

Metro Phoenix Bank Reports Earnings of \$417,000, or \$0.11 per Diluted Share in 4Q2017 and Efficiency Ratio of 50.53%



PHOENIX, Arizona, February 14, 2018 /PRNEWSWIRE/-- Metro Phoenix Bank (OTCPink: MPHX) (“Bank”) announced net income for quarter ending December 31, 2017 of \$417,000, or \$0.11 per diluted share. Excluding the one-time Deferred Tax Asset (DTA) write down of \$374,000, adjusted net income for quarter ending December 31, 2017 was \$791,000, or \$0.21 per diluted share, which remains comparable to 3Q 2017 net income of \$795,000 or \$0.21 per diluted share.

For the full twelve months of 2017, the Bank reported net income of \$2.91 million, or \$0.77 per diluted share, compared to a negative \$786,000, or negative \$0.32 per diluted share for the same period of 2016. Excluding non-recurring income and the one-time DTA write down for the full twelve months of 2017, the adjusted net income of the Bank grew to \$2.43 million, or \$0.64 per diluted share.

“The Bank’s pre-tax earnings performance in the fourth quarter solidifies management’s confidence that our business model is working well within the framework of the local market and provides optimism that sound core earnings can be sustained throughout 2018,” stated Stephen P. Haggard, President and Chief Executive Officer. “It is very satisfying to see the business potential of Arizona finally being unlocked after years of sluggish growth. Arizona currently has a healthy economic environment in which businesses are thriving, banks are profitable and local communities are benefitting.”

Fourth Quarter 2017 Highlights:

- Net Income for the quarter was \$417,000, or \$0.11 per diluted share.
 - ROA of 0.95% and 1.28% for the quarter and for the twelve months excluding non-recurring income, respectively;
 - ROE of 5.98% and 9.00% for the quarter and for twelve months excluding non-recurring income, respectively;
 - ROA of 1.50% and ROE of 10.61% for the twelve months excluding non-recurring income and the one-time DTA write down.
- NIM of 5.54% and 5.15% for the quarter and the twelve months, respectively, with the cost of funds stable at 0.37% compared to the linked quarter, and slightly higher than the fourth quarter 2016 of 0.31%.
- SBA Gains on Sale of \$230M and \$998M for the quarter and for the twelve months, respectively.
- Provision Expense of \$44M and \$214M for the quarter and for twelve months, respectively.
- Efficiency Ratio of 50.53% and 55.14% for the quarter and for the twelve months excluding non-recurring income, respectively.
- Loan growth was 1.96% and 24.27% for the quarter and for the twelve months, respectively.
- Non-Performing Assets remained at zero for the third consecutive quarter.

Balance Sheet

Total assets grew by 4.48% to \$174.9 million for quarter ending December 31, 2017, and increased 23.65% compared to \$141.5 million a year ago. Total loans grew by 1.96% to \$137.7 million for quarter ending December 31, 2017, and increased 24.27% compared to \$110.8 million a year ago. Total deposits grew by 5.07% to \$146.9 million for quarter ending December 31, 2017, and increased 15.10% compared to \$125.9 million a year ago.

The allowance for loan losses totaled \$1.6 million at December 31, 2017, or 1.15% of total loans. No material changes have occurred in the credit quality of the loan portfolio since the preceding quarter.

Shareholders' equity increased to \$27.6 million at December 31, 2017, from \$27.2 million the preceding quarter. At December 31, 2017, book value and tangible book value were \$8.15 per share compared to \$8.02 per share at September 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 December 31, 2017. The Bank reported the following capital ratios:

	Bank <u>12/31/17</u>	Regulatory <u>Well Capitalized</u>
Tier 1 Leverage Ratio	15.81%	5.00%
Common Equity Tier 1 Capital Ratio	20.83%	6.50%
Tier 1 Risk Based Capital Ratio	20.83%	8.00%
Total Risk Based Capital Ratio	22.05%	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.

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 December 31,		For the Twelve months ended December 31,		Year-End
	2017	2016	2017	2016	2016
Summary Income Data					
Interest Income	2,528	1,675	8,521	6,643	6,643
Interest expense	178	110	583	427	427
Net Interest Income	2,350	1,565	7,938	6,216	6,216
Provision for (reduction in) loan losses	44	57	214	527	534
Non-interest income	316	12	2,708	972	973
Non-interest expense	1,347	3,731	5,099	7,462	7,456
Realized gains (losses) on sales of securities	-	-	-	(1)	(1)
Income (loss) before income taxes	1,275	(2,211)	5,333	(802)	(802)
Provision for income tax	858	(667)	2,421	(16)	(16)
Net Income	417	(1,544)	2,912	(786)	(786)
Per Share Data:					
Shares outstanding end-of-period	3,386	2,053	3,386	2,053	2,053
Earnings per common share	0.12	(0.75)	0.86	(0.38)	(0.38)
Cash dividend declared	-	-	-	-	-
Total shareholders' equity	27,589	15,360	27,589	15,360	15,360
Book value per share	8.15	7.48	8.15	7.48	7.48
Selected Balance Sheet Data:					
Total assets	174,963	141,500	174,963	141,500	141,500
Securities available-for-sale	1,069	-	1,069	-	-
Loans	137,650	110,764	137,650	110,764	110,764
Allowance for loan losses	1,582	1,359	1,582	1,359	1,359
Deposits	146,981	125,859	146,981	125,859	125,859
Other borrowings	-	-	-	-	-
Shareholders' equity	27,589	15,360	27,589	15,360	15,360
Performance Ratios:					
Return on average shareholders' equity (annualized) (%)	5.98%	-4.27%	12.77%	-4.88%	-4.88%
Net interest margin (%)	5.54%	4.60%	5.15%	5.00%	5.00%
Average assets	174,043	143,384	160,751	138,064	138,064
Return on average assets (annualized) (%)	0.95%	-36.42%	1.81%	-0.57%	-0.57%
Shareholders' equity to assets (%)	15.77%	10.86%	15.77%	10.86%	10.86%
Efficiency ratio (%)	50.53%	236.59%	47.90%	103.73%	103.73%
Asset Quality Data:					
Nonaccrual loans	-	-	-	-	-
Troubled debt restructurings	440	556	440	556	556
Other real estate	-	475	-	475	475
Nonperforming assets	-	475	-	475	475
Nonperforming assets to total assets (%)	-	0.34%	-	0.34%	0.34%
Nonperforming loans to total loans (%)	-	-	-	-	-
Reserve for loan losses to total loans (%)	1.15%	1.23%	1.15%	1.23%	1.23%
Reserve for loan losses to nonperforming loans (%)	-	-	-	-	-
Reserve for loan losses to nonperforming assets (%)	-	286.12%	-	286.12%	286.12%
Net charge-offs for period	1	50	(9)	223	223
Average loans	137,755	105,023	124,045	93,271	93,271
Ratio of charge-offs to average loans (%)	0.00%	0.05%	-0.01%	0.24%	0.24%
Regulatory Capital Ratios:					
Tier 1 leverage capital ratio (%)	15.81%	9.34%	15.81%	9.34%	9.34%
Common Equity Tier 1 (%)	20.83%	12.45%	20.83%	12.45%	12.45%
Tier 1 risk-based capital ratio (%)	20.83%	12.45%	20.83%	12.45%	12.45%
Total risk-based capital ratio (%)	22.05%	13.71%	22.05%	13.71%	13.71%

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