carried forward, unless approved by the Board in accordance with the procedures set forth in the Amended and Restated Articles and subject to certain exceptions for permitted transfers, including transfers by our Significant Investors, any attempted transfer of our common stock is prohibited to the extent that, as a result of such transfer (or any series of transfers of which such transfer is a part), either (i) any person or group of persons will own 4.95% or more of the Bank or (ii) the ownership interest in the Bank of any of our existing 5% or more shareholders will change. The expiration date of such transfer restriction may be advanced or extended by the Board in its discretion in order to protect the tax attributes of the Bank. This provision may limit the ability of the investors who participate in this offering and

the ability to resell our shares. See “Description of Capital Stock—Deferred Tax Asset Related Ownership Limitations.”

Investments

We manage our investment portfolio and cash to maintain adequate liquidity and to ensure the safety and preservation of invested principal, with a secondary focus on yield and returns. Specific goals of our investment portfolio are as follows:

- Provide a ready source of balance sheet liquidity, ensuring adequate availability of funds to meet fluctuations in loan demand, deposit balances and other changes in balance sheet volumes and composition;
- Serve as a means for diversification of our assets with respect to credit quality, maturity and other attributes; and
- Serve as a tool for modifying our interest rate risk profile pursuant to our established policies.

Our investment portfolio is comprised primarily of subordinated debt and U.S. government agency securities, collateralized mortgage obligations, mortgage-backed securities backed by government-sponsored entities, municipalities and corporate bonds. Although we may sell investment securities from time to time to take advantage of changes in interest rate spreads, it has been our practice not to sell investment securities unless we can reinvest the proceeds at a similar or higher spread, so as not to take gains to the detriment of future income.

The investment policy is reviewed annually by our Board. Overall investment goals are established by our board, Chief Executive Officer, Chief Financial Officer, Treasurer and members of our ALCO committee. The Board has delegated the responsibility of monitoring our investment activities to our ALCO committee. Day-to-day activities pertaining to the investment portfolio are conducted within our finance department under the supervision of the Chief Financial Officer and Treasurer. We actively monitor our investments on an ongoing basis to identify any material changes in the securities. We also review our investment securities for potential other-than-temporary impairment at least quarterly.

Enterprise Risk Management

We place significant emphasis on risk mitigation as an integral component of our organizational culture. We believe that our emphasis on risk management is critical to achieving our strategic goals and objectives, and therefore, we have developed an enterprise risk management, or ERM, program that is designed to identify, assess, measure, analyze, respond and monitor key risks. Our ERM efforts are led by our Director of Enterprise Risk Management. We manage our operations to attain a reasonable risk/return relationship, which serves as a guideline for acceptable credit risks, market risks, and liquidity risks. Our business of lending is one of the more significant risks we face. Our risk management with respect to lending focuses, among other things, on structuring credits to provide for multiple sources of repayment, coupled with strong underwriting undertaken by experienced bank officers and credit policy personnel. We also focus on risk management in numerous other areas throughout our Bank, including with respect to asset/liability management, regulatory compliance, legal, human resources, technology/operations, and financial reporting, including our internal controls. We have implemented a comprehensive ALM process, have an outsourced interest rate risk model, and validate this model through the use of an independent model validation by a reputable third party.

Our Employees

As of March 31, 2021, we had 186 full-time employees, all located in the State of Florida. None of our employees are represented by a labor union or covered by a collective bargaining agreement. We have not experienced any work stoppages, and we consider our relations with our employees to be good.

Human Capital Resources

We respect the values and diversity throughout our organization and the community. Diversity and inclusion are integral parts of our organization's culture. We seek the active engagement and participation of people with diverse backgrounds and ethnicities. We are taking steps to create programs to ensure that we are organized in a way where the unique contributions of each individual in our Bank is recognized and supported. Each team member is to be treated fairly with equal access to opportunities and resources for success. We are developing programs to attract, develop and retain talented individuals in the communities we serve, such as an employee engagement group, which is tasked with ensuring diversity, interaction, ideas for community involvement, charitable activities, work process improvement, and feedback on issues and concerns. We are developing programs that facilitate socially conscious relationships and address the needs of our communities. Additionally, we run homebuyer educational and financial literacy workshops in an effort to reach the financing needs of our communities.

We are committed and focused on the health and safety of our team members, customers, and communities. In response to the COVID-19 pandemic, we updated operating protocols to ensure the virtual availability of our banking services, while prioritizing the health and safety of clients and team members. Our team members, support teams, and management largely continue to work remotely; however, associates located in our corporate offices and operations centers began to gradually return to those locations at reduced capacity levels in the third and fourth quarter of 2020. We continue to focus on enhancing remote, mobile, and online processes. Despite such continued uncertainty, the health and well-being of our team members and customers will always be a priority.

Government Regulation

We must comply with state and federal banking laws and regulations that control virtually all aspects of our operations. These laws and regulations generally aim to protect our depositors, not necessarily our shareholders or our creditors. Any changes in applicable laws or regulations may materially affect our business and prospects. Proposed legislative or regulatory changes may also affect our operations. Please refer to "Supervision and Regulation" for a summary of some of the laws and regulations to which we are subject. Also note that references to applicable statutes and regulations are brief summaries, do not purport to be complete, and are qualified in their entirety by reference to such statutes and regulations.

Properties

At March 31, 2021, we provided banking services at 11 banking centers locations, all of which are located in South Florida. Of these banking center locations, nine of these locations are leased and two banking center locations located at 3999 Sheridan St, Hollywood, FL 33021 and 1100 E 4th Ave, Hialeah, FL 33010 are owned. One of our leased banking center locations, located at 2301 N.W. 87th Avenue, Miami, Florida 33172, is also our corporate headquarters. This location is 37,742 square feet in size; the remaining 10 banking centers have an average square foot size of 5,394 square feet. We believe that the banking office leases are generally on terms consistent with prevailing market terms. Additionally, we believe that our current facilities are in good condition and adequate to meet our present and foreseeable needs, subject to possible future expansion.

Legal Proceedings

On June 24, 2021, two shareholders filed a Complaint for Injunctive Relief against three of our directors in the United States District Court, Southern District (*Rasco et al. v. Wycoff et al.*, Case No. 1:21-cv-22325 MGC-JJO), alleging breach of fiduciary duty and requesting, among other things, that the directors be enjoined from exchanging their respective shares of Preferred Stock in the Exchange Transactions (the "Exchange Offer Litigation"). On June 28, 2021, a Motion to Dismiss was filed by one of the director defendants for lack of subject matter jurisdiction, which motion is pending. On July 12, 2021, the plaintiff shareholders filed a First

Amended Complaint (the "Amended Complaint"), adding the Bank as a defendant. The Amended Complaint alleges federal securities fraud claims against the Bank and the three directors relating to the Exchange Transactions, alleging that the disclosures regarding the Exchange Transactions to holders of Preferred Stock were inadequate and that the Bank is not permitted to engage in the Exchange Transactions under the terms of its Articles of Incorporation and asking the court to enjoin the Bank from effecting the Exchange Transactions. We believe that the allegations in the lawsuit are legally and factually without merit, and we intend to vigorously defend against the allegations in the lawsuit, pursue any potential counterclaims against the plaintiffs as we deem appropriate, and seek coverage from our insurance carriers. See above under "Risk Factors—*Litigation, including recent litigation relating to the Exchange Transactions, or regulatory and enforcement actions, could subject us to significant fines, penalties, judgments or other requirements resulting in increased expenses or restrictions on our business activities*" with regard to certain risks related to this lawsuit.

Except as otherwise described in the immediately preceding paragraph, we are not currently subject to any material legal proceedings. We are from time to time subject to claims and litigation arising in the ordinary course of business. These claims and litigation may include, among other things, allegations of violation of banking and other applicable regulations, competition law, labor laws and consumer protection laws, as well as claims or litigation relating to intellectual property, securities, breach of contract and tort. We intend to defend ourselves vigorously against any pending or future claims and litigation.

At this time, in the opinion of management, the likelihood is remote that the impact of such proceedings, either individually or in the aggregate, would have a material adverse effect on our consolidated results of operations, financial condition or cash flows. However, one or more unfavorable outcomes in any claim or litigation against us, including with regard to the Exchange Offer Litigation, could have a material adverse effect for the period in which such claims or litigation are resolved. In addition, regardless of their merits or their ultimate outcomes, such matters are costly, divert management's attention and may materially adversely affect our reputation, even if resolved in our favor.

Seasonality

We do not believe our business to be seasonal in nature.

JOBS Act

We qualify as an "emerging growth company" pursuant to the provisions of the JOBS Act. For as long as we are an emerging growth company, we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act, an extended transition period for complying with new or revised accounting standards affecting public companies, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, reduced disclosure obligations relating to the presentation of financial statements in Management's Discussion and Analysis of Financial Condition and Results of Operations, exemptions from the requirements of holding advisory "say-on-pay" votes on executive compensation and shareholder advisory votes on golden parachute compensation. We have availed ourselves of the reduced reporting obligations in this offering circular, and expect to continue to avail ourselves of the reduced reporting obligations available to emerging growth companies in future filings with the FDIC.

Our Corporate Information

Our principal executive offices are located at 2301 N.W. 87th Avenue, Miami, Florida 33172, and our telephone number is (305) 715-5200. Our website is www.uscentury.com. The information contained on or accessible from our website does not constitute a part of this offering circular and is not incorporated by reference herein.

SUPERVISION AND REGULATION

The following is a general summary of the material aspects of certain statutes and regulations applicable to us. These summary descriptions are not complete, and you should refer to the full text of the statutes, regulations, and corresponding guidance for more information. These statutes and regulations are subject to change, and additional statutes, regulations, and corresponding guidance may be adopted. We are unable to predict these future changes or the effects, if any, that these changes could have on the business, prospects, revenues, and results of operations of our Bank.

Overview

U.S. Century is a state-chartered, non-Federal Reserve System member bank that is chartered by and headquartered in the State of Florida. We are subject to extensive federal and state banking laws, regulations, and policies that are intended primarily for the protection of customers, depositors and other consumers, the DIF, and the banking system as a whole and not for the protection of our creditors and shareholders. We are examined, supervised and regulated by the FOFR and the FDIC (our primary federal regulator) as an FDIC-insured state-chartered bank that does not have a parent bank holding company and that is not a member of the Federal Reserve System, or the Federal Reserve. The statutes enforced by, and regulations and policies of, these agencies affect most aspects of our business, including prescribing the permissible scope of our activities, permissible types of loans and investments, the amount of required equity capital, requirements for branch offices, and various other requirements.

Our deposits are insured by the FDIC to the fullest extent permissible by law. As an insurer of deposits, the FDIC issues regulations, conducts examinations, requires the filing of reports and generally supervises the operations of all state chartered institutions to which it provides deposit insurance. In addition, because we are a state non-Federal Reserve System member bank, the FDIC is also our primary federal regulator. Accordingly, the approval of the FDIC is required for certain transactions in which we may engage, including any merger or consolidation involving us, a change in control over us, or the establishment or relocation of any of our branch offices. In reviewing applications seeking approval of such transactions, the FDIC may consider, among other things, the competitive effect and public benefits of the transactions, the capital position, financial and managerial resources and future prospects of the organizations involved in the transaction, the risks to the stability of the U.S. banking or financial system, the applicant's performance record under the Community Reinvestment Act (see "Community Reinvestment Act" below) and the effectiveness of the organizations involved in the transaction in combating money laundering activities. The FDIC also has the authority to prohibit these and other transactions even if approval is not required if these activities and transactions are viewed by the FDIC as being "unsafe and unsound," and could do so if we have otherwise failed to comply with all laws and regulations applicable to us.

As a Florida state-chartered bank, we are empowered by Florida law, subject to the limitations contained in those statutes, to take and pay interest on savings and time deposits, to accept demand deposits, to make loans on residential and other real estate, to make consumer and commercial loans, to invest, with certain limitations, in equity securities and in debt obligations of banks and corporations and to provide various other banking services for the benefit of our clients. Various consumer laws and regulations also affect our operations, including state usury laws, laws relating to fiduciaries, consumer credit and equal credit opportunity laws, and fair credit reporting laws. In addition, the Federal Deposit Insurance Corporation Improvement Act of 1991, or FDICIA, prohibits insured state chartered institutions from conducting activities as principal that are not permitted for national banks. A state-chartered bank, however, may engage in an otherwise prohibited activity if it meets its minimum capital requirements and the FDIC determines that the activity does not present a significant risk to the DIF.

In addition to remedies available to the FDIC (which are discussed below), the FOFR may take possession of our Bank and cause it to cease operations if certain conditions exist, such as conducting business in an unsafe or unauthorized manner, impairments of capital, suspended payments of obligations, or violations of law.

Safety and Soundness Regulation

As an insured depository institution, we are subject to prudential regulation and supervision and must undergo regular on-site examinations by our state and federal banking agencies. The cost of examinations of insured depository institutions and any affiliates are assessed by the appropriate agency against each institution or affiliate that is subject to examination as it deems necessary or appropriate. We file quarterly consolidated reports of condition and income, or call reports, with the FDIC and FOFR.

The federal banking agencies have also adopted guidelines establishing safety and soundness standards for all insured depository institutions including our Bank. The safety and soundness guidelines relate to, among other things, our internal controls, information systems, internal audit systems, loan underwriting and documentation, anti-money laundering policies and procedures, transactions with insiders, risk management, compensation, asset growth, and interest rate exposure. These standards assist the federal banking agencies with early identification and resolution of problems at insured depository institutions. If we were to fail to meet or otherwise comply with any of these standards, the FDIC could require us to submit a plan for achieving and maintaining compliance. If a financial institution fails to submit an acceptable compliance plan, or fails in any material respect to implement a compliance plan that has been accepted by the FDIC, the FDIC is required to issue an order directing the institution to cure the deficiency. Until the deficiency cited in the order is cured, the FDIC may restrict the financial institution's rate of growth, require the financial institution to increase its capital, restrict the rates the institution pays on deposits or require the institution to take any action the regulator deems appropriate under the circumstances. Noncompliance with the standards established by the safety and soundness guidelines may also constitute grounds for other enforcement action, including cease and desist orders and civil money penalty assessments. In addition, the FDIC could terminate our deposit insurance if it determines that our financial condition was unsafe or unsound or that we engaged in unsafe or unsound practices that violated applicable rules, regulations, orders or conditions enacted or imposed on us by our regulators.

During the past decade, the bank regulatory agencies have increasingly emphasized the importance of sound risk management processes and strong internal controls when evaluating the activities of the financial institutions they supervise. Properly managing risks has been identified as critical to the conduct of safe and sound banking activities and has become even more important as new technologies, product innovation and the size and speed of financial transactions have changed the nature of banking markets. The agencies have identified a spectrum of risks facing a banking institution including, but not limited to, credit, market, liquidity, interest rate, cybersecurity, operational, legal and reputational risk. In particular, recent regulatory pronouncements have focused on operational risk, which arises from the potential that inadequate information systems, operational problems, breaches in internal controls, fraud or unforeseen catastrophes will result in unexpected losses. New products and services, use of outside vendors and cybersecurity are critical sources of operational risk that financial institutions are expected to address in the current environment. We expect to have active Board and senior management oversight; adequate policies, procedures and risk limits; adequate risk measurement and monitoring and adequate management information systems; and comprehensive internal controls to address these various risks.

Payment of Dividends

The ability of the board of directors of an insured depository institution to declare a cash dividend or other distribution with respect to capital is subject to statutory and regulatory restrictions that limit the amount available for such distribution depending upon earnings, financial condition and cash needs of the institution, as well as general business conditions. Insured depository institutions are also prohibited from paying management fees to any controlling persons or, with certain limited exceptions, making capital distributions, including dividends, if after such transaction the institution would be less than adequately capitalized. We may generally declare a dividend from retained net profits which accrued prior to the preceding two years, but we must, before the declaration of a dividend on our common stock, carry 20% of our net profits for such preceding period as is covered by the dividend to our surplus fund, until the same shall at least equal the amount of our common stock

and preferred stock then issued and outstanding. Under Florida law, we are prohibited from declaring a dividend at any time at which our net income from the current year combined with the retained net income from the preceding two years is a loss or which would cause our capital accounts to fall below the minimum amount required by law, regulation, order, or any written agreement with a state or federal regulatory agency.

Under certain circumstances, the FDIC may determine that the payment of a dividend would be an unsafe or unsound practice as a result of our financial condition and to prohibit the payment thereof. In particular, the FDIC has stated that excessive dividends can negate strong earnings performance and result in a weakened capital position and that dividends generally can be disbursed, in reasonable amounts, only after losses are eliminated and prudent capital levels are established. In addition, the capital rules require us to maintain a 2.5% capital conservation buffer in Common Equity Tier 1 capital in order to pay a cash dividend. See "—Capital and Related Requirements" below.

Capital and Related Requirements

The federal banking regulators have adopted risk-based capital adequacy guidelines for bank holding companies and their subsidiary banks and banks without bank holding companies based on the Basel III standards. Under these guidelines, assets and off-balance sheet items are assigned to specific risk categories, each with designated risk weightings. The risk-based capital guidelines are designed to make regulatory capital requirements more sensitive to differences in risk profiles among banks and bank holding companies, to account for off-balance sheet exposure, to minimize disincentives for holding liquid assets, and to achieve greater consistency in evaluating the capital adequacy of major banks throughout the world. The resulting capital ratio requirements represent capital as a percentage of total risk-weighted assets and off-balance sheet items. Final rules implementing the capital adequacy guidelines became effective, with various phase-in periods, on January 1, 2015 for community banks such as us. All of the rules were fully phased in as of January 1, 2019. These final rules represent a significant change to the prior general risk-based capital rules and are designed to substantially conform to the Basel III international standards.

In computing total risk-weighted assets, bank and bank holding company assets are given risk-weights of 0%, 20%, 50%, 100% and 150%. In addition, certain off-balance sheet items are given similar credit conversion factors to convert them to asset equivalent amounts to which an appropriate risk-weight will apply. Most loans will be assigned to the 100% risk category, except for performing first mortgage loans fully secured by 1-to-4 family and certain multi-family residential property, which carry a 50% risk rating. Most investment securities (including, primarily, general obligation claims on states or other political subdivisions of the United States) will be assigned to the 20% category, except for municipal or state revenue bonds, which have a 50% risk-weight, and direct obligations of the U.S. Treasury or obligations backed by the full faith and credit of the U.S. government, which have a 0% risk-weight. In covering off-balance sheet items, direct credit substitutes, including general guarantees and standby letters of credit backing financial obligations, are given a 100% conversion factor. Transaction-related contingencies such as bid bonds, standby letters of credit backing nonfinancial obligations, and undrawn commitments (including commercial credit lines with an initial maturity of more than one year) have a 50% conversion factor. Short-term commercial letters of credit are converted at 20% and certain short-term unconditionally cancelable commitments have a 0% factor.

Under the final rules, minimum requirements increased for both the quality and quantity of capital held by banking organizations. In this respect, the final rules implement strict eligibility criteria for regulatory capital instruments and improve the methodology for calculating risk-weighted assets to enhance risk sensitivity. Consistent with the international Basel III framework, the rules include a new minimum ratio of Common Equity Tier 1 Capital to Risk-Weighted Assets of 4.5%. The rules also create a Common Equity Tier 1 Capital conservation buffer of 2.5% of risk-weighted assets. This buffer is added to each of the three risk-based capital ratios to determine whether an institution has established the buffer. The rules raise the minimum ratio of Tier 1 Capital to Risk-Weighted Assets from 4% to 6% and include a minimum leverage ratio of 4% for all banking organizations. If a financial institution's capital conservation buffer falls below 2.5% — e.g., if the institution's

Common Equity Tier 1 Capital to Risk-Weighted Assets is less than 7.0% — then capital distributions and discretionary payments will be limited or prohibited based on the size of the institution's buffer. The types of payments subject to this limitation include dividends, share buybacks, discretionary payments on Tier 1 instruments, and discretionary bonus payments.

The new capital regulations may also impact the treatment of accumulated other comprehensive income, or AOCI, for regulatory capital purposes. Under the new rules, AOCI generally flows through to regulatory capital, however, community banks and their holding companies (if any) may make a one-time irrevocable opt-out election to continue to treat AOCI the same as under the old regulations for regulatory capital purposes. This election was required to be made on the first call report filed after January 1, 2015. We made the opt-out election. Additionally, the new rules also permit community banks with less than $15 billion in total assets to continue to count certain non-qualifying capital instruments issued prior to May 19, 2010 as Tier 1 capital, including trust preferred securities and cumulative perpetual preferred stock (subject to a limit of 25% of Tier 1 capital). However, non-qualifying capital instruments issued on or after May 19, 2010 do not qualify for Tier 1 capital treatment.

On September 17, 2019, the federal banking agencies jointly finalized a rule to be effective January 1, 2020 and intended to simplify the regulatory capital requirements described above for qualifying community banking organizations that opt into the Community Bank Leverage Ratio, or CBLR, framework, as required by Section 201 of the Regulatory Relief Act. The final rule became effective on January 1, 2020, and the CBLR framework became available for banks to use beginning with their March 31, 2020 call reports. Under the final rule, if a qualifying community banking organization opts into the CBLR framework and meets all requirements under the framework, it will be considered to have met the well-capitalized ratio requirements under the prompt corrective action regulations described elsewhere in this offering circular and will not be required to report or calculate risk-based capital. In order to qualify for the CBLR framework, a community banking organization must have a tier 1 leverage ratio of greater than 9%, less than $10 billion in total consolidated assets, off-balance-sheet exposures of 25% or less of total consolidated assets, and trading assets and liabilities of 5% or less of total consolidated assets. However, Section 4012 of the CARES Act required that the CBLR be temporarily lowered to 8%. The federal regulators issued a rule implementing the lower CBLR effective April 23, 2020. The rule also established a two-quarter grace period for a qualifying institution whose leverage ratio falls below the 8% CBLR requirement so long as the bank maintains a leverage ratio of 7% or greater. Another rule was issued to transition back to the 9% CBLR by increasing the ratio to 8.5% for calendar year 2021 and 9% thereafter. Although the Bank is a qualifying community banking organization, the Bank has elected not to opt in to the CBLR framework at this time and will continue to follow the Basel III capital requirements as described above.

Prompt Corrective Action

Federal law and regulations establish a capital-based regulatory scheme designed to promote early intervention for troubled banks and require the FDIC to choose the least expensive resolution of bank failures. As an insured depository institution, we are required to comply with the capital requirements promulgated under the Federal Deposit Insurance Act, or the FDIA. The FDIA requires each federal banking agency to take prompt corrective action, or PCA, to resolve the problems of insured depository institutions, including those that fall below one or more prescribed minimum capital ratios. The capital-based regulatory framework contains five categories of compliance with regulatory capital requirements, including "well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized," and "critically undercapitalized." As of March 31, 2021, our capital ratios exceeded the minimum ratios established for a "well capitalized" institution and we are unaware of any material violation or alleged violation of these regulations, policies or directives. See "Selected Historical Consolidated Financial Data" for our capital ratios.

The following is a list of the criteria for each PCA capital category:

- *Well Capitalized* – The institution exceeds the required minimum level for each relevant capital measure. A well capitalized institution:
  - has total risk-based capital ratio of 10% or greater; and

- has a Tier 1 risk-based capital ratio of 8% or greater; and
- has a common equity Tier 1 risk-based capital ratio of 6.5% or greater; and
- has a leverage capital ratio of 5% or greater; and
- is not subject to any order or written directive from the appropriate regulatory agency to meet and maintain a specific capital level for any capital measure.

- *Adequately Capitalized* – The institution meets the required minimum level for each relevant capital measure. The institution may not make a capital distribution if it would result in the institution becoming undercapitalized. An adequately capitalized institution:
  - has a total risk-based capital ratio of 8% or greater; and
  - has a Tier 1 risk-based capital ratio of 6% or greater; and
  - has a common equity Tier 1 risk-based capital ratio of 4.5% or greater; and
  - has a leverage capital ratio of 4% or greater.
- *Undercapitalized* – The institution fails to meet the required minimum level for any relevant capital measure. An undercapitalized institution:
  - has a total risk-based capital ratio of less than 8%; or
  - has a Tier 1 risk-based capital ratio of less than 6%; or
  - has a common equity Tier 1 risk-based capital ratio of less than 4.5%; or
  - has a leverage capital ratio of less than 4%.
- *Significantly Undercapitalized* – The institution is significantly below the required minimum level for any relevant capital measure. A significantly undercapitalized institution:
  - has a total risk-based capital ratio of less than 6%; or
  - has a Tier 1 risk-based capital ratio of less than 4%; or
  - has a common equity Tier 1 risk-based capital ratio of less than 3%; or
  - has a leverage capital ratio of less than 3%.
- *Critically Undercapitalized* – The institution fails to meet a critical capital level set by the appropriate federal banking agency. A critically undercapitalized institution has a ratio of tangible equity to total assets that is equal to or less than 2%.

Additionally, under the regulations, the applicable agency can treat an institution as if it were in the next lower category if the agency determines (after notice and an opportunity for hearing) that the institution is in an unsafe or unsound condition or is engaging in an unsafe or unsound practice. The degree of regulatory scrutiny of a financial institution will increase, and the permissible activities of the institution will decrease, as it moves downward through the capital categories.

The FDIA generally prohibits a depository institution from making any capital distributions (including payment of a dividend) or paying any management fee to its parent holding company if the depository institution would thereafter be "undercapitalized." Moreover, if the institution becomes less than adequately capitalized, it must adopt a capital restoration plan acceptable to the FDIC. The institution also would become subject to increased regulatory oversight and is increasingly restricted in the scope of its permissible activities. Except under limited circumstances consistent with an accepted capital restoration plan, an undercapitalized institution may not increase the size of its balance sheet or expand into new lines of business. An undercapitalized

institution may not acquire another institution, establish additional branch offices or engage in any new line of business unless it is determined by the appropriate federal banking agency to be consistent with an accepted capital restoration plan or unless the FDIC determines that the proposed action will further the purpose of PCA. A critically undercapitalized institution is subject to having a receiver or conservator appointed to liquidate the institution or facilitate its acquisition by another financial institution.

In addition to measures taken under the PCA provisions, insured banks may be subject to potential enforcement actions by the federal regulators for unsafe or unsound practices in conducting their businesses or for violations of any law, rule, regulation or any condition imposed in writing by the agency or any written agreement with the agency. Enforcement actions may include the issuance of cease and desist orders that can be judicially enforced, the imposition of civil money penalties, the issuance of directives to increase capital or to take other remedial regulatory measures, formal and informal agreements, the imposition of a conservator or receiver, or removal and prohibition orders against "institution-affiliated" parties, and termination of insurance of deposits. The FOFR also has broad powers to enforce compliance with Florida laws and regulations.

Community Reinvestment Act and Fair Lending Requirements

We are subject to certain fair lending requirements and reporting obligations involving home mortgage lending operations. We are also subject to certain requirements and reporting obligations under the federal Community Reinvestment Act, or CRA. The CRA and its corresponding regulations are intended to encourage banks to help meet the credit needs of the communities they serve, including low- and moderate-income neighborhoods, consistent with safe and sound banking practices. Accordingly, the CRA generally requires federal banking agencies to evaluate the record of a financial institution in meeting applicable CRA requirements. The CRA further requires the agencies to take into account our record of meeting community credit needs when evaluating applications for, among other things, new branches or mergers. We are also subject to analogous state CRA requirements in Florida and certain other states in which we may establish branch offices. In connection with their assessments of CRA performance, the FDIC and FOFR assign a rating of "outstanding," "satisfactory," "needs to improve," or "substantial noncompliance." We received a "satisfactory" CRA Assessment Rating from both regulatory agencies in our most recent CRA examinations. In addition to substantive penalties and corrective measures that may be required for a violation of certain fair lending laws, the federal banking agencies may take compliance with such laws and CRA into account when regulating and supervising other activities of the bank, including in acting on expansionary proposals such as when a bank submits an application to establish bank branches, merge with another bank, or acquire the assets and assume the liabilities of another bank. An unsatisfactory CRA and/or fair lending record could substantially delay or block any such transaction.

Overdraft Fee Regulation

The Electronic Fund Transfer Act prohibits financial institutions from charging consumers fees for paying overdrafts on automated teller machines, or ATMs, and one-time debit card transactions, unless a consumer consents, or opts in, to the overdraft service for those types of transactions. If a consumer does not opt in, any ATM transaction or debit that overdraws the consumer's account will be denied. Overdrafts on the payment of checks and regular electronic bill payments are not covered by this new rule. Before opting in, the consumer must be provided with a notice that explains the financial institution's overdraft services, including the fees associated with the service, and the consumer's choices. Financial institutions must provide consumers who do not opt in with the same account terms, conditions and features (including pricing) that they provide to consumers who do opt in.

Consumer Protection Regulations

Our activities are subject to a variety of federal and state statutes and regulations designed to protect consumers in transactions with banks. Interest and other charges collected or contracted for by us are subject to

state usury laws and federal laws concerning interest rates. Our loan operations are also subject to federal laws applicable to credit transactions, such as:

- the Truth-In-Lending Act, or TILA, and Regulation Z, governing disclosures of credit and servicing terms to consumer borrowers and including substantial new requirements for mortgage lending and servicing, as mandated by the Dodd-Frank Act;
- the Home Mortgage Disclosure Act of 1975 and Regulation C, requiring financial institutions to provide information to enable the public and public officials to determine whether a financial institution is fulfilling its obligation to help meet the housing needs of the communities they serve;
- the Equal Credit Opportunity Act and Regulation B, prohibiting discrimination on the basis of race, color, religion, or other prohibited factors in extending credit;
- the Fair Credit Reporting Act of 1978, as amended by the Fair and Accurate Credit Transactions Act, and Regulation V, as well as the rules and regulations of the FDIC governing the use and provision of information to credit reporting agencies, certain identity theft protections and certain credit and other disclosures;
- the Fair Debt Collection Practices Act and Regulation F, governing the manner in which consumer debts may be collected by collection agencies; and
- the Real Estate Settlement Procedures Act, or RESPA, and Regulation X, which governs aspects of the settlement process for residential mortgage loans.

Our deposit operations are also subject to federal laws, such as:

- the FDIA, which, among other things, limits the amount of deposit insurance available per account to $250,000 and imposes other limits on deposit-taking;
- the Right to Financial Privacy Act, which imposes a duty to maintain the confidentiality of consumer financial records and prescribes procedures for complying with administrative subpoenas of financial records;
- the Electronic Funds Transfer Act and Regulation E, which governs automatic deposits to and withdrawals from deposit accounts and customers' rights and liabilities arising from the use of ATMs and other electronic banking services; and
- the Truth in Savings Act and Regulation DD, which requires depository institutions to provide disclosures so that consumers can make meaningful comparisons about depository institutions and accounts.

These laws and regulations mandate certain disclosure requirements and regulate the manner in which financial institutions must deal with clients when taking deposits or making loans to such clients. We must comply with the applicable provisions of these consumer protection laws and regulations as part of both our ongoing client relations and our regulatory compliance obligations.

The Consumer Financial Protection Bureau, or the CFPB, is an independent regulatory authority housed within the Federal Reserve. The CFPB has broad authority to regulate the offering and provision of consumer financial products and to prevent institutions subject to its authority from engaging in "unfair and deceptive or abusive acts or practices" with respect to their offering of consumer financial products or services. The CFPB has the authority to supervise and examine depository institutions with more than $10 billion in assets for compliance with federal consumer laws. The authority to supervise and examine depository institutions with $10 billion or less in assets, such as our Bank, for compliance with federal consumer laws remains largely with those institutions' primary regulators. However, the CFPB may participate in examinations of these smaller institutions on a "sampling basis" and may refer potential enforcement actions against such institutions to their primary

regulators. As such, the CFPB may participate in examinations of our Bank. In addition, states are permitted to adopt consumer protection laws and regulations that are stricter than the regulations promulgated by the CFPB, and state attorneys general are permitted to enforce consumer protection rules adopted by the CFPB against certain institutions.

The CFPB has issued a number of significant rules that impact nearly every aspect of the lifecycle of a residential mortgage loan. These rules implement Dodd-Frank Act amendments to the Equal Credit Opportunity Act, TILA and RESPA. Among other things, the rules adopted by the CFPB require banks to: (i) develop and implement procedures to ensure compliance with a "reasonable ability-to-repay" test; (ii) implement new or revised disclosures, policies and procedures for originating and servicing mortgages, including, but not limited to, pre-loan counseling, early intervention with delinquent borrowers and specific loss mitigation procedures for loans secured by a borrower's principal residence, and mortgage origination disclosures, which integrate existing requirements under TILA and RESPA; (iii) comply with additional restrictions on mortgage loan originator hiring and compensation; and (iv) comply with new disclosure requirements and standards for appraisals and certain financial products.

Bank regulators take into account compliance with consumer protection laws when considering approval of banks' proposed expansionary requests for regulatory approval. We incur significant costs and expenses related to our consumer compliance obligations and we expect such costs and expenses will continue into the future.

Anti-Money Laundering Regulation

As a financial institution, we must maintain anti-money laundering programs that include established internal policies, procedures and controls, a designated compliance officer, an ongoing employee training program, and testing of the program by an independent audit function in accordance with the Bank Secrecy Act of 1970, as amended, and the regulations issued by the Department of the Treasury in 31 CFR Chapter X, FDIC Rule 326.8 and the Florida Control of Money Laundering and Terrorist Financing in Financial Institutions Act. Financial institutions are prohibited from entering into specified financial transactions and account relationships and must meet enhanced standards for due diligence and "knowing your customer" in their dealings with foreign financial institutions, foreign customers and other high risk customers. Financial institutions must also take reasonable steps to conduct enhanced scrutiny of account relationships to guard against money laundering and to report transactions that meet certain dollar amount thresholds as well as any suspicious transactions. Recent laws, such as the USA PATRIOT Act, enacted in 2001 and renewed through 2019, as described below, provide law enforcement authorities with increased access to financial information maintained by banks. Anti-money laundering obligations have been substantially strengthened as a result of the USA PATRIOT Act. Bank regulators routinely examine institutions for compliance with these obligations, and this area has become a particular focus of the regulators in recent years. In addition, the regulators are required to consider compliance in connection with the regulatory review of certain applications. In recent years, regulators have expressed concern over banking institutions' compliance with anti-money laundering requirements and, in some cases, have delayed approval of their expansionary proposals. The regulators and other governmental authorities have been active in imposing "cease and desist" orders and significant money penalty sanctions against institutions found to be in violation of the anti-money laundering regulations.

USA PATRIOT Act

The USA PATRIOT Act became effective on October 26, 2001 and amended the BSA. The USA PATRIOT Act requires banks to establish anti-money laundering programs that include, at a minimum:

- a bank compliance program that contains internal policies, procedures and controls designed to implement and maintain the bank's compliance with all of the requirements of the USA PATRIOT Act, the BSA and related laws and regulations;

- bank wide systems and procedures for monitoring and reporting of suspicious transactions and activities;
- a designated compliance officer;
- employee training for bank employees;
- an independent audit function to test the efficacy of the bank's anti-money laundering program;
- procedures to verify the identity of each bank customer upon the opening of accounts;
- heightened due diligence policies, procedures and controls applicable to certain foreign accounts and relationships; and
- required reports to law enforcement and/or financial regulators to assist in the deterrence and prevention of money laundering activities.

Additionally, the USA PATRIOT Act requires each financial institution to develop a customer identification program, or CIP, as part of its anti-money laundering program. The key components of the CIP are identification, verification, government list comparison, notice and record retention. The purpose of the CIP is to enable the financial institution to determine the true identity and anticipated account activity of each customer. To make this determination, the financial institution must, among other things, collect certain information from customers at the time they enter into the customer relationship with the financial institution. This information must be verified within a reasonable time. Furthermore, all customers must be screened against any CIP-related government lists of known or suspected terrorists or other "sanctioned" persons. On May 11, 2018, the U.S. Treasury's Financial Crimes Enforcement Network, or FinCEN, issued a final rule under the BSA requiring banks to identify and verify the identity of the natural persons behind their customers that are legal entities—the beneficial owners. We and our affiliates have adopted policies, procedures and controls designed to comply with the BSA and the USA PATRIOT Act.

Moreover, South Florida has been designated as a "High Intensity Financial Crime Area," or HIFCA, by FinCEN and a "High Intensity Drug Trafficking Area," or HIDTA, by the Office of National Drug Control Policy. The HIFCA program is intended to concentrate law enforcement efforts to combat money laundering efforts in higher-risk areas. The HIDTA designation makes it possible for local agencies to benefit from ongoing HIDTA-coordinated program initiatives that are working to reduce drug use. There is also increased scrutiny of compliance with the sanctions programs and rules administered and enforced by the Treasury Department's Office of Foreign Assets Control, or OFAC. Enforcement and compliance in this area are of particular concern of the Bank. We incur significant costs and expenses in order to address these areas of concern, and we expect such costs and expenses will continue into the future.

The Office of Foreign Assets Control

OFAC is responsible for helping to ensure that U.S. entities do not engage in transactions with "enemies" of the United States, as defined by various Executive Orders and Acts of Congress. OFAC publishes lists of names of persons and organizations suspected of aiding, harboring or engaging in terrorist acts; owned or controlled by, or acting on behalf of target countries; and narcotics traffickers. Such persons are referred to as "sanctioned" persons. If a bank finds a name on any transaction, account or wire transfer that is on an OFAC list, it must freeze the account and/or block the transaction or wire transfer. We utilize an outside vendor to oversee the inspection of our accounts and the filing of any notifications. We also monitor high-risk OFAC areas such as new accounts, wire transfers and customer files. These checks are performed using software that is updated each time a modification is made to the lists provided by OFAC and other agencies of Specially Designated Nationals and Blocked Persons.

Financial Privacy and Cybersecurity

Under the privacy protection provisions of the Gramm-Leach-Bliley Act of 1999 and related regulations, we are limited in our ability to disclose non-public information about consumers to nonaffiliated third parties. These

limitations require disclosure of privacy policies to consumers and, in some circumstances, allow consumers to prevent disclosure of certain personal information to a nonaffiliated third party. Federal banking agencies, including the FDIC, have adopted guidelines for establishing information security standards and cybersecurity programs for implementing safeguards. These guidelines, along with related regulatory materials, increasingly focus on risk management and processes related to information technology and the use of third parties in the provision of financial services.

In addition to federal laws and regulations, we are subject to state laws governing customer privacy and cybersecurity. The Florida Information Protection Act of 2014 requires notification of the Florida Department of Legal Affairs of any breach involving personal information that affects more than 500 people as well as requiring notification of affected individuals of a breach. The Act also requires us to take reasonable measures to protect and secure data in electronic form containing personal information and take all reasonable measures to dispose, or arrange for the disposal, of customer records containing personal information within our custody or control when the records are no longer to be retained. We incur significant costs and expenses in order to address compliance with the federal and state customer privacy and cybersecurity laws and regulations, and we expect such costs and expenses will continue into the future.

Transactions with Related Parties

Pursuant to Sections 23A and 23B of the Federal Reserve Act and Regulation W, the authority of the Bank to engage in transactions with related parties or "affiliates" or to make loans to insiders or affiliates is limited. An affiliate of a bank is any company or entity that controls, is controlled by or is under common control with the bank. In a holding company context, the parent bank holding company and any companies that are controlled by such parent holding company (excluding subsidiaries of the bank) are affiliates of the bank.

Generally, Sections 23A and 23B of the Federal Reserve Act and Regulation W (i) limit the extent to which the bank or its subsidiaries may engage in "covered transactions" with any one affiliate to an amount equal to 10% of such bank's capital stock and surplus, and contain an aggregate limit on all such covered transactions with all affiliates to an amount equal to 20% of such bank's capital stock and surplus and (ii) require that all such transactions be on terms substantially the same, or at least as favorable, to the bank or subsidiary as those provided to non-affiliates. The term "covered transaction" relates generally to direct or indirect extensions of credit and includes the making of loans, purchase of assets, issuance of guarantees and other similar transactions. In addition, loans or other extensions of credit by the bank to the affiliate are required to be collateralized in accordance with the requirements set forth in Section 23A of the Federal Reserve Act. Also, a bank generally may not purchase securities issued or underwritten by affiliates. The purpose of these restrictions is to prevent a bank from providing credit or other financial support to its own affiliates, other than the bank's subsidiaries.

Loans to executive officers and directors of an insured depository institution or any of its affiliates or to any person who directly or indirectly, or acting through or in concert with one or more persons, owns, controls or has the power to vote more than 10% of any class of voting securities of a bank, which we refer to as 10% shareholders, or to any political or campaign committee the funds or services of which will benefit those executive officers, directors, or 10% shareholders or which is controlled by those executive officers, directors or 10% shareholders, are subject to Sections 22(g) and 22(h) of the Federal Reserve Act and the corresponding regulations (Regulation O) and Section 13(k) of the Exchange Act (as applied to us through FDIC regulations) relating to the prohibition on personal loans to executives (which exempts financial institutions in compliance with the insider lending restrictions of Section 22(h) of the Federal Reserve Act). Among other things, these loans must be made on terms substantially the same as those prevailing on transactions made to unaffiliated individuals, must not involve more than the normal risk of repayment, and certain extensions of credit to those persons must first be approved in advance by a disinterested majority of the entire board of directors.
Section 22(h) of the Federal Reserve Act prohibits loans to any of those individuals where the aggregate amount exceeds an amount equal to 15% of an institution's unimpaired capital and surplus plus an additional 10% of unimpaired capital and surplus in the case of loans that are fully secured by readily marketable collateral, or

when the aggregate amount on all of the extensions of credit outstanding to all of these persons would exceed our unimpaired capital and unimpaired surplus. Section 22(g) of the Federal Reserve Act identifies limited circumstances in which we are permitted to extend credit to executive officers of our Bank.

Change in Control

Subject to certain exceptions, the Change in Bank Control Act, or CBCA, and Florida law, together with the applicable regulations, require FDIC and FOFR approval (or, depending on the circumstances, no notice of disapproval), respectively, prior to any acquisition by any person or group of persons deemed to be acting in concert of "control" of a banking institution, which includes us.

Under the CBCA any person (or group of persons or entities acting in concert) who intends to acquire 10% or more of any class of our voting securities and either we have registered securities under Section 12 of the Exchange Act, or no other person or entity will own a greater percentage of that class of our voting securities than such person immediately after the acquisition, then that person, entity or group of persons or entities, as applicable, would be presumed to have control of us and may be required to file a change in bank control notice with the FDIC. Generally, "control" under the CBCA is presumed to exist if, among other things, any company owns, controls, or holds the power to vote 10% or more of any class of voting stock of a banking institution. After this offering our Class A common stock will be registered through FDIC regulations under Section 12 of the Exchange Act and any shareholder who owns or controls 10% or more of our Class A common stock (or of any other class of our voting stock) may be presumed to have control and may be required to file a change in bank control notice with the FDIC.

Under Florida law, a person or entity proposing to directly or indirectly acquire control of a Florida bank must also obtain permission from the FOFR. Florida statutes define "control" as either (i) indirectly or directly owning, controlling or having power to vote 25% or more of the voting securities of a bank; (ii) controlling the election of a majority of directors of a bank; (iii) owning, controlling, or having power to vote 10% or more of the voting securities as well as directly or indirectly exercising a controlling influence over management or policies of a bank; or (iv) as determined by the FOFR. These requirements will affect us because we are chartered under Florida law.

In addition to Florida and FDIC regulatory requirements, the federal Bank Holding Company Act of 1956, as amended, or BHC Act, prohibits a company from, directly or indirectly, acquiring 25% or more of any class of our voting securities or obtaining the ability to control in any manner the election of a majority of our directors or otherwise exercising a controlling influence over the management or policies of our Bank without prior application to and the approval of the Federal Reserve. A company that acquires less than 5% of any class of voting securities (and that does not exhibit any other control factors) is presumed not to have control. For ownership levels of classes of voting stock between the 5% and 25% thresholds, the Federal Reserve has developed an extensive body of law, policies and guidance on the circumstances in which control that may or may not exist be presumed to exist. The Federal Reserve recently adopted control and divestiture proceedings guidance and related regulations for determining whether a company will be deemed to control another company for purposes of the BHC Act or the Home Owners' Loan Act, which became effective on April 1, 2020.

