



RepublicNotes

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

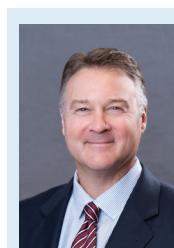
REACHING EXCITING MILESTONES IN 2021

Brian Ruisinger • President and Chief Executive Officer

In the 4th quarter, Republic Bank of Arizona 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 round one of the Paycheck Protection Program in Q4, with nearly half of our PPP loans paying off. Our team has been actively providing support for the small and medium-sized businesses in our community for another round of PPP in the first quarter of 2021.

We began 2020 with \$108 million in total assets and ended with \$190 million, a 75% increase. We are poised to eclipse the \$200 million mark in Q1 2021 as RBAZ continues to execute its growth plan.



Brian Ruisinger

"We are poised to eclipse the \$200 million mark in Q1 2021 as RBAZ continues to execute its growth plan."

Brian Ruisinger, President and CEO

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.

FINANCIAL HIGHLIGHTS (UNAUDITED)

(in thousands)	YTD Dec 2020	YTD Dec 2019
Total Assets	\$ 190,348	\$ 107,891
Net Loans & Leases (excl. HFS)	\$ 109,921	\$ 70,192
Total Deposits	\$ 166,587	\$ 90,406
Net Income	\$ 854	\$ 449
(Percentages)		
Return on Average Assets	0.54%	0.42%
Liquidity Ratio	44.86%	37.99%
Leverage Ratio	9.12%	15.04%



Republic Bank
of Arizona

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Camala C. Bailey, Founder and President, Camala C. Bailey, CPA

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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 Haugen, Executive Vice President and Chief Financial Officer

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CLIENT SPOTLIGHT ON GREAT IMPACT

CREATING BRAND MAGIC EVERY DAY

After leaving corporate life to be home with her four children, Republic Bank of Arizona client Teresa Ornelas discovered the stay-at-home lifestyle wasn't a good fit for her. So she decided to do something she's always wanted to do, start her own business. That was 24 years ago.

Today, Teresa's woman-owned business, Great Impact, is a thriving promotional products and apparel company on the cutting edge of technology and service. "Our company not only survived but thrived during the crash of 2008 and now again with the pandemic of 2020," says Teresa, president and CEO. She attributes that success to the company's culture, and the ability to foresee market trends and quickly adapt.

She proudly points to several innovations Great Impact has been able to implement. In 2008, the business launched company-branded virtual stores where clients can order customized items and apparel online in a variety of styles, sizes, and colors. This was a revolutionary concept at the time and allowed organizations to order one-off, customized items to meet their individual needs.

ALWAYS MOVING FORWARD

While 2020 brought a different set of challenges, Teresa and her team continued to pivot the company's production and distribution strategy to meet the changing needs of her client base. Specifically, the company greatly expanded its distribution channels to accommodate the work-from-home environment many companies across the U.S. adopted during the pandemic.

"With more employees working from home, companies needed to keep in touch and connect with their employees by sending products to their homes," says Teresa.

The next major improvement was expanding the options for adding logos and messages to their products, what they call "self-decoration" in the promo biz. Great Impact does a wide range of self-decoration in-house which opens a world of benefits to both the company and its clients.

Bringing laser, heat press, sublimation, and sand carving options in-house allows Great Impact to make small runs at lower costs than if it outsourced the work, helping clients maximize their budgets. "By doing the self-decoration in-house, we can offer items on the virtual stores without holding as much inventory," explains Teresa. "It gives us the ability to control the quality of the products and decoration to meet the high standards our customers expect from us."

TERESA'S SECRET SAUCE: A STRONG COMPANY CULTURE

Teresa believes a great company is defined by the company culture. "At Great Impact, we value achievement, teamwork, innovation, and building relationships while not forgetting to have fun in the process," says Teresa.



Left to right: Brian Ruisinger, Teresa Ornelas, Cassandra Rodriguez, Karen Vitkovich

"Our customers tell us that we are different because we always make it right. I make sure all my employees are trained that it is ok to make a mistake as long as we learn from it but the client comes first. This truly makes a difference when every employee

acts this way no matter who the client is working with. We encourage innovation and out-of-the-box ideas so we can constantly keep up with the ever-changing market."

"I like working with a bank that shares the same business values as my own, and that a real live person is just a call away."

Teresa Ornelas, Great Impact

SWITCHING TO A TRUE COMMUNITY BANK

When her bank of 24 years turned its back on her, Teresa went looking for a better option. "What drew me to Republic Bank of Arizona is their involvement in the business community," says Teresa. "When PPP came out and I was scrambling for information, my bank would not help me. That was the last straw for me and I decided to look for another bank.

"I called RBAZ and the next day Karen Vitkovich came to our office and talked to us about our needs and what makes RBAZ different from other banks. After spending time with her I decided to move my accounts over ASAP and I have not looked back since. In the short time that I have been at this bank, I have met personally with President Brian Ruisinger, VP and Portfolio Manager Todd Grady, and VP of Operations Frank Smith and they all have the same dedication and commitment to helping businesses here in Arizona.

