

US Metro Bancorp Announces First Quarter 2020 Financial Results

47% Annual Increase in Loans
32% Annual Increase in Deposits
10% Annual Increase in Earnings

GARDEN GROVE, Calif.--(BUSINESS WIRE)-- US Metro Bancorp (OTC Pink: USMT), Mr. Dong Il Kim, President and CEO, announced US Metro Bancorp and US Metro Bank's financial results for the first quarter 2020, reporting year over year loan growth of \$133.3 million or 47%. Deposits grew \$124.9 million or 32% over the first quarter last year. The opening of the Bank's Torrance Branch in December 2019 accounted for \$40.8 million of the total deposit growth. The 47% loan growth from a year earlier helped the Net Interest Income increase \$0.9 million or 23% for the first quarter compared to the first quarter a year earlier. SBA premium income recorded a decrease from the same first quarter of last year decreasing to \$465 thousand from \$572 thousand recorded in the first quarter of 2019. Net income of \$1,025,000 for the three months ending March 31, 2020 compares to \$931,000 reported for the same three months in 2019, a year over year increase of \$94 thousand or 10%. Earnings per share (EPS) of \$0.06 per share on 16,230,000 shares for the quarter ended March 31, 2020 compares to EPS of \$0.06 per share on 16,230,000 shares for the same time period in 2019.

As of January 2, 2020, US Metro Bancorp, a small bank holding company (BHC), was formed making US Metro Bank its lone subsidiary. On March 31, 2020 a \$10 million sub-debt offering was closed and \$9 million of the proceeds were downstreamed into capital in the Bank, increasing the Bank's Tier One Leverage Ratio to 11.65%. US Metro Bank's 16,230,000 outstanding common shares were exchanged on a one for one basis into US Metro Bancorp. As of March 31, 2020 US Metro Bancorp had \$59,013,000 in equity on its balance sheet for \$3.64 Book Value per Share.

The Bank reported total assets of \$588.8 million as of March 31, 2020, representing a 30.6% increase compared to the reporting period ending March 31, 2019 and a 8.6% increase over the fourth quarter 2019. In 2017 the Bank opened a branch office on April 3, 2017 on Wilshire Boulevard in Koreatown, Los Angeles and a new branch in downtown Los Angeles' Fashion District on November 1, 2017. On December 5, 2018 a fifth branch was opened in Buena Park (Fullerton Branch), California. On December 20, 2019 a sixth branch was opened in Torrance, California. As of March 31, 2020 the Wilshire branch recorded a total deposit base of \$85.3 million including \$15.6 million in non-interest bearing deposits. The Fashion District Branch had \$82.7 million in total deposits at March 31, 2020 including \$24.7 million in non-interest bearing deposits. The Fullerton Branch recorded a deposit base of \$99.6 million with \$12.7 million in non-interest bearing deposits at March 31, 2020 and the new Torrance Branch had \$40.8 million in deposits at March 31, 2020 including \$12.6 million in non-interest bearing deposits. Total Bank deposits ended the first quarter of 2020 at \$513.7 million, a 32% increase from \$388.8 million at March 31, 2019 and compares to \$477.2 million at December 31, 2019, a 7.7% increase.

SBA loan originations for the quarter ending March 31, 2020 were \$9.1 million compared to \$18.3 million for the fourth quarter in 2019. The Bank sold \$5.9 million in SBA loans for a gain of \$0.4 million for the quarter ended March 31, 2020 compared to \$9.0 million in SBA loan sales and a gain of \$0.5 million for the quarter ended March 31, 2019. Due to the COVID-19 Pandemic and the uncertainty of current economic climate, the Bank closed three of its four SBA Loan Production Offices on April 15, 2020. The Dallas LPO remains open.

Loan quality remains good with non-performing assets as a percent of total assets of 0.16% compared to 0.11% as of March 31, 2019. The Bank had no Other Real Estate Owned at March 31, 2020. Allowance for loan and lease losses (ALLL) to gross loans has decreased slightly from 1.42% as of March 31, 2019 to 1.35% as of March 31, 2020. The reason for the decrease is a 47% annual growth in loans from March 31, 2019. However, the ALLL of 1.35% at March 31, 2020 has increased from 1.32% at December 31, 2019 as a result of booking \$450 thousand of provision expense during the first quarter 2020.

“The Board of Directors is pleased with the continued growth and profitability of the Bank during the first quarter of 2020. However, beginning with the interest rate decreases seen mid-March, earnings on liquid investments have decreased substantially. As the Board assesses the impact to the Bank from the COVID-19 pandemic, Management is proactively preparing for substantially reduced earnings in the foreseeable future. USMB is expecting to fund approximately \$70 million in PPL loans and has already started working on loan modifications for our borrowers. We have implemented the Bank’s Pandemic Contingency Plan with staff working remotely if possible and practicing social distancing through telecommunication meetings and rotating staff through shelter at home practices. Capital and Liquidity remain strong and USMB is well positioned to manage through the Pandemic.”