Incentive Compensation

Guidelines adopted by the federal banking agencies pursuant to the FDIA prohibit excessive compensation as an unsafe and unsound practice and describe compensation as excessive when the amounts paid are unreasonable or disproportionate to the services performed by an executive officer, employee, director or principal shareholder.

In June 2010, the federal banking agencies jointly adopted the Guidance on Sound Incentive Compensation Policies, or GSICP. The GSICP intended to ensure that banking organizations do not undermine

the safety and soundness of such organizations by encouraging excessive risk-taking. This guidance, which covers all employees that have the ability to expose the organization to material amounts of risk, either individually or as part of a group, is based upon a set of key principles relating to a banking organization's incentive compensation arrangements. Specifically, incentive compensation arrangements should (i) provide employee incentives that appropriately balance risk in a manner that does not encourage employees to expose their organizations to imprudent risk, (ii) be compatible with effective controls and risk management, and (iii) be supported by strong corporate governance, including active and effective oversight by the organization's board of directors. Any deficiencies in our compensation practices could lead to supervisory or enforcement actions by the FDIC.

The Dodd-Frank Act requires the federal banking agencies and the SEC to establish joint regulations or guidelines prohibiting incentive-based payment arrangements at specified regulated entities, such as us, having at least $1 billion in total assets that encourage inappropriate risk-taking by providing an executive officer, employee, director or principal shareholder with excessive compensation, fees, or benefits or that could lead to material financial loss to the entity. In addition, these regulators must establish regulations or guidelines requiring enhanced disclosure to regulators of incentive-based compensation arrangements. The federal banking agencies proposed such regulations in April 2011 and issued a second proposed rule in April 2016. The second proposed rule would apply to all banks, among other institutions, with at least $1 billion in average total consolidated assets. Final regulations have not been adopted as of the date of this offering circular. If adopted, these or other similar regulations would impose limitations on the manner in which we may structure compensation for our executives and other employees that go beyond the requirements of GSICP. The scope and content of the federal banking agencies' policies on incentive compensation are continuing to develop and are likely to continue evolving, but the timeframe for finalization of such policies is not known at this time.

Deposit Premiums and Assessments

Our deposit accounts are currently insured by the DIF generally up to a maximum of $250,000 per separately insured depositor. We pay deposit insurance assessments to the DIF, which are determined through a risk-based assessment system.

Under the current system, deposit insurance assessments are based on a bank's assessment base, which is defined as average total assets minus average tangible equity. For established small institutions, such as the Bank, the FDIC sets deposit assessment rates based on the Financial Ratios Method, which takes into account several ratios that reflect leverage, asset quality, and earnings at each individual institution and then applies a pricing multiplier that is the same for all institutions. An institution's rate must be within a certain minimum and a certain maximum, and the range varies based on the institution's composite CAMELS rating. The deposit insurance assessment is calculated by multiplying the bank's assessment base by the total base assessment rate.

Under the FDIA, the FDIC may terminate deposit insurance upon a finding that the institution has engaged in unsafe and unsound practices, is in an unsafe or unsound condition to continue operations, or has violated any applicable law, regulation, rule, order or condition imposed by the FDIC.

Federal Home Loan Bank System

We are a member of the FHLB of Atlanta, which is one of 11 regional FHLBs. Each FHLB serves as a quasi-reserve bank for its members within its assigned region. It is funded primarily from funds deposited by member institutions and proceeds from the sale of consolidated obligations of the FHLB system. A FHLB makes loans to members (i.e., advances) in accordance with policies and procedures established by the Board of Trustees of the FHLB.

As a member of the FHLB of Atlanta, we are required to own capital stock in the FHLB in an amount at least equal to 0.09% (or 9 basis points), which is subject to annual adjustments, of the Bank's total assets at the

end of each calendar year (up to a maximum of $15 million), plus 4.25% of its outstanding advances (borrowings) from the FHLB of Atlanta under the activity-based stock ownership requirement. As of March 31, 2021, we were in compliance with this requirement.

Commercial Real Estate Concentration Guidelines

The federal banking regulators have implemented guidelines to address increased concentrations in commercial real estate loans. These guidelines describe the criteria regulatory agencies will use as indicators to identify institutions potentially exposed to commercial real estate concentration risk. An institution that has (i) experienced rapid growth in commercial real estate lending, (ii) notable exposure to a specific type of commercial real estate, (iii) total reported loans for construction, land development, and other land representing 100% or more of total capital, or (iv) total commercial real estate (including construction) loans representing 300% or more of total capital and the outstanding balance of the institutions commercial real estate portfolio has increased by 50% or more in the prior 36 months, may be identified for further supervisory analysis of a potential concentration risk.

As of March 31, 2021, our ratio of construction loans to total capital was 35%, and therefore, we were under the 100% threshold set forth in clause (iii) in the paragraph above. With respect to clause (iv) in the paragraph above, as of March 31, 2021, our ratio of total commercial real estate loans to total capital was 368%, but the outstanding balance of our commercial real estate portfolio has not increased by 50% or more in the prior 36 months. As a result, we are not deemed to have a concentration in commercial real estate lending under applicable regulatory guidelines.

The Volcker Rule

The Dodd-Frank Act prohibits (subject to certain exceptions) us and our affiliates from engaging in short-term proprietary trading in securities and derivatives and from investing in and sponsoring certain investment companies defined in the rule as “covered funds” (including not only hedge funds, commodity pools and private equity funds, but also a range of asset securitization structures that do not meet exemptive criteria in the final rules). This statutory provision is commonly called the “Volcker Rule.” We are currently not subject to the Volcker Rule because of our asset size, which is below the $10.0 billion Volcker Rule threshold.

Future Legislation and Regulation

Congress may enact legislation from time to time that affects the regulation of the financial services industry, and state legislatures may enact legislation from time to time affecting the regulation of financial institutions chartered by or operating in those states. Federal and state regulatory agencies also periodically propose and adopt changes to their regulations or change the manner in which existing regulations are applied or interpreted. The substance or impact of pending or future legislation or regulation, or the application thereof, cannot be predicted, although enactment of proposed legislation has in the past and may in the future affect the regulatory structure under which we operate and may significantly increase our costs, impede the efficiency of our internal business processes, require us to increase our regulatory capital or modify our business strategy, or limit our ability to pursue business opportunities in an efficient manner. Our business, financial condition, results of operations or prospects may be adversely affected, perhaps materially, as a result of any such new legislation or regulations.

Current Expected Credit Loss Accounting Standard

In June 2016, the Financial Accounting Standards Board, or FASB, issued a new current expected credit loss rule, or CECL, which requires banks to record, at the time of origination, credit losses expected throughout the life of the asset portfolio of loans and held-to-maturity securities, as opposed to the current practice of recording losses when it is probable that a loss event has occurred. The update also amends the accounting for

credit losses on available-for-sale debt securities and financial assets purchased with credit deterioration. The accounting standard change will be effective for us, as a smaller reporting company, on January 1, 2023, after the FASB elected to delay implementation for smaller reporting companies. The change in accounting standards could result in an increase in our reserve for probable loan losses and require us to book loan losses sooner than under the current requirements. We are taking the necessary steps to be in compliance with the CECL accounting standard, which we expect will become a critical accounting policy.

Effect of Governmental Monetary Policies

The commercial banking business is affected not only by general economic conditions, but also by the monetary policies of the Federal Reserve. Changes in the discount rate on member bank borrowing, availability of borrowing at the "discount window," open market operations, changes in the Fed Funds target interest rate, the imposition of changes in reserve requirements against member banks' deposits and assets of foreign banking centers and the imposition of and changes in reserve requirements against certain borrowings by banks and their affiliates are some of the instruments of monetary policy available to the Federal Reserve. These monetary policies are used in varying combinations to influence overall growth and distributions of bank loans, investments and deposits, which may affect interest rates charged on loans or paid on deposits. The monetary policies of the Federal Reserve have had a significant effect on the operating results of commercial banks and are expected to continue to do so in the future. The Federal Reserve's policies are primarily influenced by the dual mandate of price stability and full employment, and to a lesser degree by short-term and long-term changes in the international trade balance and in the fiscal policies of the U.S. government. Future changes in monetary policy and the effect of such changes on our business and earnings in the future cannot be predicted.

The CARES Act and Initiatives Related to COVID-19

On March 27, 2020, the CARES Act was signed into law and provided for approximately $2.2 trillion in direct economic relief in response to the public health and economic impacts of COVID-19. Many of the CARES Act's programs are, and remain, dependent upon the direct involvement of financial institutions like us. These programs have been implemented through rules and guidance adopted by federal departments and agencies, including the U.S. Department of Treasury, the Federal Reserve and other federal bank regulatory authorities, including those with direct supervisory jurisdiction over us. Furthermore, as the COVID-19 pandemic evolves, federal regulatory authorities continue to issue additional guidance with respect to the implementation, life cycle, and eligibility requirements for the various CARES Act programs, as well as industry-specific recovery procedures for COVID-19. In addition, it is possible that Congress will enact supplementary COVID-19 response legislation, including amendments to the CARES Act or new bills comparable in scope to the CARES Act. We continue to assess the impact of the CARES Act, the Consolidated Appropriations Act, 2021 and the potential impact of new COVID-19 legislation and other statutes, regulations and supervisory guidance related to the COVID-19 pandemic.

A principal provision of the CARES Act amended the SBA's loan program to create a guaranteed, unsecured loan program, the Paycheck Protection Program, or PPP, to fund operational costs of eligible businesses, organizations and self-employed persons impacted by COVID-19. These loans are eligible to be forgiven if certain conditions are satisfied and are fully guaranteed by the SBA. Additionally, loan payments will also be deferred for the first six months of the loan term. The PPP commenced on April 3, 2020 and was available to qualified borrowers through August 8, 2020. No collateral or personal guarantees were required. On December 27, 2020, President Trump signed the Consolidated Appropriations Act, 2021 into law which included the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act, or the HHSB Act. Among other things, the HHSB Act renewed the PPP, allocating $284.45 billion for both new first time PPP loans under the existing PPP and the expansion of existing PPP loans for certain qualified, existing PPP borrowers. In addition to extending and amending the PPP, the HHSB Act also creates a new grant program for "shuttered venue operators." As of March 31, 2021, we had 1,233 active PPP loans remaining totaling $114.0 million.

The CARES Act, as extended by certain provisions of the Consolidated Appropriations Act, 2021, permits banks to suspend requirements under GAAP for loan modifications to borrowers affected by COVID-19 that may otherwise be characterized as troubled debt restructurings and suspend any determination related thereto if (i) the borrower was not more than 30 days past due as of December 31, 2019, (ii) the modifications are related to COVID-19, and (iii) the modification occurs between March 1, 2020 and the earlier of 60 days after the date of termination of the national emergency or January 1, 2022. Federal bank regulatory authorities also issued guidance to encourage banks to make loan modifications for borrowers affected by COVID-19. During the year ended December 31, 2020, the Bank had modified 132 loans with outstanding balances of $185.9 million. As of December 31, 2020 and March 31, 2021, there were no loans in our portfolio in deferral status associated with the COVID-19 pandemic.

MANAGEMENT

Executive Officers and Directors

The following table sets forth information concerning our executive officers and directors as of July 15, 2021, who will continue to serve in their respective positions upon completion of this offering, except as otherwise indicated.

Name	Age	Position
Executive Officers:		
Luis de la Aguilera	61	Chief Executive Officer, President and Director
Robert Anderson	56	Executive Vice President and Chief Financial Officer
Benigno Pazos	68	Executive Vice President and Chief Credit Officer
Andres Collazo	58	Executive Vice President and Director of Operations and Information Technology
Oscar Gomez	67	Executive Vice President, Head of Global Banking Division
Nicholas Bustle	59	Executive Vice President and Corporate Lending Officer
Martha Guerra-Kattou	53	Executive Vice President and Director of Sales and Marketing
Non-Employee Directors:		
Aida Levitan, Ph.D., APR	73	Chairwoman and Director
Ramón Abadin	62	Director
Howard P. Feinglass	61	Director
Bernardo Fernandez, M.D.	60	Director
Wayne K. Goldstein(1)	59	Director
W. Kirk Wycoff	63	Director

(1) Mr. Goldstein has notified us that he expects to resign as a director upon completion of this offering.

The business experience and background of each of our executive officers and directors is provided below. No current director or executive officer has any family relationship with any other director or executive officer. Except as described in "Certain Relationships and Related Party Transactions" on page 143, there are no other arrangements or understandings between any executive officer or any director, on the one hand, and any other person, on the other hand, pursuant to which any director or executive officer was selected to be a director or executive officer, as the case may be.

Our Executive Officers

In accordance with the Amended and Restated Bylaws, our executive officers are appointed for the current year for which the Board was elected and until their respective successors have been appointed and qualified or until they resign, become disqualified, or are removed. Any vacancy occurring in any office will be filled by the Board or by such officer or officers as have been authorized by the Board.

Luis de la Aguilera has served as a director of our Bank since 2016 and Chief Executive Officer and President of our Bank since 2015. He has directed the reorganization, re-staffing and turn-around of our Bank after our 2015 Recapitalization. Prior to his joining us, Mr. de la Aguilera served in various leadership roles at TotalBank, Florida's 12th largest commercial bank at that time, including as President and Chief Executive Officer from 2013 to 2015, as President and Chief Marketing Officer from 2009 to 2013, as Executive Vice President, Corporate Lending from 2001 to 2009 and as Senior Vice President, Head of Business Development from 2000 to 2001. During his 15-year association with TotalBank, Mr. de la Aguilera organized, hired and directed its key production units, including commercial, real estate, small business, wealth management and residential mortgage lending, and significantly expanded its footprint in Miami-Dade County to 21 banking

centers. Mr. de la Aguilera also served as a board member of TotalBank from 2006 to 2015, including as chair or a member of its Executive, Management, ALCO, BSA, Audit and Loan Committees. In his earlier career, Mr. de la Aguilera served in management and loan production positions with Ocean Bank from 1989 to 2000 and business development and lending positions with Republic National Bank from 1982 to1988. In addition to Mr. de la Aguilera's extensive banking background, he is active with the Florida Banker's Association and serves on its board. He served as a Director of Florida School of Banking at the University of Florida from 2012 to 2015 and has continued his association with the school as an active Associate Professor. He was also the Florida Representative for the American Banking Association's Government Relations Council from 2014 to 2015. Mr. de la Aguilera received a B.A. in English Literature and a Minor in Business Administration from the University of Miami.

Robert Anderson has served as our Executive Vice President and Chief Financial Officer since 2020. Prior to his joining our Bank, Mr. Anderson served as Chief Financial Officer and Chief Administrative Officer of CapStar Financial Holdings (NASDAQ: CSTR), or CapStar, from 2016 to 2020 and as Executive Vice President and Chief Financial Officer of CapStar from 2012 to 2016. His earlier executive positions included serving as Senior Vice President, Business Operations Executive at Bank of America from 2010 to 2012, as Senior Vice President, CFO Commercial Banking at Capital One and as Senior Vice President Finance at Bank of American from 2003 to 2008. Mr. Anderson received a B.A. from The Ohio State University and an M.B.A. in finance from Pepperdine University. He is also a graduate of the University of Virginia Darden School of Business executive education series. Additionally, Mr. Anderson is a Certified Public Accountant (inactive).

Benigno Pazos has served as our Executive Vice President and Chief Credit Officer since 2016. Prior to joining us, Mr. Pazos served in various executive positions at TotalBank including as Executive Vice President and Chief Credit Officer from 2010 to 2015, as Executive Vice President supervising the Debt Restructuring Division from 2009 to 2015 and as Senior Vice President, Commercial Lending from 2001 to 2009. Mr. Pazos has also served as a board member of TotalBank from 2012 to 2015. From 1987 to 2001, Mr. Pazos served in lending positions and was ultimately promoted to Vice President at Ocean Bank. Mr. Pazos is an active member and former President of the Cuban American CPA Association, member of the Florida Institute of Certified Public Accountants and member of the American Institute of Certified Public Accountants.

Andres Collazo has served as our Executive Vice President, Director of Operations and Information Technology since 2016. Mr. Collazo has over 33 years' experience in bank operations and information technology at a senior management level. Prior to joining us, from 2009 to 2016, Mr. Collazo served as the Senior Vice President, Information Technology and Bank Operations Manager of TotalBank. His earlier career included senior managerial positions in the field of bank operations, item processing and information technology including serving as Vice President and Item Processing Director at BB&T from 2007 to 2009, as Executive Vice President and Chief Operating Officer at South Florida Express from 2005 to 2007 and as Senior Vice President and Operations Services Director at Regions Bank. Mr. Collazo received a bachelor's degree in management information systems and computer science from Barry University.

Oscar Gomez has served as our Executive Vice President, Head of Global Banking Division since 2007 and has overseen the inception and growth of our Global Banking Division. Mr. Gomez has more than 30 years' managerial experience in international banking. Prior to joining us, from 1984 to 2007, Mr. Gomez served as the Executive Vice President of Global Correspondent Banking and International Private Banking with Regions Bank in Miami, Florida, where he managed a portfolio of $2 billion in deposits and over $700 million in loans. Mr. Gomez is actively involved with The Bankers Association for Finance and Trade, Federacion Latinoamericana de Bancos, Florida International Bankers Association and the United Way Leadership group. He holds a bachelor's degree in business administration with a major in accounting from Florida International University.

Nicholas Bustle has served as our Executive Vice President, Chief Lending Officer since 2019. Mr. Bustle has more than 35 years of managerial experience in commercial banking. Prior to joining us, he served in various

executive roles with regional and national banks including as Miami Dade County Market President and First Senior Vice President – Commercial Banking at Valley Bank in 2019, as Executive Vice President and Wholesale Banking Executive at City National Bank from 2015 to 2018, as Senior Executive Vice President, Commercial Banking Executive at BankUnited, Inc. from 2009 to 2015, as City President of Miami at SunTrust Banks Inc. from 2003 to 2009 and as Executive Vice President at SunTrust Banks Inc. supervising private wealth management line of business of the South Florida region from 2006 to 2009 and supervising commercial banking line of business of the South Florida region from 2003 to 2005. Mr. Bustle has previously served on the boards of the FIU Foundation, FIU College of Business Dean's Council, Beacon Council, Mercy Hospital, Community Partnership for Homeless and the Greater Miami Chamber of Commerce. Mr. Bustle holds an M.S. in International Business from Florida International University and a B.S. in business administration from University of Wisconsin.

Martha Guerra-Kattou has served as our Executive Vice President, Director of Sales and Marketing since 2016 and oversees the operation of 11 full-service banking centers throughout Miami-Dade and south Broward counties. Ms. Guerra-Kattou has over 30 years' managerial experience in bank operations and sales and marketing. Prior to joining us, Ms. Guerra-Kattou served in different managerial positions at TotalBank since 2000, including serving as Director of Sales and Marketing from 2012 to December 2016, as Senior Vice President of Project Management from November 2011 to August 2012 and as Vice President of Branch Administration from 2000 to November 2011. Ms. Guerra-Kattou attended Miami-Dade College. She has supplemented her banking industry education by attending bank training programs in leadership and management including completing a credited course curriculum at the University of Central Florida's College of Business, the Florida Bankers Association's Florida School of Banking program and courses offered by the American Bankers Association.

Our Non-Employee Directors

Ramón Abadin has served as a director of our Bank since 2017. Mr. Abadin is an active trial lawyer in Miami, Florida and a partner of Ramon A. Abadin, P.A. In his practice, he has represented some of the world's largest multinational corporations and insurance companies in complex commercial and tort matters. Mr. Abadin is a prominent member of the Florida legal community having served as a past President of the Florida Bar. Mr. Abadin is also past President of the Cuban American Bar Association. Additionally, Mr. Abadin has been actively involved in the selection of trial and appellate attorneys in state and federal courts, having served as one of only 15 committee members appointed to evaluate all prospective nominees to the federal bench in the 11th Circuit (Florida, Georgia and Alabama) and nationally. He has served as a member of the Florida Supreme Court's Long Range Strategic Planning Workgroup and is a member of the Court's Commission on Access to Civil Justice. Mr. Abadin earned his J.D. from Loyola University of New Orleans School of Law in 1985 and his B.A. in History from Tulane University in 1981. He has received numerous awards, including the prestigious G. Kirk Haas Award from the Florida Bar. We believe Mr. Abadin's extensive legal and leadership experience qualifies him to sit on our Board.

Howard P. Feinglass has served as a director of our Bank since 2015. Mr. Feinglass is the founder and Senior Partner of Priam Capital, which was established in 2003. He is responsible for Priam's strategic planning, investment sourcing and decision-making. Mr. Feinglass also serves as a director for Howard Bancorp, Inc. (NASDAQ: HBMD) in Baltimore, Maryland, where he has served since 2018, Centrix Aerospace in Seattle, Washington, where he has served since 2019, and Riverside Hawks youth basketball organization. Prior to founding Priam, Mr. Feinglass spent three years running a family office with over $1 billion in assets under management, where he implemented a mandate to diversify the family's portfolio from its real estate core into alternative investments and holdings of public companies. Prior thereto, Mr. Feinglass worked as a principal at Odyssey Partners in their private equity group for five years. Mr. Feinglass received an M.B.A. from the University of California Los Angeles and an A.B. from Brown University. We believe Mr. Feinglass's extensive finance, banking and director experience qualifies him to sit on our Board.

Bernardo "Bernie" Fernandez, M.D. has served as a director of our Bank since 2017. Dr. Fernandez has served since 2014 as the Chief Executive Officer of Baptist Health Medical Group, a network of more than 250 physicians in multiple specialties spanning from Broward, Dade and Monroe County and is the holder of the John and Margaret Krupa Distinguished Chair. Prior thereto, Dr. Fernandez from 2006 to 2014 served as Chief Executive Officer and President of Cleveland Clinic Florida, a renowned academic medical center with locations in Weston and West Palm Beach, Florida. In 2013, Dr. Fernandez was honored by The Association of Hispanic Healthcare Executives with the prestigious award of National Hospital CEO of the Year. Also in June 2013, he was appointed to the Florida Board of Medicine by Governor Rick Scott until 2017. During his tenure, he was elected vice chairman in 2014 and Chairman of the Board in 2015. Dr. Fernandez is a native of Cuba and received his medical degree from the Ponce School of Medicine in Ponce, Puerto Rico, and completed his internal medicine residency and vascular medicine fellowship at the Cleveland Clinic in Ohio. He is Board-certified by the American Board of Vascular Medicine and a Fellow of the Society of Vascular Medicine and the American College of Physicians. Dr. Fernandez is an active member of the South Florida community, which includes, among his various activities, being a member of the Orange Bowl Committee, a member of the board of trustees for St. Thomas University. He also served on the selection panel for the White House Fellows Program, one of America's most prestigious programs for leadership and public service, in 2011 and 2017. Dr. Fernandez received his M.B.A. from the University of Miami, School of Business in 2011 and is also a graduate of the Wharton School of Business' Executive Development Program. We believe Dr. Fernandez's extensive executive and leadership experience qualifies him to sit on our Board.

Wayne K. Goldstein has served as a director of our Bank since 2019. Mr. Goldstein is a Co-Founder and Principal of The Endicott Group, which was established in 1996. As Principal of Endicott, he is responsible for the development of the funds and the implementation of the investment strategy, as well as providing financial, strategic and transaction advisory services to middle-market financial institutions. Prior to founding Endicott, from 1988 to January 1996, Mr. Goldstein was a Managing Director at Sandler O'Neill & Partners, L.P., an investment banking firm specializing in financial institutions. Mr. Goldstein also serves on the boards of directors of Bank Leumi USA and Columbia Lake Partners (a European venture debt fund) and as a board observer of Park Cities Financial Group (Dallas, Texas). He previously served on the boards of directors of First Capital Corporation (FL, NY), American Chartered Bancorp, Inc. (Schaumburg, Illinois), Equity Bancshares, Inc. (Wichita, Kansas), SJB Corporation (NY), and was a board observer to Community & Southern Holdings, Inc. (Atlanta, Georgia), NewBridge Bancorp (NC), Florida Bank Group (Tampa, Florida) and Sterling Bancorp (Montebello, New York). Mr. Goldstein is currently a member of the board of directors and the executive committee of UJA-Federation of New York, one of the world's largest local philanthropies. At UJA-Federation, he is Chairman of the Network Department, a committee that allocates funds to 72 non-profit agencies while also providing oversight and advisory services to these agencies. In addition to his involvement at UJA-Federation, Mr. Goldstein has been actively involved with and was formerly a trustee of the Solomon Schechter School of Westchester, the JCC of Mid-Westchester and the Jewish Education Project, as well as the Brandeis University Alumni Board and the Westchester Jewish Center. Mr. Goldstein received his M.B.A. in finance from New York University and a B.A. in economics from Brandeis University. We believe Mr. Goldstein's extensive finance and director experience qualifies him to sit on our Board.

Aida Levitan, Ph.D., APR, is the Chairwoman on our Board, where she has served since 2017. Dr. Levitan has served as a director on our Board since 2013. Dr. Levitan is nationally recognized marketing communications and civic leader. She founded the strategic branding and marketing firm The Levitan Group, Inc. in 2006 and has served as its President since then. From 2004 to 2005, Dr. Levitan served as Vice Chairperson/President of Bromley Communications, which she helped transform into the number one Hispanic advertising agency in the U.S. (*Advertising Age*, 2004). In 1986 she co-founded Sanchez & Levitan and sold the agency to Publicis Groupe. Under her leadership as Co-Chairman/CEO between 2001 and 2003, Publicis Sanchez & Levitan became one of the top ten U.S. Hispanic advertising agencies (*Advertising Age*). With regard to her civic engagement, Dr. Levitan served as Chair of FACE (Facts About Cuban Exiles) and the University of Miami Cuban Heritage Collection Amigos Board in 2019. She founded ArtesMiami, Inc., a nonprofit organization, in 1995 and has served as its President since 2016. In 2010, President Obama and the U.S. Congress named her to

the National Museum of the American Latino Commission and in 2012 into the Smithsonian Latino Center National Board, where she served as Vice Chair. In 2015 she was elected to the Council on Foreign Relations. Between 2000 and 2010, Dr. Levitan served on the board of The Art Institutes, a public company, and as Chairperson of the Aetna Latino Advisory Council. In 2004 she served as President of the national Association of Hispanic Advertising Agencies. Dr. Levitan obtained her Ph.D. degree, with a specialty in Spanish Literature, from Emory University in 1977 and a B.A. from the University of Miami in 1969. We believe Dr. Levitan's extensive marketing communications and leadership experience as well as her community relations qualifies her to sit on our Board.

W. Kirk Wycoff has served as a director of our Bank since 2015. Mr. Wycoff is the Managing Partner of Patriot Financial Partners, a private equity fund headquartered in Radnor, Philadelphia, which has deployed over $1.04 billion in capital, maintaining a long only, value-oriented buy and hold strategy designed to provide growth capital to financial services companies that require additional equity to grow. He currently serves on the board of directors of ActiveWorx, Banc of California (NYSE: BANC) and its subsidiary Banc of California, National Association, Grasshopper Bancorp, Inc. and its subsidiary Grasshopper Bank, N.A., Auxilior Capital Partners, Inc., Numerated Growth Technologies and Volunteer Bancorp, Inc. and its subsidiary Civics Bank, and until recently served as a director of Radius Bancorp, Porter Bancorp (NASDAQ: PBIB), Guaranty Bancorp (NASDAQ: GBNK) and its subsidiary, Guaranty Bank and Trust Company, Heritage Commerce Corp. (NASDAQ: HTBK) and its subsidiary, Heritage Bank of Commerce, and Square 1 Financial, Inc. and its subsidiary Square 1 Bank. Previous board positions held by Mr. Wycoff include NewSpring Ventures-Fund I, NewSpring Mezzanine Fund as well as service on the board of The Lincoln Center during which he served as chair of its finance committee. He received a Bachelor of Arts degree in Business Administration and Finance from Franklin & Marshall College. We believe Mr. Wycoff's extensive finance, banking and director experience qualifies him to sit on our Board.

Legal Proceedings

There have been no events under any bankruptcy act, no criminal proceedings, no judgments, injunctions, orders or decrees material to the evaluation of the ability and integrity of any of our directors or executive officers during the past 10 years or any of our control persons during the past five years. No executive officer or director has been involved in the last 10 years in any of the following:

- any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);
- being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting such person's involvement in any type of business, securities or banking activities;
- being found by a court of competent jurisdiction (in a civil action), the SEC or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated;
- having any government agency, administrative agency, or administrative court impose an administrative finding, order, decree, or sanction against them as a result of their involvement in any type of business, securities, or banking activity;
- being the subject of a pending administrative proceeding related to their involvement in any type of business, securities, or banking activity; or
- having any administrative proceeding been threatened against them related to their involvement in any type of business, securities, or banking activity.

Board Composition

Our Board currently consists of seven members, including our President and Chief Executive Officer. Pursuant to our Amended and Restated Bylaws, the number of directors will be fixed from time to time by resolution adopted by our Board, but will consist of not more than fifteen nor less than five directors. Our directors are elected at each annual shareholders meeting to serve a one-year term expiring at the next annual shareholders meeting and until their successors are elected and qualified.

Following the completion of this offering, all of our directors will continue to serve on our Board except for Mr. Goldstein, who has notified us that he will resign from the Board upon the completion of this offering. Our Board has evaluated and made a determination as to the independence of each director in accordance with the corporate governance standards of The Nasdaq Stock Market. Based on the Board's evaluation, it was determined that a majority of our directors are independent directors. See "—Corporation Governance Principles and Board Matters—Director Independence."

Certain Rights of the Significant Investors

Board and Committee Representation. In February 2015, we closed an offering of our securities to certain institutional investors and to qualified legacy shareholders, which we refer to as the 2015 Recapitalization. Among the investors in the 2015 Recapitalization were our two Significant Investors who entered into a Second Amended and Restated Investment Agreement, dated as of February 19, 2015, or Investment Agreement, with us. Pursuant to the Investment Agreement, the Significant Investors each received a contractual right to nominate a representative to our Board, provided that the nominee meets all applicable legal and governance requirements. Messrs. Wycoff and Feinglass are the current Board representatives of Patriot and Priam, respectively.

Additionally, each director nominated by a Significant Investor is entitled to serve on up to two Board committees that are selected by the Significant Investor, subject to such director satisfying all regulatory, securities, governance and other legal requirements for service on such committee. Messrs. Wycoff and Feinglass are currently serving on our compensation committee, asset liability committee and loan committee.

The right of each Significant Investor to nominate a director to our Board and for such director to serve on Board committees will continue after the completion of this offering. Pursuant to the terms of the Investment Agreement, the right to nominate a director to serve on our Board shall continue for as long as such Significant Investor and its affiliates beneficially own 50% or more of the shares of our common stock purchased by such Significant Investor in the 2015 Recapitalization, as adjusted from time to time as a result of changes in our capitalization. See "Certain Relationships and Related Party Transactions—Arrangements with Certain Investors—Investment Agreement; Matching/Contractual Preemptive Rights."

Board Observer Rights. Pursuant to the terms of the Investment Agreement, each Significant Investor can designate a non-voting observer to attend meetings of the Board and meetings of the Board committees on which the director nominated by such Significant Investor is a member or, if the Significant Investor does not have a representative serving as a member of our Board (which is currently not the case), such committees as agreed to between such Significant Investor and the Bank. However, the Board observer may only attend any such meeting if the director nominated by the applicable Significant Investor is unable to attend such meeting or if such Significant Investor does not have a representative serving as a member of our Board. Pursuant to the terms of the Investment Agreement, the Board observer right shall continue for as long as such Significant Investor and its affiliates beneficially own 50% or more of the shares of our common stock purchased by such Significant Investor in the 2015 Recapitalization, as adjusted from time to time as a result of changes in our capitalization. See "Certain Relationships and Related Party Transactions—Arrangements with Certain Investors—Investment Agreement; Matching/Contractual Preemptive Rights."

Corporate Opportunities. The terms of the Investment Agreement provide that the Significant Investors, their affiliates, the directors nominated by them and the Board observers designated by them have the right to,

and shall have no duty not to, directly or indirectly, engage in the same or similar business activities or lines of business as us. In the event that a Significant Investor, its affiliate, a director nominated by a Significant Investor or a Board observer designated by a Significant Investor acquires knowledge of a potential transaction or matter that may be a corporate opportunity for the Bank, such person shall have no duty to communicate or present such corporate opportunity to us and shall not be liable to us or our shareholders for breach of any duty by reason of the fact that such person or a related investment fund thereof, directly or indirectly, pursues or acquires such opportunity for itself, directs such opportunity to another person, or does not present such opportunity to us.

Corporate Governance Principles and Board Matters

Corporate Governance Guidelines. We are committed to sound corporate governance principles, which are essential to running our business efficiently and maintaining our integrity in the marketplace. Our Board intends to adopt Corporate Governance Guidelines which will become effective upon completion of this offering and set forth the framework within which our Board, assisted by the committees of our Board, oversees the affairs of our organization. The Corporate Governance Guidelines address, among other things, the composition and functions of our Board, director independence, compensation of directors, management succession and review, committees of our Board and selection of new directors. Upon completion of this offering, our Corporate Governance Guidelines will be available on our website at www.uscentury.com under the "Investor Relations" tab.

Director Qualifications. We believe that our directors should have the highest professional and personal ethics and values. They should have broad experience at the policy-making level in business or banking. They should be committed to enhancing shareholder value and should have sufficient time to carry out their duties and to provide insight and practical wisdom based on experience. When considering potential director candidates, our Board also considers the candidate's character, judgment, diversity, skill set, specific business background and global or international experience in the context of our needs and those of our Board.

Director Independence. Upon the completion of this offering, we anticipate that our Class A common stock will be listed on The Nasdaq Global Market. Under the listing requirements and rules of The Nasdaq Stock Market, independent directors must constitute a majority of a listed company's board of directors within 12 months after its initial public offering. Under the rules of The Nasdaq Stock Market, a director will only qualify as an "independent director" if, in the opinion of that company's board of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Our Board has evaluated the independence of our directors based upon the rules of The Nasdaq Stock Market. As part of this evaluation, our Board considered the current and prior relationships that each non-employee director has with our Bank and all other facts and circumstances our Board deemed relevant in determining their independence, including the beneficial ownership of our shares by each non-employee director, and the matters discussed under "Certain Relationships and Related Party Transactions." After applying these standards, our Board has affirmatively determined that, with the exception of Mr. de la Aguilera, who serves as Chief Executive Officer and President of our Bank, each of our other directors serving on the Board is an independent director, as defined under the applicable rules.

Leadership Structure. Our Board does not have a policy regarding the separation of the roles of Chief Executive Officer and director, including as Chairperson of the Board, as our Board believes that it is in the best interests of our Bank and its shareholders to make that determination from time to time based on the position and direction of our Bank and the membership of the Board. Our Board has determined that having our Chief Executive Officer currently serve as a director on our Board is in the best interests of our Bank and our shareholders at this time. This structure makes best use of the Chief Executive Officer's extensive knowledge of our Bank and the banking industry. The Board views this arrangement as also providing an efficient nexus between our organization and the Board, enabling the Board to obtain information pertaining to operational matters expeditiously. Our Chief Executive Officer does not serve as Chairperson of the Board. Dr. Levitan, an independent director, currently serves as Chairwoman of the Board.

Code of Ethics and Business Conduct. Our Board intends to adopt a Code of Ethics and Business Conduct that will become effective upon the completion of this offering, which will apply to all of our directors, officers and employees. This code provides fundamental ethical principles to which these individuals are expected to adhere and will operate as a tool to help our directors, officers and employees understand the high ethical standards required for employment by, or association with, our Bank. Our Code of Ethics and Business Conduct, upon the completion of this offering, will be available on our website at www.uscentury.com under the "Investor Relations" tab. We expect that any amendments to our Code of Ethics and Business Conduct, or any waivers of its requirements, will be disclosed on our website, as well as by any other means required by The Nasdaq Stock Market rules.

Risk Management and Oversight. Our Board oversees our risk management process, which is a company-wide approach to risk management that is carried out by our management. Our full Board determines the appropriate risk appetite for us generally, assesses the specific risks faced by us, and reviews the steps taken by management to manage those risks. While our full Board maintains the ultimate oversight responsibility for the risk management process (including oversight of capital adequacy in relation to risk), its committees oversee risk within their respective areas of oversight. Additionally, our Board has several committees, including our audit and risk committee and asset liability committee (which primarily focuses on the Bank's enterprise risk management) to assist with risk management related to matters within the purview of each committee. Management regularly reports on applicable risks to the relevant committee or the full Board, as appropriate, with additional review or reporting on risks conducted as needed or as requested by our Board and its committees.

Board Committees of the Board of Directors

Our Board has established standing committees in connection with the discharge of its responsibilities. These committees include, among others, the audit and risk committee, compensation committee, nominating and corporate governance committee, asset and liability committee and loan committee. Our Board also may establish such other committees as it deems appropriate, in accordance with applicable law and regulations and our corporate governance documents. The composition and responsibilities of each committee are described below. Members will serve on these committees so long as they are a member of the Board until their resignation or until otherwise determined by our Board.

Audit and Risk Committee

Our audit and risk committee consists of Dr. Fernandez, Mr. Abadin and Dr. Levitan, with Dr. Fernandez serving as chair of the audit and risk committee. Our Board has evaluated the independence of each of the members of our audit and risk committee and has affirmatively determined that (i) each of the members of our audit and risk committee is an "independent director" under The Nasdaq Stock Market rules, (ii) each of the members satisfies the additional independence standards under applicable Exchange Act rules for audit committee service as applied to us through FDIC regulation, (iii) each of the members of our audit and risk committee is an outside director independent of management as required by the applicable FDIC regulations, and (iv) each of the members has the ability to read and understand fundamental financial statements. The audit and risk committee does not have an "audit committee financial expert." However, our Board believes that each member of the audit and risk committee has sufficient knowledge and experience in financial and auditing matters to serve on the committee and to effectively perform their duties. Further, the committee has the authority to engage legal counsel or other experts and consultants as it deems appropriate to carry out its responsibilities.

Our audit and risk committee performs the duties required of audit committees under 12 C.F.R. § 363.5 for insured depository institutions. Among other things, our audit and risk committee has responsibility for:

- selecting and hiring our independent registered public accounting firm, and approving the audit and non-audit services to be performed by our independent registered public accounting firm;

- evaluating the qualifications, performance and independence of our independent registered public accounting firm;
- monitoring the integrity of our financial statements and our compliance with legal and regulatory requirements as they relate to financial statements or accounting matters;
- reviewing the adequacy and effectiveness of our internal control policies and procedures;
- discussing the scope and results of the audit with the independent registered public accounting firm and reviewing with management and the independent registered public accounting firm our interim and year-end operating results;
- preparing the audit and risk committee report required by the Exchange Act rules to be included in our annual proxy statement;
- considering the adequacy of our internal controls and internal audit function;
- establishing procedures for employees to anonymously submit concerns about questionable accounting or audit matters;
- approving or, as permitted, pre-approving all audit and non-audit services to be performed by the independent registered public accounting firm; and
- inquiring about significant risks, reviewing our policies for risk assessment and risk management, including cybersecurity risks, and assessing the steps management has taken to control these risks.

Our audit and risk committee has adopted a written charter, which sets forth the committee's duties and responsibilities. The charter of the audit and risk committee will be available on our website at www.uscentury.com upon completion of this offering.

Compensation Committee

Our compensation committee consists of Dr. Levitan, Mr. Abadin, Mr. Feinglass, Mr. Wycoff and Mr. Goldstein, with Dr. Levitan serving as chair of the compensation committee. Our Board has evaluated the independence of each of the members of our compensation committee and has affirmatively determined that each of the members of our compensation committee meets the definition of an "independent director" under The Nasdaq Stock Market rules. Our Board has also determined that each of the members of the compensation committee qualifies as a "nonemployee director" within the meaning of Rule 16b-3 under the Exchange Act, as applies to us through FDIC regulations.

Among other things, our compensation committee has responsibility for:

- reviewing and approving compensation of our executive officers including salary, long-term incentives, cash incentives, bonuses, perquisites, equity incentives, severance arrangements, retirement benefits and other related benefits and benefit plans;
- reviewing and recommending compensation policies and practices for our employees and considering whether risks arise from such policies and practices;
- evaluating the compensation of our directors;
- reviewing and discussing annually with management any executive compensation disclosure required by Exchange Act rules; and
- administrating, reviewing and making recommendations with respect to our equity compensation plans.

Our compensation committee has adopted a written charter, which sets forth the committee's duties and responsibilities. The charter of the compensation committee will be available on our website at www.uscentury.com upon completion of this offering.

Nominating and Corporate Governance Committee

Upon completion of this offering, the Board will form a nominating and corporate governance committee consisting of Mr. Abadin, Dr. Levitan, and Mr. Wycoff, with Mr. Abadin serving as chair of the nominating and corporate governance committee. Our Board has evaluated the independence of each of the members of our nominating and corporate governance committee and has affirmatively determined that each of the members of our nominating and corporate governance committee meets the definition of an "independent director" under The Nasdaq Stock Market rules.

Among other things, our nominating and corporate governance committee is responsible for:

- assisting our Board in identifying individuals qualified to become directors and recommending to the Board director nominees for each annual or special meeting of shareholders for the purpose of electing directors or for any vacancies or newly created directorships that may occur between such meetings;
- reviewing periodically the governance principles adopted by the Board and developing and recommending governance principles applicable to our Board;
- making recommendations to the Board as to determinations of director independence;
- overseeing the evaluation of the Board; and
- recommending members for each board committee of our Board.

Our nominating and corporate governance committee has adopted a written charter, which sets forth the committee's duties and responsibilities. The charter of the nominating and corporate governance committee will be available on our website at www.uscentury.com upon completion of this offering.

In carrying out its functions, the nominating and corporate governance committee develops, and recommends to the Board for its approval, qualification criteria for all potential nominees for election, including incumbent directors, Board nominees and shareholder nominees to be included in our future proxy statements.

The nominating and corporate governance committee also evaluates potential nominees for our Board to determine if they have any conflicts of interest that may interfere with their ability to serve as effective Board members and to determine whether they are "independent" in accordance with applicable Exchange Act and Nasdaq Stock Market rules (to ensure that, at all times, at least a majority of our directors are independent). Although we do not have a separate diversity policy, the nominating and corporate governance committee may consider the diversity of our directors and nominees in terms of knowledge, experience, background, skills, expertise and other factors that may contribute to the effectiveness of our Board.

Prior to recommending an existing director for re-election to our Board, the nominating and corporate governance committee may consider and review the following attributes with respect to each incumbent director:

- attendance and performance at meetings of our Board and the committees on which such director serves;
- length of service on our Board;
- experience, skills and contributions that the incumbent director brings to our Board;
- independence and any conflicts of interest; and
- any significant change in the director's status, including with respect to the attributes considered for initial membership our Board.

Asset Liability Committee

Our asset liability committee consists of Mr. de la Aguilera, Mr. Feinglass, Mr. Wycoff, Mr. Abadin and Mr. Goldstein, with Mr. de la Aguilera serving as chair of the committee. The asset liability committee is

primarily responsible for overseeing our Bank's liquidity, funding, investments, interbank liability exposures, interest rate risk and capital.

Loan Committee

Our loan committee consists of Mr. de la Aguilera, Mr. Feinglass, Mr. Wycoff, Mr. Abadin and Dr. Fernandez, with Mr. de la Aguilera serving as chair of the committee. The loan committee is primarily responsible for ensuring consistency in the assessment and management of credit risk and overseeing our Bank's lending responsibilities under the CRA.

EXECUTIVE COMPENSATION

Compensation Philosophy

General Philosophy

As an organization, we focus on successfully addressing client needs, maintaining critical quality standards and driving superior shareholder value, and our overall compensation philosophy is a direct reflection of those values. Our executive compensation program carries out these values by rewarding our named executive officers for the achievement of specific corporate goals and the realization of increased value to our shareholders. Our goal is to maintain compensation that is affordable to the Bank, fair to our executives and in the long-term best interests of our shareholders. More specifically, we target overall base compensation levels that are at or slightly above the median for the markets in which we operate and aim to provide short-term incentive opportunities that we believe are generally in line with those of our peers but allow for more substantial rewards for exceptional performance. In addition, we provide our executive officers the opportunity to participate in the long-term success of the Bank by awarding stock options. Finally, we are committed to helping maintain the health and welfare of our executive officers and offer benefits packages that meet or exceed median levels of coverage.

