

Metro Phoenix Bank Reports Earnings of \$877,000, or \$0.23 per Diluted Share in 2Q2019 and Loan Growth of 6.65%



PHOENIX, Arizona, July 25, 2019 /PRNEWSWIRE/-- Metro Phoenix Bank (OTCPink:MPHX)("Bank") announced net income for quarter ending June 30, 2019 increased 3.30% to \$877,000, or \$0.23 per diluted share, from \$849,000, or \$0.23 per diluted share in the first quarter of 2019. Net income increased 20.30% from \$729,000 in the second quarter of 2018.

Stephen P. Haggard, Bank President and Chief Executive Officer stated, "Positive trends continue as the second quarter of 2019 represents the fourth consecutive quarter of improving Bank net income; furthermore, when adjusting for the 4Q2017 deferred tax asset write-down triggered by 2017 tax reform, seven out of the past eight quarters have reflected a quarter-over-quarter improvement in net income. This steady improvement in financial performance has been a product of the Bank's consistent execution of organic growth, achieving scale in our unit branch banking model and remaining very disciplined in our loan and deposit pricing structure. We really like the existing profile and potential of both sides of our balance sheet, which is comprised of a combination of traditional commercial bank product lines and scalable specialty programs. The Bank expects to continue delivering high-performing results in part due to our diverse balance sheet structure."

Second Quarter 2019 Highlights:

- Net Income for the quarter was \$877,000, or \$0.23 per diluted share.
 - ROA of 1.69% for the quarter;
 - ROE of 10.97% for the quarter;
- NIM of 4.95% for the quarter, with the cost of funds increasing slightly to 0.78%, compared to the linked quarter of 0.76%.
- SBA Gains on Sale of \$166,000 for the quarter.
- Provision Expense of \$75,000 for the quarter.
- Efficiency Ratio of 56.30% for the quarter.
- Loan growth of 6.65% for the quarter.
- Deposit growth of 5.76% for the quarter.
- Non-Performing Asset Ratio is stable at 0.05%, compared to the linked quarter of 0.05%

Balance Sheet

Total assets grew by 5.11% to \$217.6 million at June 30, 2019, and increased 13.53% compared to \$191.7 million a year ago. Total loans grew by 6.65% to \$174.5 million at June 30, 2019, and increased 18.64% compared to \$147.1 million a year ago. Total deposits grew by 5.76% to \$181.3 million at June 30, 2019, and increased 13.29% compared to \$160.0 million a year ago.

The allowance for loan losses totaled \$1.83 million at June 30, 2019, or 1.05% of total loans. No material changes have occurred in the credit quality of the loan portfolio since the preceding quarter.

Shareholders' equity increased to \$32.9 million at June 30, 2019, from \$31.9 million the preceding quarter. At June 30, 2019, book value and tangible book value were \$9.57 per share compared to \$9.32 per share at March 31, 2019 and \$8.61 per share a year ago.

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 June 30, 2019. The Bank reported the following capital ratios:

Regulatory Capital Ratios	Bank 06/30/19	Regulatory Well Capitalized
Tier 1 Leverage Ratio	15.51%	5.00%
Common Equity Tier 1 Capital Ratio	19.54%	6.50%
Tier 1 Risk Based Capital Ratio	19.54%	8.00%
Total Risk Based Capital Ratio	20.66%	10.00%

About the Company

Metro Phoenix Bank, Inc., established in 2007 and headquartered in Phoenix, Arizona, is a full-service community bank that caters to small-to mid-sized businesses and real estate professionals. MPB offers commercial clients with a variety of services ranging from U.S. Small Business Administration (SBA) financing solutions, commercial real estate construction loans, to a robust treasury management platform that includes a specialty Homeowners Association (HOA)/Property Management program. The company is traded over-the-counter as MPHX. For additional information, visit: 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 June 30,		For the Six months ended June 30,		Year-End
	2019	2018	2019	2018	2018
Summary Income Data					
Interest Income	3,049	2,666	5,963	5,194	10,762
Interest expense	417	259	803	455	1,130
Net Interest Income	2,632	2,407	5,160	4,739	9,632
Provision for (reduction in) loan losses	75	50	75	100	135
Non-interest income	251	152	468	446	674
Non-interest expense	1,623	1,524	3,221	2,984	5,794
Realized gains (losses) on sales of securities	-	-	-	-	-
Income (loss) before income taxes	1,185	985	2,332	2,101	4,340
Provision for income tax	308	256	606	544	1,126
Net Income	877	729	1,726	1,557	3,214
Per Share Data:					
Shares outstanding end-of-period	3,432	3,386	3,432	3,386	3,408
Earnings per common share	0.26	0.22	0.50	0.46	0.94
Earnings per common share (Diluted)	0.23	0.19	0.46	0.41	0.85
Cash dividend declared	-	-	-	-	-
Total shareholders' equity	32,849	29,143	32,849	29,143	30,947
Book value per share	9.57	8.61	9.57	8.61	9.08
Selected Balance Sheet Data:					
Total assets	217,612	191,679	217,612	191,679	199,245
Securities available-for-sale	835	1,072	835	1,072	974
Loans	174,498	147,083	174,498	147,083	152,099
Allowance for loan losses	1,825	1,683	1,825	1,683	1,676
Deposits	181,269	160,011	181,269	160,011	164,303
Other borrowings	3,100	-	3,100	-	3,100
Shareholders' equity	32,849	29,143	32,849	29,143	30,947
Performance Ratios:					
Return on average shareholders' equity (annualized) (%)	10.97%	10.17%	10.93%	11.07%	11.00%
Net interest margin (%)	4.95%	5.43%	5.09%	5.47%	5.28%
Average assets	207,710	183,512	208,779	180,091	187,346
Return on average assets (annualized) (%)	1.69%	1.59%	1.67%	1.74%	1.72%
Shareholders' equity to assets (%)	15.10%	15.20%	15.10%	15.20%	15.53%
Efficiency ratio (%)	56.30%	59.55%	57.23%	57.55%	56.22%
Asset Quality Data:					
Nonaccrual loans	103	86	103	86	105
Troubled debt restructurings	13	410	13	410	380
Other real estate	-	-	-	-	-
Nonperforming assets	103	86	103	86	105
Nonperforming assets to total assets (%)	0.05%	0.04%	0.05%	0.04%	0.05%
Nonperforming loans to total loans (%)	0.06%	0.06%	0.06%	0.06%	0.07%
Reserve for loan losses to total loans (%)	1.05%	1.14%	1.05%	1.14%	1.10%
Reserve for loan losses to nonperforming loans (%)	1771.84%	1956.98%	1771.84%	1956.98%	1596.19%
Reserve for loan losses to nonperforming assets (%)	1771.84%	1956.98%	1771.84%	1956.98%	1596.19%
Net charge-offs for period	(24)	(1)	(74)	(1)	41
Average loans	165,126	141,986	160,176	140,403	145,525
Ratio of charge-offs to average loans (%)	-0.01%	0.00%	-0.05%	0.00%	0.03%
Regulatory Capital Ratios:					
Tier 1 leverage capital ratio (%)	15.51%	15.88%	15.51%	15.88%	15.60%
Common Equity Tier 1 (%)	19.54%	20.53%	19.54%	20.53%	20.94%
Tier 1 risk-based capital ratio (%)	19.54%	20.53%	19.54%	20.53%	20.94%
Total risk-based capital ratio (%)	20.66%	21.73%	20.66%	21.73%	22.12%

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SOURCE Metro Phoenix Bank