

Metro Phoenix Bank Reports Earnings of \$828,000, or \$0.22 per Diluted Share in 1Q2018 and Loan Growth of 4.98%



PHOENIX, Apr. 26, 2018 /PRNewswire/-- Metro Phoenix Bank (OTCPink: MPHX) (“Bank”) announced net income for quarter ending March 31, 2018 increased 98% to \$828,000, or \$0.22 per diluted share, from \$417,000, or \$0.11 per diluted share in the fourth quarter of 2017. Although reported net income decreased 33% from \$1,237,000 in first quarter of 2017, when excluding non-recurring “settlement” income in the first quarter of 2017, the adjusted year-over-year first quarter net income increased 79% from \$461,000.

Excluding the Bank’s one-time Deferred Tax Asset write down in the fourth quarter of 2017, the core earnings of the Bank reflect a stable trend over the past three quarters.

“The quality of the Bank’s earnings continue to improve each quarter as our loan portfolio grows and we achieve better efficiency,” stated Stephen P. Haggard, President and Chief Executive Officer. “We have a very good community bank ‘brand’ that has been reinforced over the past decade and we are fortunate to operate in a solid growth market that provides substantial opportunities. This combination of a strong brand and a strong market will continue to support solid loan portfolio growth and furthermore, generate reasonable fee income and SBA gains-on-sale opportunities throughout 2018.”

First Quarter 2018 Highlights:

- Net Income for the quarter was \$828,000, or \$0.22 per diluted share.
 - ROA of 1.90% for the quarter;
 - ROE of 12.00% for the quarter;
- NIM of 5.52% for the quarter, with the cost of funds increasing to 0.45% compared to the linked quarter of 0.37%.
- SBA Gains on Sale of \$173M for the quarter.
- Provision Expense of \$50M for the quarter.
- Efficiency Ratio of 55.61% for the quarter.
- Loan growth was 4.98% for the quarter.
- Non-Performing Assets remained at zero for the fourth consecutive quarter.

Balance Sheet

Total assets grew by 3.54% to \$181.2 million at March 31, 2018, and increased 19.04% compared to \$152.2 million a year ago. Total loans grew by 4.98% to \$144.5 million at March 31, 2018, and increased 27.81% compared to \$113.2 million a year ago. Total deposits grew by 1.47% to \$149.1 million at March 31, 2018, and increased 12.91% compared to \$132.1 million a year ago.

The allowance for loan losses totaled \$1.6 million at March 31, 2018, or 1.13% of total loans. No material changes have occurred in the credit quality of the loan portfolio since the preceding quarter.

Shareholders' equity increased to \$28.4 million at March 31, 2018, from \$27.6 million the preceding quarter. At March 31, 2018, book value and tangible book value were \$8.39 per share compared to \$8.15 per share at December 31, 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 March 31, 2018. The Bank reported the following capital ratios:

	<u>Bank</u> <u>03/31/18</u>	<u>Regulatory</u> <u>Well Capitalized</u>
Tier 1 Leverage Ratio	16.03%	5.00%
Common Equity Tier 1 Capital Ratio	20.44%	6.50%
Tier 1 Risk Based Capital Ratio	20.44%	8.00%
Total Risk Based Capital Ratio	21.64%	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 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 March 31,		For the Three months ended March 31,		Year-End
	2018	2017	2018	2017	2017
Summary Income Data					
Interest Income	2,528	1,791	2,528	1,791	8,521
Interest expense	196	108	196	108	583
Net Interest Income	2,332	1,683	2,332	1,683	7,938
Provision for (reduction in) loan losses	50	35	50	35	214
Non-interest income	294	1,589	294	1,589	2,708
Non-interest expense	1,460	1,224	1,460	1,224	5,099
Realized gains (losses) on sales of securities	-	-	-	-	-
Income (loss) before income taxes	1,116	2,013	1,116	2,013	5,333
Provision for income tax	288	777	288	777	2,421
Net Income	828	1,236	828	1,236	2,912
Per Share Data:					
Shares outstanding end-of-period	3,386	2,053	3,386	2,053	3,386
Earnings per common share	0.24	0.60	0.24	0.60	0.86
Cash dividend declared	-	-	-	-	-
Total shareholders' equity	28,411	16,605	28,411	16,605	27,589
Book value per share	8.39	8.09	8.39	8.09	8.15
Selected Balance Sheet Data:					
Total assets	181,192	152,214	181,192	152,214	174,963
Securities available-for-sale	1,045	-	1,045	-	1,069
Loans	144,507	113,231	144,507	113,231	137,650
Allowance for loan losses	1,633	1,395	1,633	1,395	1,582
Deposits	149,139	132,082	149,139	132,082	146,981
Other borrowings	-	-	-	-	-
Shareholders' equity	28,411	16,605	28,411	16,605	27,589
Performance Ratios:					
Return on average shareholders' equity (annualized) (%)	12.00%	31.86%	12.00%	31.86%	12.77%
Net interest margin (%)	5.52%	5.08%	5.52%	5.08%	5.15%
Average assets	176,634	141,999	176,634	141,999	160,751
Return on average assets (annualized) (%)	1.90%	3.53%	1.90%	3.53%	1.81%
Shareholders' equity to assets (%)	15.68%	10.91%	15.68%	10.91%	15.77%
Efficiency ratio (%)	55.60%	37.41%	55.60%	37.41%	47.90%
Asset Quality Data:					
Nonaccrual loans	-	-	-	-	-
Troubled debt restructurings	425	541	425	541	440
Other real estate	-	-	-	-	-
Nonperforming assets	-	-	-	-	-
Nonperforming assets to total assets (%)	-	-	-	-	-
Nonperforming loans to total loans (%)	-	-	-	-	-
Reserve for loan losses to total loans (%)	1.13%	1.23%	1.13%	1.23%	1.15%
Reserve for loan losses to nonperforming loans (%)	-	-	-	-	-
Reserve for loan losses to nonperforming assets (%)	-	-	-	-	-
Net charge-offs for period	(1)	(1)	(1)	(1)	(9)
Average loans	138,802	109,759	138,802	109,759	124,045
Ratio of charge-offs to average loans (%)	0.00%	0.00%	0.00%	0.00%	-0.01%
Regulatory Capital Ratios:					
Tier 1 leverage capital ratio (%)	16.03%	10.81%	16.03%	10.81%	15.81%
Common Equity Tier 1 (%)	20.44%	13.76%	20.44%	13.76%	20.83%
Tier 1 risk-based capital ratio (%)	20.44%	13.76%	20.44%	13.76%	20.83%
Total risk-based capital ratio (%)	21.64%	15.01%	21.64%	15.01%	22.05%

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