Compensation Process

Our compensation committee regularly reviews our executive compensation to ensure it achieves our desired goals and is responsible for approving compensation arrangements for our named executive officers. As part of this process, the committee annually reviews and approves corporate goals and objectives relevant to the compensation of our named executive officers, evaluates the performance of the named executive officers in light of these goals and objectives, and approves the compensation levels for the named executive officers based on such evaluation. The committee annually reviews our incentive compensation arrangements to confirm they do not encourage unnecessary risk-taking. In determining the long-term incentive component of our executive compensation program, the compensation committee considers our performance and relative shareholder return, the value of similar incentive awards to our peers and the awards given to our named executive officers in past years.

Components of Compensation

Our executive compensation program consists primarily of the following elements:

- base compensation;
- cash bonuses;
- awards and stock options;
- participation in our 401(k) plan, to which we make annual contributions;
- health and welfare benefits; and
- perquisites.

Each of these elements is discussed in more detail under "—Narrative Discussion of Summary Compensation Table" below.

Named Executive Officers

Our "named executive officers" are the individuals who served as our principal executive officer, our two other most highly compensated executive officers who were serving as executive officers at the end of 2020, and up to two individuals who would have been among those two other most highly compensated executive officers

had they been serving as an executive officer at the end of 2020. Our named executive officers as of December 31, 2020 are noted in the following table, along with their positions:

Name	Title
Luis de la Aguilera	President and Chief Executive Officer
Robert B. Anderson	Executive Vice President and Chief Financial Officer
Benigno Pazos	Executive Vice President and Chief Credit Officer

The compensation of these individuals in the Summary Compensation Table below is not necessarily indicative of how we will compensate our named executive officers in the future in order to achieve the goals set forth above. We plan to continue to review, evaluate and modify our compensation framework to ensure that our executive officer compensation packages remain competitive, achieve our desired goals and remain consistent with our compensation philosophy.

Summary Compensation Table

The following table sets forth information concerning the compensation paid to each of our named executive officers for fiscal year 2020.

Name and Principal Position	Year	Salary ($)	Bonus ($)[2]	All Other Compensation ($)[4]	Total ($)
Luis de la Aguilera President and Chief Executive Officer	2020	450,000	190,000	41,729	681,729
Robert Anderson Executive Vice President and Chief Financial Officer	2020	98,500[1]	100,000[3]	3,152	201,652
Benigno Pazos Executive Vice President and Chief Credit Officer	2020	275,000	99,000	34,449	408,449

(1) Mr. Anderson began employment with the Bank on September 10, 2020. His annual salary of $325,000 was prorated for the period of his employment during fiscal year 2020.
(2) Except as described in footnote (3) below, the amounts reported in the "Bonus" column represent annual discretionary bonuses earned by our named executive officers for the fiscal year 2020, based on the achievement of Bank performance objectives.
(3) Includes a sign-on bonus of $100,000 when hired.
(4) Consists of 401(k) employer match, long-term disability insurance, group term life insurance, automobile allowance, phone allowance, and health insurance (medical/dental/vision), as shown in the following table for fiscal year 2020:

Name	401(k) Contribution	Automobile Allowance	Phone Allowance	Health Insurance	Long-Term Disability/ Group Term Life
Luis de la Aguilera	—	$9,000	$1,200	$21,447	$10,082
Robert B. Anderson	—	$2,250	$ 300	—	$ 602
Benigno Pazos	$5,700	$9,000	—	$10,256	$ 9,493

Narrative Discussion of Summary Compensation Table

General

We have compensated our named executive officers through a combination of base salary, cash bonuses, stock option awards and other benefits including perquisites. Each of our named executive officers has substantial responsibilities in connection with the day-to-day operations of the Bank.

Base Salary

The base salaries of our named executive officers have been historically reviewed and set annually by our Board through the review and recommendations of our compensation committee as part of our performance review process; base salaries are also reviewed upon the promotion of an executive officer to a new position or another change in job responsibility. In establishing base salaries for our named executive officers, our compensation committee has relied on external market data and peer data obtained from outside sources. In addition to considering the information obtained from such sources, our compensation committee has considered:

- each named executive officer's scope of responsibility;
- each named executive officer's years of experience;
- the types and amount of the elements of compensation to be paid to each named executive officer;
- our financial performance and performance with respect to other aspects of our operations, such as our growth, asset quality, profitability and other matters, including the status of our relationship with the banking regulatory agencies; and
- each named executive officer's individual performance and contributions to our performance, including leadership and teamwork.

Cash Bonuses

Our named executive officers are also eligible to receive an annual cash bonus as a percentage of base salary based on our achievement of various metrics, including earnings, return on assets and our level of classified assets. Annual incentive awards are intended to recognize and reward those named executive officers who contribute meaningfully to our performance for the year. These bonuses are subject to the discretion of the Board each year as to whether and in what amounts they will be paid.

Stock Option Awards

The stock option awards reflected in the table above relate to stock options that were originally issued as part of the named executive officers' respective employment agreements, approved by the Board.

U.S. Century Bank 401(k) Plan

Our 401(k) Plan is designed to provide retirement benefits to all eligible full-time and part-time employees. The 401(k) Plan provides employees the opportunity to save for retirement on a tax-favored basis. Our named executive officers, all of whom were eligible to participate in the 401(k) Plan during the current year, 2020 and 2019, may elect to participate in the 401(k) Plan on the same basis as all other employees. We have elected to match 100% of the first 2% of the employee's annual contribution.

Health and Welfare Benefits

Our named executive officers are eligible to participate in the same benefit plans designed for all of our full-time employees, including health, dental, vision, disability and basic group life insurance coverage. Our named executive officers are entitled to long term disability in an amount equal to one time their respective base salary, subject to a maximum of $400,000. Our named executive officers are entitled to life insurance up to $2,000,000. The purpose of our employee benefit plans is to help us attract and retain quality employees, including executives, by offering benefit plans similar to those typically offered by our competitors.

Perquisites

We provide our named executive officers with a limited number of perquisites that we believe are reasonable and consistent with our overall compensation program to better enable us to attract and retain superior

employees for key positions. Our compensation committee periodically reviews the levels of perquisites and other personal benefits provided to the named executive officers. Based on these periodic reviews, perquisites are awarded or adjusted on an individual basis.

Employment Agreements

The following provides a more detailed description of the employment agreements with Messrs. de la Aguilera and Anderson. The Bank has entered into a change in control agreement with Mr. Pazos. See "—Potential Payments upon Termination or Change in Control."

Luis de la Aguilera

The Bank has entered into an employment agreement with Mr. de la Aguilera dated April 16, 2016, which was subsequently amended on April 19, 2019 and April 30, 2019. Mr. de la Aguilera serves as the Bank's Chief Executive Officer. The employment agreement had an initial termination date of three years after the effective date, which was subsequently extended to April 30, 2022, and is subject to one-year extensions if approved by the Board. The agreement provides for a minimum base salary of $450,000 per year, which may be increased as determined by the Board. For any calendar year, Mr. de la Aguilera may earn a cash bonus equal to 50% of his base salary, depending on the satisfaction of performance criteria for such calendar year. The agreement also provides for a grant of nonqualified stock options, subject to vesting over a four year period.

In the event that Mr. de la Aguilera's employment is terminated by the Bank for other than cause (as defined in the employment agreement), disability, retirement, or his death, or by Mr. de la Aguilera for good reason (as defined in the employment agreement), then he shall be entitled to a cash severance amount equal to the sum of one time his then current annual base salary plus the amount accrued with respect to his annual cash bonus for the year in which the termination occurs, plus a continuation of certain medical and dental benefits. In the event that concurrently with or within 12 months subsequent to a change in control of the Bank (as defined in the employment agreement), Mr. de la Aguilera's employment is terminated by the Bank for other than cause, disability, retirement, or his death, or by Mr. de la Aguilera for good reason, then he shall be entitled to a cash severance amount equal to 2.99 times his highest annual compensation (as defined in the employment agreement), plus a continuation of certain medical and dental benefits. Mr. de la Aguilera's right to the cash severance benefits described above are conditioned upon his execution of a general release of claims against the Bank. In the event that Mr. de la Aguilera's employment is terminated due to his death, his designated beneficiary is entitled to a lump sum cash payment equal to one-half of Mr. de la Aguilera's base salary, plus a continuation of certain medical and dental benefits.

The benefits provided under Mr. de la Aguilera's employment agreement are subject to certain restrictions, as further set forth in the agreement. Further, if Mr. de la Aguilera's employment is terminated by the Bank for cause or without cause, before or after a change in control, or by Mr. de la Aguilera other than for disability, he will be subject to non-competition and non-solicitation restrictions for 12 months after the termination of his employment.

Robert Anderson

The Bank has entered into an employment agreement with Mr. Anderson dated September 11, 2020. Mr. Anderson serves as the Bank's Executive Vice President and Chief Financial Officer. The employment agreement has an initial termination date of three years after the effective date, subject to one-year extensions if approved by the Board. The agreement provides for a minimum base salary of $325,000 per year, which may be increased as determined by the Board. The agreement also provides for a $100,000 sign-on bonus, subject to pro rata repayment if Mr. Anderson resigns from the Bank without good reason (as defined in the employment agreement) within one year following the effective date, and up to a $50,000 moving allowance, subject to repayment in full if Mr. Anderson resigns from the Bank without good reason within one year following the

effective date. Mr. Anderson may also earn cash bonus payments as may be determined by the Board. The agreement also provides for a grant of nonqualified stock options, subject to vesting over a three year period.

In the event that Mr. Anderson's employment is terminated by the Bank for other than cause (as defined in the employment agreement), disability, retirement, or his death, or by Mr. Anderson for good reason, then he shall be entitled to a cash severance amount equal to the sum of one time his then current annual base salary plus the amount accrued with respect to his annual cash bonus for the year in which the termination occurs, plus a continuation of certain medical and dental benefits. In the event that concurrently with or within 12 months subsequent to a change in control of the Bank (as defined in the employment agreement), Mr. Anderson's employment is terminated by the Bank for other than cause, disability, retirement, or his death, or by Mr. Anderson for good reason, then he shall be entitled to a cash severance amount equal to two times his then current annual base salary, plus a continuation of certain medical and dental benefits. Mr. Anderson's right to the cash severance benefits described above are conditioned upon his execution of a general release of claims against the Bank. In the event that Mr. Anderson's employment is terminated due to his death, his designated beneficiary is entitled to a lump sum cash payment equal to one-half of Mr. Anderson's base salary, plus a continuation of certain medical and dental benefits.

The benefits provided under Mr. Anderson's employment agreement are subject to certain restrictions, as further set forth in the agreement. Further, if Mr. Anderson's employment is terminated by the Bank for cause or without cause, before or after a change in control, or by Mr. Anderson other than for disability, he will be subject to non-competition and non-solicitation restrictions for 12 months after the termination of his employment.

Equity Incentive Plan

The Board adopted the U.S. Century Bank Amended and Restated 2015 Equity Incentive Plan, or 2015 Equity Incentive Plan, on June 22, 2020. The amendment and restatement of the 2015 Equity Incentive Plan was subsequently approved by our shareholders at the 2020 annual shareholder meeting. The purpose of the 2015 Equity Incentive Plan is to attract and retain capable employees and non-employee directors and to improve the growth and profitability of the Bank by providing employees and non-employee directors with a proprietary interest in the Bank as an incentive to contribute to the Bank's success, and to reward employees for outstanding performance. The 2015 Equity Incentive Plan is administered by our compensation committee, which has authority to determine, among other matters, participants in the plan and awards under the plan. Under the 2015 Equity Incentive Plan, options to purchase Class A common stock and Class B common stock, including incentive stock options and non-qualified options, may be awarded to employees and non-employee directors; provided, that incentive stock options may not be granted to non-employee directors. The aggregate number of shares of common stock which may be issued pursuant to the 2015 Equity Incentive Plan, without adjusting to reflect the Reverse Stock Split, is 5,000,000 shares (1,000,000 shares after adjusting for the Reverse Stock Split), of which up to 1,500,000 shares can consist of Class B common stock (or 300,000 shares of Class A common stock on an as-converted basis after adjusting to reflect the Reverse Stock Split).

Outstanding Equity Awards at 2020 Fiscal Year-End

The following table provides a summary of equity awards outstanding as of December 31, 2020 for the named executive officers.

	Option Awards[(1)]				
Name	**Total Option Awards**	**Number of securities underlying unexercised options exercisable**	**Number of securities underlying unexercised options unexercisable**	**Option exercise price ($)**	**Option expiration date**
Luis de la Aguilera	40,000[(2)]	40,000	—	7.50	4/1/2026
	40,000[(3)]	13,334	26,666	11.35	9/23/2029
Benigno Pazos	10,000[(3)]	10,000	—	7.50	4/1/2026
	20,000[(3)]	6,667	13,333	11.35	4/22/2029

(1) Each equity award is subject to the terms of our 2015 Equity Incentive Plan. Amounts reflect the Reverse Stock Split.
(2) These options vest over a four year period from the grant date, with one-fourth of the options under the grant becoming exercisable on each of the first four anniversaries of the grant date.
(3) These options vest over a three year period from the grant date, with one-third of the options under the grant become exercisable on each of the first three anniversaries of the grant date.

Potential Payments upon Termination or Change in Control

The Bank's employment agreements with Mr. de la Aguilera and Mr. Anderson, respectively, contain benefits payable upon a change in control. See "Employment Agreements—Luis de la Aguilera" and "Employment Agreements—Robert Anderson."

The Bank has entered into a change in control agreement with Benigno Pazos, who serves as the Bank's Chief Credit Officer, dated August 2, 2019. The agreement provides that, in the event of a change in control (as defined in the agreement), for the remaining term of Mr. Pazos's employment with the Bank, the Bank will pay Mr. Pazos a lump sum payment equal to 1.5 times his annual base salary applicable for the one year period prior to the change in control, to be paid within 30 days of the consummation of the change in control.

Compensation of Directors for Fiscal Year 2020

Each non-employee director receives an annual cash retainer as compensation for his or her services as a member of the Board. In addition, the chairs of our board committees also receive an additional cash retainer of $8,000 and the chair of our Board receives an additional cash retainer of $28,000. We pay each director their applicable annual fee in quarterly installments. Our directors also participate in our 2015 Equity Incentive Plan. We do not pay our "inside" employee-director, Mr. de la Aguilera, any additional compensation for his services as a director.

The following table provides the compensation paid to our non-employee directors for the year ended December 31, 2020.

Name	Fees Earned or Paid in Cash ($)	Total ($)
Ramón Abadin[(1)]	83,000	83,000
Howard P. Feinglass[(2)]	75,000	75,000
Bernardo Fernandez[(3)]	83,000	83,000
Wayne K. Goldstein[(2)]	75,000	75,000
Aida Levitan[(4)]	103,000	103,000
W. Kirk Wycoff[(2)]	75,000	75,000

(1) Represents annual retainer for membership on our Board and for serving as chair of the BSA/AML committee, which no longer exists.
(2) Represents annual retainer for membership on our Board.
(3) Represents annual retainer for membership on our Board and for serving as chair of the audit and risk committee.
(4) Represents annual retainer for membership on our Board and for serving as chair of the compensation committee and chair of the Board.

In addition to the compensation described above, non-employee directors are reimbursed for reasonable business expenses relating to their attendance at meetings of our Board, including expenses relating to lodging, meals and transportation to and from the meetings.

PRINCIPAL SHAREHOLDERS

The following table sets forth information about the beneficial ownership of our common stock as of March 31, 2021 and after the completion of the offering for:

- each person or group known by us to beneficially owns more than 5% of our outstanding shares of Class A common stock and Class B common stock;
- each of our named executive officers;
- each of our directors; and
- all of our current executive officers and directors as a group.

We have determined beneficial ownership in accordance with the rules of the Exchange Act, as applied through FDIC regulations. These rules generally provide that a person is the beneficial owner of securities if such person has or shares the power to vote or direct the voting of securities, or to dispose or direct the disposition of securities, or has the right to acquire such powers within 60 days through (i) the exercise of any option, warrant or right, (ii) the conversion of a security, (iii) the power to revoke a trust, discretionary account or similar arrangement or (iv) the automatic termination of a trust, discretionary account or similar arrangement. For purposes of calculating each person's percentage ownership, common stock issuable pursuant to stock options that are currently exercisable or will become exercisable within 60 days are included as outstanding and beneficially owned for that person or group, but are not deemed outstanding for the purposes of computing the percentage ownership of any other person. Except as disclosed in the footnotes to this table, we believe that each person identified in the table has sole voting and investment power over all of the shares shown opposite such person's name. All information related to the shareholders owning 5% or more of our common stock is based solely upon information furnished to us by such shareholders.

The percentage of beneficial ownership is based on 3,889,469 shares of our Class A common stock issued and outstanding and 1,224,212 shares of our Class A common stock convertible from Class B common stock issued and outstanding, in each case as of March 31, 2021, as adjusted to reflect the Reverse Stock Split, and 18,167,540 shares of our Class A common stock and 1,224,212 shares of our Class A common stock convertible from Class B common stock issued and outstanding after completion of the Reverse Stock Split, the offering and the Exchange Transactions. The table does not reflect any shares of our Class A common stock that may be purchased in this offering by directors, executive officers or beneficial holders of more than 5% of our outstanding common stock, including through our directed share program described in "Underwriting—Directed Share Program."

Unless otherwise indicated in the table below, the address for each beneficial owner is c/o U.S. Century Bank, 2301 N.W. 87th Avenue, Miami, Florida 33172.

	Class A Common Stock Beneficially Owned Prior to this Offering		Class B Common Stock Beneficially Owned Prior to this Offering		% of Total Voting Power before the Offering	Class A Common Stock Beneficially Owned After this Offering(2)(3)		
	Number	Percent of Class A	Number(1)	Percent of Class B		Number	Percent (if option not exercised)	Percent (if option is exercised)
Name and Address of Beneficial Owner 5% or Great Shareholders:								
Entities Affiliated with Patriot Financial Partners II, L.P.[4] Four Radnor Corporate Center 100 Matsonford Road, Suite 210 Radnor, PA 19087	381,038	9.8%	612,106	50%	9.8%	3,873,803	21.3%	20.6%
Priam Capital Fund II, LP[5] 745 Fifth Ave, Suite 1702 New York, NY 10151	381,038	9.8%	612,106	50%	9.8%	3,873,803	21.3%	20.6%
Endicott Opportunity Partners IV, L.P.[6] 570 Lexington Avenue 37th Floor New York, New York 10022	210,984	5.4%	—	—	5.4%	953,639	5.2%	5.1%
Entities Affiliated with GCP Managing Partner III[7] 600 Lexington Ave., 31st Floor New York, NY 10022	210,986	5.4%	—	—	5.4%	899,289	4.9%	4.8%
Named Executive Officers and Directors:								
Luis de la Aguilera[8]	53,334	1.4%	—	—	1.4%	53,334	*	*
Robert Anderson	—	—	—	—	—	—	—	—
Benigno Pazos[9]	23,333	*	—	—	*	23,333	*	*
Aida Levitan, Ph.D., APR[10]	16,980	*	—	—	*	27,468	*	*
Ramón Abadin[11]	9,000	*	—	—	*	9,000	*	*
Howard P. Feinglass[12]	392,538	10.1%	612,106	50%	10.1%	3,885,303	21.4%	20.7%
Bernardo Fernandez, M.D.[13]	9,000	*	—	—	*	9,000	*	*
Wayne K. Goldstein[14]	219,984	5.6%	—	—	5.6%	962,639	5.3%	5.1%
W. Kirk Wycoff[15]	392,538	10.1%	612,106	50%	10.1%	3,885,303	21.4%	20.7%
Directors and Executive Officers as a Group (13 Persons)	1,159,107	28.5%	1,224,212	100%	28.5%	8,897,780	48.5%	47.0%

* Represents less than 1%.

(1) Refers to shares of Class A common stock on an as-converted basis.

(2) Amount excludes any shares that might be purchased in the directed share program, if any.

(3) Ownership and percentages give effect to the exchange offer transactions described above under "The Exchange Transactions," whereby a total of 10,278,071 shares of Class A common stock were issued in connection with the Exchange Transactions, with the exchange ratio for the exchange of Preferred Stock being based on an initial public offering price of $10.00 per share of Class A common stock, and the exchange of 3,773,328 shares of Preferred Stock (consisting of 16,142 shares of Class C Preferred Stock and 3,757,186 shares of Class D Preferred Stock) for Class A common stock held by the Patriot Funds and 3,773,328 shares of Preferred Stock (consisting of 16,142 shares of Class C Preferred Stock and 3,757,186 shares of Class D Preferred Stock) for Class A common stock held by Priam Capital II.

(4) Prior to the closing of this offering and the Exchange Transactions, Patriot Financial Partners II, L.P. ("Patriot Funds II") has shared voting and dipositive power over 288,682 shares of our Class A common stock issued and outstanding and 463,744 shares of our Class B common stock issued and outstanding (on an as-converted to Class A common stock basis) and Patriot Financial Partners Parallel II, L.P. (together with Patriot Funds II, the "Patriot Funds") has shared voting and dispositive power over 92,356 shares of our Class A common stock issued and outstanding and 148,362 shares of our Class B common stock issued and outstanding (on an as-converted to Class A common stock basis). The Patriot Funds' voting and dispositive power is shared with the partners of Patriot Financial Partners, L.P., W. Kirk Wycoff, and James Lynch. W. Kirk Wycoff, who serves as a managing partner of Patriot Financial Partners, L.P., serves on our Board.

(5) Priam Capital Associates, LLC is the general partner of Priam Capital Fund II, L.P. ("Priam Capital II") and Howard Feinglass is the managing member of Priam Capital Associates, LLC. By virtue of such relationships, prior to the closing of this offering and the Exchange Transactions, Priam Capital Associates, LLC and Mr. Feinglass may be deemed to have voting and dispositive power over 381,038 shares of our Class A common stock issued and outstanding and 612,106 shares of our Class B common stock issued and outstanding (on an as-converted to Class A common stock basis) held by Priam Capital Fund II, L.P. and as a result may be deemed to have beneficial ownership of such securities. Mr. Feinglass serves on our Board.

(6) W.R. Endicott IV, L.L.C. ("WR IV LLC") is the general partner of Endicott Opportunity Partners IV, L.P. ("EOP IV"). Wayne K. Goldstein serves as a managing member of WR IV LLC. By virtue of such relationships, prior to the closing of this offering and the Exchange Transactions, WR IV LLC and Mr. Goldstein may be deemed to have voting and dispositive power over 210,984 shares of our Class A common stock held by EOP IV and as a result may be deemed to have beneficial ownership of such securities. EOP IV's voting and dispositive power is shared with Rob Usdan, also a managing member of WR IV LLC. Mr. Goldstein serves on our Board.

(7) Prior to the closing of this offering and the Exchange Transactions includes 117,591, 23,066, 21,278, and 49,051 shares of Class A common stock over which Greenhill Capital Partners III, L.P., Greenhill Partners (Cayman Islands) III, L.P., Greenhill Capital Partners (GHL) III, L.P. and Greenhill Capital Partners (Employees) III, L.P. have voting and dispositive power, respectively.

(8) Includes options to purchase 53,334 shares of Class A common stock exercisable within 60 days.

(9) Includes options to purchase 23,333 shares of Class A common stock exercisable within 60 days.

(10) Includes options to purchase 14,000 shares of Class A common stock exercisable within 60 days. In addition, prior to the closing of this offering and the Exchange Transactions, Ms. Levitan may be deemed to have beneficial ownership of 50 shares of Class C Preferred Stock and 11,400 shares of Class D Preferred Stock owned by The Second Restatement of the Aida T. Levitan Living Trust u/t/d December 20, 2012.

(11) Includes options to purchase 9,000 shares of Class A common stock exercisable within 60 days.

(12) Prior to the closing of this offering and the Exchange Transactions, includes 381,038 shares of Class A common stock and 612,106 shares of Class B common stock (on an as-converted basis) beneficially owned by Priam Capital II. See footnote (5) above. Mr. Feinglass disclaims beneficial ownership of these shares and shares of Class C Preferred Stock and Class D Preferred Stock owned by Priam Capital II, other than to the extent of any pecuniary interest he may have therein. Also includes options to purchase 11,500 shares of Class A common stock exercisable within 60 days held in his individual capacity.

(13) Includes options to purchase 9,000 shares of Class A common stock exercisable within 60 days.

(14) Prior to the closing of this offering and the Exchange Transactions, includes 210,984 shares of Class A common stock beneficially owned by EOP IV. See footnote (6) above. Mr. Goldstein disclaims beneficial

ownership of these shares and shares of Class C Preferred Stock and Class D Preferred Stock owned by EOP IV, other than to the extent of any pecuniary interest he may have therein. Also includes options to purchase 9,000 shares of Class A common stock exercisable within 60 days held in his individual capacity.

(15) Prior to the closing of this offering and the Exchange Transactions, includes 381,038 shares of Class A common stock and 612,106 shares of Class B common stock (on an as-converted basis) beneficially owned by the Patriot Funds. See footnote (4) above. Mr. Wycoff disclaims beneficial ownership of these shares and shares of Class C Preferred Stock and Class D Preferred Stock owned by the Patriot Funds, other than to the extent of any pecuniary interest he may have therein. Also includes options to purchase 11,500 shares of Class A common stock exercisable within 60 days held in his individual capacity.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

In addition to the compensation arrangements with directors and executive officers described in "Executive Compensation" above, the following is a description of transactions since January 1, 2019 to which we have been a party in which the amount involved exceeded or will exceed the lesser of $120,000 or one percent of the average of our total assets at year-end for the last two completed fiscal years, which was $14,070,070, and in which any of our directors, executive officers or beneficial holders of 5% or more of our voting securities, or their respective immediate family members or entities affiliated with them, had or will have a direct or indirect material interest.

Policies and Procedures Regarding Related Party Transactions

We have adopted written policies to comply with regulatory requirements and restrictions applicable to us, including Sections 23A and 23B of the Federal Reserve Act (which govern certain transactions by us with our affiliates). Additionally, certain loan transactions are subject to the Federal Reserve's Regulation O, which governs certain loans by us to our executive officers, directors and principal shareholders.

In addition, upon the completion of this offering our Board will adopt a new written policy governing the approval of related party transactions that will comply with all applicable requirements of the Exchange Act as applied through FDIC regulations and The Nasdaq Stock Market concerning related party transactions. Under the terms of our related transaction policy, a related party transaction is a transaction, arrangement or relationship or a series of similar transactions, arrangements or relationships in which the amount involved exceeds the lesser of $120,000 or one percent of the average of our total assets at year-end for the last two completed fiscal years. Related party transactions are transactions in which we participate (whether or not we are a direct party to the transaction), and in which a related party had, has or will have a direct or indirect material interest. Our related parties include our directors (including nominees for election as directors), executive officers, beneficial owners of 5% or more of our voting securities and immediate family members of any of the foregoing.

Our new related party transaction policy will be administered by our audit and risk committee. This policy will require the audit and risk committee to ensure that we maintain an ongoing review process for all related party transactions for potential conflicts of interest and require that our audit and risk committee pre-approve any such transactions or, if for any reason pre-approval is not obtained, to review, ratify and approve or cause the termination of such transactions. Our audit and risk committee shall consider all relevant facts and circumstances and shall approve or ratify only those transactions that are deemed to be in the best interests of the Bank. Our audit and risk committee shall take into account, among other factors it deems appropriate, whether the transaction was undertaken in the ordinary course of business or at arms-length terms, whether the transaction was initiated by us or the related person, the purpose of the transaction, the potential benefits to us, the approximate dollar value of the transaction, particularly as it relates to the related person, the related person's interest in the transaction and any other information regarding the related person transaction or the related person that would be material to investors in light of the circumstances. Related party transactions entered into, but not approved or ratified as required by our related party transaction policy, will be subject to termination by us, if so directed by our audit and risk committee or our Board, taking into account all relevant facts and circumstances deemed appropriate and relevant.

Ordinary Banking Relationships

Certain of our executive officers, directors and principal shareholders, as well as their immediate family members and affiliates, are clients of ours or have entered into banking transactions with us in the ordinary course of business. These transactions include deposits, loans and other financial services-related transactions. All of our transactions involving loans to related parties were made in the ordinary course of business, on substantially the same terms, including interest rates and collateral (where applicable), as those prevailing at the time for comparable transactions with persons not related to us, and do not involve more than the normal risk of

collectability or present other features unfavorable to us. Any loans we originate with executive officers, directors or principal shareholders, as well as their immediate family members and affiliates, are approved by our Board in accordance with the Bank's regulatory requirements. As of March 31, 2021, none of our executive officers and directors, nor their immediate families and affiliated companies, were indebted directly or indirectly to us, while deposits from our executive officers and directors, as well as their immediate families and affiliated companies, as a group, totaled $2.1 million as of such date. As of March 31, 2021, no related party loans were categorized as nonaccrual, past due, troubled debt restructurings or potential problem loans. We expect to continue to enter into transactions in the ordinary course of business with our executive officers, directors and principal shareholders, as well as their immediate family members and affiliates.

Directed Share Program

At our request, the underwriters have reserved up to 5% of the shares of our Class A common stock offered by this offering circular for sale, at the initial public offering price, to our directors, executive officers, employees and certain other persons who have expressed an interest in purchasing our Class A common stock in this offering. We will offer these shares to the extent permitted under applicable regulations through a directed share program. See "Underwriting—Directed Share Program."

Arrangements with Certain Investors

In February 2015, we closed an offering of our securities to certain institutional investors and to qualified legacy shareholders, which we refer to as the 2015 Recapitalization. Among the investors in the 2015 Recapitalization were two significant institutional investors, Patriot and Priam, which each entered into a Second Amended and Restated Investment Agreement, dated as of February 19, 2015, or Investment Agreement, with us. Pursuant to the Investment Agreement, the Significant Investors each purchased 381,038 shares of Class A common stock (or 1,905,188 shares prior to adjustment to reflect the Reverse Stock Split), 3,060,526 shares of Class B common stock (or 612,106 shares of Class A common stock on an as-converted, post-Reverse Stock Split basis), 3,792,000 shares of Class D Preferred Stock, and 16,669 shares of Class C Preferred Stock.

In connection with the 2015 Recapitalization, we entered into agreements with the Significant Investors pursuant to the Investment Agreement that could be characterized as related party transactions. These agreements include a Registration Rights Agreement entered into among the Significant Investors, certain other investors and us, or the Registration Rights Agreement, and a New Shareholders Agreement entered into among the Significant Investors, certain other investors and us that will terminate upon the closing of the offering, or the Shareholder Agreement. Additionally, the terms of the Investment Agreement provided the Significant Investors with certain contractual preemptive rights and additional rights that are summarized below.

Registration Rights Agreement. We entered into a Registration Rights Agreement with each of the Significant Investors and certain other shareholders, which provides for "demand" registration rights and "piggyback" registration rights. The "demand" registration rights allow one or both of the Significant Investors to require us to effect a registration on Form S-1 or Form S-3, to the extent we are eligible to register securities on Form S-3, of all or part of their respective common stock or common stock equivalents. This right may be exercised at any time after the fifth anniversary of the date of the Registration Rights Agreement, or February 19, 2020. Each Significant Investor can effect two demand registrations of registration common stock, or four in total. In addition, any time after the first anniversary of the closing of our initial public offering, the Significant Investors may together, on one occasion, require us to effect a registration on Form S-1 or Form S-3, to the extent we are eligible to register securities on Form S-3, for shares of Class D Preferred Stock owned by the Significant Investors. As a result of the expected Exchange Transactions and subsequent redemption of the Class D Preferred Stock, as discussed elsewhere in this offering circular, we do not expect this registration right to be exercised. When a Significant Investor exercises a demand registration right hereunder, the Significant Investor may elect to have us effect such registration by filing a "shelf" registration statement under the Securities Act, which would provide for the sale of their registerable securities from time to time on a delayed or

continuous basis pursuant to Rule 415 under the Securities Act; provided that we are eligible to register securities pursuant to Rule 415 under the Securities Act.

The Registration Rights Agreement also provides the Significant Investors and the other shareholders that are a party to the agreement with "piggyback" registration rights. These piggyback registration rights allow the Significant Investors and the other shareholder parties to the agreement to have their registerable securities included as part of any registration statement we may file other than pursuant to the demand registrations described above. The piggyback registration right is conditioned upon the Significant Investors and the other shareholders who exercise this right accepting the terms of any underwriting applicable to the offering as agreed upon between us and the underwriters that we select for such offering. In addition, the number of registerable shares that the Significant Investors and the other shareholders may include in any such public offering is subject to reduction of up to all of their respective registerable shares if the inclusion of such shares in the offering would materially and adversely affect such offering as determined in good faith by the managing underwriter. Each of the Significant Investors have waived their registration rights in connection with this offering. The Registration Rights Agreement is filed as Exhibit 4.3 to our registration statement on Form 10 on file with the FDIC, of which this offering circular forms a part.

Shareholder Agreement. Pursuant to the Shareholder Agreement, the Significant Investors and the other shareholders party to the agreement are obligated to vote their respective Class A common stock for the election of each director candidate nominated by the Significant Investors. The Shareholder Agreement will automatically terminate and be of no further force and effect upon the consummation of this offering. The Shareholder Agreement is filed as Exhibit 4.4 to our registration statement on Form 10 on file with the FDIC, of which this offering circular forms a part.

Investment Agreement; Matching/Contractual Preemptive Rights. Pursuant to the terms of the Investment Agreement, in the event that we make a public or non-public offering of any newly issued equity securities, including our common stock, preferred stock, restricted stock, and any securities or options that are convertible or exchangeable into equity or that include an equity component, subject to specified exceptions (e.g., the grant or exercise of our employee stock options), each Significant Investor shall have the opportunity to acquire such new equity securities from us for the same price (net of any underwriting discounts or sales commissions) and on the same terms (except that the Significant Investors may elect to receive such securities in non-voting form) as such new equity securities are proposed to be offered to others. The amount of new equity securities that each Significant Investor shall have the right to acquire is an amount in the aggregate required to enable such Significant Investor to maintain its proportionate common stock-equivalent ownership interest (with respect to each class of common stock) and its proportionate interest in any other class of equity securities, subject to limitations on such subscription rights in order to ensure that the Significant Investor is not deemed to control us under applicable bank regulations or own or control more than one third of our equity. Accordingly, in the event we propose to offer new equity securities, including the securities offered in this offering, we are required to provide written notice to the Significant Investors of our intention to conduct such offering, which notice must describe the price (or range of prices), anticipated amount of new equity securities, timing and other terms upon which we propose to offer such new equity securities. Each Significant Investor has 10 business days from receipt to notify us in writing whether it will exercise its subscription rights and the amount of new equity securities it desires to purchase in the offering, up to the maximum amount permitted pursuant to the Investment Agreement. This subscription right of each Significant Investors continues for as long as such Significant Investor and its affiliates beneficially own shares of our common stock that represent 50% or more of the common stock that was purchased by such Significant Investor in the 2015 Recapitalization, as adjusted from time to time as a result of changes in our capitalization. This subscription right is applicable to the Class A common stock we are offering pursuant to this offering circular. Each of the Significant Investors has waived their subscription rights with respect to this offering.

Pursuant to the terms of the Investment Agreement, each Significant Investor has the right to nominate one candidate to serve on our Board, and we agreed to recommend such candidate for election to our Board, subject

to such candidate meeting applicable qualifications. Additionally, each director nominated by a Significant Investor is entitled to serve on up to two committees that are selected by the Significant Investor, subject to such director satisfying all regulatory, securities, governance and other legal requirements for service on such committee, although such directors cannot serve as chairman of any committee on which they serve. The Significant Investors currently have their respective representatives serving on our compensation committee, asset liability committee and loan committee. See "Management—Board Committees of the Board of Directors." Each Significant Investor is also entitled to designate a candidate for replacement of their nominated director upon such person's death, resignation, retirement, disqualification or removal from the Board. Each Significant Investor is also permitted to designate one observer to our Board that can attend Board and committee meetings in a nonvoting observer capacity if the Significant Investor's nominated director is unable to attend such meeting. See "Management—Certain Rights of our Significant Investors." These director nomination and Board observer rights continue for as long as such Significant Investor and its affiliates beneficially own 50% or more of the shares of our common stock purchased by such Significant Investor in the 2015 Recapitalization, as adjusted from time to time as a result of changes in our capitalization. We expect that each Significant Investor will continue to have these rights following the consummation of the offering until their respective ownership in our common stock is reduced to levels that cause the termination of these rights.

The Investment Agreement also provides information rights to the Significant Investors. These rights include access to certain records and documents relating to our assets, liabilities, and operations, including the general statement of condition of our general assets and liabilities, the quarterly reports of condition and quarterly reports of income we are required to submit to the FOFR, and a list of our shareholders, subject to specified exclusions including information that we are not permitted to disclose by applicable law, regulation or court order or that is subject to attorney-client privilege. At any time when we are not required to file annual, quarterly and periodic reports with the SEC pursuant to Section 13 or 15(d) of the Exchange Act, we are also required to furnish to the Significant Investors as soon as reasonably practicable after they become available, (i) audited annual financial statements and a comparison of the figures in such financial statements with our annual operating budget, (ii) unaudited quarterly financial statements and (iii) copies of any management reports or similar correspondence from our accountants. The Investment Agreement is filed as Exhibit 4.2 to our registration statement on Form 10 on file with the FDIC, of which this offering circular forms a part.

Repurchase of Class E Preferred Stock

We entered into a transaction with the holders of our Class E Preferred Stock to repurchase all of the outstanding shares of our Class E Preferred Stock, or the Class E Repurchase Transaction. The Class E Repurchase Transaction was completed on April 26, 2021. Among the holders of our Class E Preferred Stock were Patriot and Priam, who owned 2,739 and 2,739 shares of Class E Preferred Stock, respectively, and received $2,739,000 and $2,739,000, respectively, for the repurchase of these shares. In connection with the Class E Repurchase Transaction, all of the holders, including Patriot and Priam received the same consideration for their shares of Class E Preferred Stock. See "Description of Capital Stock—Preferred Stock—Class E Preferred Stock and Repurchase."

Exchange Transactions

Upon the pricing of Class A common stock in this offering, we are closing the Exchange Transactions effective as of the date of this offering circular, with approximately $102.8 million in aggregate liquidation preference of the Preferred Stock accepted in exchange for approximately 10.3 million shares of Class A common stock at the exchange rates established by the initial public offering price of $10.00 per share of Class A common stock. Among the holders of our Preferred Stock who participated in the Exchange Transactions were Patriot and Priam, who exchanged 16,142 and 16,142 shares of Class C Preferred Stock and 3,757,186 and 3,757,186 shares of Class D Preferred Stock, respectively, for 3,492,765 and 3,492,765 shares of Class A common stock, respectively. In connection with the Exchange Transactions, all of the holders, including Patriot and Priam, received the same consideration for their shares of Class C Preferred Stock and Class D Preferred Stock. See "The Exchange Transactions."

Indemnification Agreements

Our Amended and Restated Articles and our Amended and Restated Bylaws provide that we shall indemnify any person who was or is made a party to or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that such person is or was a director, officer, employee or agent of the Bank, or is or was serving at our request, from expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Bank and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. Our Amended and Restated Articles and our Amended and Restated Bylaws further provide that we may purchase and maintain insurance on behalf of our directors and officers and that we will advance expenses on behalf of our directors and officers to the fullest extent permitted by law, provided we receive an undertaking in writing by such person to repay the advanced amount if it is ultimately determined that such person is not entitled to indemnification.

Additionally, in connection with the completion of this offering, we intend to enter into indemnification agreements with each of our directors that contractually obligate us to indemnify them to the fullest extent permitted under applicable law. These agreements generally require that we indemnify each director if the director is, or is threatened to be made, a party to or a participant in any proceeding, other than a proceeding by or in the right of the Bank to procure a judgment in favor of us or a proceeding by a federal banking agency, if the director acted in good faith and in a manner the director reasonably believed to be in, or not opposed to, our best interests, and, in the case of a criminal action or proceeding, had no reasonable cause to believe that the director's conduct was unlawful. Each director is further required to be indemnified for all expenses reasonably incurred by the director or on behalf of the director if the director is, or is threatened to be made, a party to or a participant in any proceeding by or in the right of the Bank to procure a judgment in our favor, provided that the director acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, our best interests. Notwithstanding the foregoing, no indemnification is available to a director in respect of any claim, issue or matter as to which the director is finally adjudged by a court to be liable to us, unless and only to the extent that the court in which the proceeding was brought determines that, despite the adjudication of liability

but in view of all the circumstances of the case, the director is fairly and reasonably entitled to indemnification for such expenses. The indemnification agreements also generally provide for indemnification of expenses in connection with certain specific scenarios, including proceedings by federal banking regulators, subject to certain customary exclusions. The indemnification agreements also obligate us to advance expenses to a director, subject to the director's obligation to repay the advance if and to the extent it is determined that the director is not entitled to be indemnified by us.

DESCRIPTION OF CAPITAL STOCK

The following descriptions include summaries of the material terms of our capital stock and of our Amended and Restated Articles and our Amended and Restated Bylaws, as will be in effect upon completion of the offering. Because it is a summary, it may not contain all the information that is important to you. For a complete description, reference is made to the more detailed provisions of, and the descriptions are qualified in their entirety by reference to our Amended and Restated Articles and our Amended and Restated Bylaws, copies of which are filed with the FDIC as exhibits to the Form 10 registration statement of which this offering circular is a part, and to applicable law. We urge you to read these documents for a more complete understanding of shareholder rights.

General

Our authorized capital stock and outstanding shares, immediately prior to the offering and the Exchange Transactions and after giving effect to the Reverse Stock Split relating to our Class A common stock and the recent amendment to our Amended and Restated Articles increasing the authorized shares of Class A common stock, consists of the following:

- 45,000,000 shares of Class A common stock, $1.00 par value per share, of which 3,889,469 shares were issued and outstanding;
- 8,000,000 shares of Class B common stock, $1.00 par value per share, of which 6,121,052 shares were issued and outstanding, which are convertible to 1,224,212 shares of Class A common stock; and
- 15,600,000 shares of preferred stock, $1.00 par value per share, with 50,236 shares of preferred stock designated as Class A Preferred Stock, none of which were issued and outstanding; 2,512 shares of preferred stock designated as Class B Preferred Stock, none of which were issued and outstanding; 52,748 shares of preferred stock designated as Class C Preferred Stock, $1.00 par value per share and $1,000 liquidation preference per share, of which 52,748 shares were issued and outstanding; 12,309,480 shares of preferred stock designated as Class D Preferred Stock, $1.00 par value per share and $5 liquidation preference per share, of which 12,290,631 shares were issued and outstanding; and 3,185,024 shares of preferred stock designated as Class E Preferred Stock, none of which were issued and outstanding as of the date of this offering circular.

As of March 31, 2021, the number of record holders of (i) our Class A common stock was 562 and (ii) our Class B common stock was 2. After giving effect to this offering and the Exchange Transactions, but before any Preferred Stock redemption, there will be 18,167,540 shares of Class A common stock issued and outstanding (or 18,767,540 shares if the underwriters exercise their option to purchase additional shares from us in full), there will be 6,121,052 shares of Class B common stock issued and outstanding (representing 1,224,212 shares of Class A common stock on an as-converted basis), there will be 5,275 shares of Class C Preferred Stock issued and outstanding, and there will be 1,229,079 shares of Class D Preferred Stock issued and outstanding. These outstanding amounts do not reflect the 263,667 vested stock options exercisable into shares of Class A common stock, which are held by certain employees and directors.

On April 26, 2021, we repurchased all 7,500 issued and outstanding shares of our Class E Preferred Stock.

This summary of the material rights and features of our capital stock does not purport to be exhaustive and is qualified in its entirety by reference to our Amended and Restated Articles and Amended and Restated Bylaws, and to applicable Florida law.

