



# RepublicNotes

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Newsletter exclusively for the shareholders, clients, employees and followers of Republic Bank of Arizona

## HISTORIC ACTIONS MARK Q2

Brian Ruisinger • President and Chief Executive Officer

The second quarter of 2021 featured what feels like a full year's worth of actions at RBAZ. We formed a Bank Holding Company and immediately utilized it to raise \$6 million in subordinated debt, which provided capital to the Bank. The Paycheck Protection Program once again played a prominent role in our quarterly performance. This time, in the form of 2020 loans being forgiven, while simultaneously funding the new round of PPP loans passed by Congress in 2021.

Supporting small to medium-sized businesses is who we are, so we see it as our duty to devote our resources to a program targeted to assist them through crisis.

If this wasn't enough action for a quarter, we also finished June with a full scope regulatory exam that occurs every 18 months. While it is a significant strain on our resources, the positive outcome is quite rewarding for our staff and Board.

I am extremely proud of our quarterly earnings reflecting a 200% increase over the same period a year ago while our total assets have doubled. Separate from PPP, our core operations in Q2 saw modest net loan growth, while deposits grew significantly, both outpacing budget year-to-date. Deposit growth has been outstanding while reducing the cost of funds to allow us to be more aggressive on the loan side for competitive transactions.

I am pleased with our progress this year and confident in the team we have assembled to reach our goals. We head into the second half of 2021 with ample liquidity to deploy and fresh capital to support growth. We are designated as "well-capitalized" by our regulators.

We continue to seek talented staff to support our strategic plans for growth and geographic expansion. Our team's work continues to be reflected in our Bauer Five-Star bank rating.



Brian Ruisinger

**RBAZ** | **Republic Bank**  
of Arizona

### Board Of Directors

- Camala C. Bailey**, Founder and President, Camala C. Bailey, CPA  
**Christian C.M. Beams**, Managing Partner, Fredenberg Beams LLC  
**Chad E. Cline**, CFO, Symmetry Software  
**Regina L.R. Edwards**, Ph.D., Board member for Hope's Crossing and the Phoenix Public Library Foundation  
**Judy A. Lynn**, Managing Member, 831 Investors, LLC  
**Brian Ruisinger**, President and Chief Executive Officer, RBAZ  
**Alan L. Sparks**, Owner and President, Gemma Companies, LLC  
**Scarlett Spring**, Co-Founder and Chief Executive Officer of TapRoot Interventions & Solutions

### Executive Leadership Team

- Brian Ruisinger**, President and Chief Executive Officer  
**Amy Lou Blunt**, Executive Vice President and Chief Credit Officer  
**Christine Haugen**, Executive Vice President and Chief Financial Officer

### Transfer Agent

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### FINANCIAL HIGHLIGHTS (UNAUDITED)

(in thousands)	YTD June 2021	YTD June 2020
Total Assets	\$ 231,015	\$ 164,512
Loans & Leases	\$ 116,897	\$ 106,317
Total Deposits	\$ 205,832	\$ 116,335
Net Income	\$ 1,047	\$ 171
(Percentages)		
Return on Average Assets	1.01%	0.26%
Liquidity Ratio	54.05%	47.00%
Leverage Ratio	10.52%	11.53%



## SPOTLIGHT ON BLACK MOUNTAIN INVESTMENT COMPANY

STARTED BY FRIENDSHIP. NURTURED THROUGH TRUST.

What started as a “fix and flip” construction company by childhood friends has morphed into what is now Black Mountain, a thriving and highly successful investment company serving wealthy investors around the U.S.

CEO Mihai Toma and his friend CFO George Botea started working together in 2005, buying, renovating, and selling houses in the Phoenix area. The business took off and their team grew as they became more involved in commercial real estate investments with bigger risks and greater rewards.

“The key to our success then and now is trust,” says George. “We care about our people, they are like family.” Another factor in their success is Mihai’s entrepreneurial spirit, which he gets from his father.

This team of younger entrepreneurs also learned to surround themselves with experienced and successful veterans to help reach their goals. “We know we don’t know everything,” says George. “We need guidance from experienced individuals who can share their wisdom. That’s something you can’t read in a book or learn on YouTube.”

In just over a decade, Black Mountain has grown from an Arizona-based residential development company to a national investment firm with a diversified portfolio that focuses on the aerospace, engineering, real estate, and construction industries.

*“We chose Republic Bank of Arizona because we know and trust the people working there. I know if there’s ever anything I need, I can pick up the phone and get a decision-maker on the line. You guys are friendly, and I get the sense that you want us to succeed.”*

George Botea

### SKIN IN THE GAME

They bond like family, they trust each other wholeheartedly, and the management team at Black Mountain are all investors in their own company. Some have been life-long friends with some newer team members joining to bring expanded expertise and support. But they are all here for the long haul, looking to build a legacy for their own families, and their customers, says George.

“Whether you’re a customer of a subsidiary or an investor, we’re here to help you reach your goals. The first thing we want to know is, what are you here for? How can we help you?” Black Mountain is focused on people and providing its investors with reliable returns from a diversified portfolio.

### A TRUSTED BANKING PARTNER

Trust is a strong core value at Black Mountain, so it makes sense the company would look to a bank it could trust. That’s what



RBAZ client George Botea with CEO Brian Ruisinger

brought them to Republic Bank of Arizona. “We chose Republic because we know and trust the people working there,” says George. “I know if there’s ever anything I need, I can pick up the phone and get a decision-maker on the line. I have high respect for Brian; he’s a man of integrity. You guys are friendly and I get the sense that you want us to succeed.”

