

Celebrating  
Our First

**10**  
YEARS

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

September 2017



## Milestones and Mile Markers

**RALPH TAPSCOTT • President and Chief Executive Officer**

### Positive Change and Momentum

We have some great news to share. The Arizona Department of Financial Institutions approved our charter in July, the Arizona Corporation Commission recognized Republic Bank of Arizona in September, and we are in the midst of the conversion. We received our new charter on August 16th. The official and public rollout of Republic Bank of Arizona will be in early January 2018, but you will notice positive changes as we move forward. Remember, this is not a merger or acquisition — merely a name change.

By the time this edition goes public, we expect to have a new and favorable term lease on 8,200 square feet on the ground floor at 645 E. Missouri Avenue — a class A, four-story office tower on the southwest corner of 7th Street and Missouri. We have negotiated building signage that will significantly enhance our visibility, and this new location will feature enhanced ingress and egress and provide substantially more parking. The expected move date is on or around April 2, 2018.

Finally, our team has done an outstanding job in realigning our deposit mix to be much more favorable. This is a testament to relationship banking at its finest. Loan growth is now evident, and the loan pipeline is currently at an all-time high. We've had three SBA loans book and more have been approved and are expected to fund in the coming months.

We have and continue to build on a great team, our communities are supportive, and we expect many positive changes in the near term. Thanks for your support and patronage. ■

*The official and public rollout of Republic Bank of Arizona will be in early January 2018, but you will notice positive changes as we move forward.*



Ralph Tapscott

### Board of Directors

**Chad E. Cline**, Chairman  
Associate, Pursuit Advisory Group

**Bette F. DeGraw, Ph.D.**, Dean Emerita,  
College of Extended Education,  
Arizona State University

**Regina L.R. Edwards, Ph.D.**,  
Chief Executive Officer  
Arizona YWCA Metropolitan Phoenix

**Camala C. Bailey**, Founder and President,  
Camala C. Bailey, CPA

**Judy A. Lynn**, Managing Member,  
831 Investors, LLC

**Alan L. Sparks**, Owner and President,  
Gemma Companies, LLC

**Christian C.M. Beams**, Managing Partner,  
Fredenberg Beams LLC

**Scarlett Spring**, President,  
VisionGate 3D

**Ralph Tapscott**, President and  
Chief Executive Officer, RepublicBankAz

### Executive Leadership Team

**Ralph Tapscott**, President and  
Chief Executive Officer

**Joel Gallon**, Executive Vice President and  
Chief Financial Officer

**Amy Lou Blunt**, Executive Vice President  
and Chief Credit Officer

### Transfer Agent

**Computershare**  
P.O. Box 43070  
Providence, RI 02940-3070  
800.962.4284

### Market Makers

**Wedbush Securities, Inc.**  
**Joey Warmenhoven**  
joey.warmenhoven@wedbush.com  
5885 SW Meadows Rd. Ste. 350  
Lake Oswego, OR 97035  
503.922.4888

**D.A. Davidson & Co.**  
**Michael R. Natzic**  
mnatzic@dadco.com  
PO Box 1688  
Big Bear Lake, CA 92315  
800.288.2811

Stock Symbol: OTCBB:RBAZ



**Republic Bank**  
of Arizona

*"New Name, New Logo, Same Great People."*

## FINANCIAL HIGHLIGHTS

(in thousands)	YTD June 2017	YTD June 2016
Total Assets	\$ 95,738	\$ 91,749
Net Loans & Leases (excl. HFS)	\$ 58,200	\$ 61,379
Total Deposits (domestic and foreign)	\$ 81,652	\$ 76,117
Net Income	\$ 140	\$ 206
(Percentages)		
Return on Average Assets	0.31%	0.46%
Liquidity Ratio	43.80%	35.70%
Leverage Ratio	15.22%	14.25%

## Cybersecurity — What You Should Know



They're out there — hackers who are intent on accessing your information, monitoring your actions, modifying programs and performing other functions on your computer without being detected. What can you do about it? Here's some advice from the U.S. Computer Emergency Readiness Team.