Common Stock

General. We have two classes of common stock, Class A common stock and Class B common stock. The rights, preferences and other terms of the Class A common stock and the Class B common stock are substantially

the same, except that the Class B common stock may convert to Class A common stock in certain circumstances and holders of Class B common stock do not have voting rights except as required by law. The rights, preferences and privileges of the holders of common stock are junior to our outstanding Preferred Stock and will be subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock that we may designate in the future.

Dividends. Holders of our common stock are entitled to receive such dividends as may from time to time be declared by our Board out of funds legally available for such purposes. We can pay dividends on our common stock only if we have paid or provided for the payment of all dividends, if any, to which holders of our outstanding Preferred Stock, are entitled. Our ability to pay dividends is also subject to applicable federal and state banking laws. See "Dividend Policy" and "Supervision and Regulation—Payment of Dividends" for more information.

Liquidation. In the event of our liquidation, dissolution or winding-up of the Bank, holders of both our Class A common stock and Class B common stock are entitled to share equally and ratably in our assets, if any, remaining after the payment of all our debts and liabilities, and the satisfaction of the liquidation preferences of the holders of any then outstanding classes or series of preferred stock.

Voting. Our Class A common stock has voting rights, and our Class B common stock does not have voting rights except in limited circumstances. Holders of Class A common stock are entitled to one vote per share on all matters on which the holders are entitled to vote, except in the case of amendments to the Amended and Restated Articles where such amendment relates solely to Class B common stock or any other series of our preferred stock. We do not have any cumulative votes in the election of directors. Under our Amended and Restated Bylaws, unless otherwise provided by law or the Amended and Restated Articles, the holders of a majority of shares issued, outstanding, and entitled to vote, present in person or by proxy, will constitute a quorum to transact business, including the election of directors, except that when a specified item of business is required to be voted on by one or more designated classes or series of capital stock, a majority of the shares of each such class or series will constitute a quorum. Once a quorum is present, except as otherwise provided by law, our Amended and Restated Articles, our Amended and Restated Bylaws or in respect of the election of directors, all matters to be voted on by our shareholders must be approved by a majority of shares constituting a quorum, and where a separate vote by class or series is required, a majority of the votes represented by the shares of the shareholders of such class or series present in person or by proxy and entitled to vote shall be the act of such class or series. The affirmative vote of the holders representing 66 2/3% of the then outstanding shares of Class A common stock is required to amend, alter or repeal, or adopt any provision as part of the Amended and Restated Articles that is inconsistent with the purpose and intent of certain designated provisions of the Amended and Restated Articles and the Amended and Restated Bylaws including, among others, perpetual term, management of the corporation, indemnification, transfer restrictions, board powers and number of directors.

The holders of Class B common stock have limited voting rights. In addition to any voting rights that may be required under Florida law, the consent of holders of Class B common stock representing a majority of the shares of Class B common stock present in person or by proxy and entitled to vote, voting as a separate class, is required to (i) amend the Amended and Restated Articles in a manner that would significantly and adversely affect the rights of the holders of the Class B common stock in a manner that is different from the effect of such amendment on the Class A common stock or (ii) liquidate, dissolve or wind-up the Bank. Additionally, in connection with our 2015 Recapitalization, we entered into the Shareholder Agreement with certain holders of our Class A common stock and Class B common stock, who agreed to vote their respective shares of Class A common stock for the director candidates nominated by the Significant Investors. The Shareholder Agreement also included certain other covenants that require Board and/or shareholder action. The Shareholder Agreement will automatically terminate and be of no further force and effect upon the consummation of this offering. See "Certain Relationships and Related Party Transactions—Arrangements With Certain Investors—Shareholder Agreement."

Preemptive Rights, Redemption or Other Rights. Pursuant to our Amended and Restated Articles and Amended and Restated Bylaws, holders of our common stock do not have preemptive rights or other rights to

purchase, subscribe for or take any part of any shares of our capital stock. Our Significant Investors, however, have contractual preemptive rights pursuant to the Investment Agreement. See "Certain Relationships and Related Party Transactions—Arrangements With Certain Investors—Investment Agreement; Matching/Contractual Preemptive Rights." In addition, we do not have any sinking fund or redemption provisions in our Amended and Restated Articles or our Amended and Restated Bylaws applicable to our common stock. Our common stock is junior in priority and rank in rights and preferences to the two classes of Preferred Stock that are outstanding.

Conversion. Our Class A common stock does not have any conversion rights. Pursuant to our Amended and Restated Articles, our shares of Class B common stock may only be transferred (a) to an affiliate of the holder of Class B common stock, (b) to the Bank, (c) pursuant to a widespread public distribution of our common stock (including a transfer to an underwriter for the purpose of conducting a widespread public distribution or pursuant to Rule 144 under the Securities Act), (d) if no transferee or group of associated transferees would receive 2% or more of any class of capital stock entitled to vote generally in the election of directors of the Bank or (e) to a transferee that would control more than 50% of the capital stock entitled to vote generally in the election of directors of the Bank without any transfer from the transferor. Immediately following a transfer of the type described in clauses (c), (d) or (e) in the preceding sentence, each share of Class B common stock so transferred is automatically converted into 0.2 shares of Class A common stock (subject to adjustment as provided in the Amended and Restated Articles). The Bank must at all times reserve and keep available out of its authorized and unissued shares of Class A common stock such number of shares of Class A common stock that may be issuable upon conversion of all of the outstanding shares of Class B common stock.

Transfer Restrictions

The shares of common stock currently outstanding were offered and sold pursuant to an exemption from registration under the Securities Act, and other exemptions provided by the laws of the United States and other jurisdictions where such securities were offered and sold. Shares of our common stock may only be transferred or sold in compliance with our Amended and Restated Articles and all applicable state, federal and foreign securities laws. See "Deferred Tax Asset Related Ownership Limitations" below.

Preferred Stock

General. Our Board is authorized, without shareholder approval and subject to any limitations prescribed by law and our Amended and Restated Articles and Amended and Restated Bylaws, to at any time or from time to time to (i) provide for the issuance of the shares of preferred stock in one or more classes or series, (ii) determine the designation for any such classes or series of preferred stock, (iii) establish the number of shares to be included in any such class or series, (iv) determine the terms, powers, preferences, qualifications, limitations, restrictions and relative, participating, optional or other special rights of the shares of such class or series of preferred stock, which include rights such as those with respect to dividends, liquidation preference, conversion, redemption, and/or voting.

The creation and issuance of any additional classes of preferred stock, and the relative rights, designations, and preferences of each such classes, if and when established, will depend on, among other things, our future capital needs, then existing market conditions and other factors that, in the judgment of our Board, might warrant the issuance of preferred stock. Having shares of preferred stock available for issuance gives us flexibility in that it would allow us to avoid the expense and delay of calling a meeting of shareholders at the time the contingency or opportunity arises. Any issuance of preferred stock with voting rights or which is convertible into voting shares could adversely affect the voting power of the holders of our Class A common stock. Any of these actions could have an anti-takeover effect and discourage a transaction that some or a majority of our shareholders might believe to be in their best interests or in which our shareholders might receive a premium for their shares over our then market price.

We have two outstanding classes of preferred stock, our Class C Preferred Stock and our Class D Preferred Stock, which are summarized below.

Class C Preferred Stock. The Class C Preferred Stock is entitled to dividends if, as and when declared by the Board out of assets legally available thereof, at a rate of 4% per annum, based on the $1,000 per share liquidation preference, payable quarterly in arrears on a non-cumulative basis. With respect to the payment of dividends and the amounts to be paid upon liquidation, the Class C Preferred Stock ranks:

- senior to our common stock and all other equity securities designated as ranking junior to the Class C Preferred Stock; and
- at least equal to all other equity securities designated as ranking on a parity basis with the Class C Preferred Stock with respect to the payment of dividends and distribution of assets upon our liquidation, dissolution or winding-up (including the Class D Preferred Stock).

Subject to any required regulatory approval, the Bank may redeem the Class C Preferred Stock, in whole or in part, at its option at any time following the fifth anniversary of the date of issuance of the Class C Preferred Stock, for an amount equal to the liquidation preference of $1,000 per share, plus any accrued and unpaid dividends. Holders of Class C Preferred Stock do not have any conversion rights or preemptive rights.

In the event of the Bank's liquidation, dissolution, or winding-up, the holder of each share of Class C Preferred Stock shall be paid out of the assets available for distribution a liquidation preference of $1,000 per share, plus declared and unpaid dividends, before any payments or distribution to the holders of the shares of common stock or any other equity securities ranking, as to liquidation, junior to the Class C Preferred Stock. The Class C Preferred Stock's $1,000 per share liquidation preference (or $52.748 million in the aggregate based on the number of shares of Class C Preferred Stock outstanding immediately prior to this offering and the Exchange Transactions) will have equal priority with the Class D Preferred Stock's liquidation preference upon any liquidation or dissolution of the Bank. The merger or consolidation of the Bank with any other entity, or the sale, lease or exchange of all or substantially all of the assets of the Bank, will not constitute a liquidation, dissolution or winding-up of the Bank.

In addition to any approvals or consents required under Florida law, the vote or consent of holders of 66 2/3% of the outstanding shares of Class C Preferred Stock is required for (i) a proposed amendment, alteration or repeal (including by merger, consolidation or otherwise) to the Amended and Restated Articles that would significantly and adversely affect the rights of the holders of Class C Preferred Stock, (ii) a proposed liquidation, dissolution or winding-up of the business and affairs of the Bank and (iii) additional issuances of amounts, series or classes of securities with rights, terms or preferences senior to the Class C Preferred Stock. Other than as described in the preceding sentence, holders of Class C Preferred Stock have no other voting rights.

Class D Preferred Stock. The Class D Preferred Stock is entitled to dividends if, as and when declared by the Board out of assets legally available thereof, at a rate of 4% per annum, based on the $1.00 original issue price, payable quarterly in arrears on a non-cumulative basis. With respect to the payment of dividends and the amounts to be paid upon liquidation, the Class D Preferred Stock ranks:

- senior to our common stock and all other equity securities designated as ranking junior to the Class D Preferred Stock; and
- at least equal to all other equity securities designated as ranking on a parity basis with the Class D Preferred Stock with respect to the payment of dividends and distribution of assets upon our liquidation, dissolution or winding-up (including the Class C Preferred Stock).

Subject to any required regulatory approval, the Bank may redeem the Class D Preferred Stock, in whole or in part, at its option at any time following the fifth anniversary of the date of issuance of the Class D Preferred Stock, for an amount equal to the liquidation preference of $5 per share, plus any accrued and unpaid dividends,

or the Class D liquidation preference; provided, that the Class D liquidation preference is subject to reduction to $1 per share during any period that the Bank is other than well capitalized or following the occurrence of a failed capital raise (as such terms are defined in the Amended and Restated Articles). Holders of Class D Preferred Stock do not have any conversion rights or preemptive rights.

In the event of the Bank's liquidation, dissolution, or winding-up, or upon a merger or consolidation in which the Bank is a constituent party and does not survive, the holder of each share of Class D Preferred Stock shall be paid out of the assets available for distribution the Class D liquidation preference before any payments or distribution to the holders of the shares of our common stock or any other equity securities ranking, as to liquidation, junior to the Class D Preferred Stock. The Class D Preferred Stock's $5 per share liquidation preference (or $61.453 million in the aggregate based on the number of shares of Class D Preferred Stock outstanding immediately prior to the offering and the Exchange Transactions) will have equal priority with the Class C Preferred Stock's liquidation preference upon any liquidation or dissolution of the Bank. In addition, the Class D Preferred Stock will receive a liquidation preference of $5 per share upon a merger or consolidation in which the Bank is a constituent party and is not the surviving entity. If the Class D liquidation preference is reduced to $1 per share plus accrued and unpaid dividends under the circumstances described above the aggregate liquidation preference payable with respect to the Class D Preferred Stock will be $12.291 million in the aggregate based on the number of shares of Class D Preferred Stock outstanding immediately prior to the offering and the Exchange Transactions.

In addition, we may not enter into an agreement for any business combination transaction, including any merger, consolidation, exchange of shares, or sale of all or substantially all of its assets, unless such agreement provides that the holders of the Class D Preferred Stock receive in that transaction not less than the Class D liquidation preference.

In addition to any approvals or consents required under Florida law, consent of holders of 66 2/3% of the outstanding shares of Class D Preferred Stock is required for (i) a proposed amendment, alteration or repeal (including by merger, consolidation or otherwise) to the Articles that would significantly and adversely affect the rights of the holders of Class D Preferred Stock, (ii) a proposed liquidation, dissolution or winding-up of the business and affairs of the Bank and (iii) additional issuances of amounts, series or classes of securities with rights, terms or preferences senior to the Class D Preferred Stock. Other than as described in the preceding sentence, holders of Class D Preferred Stock have no other voting rights.

Class E Preferred Stock. The Bank repurchased all outstanding shares of its Class E Preferred Stock on April 26, 2021. See "Offering Circular Summary—Recent Developments" and "Certain Relationships and Related Party Transactions—Redemption of Class E Preferred Stock."

Listing

Our Class A common stock is listed on The Nasdaq Global Market under the symbol "USCB."

Transfer Agent and Registrar

Upon completion of this offering, the transfer agent and registrar for our Class A common stock will be Computershare Trust Company, N.A.

Deferred Tax Asset Related Ownership Limitations

The continued availability of "deferred tax assets"—i.e., previous losses incurred by the Bank which, subject to U.S. federal income tax rules, may be used in the future to reduce the tax owed on profits that we may earn—depends, in part, on the value of our stock deemed to be owned by shareholders owning 5% or more of our stock. As such, Article X of the Amended and Restated Articles, except as otherwise may be approved by the

Board, prohibits any direct or indirect transfer of stock or options to acquire stock to any person who, as a result of the transfer, would be deemed to own 4.95% or more of our stock, as long as we continue to have "deferred tax assets." The transfer restrictions set forth in Article X also include an exception that allows the Significant Investors to effect any transfer that would otherwise be prohibited, which transfer could result in the loss of the deferred tax asset. See above under "Risk Factors—*Our ability to recognize the benefits of deferred tax assets is dependent on future cash flows and taxable income and may be materially impaired upon significant changes in ownership of our common stock, including changes in ownership that may result from transfers by our Significant Investors, which are not otherwise restricted*."

Bank Regulatory Ownership Limitations

Federal and state banking laws prevent any holder of our capital stock from acquiring "control" of us, as defined under applicable statutes and regulations, without obtaining the prior approval of the Federal Reserve, the FDIC or the FOFR, as applicable. See "Supervision and Regulation—Change In Control" for more information.

Limitation of Liability and Indemnification

The Florida Business Corporation Act, or FBCA, authorizes a company to indemnify its directors and officers in certain instances against certain liabilities that they may incur by virtue of their relationship with the company. A company may indemnify any individual who is a party to a proceeding because the individual is or was a director or officer against liability incurred in the proceeding if he or she (i) acted in good faith, (ii) acted in a manner which he or she reasonably believed to be in or not opposed to the best interests of the company, and (iii) in the case of any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. Unless ordered by a court, a company may not indemnify a director or an officer in connection with a proceeding by or in the right of the company except for expenses and amounts paid in settlement not exceeding, in the judgment of the board of directors, the estimated expense of litigating the proceeding to conclusion, actually and reasonably incurred in connection with the defense or settlement of such proceeding, including any appeal thereof, where such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the company. A company must repay the expenses of any individual who is or was a director or officer who is wholly successful, on the merits or otherwise, in the defense of any proceeding against him or her in his or her capacity as such.

A Florida company is authorized to make any other or further indemnification or advancement of expenses of any of its directors, officers, employees, or agents; provided, unless ordered by a court, a company may not indemnify a director officer if a judgment or other final adjudication establishes that his or her actions or omissions were material to the cause of action so adjudicated and constitute (i) a violation of the criminal law (unless the director or officer had no reasonable cause to believe his or her conduct was unlawful), (ii) a transaction in which the director or officer derived an improper personal benefit, (iii) in the case of a director, a circumstance under which certain liability provisions of the FBCA are applicable (related to payment of dividends or other distributions or repurchases of shares in violation of such Act), or (iv) willful or intentional misconduct or a conscious disregard for the best interests of the company in a proceeding by or in the right of the company to procure a judgment in its favor or in a proceeding by or in the right of a company shareholder. A Florida company is also authorized to purchase and maintain liability insurance for its directors and officers.

Our Amended and Restated Articles and our Amended and Restated Bylaws provide that our directors will not be personally liable for monetary damages to us to the fullest extent permitted by Florida law. Our Amended and Restated Articles and our Amended and Restated Bylaws further provide that we may insure, will indemnify and will advance expenses on behalf of our officers and directors to the fullest extent permitted by law.

Federal banking law, however, which is applicable to us as an insured depository institution, limits our ability to indemnify our directors and officers. We may not make, or agree to make, indemnification payments to

an institution-affiliated party such as an officer or director in connection with any administrative or civil action instituted by a federal banking agency if, as a result of the banking agency action, the indemnitee is assessed a civil money penalty, is removed from office or prohibited from participating in the conduct of our affairs, or is subject to a cease and desist order. Prior to the resolution of any action instituted by the applicable banking agency, we may indemnify officers and directors only if the respective board of directors, as the case may be, (i) determines that the indemnified person acted in good faith, (ii) determines after investigation that making indemnification payments would not affect our safety and soundness, and (iii) if the indemnified party agrees in writing to reimburse us for any indemnity payments which turn out to be impermissible.

Anti-takeover Effects

Certain provisions of our Amended and Restated Articles, our Amended and Restated Bylaws, the Investment Agreement, and Florida banking law, including those listed below, may have anti-takeover effects and may delay, defer, or prevent a tender offer or takeover attempt that a shareholder might consider to be in such shareholder's best interest, including those attempts that might result in a premium over the market price for the shares held by shareholders, and may make removal of management more difficult. These provisions of our Amended and Restated Articles, our Amended and Restated Bylaws, and the Investment Agreement include those that:

- do not provide for cumulative voting in elections of our directors;
- provides that directors can be removed only for cause and only upon a majority vote of the shares of our Bank with voting power;
- provides for 15,600,000 shares of authorized preferred stock, the unissued shares of which, as described above, may be designated and issued by our Board from time to time without shareholder approval;
- includes capital stock ownership and transfer restrictions intended to preserve our deferred tax assets, see "—Deferred Tax Asset Related Ownership Limitations";
- prohibits holders of our Class A common stock to take action by written consent in lieu of a shareholder meeting;
- limits the ability of holders of Class A common stock to call a special shareholder meeting by requiring holders of at least 10% of our Class A common stock to call a special meeting;
- establishes advance notice and disclosure procedures for shareholders to bring matters before a meeting of our shareholders; and
- establishes advance notice and disclosure requirements for shareholder nominations of directors.

In addition, certain contractual rights that we provided to our Significant Investors pursuant to the Investment Agreement may also have antitakeover effects. Under the terms of the Investment Agreement, we provided each Significant Investor with the right to designate its own representative to our Board. In addition, we provided "matching" subscription rights that allows each Significant Investor to purchase an amount of any newly issued equity securities, subject to certain exceptions, necessary for such Significant Investor to maintain its percentage ownership of our capital stock. These rights of the Significant Investors continues so long as such Significant Investor continues to own shares representing not less than 50% of the common stock it acquired in the 2015 Recapitalization. See "Certain Relationships and Related Party Transactions—Arrangements with Certain Investors."

Shareholder Vote on Fundamental Issues

Under Florida banking law, a plan of merger by a bank must generally be approved by the affirmative vote of the holders of at least a majority of the votes entitled to be cast on the plan regardless of the class or voting group to which the shares belong, and a majority of the votes entitled to be cast on the plan within each voting group entitled to vote as a separate voting group on the plan.

UNDERWRITING

We are offering the shares of our Class A common stock described in this offering circular in an underwritten offering in which we and Keefe, Bruyette & Woods, Inc., as representative for the underwriters named below, are entering into an underwriting agreement with respect to the shares of our Class A common stock being offered hereby. Subject to certain conditions, we will agree to sell, and each underwriter will severally and not jointly agree to purchase, the number of shares of our Class A common stock indicated in the following table:

Name	Number of Shares
Keefe, Bruyette & Woods, Inc.	3,000,000
Raymond James & Associates, Inc.	500,000
Piper Sandler & Co.	500,000
Total	4,000,000

The underwriters are offering the shares of our Class A common stock subject to a number of conditions, including receipt and acceptance of our Class A common stock by the underwriters. The obligations of the underwriters to pay for and accept delivery of the shares offered by this offering circular are subject to these conditions. The underwriting agreement further provides that if any underwriter defaults, the purchase commitments of the non-defaulting underwriters may be increased or this offering may be terminated.

In connection with this offering, the underwriters or securities dealers may distribute offering documents to investors electronically. See "-Electronic Distribution."

Underwriting Discount

Shares of our Class A common stock sold by the underwriters to the public will be offered at the initial public offering price set forth on the cover page of this offering circular. Any shares of our Class A common stock sold by the underwriters to securities dealers may be sold at a discount of up to $0.42 per share from the initial public offering price. Any of these securities dealers may resell any shares of our common stock purchased from the underwriters to other brokers or dealers at a discount of up to $0.10 per share from the initial public offering price. If all of the shares of our Class A common stock are not sold at the initial public offering price, the representative may change the offering price and the other selling terms. Sales of shares of our Class A common stock made outside of the U.S. may be made by affiliates of the underwriters. The underwriters reserve the right to reject an order for the purchase of shares, in whole or in part.

The underwriting fee is equal to the public offering price per share of common stock less the amount paid by the underwriters to us per share of common stock. The underwriting fee is $0.70 per share.

The following table shows the per share and total underwriting discounts to be paid to the underwriters assuming both no exercise and full exercise by the underwriters of their option to purchase additional shares of Class A common stock from us, discussed below:

	No exercise of option to purchase additional shares	Full exercise of option to purchase additional shares
Per share	$ 0.70	$ 0.70
Total	$2,800,000	$3,200,000

We estimate the expenses of this offering and the Exchange Transactions, not including the underwriting discount, to be approximately $3.2 million and such expenses are payable by us. We also have agreed to

reimburse the underwriters for certain expenses incurred in connection with the offering in an amount up to $360,000. We have also granted to the representative a right of first refusal, subject to certain limitations, to act as the Bank's financial advisor in connection with certain future strategic transactions involving the Bank. The granted right of first refusal will terminate on the earliest of (i) the date of consummation of the offering, (ii) the date that is 180 calendar days after the effective date of termination of the underwriters' engagement (other than termination for cause), and (iii) December 31, 2021. We may terminate the right of first refusal for cause.

Option to Purchase Additional Shares

We have granted the underwriters an option to purchase up to 600,000 additional shares of our Class A common stock, at the initial public offering price set forth on the cover page of this offering circular, less the underwriting discount. The underwriters may exercise this option, in whole or in part, from time to time for a period of 30 days from the date of this offering circular. If the underwriters exercise this option, each underwriter will be obligated, subject to the conditions in the underwriting agreement, to purchase a number of additional shares of Class A common stock proportionate to the number of shares reflected next to such underwriter's name in the table above relative to the total number of shares reflected in such table.

Lock-Up Agreements

We, our executive officers and directors and certain shareholders, holding, in the aggregate, 8,715,113 shares of our common stock as of July 22, 2021 (representing approximately 44.9% of our outstanding common stock as of such date) are entering into lock-up agreements with the underwriters. Under these agreements, we and each of these persons may not, without the prior written approval of the representative and subject to limited exceptions:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of, hypothecate, establish an open "put equivalent position" within the meaning of Rule 16a-1(h) under the Exchange Act, or otherwise dispose of or transfer any shares of our Class A common stock or any securities convertible into or exchangeable or exercisable for our Class A common stock, whether now owned or hereafter acquired or with respect to which such person has or hereafter acquires the power of disposition, or exercise any right with respect to the registration thereof, or file or cause to be filed any registration statement, with respect to any of the foregoing;
- enter into any swap, hedge, or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the shares of our Class A common stock or such other securities, whether any such swap or transaction is to be settled by delivery of shares of our Class A common stock or other securities, in cash or otherwise; or
- publicly disclose the intention to make any such offer, pledge, sale or disposition, or to enter into any such swap, hedge, transaction or other arrangement.

These restrictions are subject to customary exceptions and will be in effect for a period of 180 days after the date of this offering circular. At any time and without public notice, the representative may, in its sole discretion, waive or release all or some of the securities from these lock-up agreements. However, as to any of our executive officers or directors, the representative has agreed to notify us at least three business days before the effective date of any release or waiver, and we have agreed to announce the impending release or waiver by press release through a major news service at least two business days before the effective date of the release or waiver.

These restrictions also apply to securities convertible into or exchangeable or exercisable for or repayable with our Class A common stock to the same extent as they apply to our Class A common stock. They also apply to our Class A common stock owned now or later acquired by the person executing the agreement or for which the person executing the agreement later acquires the power of disposition.

Pricing of the Offering

Prior to this offering, there has been no public market for our Class A common stock. The initial public offering price will be determined by negotiations between us and the representative of the underwriters. In addition to prevailing market conditions, among the factors to be considered in determining the initial public offering price of our Class A common stock will be our historical performance, estimates of our business potential and our earnings prospects, an assessment of our management, and the consideration of the above factors in relation to market valuation of companies in related businesses. The initial public offering price range set forth on the cover page of this prospectus is subject to change as a result of market conditions and other factors. An active trading market for the shares of our Class A common stock may not develop. It is also possible that the shares of our Class A common stock will not trade in the public market at or above the initial public offering price following the completion of this offering.

Exchange Listing

Our Class A common stock is listed on The Nasdaq Global Market under the symbol “USCB”.

Indemnification and Contribution

We have agreed to indemnify the underwriters and their affiliates, selling agents and controlling persons against certain liabilities, including under the Securities Act. If we are unable to provide this indemnification, we will contribute to the payments the underwriters and their affiliates, selling agents and controlling persons may be required to make in respect of those liabilities.

Price Stabilization, Short Positions, and Penalty Bids

To facilitate this offering and in accordance with Regulation M under the Exchange Act, or Regulation M, the underwriters may, but are not obligated to, engage in transactions that stabilize, maintain or otherwise affect the price of our Class A common stock, including:

- stabilizing transactions;
- short sales; and
- purchases to cover positions created by short sales.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of our Class A common stock while this offering is in progress. These transactions may also include making short sales of our Class A common stock, which involve the sale by the underwriters of a greater number of shares of Class A common stock than they are required to purchase in this offering. Short sales may be “covered short sales,” which are short positions in an amount not greater than the underwriters’ option to purchase additional shares referred to above, or may be “naked short sales,” which are short positions in excess of that amount.

The underwriters may close out any covered short position either by exercising their option to purchase additional shares, in whole or in part, or by purchasing shares in the open market. In making this determination, the underwriters will consider, among other things, the price of shares available for purchase in the open market compared to the price at which they may purchase shares through the option to purchase additional shares described above. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of our Class A common stock in the open market that could adversely affect investors who purchased in this offering.

As an additional means of facilitating our initial public offering, the underwriters may bid for, and purchase, shares of our Class A common stock in the open market. The underwriting syndicate also may reclaim selling

concessions allowed to an underwriter or a dealer for distributing shares of our Class A common stock in this offering, if the syndicate repurchases previously distributed shares of our Class A common stock to cover syndicate short positions or to stabilize the price of our Class A common stock.

As a result of these activities, the price of our Class A common stock may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the underwriters at any time without notice. The underwriters may carry out these transactions on The Nasdaq Global Market, in the over-the-counter market or otherwise.

Passive Market Making

In connection with this offering, the underwriters may engage in passive market making transactions in our Class A common stock on The Nasdaq Global Market in accordance with Rule 103 of Regulation M during a period before the commencement of offers or sales of our Class A common stock and extending through the completion of the distribution of this offering. A passive market maker must generally display its bid at a price not in excess of the highest independent bid of that security. However, if all independent bids are lowered below the passive market maker's bid, the passive market maker may continue to bid and effect purchases at a price exceeding the then highest independent bid until specified purchase limits are exceeded, at which time such bid must be lowered to an amount no higher than the then highest independent bid. Passive market making may cause the price of our Class A common stock to be higher than the price that otherwise would exist in the open market in the absence of those transactions. The underwriters engaged in passive market making are not required to engage in passive market making and may end passive market making activities at any time.

Electronic Distribution

An offering circular in electronic format may be made available by e-mail or on the websites or through online services maintained by one or more of the underwriters or their affiliates. In those cases, prospective investors may view offering terms online and may be allowed to place orders online. The underwriters may agree with us to allocate a specific number of shares for sale to online brokerage account holders. Any such allocation for online distributions will be made by the underwriters on the same basis as other allocations. Other than the offering circular in electronic format, the information on the underwriters' websites and any information contained on any other website maintained by any of the underwriters is not part of this offering circular, has not been approved and/or endorsed by the underwriters or us, and should not be relied upon by investors.

Directed Share Program

At our request, the underwriters have reserved for sale, at the initial public offering price, up to 5% of the shares of our Class A common stock offered by this offering circular for sale to our directors, executive officers, employees and business associates and certain other related persons. Our directed share program will be administered by Keefe Bruyette & Woods or its affiliate. Reserved shares purchased by our directors and executive officers will be subject to the lock-up provisions described above. The number of shares of our Class A common stock available for sale to the general public will be reduced to the extent these persons purchase the reserved shares. Any reserved shares of our Class A common stock that are not so purchased will be offered by the underwriters to the general public on the same terms as the other shares of our Class A common stock offered by this offering circular.

Affiliations

The underwriters and their respective affiliates are full-service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment advisory, investment research, principal investment, hedging, financing, loan referrals, valuation and brokerage activities. From time to time, the underwriters and/or their affiliates have

directly and indirectly engaged, and may in the future engage, in various financial advisory, investment banking loan referrals and commercial banking services with us and our affiliates, for which they received or paid, or may receive or pay, customary compensation, fees and expense reimbursement. In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and those investment and securities activities may involve securities and/or instruments of ours. The underwriters and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of those securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in those securities and instruments. In addition, we have engaged Keefe, Bruyette & Woods, Inc. as our financial advisor with respect to the Exchange Transaction, pursuant to which they will receive a maximum fee of $1,250,000. Such fee may be deemed to be underwriting compensation by FINRA. The closing of this offering is not conditioned upon the closing of the Exchange Transaction.

Selling Restrictions

Prohibition of Sales to European Economic Area Retail Investors

Shares of our Class A common stock are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area, or EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended, referred to as MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC, as amended, referred to as the Insurance Mediation Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No. 1286/2014, as amended, referred to as the PRIIPs Regulation, for offering or selling the securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

European Economic Area

In relation to each member state, or Member State, of the European Economic Area, or EEA, no shares have been offered or will be offered pursuant to the offering to the public in any Member State prior to the publication of a prospectus in relation to the shares which have been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, all in accordance with the Prospectus Regulation, except that the shares may be offered to the public in that Member State at any time:

- to any legal entity which is a “qualified investor” as defined in the Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors, as defined in the Prospectus Regulation), subject to obtaining the prior consent of the representatives for any such offer; or
- in any other circumstances falling within Article 1(4) of the Prospectus Regulation, provided that no such offer of shares shall require us or the representatives to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of the above provisions, the expression “an offer of shares to the public” in relation to any shares in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable an investor to decide to purchase or subscribe for any shares, and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

United Kingdom

This offering circular is only being distributed to, and is only directed at, persons in the United Kingdom that are qualified investors (as defined in the Prospectus Regulation) that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, referred to herein as the Order, (ii) high net worth companies falling within Article 49(2)(a) to (d) of the Order and (iii) other persons to whom it may lawfully be communicated. Each such person is referred to herein as a Relevant Person.

This offering circular and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a Relevant Person should not act or rely on this document or any of its contents. Any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, or the FSMA) may only be communicated or caused to be communicated in connection with the issue or sale of the shares in circumstances in which Section 21(1) of the FSMA does not apply. All applicable provisions of the FSMA must be complied with in respect of anything done by any person in relation to the shares in, from or otherwise involving the United Kingdom.

No shares have been offered or will be offered pursuant to the offering to the public in the United Kingdom prior to the publication of a prospectus in relation to the shares which has been approved by the Financial Conduct Authority, except that the shares may be offered to the public in the United Kingdom at any time:

(a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the representative for any such offer; or

(c) in any other circumstances falling within Section 86 of the FSMA, provided that no such offer of the shares shall require us or any underwriter to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to any shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable an investor to decide to purchase or subscribe for any shares, and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

Each underwriter has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of our shares in circumstances in which Section 21(1) of the FSMA does not apply to us; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares in, form or otherwise in involving the United Kingdom.

Canada

The shares offered hereby may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions, and Ongoing Registrant Obligations. Any resale of our Class A common stock must be made in accordance with an exemption form, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering circular (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

All of our directors and officers as well as the experts named herein may be located outside of Canada and, as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon us or those persons. All or a substantial portion of our assets and the assets of those persons may be located outside of Canada and, as a result, it may not be possible to satisfy a judgment against us or those persons in Canada or to enforce a judgment obtained in Canadian courts against us or those persons outside of Canada.

Canadian purchasers of the shares should consult their own legal and tax advisors with respect to the tax consequences of an investment in the shares in their particular circumstances and about the eligibility of the shares for investment by the purchaser under relevant Canadian legislation.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no established public market for our Class A common stock. Although our common stock is listed on The Nasdaq Global Market, we cannot assure you that a significant public market for our Class A common stock will develop or be sustained. As of March 31, 2021, there were 562 holders of record of our Class A common stock. Actual or anticipated issuances or sales of substantial amounts of our Class A common stock following this offering could cause the market price of our Class A common stock to decline significantly and make it more difficult for us to sell equity or equity-related securities in the future at a time and on terms that we deem appropriate. The issuance of any shares of our Class A common stock and Class B common stock in the future also would, and equity-related securities could, dilute the percentage ownership interest held by shareholders prior to such issuance.

Upon completion of this offering and the Exchange Transactions, we will have 18,167,540 shares of our Class A common stock issued and outstanding (18,767,540 shares if the underwriters exercise in full their option to purchase additional shares from us) and 6,121,052 shares of Class B common stock issued and outstanding (1,224,212 shares of Class A common stock on an as-converted basis). The outstanding shares for Class A common stock gives effect to the Reverse Stock Split. Because we are a bank, offers and sales of shares of our common stock are not subject to the registration requirements of the Securities Act. Except for the lock-up agreements, described below and in "Underwriting", all of our outstanding shares may be resold without restriction or registration under the Securities Act.

Stock Options and Shares Available for Issuance

As of March 31, 2021, (i) 403,667 shares of our Class A common stock were subject to issuance upon exercise of issued and outstanding stock options, (ii) 557,667 shares of our Class A common stock were available for issuance pursuant to awards granted under our 2015 Equity Incentive Plan; and (iii) 1,224,212 shares of our Class A common stock are reserved in the event of conversion of our Class B common stock into shares of Class A common stock.

Lock-up Agreements

Our executive officers and directors have entered into lock-up agreements with us under which they have generally agreed not to sell or otherwise transfer their shares of our capital stock for a period of 180 days after the completion of this offering without the prior written approval of the underwriters. These lock-up agreements are subject to certain limited exceptions. For additional information, see "Underwriting—Lock-Up Agreements." As a result of these contractual restrictions, shares of our Class A common stock subject to lock-up agreements will not be eligible for sale until these agreements expire or the restrictions are waived by the underwriters. It is our understanding that the underwriters do not have any present intention or arrangement to release any shares of our common stock subject to lock-up agreements prior to the expiration of the 180-day lock-up period. In addition, certain of our shareholders, who collectively own 8,715,113 shares of Class A common stock, are restricted from selling any of our securities owned by them within the 180 days after the date of this offering circular, subject to certain limited exceptions.

Registration Rights Agreement and Contractual Preemptive Rights

In connection with the 2015 Recapitalization, we entered into a Registration Rights Agreement that provided registration rights to the Significant Investors and certain other investors in that offering. This agreement provides for customary "piggy-back" registration rights, as well as certain demand registration rights that are exercisable by the Significant Investors at any time after February 19, 2020. Each of the Significant Investors has agreed to waive its registration rights in connection with this initial public offering. For more information, see "Certain Relationships and Related Party Transactions—Arrangements with Certain Investors."

Additionally, pursuant to the Investment Agreement that we entered into with the Significant Investors, we agreed to provide the Significant Investors with contractual preemptive rights, which generally entitles those shareholders to participate in any future issuances and sales of new equity securities by us, subject to certain exceptions. This subscription right of each Significant Investors continues for as long as a Significant Investor and its affiliates beneficially own shares of our common stock that represent 50% or more of the common stock that was purchased by such Significant Investor in the 2015 Recapitalization, as adjusted from time to time as a result of changes in our capitalization. This subscription right is applicable to the Class A common stock we are offering pursuant to this offering circular. The Significant Investors have waived their subscription rights with respect to this offering. For more information, see "Certain Relationships and Related Party Transactions—Arrangements with Certain Investors."

CERTAIN UNITED STATES FEDERAL TAX CONSEQUENCES FOR NON-U.S. HOLDERS OF OUR CLASS A COMMON STOCK

This section summarizes certain United States federal income and estate tax consequences of the purchase, ownership and disposition of shares of our Class A common stock by a non-U.S. holder (as defined below) who acquires shares of our Class A common stock in this offering and holds the shares of our Class A common stock as capital assets for United States federal income tax purposes. You are a non-U.S. holder if you are, for United States federal income tax purposes:

- a nonresident alien individual, other than a former citizen or resident of the United States subject to U.S. tax as an expatriate;
- a corporation (or other entity that is taxable as a corporation) not created or organized in the United States or under the laws of the United States or of any State (or the District of Columbia);
- an estate other than an estate the income of which is includible in gross income for United States federal income tax purposes regardless of its source; or
- a trust other than a trust: (A) the administration of which is subject to the primary supervision of a United States court and which has one or more United States persons who have the authority to control all substantial decisions of the trust; or (B) that was in existence on August 20, 1996, was treated as a United States person on the previous day, and elected to continue to be so treated.

This section does not consider the specific facts and circumstances that may be relevant to a particular non-U.S. holder and does not address United States federal alternative minimum tax consequences or the treatment of a non-U.S. holder under the laws of any state, local or foreign taxing jurisdiction. In addition, it does not represent a detailed description of the United States federal income tax consequences applicable to you if you are subject to special treatment under the United States federal income tax laws (including if you are a United States expatriate, "controlled foreign corporation", "passive foreign investment company", a partnership or other pass-through entity for United States federal income tax purposes, tax-exempt organization, insurance company, bank or other financial institution, dealer in securities, trader in securities that elects to use a mark-to-market method of accounting, person who has acquired our common stock as compensation or otherwise in connection with the performance of services, or person who will hold our common stock as a position in a hedging transaction, "straddle," "conversion transaction," or other risk reduction transaction). This section is based on the tax laws of the United States, including the Internal Revenue Code, existing and proposed Treasury regulations, and administrative and judicial interpretations, all as currently in effect. These laws are subject to change, possibly on a retroactive basis.

If an entity classified as a partnership for United States federal income tax purposes holds the shares of our Class A common stock, the United States federal income tax treatment of a partner of such partnership will generally depend on the status of the partner and the tax treatment of the partnership. A partner in a partnership holding shares of our Class A common stock should consult its tax advisor with regard to the United States federal income tax treatment of an investment in our Class A common stock.

You should consult your tax advisor regarding the United States federal tax consequences of acquiring, holding and disposing of shares of our Class A common stock in your particular circumstances, as well as any tax consequences that may arise under the laws of any state, local or foreign taxing jurisdiction.

Dividends

If we make a distribution of cash or other property (other than certain distributions of our stock) in respect of our common stock, the distribution generally will be treated as a dividend to the extent of our current or accumulated earnings and profits, as determined under United States federal income tax principles. Any portion of a distribution that exceeds our current and accumulated earnings and profits will generally be treated first as a

tax-free return of capital, on a share-by-share basis, to the extent of your adjusted tax basis in our Class A common stock (and will reduce your basis in such common stock), and, to the extent such portion exceeds your adjusted tax basis in our Class A common stock, the excess will be treated as gain from the taxable disposition of the Class A common stock, the tax treatment of which is discussed below under "Gain on Taxable Disposition of Common Stock".

Except as described below, if you are a non-U.S. holder, distributions paid to you that are characterized as dividends for United States federal income tax purposes are subject to withholding of United States federal income tax at a 30% rate or at a lower rate if you are eligible for the benefits of an income tax treaty that provides for a lower rate. If you are eligible for a lower treaty rate, we and other payors will generally be required to withhold at a 30% rate (rather than the lower treaty rate) on dividend payments to you, unless you have furnished to us or another payor:

- a valid Internal Revenue Service, or IRS, Form W-8BEN or, in the case of a foreign entity shareholder, an IRS Form W-8BEN-E, or an acceptable substitute form upon which you certify, under penalties of perjury, your status as a non-United States person and your entitlement to the lower treaty rate with respect to such payments; or
- in the case of payments made outside the United States to an offshore account (generally, an account maintained by you at an office or branch of a bank or other financial institution at any location outside the United States), other documentary evidence establishing your entitlement to the lower treaty rate in accordance with Treasury regulations.

If you are eligible for a reduced rate of United States withholding tax under a tax treaty, you may obtain a refund of any amounts withheld in excess of that rate by filing a refund claim with the IRS.

If dividends paid to you are "effectively connected" with your conduct of a trade or business within the United States, and, if required by a tax treaty, the dividends are attributable to a permanent establishment that you maintain in the United States, we and other payors generally are not required to withhold tax from the dividends, provided that you have furnished to us or another payor a valid IRS Form W-8ECI or an acceptable substitute form upon which you represent, under penalties of perjury, that:

- you are a non-United States person; and
- the dividends are effectively connected with your conduct of a trade or business within the United States and are includible in your gross income.

"Effectively connected" dividends are taxed at rates applicable to United States citizens, resident aliens and domestic United States corporations.

If you are a corporate non-U.S. holder, "effectively connected" dividends that you receive may, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate or at a lower rate if you are eligible for the benefits of an income tax treaty that provides for a lower rate.

Gain on Taxable Disposition of Common Stock

If you are a non-U.S. holder, you generally will not be subject to United States federal income tax on gain that you recognize on a taxable disposition of shares of our Class A common stock (including a redemption treated as a sale or exchange rather than a distribution for United States federal income tax purposes) unless:

- the gain is "effectively connected" with your conduct of a trade or business in the United States, and if required by a tax treaty, the gain is attributable to a permanent establishment or fixed base that you maintain in the United States;
- you are an individual, you are present in the United States for 183 or more days in the taxable year of the sale and certain other requirements are satisfied; or

- we are or have been a United States real property holding corporation for United States federal income tax purposes and, so long as our common stock continues to be regularly traded on an established securities market, you held, directly or indirectly, at any time during the five-year period ending on the date of disposition, more than 5% of our common stock and you are not eligible for any treaty exemption.

If you are a non-U.S. holder and the gain from the taxable disposition of shares of our Class A common stock is effectively connected with your conduct of a trade or business in the United States (and, if required by a tax treaty, the gain is attributable to a permanent establishment that you maintain in the United States), you will be subject to tax on the net gain derived from the sale at rates applicable to United States citizens, resident aliens and domestic United States corporations. If you are a corporate non-U.S. holder, “effectively connected” gains that you recognize may also, under certain circumstances, be subject to an additional “branch profits tax” at a 30% rate or at a lower rate if you are eligible for the benefits of an income tax treaty that provides for a lower rate. If you are an individual non-U.S. holder described in the second bullet point immediately above, you will be subject to a flat 30% tax, or a lower rate if you are eligible for the benefits of an income tax treaty that provides for a lower rate, on the gain derived from the sale, which may be offset by United States source capital losses, even though you are not considered a resident of the United States.

We have not been, are not and do not anticipate becoming a United States real property holding corporation for United States federal income tax purposes.