RBAZ’s CEO Brian Ruisinger understands the importance of trust. “The culture of trust is vital for both our businesses,” says Brian. “I know George and the team at Black Mountain Investments have the highest degree of integrity. They are smart, innovative investors who are dedicated to helping their investors reach their objectives. We are proud they chose us as their bank.”

## CHOOSING AN INVESTMENT COMPANY

Looking for an investment company you can trust?

Here are George’s three top characteristics to look for:

- 1 Skin in the game.** Are the employees personally invested in the company?
- 2 Forward thinking.** Do they have a long-term vision for you and the company? How are they building on that vision?
- 3 Focused.** Are your long-term objectives aligned, or are they just looking to make short-term gains?

## NO SURRENDER!

Amy Lou Blunt • Executive Vice President • Chief Credit Officer

We have all read, and undoubtedly felt, the major shift in the employment arena. Many businesses cannot operate at full speed or efficiency due to insufficient staffing levels. A number of displaced or potential employees remain reluctant to rejoin the workforce for a variety of reasons, even though many businesses have geared up, and are ready to hire.



Amy Lou Blunt

RBAZ is no different – as you read in our financial report, we are extremely well-capitalized, have a strong pipeline of prospective loans, and immediate liquidity to fund these opportunities. And yet, I have posted a number of credit positions, with only limited success. In any organization, but especially one of this size and culture, integrity and work ethic are critical and highly valued.

I have found it disappointing that there have been a number of applicants who took the time to apply for a position and accept an interview, only to not show or call. On the opposite end of the spectrum, many other applicants seem to have taken on a bit of a swagger, and have demanded employment terms well-beyond their potential contribution level. Lately, I hear very little about what the candidate can do for the bank, but a great deal on compensation, incentives, extended time off, signing bonuses, creative benefits, etc. While it is tempting to acquiesce to these demands in order to land a qualified candidate, it is imperative to maintain fairness, balance and loyalty to the current team.

One other factor that has come glaringly into view is the dramatically different culture between community banks and the large regional and money center banks. As all of you who are clients and friends of RBAZ know, we are very visible, accessible and willing to wear many different hats daily in order to run the bank efficiently and deliver the level of service that places us above the crowd. I love that aspect of this job! But many of the applicants from the big banks have cringed at the very thought, and prefer the anonymity of the masses with a very narrow role, and the “security” that affords.

We remain committed to our mission and core values, and dedicated to finding candidates that have the well-rounded knowledge and understanding of a variety of businesses and business cycles, a sense of team and community, and the willingness and enthusiasm to deliver the service level you know and expect. If this sounds like the career for you, call me!

## RBAZ TAKES ACTION TO SUPPORT CURRENT AND FUTURE GROWTH

Christine Haugen • Executive Vice President • Chief Financial Officer

The second quarter of 2021 featured actions that will shape Republic Bank of Arizona for future growth and stability. We formed a Bank Holding Company, RBAZ Bancorp, Inc., after receiving both shareholder and regulatory approval. Immediately, RBAZ Bancorp, Inc. raised \$6.0 million through a subordinated debt offering, in which \$5.5 million was provided to the Bank in the form of Tier 1 Capital to support existing and planned growth.



Christine Haugen

Turning to our quarterly financial results, total assets at June 30, 2021 were \$231.0 million (or \$217.4 million excluding PPP loans) compared to \$190.3 million (or \$175.8 million excluding PPP loans) at December 31, 2020, an increase of \$40.7 million or 21.4% (or \$41.6 million or 23.7% excluding PPP loans).

Asset growth since year-end is comprised of increases in both loans and deposits. Loans were up \$7.0 million or 6.3% from December 31, 2020, of which \$1.9 million was attributable to net PPP loans and the remaining \$5.1 million or 4.6% were portfolio loans. Deposits increased \$39.2 million or 23.6% from December 31, 2020 as the Bank continued to achieve results from initiatives introduced in 2020, deepened existing relationships and earned new business through increased marketing efforts and online presence.

Earnings were \$490,000, or \$0.27 per share, for the quarter ended June 30, 2021 compared to \$159,000, or \$0.09 per share, for the comparative quarter in 2020. Current quarter earnings of \$0.27 per share were comprised of \$0.20 per share attributable to core operations and \$0.07 per share due to impacts from the Paycheck Protection Program.

The Bank remains Well Capitalized with a 10.52% leverage capital ratio and maintains its Bauer five-star rating.



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## ARIZONA BUSINESSES BANK WITH US

**\$3,016,000**

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Automotive  
*Mesa*

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CRE Term Loan  
MRB  
*Ahwatukee*

**\$750,000**

RLC  
SFR Investment  
*Avondale*

**\$347,500**

Equipment  
MRB  
*Scottsdale*

**\$256,200**

CRE (future ICL)  
Sports venue  
*Glendale*

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## CULTURE CLUB ACTIVITY

The RBAZ Culture Club collected and delivered racks on racks of men's career clothing to the St. Joseph the Worker Career Closet at 19th Avenue and Bethany Home Rd. The closet provides clothing to help men preparing for job interviews, starting new employment, or attending job training. The staff at St. Joseph the Worker were "blown away" by the size of our donation. Thanks to all who donated. We appreciate your support!

