

Celebrating
Our First

10
YEARS

Newsletter exclusively for the shareholders, clients, employees and followers of RepublicBankAz

June 2017



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Amy Lou Blunt, Executive Vice President
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Transfer Agent

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Market Makers

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Michael R. Natzic
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PO Box 1688
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Stock Symbol: OTCBB:RBAZ

Milestones and Mile Markers

RALPH TAPSCOTT • President and Chief Executive Officer

RepublicBankAz recently celebrated its 10-year anniversary and simultaneously hosted its 11th Annual Meeting of Shareholders. I recently completed my third year at the bank, and want to briefly reflect on what we have accomplished. Most significantly, we have evolved to become a safe and sound institution that has achieved Bauer Five-Star accreditation and won the respect of the regulatory community and our peers. Today, RepublicBankAz has one of the cleanest credit portfolios in the state, our liquidity risk has been greatly diminished and our capital levels are extremely strong. Over the past two years, we have developed a winning team of bankers, and I am extremely encouraged about the possibilities that are ahead.

I have told our team for the last six months that, moving forward, the work will not get

any easier, but it will be a whole lot more fun. The heavy regulatory and risk reduction work is now well behind us, and it is time to grow our bank and our team. To help foster this, some of the exciting projects we have in front of us

are a name change to Republic Bank of Arizona, a headquarters facility change within the coming 12 months, and modifications of policies and procedures to better accommodate a pro-growth strategy. Our vision shows us to be a \$250 million bank with multiple locations and top industry performance. It is time to press the gas pedal. ■



Ralph Tapscott

RepublicBankAz has evolved to become a safe and sound institution that has achieved Bauer Five-Star accreditation and won the respect of the regulatory community and our peers.



FINANCIAL HIGHLIGHTS

(in thousands)	YTD Mar. 2017	YTD Mar. 2016
Total Assets	\$ 89,598	\$ 89,948
Net Loans & Leases (excl. HFS)	\$ 60,054	\$ 58,279
Total Deposits (domestic and foreign)	\$ 75,939	\$ 74,470
Net Income (YTD)	\$ 51	\$ 150
(Percentages)		
Return on Average Assets	0.23%	0.69%
Liquidity Ratio	33.54%	35.50%
Leverage Ratio	15.35%	15.02%

Client Profile: Joshua Simon, SimonCRE

Joshua Simon, a Chicago native who's lived in the Valley for almost 20 years, founded SimonCRE in 2010 with the goal of redefining the commercial real estate development industry. He and his team use forward thinking, technology, and experience to build lasting relationships, provide exceptional service, and make a lasting impact on clients and the communities they serve.

Joshua has always been fascinated with construction; he watched houses being built as he played in the dirt with toy trucks. By pursuing his passion, he's proud to have a positive impact on people's lives.

"The business owners in our centers put a lot into starting a business, and it's great to be able to help them achieve their dreams," he said.

Joshua began his relationship with RepublicBankAz when SimonCRE worked with us to secure financing.

As someone who likes handshake deals, he believes when someone says they're going to do something, he expects it to be done — and with RepublicBankAz, there were no re-trades or delays; we did what we said we would.

After being a client for one year, Joshua feels certain RepublicBankAz will continue to be part of SimonCRE's future.

"We love building great relationships and working with people who will find creative solutions," he said. "The people at RepublicBankAz are awesome; they care about our business and always want to learn more about it to help us grow, they're experienced, and they're easy to work with — which can sometimes be hard to come by at a bank. We most appreciate the accessibility; Ralph and Carlos want to be part of our process and help in any way they can."

Since SimonCRE was founded, the company has done 90 projects across the country and is on track to complete 40 projects in 2017. ■



The 10 Biggest Challenges Businesses Face Today

In this issue, we present the first five challenges, outlined by Bernard Marr, an internationally bestselling business author, keynote speaker, and strategic advisor to companies and governments, in a blog that appears in HISCOX, a small business knowledge center.

Knowing when to delegate has never been more important for businesses than it is today — given rapid changes like entirely new marketing channels, new technologies and the need to compete on a global stage. No one can be an expert in everything, which raises the value of consultants who can supplement in-house teams.

Marr believes the following business challenges are best addressed with the help of a consultant:

- **Uncertainty about the future.** Being able to predict customer trends, market trends and more is vital to a changing economic climate, but not every CEO has Warren Buffett-like predictive powers. Bringing in a consultant trained in reading and predicting those all-important trends could be the difference between a bright or murky future.
- **Financial management.** Many CEOs are idea people, meaning they're great at the big picture and disruptive thinking, but less good with things like cash flow, profit margins, reducing costs, financing, etc. Small and medium-size businesses may not require a full-time CFO, but would do better to employ a financial consultant who can step into the role as needed.

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THE FIRST FIVE

- **Monitoring performance.** Using a meaningful set of rounded performance indicators that provide insights about how well a business is performing is key. Most businesspeople are not experts in how to develop KPIs, avoid the key pitfalls and best communicate metrics so they inform decision-making. In most cases, companies rely on overly simple finance indicators that just clog up the corporate reporting channels.
- **Regulation and compliance.** As markets and technologies shift, so do rules and regulations. Depending on the industry, it can make much more sense to bring in a consultant to help with these areas rather than trying to understand the complexities in-house — and risk fines or worse for non-compliance.
- **Competencies and recruiting the right talent.** A small or medium-size business might not need full-time human resources, but during peak growth periods, finding the right people and developing the right skills and competencies is the key to a sustainable future. Bringing in a consultant with the expertise in those areas would be a wise investment.