FATCA Withholding

Sections 1471 through 1474 of the Internal Revenue Code (commonly referred to as FATCA) impose a U.S. federal withholding tax of 30% on certain payments, including dividends paid on our common stock to a foreign financial institution (as specifically defined by applicable rules) unless such institution enters into an agreement with the U.S. government to withhold on certain payments and to collect and provide to the U.S. tax authorities substantial information regarding U.S. account holders of such institution (which includes certain equity holders of such institution, as well as certain account holders that are foreign entities with U.S. owners). FATCA also generally imposes a federal withholding tax of 30% on certain payments, including dividends paid on our common stock to a non-financial foreign entity unless such entity provides the withholding agent with either a certification that it does not have any substantial direct or indirect U.S. owners or provides information regarding substantial direct and indirect U.S. owners of the entity. An intergovernmental agreement between the United States and an applicable foreign country may modify these requirements. The withholding tax described above will not apply if the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from the rules.

As initially enacted, FATCA would have imposed a withholding tax of 30% on the gross proceeds of a disposition of our stock paid to a foreign financial institution or to a non-financial foreign entity after 2018 unless the reporting and certification requirements described above had been met or another exception applied. The U.S. Treasury Department has released proposed regulations, which, if finalized in their present form, would eliminate the federal withholding tax of 30% applicable to the gross proceeds of a disposition of our common stock. In its preamble to such proposed regulations, the U.S. Treasury Department stated that taxpayers may generally rely on the proposed regulations until final regulations are issued. Non-U.S. Holders are encouraged to consult with their own tax advisors regarding the possible implications of FATCA on their investment in our common stock.

Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules than those described above. Under certain circumstances, a non-U.S. holder may be eligible for refunds or credits of such taxes and might be required to file a U.S. federal income tax return to claim such refunds or credits. Investors are encouraged to consult with their tax advisors regarding the possible implications of FATCA on their investment in our stock.

Backup Withholding and Information Reporting

If you are a non-U.S. holder, we and other payors are required to report payments of dividends on IRS Form 1042-S even if the payments are exempt from United States withholding tax. You are otherwise generally exempt from backup withholding and information reporting requirements with respect to dividend payments and the payment of the proceeds from the sale of shares of our Class A common stock effected at a United States office of a broker provided that either (a) the payor or broker does not have actual knowledge or reason to know that you are a United States person and you have furnished a valid IRS Form W-8BEN or, in the case of a foreign entity shareholder, Form W-8BEN-E, or other documentation upon which the payor or broker may rely to treat the payments as made to a non-United States person or (b) you otherwise establish an exemption.

Payment of the proceeds from the sale of shares of our common stock effected at a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, a sale effected at a foreign office of a broker could be subject to information reporting in the same manner as a sale within the United States (and in certain cases may be subject to backup withholding as well) if (i) the broker has certain connections to the United States, (ii) the proceeds or confirmation are sent to the United States or (iii) the sale has certain other specified connections with the United States.

Currently, the back-up withholding tax rate is 24%. Any amount withheld under the backup withholding rules from a payment to a non-U.S. holder may be allowed as a credit against the non-U.S. holder's United States federal income tax, which may entitle the non-U.S. holder to a refund, provided that the non-U.S. holder timely provides the required information to the IRS. Non-U.S. holders should consult with their tax advisors regarding the application of backup withholding in their particular circumstances and the availability of and procedure for obtaining an exemption from backup withholding.

In addition, certain foreign brokers may be required to report the amount of gross proceeds from the sale or other taxable disposition of shares of our Class A common stock under FATCA if you are presumed to be a United States person.

Federal Estate Taxes

Shares of our common stock held by a non-U.S. holder at the time of death will be included in the holder's gross estate for United States federal estate tax purposes, unless an applicable estate tax treaty provides otherwise.

EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISOR REGARDING THE TAX CONSEQUENCES OF PURCHASING, HOLDING, AND DISPOSING OF OUR CLASS A COMMON STOCK, INCLUDING THE CONSEQUENCES OF ANY RECENT OR PROPOSED CHANGE IN APPLICABLE LAW.

LEGAL MATTERS

The validity of the shares of our Class A common stock offered by this offering circular will be passed upon for us by Squire Patton Boggs (US), LLP. Certain legal matters will be passed upon for the underwriters by Hunton Andrews Kurth LLP.

WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement with the FDIC to register our Class A common stock under Section 12(b) of the Exchange Act. Upon effectiveness of our registration statement, we will be subject to the reporting and other requirements of the FDIC, which are substantially similar to the reporting requirements of the Exchange Act. In accordance with Sections 12, 13 and 14 of the Exchange Act and as a bank that is not a member of the Federal Reserve System, we will file certain reports, proxy materials, information statements and other information with the FDIC, copies of which can be inspected and copied at the public reference facilities maintained by the FDIC, Accounting and Securities Disclosure Section, Division of Risk Management Supervision, at the Public Reference Section, Room F-6043, 550 17th Street, N.W., Washington, DC 20429. Requests for copies may be made by telephone at (202) 898-8913 or by fax at (202) 898-3909. Certain financial information filed by us with the FDIC is also available electronically at the FDIC's website at https://efr.fdic.gov/fcxweb/efr/index.html, which after the offering will include the Exchange Act and certain other filings we make with the FDIC.

We also will maintain an "Investor Relations" page on our website containing additional information about us at http://www.uscentury.com, which information after the offering will include the Exchange Act filings and certain other filings we make with the FDIC. None of the information about us maintained on the FDIC's website or our website is incorporated into this offering circular by reference.

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U.S. CENTURY BANK AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(AMOUNTS IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

ASSETS	March 31, 2021	December 31, 2020
Cash and due from banks	$ 8,500	$ 9,828
Interest-bearing deposits in banks	97,440	37,906
TOTAL CASH & CASH EQUIVALENTS	105,940	47,734
Securities available for sale, at fair value	341,344	334,322
Federal Home Loan Bank stock, at cost	2,100	2,711
Loans held for investment, net of allowance of $15,009 and $15,086	1,088,972	1,023,418
Accrued interest receivable	6,009	5,547
Property and equipment, net	6,202	6,347
Bank owned life insurance	26,131	25,961
Deferred tax asset	39,165	39,159
Lease right of use	13,806	14,513
Other assets	3,690	2,030
TOTAL ASSETS	**$ 1,633,359**	**$ 1,501,742**
LIABILITIES AND STOCKHOLDERS' EQUITY		
DEPOSITS:		
Demand	$ 516,550	$ 442,467
Money market and savings accounts	589,092	527,373
Interest-bearing checking accounts	54,247	45,132
Time deposits over $250,000	123,521	104,140
Time deposits $250,000 or less	120,821	154,290
TOTAL DEPOSITS	1,404,231	1,273,402
Federal Home Loan Bank advances	36,000	36,000
Lease liability	13,806	14,513
Accrued interest and other liabilities	8,897	6,826
TOTAL LIABILITIES	1,462,934	1,330,741
COMMITMENTS AND CONTINGENCIES (NOTE 8 AND 10)		
STOCKHOLDERS' EQUITY:		
Preferred stock - Class C; $1.00 par value; $1,000 per share liquidation preference; 52,748 shares authorized; 52,748 issued and outstanding as of March 31, 2021 and December 31, 2020	12,325	12,325
Preferred stock - Class D; $1.00 par value; $5.00 per share liquidation preference; 12,309,480 shares authorized; 12,290,631 issued and outstanding as of March 31, 2021 and December 31, 2020	12,291	12,291
Preferred stock - Class E; $1.00 par value; $1,000 per share liquidation preference; 3,185,024 shares authorized; 7,500 issued and outstanding as of March 31, 2021 and December 31, 2020	7,461	7,461
Common stock - Class A Voting; $1.00 par value; 20,000,000 shares authorized; 3,889,469 issued and outstanding as of March 31, 2021 and December 31, 2020	3,889	3,889
Common stock - Class B Non-voting; $1.00 par value; 8,000,000 shares authorized; 6,121,052 issued and outstanding as of March 31, 2021 and December 31, 2020	6,121	6,121
Additional paid-in capital on common stock	177,808	177,755
Accumulated deficit	(49,622)	(53,622)
Accumulated other comprehensive income	152	4,781
TOTAL STOCKHOLDERS' EQUITY	170,425	171,001
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 1,633,359**	**$ 1,501,742**

Common Stock Class A authorized, outstanding and additional paid-in-capital for March 31, 2021 and December 31, 2020 were adjusted to reflect the 1 for 5 reverse stock split.
See Note 15 "Subsequent Events" for further discussion on stock split.

The accompanying notes are an integral part of these consolidated financial statements.

U.S. CENTURY BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (UNAUDITED)
(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	March 31, 2021	March 31, 2020
INTEREST INCOME:		
Interest and fees on loans	$ 11,868	$ 11,736
Securities	1,844	1,264
Deposits in other banks	16	142
TOTAL INTEREST INCOME	13,728	13,142
INTEREST EXPENSE:		
Time deposits	554	1,412
Money market and savings accounts	548	1,127
Federal Home Loan Bank advances	137	443
Interest-bearing checking accounts	14	46
TOTAL INTEREST EXPENSE	1,253	3,028
NET INTEREST INCOME BEFORE PROVISION FOR CREDIT LOSSES	12,475	10,114
Provision for Credit Losses	(160)	1,500
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	12,635	8,614
NONINTEREST INCOME:		
Service fees	889	878
Net gain on sale of securities available for sale, (includes $47 and $316 accumulated other comprehensive gain reclassifications from unrealized net gain on available for sale securities, net of tax, respectively)	62	418
Gain on sale of loans held for sale	964	228
Other income	406	387
TOTAL NONINTEREST INCOME	2,321	1,911
NONINTEREST EXPENSES:		
Salaries and employee benefits	5,278	5,070
Occupancy	1,387	1,399
Regulatory assessment and fees	178	176
Consulting and legal fees	185	159
Network and information technology services	508	337
Other operating	1,141	1,085
TOTAL NONINTEREST EXPENSES	8,677	8,226
INCOME BEFORE PROVISION FOR INCOME TAXES	6,279	2,299
INCOME TAX PROVISION	1,498	564
NET INCOME	4,781	1,735
Preferred stock dividends	781	781
NET INCOME AVAILABLE TO COMMON STOCKHOLDERS	4,000	954
EARNINGS PER SHARE:		
Common A: Adjusted for 1 for 5 reverse stock split		
Basic:	0.78	0.19
Diluted:	0.78	0.18
Common B:		
Basic:	0.16	0.04
Diluted:	0.16	0.04
OTHER COMPREHENSIVE INCOME		
Net change in unrealized holding gains on securities available for sale during the year	(6,070)	(1,047)
Realized gains on security sales	(62)	(418)
Tax effect	1,503	359
OTHER COMPREHENSIVE INCOME	(4,629)	(1,106)
COMPREHENSIVE INCOME	**$ 152**	**$ 629**

See Note 15 "Subsequent Events" for further discussion on stock split.

The accompanying notes are an integral part of these consolidated financial statements.

U.S. CENTURY BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31,
(DOLLARS IN THOUSANDS, EXCEPT SHARES AMOUNTS)

	Preferred Stock		Common Stock		Additional Paid-in Capital on	Accumulated	Accumulated Other Comprehensive	
	Shares	Value	Shares	Par Value	Common Stock	Deficit	Income (Loss)	Total
Balance at January 1, 2020	12,350,879	$ 32,077	10,008,521	$ 10,008	$ 177,555	$ (61,315)	$ 1,957	$ 160,282
Net income	-	-	-	-	-	1,735	-	1,735
Other comprehensive income	-	-	-	-	-	-	(1,106)	(1,106)
Dividends - Preferred Stock	-	-	-	-	-	(781)	-	(781)
Stock based compensation	-	-	-	-	64	-	-	64
Balance at March 31, 2020	12,350,879	32,077	10,008,521	10,008	177,619	(60,361)	851	160,194

	Preferred Stock		Common Stock		Additional Paid-in Capital on	Accumulated	Accumulated Other Comprehensive	
	Shares	Value	Shares	Par Value	Common Stock	Deficit	Income (Loss)	Total
Balance at January 1, 2021	12,350,879	$ 32,077	10,010,521	$ 10,010	$ 177,755	$ (53,622)	$ 4,781	$ 171,001
Net income	-	-	-	-	-	4,781	-	4,781
Other comprehensive income	-	-	-	-	-	-	(4,629)	(4,629)
Dividends - Preferred Stock	-	-	-	-	-	(781)	-	(781)
Stock based compensation	-	-	-	-	-	-	-	-
Stock based compensation	-	-	-	-	53	-	-	53
Balance at March 31, 2021	12,350,879	32,077	10,010,521	10,010	177,808	(49,622)	152	170,425

Common Stock shares, par value, and additional paid-in capital for common stock for 2020 and 2021 were adjusted to relflect the 1 for 5 reverse stock split.
See Note 15 "Subsequent Events" for further discussion on stock split.

The accompanying notes are an integral part of these consolidated financial statements.

U.S. CENTURY BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(DOLLARS IN THOUSANDS)

	For the Three Months Ended March 31, 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 4,781	$ 1,735
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	(160)	1,500
Depreciation and amortization	329	309
Amortization of premiums on securities, net	54	65
Accretion of deferred loan fees, net	(1,249)	(121)
Stock based compensation	53	64
Gain on sales of available for sale securities	(62)	(418)
Gains on sale of loans held for sale	(964)	(228)
Increase in cash surrender value of bank owned life insurance	(170)	(182)
Decrease in deferred tax asset	1,498	564
Net change in operating assets and liabilities:		
Accrued interest receivable	(462)	(201)
Other assets	(1,660)	(5,473)
Accrued interest and other liabilities	2,071	3,085
NET CASH PROVIDED BY OPERATING ACTIVITIES	4,059	699
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of available for sale securities	(41,094)	(4,137)
Proceeds from maturities and pay-downs of available for sale securities	13,699	8,007
Proceeds from sales of available for sale securities	14,248	9,169
Proceeds from call of available for sale securities	-	2,140
Net (increase) decrease in loans held for investment	(72,969)	14,907
Additions to property and equipment	(184)	(91)
Proceeds from the sale of loans held for sale previously classified as loans held for investment	9,788	2,440
Proceeds from the redemption of Federal Home Loan Bank stock	611	3,697
Purchase of Federal Home Loan Bank stock	-	(1,926)
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	(75,901)	34,206
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash dividends paid	(781)	(781)
Net increase in deposits	130,829	66,785
Proceeds from Federal Home Loan Bank advances	-	58,000
Repayments on Federal Home Loan Bank advances	-	(105,000)
NET CASH PROVIDED BY FINANCING ACTIVITIES	130,048	19,004
NET INCREASE IN CASH AND CASH EQUIVALENTS	58,206	53,909
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	47,734	35,741
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 105,940**	**$ 89,650**

SUPPLEMENTAL DISCLOSURE OF CASH FLOW ACTIVITIES:		
Interest paid	**$ 1,042**	**$ 3,079**
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Transfer of loans held for investment to loans held for sale	**$ 8,824**	**$ 2,212**

1. NATURE OF OPERATIONS

U.S. Century Bank ("Bank"), a state-chartered bank, commenced operations on October 28, 2002 and operates eleven banking centers in the South Florida area. There are ten banking centers located in Miami-Dade County and one in Broward County. The Bank's corporate office is located in Doral, Florida. The Bank's main lending activities are in real estate loans.

The Bank has eight wholly owned subsidiaries which were formed to hold its other real estate owned: U.S. Century Real Estate Holdings, LLC, U.S. Century REH I, LLC, U.S. Century REH II, LLC, U.S. Century REH III, LLC, U.S. Century REH IV, LLC, U.S. Century REH V, LLC, U.S. Century REH VI, LLC, and U.S. Century REH VII, LLC. These currently do not hold any assets as the Bank does not have other real estate owned as of both period ends.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidated Financial Statement Presentation

The accompanying unaudited interim financial statements as of and for the period ended March 31, 2021 and 2020 do not include all the information and footnotes required by accounting principles generally accepted in the United States of America ("GAAP") for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. These unaudited consolidated financial statements should be read in conjunction with the Bank's consolidated financial statements and related notes for the year ended December 31, 2020.

Principles of Consolidation

The consolidated financial statements include the accounts of the Bank and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions based on available information that affect the amounts reported in the financial statements and the disclosures provided.

The coronavirus ("COVID-19") pandemic has negatively affected many of the Bank's clients and the economy. The resulting recession, increased unemployment levels, temporary closure, and limited service capacity of many businesses along with the implementation of social distancing and travel restrictions has and may continue to have a negative impact on many of the Bank's customers. The ultimate extent of the impact caused by this pandemic on the economy, financial markets, clients, employees, and vendors which will affect the Bank's business, financial condition and results of operations will depend on various developments including vaccination and infectious rates. Future increases in the allowance for loan losses may be required as a result of the economic downturn and those increases can be material. It is difficult to quantify the impact that COVID-19 will have on the estimates and assumptions used to prepare the financial statements. Actual results could differ from those estimates.

Cash Flow Statement

The Bank reports the net activity rather than gross activity in the consolidated statement of cash flows. The net cash flows are reported for loans held for investment, accrued interest receivable, deferred tax asset, other assets, customer deposits, accrued interest payable and other liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of Credit Risks

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties failed to perform as contracted and any collateral or security proved to be insufficient to cover the loss. Concentrations of credit risk (whether on or off-balance sheet) arising from financial instruments exist in relation to certain groups of customers. A group concentration arises when a number of counterparties have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The Bank does not have a significant exposure to any individual customer or counterparty.

Most of the Bank's business activity is with customers located within its primary market area, which generally includes Miami-Dade County, Florida. The Bank's loan portfolio is concentrated largely in real estate and commercial loans in South Florida. Many of the Bank's loan customers are engaged in real estate development. Circumstances, which negatively impact the South Florida real estate industry or the South Florida economy, in general, could adversely impact the Bank's loan portfolio.

At March 31, 2021 and December 31, 2020, the Bank had a concentration of risk with loans outstanding to the Bank’s top ten lending relationships totaling $138,370 and $141,462, respectively. At March 31, 2021 and December 31, 2020, this concentration represented 12.7% and 13.8% of the net loans outstanding, respectively.

At March 31, 2021, the Bank also had a concentration of risk with loans outstanding totaling $45,160 to foreign banks located in Ecuador and Honduras. At December 31, 2020, the Bank also had a concentration of risk with loans outstanding totaling $33,846 to foreign banks located in Ecuador and Honduras. These Banks maintained deposits with right of offset totaling $17,134 and $13,189 at March 31, 2021 and December 31, 2020, respectively.

At various times during the year, the Bank has maintained deposits with other financial institutions. The exposure to the Bank from these transactions is solely dependent upon daily balances and the financial strength of the respective institution.

Cash and Cash Equivalents

The Bank considers investments with a maturity of 90 days or less from its original purchase date to be cash equivalents. For the purpose of the consolidated statements of cash flows, cash and cash equivalents include cash on hand, amounts due from banks, and interest-bearing deposits in banks.

Interest-Bearing Deposits in Other Financial Institutions

Interest-bearing deposits in other financial institutions consist of Federal Reserve Bank, Federal Home Loan Bank, and other accounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Securities

Securities are recorded at fair value except for those securities which the Bank has the positive intent and ability to hold to maturity. Management determines the appropriate classification of its securities at the time of purchase and accounts for them on a trade date basis.

Debt securities that management has the positive intent and ability to hold to maturity are classified as "held to maturity" and recorded at amortized cost. Trading securities are recorded at fair value with changes in fair value included in earnings. Securities not classified as held to maturity or trading are classified as "available for sale" and recorded at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income (loss). Equity investments must be classified as trading and recorded at fair value with changes in fair value included in earnings.

Purchase premiums and discounts are amortized or accreted over the estimated life of the related available for sale or held to maturity security as an adjustment to yield using the effective interest method. Prepayments of principal are considered in determining the estimated life of the security. Such amortization and accretion are included in interest income in the consolidated statements of operations and comprehensive income. Dividend and interest income are recognized when earned. Gains and losses on the sale of securities are recorded on trade date and are determined on a specific identification basis.

Declines in the fair value of available-for-sale debt securities below their cost that are deemed to be other-than-temporary are reflected in earnings as realized losses. In determining whether other-than-temporary impairment exists, management considers several factors in their analysis including (1) severity and duration of the impairment, (2) credit rating of security including any downgrade, (3) intent and if it is more likely than not that the Bank could hold the security for a period of time to recover the value of the security, (4) whether there have been any payment defaults and (5) underlying guarantor of the securities.

Federal Home Loan Bank Stock, at Cost

Federal Home Loan Bank of Atlanta ("FHLB") stock is a restricted asset, carried at cost, and evaluated for impairment based on ultimate recovery of par. As of March 31, 2021 and December 31, 2020, FHLB stock amounted to $2,100 and $2,711, respectively. As of March 31, 2021 and December 31, 2020, FHLB stock was not deemed impaired by the Bank's management. Both cash and stock dividends are reported as income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loans Held for Investment and Allowance for Credit Losses

Loans held for investment ("loans") are reported at their outstanding principal balance net of charge-offs, deferred loan fees, unearned income, and the allowance for credit losses. Interest income is generally recognized when income is earned using the interest method. Loan origination and commitment fees and the costs associated with the origination of loans are deferred and amortized, using the interest method or the straight-line method, over the life of the related loan.

The Bank generally places loans on nonaccrual status when the full and timely collection of interest or principal becomes uncertain or the loan reaches 90 days past due. All interest accrued but not collected for loans that are placed on nonaccrual status is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, under which cash collections are applied to unpaid principal, which may change as conditions dictate. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

The Bank has determined that the entire balance of a loan is contractually delinquent for all classes if the minimum payment is not received by the specified due date on the borrower's statement. Interest and fees continue to accrue on past due loans until the date the loan goes into nonaccrual status.

The Bank provides for loan losses through a provision for credit losses charged to operations. When management believes that a loan or a portion of the loan balance is uncollectible, that amount is charged against the allowance for credit losses. Subsequent recoveries, if any, are credited to the allowance for credit losses.

The allowance for credit losses reflects management's judgment of probable loan losses inherent in the portfolio at the balance sheet date. Management uses a disciplined process and methodology to establish the allowance for credit losses each quarter. To determine the total allowance for credit losses, the Bank estimates the reserves needed for each segment of the portfolio, including loans analyzed individually and loans analyzed on a pooled basis. The allowance for credit losses consists of the amount applicable to the following segments:

- Residential real estate
- Commercial real estate
- Commercial and industrial
- Foreign banks
- Other loans (secured and unsecured consumer loans)

Residential real estate loans are underwritten following the policies of the Bank which emphasizes a careful analysis to include a comprehensive review of the borrower's credit, capacity and the collateral securing the loan. Reasonable care is placed on the determination of the borrower's ability to pay the loan in accordance to its term. The borrower's ability to repay involves a detailed analysis of factors including: current income, employment status, monthly payment of loan, current debt obligations, monthly debt to income ratio and credit history. The Bank relies on appraisals in determining the value of the property. Risk is mitigated by this analysis and the diversity of the residential portfolio.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loans Held for Investment and Allowance for Credit Losses (continued)

Commercial real estate loans are secured by liens on commercial properties, land, construction, and multifamily housing. Underwriting of commercial loans will prudently analyze the key market and business factors to arrive at an appropriate decision on the credit worthiness of the borrower. The analysis may include the capacity of the borrower, income generated by property for debt service, other sources of repayment, sensitivity analysis to fluctuations in market conditions including vacancy and rental rates in geographic location and loan to value. Land and construction analysis will include the time to develop, sell or lease the property. Appraisals are used to determine the value of the underlying collateral. Risk is mitigated as the properties securing the commercial real estate loans are diverse in type, location, and loan structure.

Commercial and industrial loans are secured by the business assets of the company and may include equipment, inventory, and receivables. The loans are underwritten based on the income capacity of the business, the ability to service the debt based on operating cash flows, the credit worthiness of the borrower, other sources of repayment and collateral. The Bank mitigates the risk in the commercial portfolio through industry diversification.

Foreign Banks loans are short term loans with international correspondent banking institutions primarily domiciled in Latin America. The majority of these loans are for trade capital and have a life of less than one year. The Banks credit review includes a credit analysis, peer comparison and current country risk overview. Annual re-evaluation of the risk rating of the borrower and country and a review of authorized signer within the Bank. The risk is mitigated as these loans are short term, have limited exposure, and are geographically dispersed.

Other loans are secured and unsecured consumer loans including personal loans, overdrafts, and deposit account collateralized loans. Repayment of these loans are primarily from the personal income of the borrowers. Loans are underwritten based on the credit worthiness of the borrower. The risk on these loans are mitigated by small loan balances.

Loans are underwritten following the policies of the Bank to adhere to lending standards that are consistent with safe and sound banking practices.

In determining the balance of the allowance account, loans are pooled by product segments with similar risk characteristics and management evaluates the allowance for credit losses on each segment and as a whole on a regular basis to maintain the allowance at an adequate level based on factors which, in management's judgment, deserve current recognition in estimating credit losses. Such factors include changes in prevailing economic conditions, historical loss experience, delinquency trends, changes in the composition and size of the loan portfolio and the overall credit worthiness of the borrowers.

The allowance for credit losses consists of general and allocated components. The following is how management determines the balance of the general component for the allowance for credit losses account for each segment of the loans as described above.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loans Held for Investment and Allowance for Credit Losses (continued)

The loan segments are primarily grouped by collateral type with similar risk characteristics and a historical loss rate is determined based on a ten year look back period. The Bank applies a weight of 10% to each year.

Also, the Bank estimates the historical loss rates by adjusting them for certain losses resulting from non-recurrent transactions that included note sales, short sales, and bulk sales given that management is not expected to use those delivery channels for loans in the normal course of business. To estimate the impact of non-recurrent losses, management has developed a statistical study that tracks historical non-recurring losses at loan level. This analysis is used to estimate an adjusted loss rate for each loan pool. Management believes the effect of these losses results in a loss rate that is more consistent with the behavior of the loan portfolio in the normal course of business.

Qualitative factors are applied to historical loss rates based on management's experience and assessment. The following are the factors used to adjust the historical loss rates:

- Loan quality review
- Lending and credit management /staff expertise and practices
- Economic and business conditions
- Lending and credit underwriting policies and procedures
- Problem loan levels and trends
- Collateral concentrations
- Large obligor concentration
- New loan volumes
- Combined loan to value (“CLTV”) qualitative adjustment for substandard accrual loan segment

Changes in these factors could result in material adjustments to the allowance for credit losses. The losses the Bank may ultimately incur could differ materially from the amounts assumed in arriving at the allowance for credit losses.

In addition to the allowance for credit losses, the Bank also estimates probable losses related to financial instruments with off-balance sheet risk, such as letters of credit and unfunded loan commitments, and records these estimates in other liabilities on the consolidated balance sheets with the offset recorded in the consolidated statement of operations and comprehensive income. Financial instruments with off-balance sheet risk are subject to review on an aggregate basis. Past loss experience and any other pertinent information is reviewed, resulting in the estimation of the reserve for financial instruments with off-balance sheet risk.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loans Held for Investment and Allowance for Credit Losses (continued)

A loan is considered impaired when, based on current information and events, it is probable that the Bank will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement or when the loan is designated as a Troubled Debt Restructuring ("TDR"). Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Impairment is measured on a loan by loan basis by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable fair value, or the fair value of the collateral, if the loan is collateral dependent. If management determines that the value of the impaired loan is less than the recorded investment in the loan (outstanding principal balance plus accrued interest, net of previous charge-offs, and net of deferred loan fees or cost), impairment is recognized through an allowance estimate or a charge-off to the allowance for credit losses.

In situations where, due to a borrower's financial difficulties, management grants a concession for other than an insignificant period of time to the borrower that would not otherwise be granted, the loan is classified as a TDR.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was signed by the President of the United States. The CARES Act has certain provisions which encourage financial institutions to prudently work with borrowers impacted by COVID-19. Under these provisions, modifications deemed to be COVID-19 related would not be considered a TDR if the loan was not more than 30 days past due as of December 31, 2019. The deferral would need to be executed between March 1, 2020 and the earlier of 60 days after the date of termination of the COVID-19 national emergency or December 31, 2020. Additional legislation was passed in December of 2020 that extended the TDR relief to January 1, 2022. Banking regulators issued similar guidance clarifying that a COVID-19 related modification should not be considered a TDR if the borrower was current on payments at the time the underlying loan modification program was implemented and considered short-term. See Note 4 for additional disclosures of loans that were modified and not considered TDR.

In addition to the allowance for the pooled portfolios, management has developed a separate allowance for loans that are identified as impaired through a TDR. These loans are excluded from pooled loss forecast, and a separate reserve is provided under the accounting guidance for loan impairment. Residential loans whose terms have been modified in a TDR are also individually analyzed for estimated impairment.

The Bank's charge-off policy is to review all impaired loans on a quarterly basis in order to monitor the Bank's ability to collect them in full at maturity date and/or in accordance with terms of any restructurings. For loans which are collateral dependent, or deemed to be uncollectible, any shortfall in the fair value of the collateral relative to the recorded investment in the loan is charged off. The amount charged-off conforms to the amount necessary to comply with GAAP.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net

Land is carried at cost. Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is computed on the straight-line method over the estimated useful life of the asset. Leasehold improvements are amortized over the remaining term of the applicable leases or their useful lives, whichever is shorter. Estimated useful lives of these assets were as follows:

Building	40 years
Furniture, fixtures, and equipment	3 to 25 years
Computer hardware and software	3 to 5 years
Leasehold improvements	Shorter of life or term of lease

Maintenance and repairs are charged to expense as incurred; improvements and betterments are capitalized. When items are retired or are otherwise disposed of, the related costs and accumulated depreciation and amortization are removed from the accounts and any resulting gains or losses are credited or charged to income.

Other Real Estate Owned

Other real estate owned ("OREO") consists of real estate property acquired through, or in lieu of, foreclosure that are held for sale and are initially recorded at the fair value of the property less estimated selling costs at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell. Subsequent write-downs are recognized as a valuation allowance with the offset recorded in the consolidated statements of operations and comprehensive income. Carrying costs are charged to other real estate owned expenses in the accompanying consolidated statements of operations and comprehensive income. Gains or losses on sale of OREO are recognized when consideration has been exchanged, all closing conditions have been met and permanent financing has been arranged.

Bank Owned Life Insurance

Bank owned life insurance ("BOLI") is carried at the amount that could be realized under the contract at the balance sheet date, which is typically cash surrender value. Changes in cash surrender value are recorded in noninterest income. In 2021 the Bank maintained BOLI policies with four insurance carriers. At March 31, 2021 the combined cash surrender value of all polices was $26,131. The policies cover certain present and former executives and officers, the Bank is the beneficiary of these policies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Management is required to assess whether a valuation allowance should be established on the net deferred tax asset based on the consideration of all available evidence using a more likely than not standard. In its evaluation, Management considers taxable loss carry-back availability, expectation of sufficient taxable income, trends in earnings, the future reversal of temporary differences, and available tax planning strategies.

The Bank recognizes positions taken or expected to be taken in a tax return in accordance with existing accounting guidance on income taxes which prescribes a recognition threshold and measurement process. Interest and penalties on tax liabilities, if any, would be recorded in interest expense and other operating noninterest expense, respectively.

Impairment of Long-Lived Assets

The Bank's long-lived assets, such as property and equipment, net, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the consolidated balance sheets and reported at the lower of the carrying amount or fair value less costs to sell and are no longer depreciated. The assets and liabilities of a disposal group classified as held for sale would be presented separately in the appropriate asset and liability sections of the consolidated balance sheets.

Transfer of Financial Assets

Transfers of financial assets are accounted for as sales, when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Bank - put presumptively beyond the reach of the transferor and its creditors, even in bankruptcy or other receivership, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Bank does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity or the ability to unilaterally cause the holder to return specific assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Comprehensive Income (Loss)

Under GAAP, certain changes in assets and liabilities, such as unrealized holding gains and losses on securities available for sale, are excluded from current period earnings and reported as a separate component of the stockholder's equity section of the consolidated balance sheets, such items, along with net income (loss), are components of comprehensive income (loss).

Earnings per Common Share

Basic earnings per common share is net income available to common stockholders divided by the weighted average number of common shares outstanding during the period. Diluted earnings per common share included the effect of additional potential common shares issuable under vested stock options. Basic and diluted earnings per share are updated to reflect the effect of stock splits as occurred. See Note 15 "Subsequent Events" for further discussion on stock splits. See Note 13 "Earnings Per Share" for additional information on earnings per common share.

Interest Income

Interest income is recognized as earned, based upon the principal amount outstanding, on an accrual basis.

Operating Segments

While the Bank monitors the revenue streams of the various products and services, operations are managed and financial performance is evaluated on a Bank wide basis. Operating results of the individual products are not used to make resource allocations or performance decisions by Bank management.

Share Based Payment

Stock based compensation accounting guidance requires that the compensation cost relating to share-based payment transactions be recognized in the accompanying consolidated financial statements. That cost will be measured based on the grant date fair value of the equity or liability instruments issued. The stock-based compensation accounting guidance covers a wide range of share-based compensation arrangements including stock options, restricted share plans, performance-based awards, share appreciation rights, and employee share purchase plans.

The stock-based compensation accounting guidance requires that compensation cost for all stock awards be calculated and recognized over the employees' service period, generally defined as the vesting period. For awards with graded-vesting, compensation cost is recognized on a straight-line basis over the requisite service period for the entire award. A Black-Scholes model is used to estimate the fair value of stock options.

Stock option disclosure are updated to reflect the effect of stock splits as occurred. See Note 15 "Subsequent Events" for further discussion on stock splits.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

Fair values of financial instruments are estimated using relevant market information and other assumptions, as more fully disclosed in Note 11 “Fair Value Measurements”. Fair value estimates involve uncertainties and matters of significant judgment. Changes in assumptions or in market conditions could significantly affect the estimates.

Derivative Instruments

The Bank enters into interest rate swaps to provide commercial loan clients the ability to swap from a variable interest rate to a fixed rate. The Bank enters into a floating-rate loan with a customer with a separately issued swap agreement allowing the customer to convert floating payments of the loan into a fixed interest rate. To mitigate risk, the Bank will enter into a matching agreement with a third party to offset the exposure on the customer agreement. These swaps are not considered to be qualified hedging transactions and the unmatched unrealized gain or loss is recorded in other noninterest income.

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized in an amount that reflects the consideration the Bank expects to receive for the services the Bank provides to its customers. The main revenue earned by the Bank from loans and investment securities are excluded from the accounting standard update “Revenue from Contracts with Customers”. Deposit and service charge fees, consisting of primarily monthly maintenance fees, wire fees, ATM interchange fees and other transaction-based fees, are the most significant types of revenue within the accounting standard update. Revenue is recognized when the service provided by the Bank is complete. The aggregate amount of revenue within the scope of this standard that is received from sources other than deposit service charges and fees in not material.

Reclassifications

Certain amounts in the consolidated financial statements have been reclassified to conform to the current presentation. Reclassifications had no impact on the net income or stockholder’s equity of the Bank.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued Accounting Standards

Measurement of Credit Losses on Financial Instruments

In June 2016, the FASB issued an accounting standard update on accounting for current expected credit losses on financial instruments ("CECL") which will replace the current probable incurred loss impairment methodology in US GAAP with a methodology that reflects the expected credit losses. The update is intended to provide financial statement users with more decision-useful information about expected credit losses. This update is effective on a modified retrospective basis for financial statements issued for fiscal years beginning after December 15, 2022, and interim periods within those years. Early adoption is permitted for fiscal years beginning after December 15, 2019 including interim periods within those fiscal years. The Bank is expecting to adopt the CECL accounting standard on January 1, 2023. The impact of adoption on the Bank's financial statements will depend on the composition of the loan portfolio as of January 1, 2023, general economic conditions, and other factors that are not known at this time.

3. INVESTMENT SECURITIES

The amortized cost, gross unrealized holding gains, gross unrealized holding losses and fair value of securities available for sale are as follows:

	Securities Available for Sale			
	March 31, 2021			
	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value
U.S. Government Agency - SBA	$ 5,495	$ 38	$ -	$ 5,533
U.S. Government Agency	20,178	-	(730)	19,448
Collateralized mortgage obligations	100,097	300	(695)	99,702
Mortgage-backed securities - Residential	94,344	1,047	(1,652)	93,739
Mortgage-backed securities - Commercial	38,917	1,734	(182)	40,469
Municipal securities	30,381	-	(1,594)	28,787
Bank subordinated debt securities	24,004	690	(64)	24,630
Corporate bonds	27,726	1,310	-	29,036
	$ 341,142	**$ 5,119**	**$ (4,917)**	**$ 341,344**

	December 31, 2020			
	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value
U.S. Government Agency - SBA	$ 1,488	$ 64	$ -	$ 1,552
U.S. Government Agency	20,196	4	(168)	20,032
Collateralized mortgage obligations	104,426	386	(162)	104,650
Mortgage-backed securities - Residential	80,110	1,368	(177)	81,301
Mortgage-backed securities - Commercial	45,802	2,549	(20)	48,331
Municipal securities	24,230	39	(58)	24,211
Bank subordinated debt securities	24,004	631	(5)	24,630
Corporate bonds	27,733	1,882	-	29,615
	$ 327,989	**$ 6,923**	**$ (590)**	**$ 334,322**

3. INVESTMENT SECURITIES (CONTINUED)

The proceeds, realized gross gains and realized gross losses on available for sale securities are as follows:

	March 31, 2021	March 31, 2020
Proceeds from sales and call of securities	$ 14,248	$ 11,309
Gross Gains	$ 75	$ 418
Gross Losses	$ (13)	$ -

The amortized cost and fair value of debt securities available for sale at March 31, 2021, by contractual maturity, are shown below. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Securities not due at a single maturity date are shown separately.

	March 31, 2021	
	Securities Available for Sale	
	Amortized Cost	Fair Value
Due within one year	$ 1,997	$ 2,042
Due after one year through five years	12,488	12,988
Due after five years through ten years	39,865	40,946
Due after ten years	27,761	26,477
U.S Government Agency - SBA	5,495	5,533
U.S Government Agency	20,178	19,448
Collateralized mortgage obligations	100,097	99,702
Mortgage-backed securities - Residential	94,344	93,739
Mortgage-backed securities - Commercial	38,917	40,469
	$ 341,142	**$ 341,344**

As of March 31, 2021 and December 31, 2020, there were no holdings of securities to any one issuer, in an amount greater than 10% of total stockholder's equity other than the United States Government and Government Agencies. All the Collateralized mortgage obligations and mortgage backed securities are United States sponsored entities for March 31, 2021 and December 31, 2020.

3. INVESTMENT SECURITIES (CONTINUED)

Information pertaining to securities available for sale with gross unrealized losses at March 31, 2021 and December 31, 2020, aggregated by investment category and length of time those individual securities have been in a continuous loss position, are as follows:

	March 31, 2021						
	Less than Twelve Months		Twelve Months or More		Total		
	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses	Number of Securities
U.S. Government Agency	$ 19,449	$ (730)	$ -	$ -	$ 19,449	$ (730)	7
Collateralized mortgage obligations	68,071	(695)	-	-	68,071	(695)	14
Mortgage-backed securities - Residential	65,659	(1,652)	-	-	65,659	(1,652)	20
Mortgage-backed securities - Commercial	8,016	(182)	-	-	8,016	(182)	2
Municipal securities	28,787	(1,594)	-	-	28,787	(1,594)	19
Bank subordinated debt securities	3,435	(64)	-	-	3,435	(64)	3
	$ 193,417	**$ (4,917)**	**$ -**	**$ -**	**$ 193,417**	**$ (4,917)**	**65**

	December 31, 2020						
	Less than Twelve Months		Twelve Months or More		Total		
	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses	Number of Securities
U.S. Government Agency	$ 14,030	$ (168)	$ -	$ -	$ 14,030	$ (168)	5
Collateralized mortgage obligations	49,185	(162)	-	-	49,185	(162)	10
Mortgage-backed securities - Residential	41,611	(177)	-	-	41,611	(177)	10
Mortgage-backed securities - Commercial	8,219	(20)	-	-	8,219	(20)	2
Municipal securities	3,878	(58)	-	-	3,878	(58)	3
Bank subordinated debt securities	995	(5)	-	-	995	(5)	1
	$ 117,918	**$ (590)**	**$ -**	**$ -**	**$ 117,918**	**$ (590)**	**31**

3. INVESTMENT SECURITIES (CONTINUED)

The Bank performs a review of the investments that have an unrealized loss to determine whether there have been any changes in the economic circumstance of the security issuer to indicate that the unrealized loss is impaired on an other-than-temporary basis. Management considers several factors in their analysis including (1) severity and duration of the impairment, (2) credit rating of security including any downgrade, (3) intent and if it is more likely than not that the Bank could hold the security for a period of time to recover the value of the security, (4) whether there have been any payment defaults and (5) underlying guarantor of the securities.

The Bank does not consider these investments to be other-than-temporarily impaired as the decline in market value is attributable to changes in market interest rates and not credit quality, and because the Bank does not intend to sell the investments before recovery of their amortized cost basis, which may be maturity, and it is more likely than not that the Bank will not be required to sell the securities before maturity.

At March 31, 2021, the Bank maintains a master repurchase agreement with a public banking institution for up to $20,000 fully guaranteed with investment securities upon withdrawal. Any amounts borrowed would be at a variable interest rate based on prevailing rates at the time funding is requested. At March 31, 2021, the Bank did not have any securities pledged under this agreement.

In 2018 the Bank became a Qualified Public Depositor (“QPD”) with the State of Florida. As a QPD the Bank has the authority to legally maintain public deposits from cities, municipalities, and the State of Florida. These public deposits are secured by securities pledged to the State of Florida at a ratio of 50% of the outstanding uninsured deposits. The Bank must also maintain a minimum amount of pledged securities to be in the program.

At March 31, 2021 the Bank had five Corporate Bonds with a fair value of $9,755 pledged to the State of Florida under the public funds program. The Bank held a total of $13,849 in public funds at March 31, 2021.

At December 31, 2020 the Bank had four Corporate Bonds with a fair value of $7,807 pledged to the State of Florida under the public funds program. The Bank held a total of $14,084 in public funds at December 31, 2020.

4. LOANS HELD FOR INVESTMENT, NET

A summary of the distribution of loans held for investment, net, by type, is as follows:

	March 31, 2021	December 31, 2020
Residential real estate	$ 231,554	$ 232,754
Commercial real estate	650,762	606,425
Commercial and industrial	174,546	157,330
Foreign banks	45,659	38,999
Other	5,627	5,507
	1,108,148	1,041,015
Less: Net deferred loan fees	4,167	2,511
Allowance for credit losses	15,009	15,086
Loans held for investment, net	**$ 1,088,972**	**$ 1,023,418**

Commitments to grant loans and unfunded lines of credit amounted to approximately $114,571 and $107,553, as of March 31, 2021 and December 31, 2020, respectively.

At March 31, 2021 and December 31, 2020, the Bank had approximately $224,032 and $250,665, of commercial real estate and residential mortgage loans pledged as collateral on lines of credit with the FHLB and the Federal Reserve Bank of Atlanta.

A reconciliation of the loans held for investment to the recorded investment in loans is as follows:

	March 31, 2021	December 31, 2020
Loans held for investment, gross	$ 1,108,148	$ 1,041,015
Plus: Accrued interest receivable on loans	4,671	4,673
Less: Net deferred loan fees	4,167	2,511
Recorded investment in loans	**$ 1,108,652**	**$ 1,043,177**

The Bank is a participant in the Small Business Administration's ("SBA") Paycheck Protection Program ("PPP") loans. These loans are designed to provide a direct incentive for small businesses to keep their workers on payroll and the funds can be used to fund payroll cost, pay mortgage interest, rent, utilities and other cost related to COVID-19. These loans are forgivable under specific criteria as determined by the SBA. The Bank had $113,949 at March 31, 2021 and $104,832 in PPP loans at December 31, 2020, which are reported as Commercial and Industrial loans. These PPP loans had deferred loan fees of $3,130 at March 31, 2021 and $1,772 at December 31, 2020. The Bank recognized $1,205 in PPP loan fees during the quarter ended March 31, 2021, which is reported in interest and fees on loans within the consolidated statements of operations and comprehensive income. See "Note 2" for policy on the amortization of deferred loan fees.