- **Use and maintain anti-virus software.** Anti-virus software recognizes and protects your computer against most known viruses, so you may be able to detect and remove them before they can do any damage. Because attackers are continually writing new viruses, it's important to keep your definitions up-to-date.
- **Install a firewall.** Firewalls may be able to prevent some types of infection by blocking malicious traffic before it can enter your computer and limiting the traffic you send. Some operating systems include a firewall, but you need to make sure it's enabled.
- **Use strong passwords.** Select passwords that will be difficult for attackers to guess, and use different passwords for different programs and devices. Don't choose options that allow your computer to remember your passwords.
- **Keep software up-to-date.** Install software patches so attackers can't take advantage of known problems or vulnerabilities. Many operating systems offer automatic updates. If this option is available, you should enable it.
- **Follow good security practices.** Take appropriate precautions when using email and web browsers to reduce the risk that your actions will trigger an infection. (See US-CERT security tips for more information.)

*RepublicBankAz's online banking is encrypted for your security, but we recommend you heed the advice above to further protect yourself. Please note we will never ask for any personal information via email.* ■

## The 10 Biggest Challenges Businesses Face Today

### 6-10 THE SECOND FIVE

*In this issue, we present the second five challenges, outlined by Bernard Marr, an internationally bestselling business author, keynote speaker, and strategic advisor to companies and governments.*

Knowing when to delegate has never been more important for businesses. 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:

- **Technology.** As technologies change practically at the speed of light, it's vital for companies to innovate or be left behind — but many CEOs started their careers and businesses before many of these technologies even existed! Consultants can be vital for integrating new technologies, especially mobile, app development and cloud computing.
- **Exploding data.** Grandpa's generation certainly didn't have to deal with terabytes of data or worry about what to do with it. About 90% of the world's data was created in the past two years! Managing, keeping safe and extracting insights from the ever-increasing amounts of data your company produces needs to be in the hands of a qualified professional who can help you get the most return from that data.
- **Customer service.** In a world of instant gratification, customers expect instant customer service — and can take to the web to share their displeasure at less than satisfactory service just as quickly. Consultants can find ways to improve customer service and bring it into the 21st century.
- **Maintaining reputation.** In a similar vein, because customers can voice displeasure so much more publicly and loudly than ever before, businesses must monitor and maintain their online reputations. It's an important task that's best suited to a third party who can monitor and mediate with a certain amount of distance.
- **Knowing when to embrace change.** Early adopter or late to the game? Consultants can help CEOs determine when to embrace change and when to stay the course. Not everything new is better, yet eschewing every change runs the risk of becoming obsolete. A professional outside opinion can make all the difference in these decisions. ■

## Client Testimonial

**TOM MOTSINGER • President, PaleoWest, LLC**

**"It's not been easy securing a solid and lasting banking relationship for my growing professional service firm. But then we found RepublicBankAz. They customized a suite of accounts and loans that allowed my firm to grow just the way we were naturally meant to grow. We've passed through 3 banks in our 11 years, and none until Republic have really given us the personal service and attention, coupled with flexibility, we've needed to actualize our business and be comfortable that we can service our clients' needs as we've grown into several states. PaleoWest, LLC has found a genuine partner and a home with RepublicBankAz."** ■



(L-R) Keith Comtois, RepublicBankAz, Noel and Tom Motsinger, Owners of PaleoWest, LLC.

## Exceeding Our Expectations; Positioned for Future Growth

**JOEL GALLON • Executive Vice President, Chief Financial Officer**

Deposit growth for the first half of the year exceeded our expectations, growing \$10.3 million or 14.5%. Even better, that growth was attained even as we allowed \$3.1 million of expensive institutional CDs to leave the bank and grew lower cost checking deposits \$6.4 million during the same timeframe. Concentrating our liabilities more in transactional accounts means we're servicing more customers as their primary financial institution, rather than being the other bank where they have their savings parked.



