



METRO PHOENIX BANK

Metro Phoenix Bank Reports Earnings of \$1,951,000, or \$0.52 per Diluted Share in 4Q 2021; Loan Growth (Net PPP) Increased to 5.20% for the Quarter; Asset Quality Remains Strong as Non-Performing Asset Ratio Is 0.00%

PHOENIX, Arizona, January 26, 2022 /PRNEWSWIRE/-- MPB BHC, INC. (OTCPink:MPHX), the holding company for Metro Phoenix Bank (“Bank”), announced net income for quarter ending December 31, 2021, of \$1,951,000, or \$0.52 per diluted share, up from \$1,927,000, or \$0.51 per diluted share in third quarter 2021. Net income increased 52.06% from \$1,283,000 in the fourth quarter of 2020. Metro Phoenix Bank’s fourth quarter earnings reflect the positive impact of a fully funded allowance for loan & lease losses (ALLL) and strong SBA lending activity.

Stephen P. Haggard, Bank President and Chief Executive Officer stated, “Metro Phoenix Bank’s lending teams once again closed out the year with substantial momentum across all verticals of commercial lending. A combination of the very strong economic conditions in the Arizona market and a seasoned & efficient group of lending professionals has propelled the Metro Phoenix Bank “brand” into recurring banking solution conversations amongst small- to mid-sized businesses and commercial real estate banking professionals. This has been a record year in gross loan production, and I am very proud of the entire Metro Phoenix Bank lending team.

“However, our record of consistently delivering meaningful loan solutions in the marketplace over the past 15 years is not only made possible by the lenders, but “behind the scenes” a loyal support staff, administrative staff and risk management personnel makes it possible for the lenders to perform at a high level; furthermore, a tenured local Board of Directors helps steer the strategic direction of the organization while staying engaged in the local community. These long-term bank employees/stakeholders have once again delivered during another chaotic year of COVID-19 disruptions.

“Based on the year-over-year 16% plus loan growth (net PPP) we experienced in 2021, the continuation of a robust loan pipeline, the resiliency of the Bank’s credit quality and the favorable overall economic outlook for Arizona in 2022, my optimism remains high for strong traditional lending opportunities in 2022.

“The remaining PPP loans are essentially a non-factor on the Bank’s loan portfolio and income statement. We currently have approximately \$6 million on the books and we anticipate our PPP portfolio to be retired in short order.

“Asset quality remains unchanged and the Bank is operating with an ALLL that has a surplus, or unallocated balance in the reserves. The portfolio continues to perform well in light of the recent disruption created by the COVID-19 Omicron variant.”

Fourth Quarter 2021 Highlights

- Net Income for the quarter was \$1,951,000 or \$0.52 per diluted share.
 - ROA of 1.85% for the quarter
 - ROE of 18.21% for the quarter

- NIM of 3.86% for the quarter, with the cost of funds falling to 0.28%; relatively unchanged when compared to the linked quarter cost of funds of 0.30%.
- SBA Gains on Sale of \$629,996 for the quarter.
- Provision Expense of \$0 for the quarter.
- Efficiency Ratio of 45.62% for the quarter.
- Loan growth (net PPP) of 5.20% for the quarter.
- Deposits declined by 0.48% for the quarter.
- Non-Performing Asset Ratio is 0.00%, no significant change from the linked quarter.

Balance Sheet

Total assets grew by 0.03% to \$411.6 million at December 31, 2021 and increased 26.26% compared to \$326.0 million a year ago. Total loans increased by 2.23% to \$293.1 million at December 31, 2021 and increased 4.79% compared to \$279.3 million a year ago. Excluding PPP loans, at the end of Q4, loans increased 5.20% compared to Q3 and increased 16.27% compared to a year ago. Total deposits declined by 0.48% to \$364.6 million at December 31, 2021 and increased 29.38% compared to \$281.8 million a year ago.

The allowance for loan losses totaled \$3.775 million at December 31, 2021, or 1.29% of total loans. Excluding the PPP loan balance of \$6.5 million, an adjusted allowance for loan losses equates to 1.32% of total loans. No material changes have occurred in the reported credit quality of the loan portfolio since the preceding quarter.

Shareholders' equity increased to \$43.38 million at December 31, 2021, from \$41.37 million the preceding quarter and increased 12.21% compared to \$38.66 million a year ago. At December 31, 2021, book value and tangible book value were \$12.42 per share compared to \$11.88 per share at September 30, 2021 and \$11.11 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 12/31/21	Regulatory Minimum Requirement
Community Bank Leverage Ratio	10.32%	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.

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 December 31,		For the Twelve months ended December 31,		Year-End 2020
	2021	2020	2021	2020	
Summary Income Data					
Interest Income	4,231	3,607	15,780	14,568	14,568
Interest expense	295	277	1,150	1,351	1,351
Net Interest Income	3,936	3,330	14,630	13,217	13,217
Provision for (reduction in) loan losses	-	250	250	1,600	1,600
Provision for (reduction in) unfunded commitments	-	-	-	-	-
Non-interest income	851	321	3,220	1,800	1,800
Non-interest expense	2,184	1,721	8,163	6,797	6,797
Realized gains (losses) on sales of securities	-	-	-	-	-
Income (loss) before income taxes	2,603	1,680	9,437	6,620	6,620
Provision for income tax	652	397	2,268	1,581	1,581
Net Income	1,951	1,283	7,169	5,039	5,039
Per Share Data					
Shares outstanding end-of-period	3,492	3,481	3,492	3,481	3,481
Earnings per common share	0.56	0.37	2.05	1.45	1.45
Earnings per common share (Diluted)	0.52	0.34	1.90	1.34	1.34
Cash dividend declared	-	-	0.725	-	-
Total shareholders' equity	43,380	38,662	43,380	38,662	38,662
Book value per share	12.42	11.11	12.42	11.11	11.11
Selected Balance Sheet Data					
Total assets	411,548	326,012	411,548	326,012	326,012
Securities available-for-sale	160	436	160	436	436
Loans	293,132	279,730	293,132	279,730	279,730
Allowance for loan losses	3,775	3,475	3,775	3,475	3,475
Deposits	364,613	281,827	364,613	281,827	281,827
Other borrowings	3,100	3,100	3,100	3,100	3,100
Shareholders' equity	43,380	38,662	43,380	38,662	38,662
Performance Ratios					
Return on average shareholders' equity (annualized) (%)	18.21%	13.38%	17.57%	13.71%	13.71%
Net interest margin (%)	3.86%	4.31%	4.01%	4.53%	4.53%
Cost of Funds	0.28%	0.34%	0.28%	0.34%	0.34%
Average assets	418,597	326,436	394,346	305,070	305,070
Return on average assets (annualized) (%)	1.85%	1.56%	1.82%	1.65%	1.65%
Shareholders' equity to assets (%)	10.54%	11.86%	10.54%	11.86%	11.86%
Efficiency ratio (%)	45.62%	47.14%	45.73%	45.26%	45.26%
Asset Quality Data					
Nonaccrual loans	-	-	-	-	-
Troubled debt restructurings	-	2	-	2	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 (%)	1.29%	1.24%	1.29%	1.24%	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	(20)	-	(50)	-	-
Average loans	288,772	266,861	286,853	228,872	228,872
Ratio of charge-offs to average loans (%)	-0.01%	0.00%	-0.02%	0.00%	0.00%
Regulatory Capital Ratios					
Community Bank Leverage Ratio (CBLR)	10.32%	11.84%	10.32%	11.84%	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

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