4. LOANS HELD FOR INVESTMENT, NET (CONTINUED)

Changes in the allowance for credit losses for the three months ended March 31, 2021 and 2020 are as follows:

	Residential Real Estate	Commercial Real Estate	Commercial and Industrial	Foreign Banks	Other Loans	Total
Three Months Ended March 31, 2021:						
Balance at beginning of year	$ 3,408	$ 9,453	$ 1,689	$ 348	$ 188	$ 15,086
Provision for credit losses	(325)	(133)	229	59	10	(160)
Recoveries	4	-	87	-	1	92
Charge-offs	-	-	-	-	(9)	(9)
Ending Balance	**$ 3,087**	**$ 9,320**	**$ 2,005**	**$ 407**	**$ 190**	**$ 15,009**

	Residential Real Estate	Commercial Real Estate	Commercial and Industrial	Foreign Banks	Other Loans	Total
Three Months Ended March 31, 2020:						
Balance at beginning of year	$ 3,749	$ 6,591	$ 1,214	$ 332	$ 112	$ 11,998
Provision for credit losses	185	1,063	142	143	(33)	1,500
Recoveries	94	-	89	-	11	194
Charge-offs	-	(62)	-	-	(9)	(71)
Ending Balance	**$ 4,028**	**$ 7,592**	**$ 1,445**	**$ 475**	**$ 81**	**$ 13,621**

Allowance for credit losses and the outstanding balances in loans as of March 31, 2021 and December 31, 2020 are as follows:

	Residential Real Estate	Commercial Real Estate	Commercial and Industrial	Foreign Banks	Other Loans	Total
March 31, 2021:						
Allowance for Credit Losses:						
Individually evaluated for impairment	$ 210	$ -	$ 103	$ -	$ 123	$ 436
Collectively evaluated for impairment	$ 2,877	$ 9,320	$ 1,902	$ 407	$ 67	$ 14,573
Ending balance	**$ 3,087**	**$ 9,320**	**$ 2,005**	**$ 407**	**$ 190**	**$ 15,009**
Loans:						
Individually evaluated for impairment	$ 8,549	$ 722	$ 191	$ -	$ 274	$ 9,736
Collectively evaluated for impairment	$ 223,005	$ 650,040	$ 174,355	$ 45,659	$ 5,353	$ 1,098,412
Ending balance	**$ 231,554**	**$ 650,762**	**$ 174,546**	**$ 45,659**	**$ 5,627**	**$ 1,108,148**

	Residential Real Estate	Commercial Real Estate	Commercial and Industrial	Foreign Banks	Other Loans	Total
December 31, 2020:						
Allowance for Credit Losses:						
Individually evaluated for impairment	$ 220	$ -	$ 108	$ -	$ 125	$ 453
Collectively evaluated for impairment	$ 3,188	$ 9,453	$ 1,581	$ 348	$ 63	$ 14,633
Ending balance	**$ 3,408**	**$ 9,453**	**$ 1,689**	**$ 348**	**$ 188**	**$ 15,086**
Loans:						
Individually evaluated for impairment	$ 10,439	$ 733	$ 202	$ -	$ 278	$ 11,652
Collectively evaluated for impairment	$ 222,315	$ 605,692	$ 157,128	$ 38,999	$ 5,229	$ 1,029,363
Ending balance	**$ 232,754**	**$ 606,425**	**$ 157,330**	**$ 38,999**	**$ 5,507**	**$ 1,041,015**

4. LOANS HELD FOR INVESTMENT, NET (CONTINUED)

The Bank grades loans based on the estimated capability of the borrower to repay the contractual obligation of the loan agreement based on relevant information which may include: current financial information on the borrower, historical payment experience, credit documentation and other current economic trends. The Bank's internal credit risks are reviewed quarterly.

The Bank's internally assigned grades are as follows:

Pass - Loans indicate different levels of satisfactory financial condition and performance.

Special Mention - Loans classified as special mention have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date.

Substandard - Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the obligator or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.

Doubtful – Loans classified as doubtful have all the weaknesses inherent in those classified at substandard, with the added characteristic that the weaknesses make collection or liquidation in full on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

Loss – Loans classified as loss are considered uncollectible.

The Bank segments the portfolio by loan pools grouping loans that share similar risk characteristics and employing collateral type and lien position to group loans according to risk. The Bank determines historical loss rates for each loan pool based on its own loss experience. In estimating credit losses the Bank also considers qualitative and environmental factors that may cause estimated credit losses for the loan portfolio to differ from historical losses.

4. LOANS HELD FOR INVESTMENT, NET (CONTINUED)

Loan credit exposures by internally assigned grades are as follows:

As of March 31, 2021

Loan by Class	Pass	Special Mention	Substandard	Doubtful	Total Loans
HELOC and other	$ 914	$ -	$ -	$ -	$ 914
1-4 family residential	152,069	-	4,546	-	156,615
Condo residential	73,880	-	145	-	74,025
Residential real estate	$ 226,863	$ -	$ 4,691	$ -	$ 231,554
Land and construction	$ 43,810	$ -	$ -	$ -	$ 43,810
Multi family residential	127,578	-	-	-	127,578
Condo commercial	43,006	-	434	-	43,440
Commercial property	433,455	-	-	-	433,455
Leasehold improvements	2,479	-	-	-	2,479
Commercial real estate	$ 650,328	$ -	$ 434	$ -	$ 650,762
Secured	$ 52,368	$ -	$ 191	$ -	$ 52,559
Unsecured	121,958	-	29	-	121,987
Commercial and industrial	$ 174,326	$ -	$ 220	$ -	$ 174,546
Foreign banks	$ 45,659	$ -	$ -	$ -	$ 45,659
Other loans	$ 5,353	$ -	$ 274	$ -	$ 5,627
Total	**$ 1,102,529**	**$ -**	**$ 5,619**	**$ -**	**$ 1,108,148**

4. LOANS HELD FOR INVESTMENT, NET (CONTINUED)

Loan credit exposures by internally assigned grades are as follows:

As of December 31, 2020

Loan by Class	Pass	Special Mention	Substandard	Doubtful	Total Loans
HELOC and other	$ 905	$ -	$ -	$ -	$ 905
1-4 family residential	151,940	-	6,748	-	158,688
Condo residential	73,016	-	145	-	73,161
Residential real estate	$ 225,861	$ -	$ 6,893	$ -	$ 232,754
Land and construction	$ 37,348	$ -	$ -	$ -	$ 37,348
Multi family residential	111,047	-	-	-	111,047
Condo commercial	37,171	-	442	-	37,613
Commercial property	415,967	-	803	-	416,770
Leasehold improvements	3,647	-	-	-	3,647
Commercial real estate	$ 605,180	$ -	$ 1,245	$ -	$ 606,425
Secured	$ 44,255	$ -	$ 202	$ -	$ 44,457
Unsecured	112,842	-	31	-	112,873
Commercial and industrial	$ 157,097	$ -	$ 233	$ -	$ 157,330
Foreign banks	$ 38,999	$ -	$ -	$ -	$ 38,999
Other loans	$ 5,229	$ -	$ 278	$ -	$ 5,507
Total	**$ 1,032,366**	**$ -**	**$ 8,649**	**$ -**	**$ 1,041,015**

4. LOANS HELD FOR INVESTMENT, NET (CONTINUED)

The following tables include an aging analysis of accruing loans as of March 31, 2021 and December 31, 2020. Also, included are loans that are 90 days or more past due and still accruing and non-accrual loans.

As of March 31, 2021

	Accruing					
Loan by Class	Current	Past Due 30-89 Days	Past Due > 90 Days and Still Accruing	Total Accruing	Non-Accrual	Total Loans
HELOC and other	$ 914	$ -	$ -	$ 914	$ -	$ 914
1-4 family residential	152,295	3,664	-	155,959	656	156,615
Condo residential	72,757	1,268	-	74,025	-	74,025
Residential real estate	$ 225,966	$ 4,932	$ -	$ 230,898	$ 656	$ 231,554
Land and construction	$ 43,810	$ -	$ -	$ 43,810	$ -	$ 43,810
Multi family residential	127,578	-	-	127,578	-	127,578
Condo commercial	43,440	-	-	43,440	-	43,440
Commercial property	433,455	-	-	433,455	-	433,455
Leasehold improvements	2,479	-	-	2,479	-	2,479
Commercial real estate	$ 650,762	$ -	$ -	$ 650,762	$ -	$ 650,762
Secured	$ 52,503	$ 34	$ -	$ 52,537	$ 22	$ 52,559
Unsecured	121,987	-	-	121,987	-	121,987
Commercial and industrial	$ 174,490	$ 34	$ -	$ 174,524	$ 22	$ 174,546
Foreign banks	$ 45,659	$ -	$ -	$ 45,659	$ -	$ 45,659
Other loans	$ 5,627	$ -	$ -	$ 5,627	$ -	$ 5,627
Total	**$ 1,102,504**	**$ 4,966**	**$ -**	**$ 1,107,470**	**$ 678**	**$ 1,108,148**

There were $678 in non-accrual loans with an aging less than 89 days at March 31, 2021.

4. LOANS HELD FOR INVESTMENT, NET (CONTINUED)

As of December 31, 2020

	Accruing					
Loan by Class	Current	Past Due 30-89 Days	Past Due > 90 Days and Still Accruing	Total Accruing	Non-Accrual	Total Loans
HELOC and other	$ 905	$ -	$ -	$ 905	$ -	$ 905
1-4 family residential	154,779	2,354	-	157,133	1,555	158,688
Condo residential	72,625	536	-	73,161	-	73,161
Residential real estate	$ 228,309	$ 2,890	$ -	$ 231,199	$ 1,555	$ 232,754
Land and construction	$ 37,348	$ -	$ -	$ 37,348	$ -	$ 37,348
Multi family residential	111,047	-	-	111,047	-	111,047
Condo commercial	37,475	138	-	37,613	-	37,613
Commercial property	416,770	-	-	416,770	-	416,770
Leasehold improvements	3,647	-	-	3,647	-	3,647
Commercial real estate	$ 606,287	$ 138	$ -	$ 606,425	$ -	$ 606,425
Secured	$ 44,378	$ 56	$ -	$ 44,434	$ 23	$ 44,457
Unsecured	112,873	-	-	112,873	-	112,873
Commercial and industrial	$ 157,251	$ 56	$ -	$ 157,307	$ 23	$ 157,330
Foreign banks	$ 38,999	$ -	$ -	$ 38,999	$ -	$ 38,999
Other loans	$ 5,198	$ 309	$ -	$ 5,507	$ -	$ 5,507
Total	**$ 1,036,044**	**$ 3,393**	**$ -**	**$ 1,039,437**	**$ 1,578**	**$ 1,041,015**

There were $1,578 in non-accrual loans with an aging less than 89 days at December 31, 2020.

There was no interest income recognized attributable to nonaccrual loans outstanding at March 31, 2021 or December 31, 2020. Interest income on these loans for March 31, 2021 and December 31, 2020 would have been approximately $7 and $47, respectively, had these loans performed in accordance with their original terms.

4. LOANS HELD FOR INVESTMENT, NET (CONTINUED)

The following table includes the unpaid principal balances for impaired loans with the associated allowance amount, if applicable on the basis of impairment methodology.

As of March 31, 2021

Impaired Loan by Segment With No Specific Allowance Recorded	Unpaid Principal Balance	Net Investment Balance	Valuation Allowance	Average Net Investment Balance
Residential real estate	$ 4,518	$ 4,511	$ -	$ 4,809
Commercial real estate	$ 722	$ 721	$ -	$ 727
Commercial and industrial	$ -	$ -	$ -	$ -
Total	$ 5,240	$ 5,232	$ -	$ 5,536
Impaired Loan by Segment With Specific Allowance Recorded				
Residential real estate	$ 4,031	$ 3,992	$ 210	$ 4,685
Commercial real estate	$ -	$ -	$ -	$ -
Commercial and industrial	$ 191	$ 191	$ 103	$ 197
Other loans	$ 274	$ 273	$ 123	$ 276
Total	$ 4,496	$ 4,456	$ 436	$ 5,158
Total Impaired Loans	**$ 9,736**	**$ 9,688**	**$ 436**	**$ 10,694**

Net investment balance is the unpaid principal balance of the loan adjusted for the remaining net deferred loan fees.

Interest income recognized on impaired loans for the quarter ended March 31, 2021 and 2020 was $109 and $57, respectively.

4. LOANS HELD FOR INVESTMENT, NET (CONTINUED)

As of December 31, 2020

Impaired Loan by Segment With No Specific Allowance Recorded	Unpaid Principal Balance	Net Investment Balance	Valuation Allowance	Average Net Investment Balance
Residential real estate	$ 5,100	$ 5,093	$ -	$ 3,277
Commercial real estate	$ 733	$ 732	$ -	$ 564
Commercial and industrial	$ -	$ -	$ -	$ -
Total	$ 5,833	$ 5,825	$ -	$ 3,841
Impaired Loan by Segment With Specific Allowance Recorded				
Residential real estate	$ 5,339	$ 5,302	$ 220	$ 3,592
Commercial real estate	$ -	$ -	$ -	$ 1,158
Commercial and industrial	$ 202	$ 202	$ 108	$ 230
Other loans	$ 278	$ 278	$ 125	$ 56
Total	$ 5,819	$ 5,782	$ 453	$ 5,036
Total Impaired Loans	**$ 11,652**	**$ 11,607**	**$ 453**	**$ 8,877**

4. LOANS HELD FOR INVESTMENT, NET (CONTINUED)

The following tables present performing and nonperforming Troubled Debt Restructurings:

	March 31, 2021		
Loans by Segment	Accrual Status	Non-Accrual Status	Total Troubled Debt Restructuring
Residential real estate	$ 7,892	$ 428	$ 8,320
Commercial real estate	$ 722	$ -	$ 722
Commercial and industrial	$ 169	$ 22	$ 191
Other loans	$ 274	$ -	$ 274
Total	**$ 9,057**	**$ 450**	**$ 9,507**

	December 31, 2020		
Loans by Segment	Accrual Status	Non-Accrual Status	Total Troubled Debt Restructuring
Residential real estate	$ 8,884	$ 777	$ 9,661
Commercial real estate	$ 733	$ -	$ 733
Commercial and industrial	$ 179	$ 23	$ 202
Other loans	$ 278	$ -	$ 278
Total	**$ 10,074**	**$ 800**	**$ 10,874**

The Bank had allocated $436 and $453 of specific allowance for Troubled Debt Restructured loans at March 31, 2021 and December 31, 2020, respectively. There was no commitment to lend additional funds at March 31, 2021 and December 31, 2020.

Charge offs on Troubled Debt Restructured loans totaled $62 at March 31, 2020. None as of March 31, 2021.

The Bank did not have new Troubled Debt Restructurings for the period ended March 31, 2021 and March 31, 2020.

There were no defaulted TDR's at March 31, 2021 or March 31, 2020.

5. LEASES

The Bank leases nine of the eleven branch locations and the headquarter building. The Bank is obligated under non-cancelable operating leases for these premises with expiration dates ranging from 2021 to 2036, many of these leases have extension clauses which the Bank could exercise which would extend these dates.

The Bank has classified all leases as operating leases. Lease expense for operating leases are recognized on a straight-line basis over the lease term. Right-of-use asset ("ROUA") represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term.

The Bank uses its incremental borrowing rate at lease commencement to calculate the present value of lease payments. The Bank's incremental borrowing rate is based on the FHLB advance rate matching or nearing the lease term.

The following table presents the right of use asset and lease liabilities as of:

	March 31, 2021	December 31, 2020
ROU Assets:		
Operating leases	$ 13,806	$ 14,513
Lease liabilities:		
Operating leases	$ 13,806	$ 14,513

The weighted average remaining lease term and weighted average discount rate at:

	March 31, 2021	December 31, 2020
Weighted average remaining lease term:		
Operating leases (in years)	9.12	9.13
Weighted average discount rate:		
Operating leases	2.49%	2.49%

5. LEASES (CONTINUED)

Future lease payment obligations and a reconciliation to lease liability as of March 31, 2021:

Year ending December 31,		
2021	$	1,956
2022		2,308
2023		2,193
2024		2,222
2025		2,236
Thereafter		5,342
Total future minimum lease payments		16,257
Less: interest component		(2,451)
Lease liability	**$**	**13,806**

Rent expense was approximately $871 and $872 for the periods ended March 31, 2021 and 2020, respectively, and is included in occupancy on the consolidated statements of operations and comprehensive income.

6. INCOME TAXES

The Bank's provision for income taxes are as follows:

	March 31, 2021	March 31, 2020
Current:		
Federal	$ -	$ -
State	-	-
Total Current	-	-
Deferred:		
Federal	1,235	447
State	263	117
Total Deferred	1,498	564
Total Provision	**$ 1,498**	**$ 564**

The actual income tax expense for March 31, 2021 and March 31, 2020 differs from the statutory tax expense for the year (computed by applying the U.S. federal corporate tax rate of 21% for 2021 and 2020 to income before provision for income taxes) as follows:

	March 31, 2021	March 31, 2020
Federal taxes at statutory rate	$ 1,319	$ 483
State income taxes, net of federal tax benefit	220	80
Bank owned life insurance	(42)	(44)
Other, net	1	45
Total	**$ 1,498**	**$ 564**

6. INCOME TAXES (CONTINUED)

The Bank's deferred tax assets and deferred tax liabilities are as follows:

	March 31, 2021	December 31, 2020
Deferred tax assets:		
Net operating loss	$ 33,771	$ 35,506
Allowance for loan losses	3,805	3,824
Deferred loan fees	1,056	636
Depreciable property	304	285
Stock option compensation	182	169
Accruals	166	349
Other, Net	15	7
Deferred tax asset	39,299	40,776
Deferred tax liability:		
Unrealized gain on available for sale securities	(49)	(1,553)
Deferred rent	(85)	(64)
Deferred tax liability	(134)	(1,617)
Net deferred tax asset	$ 39,165	$ 39,159

The Bank has approximately $129,748 of Federal and $152,413 of State net operating loss carryforwards expiring in various amounts starting in 2031 to 2036. Their utilization is limited to future taxable earnings of the Bank.

In assessing the realizability of deferred tax assets, management considered whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment.

The U.S. Federal jurisdiction and Florida are the major tax jurisdictions where the Bank files income tax returns. The Bank is generally no longer subject to U.S. Federal or State examinations by tax authorities for years before 2017.

For the period ended March 31, 2021 and year ended December 31, 2020, the Bank did not have any unrecognized tax benefits as a result of tax positions taken during a prior period or during the current period. No interest or penalties have been recorded as a result of tax uncertainties.

7. STOCK OPTION PLANS

In 2015, the Bank's shareholders approved the 2015 Equity Incentive Plan (the “2015 Option Plan”), which authorized grants of options to purchase up to 2,000,000 shares of Common stock. The 2015 Option Plan provided that vesting schedules will be determined upon issuance of options by the Board of Directors or compensation committee. Options granted under the 2015 Option Plan have a 10-year life, in no event shall an option be exercisable after the expiration of 10 years from the grant date. The 2015 Option Plan has a 10-year life and will terminate in 2025. In July 2020, the shareholder of the Bank approved to amend the 2015 Option plan authorizing the issuance of an additional 3,000,000 shares of Common Stock and extending the life of the plan 5 additional years, terminating in 2030.

At March 31, 2021, there were 2,788,334 shares available for grant under the 2015 Option Plan. At March 31, 2020, there were 38,334 shares available for grant under the 2015 Option Plan.

The Bank recognizes compensation expense based on the estimated grant date fair value method using the Black-Scholes option pricing model and accounts for this expense using a pro-rated straight-line amortization method over the vesting period of the option. Stock based compensation expense is based on awards that the Bank expects will ultimately vest reduced by estimated forfeitures. Estimated forfeitures consider the voluntary termination trends as well as actual option forfeitures.

The Bank granted 64,000 options and no options were exercised for the quarter ended March 31, 2021. The Bank did not grant stock options and no options were exercised for the quarter ended March 31, 2020.

The compensation expense is reported within salaries and employee benefits expense in the accompanying consolidated statements of operations and comprehensive income. Compensation expense totaling $53 was recognized in March 31, 2021 and $64 in March 31, 2020. There was no related tax benefit for the period ended March 31, 2021 or March 31, 2020.

Unrecognized compensation cost remaining on stock-based compensation totaled $145 at March 31, 2021 and $213 as of March 31, 2020.

Accounting standards require cash flows resulting from excess tax benefits to be classified as a part of cash flows from operating activities. Excess tax benefits are realized tax benefits from tax deductions for exercised options in excess of the deferred tax asset attributable to the compensation cost for such options.

The fair value of options granted was determined using the following weighted-average assumptions as of

	2021
Risk-free interest rate	1.68%
Expected term	10 years
Expected stock price volatility	10%
Dividend yield	0%

Due to lack of trading activity in the Bank’s stock the expected stock price volatility is estimated at 10%.

7. STOCK OPTION PLANS (CONTINUED)

A summary of stock options are as follows:

	Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Terms (Years)	Aggregate Intrinsic Value
Balance at January 1, 2021	339,667	9.37	7.1	
Granted	64,000	8.91		
Balance at March 31, 2021	403,667	$ 9.29	7.1	
Exercisable at March 31, 2021	243,666	$ 8.73	6.3	$ 208

	Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Terms (Years)	Aggregate Intrinsic Value
Balance at January 1, 2020	365,667	$ 9.30	8.5	
Forfeited	(10,000)	9.10		
Balance at March 31, 2020	355,667	9.28	8.4	
Exercisable at March 31, 2020	167,333	$ 7.87	6.7	$ 584

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the difference between the valuation of the Bank's stock and the exercise price, multiplied by the number of options considered in-the-money) that would have been received by the option holders had all option holders exercised their options.

Information related to the stock option plan are as follows:

	March 31 2021	March 31 2020
Weighted average fair value of options granted	$ 1.85	$ -

Stock option balances, weighted average exercise price and weighted average fair value of options granted for both periods were adjusted to reflect the 1 for 5 reverse stock split on Common Stock Class A. Stock options are only exercisable to Common Stock Class A.

8. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

The Bank is a party to financial instruments with off-balance-sheet risk in the normal course of business in order to meet the financial needs of its customers and to reduce its own exposure to fluctuations in interest rates. These financial instruments include unfunded commitments under lines of credit, commitments to extend credit, standby and commercial letters of credit. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheets. The Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

The Bank's exposure to credit loss in the event of nonperformance by the other party to the financial instruments for unused lines of credit, and standby letters of credit is represented by the contractual amount of these commitments.

A summary of the amounts of the Bank's financial instruments with off-balance sheet risk is as follows at March 31:

	2021	2020
Commitments to grant loans and unfunded lines of credit	$ 114,571	$ 138,822
Standby and commercial letters of credit	$ 1,509	$ 1,268

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses.

Unfunded lines of credit and revolving credit lines are commitments for possible future extensions of credit to existing customers. These lines of credit are uncollateralized and usually do not contain a specified maturity date and ultimately may not be drawn upon to the total extent to which the Bank is committed.

Standby and commercial letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. Those letters of credit are primarily issued to support public and private borrowing arrangements. Essentially all letters of credit have fixed maturity dates and many of them expire without being drawn upon, they do not generally present a significant liquidity risk to the Bank.

9. DERIVATIVES

The Bank utilizes interest rate swap agreements as part of its asset liability management strategy to help manage its interest rate risk position. The notional amount of the interest rate swaps do not represent amounts exchanged by the parties. The amounts exchanged is determined by reference to the notional amount and the other terms of the individual interest rate swap agreements.

The Banks enters into interest rate swaps with its loan customers. The Bank had 19 interest rate swaps with loan customers with a notional amount $38,892 at March 31, 2021, maturing from 2025 to 2051. The Bank entered into corresponding and offsetting derivatives with third parties. While these derivatives represent economic hedges, they do not qualify as hedges for accounting purposes.

The following table reflects the derivatives recorded on the consolidated financial statements as of:

	March 31, 2021	**December 31, 2020**
	Fair Value	Fair Value
Included in other assets:		
Derivatives not designated as hedging instruments:		
Interest rate swaps related to customer loans	$ 994	$ 500
Included in other liabilities:		
Derivatives not designated as hedging instruments:		
Interest rate swaps related to customer loans	$ 994	$ 500

10. COMMITMENTS AND CONTINGENCIES

Loss contingencies, including claims and legal actions may arise in the ordinary course of business. Management does not believe there were any such matters that will have a material effect on the Consolidated Financial Statements at March 31, 2021.

11. FAIR VALUE MEASUREMENTS

Determination of Fair Value

The Bank uses fair value measurements to record fair-value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with the fair value measurements accounting guidance, the fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Bank's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

The recent fair value guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

Fair Value Hierarchy

In accordance with this guidance, the Bank groups its financial assets and financial liabilities generally measured at fair value in three levels, based on the markets in which the assets and liabilities are traded, and the reliability of the assumptions used to determine fair value.

Level 1 - Valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 - Valuation is based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.

Level 3 - Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

11. FAIR VALUE MEASUREMENTS (CONTINUED)

Items Measured at Fair Value on a Recurring Basis

Investment securities - When instruments are traded in secondary markets and quoted market prices do not exist for such securities, management generally relies on prices obtained from independent vendors or third-party broker-dealers. Management reviews pricing methodologies provided by the vendors and third-party broker-dealers in order to determine if observable market information is being utilized. Securities measured with pricing provided by independent vendors or third-party broker-dealers are classified within Level 2 of the hierarchy and often involve using quoted market prices for similar securities, pricing models or discounted cash flow analyses utilizing inputs observable in the market where available.

Derivatives- The fair value of derivatives are measured with pricing provided by third-party participants and are classified within Level 2 of the hierarchy.

The following table represents the Bank's assets measured at fair value on a recurring basis at March 31, 2021 and December 31, 2020 for each of the fair value hierarchy levels:

	March 31, 2021			
	Level 1	Level 2	Level 3	Total
Financial Assets				
U.S. Government Agency - SBA	$ -	$ 5,533	$ -	$ 5,533
U.S. Government Agency	-	19,448	-	19,448
Collateralized mortgage obligations	-	99,702	-	99,702
Mortgage-backed securities - Residential	-	93,739	-	93,739
Mortgage-backed securities - Commercial	-	40,469	-	40,469
Municipal Securities	-	28,787	-	28,787
Bank subordinated debt securities	-	24,630	-	24,630
Corporate Bond	-	29,036	-	29,036
	$ -	**$ 341,344**	**$ -**	**$ 341,344**
Derivatives	**$ -**	**$ 994**	**$ -**	**$ 994**
Financial Liabilities				
Derivatives	**$ -**	**$ 994**	**$ -**	**$ 994**

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Financial Assets				
U.S. Government Agency - SBA	$ -	$ 1,552	$ -	$ 1,552
U.S. Government Agency	-	20,032	-	20,032
Collateralized mortgage obligations	-	104,650	-	104,650
Mortgage-backed securities - Residential	-	81,301	-	81,301
Mortgage-backed securities - Commercial	-	48,331	-	48,331
Municipal Securities	-	24,211	-	24,211
Bank subordinated debt securities	-	24,630	-	24,630
Corporate Bond	-	29,615	-	29,615
	$ -	**$ 334,322**	**$ -**	**$ 334,322**
Derivatives	**$ -**	**$ 500**	**$ -**	**$ 500**
Financial Liabilities				
Derivatives	**$ -**	**$ 500**	**$ -**	**$ 500**

11. FAIR VALUE MEASUREMENTS (CONTINUED)

Items Measured at Fair Value on a Nonrecurring Basis

Impaired Loans - At March 31, 2021 and December 31, 2020, in accordance with provisions of the loan impairment guidance, individual loans with a carrying amount of approximately $4,496 and $5,819, respectively, were written down to their fair value of approximately $4,060 and $5,366, respectively, resulting in an impairment charge of $436 and $453, respectively, which was included in the allowance for credit losses at March 31, 2021 and December 31, 2020. Loans applicable to write downs, or impaired loans, are estimated using the present value of expected cash flows or the appraised value of the underlying collateral discounted as necessary due to management's estimates of changes in economic conditions are considered a level 3 valuation.

Other Real Estate - Other real estate owned are valued at the lesser of the third-party appraisals less management's estimate of the costs to sell or the carrying cost of the other real estate owned. Appraisals generally use the market approach valuation technique and use market observable data to formulate an opinion of the fair value of the properties. However, the appraiser uses professional judgment in determining the fair value of the property and the Bank may also adjust the value for changes in market conditions subsequent to the valuation date when current appraisals are not available. As a consequence of the carrying cost or the third-party appraisal and adjustments therein, the fair values of the properties are considered a level 3 valuation.

11. FAIR VALUE MEASUREMENTS (CONTINUED)

Items Measured at Fair Value on a Nonrecurring Basis (continued)

The following table represents the Bank's assets measured at fair value on a nonrecurring basis at March 31, 2021 and December 31, 2020 for each of the fair value hierarchy levels:

	Level 1	Level 2	Level 3	Total
March 31, 2021				
Impaired loans	$ -	$ -	$ 4,060	$ 4,060

	Level 1	Level 2	Level 3	Total
December 31, 2020				
Impaired loans	$ -	$ -	$ 5,366	$ 5,366

The following table presents quantified information about level 3 fair value measurements for assets measured at fair value on a non-recurring basis at March 31, 2021 and December 31, 2020:

March 31, 2021	Fair Value	Valuation Technique(s)	Unobservable Input(s)
Impaired Loans-			
Residential real estate	$ 3,821	Sales comparison approach	Adjustment for differences between comparable sales
Commercial and industrial	$ 88	Discounted cash flow	Adjustment for differences in net operating income expectations
Other	$ 151	Discounted cash flow	Adjustment for differences in net operating income expectations
Total	$ 4,060		

December 31, 2020	Fair Value	Valuation Technique(s)	Unobservable Input(s)
Impaired Loans-			
Residential real estate	$ 5,119	Sales comparison approach	Adjustment for differences between comparable sales
Commercial and industrial	$ 94	Discounted cash flow	Adjustment for differences in net operating income expectations
Other	$ 153	Discounted cash flow	Adjustment for differences in net operating income expectations
Total	$ 5,366		

There were no financial liabilities measured at fair value on a nonrecurring basis at March 31, 2021 and December 31, 2020.

11. FAIR VALUE MEASUREMENTS (CONTINUED)

Items Not Measured at Fair Value

The carrying amounts and estimated fair values of financial instruments not carried at fair value, at March 31, 2021 and December 31, 2020 are as follows:

	Carrying Amount	Fair Value Measurements at March 31, 2021			
		Level 1	Level 2	Level 3	Total
Financial Assets					
Cash and due from banks	$ 8,500	$ 8,500	$ -	$ -	$ 8,500
Interest-bearing deposits in banks	97,440	97,440	-	-	97,440
Loans held for investment, net	1,088,972	-	-	1,119,316	1,119,316
Accrued interest receivable	6,009	-	1,339	4,670	6,009
Financial Liabilities					
Demand Deposits	$ 516,550	$ 516,550	$ -	$ -	$ 516,550
Money market and savings accounts	589,092	589,092	-	-	589,092
Interest-bearing checking accounts	54,247	54,247	-	-	54,247
Time deposits	244,342	-	-	244,980	244,980
FHLB advances	36,000	-	37,200	-	37,200
Accrued interest payable	127	-	47	80	127

	Carrying Amount	Fair Value Measurements at December 31, 2020			
		Level 1	Level 2	Level 3	Total
Financial Assets					
Cash and due from banks	$ 9,828	$ 9,828	$ -	$ -	$ 9,828
Interest-bearing deposits in banks	37,906	37,906	-	-	37,906
Loans held for investment, net	1,023,418	-	-	1,046,782	1,046,782
Accrued interest receivable	5,547	-	874	4,673	5,547
Financial Liabilities					
Demand Deposits	$ 442,467	$ 442,467	$ -	$ -	$ 442,467
Money market and savings accounts	527,373	527,373	-	-	527,373
Interest-bearing checking accounts	45,132	45,132	-	-	45,132
Time deposits	258,430	-	-	259,857	259,857
FHLB advances	36,000	-	37,543	-	37,543
Accrued interest payable	156	-	49	107	156

12. STOCKHOLDERS' EQUITY

The Board of Directors ("Board") approved the dividends on the Preferred class as follows:

	March 31, 2021	March 31, 2020
Preferred stock - Class C; Non-voting, Non-cumulative, Perpetual: $1.00 par value; $1,000 per share liquidation preference; annual divided rate 4% of liquidation preferrence paid quarterly. Quarterly dividend of $10.00 per share.	$ 527	$ 527
Preferred stock - Class D; Non-voting, Non-cumulative, Perpetual: $1.00 par value; $5.00 per share liquidation preference; annual dividend rate of 4% of par value paid quarterly. Quarterly dividend of $0.01 per share.	123	123
Preferred stock - Class E; Non-voting, partially cumulative, Perpetual: $1.00 par value; $1,000 per share liquidation preference; annual dividend rate of 7% of liquidation preferrence paid quarterly. Quarterly dividend of $17.50 per share.	131	131
Total Dividends Paid	**$ 781**	**$ 781**

Declaration of dividends by the Board is required before dividend payments are made. The dividend payment dates for the Preferred Class C and Preferred Class D are set by the Board. Preferred E have a set dividend payment date of February 15, May 15, August 15, and November 15.

No dividends were approved by the Board for the Common Classes for the periods ended March 31, 2021 or March 31, 2020.

There were no dividends declared and unpaid at March 31, 2021 or March 31, 2020.

13. EARNINGS PER SHARE

	March 31,	
	2021	**2020**
Net income	$ 4,781	$ 1,735
Preferred stock dividends	$ 781	$ 781
Net income available to common stockholders	$ 4,000	$ 954

The factors used in the earning per share computation are as follows:

	March 31, 2021	
	Common A	**Common B**
Basic		
Allocation of Net Income	$ 3,042	$ 958
Weighted average common shares outstanding	3,889,469	6,121,052
Basic earnings per common share	**0.78**	**0.16**
Diluted		
Allocation of Net Income	$ 3,042	$ 958
Weighted average common shares outstanding for basic earnings per common share	3,889,469	6,121,052
Add: Dilutive effects of assumed exercises of stock options	23,810	-
Average shares and dilutive potential common shares	3,913,279	6,121,052
Dilutive earnings per common share	**0.78**	**0.16**

Stock options for 77,000 shares of common stock were not considered in computing diluted earnings per common share for March 31, 2021 because they were considered anti-dilutive.

13. EARNINGS PER SHARE (CONTINUED)

	March 31, 2020	
	Common A	**Common B**
Basic		
Allocation of Net Income	$ 726	$ 228
Weighted average common shares outstanding	3,887,469	6,121,052
Basic earnings per common share	**0.19**	**0.04**
Diluted		
Allocation of Net Income	$ 726	$ 228
Weighted average common shares outstanding for basic earnings per common share	3,887,469	6,121,052
Add: Dilutive effects of assumed exercises of stock options	51,446	-
Average shares and dilutive potential common shares	3,938,915	6,121,052
Dilutive earnings per common share	**0.18**	**0.04**

Stock options for 15,667 shares of common stock were not considered in computing diluted earnings per common share for March 31, 2020 because they were considered anti-dilutive.

We computed earnings per common share of Common A and Common B using the two-class method. Basic earnings per share is computed using the weighted-average number of common shares outstanding during the period. Diluted earnings per share is computed using the weighted-average number of common shares and the effect of dilution from assumed exercises of stock options. The calculation of the dilutive effects of assumed exercised of stock options is calculated on the treasury stock method. The earnings per share calculation for both 2021 and 2020 have been adjusted based on the Bank's 1 for 5 reverse stock split for Class A voting common stock.

In calculating earnings per common share the allocation of net income available to common stockholders was allocated as if all the income for the period were distributed to common stockholders based on the outstanding shares per common share class to the total common shares outstanding during each period without giving effect for the 1 for 5 reverse stock split. The Bank's articles of incorporation require that the distribution of income to Common B stockholders be adjusted to give effect for Class A stock splits. Therefore, the income allocated to Common B shares were calculated based on their 20% per share equivalent to Common A shares to give effect to the 1 for 5 reverse stock split of Common A.

See Note 15 "Subsequent Events" for further discussion on stock splits.

14. REGULATORY MATTERS

The Bank, as a state-chartered bank, is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Bank's consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities and certain off-balance-sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

The Bank has elected to permanently opt-out of the inclusion of accumulated other comprehensive income in the capital calculations, as permitted by the regulations. This opt-out will reduce the impact of market volatility on the Bank’s regulatory capital levels.

The Bank is required to maintain a capital conservation buffer consisting of additional common equity tier 1 capital greater than 2.5% to risk-weighted assets above the required minimum levels. Failure to maintain the required capital conservation buffer will limit the ability of the Bank to pay dividends, repurchase shares or pay discretionary bonuses. This capital conservation buffer requirement was phased in beginning January 2016 and was fully implemented in January 2019 at 2.5% of risk-weighted assets. The Bank’s capital conservation buffer was 4.97% for March 31, 2021 and 5.21% for December 31, 2020.

Under the FDIC’s prompt corrective action standards, to be considered well-capitalized, Banks must have a common equity tier 1 capital ratio of 6.5%, a tier 1 ratio of 8.0%, a total capital ratio of 10.0% and a leverage ratio of 5.0%. The Bank meets all these requirements.

14. REGULATORY MATTERS (CONTINUED)

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the table below) of total and Tier 1 capital (as defined in the regulations) to risk weighted assets (as defined), Tier 1 capital (as defined) to average assets (as defined), and common Tier 1 capital (as defined) to risk weighted assets (as defined).

Banking regulations limit the amount of dividends that may be paid without prior approval of the Bank's regulatory agencies. Payment of dividends is generally limited to earnings of the Bank, as defined, for the current period and the full two preceding years. As of March 31, 2021, $25,800 of retained earnings is available to pay dividends.

As of March 31, 2021, the most recent notification from the regulatory authorities categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. Failure to meet statutorily mandated capital guidelines could subject the Bank to a variety of enforcement remedies, including issuance of a capital directive, the termination of deposit insurance by the FDIC, a prohibition on accepting or renewing brokered deposits, limitations on the rates of interest that the Bank may pay on its deposits and other restrictions on its business. To be categorized as well capitalized, an institution must maintain minimum total risk-based, Tier 1 risk-based and Tier 1 leverage ratios as set forth in the following tables. There are no conditions or events since the notification that management believes have changed the Bank's category. The Bank's actual capital amounts and ratios as of March 31, 2021 and December 31, 2020 are also presented in the table.

	Actual		Minimum Capital Requirements		To be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	%	Amount	%
As of March 31, 2021:						
Total risk-based capital (to risk weighted assets)	$ 144,200	13.80%	$ 83,622	8.00%	$ 104,528	10.00%
Tier 1 capital (to risk weighted assets)	131,108	12.54%	62,717	6.00%	83,622	8.00%
Common Tier 1 capital (to risk weighted assets)	99,031	9.47%	47,038	4.50%	67,943	6.50%
Tier 1 capital (to average total assets)	131,108	8.57%	61,183	4.00%	76,478	5.00%
As of December 31, 2020:						
Total risk-based capital (to risk weighted assets)	$ 139,326	14.24%	$ 78,260	8.00%	$ 97,825	10.00%
Tier 1 capital (to risk weighted assets)	127,061	12.99%	58,695	6.00%	78,260	8.00%
Common Tier 1 capital (to risk weighted assets)	94,984	9.71%	44,021	4.50%	63,587	6.50%
Tier 1 capital (to average total assets)	127,061	8.61%	59,053	4.00%	73,817	5.00%

15. SUBSEQUENT EVENTS

Management has evaluated subsequent events since March 31, 2021.

On April 5, 2021 a Special Committee of the Board of Directors authorized and approved the offer to repurchase all outstanding shares of Class E Preferred Stock at the liquidation value of $7,500 along with declared dividends approved by the Board of Directors on April 26, 2021 of $104. All Class E Preferred Stock shareholders approved the repurchase which the Bank completed on April 26, 2021.

On April 26,2021 the Board of Directors approved dividends to be paid on May 15, 2021 as follows:

Preferred stock - Class C	$ 527
Preferred stock - Class D	$ 123

On June 16, 2021 the Bank effected a 1 for 5 reverse stock split of all the Class A common stock $1.00 par value. As of the effective date of June 16, 2021, each five shares of the Bank's Class A common stock was combined into one fully paid share of Class A common stock. Any fractional shares resulting from this reverse stock split were rounded up to one whole share. The Bank has disclosed the Class A common stock, earnings per share and stock options adjusted for this 1 for 5 reverse stock split for all periods shown.

The 1 for 5 reverse stock split resulted in adjustments to Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Changes in Stockholders' Equity, Note 7 "Stock Option Plans" and Note 13 "Earnings Per Share".

The Bank was named defendant in a suit filed by two shareholders on July 12, 2021. Management believes this lawsuit is legally and factually without merit and intends to defend against it. Management does not believe there is any litigation which will have a material effect on the consolidated financial statements.

Other than the 1 for 5 reverse stock split described above there were no events that occurred subsequent to the balance sheet date and through July 14, 2021 which is the date the financial statements were available to be issued, that would require adjustment to the consolidated financial statements.

U.S. CENTURY BANK

U.S. CENTURY BANK AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Shareholders and the Board of Directors of U.S. Century Bank and Subsidiaries
Doral, Florida

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of U.S. Century Bank and Subsidiaries (the "Company") as of December 31, 2020 and 2019, the related consolidated statements of operations and comprehensive income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Crowe LLP

Crowe LLP

We have served as the Company's auditor since 2017.

Fort Lauderdale, Florida
May 5, 2021 (July 14, 2021 as to the effects of the 1 for 5 reverse stock split described in Note 20)

U.S. CENTURY BANK AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31,
(AMOUNTS IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

ASSETS	2020	2019
Cash and due from banks	$ 9,828	$ 9,888
Interest-bearing deposits in banks	37,906	25,853
TOTAL CASH & CASH EQUIVALENTS	47,734	35,741
Securities available for sale, at fair value	334,322	182,262
Federal Home Loan Bank stock, at cost	2,711	5,757
Loans held for investment, net of allowance of $15,086 and $11,998	1,023,418	989,936
Accrued interest receivable	5,547	3,549
Property and equipment, net	6,347	7,272
Bank owned life insurance	25,961	25,249
Deferred tax asset	39,159	42,664
Lease right of use	14,513	17,339
Other assets	2,030	2,503
TOTAL ASSETS	**$ 1,501,742**	**$ 1,312,272**
LIABILITIES AND STOCKHOLDERS' EQUITY		
DEPOSITS:		
Demand	$ 442,467	$ 306,203
Money market and savings accounts	527,373	408,606
Interest-bearing checking accounts	45,132	41,862
Time deposits of $250,000 or more	104,140	107,090
Time deposits of less than $250,000	154,290	153,862
TOTAL DEPOSITS	1,273,402	1,017,623
Federal Home Loan Bank advances	36,000	111,000
Lease liability	14,513	17,339
Accrued interest and other liabilities	6,826	6,028
TOTAL LIABILITIES	1,330,741	1,151,990
COMMITMENTS AND CONTINGENCIES (NOTE 12 AND 15)		
STOCKHOLDERS' EQUITY:		
Preferred stock - Class C; $1.00 par value; $1,000 per share liquidation preference; 52,748 shares authorized; 52,748 issued and outstanding as of December 31, 2020 and 2019	12,325	12,325
Preferred stock - Class D; $1.00 par value; $5.00 per share liquidation preference; 12,309,480 shares authorized; 12,290,631 issued and outstanding as of December 31, 2020 and 2019	12,291	12,291
Preferred stock - Class E; $1.00 par value; $1,000 per share liquidation preference; 3,185,024 shares authorized; 7,500 issued and outstanding as of December 31, 2020 and 2019	7,461	7,461
Common stock - Class A Voting; $1.00 par value;20,000,000 and 10,000,000 shares authorized; 3,889,469 and 3,887,469 issued and outstanding as of December 31, 2020 and 2019	3,889	3,887
Common stock - Class B Non-voting; $1.00 par value; 8,000,000 shares authorized; 6,121,052 issued and outstanding as of December 31, 2020 and 2019	6,121	6,121
Additional paid-in capital on common stock	177,755	177,555
Accumulated deficit	(53,622)	(61,315)
Accumulated other comprehensive income	4,781	1,957
TOTAL STOCKHOLDERS' EQUITY	171,001	160,282
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 1,501,742**	**$ 1,312,272**

Common Stock Class A authorized, outstanding and additional paid-in-capital for 2020 and 2019 were adjusted to reflect the 1 for 5 reverse stock split.
See Note 20 "Subsequent Events" for further discussion on stock split.

