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Republic Bank of Arizona Announces Unaudited Financial Results
For the Quarter Ending September 30, 2018
Third quarter continues to show positive trends

PHOENIX, ARIZONA, November 7, 2018 – Republic Bank of Arizona, (OTCBB:RBAZ) (“RBAZ”) (“Bank”) announced a net income of \$172,000, or \$0.10 per share, for the quarter ended September 30, 2018 and \$781,000, or \$0.46 per share for the nine months ended September 30, 2018 as compared to a net income of \$269,000, or \$0.16 per share, for the quarter ended September 30, 2017 and \$409,000 or \$0.24 per share for the nine months ended September 30, 2017.

President and CEO Ralph Tapscott stated “I am pleased to report our third quarter results and am proud of our team. Quality loan growth has been a focus so I am happy to report that not only have we seen our loan growth track with our projected budget through three quarters, but we also have no non-performing loans in our portfolio. Our core earnings exceeded the same quarter last year by over 44% when adjusting the prior period for a loan loss allowance reversal. Our growth in loans and deposits provides a solid foundation for future growth in earnings.”

Mr. Tapscott continued “Our capital is strong and will support continued growth, our asset quality is exceptional, and our team is committed to growing relationships that will manifest in loan and core deposit growth, with a corresponding growth in core earnings. We continue to enjoy a Bauer Five-Star bank rating further supporting our foundation and strength.”

September 30, 2018 Highlights Include:

- Total interest income of \$1,311,000 for the quarter ended September 30, 2018 exceeded total interest income of \$1,072,000 for the same period of the prior year, and represents an increase of 22.2%.
- Quarterly non-interest expense for September 30, 2018 quarter increased 19.1% or \$145,000 over the same quarter in 2017 as we experienced some salary duplication that has now leveled back to normal.
- Total loans increased \$3,800,000 to \$68,500,000 for the quarter ended September 30, 2017, a 5.8% increase as loan production continues on our projected budget through nine months.
- Total deposits of \$96,485,000 are down \$5,100,000 for the third quarter, as our largest depositor decreased their balances for some large routine expenditures.

The Bank remains “well capitalized” as follows:

	September 30, 2018 (%)	Ratio to be Well Capitalized (%)
Leverage Ratio	13.10	5.00
Common Equity Tier 1	22.81	6.50
Tier 1 Capital to Risk Weighted Assets.....	22.81	8.00
Total Capital to Risk Weighted Assets	24.07	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 with a business and commercial focus. The Bank was established in April 2007 and operates out of a single location at 645 E. Missouri Avenue, Suite 108. 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
	2018	2017	2018	2017	2017
	<i>(dollars in thousands, except per share data)</i>				
Summary Income Data					
Interest income	\$ 1,311	\$ 1,072	\$ 3,820	\$ 3,211	\$ 4,374
Interest expense	211	147	511	471	628
Net interest income	1,100	925	3,309	2,740	3,746
Provision for (reduction in) loan losses	-	(150)	(300)	(150)	(416)
Non-interest income	34	123	293	190	425
Non-interest expense	903	758	2,678	2,419	3,221
Realized gains (losses) on sales of securities	-	-	(116)	-	1
Income before income taxes	231	440	1,108	661	1,367
Provision for income tax	59	171	327	252	743
Net income	<u>\$ 172</u>	<u>\$ 269</u>	<u>\$ 781</u>	<u>\$ 409</u>	<u>\$ 624</u>
Per Share Data:					
Shares outstanding end-of-period	1,711	1,702	1,711	1,702	1,702
Earnings per common share	\$ 0.10	\$ 0.16	\$ 0.46	\$ 0.24	\$ 0.37
Cash dividend declared	-	-	-	-	-
Total shareholders' equity	\$ 14,609	\$ 13,978	\$ 14,609	\$ 13,978	\$ 14,015
Book value per share	8.54	8.21	8.54	8.21	8.23
Selected Balance Sheet Data:					
Total assets	\$ 111,689	\$ 87,882	\$ 111,689	\$ 87,882	\$ 122,923
Securities available-for-sale	20,044	16,204	20,044	16,204	20,570
Securities held-to-maturity	6,253	6,402	6,253	6,402	6,320
Loans	68,512	62,391	68,512	62,391	59,887
Allowance for loan losses	1,333	1,927	1,333	1,927	1,665
Deposits	96,485	73,526	96,485	73,526	108,489
Other borrowings	-	-	-	-	-
Shareholders' equity	14,609	13,978	14,609	13,978	14,015
Performance Ratios:					
Return on average shareholders' equity (annualized)	4.74	7.77	7.33	4.02	4.56
Net interest margin (%)	3.82	4.19	3.83	4.06	3.96
Average assets	115,609	88,558	115,570	89,476	94,451
Return on average assets (annualized) (%)	0.60	1.22	0.90	0.61	0.66
Shareholders' equity to assets (%)	13.08	15.91	13.08	15.91	11.40
Efficiency ratio (%)	79.20	71.48	73.96	81.75	76.45
Asset Quality Data:					
Nonaccrual loans	-	245	-	245	-
Troubled debt restructurings	571	600	571	600	592
Other real estate	-	-	-	-	-
Nonperforming assets	-	845	-	845	-
Nonperforming assets to total assets (%)	-	0.96	-	0.96	-
Nonperforming loans to total loans (%)	-	1.35	-	1.35	-
Reserve for loan losses to total loans (%)	1.95	3.09	1.95	3.09	2.78
Reserve for loan losses to nonperforming loans (%)	*	228.05	*	228.05	*
Net charge-offs for period	-	-	-	144	144
Average loans	67,587	60,344	62,842	61,402	61,409
Ratio of charge-offs to average loans (%)	-	-	-	0.23	0.23
Regulatory Capital Ratios:					
Tier 1 leverage capital ratio (%)	13.10	15.90	13.10	15.90	13.08
Common Equity Tier 1 (%)	22.81	23.49	22.81	23.49	24.93
Tier 1 risk-based capital ratio (%)	22.81	23.49	22.81	23.49	24.93
Total risk-based capital ratio (%)	24.07	24.77	24.07	24.77	26.20

* Denominator is zero