Metro Phoenix Bank Reports Earnings of $1,587,000, or $0.42 per Diluted Share in 1Q 2021 after additional $250,000 Loan Reserve Build Up; Deposit Growth of 17.95% realized; Asset Quality remains Strong as Non-Performing Asset Ratio is 0.00%

PHOENIX, Arizona, April 20, 2021 /PRNEWSWIRE/-- Metro Phoenix Bank (OTCPink:MPHX)("Bank") announced net income for quarter ending March 31, 2021 of $1,587,000, or $0.42 per diluted share, up from $1,283,000, or $0.34 per diluted share in fourth quarter 2020. Net income increased 116.51% from $733,000 in the first quarter of 2020. However, first quarter 2020 was impacted by an outsized provision for loan loss expense due to the onset of COVID-19, which materially reduced net income.

Stephen P. Haggard, Bank President and Chief Executive Officer stated, "After a very uneven 2020 and pandemic uncertainty still lingering into the new year, Metro Phoenix Bank finally shelved the constant market naysayers and assessed the favorable local economic landscape, "buckled up" and executed on its sound business model. The first quarter results reflect the benefit of that decision as the Bank's growth quickly accelerated and we have now settled into a very comfortable pace for the balance of 2021. Although first quarter benefited from pent-up demand that carried over from pre-Covid 2020, we still experienced quality new growth in all facets of the Bank's operation: conventional lending, SBA lending, Outdoor Media, HOA deposit growth, and Treasury Management. Furthermore, when you include the "second round" of PPP activity on top of our core business model efforts, we believe that first quarter results have materially enhanced the franchise value of Metro Phoenix Bank. Once again, all PPP loan customers were required to bring their business operating accounts to the Bank. This full banking discipline only enhanced the relationships established through our PPP efforts.

"We remain very pleased with the performance of the Bank's asset quality. Although "one-off" setbacks have occurred, and will likely continue to occur, it appears that any systemic COVID-19 credit deterioration in the Bank's loan portfolio is unlikely. Regardless, management has remained cautious and has continued to build up a healthy unallocated reserve in its allowance for loan losses. If positive trends continue in the portfolio and the Arizona economic conditions remain strong, this cautious approach may wane in the latter half of 2021. However, we will continue to provide consideration for appropriate loan modifications when necessary. We were extremely proactive in working with customers of industries adversely impacted by the pandemic and we are pleased that nearly all of our customers have migrated back to full P&I payments without any setbacks.

“This is a very exciting time for Metro Phoenix Bank as we are firing on all cylinders in all of our business lines. All our hard work is paying off, as the teams are executing within their respective verticals, technology investments are paying dividends, branding of Metro Phoenix Bank gets stickier by the deal and the Arizona market is getting stronger by the day. It is truly a very good time to be a bank in Arizona!

“Keep in mind, the success of first quarter 2021 followed an impressive 2020 national ranking from S&P Global Market Intelligence where Metro Phoenix Bank ranked #30 among 4,287 banks and thrifts less than $3 billion dollars in total assets. The exceptional team assembled here at Metro Phoenix Bank should be very proud of what they have accomplished.”

First Quarter 2021 Highlights

- Net Income for the quarter was $1,587,000 or $0.42 per diluted share.
    - ROA of 1.82% for the quarter;
    - ROE of 16.27% for the quarter;
- NIM of 4.37% for the quarter, with the cost of funds declining to 0.31%; a favorable trend when compared to the linked quarter cost of funds of 0.34%.
- SBA Gains on Sale of $503,537 for the quarter.
- Provision Expense of $250,000 for the quarter.
- Efficiency Ratio of 41.33% for the quarter.
- Loan growth of 2.70% for the quarter.
- Deposit growth of 17.95% for the quarter.
- Non-Performing Asset Ratio is stable at 0.00%, no change from the linked quarter.

Balance Sheet

Total assets grew by 15.42% to $376.3 million at March 31, 2021 and increased 40.86% compared to $267.1 million a year ago. Total loans increased by 2.70% to $287.3 million at March 31, 2021 and increased 49.89% compared to $191.7 million a year ago. Excluding PPP loans of $34.1 million, loans increased 32.08% compared to a year ago. Total deposits increased by 17.95% to $332.4 million at March 31, 2021 and increased 45.92% compared to $227.8 million a year ago.

The allowance for loan losses totaled $3.723 million at March 31, 2021, or 1.30% of total loans. Excluding the PPP loan balance of $34.1 million, an adjusted allowance for loan losses equates to 1.47% of total loans. No material changes have occurred in the reported credit quality of the loan portfolio since the preceding quarter. However, beginning in 2020 the Bank adjusted upwards the qualitative factors in its Allowance for Loan and Lease Losses (ALLL) methodology given the uncertainty surrounding the long-term impact of the COVID-19 crisis. As data becomes available, the Bank could see additional build-up of its reserves.