The accompanying notes are an integral part of these consolidated financial statements.

U.S. CENTURY BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31,
(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	2020	2019
INTEREST INCOME:		
Interest and fees on loans	$ 47,078	$ 44,734
Securities	5,248	5,447
Deposits in other banks	307	760
TOTAL INTEREST INCOME	52,633	50,941
INTEREST EXPENSE:		
Time deposits	4,709	4,845
Money market and savings accounts	3,095	5,140
Federal Home Loan Bank advances	1,074	2,107
Interest-bearing checking accounts	158	161
TOTAL INTEREST EXPENSE	9,036	12,253
NET INTEREST INCOME BEFORE PROVISION FOR CREDIT LOSSES	43,597	38,688
PROVISION FOR CREDIT LOSSES	3,250	-
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	40,347	38,688
NONINTEREST INCOME:		
Service fees	3,266	4,111
Net gain on sale of securities available for sale, (includes $328 and $39 accumulated other comprehensive gain reclassifications from unrealized net gain on available for sale securities, net of tax, respectively)	434	51
Gain on sale of loans held for sale	839	294
Other income	1,558	1,604
TOTAL NONINTEREST INCOME	6,097	6,060
NONINTEREST EXPENSES:		
Salaries and employee benefits	19,204	17,757
Occupancy	5,656	6,165
Regulatory assessment and fees	691	337
Consulting and legal fees	1,045	1,020
Network and information technology services	1,536	1,543
Other operating	4,904	4,160
TOTAL NONINTEREST EXPENSES	33,036	30,982
INCOME BEFORE PROVISION FOR INCOME TAXES	13,408	13,766
INCOME TAX PROVISION	2,588	3,375
NET INCOME	10,820	10,391
Preferred stock dividends	3,127	1,826
NET INCOME AVAILABLE TO COMMON STOCKHOLDERS	7,693	8,565
EARNINGS PER SHARE:		
Common A: Adjusted for 1 for 5 reverse stock split		
Basic	1.51	1.68
Diluted	1.50	1.65
Common B:		
Basic	0.30	0.34
Diluted	0.30	0.34
OTHER COMPREHENSIVE INCOME		
Net change in unrealized holding gains on securities available for sale during the year	4,175	6,743
Realized gains on security sales	(434)	(51)
Tax effect	(917)	(1,675)
OTHER COMPREHENSIVE INCOME	2,824	5,017
COMPREHENSIVE INCOME	$ 13,644	$ 15,408

See Note 20 "Subsequent Events" for further discussion on stock split.

The accompanying notes are an integral part of these consolidated financial statements.

U.S. CENTURY BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(DOLLARS IN THOUSANDS, EXCEPT SHARES AMOUNTS)

	Preferred Stock		Common Stock		Additional Paid-in Capital on	Accumulated	Accumulated Other Comprehensive	
	Shares	Value	Shares	Par Value	Common Stock	Deficit	Income (Loss)	Total
Balance at January 1, 2019	12,350,879	$ 32,077	10,008,521	$ 10,008	$ 177,353	$ (69,880)	$ (3,060)	$ 146,498
Net income	-	-	-	-	-	10,391	-	10,391
Other comprehensive income	-	-	-	-	-	-	5,017	5,017
Dividends - Preferred Stock	-	-	-	-	-	(1,826)	-	(1,826)
Stock based compensation	-	-	-	-	202	-	-	202
Balance at December 31, 2019	12,350,879	32,077	10,008,521	10,008	177,555	(61,315)	1,957	160,282
Net income	-	-	-	-	-	10,820	-	10,820
Other comprehensive income	-	-	-	-	-	-	2,824	2,824
Dividends - Preferred Stock	-	-	-	-	-	(3,127)	-	(3,127)
Stock based compensation	-	-	-	-	187	-	-	187
Exercise of stock options	-	-	2,000	2	13	-	-	15
Balance at December 31, 2020	**12,350,879**	**$ 32,077**	**10,010,521**	**$ 10,010**	**$ 177,755**	**$ (53,622)**	**$ 4,781**	**$ 171,001**

Common Stock shares, par value and additional paid-in capital for common stock for 2020 and 2019 were adjusted to reflect the 1 for 5 reverse stock split.
See Note 20 "Subsequent Events" for further discussion on stock split.

The accompanying notes are an integral part of these consolidated financial statements.

U.S. CENTURY BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,
(DOLLARS IN THOUSANDS)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 10,820	$ 10,391
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	3,250	-
Depreciation and amortization	1,272	1,225
Amortization of premiums on securities, net	358	160
Accretion of deferred loan fees, net	(2,661)	(380)
Stock based compensation	187	202
Gain on sales of available for sale securities	(434)	(51)
Gains on sale of loans held for sale	(839)	(294)
Increase in cash surrender value of bank owned life insurance	(712)	(655)
Increase in deferred tax asset	2,588	3,375
Net change in operating assets and liabilities:		
Accrued interest receivable	(1,998)	196
Other assets	473	(708)
Accrued interest and other liabilities	798	874
NET CASH PROVIDED BY OPERATING ACTIVITIES	13,102	14,335
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of available for sale securities	(253,993)	(32,432)
Proceeds from maturities and pay-downs of available for sale securities	48,441	21,825
Proceeds from sales of available for sale securities	55,169	2,039
Proceeds from call of available for sale securities	2,140	-
Net increase in loans held for investment	(42,527)	(115,838)
Additions to property and equipment	(347)	(871)
Proceeds from the sale of loans held for sale previously classified as loans held for investment	9,295	3,688
Proceeds from the redemption of Federal Home Loan Bank stock	4,972	11,603
Purchase of Federal Home Loan Bank stock	(1,926)	(11,492)
Purchase of bank owned life insurance	-	(5,600)
NET CASH USED IN INVESTING ACTIVITIES	(178,776)	(127,078)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common stock	15	-
Cash dividends paid	(3,127)	(1,826)
Net increase in deposits	255,779	130,961
Proceeds from Federal Home Loan Bank advances	79,000	344,000
Repayments on Federal Home Loan Bank advances	(154,000)	(350,000)
NET CASH PROVIDED BY FINANCING ACTIVITIES	177,667	123,135
NET INCREASE IN CASH AND CASH EQUIVALENTS	11,993	10,392
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	35,741	25,349
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 47,734**	**$ 35,741**

SUPPLEMENTAL DISCLOSURE OF CASH FLOW ACTIVITIES:		
Interest paid	**$ 8,844**	**$ 12,061**
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Transfer of loans held for investment to loans held for sale	**$ 8,456**	**$ 3,394**
Change in unrealized gain on available for sale securities, net of taxes	**$ 2,824**	**$ 5,017**
Lease liabilities arising from obtaining right-of-use assets	**$ -**	**$ 18,264**

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS

U.S. Century Bank ("Bank"), a state-chartered bank, commenced operations on October 28, 2002 and operates eleven banking centers in the South Florida area. There are ten banking centers located in Miami-Dade County and one in Broward County. The Bank's corporate office is located in Doral, Florida. The Bank's main lending activities are in real estate loans.

The Bank has eight wholly owned subsidiaries which were formed to hold its other real estate owned: U.S. Century Real Estate Holdings, LLC, U.S. Century REH I, LLC, U.S. Century REH II, LLC, U.S. Century REH III, LLC, U.S. Century REH IV, LLC, U.S. Century REH V, LLC, U.S. Century REH VI, LLC, and U.S. Century REH VII, LLC. These currently do not hold any assets as the Bank does not have other real estate owned as of 2020 or 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidated Financial Statement Presentation

The accounting policies and reporting practices of the Bank conform to the predominant practices in the banking industry and are based on accounting principles generally accepted in the United States of America ("GAAP"). The following is a summary of the significant accounting policies followed by the Bank:

Principles of Consolidation

The consolidated financial statements include the accounts of the Bank and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions based on available information that affect the amounts reported in the financial statements and the disclosures provided.

The coronavirus (“COVID-19”) pandemic has negatively affected many of the Bank’s clients and the economy. The resulting recession, increased unemployment levels, temporary closure, and limited service capacity of many businesses along with the implementation of social distancing and travel restrictions has and may continue to have a negative impact on many of the Bank’s customers. The ultimate extent of the impact caused by this pandemic on the economy, financial markets, clients, employees and vendors which will affect the Bank’s business, financial condition and results of operations will depend on various developments including vaccination and infectious rates. Future increases in the allowance for loan losses may be required as a result of the economic downturn and those increases can be material. It is difficult to quantify the impact that COVID-19 will have on the estimates and assumptions used to prepare the financial statements. Actual results could differ from those estimates.

Cash Flow Statement

The Bank reports the net activity rather than gross activity in the consolidated statement of cash flows. The net cash flows are reported for loans held for investment, accrued interest receivable, deferred tax asset, other assets, customer deposits, accrued interest payable and other liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of Credit Risks

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties failed to perform as contracted and any collateral or security proved to be insufficient to cover the loss. Concentrations of credit risk (whether on or off-balance sheet) arising from financial instruments exist in relation to certain groups of customers. A group concentration arises when a number of counterparties have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The Bank does not have a significant exposure to any individual customer or counterparty.

Most of the Bank's business activity is with customers located within its primary market area, which generally includes Miami-Dade County, Florida. The Bank's loan portfolio is concentrated largely in real estate and commercial loans in South Florida. Many of the Bank's loan customers are engaged in real estate development. Circumstances, which negatively impact the South Florida real estate industry or the South Florida economy, in general, could adversely impact the Bank's loan portfolio.

At December 31, 2020 and 2019, the Bank had a concentration of risk with loans outstanding to the Bank’s top ten lending relationships totaling $141,462 and $142,850, respectively. At December 31, 2020 and 2019, this concentration represented 13.8% and 14.4% of the net loans outstanding, respectively.

At December 31, 2020, the Bank also had a concentration of risk with loans outstanding totaling $33,846 to foreign banks located in Ecuador and Honduras. At December 31, 2019, the concentration of risk totaled $67,232 in loans to foreign banks located in Dominican Republic, Honduras and Ecuador. These Banks maintained deposits with right of offset totaling $13,189 and $15,875 at year end 2020 and 2019, respectively.

At various times during the year, the Bank has maintained deposits with other financial institutions. The exposure to the Bank from these transactions is solely dependent upon daily balances and the financial strength of the respective institution.

Cash and Cash Equivalents

The Bank considers investments with a maturity of 90 days or less from its original purchase date to be cash equivalents. For the purpose of the consolidated statements of cash flows, cash and cash equivalents include cash on hand, amounts due from banks, and interest-bearing deposits in banks.

Restricted Cash

The Bank may be required to maintain funds at other Banks to satisfy a loan participation agreement. The Bank reports restricted cash within cash and cash equivalents.

Interest-Bearing Deposits in Other Financial Institutions

Interest-bearing deposits in other financial institutions consist of Federal Reserve Bank, Federal Home Loan Bank and other accounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Securities

Securities are recorded at fair value except for those securities which the Bank has the positive intent and ability to hold to maturity. Management determines the appropriate classification of its securities at the time of purchase and accounts for them on a trade date basis.

Debt securities that management has the positive intent and ability to hold to maturity are classified as "held to maturity" and recorded at amortized cost. Trading securities are recorded at fair value with changes in fair value included in earnings. Securities not classified as held to maturity or trading are classified as "available for sale" and recorded at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income (loss). Equity investments must be classified as trading and recorded at fair value with changes in fair value included in earnings.

Purchase premiums and discounts are amortized or accreted over the estimated life of the related available for sale or held to maturity security as an adjustment to yield using the effective interest method. Prepayments of principal are considered in determining the estimated life of the security. Such amortization and accretion are included in interest income in the consolidated statements of operations and comprehensive income. Dividend and interest income are recognized when earned. Gains and losses on the sale of securities are recorded on trade date and are determined on a specific identification basis.

Declines in the fair value of available-for-sale debt securities below their cost that are deemed to be other-than-temporary are reflected in earnings as realized losses. In determining whether other-than-temporary impairment exists, management considers several factors in their analysis including (1) severity and duration of the impairment, (2) credit rating of security including any downgrade, (3) intent and if it is more likely than not that the Bank could hold the security for a period of time to recover the value of the security, (4) whether there have been any payment defaults and (5) underlying guarantor of the securities.

Federal Home Loan Bank Stock, at Cost

Federal Home Loan Bank of Atlanta ("FHLB") stock is a restricted asset, carried at cost, and evaluated for impairment based on ultimate recovery of par. As of December 31, 2020 and 2019, FHLB stock amounted to $2,711 and $5,757, respectively. As of December 31, 2020 and 2019, FHLB stock was not deemed impaired by the Bank's management. Both cash and stock dividends are reported as income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loans Held for Investment and Allowance for Credit Losses

Loans held for investment ("loans") are reported at their outstanding principal balance net of charge-offs, deferred loan fees, unearned income and the allowance for credit losses. Interest income is generally recognized when income is earned using the interest method. Loan origination and commitment fees and the costs associated with the origination of loans are deferred and amortized, using the interest method or the straight-line method, over the life of the related loan.

The Bank generally places loans on nonaccrual status when the full and timely collection of interest or principal becomes uncertain or the loan reaches 90 days past due. All interest accrued but not collected for loans that are placed on nonaccrual status is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, under which cash collections are applied to unpaid principal, which may change as conditions dictate. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

The Bank has determined that the entire balance of a loan is contractually delinquent for all classes if the minimum payment is not received by the specified due date on the borrower's statement. Interest and fees continue to accrue on past due loans until the date the loan goes into nonaccrual status.

The Bank provides for loan losses through a provision for credit losses charged to operations. When management believes that a loan or a portion of the loan balance is uncollectible, that amount is charged against the allowance for credit losses. Subsequent recoveries, if any, are credited to the allowance for credit losses.

The allowance for credit losses reflects management's judgment of probable loan losses inherent in the portfolio at the balance sheet date. Management uses a disciplined process and methodology to establish the allowance for credit losses each quarter. To determine the total allowance for credit losses, the Bank estimates the reserves needed for each segment of the portfolio, including loans analyzed individually and loans analyzed on a pooled basis. The allowance for credit losses consists of the amount applicable to the following segments:

- Residential real estate
- Commercial real estate
- Commercial and industrial
- Foreign banks
- Other loans (secured and unsecured consumer loans)

Residential real estate loans are underwritten following the policies of the Bank which emphasizes a careful analysis to include a comprehensive review of the borrower's credit, capacity and the collateral securing the loan. Reasonable care is placed on the determination of the borrower's ability to pay the loan in accordance to its term. The borrower's ability to repay involves a detailed analysis of factors including: current income, employment status, monthly payment of loan, current debt obligations, monthly debt to income ratio and credit history. The Bank relies on appraisals in determining the value of the property. Risk is mitigated by this analysis and the diversity of the residential portfolio.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loans Held for Investment and Allowance for Credit Losses (continued)

Commercial real estate loans are secured by liens on commercial properties, land, construction and multifamily housing. Underwriting of commercial loans will prudently analyze the key market and business factors to arrive at an appropriate decision on the credit worthiness of the borrower. The analysis may include the capacity of the borrower, income generated by property for debt service, other sources of repayment, sensitivity analysis to fluctuations in market conditions including vacancy and rental rates in geographic location and loan to value. Land and construction analysis will include the time to develop, sell or lease the property. Appraisals are used to determine the value of the underlying collateral. Risk is mitigated as the properties securing the commercial real estate loans are diverse in type, location, and loan structure.

Commercial and industrial loans are secured by the business assets of the company and may include equipment, inventory, and receivables. The loans are underwritten based on the income capacity of the business, the ability to service the debt based on operating cash flows, the credit worthiness of the borrower, other sources of repayment and collateral. The Bank mitigates the risk in the commercial portfolio through industry diversification.

Foreign Banks loans are short term loans with international correspondent banking institutions primarily domiciled in Latin America. The majority of these loans are for trade capital and have a life of less than one year. The Banks credit review includes a credit analysis, peer comparison and current country risk overview. Annual re-evaluation of the risk rating of the borrower and country and a review of authorized signer within the Bank. The risk is mitigated as these loans are short term, have limited exposure, and are geographically dispersed.

Other loans are secured and unsecured consumer loans including personal loans, overdrafts and deposit account collateralized loans. Repayment of these loans are primarily from the personal income of the borrowers. Loans are underwritten based on the credit worthiness of the borrower. The risk on these loans are mitigated by small loan balances.

Loans are underwritten following the policies of the Bank to adhere to lending standards that are consistent with safe and sound banking practices.

In determining the balance of the allowance account, loans are pooled by product segments with similar risk characteristics and management evaluates the allowance for credit losses on each segment and as a whole on a regular basis to maintain the allowance at an adequate level based on factors which, in management's judgment, deserve current recognition in estimating credit losses. Such factors include changes in prevailing economic conditions, historical loss experience, delinquency trends, changes in the composition and size of the loan portfolio and the overall credit worthiness of the borrowers.

The allowance for credit losses consists of general and allocated components. The following is how management determines the balance of the general component for the allowance for credit losses account for each segment of the loans as described above.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loans Held for Investment and Allowance for Credit Losses (continued)

The loan segments are primarily grouped by collateral type with similar risk characteristics and a historical loss rate is determined based on a ten year look back period. The Bank applies a weight of 10% to each year.

Also, the Bank estimates the historical loss rates by adjusting them for certain losses resulting from non-recurrent transactions that included note sales, short sales, and bulk sales given that management is not expected to use those delivery channels for loans in the normal course of business. To estimate the impact of non-recurrent losses, management has developed a statistical study that tracks historical non-recurring losses at loan level. This analysis is used to estimate an adjusted loss rate for each loan pool. Management believes the effect of these losses results in a loss rate that is more consistent with the behavior of the loan portfolio in the normal course of business.

Qualitative factors are applied to historical loss rates based on management's experience and assessment. The following are the factors used to adjust the historical loss rates:

- Loan quality review
- Lending and credit management /staff expertise and practices
- Economic and business conditions
- Lending and credit underwriting policies and procedures
- Problem loan levels and trends
- Collateral concentrations
- Large obligor concentration
- New loan volumes
- Combined loan to value (“CLTV”) qualitative adjustment for substandard accrual loan segment

Changes in these factors could result in material adjustments to the allowance for credit losses. The losses the Bank may ultimately incur could differ materially from the amounts assumed in arriving at the allowance for credit losses.

In addition to the allowance for credit losses, the Bank also estimates probable losses related to financial instruments with off-balance sheet risk, such as letters of credit and unfunded loan commitments, and records these estimates in other liabilities on the consolidated balance sheets with the offset recorded in the consolidated statement of operations and comprehensive income. Financial instruments with off-balance sheet risk are subject to review on an aggregate basis. Past loss experience and any other pertinent information is reviewed, resulting in the estimation of the reserve for financial instruments with off-balance sheet risk.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loans Held for Investment and Allowance for Credit Losses (continued)

A loan is considered impaired when, based on current information and events, it is probable that the Bank will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement or when the loan is designated as a Troubled Debt Restructuring ("TDR"). Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Impairment is measured on a loan by loan basis by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable fair value, or the fair value of the collateral, if the loan is collateral dependent. If management determines that the value of the impaired loan is less than the recorded investment in the loan (outstanding principal balance plus accrued interest, net of previous charge-offs, and net of deferred loan fees or cost), impairment is recognized through an allowance estimate or a charge-off to the allowance for credit losses.

In situations where, due to a borrower's financial difficulties, management grants a concession for other than an insignificant period of time to the borrower that would not otherwise be granted, the loan is classified as a TDR.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was signed by the President of the United States. The CARES Act has certain provisions which encourage financial institutions to prudently work with borrowers impacted by COVID-19. Under these provisions, modifications deemed to be COVID-19 related would not be considered a TDR if the loan was not more than 30 days past due as of December 31, 2019. The deferral would need to be executed March 1, 2020 and the earlier of 60 days after the date of termination of the COVID-19 national emergency or December 31, 2020. Additional legislation was passed in December of 2020 that extended the TDR relief to January 1, 2022. Banking regulators issued similar guidance clarifying that a COVID-19 related modification should not be considered a TDR if the borrower was current on payments at the time the underlying loan modification program was implemented and considered short-term. See Note 4 "Loans Held for Investment, Net" for additional disclosures of loans that were modified and not considered TDR.

In addition to the allowance for the pooled portfolios, management has developed a separate allowance for loans that are identified as impaired through a TDR. These loans are excluded from pooled loss forecast, and a separate reserve is provided under the accounting guidance for loan impairment. Residential loans whose terms have been modified in a TDR are also individually analyzed for estimated impairment.

The Bank's charge-off policy is to review all impaired loans on a quarterly basis in order to monitor the Bank's ability to collect them in full at maturity date and/or in accordance with terms of any restructurings. For loans which are collateral dependent, or deemed to be uncollectible, any shortfall in the fair value of the collateral relative to the recorded investment in the loan is charged off. The amount charged-off conforms to the amount necessary to comply with GAAP.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net

Land is carried at cost. Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is computed on the straight-line method over the estimated useful life of the asset. Leasehold improvements are amortized over the remaining term of the applicable leases or their useful lives, whichever is shorter. Estimated useful lives of these assets were as follows:

Building	40 years
Furniture, fixtures and equipment	3 to 25 years
Computer hardware and software	3 to 5 years
Leasehold improvements	Shorter of life or term of lease

Maintenance and repairs are charged to expense as incurred; improvements and betterments are capitalized. When items are retired or are otherwise disposed of, the related costs and accumulated depreciation and amortization are removed from the accounts and any resulting gains or losses are credited or charged to income.

Other Real Estate Owned

Other real estate owned (“OREO”) consists of real estate property acquired through, or in lieu of, foreclosure that are held for sale and are initially recorded at the fair value of the property less estimated selling costs at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell. Subsequent write-downs are recognized as a valuation allowance with the offset recorded in the consolidated statements of operations and comprehensive income. Carrying costs are charged to other real estate owned expenses in the accompanying consolidated statements of operations and comprehensive income. Gains or losses on sale of OREO are recognized when consideration has been exchanged, all closing conditions have been met and permanent financing has been arranged.

Bank Owned Life Insurance

Bank owned life insurance (“BOLI”) is carried at the amount that could be realized under the contract at the balance sheet date, which is typically cash surrender value. Changes in cash surrender value are recorded in noninterest income. In 2020 the Bank maintained BOLI policies with four insurance carriers. At December 31, 2020 the combined cash surrender value of all polices was $25,961. The policies cover certain present and former executives and officers, the Bank is the beneficiary of these policies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Management is required to assess whether a valuation allowance should be established on the net deferred tax asset based on the consideration of all available evidence using a more likely than not standard. In its evaluation, Management considers taxable loss carry-back availability, expectation of sufficient taxable income, trends in earnings, the future reversal of temporary differences, and available tax planning strategies.

The Bank recognizes positions taken or expected to be taken in a tax return in accordance with existing accounting guidance on income taxes which prescribes a recognition threshold and measurement process. Interest and penalties on tax liabilities, if any, would be recorded in interest expense and other operating noninterest expense, respectively.

Impairment of Long-Lived Assets

The Bank's long-lived assets, such as property and equipment, net, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the consolidated balance sheets and reported at the lower of the carrying amount or fair value less costs to sell and are no longer depreciated. The assets and liabilities of a disposal group classified as held for sale would be presented separately in the appropriate asset and liability sections of the consolidated balance sheets.

Transfer of Financial Assets

Transfers of financial assets are accounted for as sales, when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Bank - put presumptively beyond the reach of the transferor and its creditors, even in bankruptcy or other receivership, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Bank does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity or the ability to unilaterally cause the holder to return specific assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Comprehensive Income (Loss)

Under GAAP, certain changes in assets and liabilities, such as unrealized holding gains and losses on securities available for sale, are excluded from current period earnings and reported as a separate component of the stockholder's equity section of the consolidated balance sheets, such items, along with net income (loss), are components of comprehensive income (loss).

Earnings per Common Share

Basic earnings per common share is net income divided by the weighted average number of common shares outstanding during the period. Diluted earnings per common share included the effect of additional potential common shares issuable under vested stock options. Basic and diluted earnings per share are updated to reflect the effect of stock splits as occurred. See Note 20 "Subsequent Events" for further discussion on stock splits. See Note 18 "Earnings Per Share" for additional information on earnings per common share.

Interest Income

Interest income is recognized as earned, based upon the principal amount outstanding, on an accrual basis.

Operating Segments

While the Bank monitors the revenue streams of the various products and services, operations are managed and financial performance is evaluated on a Bank wide basis. Operating results of the individual products are not used to make resource allocations or performance decisions by Bank management.

Share Based Payment

Stock based compensation accounting guidance requires that the compensation cost relating to share-based payment transactions be recognized in the accompanying consolidated financial statements. That cost will be measured based on the grant date fair value of the equity or liability instruments issued. The stock-based compensation accounting guidance covers a wide range of share-based compensation arrangements including stock options, restricted share plans, performance-based awards, share appreciation rights, and employee share purchase plans.

The stock-based compensation accounting guidance requires that compensation cost for all stock awards be calculated and recognized over the employees' service period, generally defined as the vesting period. For awards with graded-vesting, compensation cost is recognized on a straight-line basis over the requisite service period for the entire award. A Black-Scholes model is used to estimate the fair value of stock options.

Stock option disclosure are updated to reflect the effect of stock splits as occurred. See Note 20 "Subsequent Events" for further discussion on stock splits.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

Fair values of financial instruments are estimated using relevant market information and other assumptions, as more fully disclosed in Note 16 “Fair Value Measurements”. Fair value estimates involve uncertainties and matters of significant judgment. Changes in assumptions or in market conditions could significantly affect the estimates.

Derivative Instruments

The Bank enters into interest rate swaps to provide commercial loan clients the ability to swap from a variable interest rate to a fixed rate. The Bank enter into a floating-rate loan with a customer with a separately issued swap agreement allowing the customer to convert floating payments of the loan into a fixed interest rate. To mitigate risk, the Bank will enter into a matching agreement with a third party to offset the exposure on the customer agreement. These swaps are not considered to be qualified hedging transactions and the unmatched unrealized gain or loss is recorded in other noninterest income.

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized in an amount that reflects the consideration the Bank expects to receive for the services the Bank provides to its customers. The main revenue earned by the Bank from loans and investment securities are excluded from the accounting standard update “Revenue from Contracts with Customers”. Deposit and service charge fees, consisting of primarily monthly maintenance fees, wire fees, ATM interchange fees and other transaction-based fees, are the most significant types of revenue within the accounting standard update. Revenue is recognized when the service provided by the Bank is complete. The aggregate amount of revenue within the scope of this standard that is received from sources other than deposit service charges and fees in not material.

Reclassifications

Certain amounts in the consolidated financial statements have been reclassified to conform to the current presentation. Reclassifications had no impact on the net income or stockholder’s equity of the Bank.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued Accounting Standards

Lease Accounting

In February 2016, the Financial Accounting Standards Board ("FASB") issued an accounting standard update which amends existing lease guidance. The update requires lessees to recognize a right-of-use asset ("ROUA") and related lease liability for many operating leases previously reported as off-balance sheet under current guidance. The update is effective using a modified retrospective approach for fiscal years beginning after December 15, 2018 and interim periods within those years, with early application permitted. In adopting this standard, the Bank elected various optional transition practical expedients: 1) not reassessing whether existing contracts contain leases, 2) not reassessing the lease classification of existing leases and maintained the existing operating lease classification of the existing leases, 3) not reassessing initial direct cost of existing leases 4) excluding short term leases from the recognition of ROUA and lease liability and 5) the Bank did not elect the hindsight practical expedient which allows entities to use hindsight when determining the lease term and impairment of the ROUA. Upon adoption in 2019, the Bank recognized a ROUA and lease liability of approximately $18.3 million. The adoption decreased total risk-based capital by approximately 28 basis points.

Measurement of Credit Losses on Financial Instruments

In June 2016, the FASB issued an accounting standard update on accounting for current expected credit losses on financial instruments ("CECL") which will replace the current probable incurred loss impairment methodology in US GAAP with a methodology that reflects the expected credit losses. The update is intended to provide financial statement users with more decision-useful information about expected credit losses. This update is effective on a modified retrospective basis for financial statements issued for fiscal years beginning after December 15, 2022, and interim periods within those years. Early adoption is permitted for fiscal years beginning after December 15, 2019 including interim periods within those fiscal years. The Bank is expecting to adopt the CECL accounting standard on January 1, 2023. The impact of adoption on the Bank's financial statements will depend on the composition of the loan portfolio as of January 1, 2023, general economic conditions, and other factors that are not known at this time.

3. INVESTMENT SECURITIES

The amortized cost, gross unrealized holding gains, gross unrealized holding losses and fair value of securities available for sale are as follows:

Securities Available for Sale

	December 31, 2020			
	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value
U.S. Government Agency - SBA	$ 1,488	$ 64	$ -	$ 1,552
U.S. Government Agency	20,196	4	(168)	20,032
Collateralized mortgage obligations	104,426	386	(162)	104,650
Mortgage-backed securities - Residential	80,110	1,368	(177)	81,301
Mortgage-backed securities - Commercial	45,802	2,549	(20)	48,331
Municipal securities	24,230	39	(58)	24,211
Bank subordinated debt securities	24,004	631	(5)	24,630
Corporate bonds	27,733	1,882	-	29,615
	$ 327,989	**$ 6,923**	**$ (590)**	**$ 334,322**

	December 31, 2019			
	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value
U.S. Government Agency - SBA	$ 9,396	$ 28	$ (47)	$ 9,377
U.S. Government Agency	1,452	-	(16)	1,436
Collateralized mortgage obligations	46,294	463	(14)	46,743
Mortgage-backed securities - Residential	49,619	692	(167)	50,144
Mortgage-backed securities - Commercial	50,359	1,083	(59)	51,383
Corporate bond	22,550	629	-	23,179
	$ 179,670	**$ 2,895**	**$ (303)**	**$ 182,262**

3. INVESTMENT SECURITIES (CONTINUED)

The proceeds, realized gross gains and realized gross losses on available for sale securities are as follows:

	2020	2019
Proceeds from sales and call of securities	$ 57,309	$ 2,039
Gross Gains	$ 862	$ 51
Gross Losses	$ (428)	$ -

The amortized cost and fair value of debt securities available for sale at December 31, 2020, by contractual maturity, are shown below. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Securities not due at a single maturity date are shown separately.

	December 31, 2020 Securities Available for Sale	
	Amortized Cost	Fair Value
Due after one year through five years	$ 12,478	$ 13,012
Due after five years through ten years	38,026	39,940
Due after ten years	25,462	25,503
U.S Government Agency - SBA	1,488	1,552
U.S Government Agency	20,196	20,032
Collateralized mortgage obligations	104,427	104,651
Mortgage-backed securities - Residential	80,110	81,301
Mortgage-backed securities - Commercial	45,802	48,331
	$ 327,989	**$ 334,322**

As of December 31, 2020 and 2019, there were no holdings of securities to any one issuer, in an amount greater than 10% of total stockholders equity other than the United States Government and Government Agencies. All the Collateralized mortgage obligations and mortgage backed securities are United States sponsored entities for 2020 and 2019.

3. INVESTMENT SECURITIES (CONTINUED)

Information pertaining to securities available for sale with gross unrealized losses at December 31, 2020 and 2019, aggregated by investment category and length of time those individual securities have been in a continuous loss position, are as follows:

	December 31, 2020						
	Less than Twelve Months		Twelve Months or More		Total		
	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses	Number of Securities
U.S. Government Agency	$ 14,030	$ (168)	$ -	$ -	$ 14,030	$ (168)	5
Collateralized mortgage obligations	49,185	(162)	-	-	49,185	(162)	10
Mortgage-backed securities - Residential	41,611	(177)	-	-	41,611	(177)	10
Mortgage-backed securities - Commercial	8,219	(20)	-	-	8,219	(20)	2
Municipal securities	3,878	(58)	-	-	3,878	(58)	3
Bank subordinated debt securities	995	(5)	-	-	995	(5)	1
	$ 117,918	**$ (590)**	**$ -**	**$ -**	**$ 117,918**	**$ (590)**	**31**

	December 31, 2019						
	Less than Twelve Months		Twelve Months or More		Total		
	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses	Number of Securities
U.S. Government Agency - SBA	$ 2,105	$ (28)	$ 848	$ (19)	$ 2,953	$ (47)	3
U.S. Government Agency	1,437	(16)	-	-	1,437	(16)	2
Collateralized mortgage obligations	10,786	(13)	-	-	10,786	(13)	6
Mortgage-backed securities - Residential	13,871	(124)	2,612	(43)	16,483	(167)	7
Mortgage-backed securities - Commercial	9,766	(48)	1,444	(12)	11,210	(60)	7
	$ 37,965	**$ (229)**	**$ 4,904**	**$ (74)**	**$ 42,869**	**$ (303)**	**25**

3. INVESTMENT SECURITIES (CONTINUED)

The Bank performs a review of the investments that have an unrealized loss to determine whether there have been any changes in the economic circumstance of the security issuer to indicate that the unrealized loss is impaired on an other-than-temporary basis. Management considers several factors in their analysis including (1) severity and duration of the impairment, (2) credit rating of security including any downgrade, (3) intent and if it is more likely than not that the Bank could hold the security for a period of time to recover the value of the security, (4) whether there have been any payment defaults and (5) underlying guarantor of the securities.

As of December 31, 2020, the Bank had 5 U.S. Government Agency securities with an unrealized holding loss of $168. Changes in interest rates and Federal Reserve Bank activity in financial markets have caused changes in the value of these securities to fluctuate. The Bank attributes the unrealized holding losses to market interest rate increases. The contractual cash flows of these securities are guaranteed by an agency of the United States ("U.S.") government. Because the decline in market value is attributable to changes in market interest rates and not credit quality, and because the Bank does not intend to sell the investments before recovery of their amortized cost basis, which may be maturity, and it is more likely than not that the Bank will not be required to sell the securities before maturity, the Bank does not consider those investment securities to be other-than-temporarily impaired at December 31, 2020.

As of December 31, 2020, the Bank had 10 collateralized mortgage obligations with an unrealized holding loss of $162. The losses relate primarily to interest rate changes, credit spread widening and reduced liquidity in applicable markets. The contractual cash flows of these securities are guaranteed by an agency of the U.S. government. At December 31, 2020, the Bank does not consider these investments to be other-than-temporarily impaired as the decline in market value is attributable to changes in market interest rates and not credit quality, and because the Bank does not intend to sell the investments before recovery of their amortized cost basis, which may be maturity, and it is more likely than not that the Bank will not be required to sell the securities before maturity.

As of December 31, 2020, the Bank had 12 mortgage-backed securities (residential and commercial) with an unrealized holding loss of $197. The losses relate primarily to interest rate changes, credit spread widening and reduced liquidity in applicable markets. The contractual cash flows of these securities are guaranteed by an agency of the U.S. government. At December 31, 2020, the Bank does not consider these investments to be other-than-temporarily impaired as the decline in market value is attributable to changes in market interest rates and not credit quality, and because the Bank does not intend to sell the investments before recovery of their amortized cost basis, which may be maturity, and it is more likely than not that the Bank will not be required to sell the securities before maturity.

As of December 31, 2020, the Bank had 3 Municipal securities with an unrealized holding loss of $58. Changes in interest rates and Federal Reserve Bank activity in financial markets have caused changes in the value of these securities to fluctuate. The Bank attributes the unrealized holding losses to market interest rate increases. The contractual cash flows of these securities are guaranteed by City or County governments. Because the decline in market value is attributable to changes in market interest rates and not credit quality, and because the Bank does not intend to sell the investments before recovery of their amortized cost basis, which may be maturity, and it is more likely than not that the Bank will not be required to sell the securities before maturity, the Bank does not consider those investment securities to be other-than-temporarily impaired at December 31, 2020.

As of December 31, 2020, the Bank had 1 bank subordinated debt security with an unrealized holding loss of $5. Changes in interest rates and Federal Reserve Bank activity in financial markets have caused changes in the value of these securities to fluctuate. The Bank attributes the unrealized holding losses to market interest rate increases. Because the decline in market value is attributable to changes in market interest rates and not credit quality, and because the Bank does not intend to sell the investments before recovery of their amortized cost basis, which may be maturity, and it is more likely than not that the Bank will not be required to sell the securities before maturity, the Bank does not consider those investment securities to be other-than-temporarily impaired at December 31, 2020.

3. INVESTMENT SECURITIES (CONTINUED)

At December 31, 2020, the Bank maintains a master repurchase agreement with a public banking institution for up to $20,000 fully guaranteed with investment securities upon withdrawal. Any amounts borrowed would be at a variable interest rate based on prevailing rates at the time funding is requested. At December 31, 2020, the Bank did not have any securities pledged under this agreement.

In 2018 the Bank became a Qualified Public Depositor ("QPD") with the State of Florida. As a QPD the Bank has the authority to legally maintain public deposits from cities, municipalities and the State of Florida. These public deposits are secured by securities pledged to the State of Florida at a ratio of 50% of the outstanding uninsured deposits. The Bank must also maintain a minimum amount of pledged securities to be in the program.

At December 31, 2020 the Bank had four Corporate Bonds with a fair value of $7,807 pledged to the State of Florida under the public funds program. The Bank held a total of $14,084 in public funds at December 31, 2020.

At December 31, 2019 the Bank had one Corporate Bond with a fair value of $1,015 pledged to the State of Florida under the public funds program. The Bank held a total of $1,694 in public funds at December 31, 2019.

4. LOANS HELD FOR INVESTMENT, NET

A summary of the distribution of loans held for investment, net, by type, is as follows at December 31:

	2020	2019
Residential real estate	$ 232,754	$ 279,506
Commercial real estate	606,425	585,341
Commercial and industrial	157,330	45,038
Foreign banks	38,999	84,213
Other	5,507	8,244
	1,041,015	1,002,342
Less: Net deferred loan fees	2,511	408
Allowance for credit losses	15,086	11,998
Loans held for investment, net	**$ 1,023,418**	**$ 989,936**

Commitments to grant loans and unfunded lines of credit amounted to approximately $107,553 and $139,808, as of December 31, 2020 and 2019, respectively.

At December 31, 2020 and 2019, the Bank had approximately $250,665 and $323,258, of commercial real estate and residential mortgage loans pledged as collateral on lines of credit with the FHLB and the Federal Reserve Bank of Atlanta.

A reconciliation of the loans held for investment to the recorded investment in loans is as follows:

	2020	2019
Loans held for investment, gross	$ 1,041,015	$ 1,002,342
Plus: Accrued interest receivable on loans	4,673	2,959
Less: Net deferred loan fees	2,511	408
Recorded investment in loans	**$ 1,043,177**	**$ 1,004,893**

The Bank is a participant in the Small Business Administration's ("SBA") Paycheck Protection Program ("PPP") loans. These loans are designed to provide a direct incentive for small businesses to keep their workers on payroll and the funds can be used to fund payroll cost, pay mortgage interest, rent, utilities and other cost related to COVID-19. These loans are forgivable under specific criteria as determined by the SBA. The Bank had $104,832 in PPP loans which are reported as Commercial and Industrial loans at December 31, 2020. These PPP loans had deferred loan fees of $1,772 at December 31, 2020. See Note 2 "Summary of Significant Accounting Policies" for policy on the amortization of deferred loan fees.

4. LOANS HELD FOR INVESTMENT, NET (CONTINUED)

Changes in the allowance for credit losses and the outstanding balances in loans as of and for the year ended December 31, 2020 are as follows:

	Residential Real Estate	Commercial Real Estate	Commercial and Industrial	Foreign Banks	Other Loans	Unallocated	Total
Allowance for Credit Losses:							
Balance at beginning of year	$ 3,749	$ 6,591	$ 1,214	$ 332	$ 112	$ -	$ 11,998
Provision for (recovery of) credit losses and unallocated	(36)	2,861	321	16	88	-	3,250
Recoveries	168	1	307	-	18	-	494
Charge-offs	(473)	-	(153)	-	(30)	-	(656)
Ending Balance	**$ 3,408**	**$ 9,453**	**$ 1,689**	**$ 348**	**$ 188**	**$ -**	**$ 15,086**
Ending balance: individually evaluated for impairment	$ 220	$ -	$ 108	$ -	$ 125	$ -	$ 453
Ending balance: collectively evaluated for impairment	$ 3,188	$ 9,453	$ 1,581	$ 348	$ 63	$ -	$ 14,633
Loans:							
Individually evaluated for impairment	$ 10,439	$ 733	$ 202	$ -	$ 278	$ -	$ 11,652
Collectively evaluated for impairment	$ 222,315	$ 605,692	$ 157,128	$ 38,999	$ 5,229	$ -	$ 1,029,363
Ending balance	**$ 232,754**	**$ 606,425**	**$ 157,330**	**$ 38,999**	**$ 5,507**	**$ -**	**$ 1,041,015**

Changes in the allowance for credit losses and the outstanding balances in loans as of and for the year ended December 31, 2019 are as follows:

	Residential Real Estate	Commercial Real Estate	Commercial and Industrial	Foreign Banks	Other Loans	Unallocated	Total
Allowance for Credit Losses:							
Balance at beginning of year	$ 2,179	$ 3,905	$ 2,387	$ 231	$ 183	$ 1,954	$ 10,839
Provision for (recovery of) credit losses and unallocated	1,573	2,477	(2,014)	101	(183)	(1,954)	-
Recoveries	10	209	841	-	142	-	1,202
Charge-offs	(13)	-	-	-	(30)	-	(43)
Ending Balance	**$ 3,749**	**$ 6,591**	**$ 1,214**	**$ 332**	**$ 112**	**$ -**	**$ 11,998**
Ending balance: individually evaluated for impairment	$ 300	$ 10	$ 98	$ -	$ -	$ -	$ 408
Ending balance: collectively evaluated for impairment	$ 3,449	$ 6,581	$ 1,116	$ 332	$ 112	$ -	$ 11,590
Loans:							
Individually evaluated for impairment	$ 4,756	$ 1,156	$ 126	$ -	$ -	$ -	$ 6,038
Collectively evaluated for impairment	$ 274,750	$ 584,185	$ 44,912	$ 84,213	$ 8,244	$ -	$ 996,304
Ending balance	**$ 279,506**	**$ 585,341**	**$ 45,038**	**$ 84,213**	**$ 8,244**	**$ -**	**$ 1,002,342**

4. LOANS HELD FOR INVESTMENT, NET (CONTINUED)

The Bank grades loans based on the estimated capability of the borrower to repay the contractual obligation of the loan agreement based on relevant information which may include: current financial information on the borrower, historical payment experience, credit documentation and other current economic trends. The Bank's internal credit risks are refreshed quarterly.

The Bank's internally assigned grades are as follows:

Pass - Loans indicate different levels of satisfactory financial condition and performance.

Special Mention - Loans classified as special mention have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date.

Substandard - Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the obligator or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.

Doubtful – Loans classified as doubtful have all the weaknesses inherent in those classified at substandard, with the added characteristic that the weaknesses make collection or liquidation in full on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

Loss – Loans classified as loss are considered uncollectible.

The Bank segments the portfolio by loan pools grouping loans that share similar risk characteristics and employing collateral type and lien position to group loans according to risk. The Bank determines historical loss rates for each loan pool based on its own loss experience. In estimating credit losses the Bank also considers qualitative and environmental factors that may cause estimated credit losses for the loan portfolio to differ from historical losses.

