



# METRO PHOENIX BANK

## **Metro Phoenix Bank Reports Earnings of \$1,703,000, or \$0.45 per Diluted Share in 2Q 2021; Loan Growth (net PPP) of 7.09% Realized; Asset Quality Remains Strong as Non-Performing Asset Ratio is Negligible at 0.01%**

PHOENIX, Arizona, July 15, 2021 /PRNEWSWIRE/-- MPB BHC, INC. (OTCPink:MPHX), the holding company for Metro Phoenix Bank (“Bank”), announced net income for quarter ending June 30, 2021 of \$1,703,000, or \$0.45 per diluted share, up from \$1,587,000, or \$0.42 per diluted share in first quarter 2021. Net income increased 21.47% from \$1,402,000 in the second quarter of 2020. Metro Phoenix Bank’s second quarter earnings reflect the positive impact of a fully funded allowance for loan & lease losses and no need to make an additional provision expense in the period.

Stephen P. Haggard, Bank President and Chief Executive Officer stated, “After closing out the second quarter, we have concluded that our loan portfolio has withstood the worst of the pandemic’s impact on clientele business operations. Although lingering “one-off” challenges are expected, the systemic asset quality erosion expected in mid-2020 never materialized, and at this stage we do not anticipate that scenario to occur. Our loan loss reserves are robust, our loan performance has been strong, and the cash flow position of our clients appears to be improving each quarter, which collectively provides us with confidence in our overall post COVID-19 asset quality.

“Although we have closely monitored the asset quality of the balance sheet this year, we have not ignored the initiatives we established on the liability side of the balance sheet. We established very aggressive goals for core deposit growth in 2021 and through the first half of the year, the team has not disappointed. The year-to-date deposit growth rate of just under 25% has essentially been all core growth within our defined verticals, but more impressively the year-to-date DDA and NOW account growth rate has been 37.50%, and now represents just over 41% of the Banks total deposits.

“Our loan pipeline has remained healthy in all lines of business, with SBA demand leading the way. SBA lending has been extremely strong six months into 2021 and based on existing indicators, we believe it will continue through the balance of the year. At the current pace, 2021 may be a record year for our SBA team.

“Round 1 of PPP loans have nearly paid off, paying down to less than \$1,000,000 outstanding, and we have started the forgiveness process for Round 2 of PPP customers. Additionally, the Bank only has a single loan under modification due to COVID-19 related cash flow stress. Overall, we are very pleased with the success rate that has been achieved with the PPP program and COVID-19 loan modification efforts.”

### **Second Quarter 2021 Highlights**

- Net Income for the quarter was \$1,703,000 or \$0.45 per diluted share.
  - ROA of 1.75% for the quarter
  - ROE of 16.80% for the quarter
- NIM of 4.09% for the quarter, with the cost of funds declining to 0.29%; relatively unchanged when compared to the linked quarter cost of funds of 0.31%.
- SBA Gains on Sale of \$427,194 for the quarter.
- Provision Expense of \$0 for the quarter.

- Efficiency Ratio of 44.97% for the quarter.
- Loan growth (net PPP) of 7.09% for the quarter.
- Deposit growth of 5.84% for the quarter.
- Non-Performing Asset Ratio is negligible at 0.01%, no change from the linked quarter.

### Balance Sheet

Total assets grew by 5.09% to \$395.4 million at June 30, 2021 and increased 22.11% compared to \$323.8 million a year ago. Total loans increased by 0.99% to \$290.1 million at June 30, 2021 and increased 18.36% compared to \$245.1 million a year ago. Excluding PPP loans of \$19.1 million, loans increased 33.35% compared to a year ago. Total deposits increased by 5.84% to \$351.8 million at June 30, 2021 and increased 24.49% compared to \$282.6 million a year ago.

The allowance for loan losses totaled \$3.775 million at June 30, 2021, or 1.30% of total loans. Excluding the PPP loan balance of \$19.1 million, an adjusted allowance for loan losses equates to 1.40% of total loans. No material changes have occurred in the reported credit quality of the loan portfolio since the preceding quarter.