Shareholders’ equity increased to $40.27 million at March 31, 2021, from $38.66 million the preceding quarter and increased 17.23% compared to $34.35 million a year ago. At March 31, 2021, book value and tangible book value were $11.56 per share compared to $11.11 per share at December 31, 2020 and $9.87 per share a year ago.

Capital Management

The Bank’s capital ratio exceeded the regulatory guidelines established under Section 201 of the Economic Regulatory Relief and Consumer Protection Act. Effective January 2020, community banks are tested for capital health based on a single capital ratio, the Community Bank Leverage Ratio (CBLR). The Bank reported the following capital ratio:

Regulatory Capital Ratios	Bank 03/31/21	Regulatory Minimum Requirement
Community Bank Leverage Ratio	11.63%	8.50%

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 a variety of services ranging from Commercial Real Estate Lending, Outdoor Media Lending, SBA financing solutions, and a robust treasury management platform that includes a Homeowners Association (HOA)/Property Management specialty 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. 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
	2021	2020	2021	2020	2020
Summary Income Data					
Interest Income	3,653	3,217	3,653	3,217	14,568
Interest expense	265	456	265	456	1,351
Net Interest Income	3,388	2,761	3,388	2,761	13,217
Provision for (reduction in) loan losses	250	450	250	450	1,600
Provision for (reduction in) unfunded commitments	-	-	-	-	-
Non-interest income	694	326	694	326	1,800
Non-interest expense	1,687	1,647	1,687	1,647	6,797
Realized gains (losses) on sales of securities	-	-	-	-	-
Income (loss) before income taxes	2,145	990	2,145	990	6,620
Provision for income tax	558	257	558	257	1,581
Net Income	1,587	733	1,587	733	5,039
Per Share Data					
Shares outstanding end-of-period	3,483	3,481	3,483	3,481	3,481
Earnings per common share	0.46	0.21	0.46	0.21	1.45
Earnings per common share (Diluted)	0.42	0.19	0.42	0.19	1.34
Cash dividend declared	-	-	-	-	-
Total shareholders' equity	40,274	34,354	40,274	34,354	38,662
Book value per share	11.56	9.87	11.56	9.87	11.11
Selected Balance Sheet Data					
Total assets	376,288	267,130	376,288	267,130	326,012
Securities available-for-sale	433	658	433	658	436
Loans	287,283	191,663	287,283	191,663	279,730
Allowance for loan losses	3,723	2,325	3,723	2,325	3,475
Deposits	332,423	227,816	332,423	227,816	281,827
Other borrowings	3,100	3,100	3,100	3,100	3,100
Shareholders' equity	40,274	34,354	40,274	34,354	38,662
Performance Ratios					
Return on average shareholders' equity (annualized) (%)	16.27%	8.54%	16.27%	8.54%	13.71%
Net interest margin (%)	4.37%	4.31%	4.37%	4.31%	4.53%
Cost of Funds	0.31%	0.70%	0.31%	0.70%	0.34%
Average assets	354,110	262,652	354,110	262,652	305,070
Return on average assets (annualized) (%)	1.82%	1.12%	1.82%	1.12%	1.65%
Shareholders' equity to assets (%)	10.70%	12.86%	10.70%	12.86%	11.86%
Efficiency ratio (%)	41.33%	53.35%	41.33%	53.35%	45.26%
Asset Quality Data					
Nonaccrual loans	-	-	-	-	-
Troubled debt restructurings	-	8	-	8	2
Other real estate	-	-	-	-	-
Nonperforming assets	-	-	-	-	-
Nonperforming assets to total assets (%)	0.00%	0.00%	0.00%	0.00%	0.00%
Nonperforming loans to total loans (%)	0.00%	0.00%	0.00%	0.00%	0.00%
Reserve for loan losses to total loans (%)	1.30%	1.21%	1.30%	1.21%	1.24%
Reserve for loan losses to nonperforming loans (%)	0.00%	0.00%	0.00%	0.00%	0.00%
Reserve for loan losses to nonperforming assets (%)	0.00%	0.00%	0.00%	0.00%	0.00%
Net charge-offs for period	2	-	2	-	-
Average loans	284,998	182,473	284,998	182,473	228,872
Ratio of charge-offs to average loans (%)	0.001%	0.00%	0.001%	0.00%	0.00%
Regulatory Capital Ratios					
Community Bank Leverage Ratio	11.63%	13.07%	11.63%	13.07%	11.84%
Tier 1 leverage capital ratio (%)	N/A	N/A	N/A	N/A	N/A
Common Equity Tier 1 (%)	N/A	N/A	N/A	N/A	N/A
Tier 1 risk-based capital ratio (%)	N/A	N/A	N/A	N/A	N/A
Total risk-based capital ratio (%)	N/A	N/A	N/A	N/A	N/A

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