4. LOANS HELD FOR INVESTMENT, NET (CONTINUED)

Loan credit exposures by internally assigned grades are as follows:

As of December 31, 2020

Loan by Class	Pass	Special Mention	Substandard	Doubtful	Total Loans
HELOC and other	$ 905	$ -	$ -	$ -	$ 905
1-4 family residential	151,940	-	6,748	-	158,688
Condo residential	73,016	-	145	-	73,161
Residential real estate	$ 225,861	$ -	$ 6,893	$ -	$ 232,754
Land and construction	$ 37,348	$ -	$ -	$ -	$ 37,348
Multi family residential	111,047	-	-	-	111,047
Condo commercial	37,171	-	442	-	37,613
Commercial property	415,967	-	803	-	416,770
Leasehold improvements	3,647	-	-	-	3,647
Commercial real estate	$ 605,180	$ -	$ 1,245	$ -	$ 606,425
Secured	$ 44,255	$ -	$ 202	$ -	$ 44,457
Unsecured	112,842	-	31	-	112,873
Commercial and industrial	$ 157,097	$ -	$ 233	$ -	$ 157,330
Foreign banks	$ 38,999	$ -	$ -	$ -	$ 38,999
Other loans	$ 5,229	$ -	$ 278	$ -	$ 5,507
Total	**$ 1,032,366**	**$ -**	**$ 8,649**	**$ -**	**$ 1,041,015**

4. LOANS HELD FOR INVESTMENT, NET (CONTINUED)

Loan credit exposures by internally assigned grades are as follows:

As of December 31, 2019

Loan by Class	Pass	Special Mention	Substandard	Doubtful	Total Loans
HELOC and other	$ 2,409	$ -	$ -	$ -	$ 2,409
1-4 family residential	173,809	-	3,375	-	177,184
Condo residential	99,892	-	21	-	99,913
Residential real estate	$ 276,110	$ -	$ 3,396	$ -	$ 279,506
Land and construction	$ 43,709	$ -	$ -	$ -	$ 43,709
Multi family residential	89,002	-	1,655	-	90,657
Condo commercial	38,297	-	458	-	38,755
Commercial property	406,535	-	1,935	-	408,470
Leasehold improvements	3,750	-	-	-	3,750
Commercial real estate	$ 581,293	$ -	$ 4,048	$ -	$ 585,341
Secured	$ 34,517	$ -	$ 126	$ -	$ 34,643
Unsecured	10,395	-	-	-	10,395
Commercial and industrial	$ 44,912	$ -	$ 126	$ -	$ 45,038
Foreign banks	$ 84,213	$ -	$ -	$ -	$ 84,213
Other loans	$ 8,244	$ -	$ -	$ -	$ 8,244
Total	**$ 994,772**	**$ -**	**$ 7,570**	**$ -**	**$ 1,002,342**

4. LOANS HELD FOR INVESTMENT, NET (CONTINUED)

The following tables include an aging analysis of accruing loans as of December 31, 2020 and 2019. Also, included are loans that are 90 days or more past due and still accruing and non-accrual loans.

As of December 31, 2020

	Accruing					
Loan by Class	Current	Past Due 30-89 Days	Past Due > 90 Days and Still Accruing	Total Accruing	Non-Accrual	Total Loans
HELOC and other	$ 905	$ -	$ -	$ 905	$ -	$ 905
1-4 family residential	154,779	2,354	-	157,133	1,555	158,688
Condo residential	72,625	536	-	73,161	-	73,161
Residential real estate	$ 228,309	$ 2,890	$ -	$ 231,199	$ 1,555	$ 232,754
Land and construction	$ 37,348	$ -	$ -	$ 37,348	$ -	$ 37,348
Multi family residential	111,047	-	-	111,047	-	111,047
Condo commercial	37,475	138	-	37,613	-	37,613
Commercial property	416,770	-	-	416,770	-	416,770
Leasehold improvements	3,647	-	-	3,647	-	3,647
Commercial real estate	$ 606,287	$ 138	$ -	$ 606,425	$ -	$ 606,425
Secured	$ 44,378	$ 56	$ -	$ 44,434	$ 23	$ 44,457
Unsecured	112,873	-	-	112,873	-	112,873
Commercial and industrial	$ 157,251	$ 56	$ -	$ 157,307	$ 23	$ 157,330
Foreign banks	$ 38,999	$ -	$ -	$ 38,999	$ -	$ 38,999
Other loans	$ 5,198	$ 309	$ -	$ 5,507	$ -	$ 5,507
Total	**$ 1,036,044**	**$ 3,393**	**$ -**	**$ 1,039,437**	**$ 1,578**	**$ 1,041,015**

There were $1,578 in non-accrual loans with an aging less than 89 days at December 31, 2020.

4. LOANS HELD FOR INVESTMENT, NET (CONTINUED)

As of December 31, 2019

	Accruing					
Loan by Class	Current	Past Due 30-89 Days	Past Due > 90 Days and Still Accruing	Total Accruing	Non-Accrual	Total Loans
HELOC and other	$ 2,409	$ -	$ -	$ 2,409	$ -	$ 2,409
1-4 family residential	170,876	5,805	-	176,681	503	177,184
Condo residential	97,887	1,351	675	99,913	-	99,913
Residential real estate	$ 271,172	$ 7,156	$ 675	$ 279,003	$ 503	$ 279,506
Land and construction	$ 43,709	$ -	$ -	$ 43,709	$ -	$ 43,709
Multi family residential	90,657	-	-	90,657	-	90,657
Condo commercial	38,755	-	-	38,755	-	38,755
Commercial property	408,318	152	-	408,470	-	408,470
Leasehold improvements	3,750	-	-	3,750	-	3,750
Commercial real estate	$ 585,189	$ 152	$ -	$ 585,341	$ -	$ 585,341
Secured	$ 34,270	$ 373	$ -	$ 34,643	$ -	$ 34,643
Unsecured	10,341	54	-	10,395	-	10,395
Commercial and industrial	$ 44,611	$ 427	$ -	$ 45,038	$ -	$ 45,038
Foreign banks	$ 84,213	$ -	$ -	$ 84,213	$ -	$ 84,213
Other loans	$ 8,163	$ 81	$ -	$ 8,244	$ -	$ 8,244
Total	**$ 993,348**	**$ 7,816**	**$ 675**	**$ 1,001,839**	**$ 503**	**$ 1,002,342**

There were $503 in non-accrual loans with an aging less than 89 days at December 31, 2019.

There was no interest income recognized attributable to nonaccrual loans outstanding at December 31, 2020 and 2019. Interest income on these loans for 2020 and 2019 would have been approximately $47 and $21, respectively, had these loans performed in accordance with their original terms.

4. LOANS HELD FOR INVESTMENT, NET (CONTINUED)

The following table includes the unpaid principal balances for impaired loans with the associated allowance amount, if applicable on the basis of impairment methodology.

As of and for the Year Ended December 31, 2020

Impaired Loan by Segment With No Specific Allowance Recorded	Unpaid Principal Balance	Net Investment Balance	Valuation Allowance	Average Net Investment Balance	Interest Income Recognized
Residential real estate	$ 5,100	$ 5,093	$ -	$ 3,277	$ 206
Commercial real estate	$ 733	$ 732	$ -	$ 564	$ 36
Commercial and industrial	$ -	$ -	$ -	$ -	$ -
Total	$ 5,833	$ 5,825	$ -	$ 3,841	$ 242
Impaired Loan by Segment With Specific Allowance Recorded					
Residential real estate	$ 5,339	$ 5,302	$ 220	$ 3,592	$ 177
Commercial real estate	$ -	$ -	$ -	$ 1,158	$ -
Commercial and industrial	$ 202	$ 202	$ 108	$ 230	$ 11
Other loans	$ 278	$ 278	$ 125	$ 56	$ 16
Total	$ 5,819	$ 5,782	$ 453	$ 5,036	$ 204
Total Impaired Loans	**$ 11,652**	**$ 11,607**	**$ 453**	**$ 8,877**	**$ 446**

Net investment balance is the unpaid principal balance of the loan adjusted for the remaining net deferred loan fees.

4. LOANS HELD FOR INVESTMENT, NET (CONTINUED)

As of and for the Year Ended December 31, 2019

Impaired Loan by Segment With No Specific Allowance Recorded	Unpaid Principal Balance	Net Investment Balance	Valuation Allowance	Average Net Investment Balance	Interest Income Recognized
Residential real estate	$ 1,447	$ 1,447	$ -	$ 1,186	$ 66
Commercial real estate	$ 302	$ 302	$ -	$ 504	$ 14
Commercial and industrial	$ -	$ -	$ -	$ -	$ -
Total	$ 1,749	$ 1,749	$ -	$ 1,690	$ 80
Impaired Loan by Segment With Specific Allowance Recorded					
Residential real estate	$ 3,309	$ 3,270	$ 300	$ 3,563	$ 140
Commercial real estate	$ 854	$ 856	$ 10	$ 882	$ 36
Commercial and industrial	$ 126	$ 126	$ 98	$ 167	$ 8
Total	$ 4,289	$ 4,252	$ 408	$ 4,612	$ 184
Total Impaired Loans	**$ 6,038**	**$ 6,001**	**$ 408**	**$ 6,302**	**$ 264**

4. LOANS HELD FOR INVESTMENT, NET (CONTINUED)

The following tables present performing and nonperforming Troubled Debt Restructurings:

	December 31, 2020		
Loans by Segment	Accrual Status	Non-Accrual Status	Total Troubled Debt Restructuring
Residential real estate	$ 8,884	$ 777	$ 9,661
Commercial real estate	$ 733	$ -	$ 733
Commercial and industrial	$ 179	$ 23	$ 202
Other loans	$ 278	$ -	$ 278
Total	**$ 10,074**	**$ 800**	**$ 10,874**

	December 31, 2019		
Loans by Segment	Accrual Status	Non-Accrual Status	Total Troubled Debt Restructuring
Residential real estate	$ 4,253	$ 142	$ 4,395
Commercial real estate	$ 1,156	$ -	$ 1,156
Commercial and industrial	$ 126	$ -	$ 126
Total	**$ 5,535**	**$ 142**	**$ 5,677**

The Bank had allocated $453 and $408 of specific allowance for Troubled Debt Restructured loans at December 31, 2020 and 2019. There was no commitment to lend additional funds at December 31, 2020 and 2019.

Charge offs on Troubled Debt Restructured loans totaled $153 at December 31, 2020, $13 at December 31, 2019.

4. LOANS HELD FOR INVESTMENT, NET (CONTINUED)

The following tables present newly restructured loans, by type of modification, which occurred during the year ended December 31, 2020:

Recorded Investment Prior to Modification	December 31, 2020		
Loans by Segment	Number of Loans	Combination Modifications	Total Modifications
Residential real estate	6	$ 5,679	$ 5,679
Commercial real estate	1	$ 451	$ 451
Commercial and industrial	2	$ 255	$ 255
Other loans	1	$ 279	$ 279
Total	10	$ 6,664	$ 6,664

Recorded Investment After Modification	December 31, 2020		
Loans by Segment	Number of Loans	Combination Modifications	Total Modifications
Residential real estate	6	$ 5,679	$ 5,679
Commercial real estate	1	$ 451	$ 451
Commercial and industrial	2	$ 255	$ 255
Other loans	1	$ 275	$ 275
Total	10	$ 6,660	$ 6,660

The Bank did not have new Troubled Debt Restructure loans for the year ended December 31, 2019.

During 2019 two Troubled Debt Restructured loans defaulted totaling $428. None in 2020.

The Bank provided financial relief to borrowers impacted by COVID-19 and provided modifications to include interest only deferral or principal and interest deferral. These modifications are excluded from Troubled Debt Restructuring classification under Section 4013 of the CARES Act or under applicable interagency guidance of the federal banking regulators. As of December 31, 2020, the Bank had modified 132 loans with outstanding balances of $185,898. At December 31, 2020, two modified loans totaling $777 were classified as non accrual and two modified loans totaling $1,402 were past due.

In order to determine whether a borrower is experiencing financial difficulty, an evaluation is performed of the probability that the borrower will be in payment default on its debt in the foreseeable future without the modification. This evaluation is performed by the Bank's Credit department based on internally derived parameters.

5. LEASES

The Bank leases nine of the eleven branch locations and the headquarter building. The Bank is obligated under non-cancelable operating leases for these premises with expiration dates ranging from 2021 to 2036, many of these leases have extension clauses which the Bank could exercise which would extend these dates.

The Bank has classified all leases as operating leases. Lease expense for operating leases are recognized on a straight-line basis over the lease term. Right-of-use asset ("ROUA") represent the right to use and underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term.

The Bank uses its incremental borrowing rate at lease commencement to calculate the present value of lease payments. The Bank's incremental borrowing rate is based on the FHLB advance rate matching or nearing the lease term.

The following table presents the right of use asset and lease liabilities as of December 31:

	2020	2019
ROU Assets:		
Operating leases	$ 14,513	$ 17,339
Lease liabilities:		
Operating leases	$ 14,513	$ 17,339

The weighted average remaining lease term and weighted average discount rate at December 31:

	2020	2019
Weighted average remaining lease term:		
Operating leases (in years)	9.13	9.38
Weighted average discount rate:		
Operating leases	2.49%	2.49%

5. LEASES (CONTINUED)

Future lease payment obligations and a reconciliation to lease liability as of December 31, 2020:

Year ending December 31,		
2021	$	2,713
2022		2,308
2023		2,193
2024		2,222
2025		2,236
Thereafter		5,342
Total future minimum lease payments		17,014
Less: interest component		(2,501)
Lease liability	**$**	**14,513**

Rent expense was approximately $3,398 and $4,264 for the years ended December 31, 2020 and 2019, respective, and is included in occupancy on the consolidated statements of operations and comprehensive income. Rent expense for 2019 includes $500 paid by the Bank to exit a sub-lease contract on an existing branch.

6. PROPERTY AND EQUIPMENT, NET

Property and equipment, net as of December 31:

	2020	2019
Land	$ 1,372	$ 1,372
Building	2,625	2,625
Furniture, fixtures and equipment	9,080	9,434
Computer hardware and software	4,471	4,333
Leasehold improvements	9,650	9,597
	27,198	27,361
Accumulated depreciation and amortization	(20,851)	(20,089)
Property and equipment, net	**$ 6,347**	**$ 7,272**

Depreciation and amortization of property and equipment, net, amounted to approximately $1,272 and $1,225 for the years ended December 31, 2020 and 2019, respectively. During 2020 the Bank eliminated $510 in assets which were fully depreciated, $1,823 in 2019.

7. DEPOSITS

Time deposits that exceed the FDIC Insurance limit of $250 at year end 2020 and 2019 were $104,140 and $107,090, respectively.

At December 31, 2020, the scheduled maturities of time deposits were as follows:

2021	$ 225,766
2022	20,572
2023	7,759
2024	3,404
2025	929
	$ 258,430

At December 31, 2020 and 2019, the aggregate amount of demand deposits reclassified to loans as overdrafts was approximately $224 and $459, respectively.

8. FEDERAL HOME LOAN BANK ADVANCES

Advances from the FHLB as of December 31, 2020 and 2019 amounted to $36,000 and $111,000, respectively.

The maturities and interest rates related to the Bank's FHLB advances are as follows at December 31:

2020

Interest Rate	Type of Rate	Maturity Date	Amount
0.81%	Fixed	August 17, 2023	$ 5,000
1.04%	Fixed	July 30, 2024	5,000
2.05%	Fixed	March 27, 2025	10,000
1.91%	Fixed	March 28, 2025	5,000
1.81%	Fixed	April 17, 2025	5,000
1.07%	Fixed	July 18, 2025	6,000
		Total	$ 36,000

2019

Interest Rate	Type of Rate	Maturity Date	Amount
2.76%	Fixed	May 26, 2020	$ 5,000
1.82%	Fixed	July 31, 2020	5,000
1.80%	Fixed	August 7, 2020	10,000
1.89%	Fixed	September 29, 2020	3,000
1.78%	Variable	December 31, 2020	47,000
2.57%	Fixed	February 8, 2021	5,000
2.94%	Fixed	May 24, 2021	6,000
2.03%	Fixed	September 29, 2021	3,000
2.13%	Fixed	November 2, 2021	5,000
2.71%	Fixed	February 7, 2022	10,000
2.64%	Fixed	February 8, 2022	5,000
3.05%	Fixed	May 23, 2022	5,000
3.05%	Fixed	May 23, 2022	2,000
		Total	$ 111,000

The FHLB holds a blanket lien on the Bank's loan portfolio that may be pledged as collateral for outstanding advances, subject to eligibility under the borrowing agreement. The Bank may also choose to assign cash balances held at the FHLB as additional collateral. See Note 4 “Loans Held for Investment, Net”, for further discussion on pledged loans.

9. INCOME TAXES

The Bank's provision for income taxes are as follows as of December 31:

	2020	2019
Current:		
Federal	$ -	$ -
State	-	-
Total Current	-	-
Deferred:		
Federal	2,074	2,284
State	514	1,091
Total Deferred	2,588	3,375
Total Provision	**$ 2,588**	**$ 3,375**

The actual income tax expense for 2020 and 2019 differs from the statutory tax expense for the year (computed by applying the U.S. federal corporate tax rate of 21% for 2020 and 2019 to income before provision for income taxes) as follows:

	2020	2019
Federal taxes at statutory rate	$ 2,815	$ 2,891
State income taxes, net of federal tax benefit	469	598
Bank owned life insurance	(174)	(166)
Other, net	(522)	52
Total	**$ 2,588**	**$ 3,375**

9. INCOME TAXES (CONTINUED)

The Bank's deferred tax assets and deferred tax liabilities are as follows as of December 31:

	2020	2019
Deferred tax assets:		
Net operating loss	$ 35,506	$ 39,433
Allowance for loan losses	3,824	3,041
Deferred loan fees	636	103
Depreciable property	285	270
Stock option compensation	169	121
Accruals	349	430
Other, Net	7	6
Deferred tax asset	40,776	43,404
Deferred tax liability:		
Unrealized gain on available for sale securities	(1,553)	(636)
Deferred rent	(64)	(104)
Deferred tax liability	(1,617)	(740)
Net deferred tax asset	$ 39,159	$ 42,664

The Bank has approximately $136,800 of Federal and $159,465 of State net operating loss carryforwards expiring in various amounts starting in 2031 to 2036. Their utilization is limited to future taxable earnings of the Bank.

In assessing the realizability of deferred tax assets, management considered whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment.

The U.S. Federal jurisdiction and Florida are the major tax jurisdictions where the Bank files income tax returns. The Bank is generally no longer subject to U.S. Federal or State examinations by tax authorities for years before 2017.

For the years ended December 31, 2020 and 2019, the Bank did not have any unrecognized tax benefits as a result of tax positions taken during a prior period or during the current period. No interest or penalties have been recorded as a result of tax uncertainties.

10. STOCK OPTION PLANS

In 2006, the Bank's shareholders approved the 2006 Option Plan (the "2006 Option Plan") which authorized grants of options to purchase up to 779,891 shares of common stock. The 2006 Option Plan had a 10-year life and terminated in 2016. All stock options outstanding under the 2006 Option Plan expired during 2019.

In 2015, the Bank's shareholders approved the 2015 Equity Incentive Plan (the "2015 Option Plan"), which authorized grants of options to purchase up to 2,000,000 shares of Common stock. The 2015 Option Plan provided that vesting schedules will be determined upon issuance of options by the Board of Directors or compensation committee. Options granted under the 2015 Option Plan have a 10-year life, in no event shall an option be exercisable after the expiration of 10 years from the grant date. The 2015 Option Plan has a 10-year life and will terminate in 2025. In 2020, the shareholder of the Bank approved to amend the 2015 Option plan authorizing the issuance of an additional 3,000,000 shares of Common Stock and extending the life of the plan 5 additional years, terminating in 2030.

At December 31, 2020, there were 3,108,334 shares available for grant under the 2015 Option Plan. At December 31, 2019, there were no shares available for grant under the 2015 Option Plan.

The Bank recognizes compensation expense based on the estimated grant date fair value method using the Black-Scholes option pricing model and accounts for this expense using a pro-rated straight-line amortization method over the vesting period of the option. Stock based compensation expense is based on awards that the Bank expects will ultimately vest reduced by estimated forfeitures. Estimated forfeitures consider the voluntary termination trends as well as actual option forfeitures.

The Bank did not grant stock options in 2020, 2,000 options were exercised during 2020. The Bank granted 179,500 options and no options were exercised in 2019.

The compensation expense is reported within salaries and employee benefits expense in the accompanying consolidated statements of operations and comprehensive income. Compensation expense totaling $187 was recognized in 2020, $152 in 2019. There was no related tax benefit for the years ended December 31, 2020 and 2019.

Unrecognized compensation cost remaining on stock-based compensation totaled $79 and $288 as of December 31, 2020 and 2019, respectively.

Accounting standards require cash flows resulting from excess tax benefits to be classified as a part of cash flows from operating activities. Excess tax benefits are realized tax benefits from tax deductions for exercised options in excess of the deferred tax asset attributable to the compensation cost for such options.

The fair value of options granted was determined using the following weighted-average assumptions as of

	2020	2019
Risk-free interest rate	2.39%	2.39%
Expected term	10 years	10 years
Expected stock price volatility	10%	10%
Dividend yield	0%	0%

Due to lack of trading activity in the Bank's stock the expected stock price volatility is estimated at 10%.

10. STOCK OPTION PLANS (CONTINUED)

A summary of stock options are as follows:

	Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Terms (Years)	Aggregate Intrinsic Value
Balance at January 1, 2019	218,687	$ 7.70	7.7	
Granted	179,500	11.34		
Exercised	-	-		
Forfeited	(32,520)	10.21		
Balance at December 31, 2019	365,667	9.30	8.5	
Granted	-	-		
Exercised	(2,000)	7.50		
Forfeited	(24,000)	8.17		
Balance at December 31, 2020	339,667	$ 9.37	7.1	
Exercisable at December 31, 2020	242,333	$ 8.71	6.6	$ 208

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the difference between the valuation of the Bank's stock at December 31, 2020 and the exercise price, multiplied by the number of options considered in-the-money) that would have been received by the option holders had all option holders exercised their options on December 31, 2020.

Information related to the stock option plan are as follows:

	2020	2019
Cash received from option exercises	$ 15	$ -
Weighted average fair value of options granted	$ -	$ 2.54

Stock option balances, weighted average exercise price and weighted average fair value of options granted for both periods were adjusted to reflect the 1 for 5 reverse stock split on Common Stock Class A. Stock options are only exercisable to Common Stock Class A.

11. EMPLOYEE BENEFIT PLAN

The Bank has adopted a retirement savings plan (the "Plan") (a 401k plan) covering substantially all eligible employees. The Plan includes a provision that the employer may contribute to the accounts of eligible employees for whom a salary deferral is made. There was approximately $282 and $220 of Bank contributions to the Plan during the years ended December 31, 2020 and 2019, respectively and are included in salaries and employee benefits in the consolidated statements of operations and comprehensive income.

12. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

The Bank is a party to financial instruments with off-balance-sheet risk in the normal course of business in order to meet the financial needs of its customers and to reduce its own exposure to fluctuations in interest rates. These financial instruments include unfunded commitments under lines of credit, commitments to extend credit, standby and commercial letters of credit. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheets. The Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

The Bank's exposure to credit loss in the event of nonperformance by the other party to the financial instruments for unused lines of credit, and standby letters of credit is represented by the contractual amount of these commitments.

A summary of the amounts of the Bank's financial instruments with off-balance sheet risk is as follows at December 31:

	2020	2019
Commitments to grant loans and unfunded lines of credit	$ 107,553	$ 139,808
Standby and commercial letters of credit	$ 1,813	$ 1,512

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses.

Unfunded lines of credit and revolving credit lines are commitments for possible future extensions of credit to existing customers. These lines of credit are uncollateralized and usually do not contain a specified maturity date and ultimately may not be drawn upon to the total extent to which the Bank is committed.

Standby and commercial letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. Those letters of credit are primarily issued to support public and private borrowing arrangements. Essentially all letters of credit have fixed maturity dates and many of them expire without being drawn upon, they do not generally present a significant liquidity risk to the Bank.

13. DERIVATIVES

The Bank utilizes interest rate swap agreements as part of its asset liability management strategy to help manage its interest rate risk position. The notional amount of the interest rate swaps do not represent amounts exchanged by the parties. The amounts exchanged is determined by reference to the notional amount and the other terms of the individual interest rate swap agreements.

The Banks enters into interest rate swaps with its loan customers. The Bank had 15 interest rate swaps with loan customers with a notional amount $30,611 at December 31, 2020, maturing from 2025 to 2030. The Bank entered into corresponding and offsetting derivatives with third parties. While these derivatives represent economic hedges, they do not qualify as hedges for accounting purposes.

The Bank did not have interest rate swaps in 2019.

The following table reflects the derivatives recorded on the consolidated financial statements as of December 31:

	2020	2019
	Fair Value	Fair Value
Included in other assets:		
Derivatives not designated as hedging instruments:		
Interest rate swaps related to customer loans	$ 500	$ -
Included in other liabilities:		
Derivatives not designated as hedging instruments:		
Interest rate swaps related to customer loans	$ 500	$ -

14. RELATED PARTY TRANSACTIONS

In the ordinary course of business, principal owners, officers and directors of the Bank and their associates are customers of and engage in transactions with the Bank. The approximate balances included within the accompanying consolidated financial statements are as follows as of December 31:

	2020	2019
Consolidated Balance Sheets		
Loans, net	$ -	$ -
Deposits	$ 1,793	$ 1,457
Consolidated Statements of Operations and Comprehensive Income		
Interest income	$ -	$ -
Interest expense	$ 23	$ 25

Interest rates for related party deposits ranged between 0.00% to 1.49% and 0.00% to 2.37% as of December 31, 2020 and 2019, respectively.

15. COMMITMENTS AND CONTINGENCIES

LITIGATION

The Bank was involved in the two actions below.

Rasco, et al. v. Levitan, et al., Case Number 2018-038212-CA (Fla. 11th Cir. Ct.) ("Recapitalization Litigation"). The Recapitalization Litigation, filed in November 2018, alleges a failure to properly disclose a recapitalization transaction to be voted on by the Common Shareholders and claims against the Bank and its Board of Directors.

Rasco, et al. v. Levitan, et al., Case Number 2020-001947-CA (Fla. 11th Cir. Ct.) ("Derivative Litigation"). The Derivative Litigation was filed in January 2020 and the allegations stem from the same recapitalization transaction being litigated in the Recapitalization Litigation. In the Derivative Litigation, the Plaintiffs allege the Bank should be reimbursed by the Directors for costs incurred pursuing the recapitalization transaction.

In 2020 both of these cases were settled and the lawsuits have been dismissed. There was no material impact to the consolidated statement of operations.

See Note 20 "Subsequent Events".

16. FAIR VALUE MEASUREMENTS

Determination of Fair Value

The Bank uses fair value measurements to record fair-value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with the fair value measurements accounting guidance, the fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Bank's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

The recent fair value guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

Fair Value Hierarchy

In accordance with this guidance, the Bank groups its financial assets and financial liabilities generally measured at fair value in three levels, based on the markets in which the assets and liabilities are traded, and the reliability of the assumptions used to determine fair value.

Level 1 - Valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 - Valuation is based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.

Level 3 - Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

16. FAIR VALUE MEASUREMENTS (CONTINUED)

Items Measured at Fair Value on a Recurring Basis

Investment securities - When instruments are traded in secondary markets and quoted market prices do not exist for such securities, management generally relies on prices obtained from independent vendors or third-party broker-dealers. Management reviews pricing methodologies provided by the vendors and third-party broker-dealers in order to determine if observable market information is being utilized. Securities measured with pricing provided by independent vendors or third-party broker-dealers are classified within Level 2 of the hierarchy and often involve using quoted market prices for similar securities, pricing models or discounted cash flow analyses utilizing inputs observable in the market where available.

Derivatives- The fair value of derivatives are measured with pricing provided by third-party participants and are classified within Level 2 of the hierarchy.

The following table represents the Bank's assets measured at fair value on a recurring basis at December 31, 2020 and 2019 for each of the fair value hierarchy levels:

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Financial Assets				
U.S. Government Agency - SBA	$ -	$ 1,552	$ -	$ 1,552
U.S. Government Agency	-	20,032	-	20,032
Collateralized mortgage obligations	-	104,650	-	104,650
Mortgage-backed securities - Residential	-	81,301	-	81,301
Mortgage-backed securities - Commercial	-	48,331	-	48,331
Municipal Securities	-	24,211	-	24,211
Bank subordinated debt securities	-	24,630	-	24,630
Corporate Bond	-	29,615	-	29,615
	$ -	**$ 334,322**	**$ -**	**$ 334,322**
Derivatives	**$ -**	**$ 500**	**$ -**	**$ 500**
Financial Liabilities				
Derivatives	**$ -**	**$ 500**	**$ -**	**$ 500**

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Financial Assets				
U.S. Government Agency - SBA	$ -	$ 9,377	$ -	$ 9,377
U.S. Government Agency	-	1,436	-	1,436
Collateralized mortgage obligations	-	46,743	-	46,743
Mortgage-backed securities - Residential	-	50,144	-	50,144
Mortgage-backed securities - Commercial	-	51,383	-	51,383
Corporate Bond	-	23,179	-	23,179
	$ -	**$ 182,262**	**$ -**	**$ 182,262**

There were no financial liabilities measured at fair value on a recurring basis at December 31, 2019.

16. FAIR VALUE MEASUREMENTS (CONTINUED)

Items Measured at Fair Value on a Nonrecurring Basis

Impaired Loans - At December 31, 2020 and 2019, in accordance with provisions of the loan impairment guidance, individual loans with a carrying amount of approximately $5,819 and $4,289, respectively, were written down to their fair value of approximately $5,366 and $3,881, respectively, resulting in an impairment charge of $453 and $408, respectively, which was included in the allowance for credit losses at December 31, 2020 and 2019. Loans applicable to write downs, or impaired loans, are estimated using the present value of expected cash flows or the appraised value of the underlying collateral discounted as necessary due to management's estimates of changes in economic conditions are considered a level 3 valuation.

Other Real Estate - Other real estate owned are valued at the lesser of the third-party appraisals less management's estimate of the costs to sell or the carrying cost of the other real estate owned. Appraisals generally use the market approach valuation technique and use market observable data to formulate an opinion of the fair value of the properties. However, the appraiser uses professional judgment in determining the fair value of the property and the Bank may also adjust the value for changes in market conditions subsequent to the valuation date when current appraisals are not available. As a consequence of the carrying cost or the third-party appraisal and adjustments therein, the fair values of the properties are considered a level 3 valuation.

16. FAIR VALUE MEASUREMENTS (CONTINUED)

Items Measured at Fair Value on a Nonrecurring Basis (continued)

The following table represents the Bank's assets measured at fair value on a nonrecurring basis at December 31, 2020 and 2019 for each of the fair value hierarchy levels:

	Level 1	Level 2	Level 3	Total
December 31, 2020				
Impaired loans	$ -	$ -	$ 5,366	$ 5,366

	Level 1	Level 2	Level 3	Total
December 31, 2019				
Impaired loans	$ -	$ -	$ 3,881	$ 3,881

The following table presents quantified information about level 3 fair value measurements for assets measured at fair value on a non-recurring basis at December 31, 2020 and 2019:

December 31, 2020	Fair Value	Valuation Technique(s)	Unobservable Input(s)
Impaired Loans-			
Residential real estate	$ 5,119	Collateral method	Collateral value of appraisal
Commercial and industrial	$ 94	Discounted cash flow	Adjustment for differences in net operating income expectations
Other	$ 153	Discounted cash flow	Adjustment for differences in net operating income expectations
Total	$ 5,366		

December 31, 2019	Fair Value	Valuation Technique(s)	Unobservable Input(s)
Impaired Loans-			
Residential real estate	$ 3,009	Collateral method	Collateral value of appraisal
Commercial real estate	$ 844	Collateral method	Collateral value of appraisal
Commercial and industrial	$ 28	Discounted cash flow	Adjustment for differences in net operating income expectations
Total	$ 3,881		

There were no financial liabilities measured at fair value on a nonrecurring basis at December 31, 2020 or 2019.

16. FAIR VALUE MEASUREMENTS (CONTINUED)

Items Not Measured at Fair Value

The carrying amounts and estimated fair values of financial instruments not carried at fair value, at December 31, 2020 and 2019 are as follows:

		Fair Value Measurements at December 31, 2020			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Financial Assets					
Cash and due from banks	$ 9,828	$ 9,828	$ -	$ -	$ 9,828
Interest-bearing deposits in banks	37,906	37,906	-	-	37,906
Loans held for investment, net	1,023,418	-	-	1,046,782	1,046,782
Accrued interest receivable	5,547	-	874	4,673	5,547
Financial Liabilities					
Demand Deposits	$ 442,467	$ 442,467	$ -	$ -	$ 442,467
Money market and savings accounts	527,373	527,373	-	-	527,373
Interest-bearing checking accounts	45,132	45,132	-	-	45,132
Time deposits	258,430	-	-	259,857	259,857
FHLB advances	36,000	-	37,543	-	37,543
Accrued interest payable	156	-	49	107	156

		Fair Value Measurements at December 31, 2019			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Financial Assets					
Cash and due from banks	$ 9,888	$ 9,888	$ -	$ -	$ 9,888
Interest-bearing deposits in banks	25,853	25,853	-	-	25,853
Loans held for investment, net	989,936	-	-	994,482	994,482
Accrued interest receivable	3,549	-	590	2,959	3,549
Financial Liabilities					
Demand Deposits	$ 306,203	$ 306,203	$ -	$ -	$ 306,203
Money market and savings accounts	408,606	408,606	-	-	408,606
Interest-bearing checking accounts	41,862	41,862	-	-	41,862
Time deposits	260,952	-	-	261,582	261,582
FHLB advances	111,000	-	111,710	-	111,710
Accrued interest payable	446	-	198	248	446

17. STOCKHOLDERS' EQUITY

The Board of Directors ("Board") approved the dividends on the Preferred class as follows:

	Year Ended December 31,	
	2020	**2019**
Preferred stock - Class C; Non-voting, Non-cumulative, Perpetual: $1.00 par value; $1,000 per share liquidation preference; annual divided rate 4% of liquidation preferrence paid quarterly. Quarterly dividend of $10.00 per share.	$ 2,110	$ 1,055
Preferred stock - Class D; Non-voting, Non-cumulative, Perpetual: $1.00 par value; $5.00 per share liquidation preference; annual dividend rate of 4% of par value paid quarterly. Quarterly dividend of $0.01 per share.	492	246
Preferred stock - Class E; Non-voting, partially cumulative, Perpetual: $1.00 par value; $1,000 per share liquidation preference; annual dividend rate of 7% of liquidation preferrence paid quarterly. Quarterly dividend of $17.50 per share.	525	525
Total Dividends Paid	**$ 3,127**	**$ 1,826**

Declaration of dividends by the Board is required before dividend payments are made. The dividend payment dates for the Preferred Class C and Preferred Class D are set by the Board. Preferred E have a set dividend payment date of February 15, May 15, August 15 and November 15.

No dividends were approved by the Board for the Common Classes for the years of 2020 or 2019.

The Board approved dividends on Preferred Class C and Preferred Class D for the four quarters of 2020. The Board approved dividends on Preferred Class C and Preferred Class D for the last two quarter of 2019.

The Board approved dividends for the Preferred Class E for all quarters in 2020 and 2019.

There were no dividends declared and unpaid at the end of 2020 or 2019.

18. EARNINGS PER SHARE

	2020	2019
Net income	$ 10,820	$ 10,391
Preferred stock dividends	$ 3,127	$ 1,826
Net income available to common stockholders	$ 7,693	$ 8,565

The factors used in the earning per share computation are as follows:

	2020	
	Common A	**Common B**
Basic		
Allocation of Net Income	$ 5,851	$ 1,842
Weighted average common shares outstanding	3,887,480	6,121,052
Basic earnings per common share	**1.51**	**0.30**
Diluted		
Allocation of Net Income	$ 5,851	$ 1,842
Weighted average common shares outstanding for basic earnings per common share	3,887,480	6,121,052
Add: Dilutive effects of assumed exercises of stock options	23,810	-
Average shares and dilutive potential common shares	3,911,290	6,121,052
Dilutive earnings per common share	**1.50**	**0.30**

Stock options for 75,666 shares of common stock were not considered in computing diluted earnings per common share for 2020 because they were antidilutive.

18. EARNINGS PER SHARE (CONTINUED)

	2019	
	Common A	**Common B**
Basic		
Allocation of Net Income	$ 6,514	$ 2,051
Weighted average common shares outstanding	3,887,469	6,121,052
Basic earnings per common share	**1.68**	**0.34**
Diluted		
Allocation of Net Income	$ 6,514	$ 2,051
Weighted average common shares outstanding for basic earnings per common share	3,887,469	6,121,052
Add: Dilutive effects of assumed exercises of stock options	52,058	-
Average shares and dilutive potential common shares	3,939,527	6,121,052
Dilutive earnings per common share	**1.65**	**0.34**

There were no antidilutive shares in 2019.

We computed earnings per common share of Common A and Common B using the two-class method. Basic earnings per share is computed using the weighted-average number of common shares outstanding during the period. Diluted earnings per share is computed using the weighted-average number of common shares and the effect of dilution from assumed exercises of stock options. The calculation of the dilutive effects of assumed exercised of stock options is calculated on the treasury stock method. The earnings per share calculation for both 2019 and 2020 have been adjusted based on the Bank's 1 for 5 reverse stock split for Class A voting common stock.

In calculating earnings per common share the allocation of net income available to common stockholders was allocated as if all the income for the period were distributed to common stockholders based on the outstanding shares per common share class to the total common shares outstanding during each period without giving effect for the 1 for 5 reverse stock split. The Bank's articles of incorporation require that the distribution of income to Common B stockholders be adjusted to give effect for Class A stock splits. Therefore, the income allocated to Common B shares were calculated based on their 20% per share equivalent to Common A shares to give effect to the 1 for 5 reverse stock split of Common A.

See Note 20 "Subsequent Events" for further discussion on stock splits.

19. REGULATORY MATTERS

The Bank, as a state-chartered bank, is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Bank's consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities and certain off-balance-sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

The Bank has elected to permanently opt-out of the inclusion of accumulated other comprehensive income in the capital calculations, as permitted by the regulations. This opt-out will reduce the impact of market volatility on the Bank’s regulatory capital levels.

The Bank is required to maintain a capital conservation buffer consisting of additional common equity tier 1 capital greater than 2.5% to risk-weighted assets above the required minimum levels. Failure to maintain the required capital conservation buffer will limit the ability of the Bank to pay dividends, repurchase shares or pay discretionary bonuses. This capital conservation buffer requirement was phased in beginning January 2016 and was fully implemented in January 2019 at 2.5% of risk-weighted assets. The Bank’s capital conservation buffer was 5.21% for 2020 and 3.86% for 2019.

Under the FDIC’s prompt corrective action standards, to be considered well-capitalized, Banks must have a common equity tier 1 capital ratio of 6.5%, a tier 1 ratio of 8.0%, a total capital ratio of 10.0% and a leverage ratio of 5.0%. The Bank meets all these requirements.

19. REGULATORY MATTERS (CONTINUED)

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the table below) of total and Tier 1 capital (as defined in the regulations) to risk weighted assets (as defined), Tier 1 capital (as defined) to average assets (as defined), and common Tier 1 capital (as defined) to risk weighted assets (as defined).

Banking regulations limit the amount of dividends that may be paid without prior approval of the Bank's regulatory agencies. Payment of dividends is generally limited to earnings of the Bank, as defined, for the current period and the full two preceding years. As of December 31, 2020, $26,500 of retained earnings is available to pay dividends.

As of December 31, 2020, the most recent notification from the regulatory authorities categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. Failure to meet statutorily mandated capital guidelines could subject the Bank to a variety of enforcement remedies, including issuance of a capital directive, the termination of deposit insurance by the FDIC, a prohibition on accepting or renewing brokered deposits, limitations on the rates of interest that the Bank may pay on its deposits and other restrictions on its business. To be categorized as well capitalized, an institution must maintain minimum total risk-based, Tier 1 risk-based and Tier 1 leverage ratios as set forth in the following tables. There are no conditions or events since the notification that management believes have changed the Bank's category. The Bank's actual capital amounts and ratios as of December 31, 2020 and 2019 are also presented in the table.

	Actual		Minimum Capital Requirements		To be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	%	Amount	%
As of December 31, 2020:						
Total risk-based capital (to risk weighted assets)	$ 139,326	14.24%	$ 78,260	8.00%	$ 97,825	10.00%
Tier 1 capital (to risk weighted assets)	127,061	12.99%	58,695	6.00%	78,260	8.00%
Common Tier 1 capital (to risk weighted assets)	94,984	9.71%	44,021	4.50%	63,587	6.50%
Tier 1 capital (to average total assets)	127,061	8.61%	59,053	4.00%	73,817	5.00%
As of December 31, 2019:						
Total risk-based capital (to risk weighted assets)	$ 127,818	12.78%	$ 80,015	8.00%	$ 100,018	10.00%
Tier 1 capital (to risk weighted assets)	115,661	11.56%	60,011	6.00%	80,015	8.00%
Common Tier 1 capital (to risk weighted assets)	83,584	8.36%	45,008	4.50%	65,012	6.50%
Tier 1 capital (to average total assets)	115,661	9.15%	50,555	4.00%	63,193	5.00%

20. SUBSEQUENT EVENTS

Management has evaluated subsequent events from December 31, 2020 through May 5, 2021, which is the date the consolidated financial statements were originally available to be issued, and through July 14, 2021, which is the date that consolidated financial statements as revised for a 1 to 5 reverse stock split were available to be issued.

On January 13, 2021 the SBA resumed the Paycheck Protection Program for Second Draw PPP loans. The second draw allows eligible borrowers that previously received a PPP loan to apply for a Second Draw PPP loan. The Bank is a participating lender in this program which is set to expire on May 31, 2021 the Bank has issued $47,192 in Second Draw PPP loans through March 31, 2021.

On February 15, 2021 the Bank paid quarterly dividends as approved by the Board as follows:

Preferred stock - Class C	$	527
Preferred stock - Class D	$	123
Preferred stock - Class E	$	131

On April 5, 2021 a Special Committee of the Board of Directors authorized and approved the offer to repurchase all outstanding shares of Class E Preferred Stock at the liquidation value of $7,500 along with declared dividends approved by the Board of Directors on April 26, 2021 of $104. All Class E Preferred Stock shareholders approved the repurchase which the Bank completed on April 26, 2021.

On April 26,2021 the Board of Directors approved dividends to be paid on May 15, 2021 as follows:

Preferred stock - Class C	$	527
Preferred stock - Class D	$	123

On June 16, 2021 the Bank effected a 1 for 5 reverse stock split of all the Class A common stock $1.00 par value. As of the effective date of June 16, 2021, each five shares of the Bank's Class A common stock was combined into one fully paid share of Class A common stock. Any fractional shares resulting from this reverse stock split were rounded up to one whole share. The Bank has adjusted the Class A common stock, earnings per share and stock options adjusted for this 1 for 5 reverse stock split for all periods shown.

The 1 for 5 reverse stock split resulted in adjustments to Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Changes in Stockholders' Equity, Note 10 "Stock Option Plans" and Note 18 "Earnings Per Share".

(Unaudited): The Bank was named defendant in a suit filed by two shareholders on July 12, 2021. Management believes this lawsuit is legally and factually without merit and intends to defend against it. Management does not believe there is any litigation which will have a material effect on the consolidated financial statements.

Other than the 1 for 5 reverse stock split described above there were no events that occurred subsequent to the balance sheet date and through July 14, 2021 that would require adjustment to the consolidated financial statements.

4,000,000 Shares

Class A Common Stock

OFFERING CIRCULAR

July 22, 2021

Sole Bookrunner

Keefe, Bruyette & Woods
A Stifel Company

Co-Managers

Raymond James **Piper Sandler**

Until and including August 16, 2021 (25 days after the date of this offering circular), all dealers that effect transactions in our Class A common stock, whether or not participating in this offering, may be required to deliver an offering circular. This delivery requirement is in addition to the obligation of dealers to deliver an offering circular when acting as underwriters and with respect to their unsold allotments or subscriptions.