Joel Gallon

The asset size of the bank is also increasing at a desirable pace, as we've grown 9.5% through the first six months of the year to end June with total assets of \$95.7 million. Generating income has been our struggle, but we earned \$89,000 (\$0.05 per share) for the quarter ended June 30, 2017 as compared to \$56,000 (\$0.03 per share) for the same period in 2016. We've been making strides through the year to address enhancing earnings as well as controlling expenses that will likely manifest themselves in the coming quarters. ■



## The Importance of Why in the Loan Approval Process

**AMY LOU BLUNT • Executive Vice President, Chief Credit Officer**

When you apply for a loan, you have decided you need additional funds, but have you determined why? Sometimes it is readily apparent — you need newer, larger, or additional equipment to fulfill your orders or capture a new large account, or perhaps you want to buy the building you have been leasing, or have identified a great deal on a new building in a fabulous location. Sometimes it is not as obvious — you have robust sales, but you are regularly short on cash, sometimes too short to effectively operate your business. Why is that happening, and what is the solution: more sales, expense control or something else?



Amy Lou Blunt

When you submit your loan application, an analysis is completed based on trends or significant changes in your financial information from period to period. This analysis, along with your candid input, not only can aid in identifying the borrowing need; it also provides guidance in tailoring the right financing solution to fit your unique situation. This step is critical and why you should partner with astute and experienced bankers, such as the team at RepublicBankAz.

Once you and your banker know why you need financing, it is just as important to determine the right amount and the right terms. If the loan proceeds support a long-term asset, the best structure would be long-term financing. If you just need to bridge the gap between billing and receipt of payment, a line of credit with short-term repayment will be a good match.

It is critical that you, as a business owner, understand what is driving your success and the cash cycle of your operation. Chances are, they are closely related — so it is equally as important that your loan is structured to meet your borrowing needs and align with your normal cash flow, with a realistic repayment schedule. That being said, there are times when debt is not the answer — additional equity is. More on that subject in the next edition! ■

## Confused by SBA Loans?

You don't have to be. SBA loans are a great way to get your business the money it needs, whether you're just starting out or focused on growth.

Compared to conventional loans, SBA loans typically offer:

- More favorable terms
- Longer payment schedules
- Lower down payments

We've teamed up with SBA Complete to streamline the entire SBA loan process so you get the money you need — quickly and easily. We know the business of SBA Lending. Contact our SBA officer, Larry Stangler, at [lstangler@republicaz.com](mailto:lstangler@republicaz.com) to arrange a no-cost, no-obligation pre-qualification interview. ■

### Introducing Our New Name and Logo



We're proud to unveil the new Republic Bank of Arizona logo. Its design is the culmination of hard work by a five-member committee led by Amy Lou Blunt, board members and local marketing firms. ■

### The New Building Headquarters Timeline

**September 2017** — Finalize lease terms, execute lease and seek regulatory approval to move

**October – November 2017** — Design and seek bids for equipment, furniture, and general contractors

**January 2018** — Begin construction of new headquarters building

**April 2, 2018** — Soft opening

**April 9, 2018** — Grand opening



## Arizona Businesses Bank With Us

**\$2,005,000**

SBA 7(A)  
Car Wash Construction  
*NW Phoenix*

**\$850,000**

CRE Term Loan  
Non-Profit  
*Tucson*

**\$610,000**

CRE Term Loan  
SFR/Rental Condominiums  
*Central Phoenix*

**\$100,000**

Revolving Line of Credit  
Working Capital  
*Phoenix*

**To learn more about RepublicBankAz business financing, contact President and Chief Executive Officer, Ralph Tapscott, 602.277.2500 or [rtapscott@republicaz.com](mailto: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 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](http://republicbankaz.com).