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Republic Bank of Arizona Announces Unaudited Financial Results
For the Quarter Ending September 30, 2020
Asset Growth and Earnings Improvement Highlight Q3

PHOENIX, ARIZONA, October 26, 2020 – Republic Bank of Arizona (OTCBB:RBAZ) (“RBAZ”) (“Bank”) announced a net income of \$223,000, or \$0.12 per share, for the quarter ended September 30, 2020 and \$394,000, or \$0.22 per share, for the nine months ended September 30, 2020 as compared to a net income of \$71,000, or \$0.04 per share, for the quarter ended September 30, 2019 and \$430,000, or \$0.24 per share, for the nine months ended September 30, 2019. Current quarter earnings of \$0.12 per share were comprised of \$0.07 per share attributable to core operations and \$0.05 per share due to impacts from the Paycheck Protection Program (“PPP”).

President and CEO Brian Ruisinger stated “During the third quarter, the Bank refocused on its core operations after deploying significant resources into the Paycheck Protection Program in Q2, emphasizing growth in earning assets and deposits. As businesses reopened, we were able to resume more traditional means of connecting with our customers and new prospective relationships. We are pleased to report additional core growth in the third quarter as we continued to execute our strategic initiatives.”

Mr. Ruisinger continued “Despite the economic impacts of COVID-19 continuing to hamper the economy and the unprecedented Federal Reserve reduction of interest rates in March, RBAZ had a strong quarter as it continued implementing its revised business plan focused on growth, which began in Q1. As a result, we saw quarterly loan growth of 11.2%, deposit growth of 15.4% and earnings improvement of 40.4%. This earnings result was achieved while adding \$71,000 to the loan loss reserve to support our loan growth. Q4 and beyond are not without challenges, however, RBAZ has viewed the obstacles faced in 2020 as an opportunity for growth, actively increasing market share from our peers. Our team’s work continues to be reflected in our Bauer Five-Star bank rating.”

September 30, 2020 Highlights Include:

- Total loans of \$118,218,000 increased \$48,026,000 or 68.4% from December 31, 2019. Of this increase, \$25,529,000 was attributable to PPP loans and the remaining \$22,497,000, or 32.1%, were portfolio loans.
- Total deposits of \$134,201,000 were up \$43,795,000 or 48.4% from December 31, 2019 as the Bank achieved results from new 2020 initiatives, deepened existing relationships and gained new deposit relationships with PPP loan recipients, who were not previous customers.
- The Bank capitalized on low-cost borrowing opportunities through Federal relief programs in Q2, consisting of \$15,077,000 in Paycheck Protection Program Liquidity Facility through the Federal Reserve Bank matched against PPP loans and \$14,667,000 in low or no-cost Federal Home Loan Bank advances.

- Total interest income increased \$320,000 to \$1,585,000 for the quarter ended September 30, 2020 outpacing total interest income of \$1,265,000 for the same period of the prior year equating to an increase of 25.3%.
- Cost of deposits was reduced 38.8% to 0.71% for the quarter ended September 30, 2020 from 1.16% for the quarter ended September 30, 2019.
- Total non-interest expense is up \$24,000 to \$978,000 for the quarter ended September 30, 2020 compared to \$954,000 for the quarter ended September 30, 2019 as the Bank made certain technology investments as part of its new initiatives for growth implemented in Q1. These timely investments provided significant benefit to customers through the COVID-19 pandemic and economic shutdown.

The Bank remains “Well Capitalized” as follows:

	September 30, 2020 (%)	Ratio to be Well Capitalized (%)
Leverage Ratio	10.06	5.00
Common Equity Tier 1	15.52	6.50
Tier 1 Capital to Risk Weighted Assets.....	15.52	8.00
Total Capital to Risk Weighted Assets.....	16.73	10.00

About the Company

Republic Bank of Arizona is a locally owned, community bank in Phoenix and Scottsdale, Arizona. RBAZ is a full service, community bank providing deposit and loan products and convenient, on-line and mobile banking to individuals, businesses and professionals. The Bank was established in April 2007 and is headquartered at 645 E. Missouri Avenue, Suite 108, Phoenix, AZ. Our second location is at 6909 E. Greenway Parkway, Suite 150, Scottsdale, AZ. The Bank is traded over-the-counter as RBAZ. For further information, please visit our web site: www.republicbankaz.com.

