

# Metro Phoenix Bank Reports Earnings of \$795,000, or \$0.21 per Diluted Share in 3Q2017 and Loan Growth of 6.09%



PHOENIX, Nov. 2, 2017/PRNewswire/ -- Metro Phoenix Bank (OTCPink:MPHX)("Bank") announced net income for quarter ending September 30, 2017 increased 72% to \$795,000, or \$0.21 per diluted share, from \$463,000, or \$0.12 per diluted share in the second quarter of 2017. Net income increased 97% from \$403,000 in the third quarter of 2016.

For the first nine months of 2017, net income grew 228% to \$2.49 million, or \$0.66 per diluted share, compared to \$758,000, or \$0.31 per diluted share for the same period of 2016. Excluding non-recurring income for nine months of 2017, adjusted net income grew 115% to \$1.63 million, or \$0.43 per diluted share, compared to the same period in 2016.

"The recent private placement of \$10.0 million in common stock coupled with improving business fundamentals in the Phoenix metropolitan market have significantly enhanced the Bank's efforts in sustaining annualized double-digit loan and deposit growth," stated Stephen P. Haggard, President and Chief Executive Officer. "Our third quarter results reflect solid loan growth, an uptick in non-interest income, the maintenance of a strong net interest margin and most importantly healthy credit quality. Metro Phoenix closed out the quarter without a single non-performing loan or other real estate owned (OREO) property."

## Third Quarter 2017 Highlights:

- Net Income for the quarter was \$795,000, or \$0.21 per diluted share.
  - ROA of 1.93% and 1.42% for the quarter and for the nine months excluding non-recurring income, respectively;
  - ROE of 11.86% and 10.30% for the quarter and for nine months excluding non-recurring income, respectively.
- NIM of 5.35% and 5.06% for the quarter and the nine months, respectively, with the cost of funds stable at 0.35% compared to the linked quarter, and only slightly higher than the third quarter 2016 of 0.31%.
- SBA Gains on Sale of \$315M and \$768M for the quarter and for the nine months, respectively.
- Provision Expense of \$35M and \$170M for the quarter and for the nine months, respectively.
- Efficiency Ratio of 49.27% and 57.01% for the quarter and for the nine months excluding non-recurring income, respectively.
- Loan growth was 6.09% and 22.07% for the quarter and for the nine months, respectively.
- Non-Performing Assets remained at zero for the second consecutive quarter.

### **Balance Sheet**

Total assets grew by 1.64% to \$167.5 million at September 30, 2017, and increased 18.21% compared to \$141.7 million a year ago. Total loans grew by 6.09% to \$135.2 million at September 30, 2017, and increased 23.92% compared to \$109.1 million a year ago. Total deposits grew by 1.28% to \$139.9 million at September 30, 2017, and increased 12.24% compared to \$124.6 million a year ago.

The allowance for loan losses totaled \$1.5 million at September 30, 2017, or 1.14% of total loans. No material changes have occurred in the credit quality of the loan portfolio since the preceding quarter.

Shareholders' equity increased to \$27.2 million at September 30, 2017, from \$26.4 million the preceding quarter. At September 30, 2017, book value and tangible book value were \$8.02 per share compared to \$7.80 per share at June 30, 2017.

### **Capital Management**

The Bank's capital ratios exceeded the regulatory guidelines for a well-capitalized financial institution under the Basel III and Dodd Frank Wall Street Reform requirements at September 30, 2017. The Bank reported the following capital ratios:

	Bank - 9/30/17	Regulatory Well Capitalized
Tier 1 Leverage Ratio	16.18%	5.00%
Common Equity Tier 1 Capital Ratio	20.94%	6.50%
Tier 1 Risk Based Capital Ratio	20.94%	8.00%
Total Risk Based Capital Ratio	22.18%	10.00%

### **About the Company**

Metro Phoenix Bank, Inc., headquartered in Phoenix, Arizona is a full-service community Bank that caters to small-to mid-sized businesses and real estate professionals. It offers deposit and loan products and services as well as convenient on-line banking. The Bank was established in 2007 and operates out of single corporate office. The company is traded over-the-counter as MPHX. For further information please visit the website: [www.metrophoenixbank.com](http://www.metrophoenixbank.com).

