



# METRO PHOENIX BANK

## **Metro Phoenix Bank Reports Earnings of \$1,904,000, or \$0.51 per Diluted Share in 1Q 2022 While Maintaining Efficiency Ratio of 44.26%; Asset Quality Remains Strong as Non-Performing Asset Ratio is 0.02%**

PHOENIX, Arizona, April 21, 2022/PRNEWswire/ - MPB BHC, INC. (OTCPink:MPHX), the holding company for Metro Phoenix Bank ("Bank"), announced net income for quarter ending March 31, 2022 of \$1,904,000, or \$0.51 per diluted share, down from \$1,951,000, or \$0.52 per diluted share in fourth quarter 2021. Net income increased 19.98% from \$1,587,000 in the first quarter of 2021.

Stephen P. Haggard, Bank President and Chief Executive Officer stated, "We are pleased with a year-over-year top line revenue increase of 12.88% and the continuation of strong earnings, however, we have some work to do in deploying excess liquidity. Although the Bank continues to realize robust commercial loan originations, large dollars payoffs (both planned and unplanned) have been on the uptick given aggressive rate refinance activity and accelerated asset sale activity. Unfortunately, the combination of large loan payoffs and strong deposit growth has squeezed our net interest margin in the first quarter. To stem this downward pressure, we will implement strategies to elevate our loan-to-deposit ratio back up above the 80% level, which is our target to achieve optimal performance. With our team of seasoned lenders, commercial loan product offerings and favorable market conditions in Phoenix, I am confident that we will continue to see our fair share of new loan opportunities throughout 2022. However, we do expect some headwinds as it relates to inflation, labor shortages and rising interest rates. It will be our job to identify and underwrite the credits that will perform best with the expected macro-economic challenges. If this means more emphasis on SBA and USDA credit enhancements, we will be ready to pivot quickly. Our SBA team is equipped to take on more demand if necessary."

### **First Quarter 2022 Highlights**

- Net Income for the quarter was \$1,904,000 or \$0.51 per diluted share.
  - ROA of 1.73% for the quarter;
  - ROE of 17.10% for the quarter;
- NIM of 3.39% for the quarter, with the cost of funds at 0.28%;
- SBA Gains on Sale of \$775,000 for the quarter.
- Provision Expense of \$0 for the quarter.
- Efficiency Ratio of 44.26% for the quarter.
- Loan growth (net of PPP) of a negative 3.70% for the quarter.
- Deposit growth of 10.34% for the quarter.
- Non-Performing Asset Ratio is stable at 0.02%, nominal change from the linked quarter.

### **Balance Sheet**

Total assets grew by 10.04% to \$452.8 million at March 31, 2022 and increased 20.33% compared to \$376.3 million a year ago. Total loans (net of PPP) decreased by 3.70% to \$276.1 million at March 31, 2022 and increased 9.09% compared to \$253.1 million a year ago. Total deposits increased by 10.34% to \$402.3 million at March 31, 2022 and increased 21.03% compared to \$332.4 million a year ago.

The allowance for loan losses totaled \$3.775 million at March 31, 2022, or 1.35% of total loans.

Excluding the PPP loan balance of \$4.3 million, an adjusted allowance for loan losses equates to 1.37%

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 \$46.24 million at March 31, 2022, from \$43.38 million the preceding quarter and increased 14.83% compared to \$40.27 million a year ago. At March 31, 2022, book value and tangible book value were \$12.76 per share compared to \$12.42 per share at December 31, 2021 and \$11.56 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 03/31/22</b>	<b>Regulatory Minimum Requirement</b>
Community Bank Leverage Ratio	10.33%	9.00%

### **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 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 March 31,		For the Three months ended March 31,		Year-End
	2022	2021	2022	2021	2021
	<b>Summary Income Data</b>				
Interest Income	3,896	3,653	3,896	3,653	15,780
Interest expense	302	265	302	265	1,150
Net Interest Income	3,594	3,388	3,594	3,388	14,630
Provision for (reduction in) loan losses	-	250	-	250	250
Provision for (reduction in) unfunded commitments	-	-	-	-	-
Non-interest income	1,011	694	1,011	694	3,220
Non-interest expense	2,038	1,687	2,038	1,687	8,163
Realized gains (losses) on sales of securities	-	-	-	-	-
Income (loss) before income taxes	2,567	2,145	2,567	2,145	9,437
Provision for income tax	663	558	663	558	2,268
Net Income	1,904	1,587	1,904	1,587	7,169
<b>Per Share Data</b>					
Shares outstanding end-of-period	3,623	3,483	3,623	3,483	3,492
Earnings per common share	0.53	0.46	0.53	0.46	2.05
Earnings per common share (Diluted)	0.51	0.42	0.51	0.42	1.90
Cash dividend declared per share	-	-	-	-	0.73
Total shareholders' equity	46,238	40,274	46,238	40,274	43,380
Book value per share	12.76	11.56	12.76	11.56	12.42
<b>Selected Balance Sheet Data</b>					
Total assets	452,777	376,288	452,777	376,288	411,548
Securities available-for-sale	159	433	159	433	160
Loans	280,350	287,283	280,350	287,283	293,132
Allowance for loan losses	3,775	3,723	3,775	3,723	3,775
Deposits	402,342	332,423	402,342	332,423	364,613
Other borrowings	3,100	3,100	3,100	3,100	3,100
Shareholders' equity	46,238	40,274	46,238	40,274	43,380
<b>Performance Ratios</b>					
Return on average shareholders' equity (annualized) (%)	17.10%	16.27%	17.10%	16.27%	17.57%
Net interest margin (%)	3.39%	4.37%	3.39%	4.37%	4.01%
Cost of Funds	0.28%	0.31%	0.28%	0.31%	0.28%
Average assets	445,928	354,110	445,928	354,110	394,346
Return on average assets (annualized) (%)	1.73%	1.82%	1.73%	1.82%	1.82%
Shareholders' equity to assets (%)	10.21%	10.70%	10.21%	10.70%	10.54%
Efficiency ratio (%)	44.26%	41.33%	44.26%	41.33%	45.73%
<b>Asset Quality Data</b>					
Nonaccrual loans	103	-	103	-	-
Troubled debt restructurings	-	-	-	-	-
Other real estate	-	-	-	-	-
Nonperforming assets	103	-	103	-	-
Nonperforming assets to total assets (%)	0.02%	0.00%	0.02%	0.00%	0.00%
Nonperforming loans to total loans (%)	0.04%	0.00%	0.04%	0.00%	0.00%
Reserve for loan losses to total loans (%)	1.35%	1.30%	1.35%	1.30%	1.29%
Reserve for loan losses to nonperforming loans (%)	3680.24%	0.00%	3680.24%	0.00%	0.00%
Reserve for loan losses to nonperforming assets (%)	3680.24%	0.00%	3680.24%	0.00%	0.00%
Net charge-offs for period	-	2	-	2	(50)
Average loans	282,613	284,998	282,613	284,998	286,853
Ratio of charge-offs to average loans (%)	0.000%	0.00%	0.000%	0.00%	-0.02%
<b>Regulatory Capital Ratios</b>					
Community Bank Leverage Ratio	10.33%	11.63%	10.33%	11.63%	10.32%
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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