



RepublicNotes

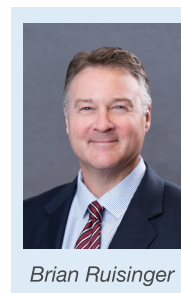
SHOP LOCAL. DINE LOCAL. BANK LOCAL.

Newsletter exclusively for the shareholders, clients, employees and followers of Republic Bank of Arizona

FOCUSED ON GROWTH, OUR PROGRESS CONTINUES

Brian Ruisinger • President and Chief Executive Officer

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.



Brian Ruisinger

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 this year.

As a result, we saw quarterly loan growth of 11.2%, deposit growth of 15.4% and earnings improvement of 40.4%. 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. RBAZ ended the third quarter with total assets of \$182 Million after starting 2020 with \$108 Million.

We are pleased with progress to date but know much more work is to be done to reach our goal of the premier community bank in Phoenix. Our team's work continues to be reflected in our Bauer Five-Star bank rating.

FINANCIAL HIGHLIGHTS (UNAUDITED)

(in thousands)	YTD Sep 2020	YTD Sep 2019
Total Assets	\$ 182,410	\$ 106,096
Net Loans & Leases (excl. HFS)	\$ 118,218	\$ 67,754
Total Deposits (domestic and foreign)	\$ 134,201	\$ 88,390
Net Income	\$ 394	\$ 430
(Percentages)		
Return on Average Assets	0.36%	0.53%
Liquidity Ratio	45.30%	39.55%
Leverage Ratio	10.06%	14.43%

RBAZ | Republic Bank
of Arizona

Board Of Directors

- Camala C. Bailey**, Founder and President, Camala C. Bailey, CPA
- Christian C.M. Beams**, Managing Partner, Fredenberg Beams LLC
- Chad E. Cline**, CFO, Symmetry Software
- Regina L.R. Edwards**, Ph.D., Board member for Hope's Crossing and the Phoenix Public Library Foundation
- Judy A. Lynn**, Managing Member, 831 Investors, LLC
- Brian Ruisinger**, President and Chief Executive Officer, RBAZ
- Alan L. Sparks**, Owner and President, Gemma Companies, LLC
- Scarlett Spring**, Co-Founder and Chief Executive Officer of TapRoot Interventions & Solutions

Executive Leadership Team

- Brian Ruisinger**, President and Chief Executive Officer
- Amy Lou Blunt**, Executive Vice President and Chief Credit Officer
- Christine Worth**, Senior Vice President and Chief Financial Officer

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SPOTLIGHT ON BOND PROPERTIES

QUIETLY MAKING A DIFFERENCE IN THE COMMUNITY

He's unassuming and likes to keep a low profile. He's grateful to his customers and the bank that has supported him in good times and bad. He's proud, as he should be, considering the obstacles he's faced.

Todd Bond is an inspiration of sorts. He would hate being called that. But what else do you call someone who went from being abandoned as a child to building a very successful real estate business to nearly losing it all in the market collapse to rebuilding his business back to where it once was?

Todd launched Bond Properties in 2004 after leaving a very lucrative position as the finance manager of a thriving car dealership. "I was working 15 hours a day, every day," says Todd. "I had no life and I was never home. My wife said enough."

FROM CARS TO REAL ESTATE

After leaving the dealership position, Todd and his wife, a licensed real estate agent, began buying, renovating, and selling homes in the Phoenix area. The company has evolved into a private lending business providing home buyers owner-occupied loans with 30-year terms and no prepayment penalties. "We provide loans the banks don't typically offer," says Todd.

Primarily serving the Hispanic market, Bond Properties helps people realize their dream of owning their own home. "I love what I do," says Todd. "I feel like I make a difference for people." His goal is to stay approachable, continue to build his business primarily by word-of-mouth and referrals, and make a difference to people who need his help.

SURVIVING THE BLEAK TIMES

When Todd was 10, he was homeless and living on the streets of Phoenix. He remembers sleeping in an apartment complex laundry room to stay warm, and getting food however he could until his friend's family took him in. With their support and working several jobs, made it through high school and landed the job at the car dealer when he was 18.

After leaving that job and building a successful business with Bond Properties, the market crashed. "We lost almost everything," says Todd. But he didn't give up and he slowly started building his business back up again. Doing what he knew, buying, fixing and selling. "The one thing I know is that real estate comes back."

In addition to pure will and determination, Todd also attributes his ability to recover to his work ethic and solid business reputation. "I never missed a payment during those difficult times," he says. "And I've always lived below my means." And then of course, in addition to his wife and family, there's his dedicated office manager, Margarita Roberts. "Margarita has been with me for 11 years," he says. "I truly wouldn't be where I am without her. She always has my back, and she puts up with me, which isn't easy."



RBAZ customer Todd Bond, right, with CEO Brian Ruisinger

THE IMPORTANCE OF FINDING THE RIGHT BANKING PARTNER

Todd's been a customer of Republic Bank of Arizona for about 13 years. He's known the Bank's CEO Brian Ruisinger even longer. He's very appreciative of the support, trust and confidence the Bank has had in him and his business. "I couldn't imagine doing what I do working with a national bank," says Todd, who found out the hard way that the large banks can be less flexible and more difficult to work with.

"I really like that I can walk into Brian's office and say 'here's what I need,' and he'll listen and help." Having banked with larger national banks, Todd believes local community banks, and Republic Bank of Arizona in particular, are much more personable and responsive to his needs. RBAZ is part of Bond Properties' success story, standing by him during the difficult times, he says.