"I like working with a bank that shares the same business values as my own, and that a real live person is just a call away," says Teresa.

"We are thrilled to have Teresa and Great Impact move over to Republic Bank of Arizona for their business banking needs," says President and CEO Brian Ruisinger. "Teresa is a very talented business person and knows how to run a successful business. She exemplifies the grit and determination we experience firsthand from many of the community's business owners, and we are very proud to support our local businesses. It's what community banking is all about."

HIDDEN TREASURES

Amy Lou Blunt • Executive Vice President • Chief Credit Officer

If you have visited either of our Bank locations, you will have noticed that every office and common area has a large print or canvas of a different geode. Have you ever wondered why? The Bank was decorated by a geologist? The gallery was having a smoking sale?

Neither is the case. I chose every geode with a particular employee in mind.

Each is unique; strong and resilient on the outside and extraordinary in many different ways on the inside. The outer shell is durable and has been shaped and made stronger by conditions and varying cycles over time, while the inner crystals become more vibrant and distinctive. Geodes are not found randomly, one here, one there; they are typically found in groups springing from a special environment. This is how I view our team of seasoned bankers and unique personalities, and why we have connected as a whole to represent the culture of RBAZ.

The geode is also an important symbol to me, as chief credit officer, representing the uniqueness of commercial lending. At RBAZ, we have no one-size-fits-all loan products. Each commercial loan has a structure that is created specifically to your need, a function of your lender's experience and perspective and shaped by your industry, the stage of your business' life cycle, cash flows, the prevailing/anticipated economic conditions, and your ultimate objectives. Your banker will take the time to understand all of these factors to create your financing solution.

And as with most things of value, there will always be the fakers that masquerade as the original, but are just the "wanna-be's". The bright colors and shine may catch your eye at first, but in the end, the façade cannot be maintained. So the next time you are in one of our offices, take a good look around and see what I'm talking about – and I don't just mean the artwork!



Amy Lou Blunt

BANK EXCEEDS 2020 GOALS

Christine Haugen • Executive Vice President • Chief Financial Officer

The fourth quarter of 2020 highlighted the strongest earnings quarter since the second quarter of 2018 and positioned the Bank for a strong start to 2021.

Management is proud of what the team accomplished throughout the year.

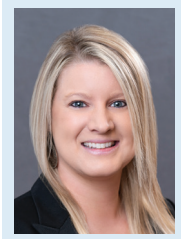
Strategic initiatives were implemented and achieved all while dedicating significant resources to serving the small businesses in our community through the Paycheck Protection Program ("PPP"). Additionally, the team overcame disruptions caused by the COVID-19 pandemic and compression in margins as a result of the Federal Reserve rate reductions. Our financial results for both the fourth quarter and the year demonstrate these successes.

Earnings were \$460,000, or \$0.25 per share, for the quarter ended December 31, 2020, compared to \$19,000, or \$0.01 per share, for the comparative quarter in 2019. The Bank earned an annual net income of \$854,000, or \$0.47 per share, in 2020 compared to \$449,000, or \$0.25 per share, in 2019.

Loan and deposit growth both exceeded budget for the year. Loans were up \$39.7 million or 56.6% from December 31, 2019, of which \$14.6 million was attributable to PPP loans and the remaining \$25.2 million or 35.9% were portfolio loans. Deposits increased \$76.2 million 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.

Total assets for the year ended December 31, 2020, were \$190.3 million (or \$175.8 million excluding PPP loans) compared to \$107.9 at December 31, 2019, an increase of \$82.4 million or 76.4% (or \$67.9 million or 62.9% excluding PPP loans).

The Bank remains Well Capitalized with a 9.12% leverage capital ratio and maintains its Bauer five-star rating.



Christine Haugen

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ARIZONA BUSINESSES BANK WITH US

\$1,540,000

CRE Term Loan
Multifamily
Glendale

\$612,000

CRE Term Loan
Retail
Phoenix

\$918,750

CRE Term Loan
National Tenant
Tempe

\$4,200,000

SFR Construction Project
Multiple Units
El Mirage

\$642,000

CRE Term Loan
Land Development
Cave Creek

\$228,000

Business Equity Line of Credit
Investments
Scottsdale

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CAREER CLOTHING DRIVE FOR MEN AND WOMEN

The Republic Bank of Arizona's Culture Club is hosting a career clothing drive to support men and women in need prepare to join or rejoin the workforce. The clothing drive is sponsored by two fabulous nonprofit organizations: Live and Learn AZ and the André House.



Here's how you can help:

1. Collect men's or women's clothing items in new or good condition.
2. Career clothing should be on hangers; other attire should be folded and/or bagged. All must be clean and ready to wear!
3. Drop off at either our Phoenix or Scottsdale office.

Join us as we support single moms and dads, violence survivors, and unemployed workers in our community. Donate today!