Forward-looking Statements

This press release may include forward-looking statements about RBAZ, for which the Bank claims the protection of safe harbor provisions contained in the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on management’s knowledge and belief as of today and include information concerning the Bank’s possible or assumed future financial condition, and its results of operations and business. Forward-looking statements are subject to risks and uncertainties. A number of important factors could cause actual results to differ materially from those in the forward-looking statements. Those factors include fluctuations in interest rates, government policies and regulations (including monetary and fiscal policies), legislation, economic conditions, borrower capacity to repay, operational factors and competition in the geographic and business areas in which the Bank conducts its operations. All forward-looking statements included in this press release are based on information available at the time of the release, and the Bank assumes no obligation to update any forward-looking statement.

Unaudited Summary Financial Information

	For the three months ended September 30,		For the nine months ended September 30,		Year-End 2019
	2020	2019	2020	2019	
<i>(dollars in thousands, except per share data)</i>					
Summary Income Data:					
Interest income	\$1,585	\$1,265	\$4,293	\$3,950	\$5,153
Interest expense	282	268	883	766	1,024
Net interest income	1,303	997	3,410	3,184	4,129
Provision for loan losses	71	-	71	-	-
Non-interest income	41	41	86	78	116
Non-interest expense	978	954	2,915	2,720	3,717
Realized loss on sales of securities	-	-	2	-	-
Income before income taxes	295	84	508	542	528
Provision for income tax	72	13	114	112	79
Net income	\$223	\$71	\$394	\$430	\$449
Per Share Data:					
Shares outstanding end-of-period	1,807	1,810	1,807	1,810	1,806
Earnings per common share	\$0.12	\$0.04	\$0.22	\$0.24	\$0.25
Cash dividend declared	\$-	\$-	\$-	\$512	\$512
Total shareholders' equity	\$16,503	\$15,773	\$16,503	\$15,773	\$15,746
Book value per share	\$9.13	\$8.71	\$9.13	\$8.71	\$8.72
Selected Balance Sheet Data:					
Total assets	\$182,410	\$106,096	\$182,410	\$106,096	\$107,891
Securities available-for-sale, at fair value	29,112	20,952	29,112	20,952	20,046
Securities held-to-maturity	5,401	5,813	5,401	5,813	5,796
Loans	118,218	67,754	118,218	67,754	70,192
Allowance for loan losses	1,230	1,205	1,230	1,205	1,117
Deposits	134,201	88,390	134,201	88,390	90,406
Other borrowings	29,744	-	29,744	-	-
Shareholders' equity	16,503	15,773	16,503	15,773	15,746
Performance Ratios:					
Return on average shareholders' equity (annualized) (%)	5.44	1.80	3.28	3.63	2.85
Net interest margin (%)	3.04	3.79	3.22	4.05	3.98
Average assets	\$176,344	\$109,181	\$146,700	\$108,577	\$107,624
Return on average assets (annualized) (%)	0.51	0.26	0.36	0.53	0.42
Shareholders' equity to assets (%)	9.05	14.87	9.05	14.87	14.59
Efficiency ratio (%)	72.05	90.57	82.44	82.30	86.36
Asset Quality Data:					
Nonaccrual loans	\$-	\$-	\$-	\$-	\$303
Troubled debt restructurings	\$270	\$541	\$270	\$541	\$535
Other real estate	\$-	\$-	\$-	\$-	\$-
Nonperforming loans	\$-	\$-	\$-	\$-	\$494
Nonperforming loans to total assets (%)	-	-	-	-	0.46
Nonperforming loans to total loans (%)	-	-	-	-	0.70
Reserve for loan losses to total loans (%)	1.04	1.78	1.04	1.78	1.59
Reserve for loan losses to nonperforming loans (%)	n/a	n/a	n/a	n/a	226.11
Net charge-offs (recoveries) for period	(\$14)	(\$9)	(\$42)	(\$21)	\$67
Average loans	\$117,337	\$65,438	\$95,797	\$64,144	\$64,846
Ratio of charge-offs (recoveries) to average loans (%)	(0.01)	(0.01)	(0.04)	(0.03)	0.10
CARES Act – Temporary loan payment relief (#)	2	n/a	2	n/a	n/a
CARES Act – Temporary loan payment relief (\$)	\$869	n/a	\$869	n/a	n/a
Regulatory Capital Ratios:					
Leverage ratio (%)	10.06	14.43	10.06	14.43	15.04
Common Equity Tier 1 (%)	15.52	23.09	15.52	23.09	21.50
Tier 1 capital to risk weighted assets (%)	15.52	23.09	15.52	23.09	21.50
Total capital to risk weighted assets (%)	16.73	24.35	16.73	24.35	22.75