US Metro Bank is a California chartered, full service commercial nonmember bank headquartered in Garden Grove, California with six branch offices in California - Garden Grove, Anaheim, Buena Park (Fullerton Branch), Koreatown/Los Angeles, Fashion District/Los Angeles, Torrance and with one remaining loan production office in Dallas. The Bank opened for business on September 15, 2006, and offers deposit and loan products (including commercial real estate, commercial and industrial and SBA loans), as well as related banking services to its targeted client base of executives, professionals, and small to medium-sized businesses, generally in the Southern California area.

This release contains forward-looking statements, including our expectations with respect to future events that are subject to various risks and uncertainties. Factors that could cause actual results to differ materially from management's projections, forecasts, estimates and expectations include: fluctuation in market rates of interest and loan and deposit pricing, adverse changes in the overall national economy as well as adverse economic conditions in our specific market areas, maintenance and development of well-established and valued client relationships and referral source relationships, and acquisition or loss of key production personnel. Other risks that can affect the Bank are detailed from time to time in our annual reports. We caution readers that the list of factors above is not exclusive. The forward-looking statements are made as of the date of this release, and we may not undertake steps to update the forward-looking statements to reflect the impact of any circumstances or events that arise after the date the forward-looking statements are made. In addition, our past results of operations are not necessarily indicative of future performance.

US METRO BANK (only)
FINANCIAL HIGHLIGHTS (unaudited)

	At or for the Three Months Ended				
	3/31/2020	12/31/2019	% Change	3/31/2019	% Change
Net Income	\$ 1,025	\$ 1,645	-37.69%	\$ 931	10.10%
Net Income Per Share (Basic)	\$ 0.06	\$ 0.10	-40.00%	\$ 0.06	0.00%
ROAA (Annualized)	0.72%	1.27%	-0.55%	0.91%	-0.19%
ROAE (Annualized)	6.88%	11.45%	-4.57%	6.99%	-0.11%
Assets	\$588,773	\$ 542,288	8.57%	\$450,752	30.62%
Gross Loans	\$418,866	\$ 393,648	6.41%	\$285,592	46.67%
Net Loans	\$413,209	\$ 388,442	6.38%	\$281,539	46.77%
Deposits	\$513,710	\$ 477,180	7.66%	\$388,800	32.13%
Non-Interest Bearing Deposits	\$122,339	\$ 112,639	8.61%	\$ 83,195	47.05%
Efficiency Ratio	68.29%	57.82%	10.46%	67.53%	0.75%
Net Interest Margin	3.67%	4.13%	-0.45%	4.16%	-0.49%

US METRO BANK (only)
FINANCIAL HIGHLIGHTS (unaudited)

BALANCE SHEET

(All amounts in thousands except per share information)

Assets	3/31/2020	3/31/2019	Y-O-Y Change	
Cash and Due From Bank	\$ 9,290	\$ 11,267	\$ (1,977)	-17.5%
Investments and Fed Funds Sold	\$ 151,685	\$ 143,675	8,010	5.6%
Loans Outstanding	418,866	285,592	133,274	46.7%
Loan Loss Reserve	(5,657)	(4,053)	(1,604)	39.6%
Other Assets	14,589	14,271	318	2.2%
Total Assets	\$ 588,773	\$ 450,752	\$ 138,021	30.6%

Liabilities and Capital	3/31/2020	3/31/2019	Y-O-Y Change	
Deposits	\$ 513,710	\$ 388,800	\$ 124,910	32.1%
Borrowings	4,003	5,728	(1,725)	-30.1%
Other Liabilities	2,872	2,461	411	16.7%
Equity	68,188	53,763	14,425	26.8%
Total Liabilities and Capital	\$ 588,773	\$ 450,752	\$ 138,021	30.6%

STATEMENT OF OPERATIONS

Three Months Ended

Income Statement	3/31/2020	3/31/2019	Y-O-Y Change	
Interest Income	\$ 6,861	\$ 5,474	\$ 1,387	25.3%
Interest Expense	1,817	1,370	447	32.6%
Net Interest Income	5,044	4,104	940	22.9%
Provision for Loan Losses	450	300	150	50.0%
Other Income	988	1,046	(58)	-5.5%
Operating Expenses	4,119	3,478	641	18.4%
Tax	438	441	(3)	-0.7%
Net Income	\$ 1,025	\$ 931	\$ 94	10.1%
Net Income Per Share (Basic)	\$ 0.06	\$ 0.06		
Ending Common Shares O/S	16,230,000	16,230,000		

Ratios	3/31/2020	3/31/2019	Y-O-Y Change
Net Loan to Deposits	80.44%	72.41%	8.02%
ALLL/Gross Loans	1.35%	1.42%	-0.07%
NPAs/Total Assets	0.16%	0.11%	0.04%
Tier One Leverage Ratio	11.65%	12.66%	-1.01%
YTD ROAA (annualized)	0.72%	0.91%	-0.19%
YTD ROAE (annualized)	6.88%	6.99%	-0.11%

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Source: US Metro Bancorp