### **Forward-looking Statements**

This press release may include forward-looking statements about Metro Phoenix Bank. These statements involve certain risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Such risks and uncertainties include, but are not limited to, the following factors: competition, fluctuations in interest rates, dependency on key individuals, loan defaults, geographical concentration, litigation and changes in federal laws, regulations and interpretations thereof. All forward-looking statements included in this press release are based on information available at the time of the release, and Metro Phoenix Bank assumes no obligation to update any forward-looking statement.

**Unaudited Summary Financial Information**  
(dollars in thousands, except per share data or noted otherwise)

	For the Three months ended September 30,		For the Nine months ended September 30,		Year-End
	2017	2016	2017	2016	2016
<b>Summary Income Data</b>					
Interest income	2,305	1,653	5,993	4,968	6,643
Interest expense	168	110	405	317	427
Net interest income	2,137	1,543	5,588	4,651	6,216
Provision for (reduction in) loan losses	-	105	170	470	534
Non-interest income	406	598	2,392	960	973
Non-interest expense	1,253	1,204	3,753	3,731	7,456
Realized gains (losses) on sales of securities	-	-	-	(1)	(1)
Income (loss) before income taxes	1,290	832	4,057	1,409	(802)
Provision for income tax	495	429	1,562	651	(16)
Net income	795	403	2,495	758	(786)
<b>Per Share Data:</b>					
Shares outstanding end-of-period	3,386	2,053	3,386	2,053	2,053
Earnings per common share	0.23	0.20	0.74	0.37	(0.38)
Cash dividend declared	-	-	-	-	-
Total shareholders' equity	27,168	16,896	27,168	16,896	15,360
Book value per share	8.02	8.23	8.02	8.23	7.46
<b>Selected Balance Sheet Data:</b>					
Total assets	167,462	141,759	167,462	141,759	141,500
Securities available-for-sale	1,081	-	1,081	-	-
Loans	135,205	109,098	135,205	109,098	110,784
Allowance for loan losses	1,539	1,309	1,539	1,309	1,359
Deposits	139,890	124,637	139,890	124,637	125,859
Other borrowings	-	-	-	-	-
Shareholders' equity	27,168	16,896	27,168	16,896	15,360
<b>Performance Ratios:</b>					
Return on average shareholders' equity (annualized) (%)	11.76%	9.74%	15.70%	6.22%	-4.88%
Net interest margin (%)	5.35%	4.62%	5.06%	4.92%	5.00%
Average assets	164,859	141,850	154,244	136,825	138,064
Return on average assets (annualized) (%)	1.91%	1.14%	2.16%	0.74%	-0.57%
Shareholders' equity to assets (%)	16.22%	11.92%	16.22%	11.92%	10.86%
Efficiency ratio (%)	49.27%	56.24%	47.03%	66.49%	103.73%
<b>Asset Quality Data:</b>					
Nonaccrual loans	-	1,030	-	1,030	-
Troubled debt restructurings	454	570	454	570	556
Other real estate	-	843	-	843	475
Nonperforming assets	-	1,873	-	1,873	475
Nonperforming assets to total assets (%)	-	2.20%	-	2.20%	0.34%
Nonperforming loans to total loans (%)	-	0.94%	-	0.94%	-
Reserve for loan losses to total loans (%)	1.14%	1.20%	1.14%	1.20%	1.25%
Reserve for loan losses to nonperforming loans (%)	-	127.08%	-	127.08%	-
Reserve for loan losses to nonperforming assets (%)	-	69.90%	-	69.90%	286.12%
Net charge-offs for period	(10)	152	(10)	217	223
Average loans	126,398	97,049	117,273	95,094	93,271
Ratio of charge-offs to average loans (%)	-0.01%	0.16%	-0.01%	0.23%	0.24%
<b>Regulatory Capital Ratios:</b>					
Tier 1 leverage capital ratio (%)	16.18%	10.60%	16.18%	10.60%	9.34%
Common Equity Tier 1 (%)	20.94%	14.42%	20.94%	14.42%	12.45%
Tier 1 risk-based capital ratio (%)	20.94%	14.42%	20.94%	14.42%	12.45%
Total risk-based capital ratio (%)	22.18%	15.68%	22.18%	15.68%	13.71%

Contact: Stephen P. Haggard  
President & CEO  
602-346-1800  
shaggard@metrophenixbank.com