

DepositsAccounts.com

April 3, 2018

David Baty
Texas Republic Bank
2595 Preston Road, Suite 100
Frisco, TX 75034



Dear David:

Each year, DepositAccounts.com evaluates the financial health of every FDIC insured bank in the United States – more than 5,500 total. Each institution is graded on a number of factors – including capitalization, deposit growth, and loan to reserve ratios – in order to determine a comprehensive health score.

Out of all 5,557 FDIC insured banks, DepositAccounts.com recognizes those who have shown exceptional fiduciary responsibility in its 2018 edition of the **Top 200 Healthiest Banks in America**.

I am pleased to inform you that Texas Republic Bank is one of the 200 banks nationwide that has achieved this distinction for 2018! Congratulations to the bank, along with its employees and customers! Enclosed in this packet is a 2018 Top 200 Healthiest Banks in America certificate (along with an explainer document) recognizing this achievement.

Please feel free to reach out with any questions relating to this distinction or the materials I have provided. Congratulations on your outstanding achievement!

A handwritten signature in black ink that reads "Christopher Trum".

Christopher Trum
DepositAccounts.com
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DepositAccounts Health Grades

Once per quarter, DepositAccounts.com evaluates the financial health of over 11,000 banks and credit unions in the United States. A comprehensive health score is calculated, as each institution is graded on several factors including capitalization, deposit growth, and loan-to-reserve ratios.

Capitalization

A quick, at-a-glance indicator of bank financial health is its available capital. You can figure available capital with a direct calculation of an institution's assets minus its liabilities. Stronger capital means that more assets are available to cover potential losses.

Deposit Growth

When people put money in a bank, it is an indicator of confidence. It also increases the money that a bank has on-hand and can help strengthen the balance sheet of the bank. A strong track record of stable growth is an indicator of consumer confidence and the bank's ability to strengthen its balance sheet. The opposite can be an indicator of a decline in confidence in the institution and, if pronounced and prolonged, can mean that the bank's ability to keep a strong balance sheet is in jeopardy.

Texas Ratio

Developed at RBC Capital Markets, the Texas Ratio is a relatively straightforward and effective way to determine the overall credit troubles experienced by financial institutions. It is determined by comparing the total value of at-risk loans to the total value of funds the bank has on-hand to cover these loans. At-risk loans are any loans that are more than 90 days past due and are not backed by the government. The amount of funds on-hand consists of the loan loss allowance that the bank has set aside plus any equity capital.

For example, a bank with \$65 million in at-risk loans and \$72 million in cash on-hand to cover those loans would have a Texas Ratio of $\$65\text{mm} / \72mm , which is 90.3%. This figure is approaching the 100% threshold, which is considered very risky. You can also look at the trend in this Texas Ratio as an additional factor to tell if the bank's financial health is heading in the right direction.

Health Scores

**DepositAccounts assigns
Banks a Health Rating
from A+ to F**



Only 11% of all
Banks receive
an A+ Rating

DepositAccounts.com presents the



This is to certify that

Texas Republic Bank

was awarded the

TOP 200 HEALTHIEST BANK
*distinction for 2018, out of the 5,557 FDIC insured banks
in the United States.*

A handwritten signature in black ink that reads "Ken Tumin".

Ken Tumin, Founder, DepositAccounts.com

Rank: #38 out of 5,557 ■ Awarded April 2018