

Contact: Brian Ruisinger
President and Chief Executive Officer
Phone: 602.277.2500
Email: bruisinger@republicaz.com

Republic Bank of Arizona Announces Unaudited Financial Results
For the Quarter Ending December 31, 2020
Q4 Strongest Earnings of 2020

PHOENIX, ARIZONA, January 27, 2021 – Republic Bank of Arizona (OTCBB:RBAZ) (“RBAZ”) (“Bank”) announced a net income of \$460,000, or \$0.25 per share, for the quarter ended December 31, 2020 and \$854,000, or \$0.47 per share, for the twelve months ended December 31, 2020 as compared to a net income of \$19,000, or \$0.01 per share, for the quarter ended December 31, 2019 and \$449,000, or \$0.25 per share, for the twelve months ended December 31, 2019. Current quarter earnings of \$0.25 per share were comprised of \$0.14 per share attributable to core operations and \$0.11 per share due to impacts from the Paycheck Protection Program (“PPP”).

President and CEO Brian Ruisinger stated “In the 4th quarter, RBAZ continued its growth and earnings improvement, posting its strongest earnings quarter since Q2 2018. We showed positive net core loan growth and a significant increase in our core deposits for the quarter. We also saw the beginning of loan forgiveness payments from the SBA for the Paycheck Protection Program in Q4, with nearly half of our PPP loans paying-off. Our team is now fully prepared to provide support for the small and medium-sized businesses in our community for another round of PPP in the first quarter of 2021.”

Mr. Ruisinger continued “I am pleased to deliver our 2020 results to our stakeholders as we achieved our goals for growth and earnings improvement in the face of unprecedented economic disruption and downward interest rate pressure from the Federal Reserve Bank. RBAZ is well-positioned with ample liquidity and capital resources to accommodate additional growth in 2021. Our team’s work continues to be reflected in our Bauer Five-Star bank rating.”

December 31, 2020 Highlights Include:

- Total loans of \$109,921,000 increased \$39,729,000, or 56.6%, from December 31, 2019. Of this increase, \$14,560,000 was attributable to PPP loans and the remaining \$25,169,000, or 35.9%, were portfolio loans.
- Total deposits of \$166,587,000 were up \$76,181,000, or 84.3%, 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. Further, the Bank improved its deposit mix, increasing non-interest bearing deposits to 26.2% of total deposits at December 31, 2020 from 17.1% of total deposits at December 31, 2019 largely attributed to the Bank’s 2020 initiatives.

- Borrowings of \$6,651,000 from the Paycheck Protection Program Liquidity Facility (“PPPLF”) and \$5,000,000 in Federal Home Loan Bank (“FHLB”) advances matured during Q4. Additionally, the Bank prepaid the \$8,873,000 balance of its PPPLF and \$4,667,000 of its low-cost FHLB advances as significant non-interest bearing deposits were generated, eliminating the need to hold interest bearing borrowings.
- Total interest income increased \$641,000 to \$1,844,000 for the quarter ended December 31, 2020 outpacing total interest income of \$1,203,000 for the same period of the prior year equating to an increase of 53.3%.
- Cost of deposits was reduced 41.0% to 0.69% for the quarter ended December 31, 2020 from 1.17% for the quarter ended December 31, 2019.
- Total non-interest expense is down \$67,000 to \$930,000 for the quarter ended December 31, 2020 compared to \$997,000 for the quarter ended December 31, 2019.

The Bank remains “Well Capitalized” as follows:

	December 31, 2020 (%)	Ratio to be Well Capitalized (%)
Leverage Ratio	9.12	5.00
Common Equity Tier 1	15.12	6.50
Tier 1 Capital to Risk Weighted Assets.....	15.12	8.00
Total Capital to Risk Weighted Assets.....	16.27	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 December 31,		For the twelve months ended December 31,	
	2020	2019	2020	2019
	<i>(dollars in thousands, except per share data)</i>			
Summary Income Data:				
Interest income	\$1,844	\$1,203	\$6,137	\$5,153
Interest expense	304	258	1,187	1,024
Net interest income	1,540	945	4,950	4,129
Provision for loan losses	29	-	100	-
Non-interest income	67	38	153	116
Non-interest expense	930	997	3,846	3,717
Realized loss on sales of securities	-	-	2	-
Income (loss) before income taxes	648	(14)	1,155	528
Provision for (benefit from) income tax	188	(33)	301	79
Net income	\$460	\$19	\$854	\$449
Per Share Data:				
Shares outstanding end-of-period	1,807	1,806	1,807	1,806
Earnings per common share	\$0.25	\$0.01	\$0.47	\$0.25
Cash dividend declared	\$-	\$-	\$-	\$512
Total shareholders' equity	\$16,982	\$15,746	\$16,982	\$15,746
Book value per share	\$9.40	\$8.72	\$9.40	\$8.72
Selected Balance Sheet Data:				
Total assets	\$190,348	\$107,891	\$190,348	\$107,891
Securities available-for-sale, at fair value	32,935	20,046	32,935	20,046
Securities held-to-maturity	6,429	5,796	6,429	5,796
Loans	109,921	70,192	109,921	70,192
Allowance for loan losses	1,224	1,117	1,224	1,117
Deposits	166,587	90,406	166,587	90,406
Other borrowings	5,000	-	5,000	-
Shareholders' equity	16,982	15,746	16,982	15,746
Performance Ratios:				
Return on average shareholders' equity (annualized) (%)	10.91	1.92	5.27	2.85
Net interest margin (%)	3.26	3.75	3.23	3.98
Average assets	\$194,196	\$104,798	\$158,639	\$107,624
Return on average assets (annualized) (%)	0.94	0.07	0.54	0.42
Shareholders' equity to assets (%)	8.92	14.59	8.92	14.59
Efficiency ratio (%)	57.37	99.80	74.56	86.36
Asset Quality Data:				
Nonaccrual loans	\$-	\$303	\$-	\$303
Troubled debt restructurings	\$266	\$535	\$266	\$535
Other real estate	\$76	\$-	\$76	\$-
Nonperforming loans	\$-	\$494	\$-	\$494
Nonperforming loans to total assets (%)	-	0.46	-	0.46
Nonperforming loans to total loans (%)	-	0.70	-	0.70
Reserve for loan losses to total loans (%)	1.11	1.59	1.11	1.59
Reserve for loan losses to nonperforming loans (%)	n/a	226.11	n/a	226.11
Net charge-offs (recoveries) for period	\$35	\$88	(\$7)	\$67
Average loans	\$105,733	\$66,060	\$100,471	\$64,846
Ratio of charge-offs (recoveries) to average loans (%)	0.03	0.13	(0.01)	0.10
CARES Act – Temporary loan payment relief (#)	-	n/a	-	n/a
CARES Act – Temporary loan payment relief (\$)	\$-	n/a	\$-	n/a
Regulatory Capital Ratios:				
Leverage ratio (%)	9.12	15.04	9.12	15.04
Common Equity Tier 1 (%)	15.12	21.50	15.12	21.50
Tier 1 capital to risk weighted assets (%)	15.12	21.50	15.12	21.50
Total capital to risk weighted assets (%)	16.27	22.75	16.27	22.75