

CBOA Financial, Inc. Reports Consolidated Earnings of \$543,000 in 1Q 2021



Commerce Bank of AZ

TUCSON, Arizona, May 3, 2021 /PRNEWSWIRE/-- CBOA Financial, Inc. (OTCMKTS:CBOF) (the “Company”), parent company of Commerce Bank of Arizona (the “Bank” or “CBAZ”), announced that consolidated after tax net income for quarter ending March 31, 2021 increased 46% to \$543,000, from \$371,000 year-over-year.

Chris Webster, Bank President and Chief Executive Officer commented, “Our year over year performance validates our current operating strategy; successful pursuit of quality loan opportunities combined with disciplined loan pricing. We also continue to steadily decrease the bank’s nonperforming assets which is critical in the current environment. On top of this strong performance, our lending staff processed another \$27 million of Paycheck Protection Program (PPP) loans, providing much needed support to Arizona businesses.”

First Quarter 2021 Highlights

- Traditional (non-PPP) Loan Growth was \$18 million, or 10% for the quarter
- Net Interest Margin increased 10 basis points for the quarter
- Nonperforming assets decreased 16% for the quarter

Operational Highlights

Interest income was aided by recognized fee income of PPP loans that bolstered earnings by \$550,000. Further contributing to the growth in net interest income was a \$41,000 decline in interest expense despite the \$1 million increase in total deposits during the quarter.

The Bank continues to make progress on its legacy classified assets. Year-over-year, non-performing assets which include loans and OREO are down 59% from \$6.3 million or 2.4% of assets to \$2.6 million or 0.77% of assets.

Balance Sheet

Total assets increased by 3% to \$365.2 million during the quarter ended March 31, 2021 and increased 49.8% compared to \$243.8 million a year ago. Total asset growth from March 2020 to March 2021 consisted of PPP loans funding CBAZ deposit accounts totaling \$60 million and organic net deposit growth of roughly \$24 million.

Traditional gross loans increased \$18 million since fourth quarter 2020 ending the first quarter 2021 at \$198 million. Total gross loans increased by 8.3% to \$260 million in the quarter and increased 49% compared to \$174 million a year ago. Total deposits increased by 0.3% to \$305 million during the quarter and increased 43% compared to \$213 million a year ago.

The allowance for loan losses totaled \$2.97 million at March 31, 2021, or 1.5% of “traditional” non-PPP

loans, compared to 1.64% in the previous quarter, and was 1.14% for the quarter with the PPP loans included.

Shareholders' equity remained at \$25 million at March 31, 2021, from the preceding quarter. At March 31, 2021, book value and tangible book value were \$2.81 per share compared to \$2.81 per share at December 31, 2020 and \$2.71 per share a year ago. Excluding the PPP loans, the Bank's third quarter 2020 Tier 1 Leverage ratio would have been 9.8%, just above 9.2% for fourth quarter 2020 and 11.1% as of March 31, 2020. Growth in total assets associated with the PPP loans was the primary driver of a decline in the Bank's Tier 1 Leverage ratio.

Capital Management

Capital ratios exceeded regulatory guidelines for a well-capitalized institution under Basel III and Dodd Frank Wall Street Reform requirements at March 31, 2021. Capital ratios are presented below.

About the Company

Commerce Bank of Arizona, established in 2002 in Tucson, Arizona, is a full-service community bank that caters to small-to mid-sized businesses and real estate professionals. CBAZ offers commercial clients with a variety of services ranging from U.S. Small Business Administration (SBA) financing solutions, construction loans, and commercial real estate loans. CBOA Financial, Inc is a single-bank holding company and parent of the Bank. The Company is traded over-the-counter as CBOF. For additional information, visit: www.commercebankaz.com.

Forward-looking Statements

This press release may include forward-looking statements about CBOA Financial, Inc. or Commerce Bank of Arizona. 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, and CBOA Financial, Inc. and Commerce Bank of Arizona assume no obligation to update any forward-looking statement.

Unaudited Consolidated Summary Financial Information					
<i>Dollars in thousands - Unaudited</i>	For the quarter ended			Year to Date	
	3/31/2021	12/31/2020	3/31/2020	3/31/2021	3/31/2020
	Summary Income Data				
Interest Income	3,486	3,300	2,826	3,486	2,826
Interest expense	278	319	446	278	446
Net Interest Income	3,208	2,981	2,380	3,208	2,380
Provision for (reduction in) loan losses	-	-	(279)	-	(279)
Non-interest income	70	(107)	8	70	8
Realized gains (losses) on sales of securities	-	-	121	-	121
Non-interest expense	2,523	3,344	2,417	2,523	2,417
Income (loss) before income taxes	755	(470)	371	755	371
Provision for income tax	212	(1,992)	-	212	-
Net Income	543	1,522	371	543	371
Per Share Data					
Shares outstanding end-of-period	8,268	8,218	8,208	8,268	8,208
Earnings per common share (\$'s)	0.07	0.19	0.05	0.07	0.05
Earnings per common share (Diluted) (\$'s)	0.06	0.18	0.04	0.06	0.04
Cash dividend declared	-	-	-	-	-
Total shareholders' equity	25,000	25,070	22,265	25,000	22,265
Tangible Book value per share (\$'s)	2.81	2.81	2.71	2.81	2.71
Selected Balance Sheet Data					
Total assets	365,470	355,798	243,940	365,470	243,940
Securities available-for-sale	38,630	37,128	30,144	38,630	30,144
Loans	259,893	240,016	174,471	259,893	174,471
Allowance for loan losses	2,972	2,955	2,978	2,972	2,978
Deposits	305,012	304,160	212,807	305,012	212,807
Other borrowings	25,539	16,563	2,370	25,539	2,370
Shareholders' equity	25,000	25,070	22,265	25,000	22,265
Performance Ratios (%)					
Return on average shareholders' equity (annualized)	8.16	21.54	6.56	8.16	6.56
Net interest margin	3.83	3.73	4.20	3.83	4.20
Efficiency ratio	75.25	114.92	98.61	75.25	98.61
Asset Quality Data (%)					
Nonperforming assets to total assets	0.77	0.92	2.37	0.77	2.37
Reserve for loan losses to total loans	1.14	1.23	1.71	1.14	1.71
Charge-offs to average loans for period	(0.03)	0.07	(0.7)	(0.03)	(0.7)
Regulatory Capital Ratios (%)					
Common Equity Tier 1	12.24	12.96	13.61	12.24	13.61
Tier 1 risk-based capital ratio	12.24	12.96	13.61	12.24	13.61
Total risk-based capital ratio	13.49	14.21	14.87	13.49	14.87
Tier 1 leverage capital ratio	8.41	8.56	11.12	8.41	11.12

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