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Republic Bank of Arizona Announces Unaudited Financial Results
For the Quarter Ending September 30, 2017
Third quarter reflects positive trend

PHOENIX, ARIZONA, November 3, 2017 – Republic Bank of Arizona, (OTCBB:RBAZ) (“RBAZ”) (“Bank”) announced a net income of \$269,000, or \$.16 per share, for the quarter ended September 30, 2017 as compared to a net income of \$381,000 or \$.22 per share for the same period in 2016.

President and CEO Ralph Tapscott stated, “One year ago I had the privilege of announcing we were deemed a safe and sound financial institution. This year I am pleased to announce we posted one of the best quarters in my tenure with the Bank. Our team delivered quality and core earnings. We look at the absolute, quality and trend in earnings; and it creates further optimism about what we will be able to accomplish in the quarters to come. The Bank generated solid loan growth for the quarter and loan demand continues to be strong. The banking team further developed relationships that reflect significant core deposit growth. Our experienced team delivers service levels that are truly the differentiators that set us apart. We will continue to invest in the team that will deliver results. We have only begun to push the needle, and I hope you will continue to follow our progress.”

Mr. Tapscott continued, “Our team has worked relentlessly to fulfill our customer’s banking needs, and I’m proud to say we have grown our portfolio of checking deposits 82% in the first nine months of the year. I hear the compliments of our service levels from both our existing and new clientele, and we will continue that exceptional service as we move the Bank’s offices a few blocks west to 645 East Missouri Suite 108 in the spring of 2018. We continue to march toward the \$100 million in assets milestone and set our focus on our longer term goal of exceeding \$250 million. Growing this institution in a safe and sound manner, enhancing shareholder value, and attracting and retaining quality personnel are the tenets for RBAZ as we move forward.”

2017 Highlights Include:

- Net Loans grew nearly \$4,200,000 or 7.2% for the third quarter of 2017.
- Customer checking deposits have grown nearly \$6,500,000 or 82% during the first nine months of 2017 allowing us to lessen our reliance on more costly wholesale funding.
- Total deposit growth for the first nine months of 2017 has been \$2,172,000 or 3.0%.
- Changes in deposit composition, coupled with the payoff of FHLB term advances, have allowed RBAZ’s cost of funds to decrease by 0.20% as of the quarter ended September 30, 2017 as compared to the same period ended September 30, 2016.

- Nonperforming assets decreased from approximately \$1,939,000 to \$845,000, a 56.4% reduction since September 30, 2016.
- Non-interest expense was reduced by 3.3% in the third quarter of 2017 relative to the third quarter of 2016.

The Bank remains “well capitalized” as follows:

	September 30, 2017 (%)	Ratio to be Well Capitalized (%)
Leverage Ratio	15.90	5.00
Common Equity Tier 1	23.49	6.50
Tier 1 Capital to Risk Weighted Assets.....	23.49	8.00
Total Capital to Risk Weighted Assets.....	24.77	10.00

About the Company

Republic Bank of Arizona is a locally owned community bank in Phoenix, Arizona. RBAZ is a full service community bank providing deposit and loan products, and convenient on-line banking to individuals, businesses and professionals. The Bank was established in April 2007 and operates out of a single location at 909 E. Missouri Avenue. 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

(dollars in thousands, except per share data or noted otherwise)

	For the Three months ended September 30,		For the Nine months ended September 30,		Year-End
	2017	2016	2017	2016	2016
	<i>(dollars in thousands, except per share data)</i>				
Summary Income Data					
Interest income	\$ 1,072	\$ 1,170	\$ 3,211	\$ 3,495	\$ 4,556
Interest expense	147	189	471	556	733
Net interest income	925	981	2,740	2,939	3,823
Provision for (reduction in) loan losses	(150)	(400)	(150)	(400)	(400)
Non-interest income	123	34	190	120	190
Non-interest expense	758	787	2,419	2,529	3,346
Realized gains (losses) on sales of securities	-	-	-	22	22
Income (loss) before income taxes	440	628	661	952	1,089
Provision for income tax	171	247	252	365	413
Net income	<u>\$ 269</u>	<u>\$ 381</u>	<u>\$ 409</u>	<u>\$ 587</u>	<u>\$ 676</u>
Per Share Data:					
Shares outstanding end-of-period	1,702	1,702	1,702	1,702	1,702
Earnings per common share	\$ 0.16	\$ 0.22	\$ 0.24	\$ 0.34	\$ 0.40
Cash dividend declared	-	-	-	-	-
Total shareholders' equity	\$ 13,978	\$ 13,777	\$ 13,978	\$ 13,777	\$ 13,150
Book value per share	8.21	8.09	8.21	8.09	7.73
Selected Balance Sheet Data:					
Total assets	\$ 87,882	\$ 89,998	\$ 87,882	\$ 89,998	\$ 86,667
Securities available-for-sale	16,204	20,915	16,204	20,915	21,658
Securities held-to-maturity	6,402	-	6,402	-	-
Loans	62,391	60,155	62,391	60,155	62,081
Allowance for loan losses	1,927	1,747	1,927	1,747	1,751
Deposits	73,526	73,999	73,526	73,999	71,337
Other borrowings	-	1,950	-	1,950	1,950
Shareholders' equity	13,978	13,777	13,978	13,777	13,150
Performance Ratios:					
Return on average shareholders' equity (annualized)	7.77	11.21	4.02	5.88	5.07
Net interest margin (%)	4.19	4.39	4.06	4.44	4.33
Average assets	88,558	90,068	89,476	89,762	89,757
Return on average assets (annualized) (%)	1.22	1.69	0.61	0.87	0.75
Shareholders' equity to assets (%)	15.91	15.31	15.91	15.31	15.17
Efficiency ratio (%)	71.48	77.54	81.75	82.67	83.03
Asset Quality Data:					
Nonaccrual loans	245	802	245	802	735
Troubled debt restructurings	600	834	600	834	817
Other real estate	-	303	-	303	-
Nonperforming assets	845	1,939	845	1,939	1,552
Nonperforming assets to total assets (%)	0.96	2.15	0.96	2.15	1.79
Nonperforming loans to total loans (%)	1.35	2.72	1.35	2.72	2.50
Reserve for loan losses to total loans (%)	3.09	2.90	3.09	2.90	2.82
Reserve for loan losses to nonperforming loans (%)	228.05	106.78	228.05	106.78	112.82
Reserve for loan losses to nonperforming assets (%)	228.05	90.10	228.05	90.10	112.82
Net charge-offs for period	-	-	144	162	162
Average loans	60,344	63,116	61,402	62,253	62,108
Ratio of charge-offs to average loans (%)	-	-	0.23	0.26	0.26
Regulatory Capital Ratios:					
Tier 1 leverage capital ratio (%)	15.90	15.02	15.90	15.02	15.19
Common Equity Tier 1 (%)	23.49	22.81	23.49	22.81	22.50
Tier 1 risk-based capital ratio (%)	23.49	22.81	23.49	22.81	22.50
Total risk-based capital ratio (%)	24.77	24.08	24.77	24.08	23.77