

## CBOA Financial, Inc. Reports Consolidated Earnings of \$1,277,000 in 2Q 2021



# Commerce Bank of AZ

TUCSON, Arizona, July 30, 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 June 30, 2021 increased 223% to \$1,277,000, from \$395,000 year-over-year.

Chris Webster, Bank President and Chief Executive Officer commented, "The strong loan growth performance seen earlier in the year continued through the second quarter. Our highly experienced and accomplished lending team worked hard to originate significant new loan opportunities while at the same time processing another \$27 million in second round Paycheck Protection Program ("PPP") loans. However Total Loan balances were impacted as the Bank received a significant level of PPP loan forgiveness during the quarter," Webster added. He further commented, "In terms of our funding costs, 39% of our Total Deposits are Non-interest bearing. As a result, we are able to consistently maintain a very healthy Net Interest Margin as we organically grow our loan portfolio."

### Second Quarter 2021 Highlights

- Traditional (non-PPP) Loan Growth was \$19 million, or 7% for the quarter
- Nonperforming assets decreased 23% for the quarter

### Operational Highlights

Interest income was aided by recognized fee income of PPP loans that bolstered earnings by \$290,000. Further contributing to the growth in net interest income was a \$57,000 decline in interest expense.

The Bank continues to make progress on its legacy classified assets. Year-over-year, non-performing assets which include loans and OREO are down 57% from \$4.6 million or 1.5% of assets to \$2 million or 0.57% of assets.

### Balance Sheet

Total assets decreased by 8% to \$336.5 million during the quarter ended June 30, 2021 and increased 7% compared to \$315.2 million a year ago. Total asset growth from June 2020 to June 2021 consisted of PPP loans funding CBAZ deposit accounts totaling \$27 million and organic net deposit growth of roughly \$4 million.

Traditional gross loans increased \$19 million since first quarter 2021 ending the second quarter 2021 at \$217 million. Total gross loans decreased by 8.4% to \$251 million in the quarter and increased 4.3% compared to \$241 million a year ago. Total deposits decreased by 1.5% to \$300 million during the quarter and increased 12% compared to \$269 million a year ago.

The allowance for loan losses totaled \$3.17 million at June 30, 2021, or 1.46% of "traditional" non-PPP

loans, compared to 1.50% in the previous quarter, and was 1.26% for the quarter with the PPP loans included.

Shareholders' equity increased at \$27 million at June 30, 2021, from the preceding quarter. At June 30, 2021, tangible book value was \$2.86 per share compared to \$2.81 per share at March 31, 2021 and \$2.81 per share a year ago. Excluding the PPP loans, the Bank's June 30, 2021 Tier 1 Leverage ratio would have been 9.3%, and 11.7% as of June 30, 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 June 30, 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](http://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					
Dollars in thousands - Unaudited	For the quarter ended			Year to Date	
	6/30/2021	3/31/2021	6/30/2020	6/30/2021	6/30/2020
	<b>Summary Income Data</b>				
Interest Income	3,299	3,486	3,549	6,785	6,375
Interest expense	221	278	366	500	812
Net Interest Income	3,078	3,208	3,183	6,285	5,563
Provision for (reduction in) loan losses	193	-	-	193	(279)
Non-interest income	84	70	(460)	154	(452)
Realized gains (losses) on sales of securities	-	-	47	-	168
Non-interest expense	2,440	2,523	2,375	4,965	4,792
Income (loss) before income taxes	529	755	395	1,281	766
Provision for income tax	(748)	212	-	(536)	-
Net Income	1,277	543	395	1,817	766
<b>Per Share Data</b>					
Shares outstanding end-of-period	8,550	8,268	8,208	8,550	8,208
Earnings per common share (\$'s)	0.15	0.07	0.05	0.21	0.09
Earnings per common share (Diluted) (\$'s)	0.14	0.06	0.04	0.19	0.07
Cash dividend declared	-	-	-	-	-
Total shareholders' equity	27,033	25,000	23,049	27,033	23,049
Tangible Book value per share (\$'s)	2.86	2.81	2.81	2.86	2.81
<b>Selected Balance Sheet Data</b>					
Total assets	336,551	365,470	315,157	336,551	315,157
Securities available-for-sale	42,831	38,630	28,888	42,831	28,888
Loans	251,449	259,893	240,979	251,449	240,979
Allowance for loan losses	3,170	2,972	2,991	3,170	2,991
Deposits	300,366	305,012	268,836	300,366	268,836
Other borrowings	-	25,539	14,808	-	14,808
Shareholders' equity	27,033	25,000	23,049	27,033	23,049
<b>Performance Ratios (%)</b>					
Return on average shareholders' equity (annualized)	12.53	8.16	6.62	10.36	6.59
Net interest margin	3.63	3.83	4.51	3.73	4.37
Efficiency ratio	76.11	75.25	85.38	75.67	91.58
<b>Asset Quality Data (%)</b>					
Nonperforming assets to total assets	0.57	0.77	1.45	0.57	1.45
Reserve for loan losses to total loans	1.26	1.14	1.24	1.26	1.24
Charge-offs to average loans for period	(0.0)	(0.03)	(0.0)	(0.0)	(0.0)
<b>Regulatory Capital Ratios (%)</b>					
Common Equity Tier 1	11.96	12.24	13.40	11.96	13.40
Tier 1 risk-based capital ratio	11.96	12.24	13.40	11.96	13.40
Total risk-based capital ratio	13.21	13.49	14.65	13.21	14.65
Tier 1 leverage capital ratio	8.43	8.41	9.22	8.43	9.22

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