"I've known Todd for many years, and he's one of the best in the business," says Brian. "But it's not just his business mind

that makes him a success, it's his strong character and genuine concern for his customers and his employees not to mention his dedication to his family. You'd be hard pressed to find a more trustworthy, determined, and likeable person than Todd."

TODD'S STRATEGIES FOR SUCCESS

- Live below your means
- Work hard and be conservative with your money
- Buy real estate
- Take care of the people who work for you
- Stay positive, even during the hard times

"I couldn't imagine doing what I do working with a national bank. I really like that I can walk into Brian's office and say 'Here's what I need,' and he'll listen and help."

Todd Bond

WEAVE LESSONS LEARNED FROM 2020 INTO YOUR STRATEGIC PLAN

Amy Lou Blunt • Executive Vice President, Chief Credit Officer

In the last newsletter, I mentioned that our participation in the Paycheck Protection Program, and elements of the relief granted through the CARES Act, was NOT in our Strategic Plan for 2020. However, it was critical to remain flexible and nimble to accommodate elements beyond our control that directly impact our business and our community. Note, at the core of this statement, was a formal Strategic Plan for 2020. Executive management and the RBAZ Board of Directors convened again this year to develop and refine the Bank's Strategic Plan for 2021. Although one can expect deviations, it is critical in all businesses to develop a plan that defines your objectives, outlines ways to reach those objectives, as well as the means to periodically measure your performance.



Amy Lou Blunt

Strategic planning is the process of documenting and establishing a direction of your small business

If you don't have one ...

I found this definition online: "Strategic planning is the process of documenting and establishing a direction of your small business — by assessing both where you are and where you're going. The strategic plan gives you a place to record your mission, vision, and values, as well as your long-term goals and the action plans you will use to reach them." This is a valuable exercise to focus your thoughts and business plan in such a way as to identify specific goals, and drive towards achieving those goals.

If you did, but....

Given the somewhat radical changes to our ways of conducting business, and the varying impact the sporadic shutdowns, curfews and pandemic-related closures have had on all businesses throughout the supply chain, is your existing Strategic Plan still relevant? We are heading into a new year with a new perspective, and perhaps a bit the wiser for lessons learned through the strain felt in 2020. How can we use that experience to not only survive, but thrive in 2021? This is a good time to revisit your plan with fresh eyes, and perhaps plot a new course, a new distribution channel, or a new marketing strategy. This is the time to brainstorm!

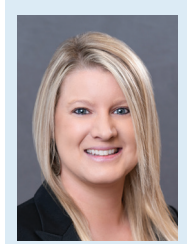
In our planning session, we include time for an open Whiteboard session where "anything goes". New ideas, new goals, new product lines, new locations are all options, unfettered by thoughts of implementation. That can, and will, come later. But, the group creativity can lead you to things not previously considered, and may very well be your next success!

So, let's all strategically plan for a bright, healthy and prosperous 2021!

ASSET GROWTH AND EARNINGS IMPROVEMENT HIGHLIGHT Q3

Christine Worth • Chief Financial Officer

The third quarter of 2020 brought together the highlights from the prior two quarters of growth and earnings improvement as the Bank refocused on its core operations, after deploying significant resources into the Paycheck Protection Program in Q2, and continued implementing its revised business plan.



Christine Worth

During the quarter, loan and deposit growth continued to outpace budget year-to-date. Loans were up \$48.0 million or 68.4% from December 31, 2019, of which \$25.5 million was attributable to PPP loans and the remaining \$22.5 million or 32.1% were portfolio loans. Deposits increased \$43.8 million 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 ended the quarter with \$182.4 million in total assets (or \$156.9 million excluding PPP loans).

Earnings were \$223,000, or \$0.12 per share, for the quarter ended September 30, 2020 compared to \$71,000, or \$0.04 per share, for the comparative quarter in 2019. The Bank increased net interest income by 30.7% quarter-over-quarter as the result of significant loan growth leading to greater interest income coupled with a reduction in cost of deposits.

As part of its new initiatives for growth, the Bank made certain investments in its technology to enhance the cash management services available to its consumer and business customers. The most prevalent of these services being mobile banking released early in 2020. As a result of these new technology investments, non-interest expense increased \$24,000 or 2.5% to \$978,000 for the quarter ended September 30, 2020 compared to \$954,000 for the quarter ended September 30, 2019.

The Bank remains Well Capitalized with a 10.06% leverage capital ratio and maintains its Bauer five-star rating.

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\$1,325,000

CRE Term Loan
Industrial/Automotive
Mesa

\$3,000,000

Participation
Construction/MiniPerm
Scottsdale

\$100,000

RLC
Promotions
Tempe

\$1,000,000

RLC
RE Management
Chandler

\$400,000

CRE Term Loan
Industrial
Tucson

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TOYS FOR ARIZONA'S FOSTER CHILDREN



This year's toy drive benefiting Arizona Helping Hands was wildly successful! One of the best toy drives to date, thanks to the generosity of the RBAZ team. We're so excited to support the good works of Arizona Helping Hands and their goal to give each foster child two toys and a book to brighten their spirits during the holiday season.

Thanks to the Bank's Culture Club for organizing the drive, and thanks to all those who donated! Your support of this great community is very much appreciated.