After a dividend payment of \$2.53 million, shareholders' equity decreased to \$39.44 million at June 30, 2021, from \$40.27 million the preceding quarter and increased 10.29% compared to \$35.76 million a year ago. At June 30, 2021, book value and tangible book value were \$11.32 per share compared to \$11.56 per share at March 31, 2021 and \$10.27 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:

<b>Regulatory Capital Ratios</b>	<b>Bank 06/30/21</b>	<b>Regulatory Minimum Requirement</b>
Community Bank Leverage Ratio	10.07%	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 bank holding company (MPB BHC, INC.) is traded over the counter as MPHX. For additional information, visit:

**[www.metrophoenixbank.com](http://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 June 30,		For the Six months ended June 30,		Year-End
	2021	2020	2021	2020	2020
<b>Summary Income Data</b>					
Interest Income	3,856	4,288	7,509	7,505	14,568
Interest expense	281	314	546	770	1,351
Net Interest Income	3,575	3,974	6,963	6,735	13,217
Provision for (reduction in) loan losses	-	700	250	1,150	1,600
Provision for (reduction in) unfunded commitments	-	-	-	-	-
Non-interest income	608	315	1,301	640	1,800
Non-interest expense	1,881	1,694	3,567	3,340	6,797
Realized gains (losses) on sales of securities	-	-	-	-	-
Income (loss) before income taxes	2,302	1,895	4,447	2,885	6,620
Provision for income tax	599	493	1,156	750	1,581
Net Income	1,703	1,402	3,291	2,135	5,039
<b>Per Share Data</b>					
Shares outstanding end-of-period	3,483	3,481	3,483	3,481	3,481
Earnings per common share	0.49	0.40	0.94	0.61	1.45
Earnings per common share (Diluted)	0.45	0.37	0.87	0.57	1.34
Cash dividend declared	0.725	-	0.725	-	-
Total shareholders' equity	39,445	35,757	39,445	35,757	38,662
Book value per share	11.32	10.27	11.32	10.27	11.11
<b>Selected Balance Sheet Data</b>					
Total assets	395,430	323,824	395,430	323,824	326,012
Securities available-for-sale	271	527	271	527	436
Loans	290,119	245,118	290,119	245,118	279,730
Allowance for loan losses	3,775	3,025	3,775	3,025	3,475
Deposits	351,824	282,606	351,824	282,606	281,827
Other borrowings	3,100	3,100	3,100	3,100	3,100
Shareholders' equity	39,445	35,757	39,445	35,757	38,662
<b>Performance Ratios</b>					
Return on average shareholders' equity (annualized) (%)	16.80%	16.14%	16.56%	12.38%	13.71%
Net interest margin (%)	4.09%	5.36%	4.21%	4.92%	4.53%
Cost of Funds	0.29%	0.41%	0.29%	0.55%	0.34%
Average assets	390,642	306,876	373,107	284,885	305,070
Return on average assets (annualized) (%)	1.75%	1.84%	1.78%	1.51%	1.65%
Shareholders' equity to assets (%)	9.98%	11.04%	9.98%	11.04%	11.86%
Efficiency ratio (%)	44.97%	39.50%	43.16%	45.29%	45.26%
<b>Asset Quality Data</b>					
Nonaccrual loans	20	-	20	-	-
Troubled debt restructurings	-	6	-	6	2
Other real estate	-	-	-	-	-
Nonperforming assets	20	-	20	-	-
Nonperforming assets to total assets (%)	0.01%	0.00%	0.01%	0.00%	0.00%
Nonperforming loans to total loans (%)	0.01%	0.00%	0.01%	0.00%	0.00%
Reserve for loan losses to total loans (%)	1.30%	1.23%	1.30%	1.23%	1.24%
Reserve for loan losses to nonperforming loans (%)	18875%	0.00%	18875%	0.00%	0.00%
Reserve for loan losses to nonperforming assets (%)	18875%	0.00%	18875%	0.00%	0.00%
Net charge-offs for period	-	-	-	-	-
Average loans	285,599	225,277	285,515	202,047	228,872
Ratio of charge-offs to average loans (%)	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Regulatory Capital Ratios</b>					
Community Bank Leverage Ratio	10.07%	11.65%	10.07%	11.65%	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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