The next issue will have the remaining five challenges. ■

Financial Commentary

JOEL GALLON • Executive Vice President, Chief Financial Officer

On May 5, the bank announced first quarter earnings of \$51,000 or \$.03 per share. While these results may be disappointing, significant strides were made in this quarter to rebalance our liabilities. Since year-end, the bank has grown



Joel Gallon

its deposits at a pace of 6.5%, but more impressive is the fact that we grew our most desirable account types (checking accounts) 25% and continue our steady decrease of expensive non-customer deposits. We also fully repaid our loans from the Federal Home Loan Bank as part of the rebalancing. Assets grew 3.4% during the first quarter and were primarily comprised of replenishing liquidity that had run off during the holiday season. All the changes made in the first quarter better position the bank to have more positive earnings results in the future. ■



Talent and Depth Available to Support You

AMY LOU BLUNT • Executive Vice President, Chief Credit Officer

In the almost two years I have been with RepublicBankAz, we have made great strides in developing our credit culture, addressing and resolving issues, and defining and envisioning our future success. In all businesses, yours as well as ours, the key to achieving success, no matter how it's defined, is the people.

We have gathered a cadre of seasoned, well-rounded bankers who are willing and able to provide qualified counsel and guidance, access to a network of professionals to support virtually any aspect of your business, and loan facilities structured to address your unique financing needs.



Amy Lou Blunt

In small business, one size does not fit all. Our team is poised and ready to meet with you at your facility — taking the time to fully understand your business and objectives, and offer support where we can.

In small business, one size does *not* fit all. Our team is poised and ready to meet with you at your facility — taking the time to fully understand your business and objectives, and offer support where we can. You are much more than an account number on a spreadsheet at RepublicBankAz, and we are much more than an 800 number with voice recognition software responding to your call.

If you haven't yet, please give us a try. Currently, we are offering a discounted loan fee to you as a friend, shareholder or patron of the bank. You can call me directly at 602-280-9402, and we can take it from there. ■

Why Consider SBA Financing?

LARRY STANGLER, Vice President, SBA Banking Officer

It's no secret that large, established businesses have access to a variety of funding options that may seem out of reach to smaller, earlier stage companies — but that doesn't mean they're out of luck when it comes to securing funding to support growth and expansion. Small Business Administration (SBA) financing is available for existing businesses with a successful operating history and even startups with good business plans and reasonable financial projections; in both cases, it must be determined there will be adequate cash flow to service the proposed debt.

In addition to getting funding they normally wouldn't be able to obtain, small businesses benefit in numerous ways by securing SBA loans, including:

- Lower down payments.
- Longer loan terms, fully amortized (no balloons) up to 25 years.
- Less stringent collateral requirements.
- Competitive interest rates, 1.5% to 2.75% over the prime rate.

Plus, SBA loan proceeds may be used in a variety of ways: for working capital; to purchase inventory, equipment, or real estate; for ground-up construction; and even to refinance existing business debt on better terms. Loans are available from \$150,000 to \$5 million, and the time from application to disbursement is usually 60 to 90 days.

The first step in the process to obtain an SBA loan starts with an SBA partner, like RepublicBankAz. Our staff of lending experts is readily available to assist small business owners through the entire SBA loan process to obtain the funding needed for continued growth.

Ready to talk about growing your business with an SBA loan? Contact Larry Stangler at 602.280.9431 or lstangler@republicaz.com. ■



Larry Stangler

Arizona Businesses Bank With Us

<p>\$1,550,000 CRE Term Loan Retail Strip Center <i>North Scottsdale</i></p>	<p>\$340,000 SBA 7(a) Office/Industrial <i>Peoria</i></p>	<p>\$663,000 CRE Term Loan Office/Healthcare <i>Chandler</i></p>
<p>\$500,000 Line of Credit Non-Profit Org. <i>Phoenix</i></p>	<p>\$2,085,000 CML Construction Office/Retail <i>Phoenix</i></p>	<p>\$500,000 Line of Credit Working Capital <i>Tempe</i></p>
<p>\$1,800,000 CRE Construction Preschool <i>Scottsdale</i></p>	<p>\$2,000,000 Line of Credit SFR Construction <i>Flagstaff</i></p>	<p>\$175,000 Term Loan Land <i>Pinal County</i></p>
<p>\$568,000 Term Loan SFR - RE <i>Flagstaff</i></p>	<p>\$1,296,000 CML Construction Retail Building <i>Mesa</i></p>	<p>\$2,000,000 CRE Term Loan Office/Healthcare <i>Tucson</i></p>

To learn more about RepublicBankAz business financing, contact President and Chief Executive Officer, Ralph Tapscott, 602.277.2500 or rtapscott@republicaz.com.

Cash Management and Deposit Services

RepublicBankAz provides deposit solutions to maximize the return on your business deposits with the bank. In many cases, collective balances will pay for the majority of your cash management fees.

Online Banking Capabilities

- Transfer funds between accounts
- View bank statements
- Export to QuickBooks, Quicken and MS Money

ACH Processing Services

An electronic banking service used to collect payments and disburse funds via the ACH network.

Bankcard Merchant Services

A service that processes all forms of electronic payment transactions: credit, debit, electronic check, electronic funds transfer, and alternative payments.

Business Analysis Checking

A primary business checking account — the core of your cash management services with the bank.

Business Money Market

A limited access account that generally pays higher interest rates than a checking account.

Business Courier Service

A scheduled courier arranged for your deposit and loan needs.

Remote Deposit Capture

A convenient and secure way to process your deposits directly from your business to the bank.

Let us help your business. Call us today.

602.277.2500

About RepublicBankAz

RepublicBankAz, N.A. is a locally owned community bank in Phoenix, Arizona. We are a full-service bank providing deposit and loan products and convenient online banking to individuals, businesses, and professionals. For further information, please visit us at republicbankaz.com.

