

Metro Phoenix Bank Reports Earnings of \$1,009,000, or \$0.27 per Diluted Share in 3Q 2019 and Efficiency Ratio of 56.90%



PHOENIX, Arizona, October 30, 2019 /PRNEWSWIRE/-- Metro Phoenix Bank (OTCPink:MPHX)(“Bank”) announced net income for quarter ending September 30, 2019 increased 15.05% to \$1,009,000, or \$0.27 per diluted share, from \$877,000, or \$0.23 per diluted share in the second quarter of 2019. Net income increased 23.35% from \$818,000 in the third quarter of 2018. On a per share basis, net income increased 22.73% to \$0.27 per diluted share from \$0.22 per diluted share in the third quarter of 2018.

Stephen P. Haggard, Bank President and Chief Executive Officer stated, “Third quarter 2019 generated results that are a continuation of the positive financial trends that Metro Phoenix Bank has experienced over the past several years. The Bank continues to see strong loan demand as supported by the record number of loan closings for the Bank in the third quarter of 2019. As one of the most tenured community banks in Phoenix, we are very fortunate to pair the MPB brand with one of the top performing metropolitan markets in the nation. And, we remain optimistic that ample runway exists before Phoenix becomes a market that sees recurring speedbumps of an overheated market. In an ironic twist, the slow and painful recovery after the 2007 recession has forced Phoenix to better diversify its commerce, or it would have continued to be exposed to the pro-cyclical nature of real estate booms and busts. Population growth, job growth, wage growth, economic diversity and affordability are all attributes that remain on the plus side of our overall economic health. We acknowledge that the market is very strong, however; the Bank’s success is also due in part to its ability to execute its strategic plan which focuses on traditional commercial bank lines and scalable specialty programs.”

Third Quarter 2019 Highlights

- Net Income for the quarter was \$1,009,000, or \$0.27 per diluted share.
 - ROA of 1.80% for the quarter;
 - ROE of 11.99% for the quarter;
- NIM of 5.02% for the quarter, with the cost of funds increasing slightly to 0.81% when compared to the cumulative 2019 cost of funds of 0.79%.
- SBA Gains on Sale of \$92,000 for the quarter.
- Provision Expense of \$50,000 for the quarter.
- Efficiency Ratio of 56.90% for the quarter.
- Loan growth of 2.67% for the quarter.
- Deposit growth of 2.84% for the quarter.
- Non-Performing Asset Ratio is stable at 0.03%, compared to the linked quarter of 0.05%.

Balance Sheet

Total assets grew by 2.83% to \$223.8 million at September 30, 2019 and increased 19.23% compared to \$187.7 million a year ago. Total loans grew by 2.67% to \$179.1 million at September 30, 2019 and increased 16.45% compared to \$153.8 million a year ago. Total deposits grew by 2.84% to \$186.4 million at September 30, 2019 and increased 21.20% compared to \$153.8 million a year ago.

The allowance for loan losses totaled \$1.88 million at September 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 \$33.9 million at September 30, 2019, from \$32.9 million the preceding quarter. At September 30, 2019, book value and tangible book value were \$9.87 per share compared to \$9.57 per share at June 30, 2019 and \$8.84 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 September 30, 2019. The Bank reported the following capital ratios:

Regulatory Capital Ratios	Bank 09/30/19	Regulatory Well Capitalized
Tier 1 Leverage Capital Ratio	15.26%	5.00%
Common Equity Tier 1 Capital Ratio	19.79%	6.50%
Tier 1 Risk Based Capital Ratio	19.79%	8.00%
Total Risk Based Capital Ratio	20.92%	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 September 30,		For the Nine months ended September 30,		Year-End
	2019	2018	2019	2018	2018
Summary Income Data					
Interest Income	3,287	2,650	9,250	7,844	10,762
Interest expense	454	316	1,257	771	1,130
Net Interest Income	2,833	2,334	7,993	7,073	9,632
Provision for (reduction in) loan losses	50	-	125	100	135
Non-interest income	158	139	626	584	674
Non-interest expense	1,702	1,368	4,923	4,352	5,794
Realized gains (losses) on sales of securities	-	-	-	-	-
Income (loss) before income taxes	1,239	1,105	3,571	3,205	4,340
Provision for income tax	230	287	836	831	1,126
Net Income	1,009	818	2,735	2,374	3,214
Per Share Data					
Shares outstanding end-of-period	3,432	3,394	3,432	3,394	3,408
Earnings per common share	0.29	0.24	0.80	0.70	0.94
Earnings per common share (Diluted)	0.27	0.22	0.73	0.63	0.85
Cash dividend declared	-	-	-	-	-
Total shareholders' equity	33,869	30,017	33,869	30,017	30,947
Book value per share	9.87	8.84	9.87	8.84	9.08
Selected Balance Sheet Data					
Total assets	223,764	187,677	223,764	187,677	199,245
Securities available-for-sale	760	979	760	979	974
Loans	179,149	153,831	179,149	153,831	152,099
Allowance for loan losses	1,875	1,603	1,875	1,603	1,676
Deposits	186,409	153,843	186,409	153,843	164,303
Other borrowings	3,100	3,100	3,100	3,100	3,100
Shareholders' equity	33,869	30,017	33,869	30,017	30,947
Performance Ratios					
Return on average shareholders' equity (annualized) (%)	11.99%	10.97%	11.27%	11.01%	11.00%
Net interest margin (%)	5.02%	4.84%	5.11%	5.27%	5.28%
Cost of Funds	0.81%	0.66%	0.79%	0.56%	0.73%
Average assets	221,866	190,701	213,800	184,000	187,346
Return on average assets (annualized) (%)	1.80%	1.72%	1.71%	1.73%	1.72%
Shareholders' equity to assets (%)	15.14%	15.99%	15.14%	15.99%	15.53%
Efficiency ratio (%)	56.90%	55.32%	57.12%	56.84%	56.22%
Asset Quality Data					
Nonaccrual loans	68	-	68	-	105
Troubled debt restructurings	11	394	11	394	380
Other real estate	-	-	-	-	-
Nonperforming assets	68	-	68	-	105
Nonperforming assets to total assets (%)	0.03%	0.00%	0.03%	0.00%	0.05%
Nonperforming loans to total loans (%)	0.04%	0.00%	0.04%	0.00%	0.07%
Reserve for loan losses to total loans (%)	1.05%	1.04%	1.05%	1.04%	1.10%
Reserve for loan losses to nonperforming loans (%)	2757.35%	0.00%	2757.35%	0.00%	1596.19%
Reserve for loan losses to nonperforming assets (%)	2757.35%	0.00%	2757.35%	0.00%	1596.19%
Net charge-offs for period	-	80	(74)	79	41
Average loans	173,459	146,635	165,022	143,125	145,525
Ratio of charge-offs to average loans (%)	0.00%	0.05%	-0.04%	0.06%	0.03%
Regulatory Capital Ratios					
Tier 1 leverage capital ratio (%)	15.26%	15.74%	15.26%	15.74%	15.60%
Common Equity Tier 1 (%)	19.79%	20.24%	19.79%	20.24%	20.94%
Tier 1 risk-based capital ratio (%)	19.79%	20.24%	19.79%	20.24%	20.94%
Total risk-based capital ratio (%)	20.92%	21.33%	20.92%	21.33%	22.12%

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