



RepublicNotes

SHOP LOCAL. DINE LOCAL. BANK LOCAL.

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

MOVING FORWARD BY GETTING BACK TO BASICS

Brian Ruisinger • President and Chief Executive Officer

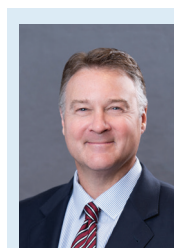
Our third quarter performance represents our 6th consecutive quarter of core earnings growth. It is very gratifying to look at our earnings compared to the same quarter only a year ago to see how far this team has come. This quarter had a feel of “back to basics” as we saw significant PPP loan forgiveness and were able to re-dedicate resources to core lending. As a result, we achieved net positive loan growth and exceeded our goal for the quarter.

The Bank remains well-positioned with excess liquidity to fund viable lending opportunities. With our increased lending limit, as a result of our capital raise in the prior quarter, we are able to consider larger proposals than in the past. Deposits decreased slightly in Q3 as we allowed higher cost funds to runoff due to our strong liquidity position. This action resulted in a 17% improvement in our cost of funds over the prior quarter. Our Efficiency Ratio, a measure of control of overhead expenses, improved to the top 28% of our national peer group banks.

As we head into the end of 2021, I wanted to reflect on the past two years at RBAZ. Despite the Pandemic, a nationwide labor shortage with local impact and historically low interest rates, the Bank has doubled its total assets, improved its earnings to a level equal to its Arizona peers, processed \$40MM in Paycheck Protection Program Loans for small businesses, raised additional capital and seen its stock price increase 28% to over \$10.00.

I am so proud of our team to be able to report this progress in such a short time with formidable headwinds. Much remains to be done in terms of growth, expansion and performance improvement, but I feel the base is solid upon which to continue building.

We appreciate the patience and support from our shareholders. We intend to continue performing at a level that rewards your commitment to RBAZ.



Brian Ruisinger

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of Arizona

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FINANCIAL HIGHLIGHTS (UNAUDITED)

(in thousands)	YTD Sept 2021	YTD Sept 2020
Total Assets	\$ 228,063	\$ 182,410
Loans & Leases	\$ 121,396	\$ 118,218
Total Deposits	\$ 202,388	\$ 134,201
Net Income	\$ 1,667	\$ 394
(Percentages)		
Return on Average Assets	1.02%	0.36%
Liquidity Ratio	51.36%	45.30%
Leverage Ratio	10.28%	10.06%

SPOTLIGHT ON HEALTHYU FAMILY MEDICINE

BRINGING ACCESSIBLE FAMILY CARE TO ARIZONANS

Access to primary care is difficult to come by in Arizona, leading to large underserved markets around the state. The founders of HealthyU Family Medicine are on a mission to change that.

“Primary care is the foundation of all medical care,” says Dr. Shane Speirs, HealthyU Family Medicine’s President and Chief Medical Officer. “The shortage of primary care providers has led to a reactive approach to healthcare, meaning we don’t seek care unless we’re sick. That often means visiting an urgent care facility or an emergency room rather than our primary care providers, because we can’t get an appointment, or we don’t have a primary care provider altogether.

“We want to change the reactive approach to patient care to a proactive one, by keeping our community healthy.” We can do that by making primary care more accessible to Arizonans, he says.

As the first point of contact in the healthcare system, primary care providers are uniquely positioned to identify diseases sooner, allowing for earlier and less costly interventions and avoiding expensive hospitalizations, says Dr. Speirs.

HEALTHYU FAMILY MEDICINE MODEL: FAMILY CARE FOR EVERYONE

“Right now, healthcare is limited and very fragmented,” says Trase Barney, HealthyU Family Medicine President and Chief Operating Officer. He describes a healthcare system that is often siloed between primary care providers, urgent care facilities and specialists, with no consistent communication among the various providers and the patient.

HealthyU Family Medicine’s model is focused on providing access to a primary care provider who remains at the center of the patient’s care journey, with one primary goal: to keep the patient healthy and out of the hospital. HealthyU Family Medicine is committed to providing same-day appointments at every location whenever possible. And in cases where that may not be possible, the patient is referred to another HealthyU Family Medicine clinic or offered a telehealth appointment with any provider in our network.

“We’re committed to treating patients of all ages, from young families to older adults,” says Trase. “Any individual in the community can be treated by a HealthyU Family Medicine provider.

“Physicians are excited about our model of keeping communities healthy by providing access to preventative healthcare,” says Dr. Speirs. “The other advantage is that we encourage follow-up with every patient after their visit. The physicians love that.” their visit. The physicians love that.”

FOCUSED ON WHAT’S BEST FOR THE PATIENT

Inevitably, some individuals in our community require more



RBAZ clients Dr. Shane Speirs (left) and Trase Barney

resources along their healthcare journey than others, says Dr. Speirs. “We have a proprietary software that we use to make sure we are allocating enough healthcare resources to those that need it most,” he says.

PRIMARY CARE ACCESS IS WITHIN REACH

There likely will be a HealthyU Family Medicine Clinic opening near you within the next year. The company’s high growth plan includes four clinics serving the most underserved areas of the state by January 2022. Then the company expects to open one clinic a month in various parts of the state throughout 2022.

