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RepublicBankAz, N.A. Announces Unaudited Financial Results for the Quarter and Year Ended December 31, 2016

PHOENIX, ARIZONA, February 8, 2017 – RepublicBankAz, N.A. (OTCBB:RBAZ) (“RBAz”) announced a net income of \$676,000, or \$0.40 per share, for the year ended December 31, 2016, as compared to a net income of \$626,000 or \$0.37 per share for the same period in 2015 and a net income of \$89,000, or \$0.05 per share, for the quarter ended December 31, 2016, as compared to a net income of \$278,000, or \$0.16 per share, for the same period in 2015.

“Banks like to compare their performance against similar banks using the Federal Financial Institutions Examination Council’s (FFIEC) Universal Bank Performance Report (UBPR),” President and CEO Ralph Tapscott stated. “In looking at ours, RBAz ranks well in pre and post-tax earnings and has capital to grow. Our focus has been in the areas of past due and non-accrual loans that were cut by two thirds through the year and in non-interest expense that was reduced by nearly 5% during the same timeframe. By far the most exciting news I glean from UBPR data was that after receiving the news from the Office of the Comptroller of the Currency in August that the Formal Agreement was being terminated, our team embraced our new strategic direction and grew the loan portfolio at an annualized rate of over 13%, and that rate does not take into consideration construction financing committed during the fourth quarter which will fund over time. We are excited to return to a growth path, and will do so with one eye focused on building a safe and sound institution and the other on reaching our next growth hurdle, that being a \$100 million asset institution with a vision of surpassing a quarter billion.”

Fourth Quarter 2016 Highlights Include:

- UBPR net loans and leases grew to \$60.3 million as of December 31, 2016 from \$58.4 million as of September 30, 2016, an annualized growth rate of 13.16%.
- Total deposits have grown a seemingly meager \$721 thousand during the year ended December 31, 2016 but that growth included a tactical reduction of \$7.0 million in non-relationship deposits since December 31, 2015.
- Nonperforming assets as a percentage of total assets decreased 45.76% from the level at December 31, 2015 to 1.79%.
- Non-interest expense for the year ended December 31, 2016 improved 4.78% from the same period in 2015.

“Management remains focused on growing the Bank by providing credit and cash management services for small to midsize businesses,” noted Tapscott. “This quarter we booked in excess of \$11 million in new loans, despite what is reflected on our balance sheet, and this is the best production the Bank has experienced in my term, exceeding last quarter by \$2 million. We continue to maintain a strong pipeline for future loan growth and we have the capital and liquidity to support that growth. We have continued to

see good indications in the beginning of 2017 with robust relationship deposit growth and further reductions in non-performing assets during January. We now have a full team of experienced bankers who are out in the community and are bringing the growth that our strategic plan anticipated. Executing that plan grows our Bank and adds value to our shareholders.”

The Bank remains “well capitalized” as follows:

	December 31, 2016 (%)	Ratio to be Well Capitalized (%)
Leverage Ratio	15.19	5.00
Tier 1 Capital to Risk Weighted Assets.....	22.50	6.00
Total Capital to Risk Weighted Assets.....	23.77	10.00

About the Company

RepublicBankAZ, N.A. 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: 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.

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Unaudited Summary Financial Information

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

	For the three months ended December 31,		For the twelve months ended December 31,	
	2016	2015	2016	2015
Summary Income Data				
Interest income	\$ 1,073	\$ 1,277	\$ 4,556	\$ 4,872
Interest expense	176	177	733	696
Net interest income	897	1,100	3,823	4,176
Provision for loan losses	-	-	(400)	24
Non-interest income	58	102	168	313
Non-interest expense	818	807	3,324	3,475
Realized gains on sales of securities	-	-	22	-
Income before income taxes	137	395	1,089	990
Provision for income tax	48	117	413	364
Net income	<u>\$ 89</u>	<u>\$ 278</u>	<u>\$ 676</u>	<u>\$ 626</u>
Per Share Data:				
Shares outstanding end-of-period	1,702	1,702	1,702	1,702
Earnings per common share	0.05	0.16	0.40	0.37
Cash dividend declared	-	-	-	-
Total shareholders' equity	\$ 13,150	\$ 12,919	\$ 13,150	\$ 12,919
Book value per share	7.73	7.59	7.73	7.59
Selected Balance Sheet Data:				
Total assets	\$ 86,667	\$ 85,724	\$ 86,667	\$ 85,724
Securities available-for-sale	21,658	14,150	21,658	14,150
Securities held-to-maturity	-	-	-	-
Loans	62,081	66,508	62,081	66,508
Allowance for loan losses	1,751	2,268	1,751	2,268
Deposits	71,337	70,616	71,337	70,616
Other borrowings	1,950	1,950	1,950	1,950
Shareholders' equity	13,150	12,919	13,150	12,919
Performance Ratios:				
Return on average shareholders' equity (annualized)	2.64	8.67	5.07	5.28
Net interest margin (%)	4.02	5.07	4.33	4.91
Average assets	89,742	88,926	89,757	87,075
Return on average assets (annualized) (%)	0.40	1.25	0.75	0.72
Shareholders' equity to assets (%)	15.17	15.07	15.17	15.07
Efficiency ratio (%)	84.14	67.14	83.03	77.61
Asset Quality Data:				
Nonperforming loans	1,552	2,526	1,552	2,526
Other real estate and repos	-	303	-	303
Nonperforming assets	1,552	2,829	1,552	2,829
Nonperforming assets to total assets (%)	1.79	3.30	1.79	3.30
Nonperforming loans to total loans (%)	2.50	3.80	2.50	3.80
Reserve for loan losses to total loans (%)	2.82	3.41	2.82	3.41
Reserve for loan losses to nonperforming loans (%)	112.82	89.79	112.82	89.79
Reserve for loan losses to nonperforming assets (%)	112.82	80.17	112.82	80.17
Net charge-offs for period	\$ -	\$ -	\$ 162	\$ 78
Average loans	61,672	67,702	62,108	70,756
Ratio of charge-offs to average loans (%)	-	-	0.26	0.11
Regulatory Capital Ratios:				
Tier 1 leverage capital ratio (%)	15.19	14.53	15.19	14.53
Tier 1 risk-based capital ratio (%)	22.50	20.83	22.50	20.83
Total risk-based capital ratio (%)	23.77	22.11	23.77	22.11