“We’re not trying to take over the world,” jokes Trase. “But we are trying to fill a growing and urgent need. It’s getting harder and harder to get preventative care in Arizona. Our goal of keeping communities healthy will be better for the healthcare system overall.”

“We wanted to work with a local community bank. A few colleagues recommended Republic Bank of Arizona. We talked to a lot of banks before making a decision. We feel RBAZ is the best vendor partnership we have.”

Trase Barney

THE IDEAL FINANCIAL PARTNER

When the founders formed HealthyU Family Medicine in 2020, they looked for a bank that valued the relationship as a true partnership. “We wanted to work with a local community bank,” says Trase. “A few colleagues recommended Republic Bank of Arizona. We talked to a lot of banks before making a decision. We feel RBAZ is the best vendor partnership we have. You all are the easiest people we deal with all day.”

“The team at HealthyU Family Medicine is re-engineering family practice care in Arizona,” says Brian Ruisinger, RBAZ president and CEO. “We are excited to see the impact the company will have on healthcare in Arizona, and we’re honored to be a part of their mission.”

LOCAL ARIZONA BUSINESSES: WE'RE HERE FOR YOU

Amy Lou Blunt • Executive Vice President • Chief Credit Officer

While 2020 had its share of challenges and government-driven credit initiatives rolled out for banks to deliver on the fly, 2021 allowed RBAZ to continue to be creative in its own right with more strategic credit programs, somewhat unique in this market.



Amy Lou Blunt

Credit fundamentals will remain just that – the foundation for identifying and managing risk in financing. However, how we apply those fundamentals in a dynamic and ever-changing marketplace is limited only to our creativity and risk appetite.

The Paycheck Protection Program loan process, as it originated and as it evolved, required us to be nimble, available, methodical, and attentive to a broad client base, which increased dramatically throughout the Program. These are attributes that we hope we always possessed, but they took on a heightened awareness to ensure we played our part in supporting our business community.

This Program continued with additional funds allocation in 2021, so there was overlap between the 2020 Forgiveness and the 2021 Applications. Based on your feedback, our participation proved beneficial to many of you, and for that, we are truly gratified. We are also grateful to the many of you who have continued and expanded your banking relationship with RBAZ.

But, it doesn't stop there. In the rebounding economy, erratic labor force issues, supply chain challenges, inflationary concerns, and our strong real estate and construction sectors, we continue to look for new ways to support the needs of our businesses and business owners. At the same time, we adhere to prudent underwriting to maintain our high standard of asset quality.

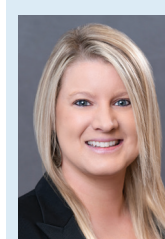
During 2021, we launched a number of new lending programs that have broadened our client base, and have contributed to the overall profitability of the Bank. The world is ever changing, and we will continue to change with it, to lead our market with new ideas and programs to support you and our community.

Wishing one and all prosperity and success in 2022!

SIXTH CONSECUTIVE QUARTER OF EARNINGS GROWTH

Christine Haugen • Executive Vice President • Chief Financial Officer

The third quarter of 2021 represents the sixth consecutive quarter of earnings growth for Republic Bank of Arizona (the "Bank" or "RBAZ"). Earnings were \$620,000, or \$0.34 per share, for the quarter ended September 30, 2021 compared to \$223,000, or \$0.12 per share, for the comparative quarter in 2020. Current quarter earnings of \$0.34 per share were comprised of \$0.27 per share attributable to core operations and \$0.15 per share due to impacts from the Paycheck Protection Program ("PPP"), offset by \$0.08 per share attributable to the settlement of outstanding litigation.



Christine Haugen

It is very rewarding for the RBAZ team to look at our earnings compared to the same quarter only a year ago to see how far we have come! The hard work and dedication of our team truly show through our earnings performance and balance sheet growth.

Total assets at September 30, 2021 were \$228.1 million (or \$220.7 million excluding PPP loans) compared to \$190.3 million (or \$175.8 million excluding PPP loans) at December 31, 2020, an increase of \$37.8 million or 19.8% (or \$44.9 million or 25.5% excluding PPP loans).

Asset growth since year-end is comprised of increases in loans and deposits, both of which outpace budget through the first nine months of 2021. Loans were up \$11.5 million or 10.4% from December 31, 2020. PPP loans decreased \$7.1 million from December 31, 2020 resulting in an increase of \$18.5 million or 16.9% in the Bank's portfolio loans. Deposits increased \$35.8 million or 21.5% from December 31, 2020 as the Bank continued to achieve results from initiatives introduced in 2020, deepened existing relationships and earned new business through increased marketing efforts and online presence.

The Bank remains Well Capitalized with a 10.28% leverage capital ratio and maintains its Bauer five-star rating.

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CRE Term Loan
Family Medicine
Mesa

\$3,500,000

CRE Term Loan
MRB
Phoenix

\$735,000

NRLC
Restaurant
Chandler

\$3,300,000

CRE Term Loan
Hospitality
Prescott

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