

Eddy Arriola on banks, the luxe real estate scene, Obama

Arriola launched Apollo Bank during the recession

Now it has \$500 million in assets

Cuban-American family was early supporter of Barack Obama

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Eddy Arriola launched a bank in Miami during the greatest economic recession since 1929. Yes, you read that right.

But Arriola's Apollo Bank has been a big hit, recently earning a coveted five-star rating from Bauer Financial.

The Miami native bought Union Credit Bank in 2009 with help from a group of local investors and rebranded it under the moniker of the ancient Greek god of light, music and prophecy the next year. He said a chance encounter with JP Morgan boss Jamie Dimon helped convince him he was on the right path.

The community bank's assets now stand at \$500 million after the purchase of First Bank of Miami in 2014.

Apollo focuses on commercial real estate loans and small business lending, as well as treasury management.

Arriola got his start in business with a call-center company called Inktel he co-founded in South Florida after graduating from college.

He comes from a distinguished Cuban-American family. His father Joe is a successful businessman, chairman of the Public Health Trust at Jackson Memorial Hospital and a former city manager of Miami. His brother, Ricky, is CEO of Inktel and was recently elected as a Miami Beach commissioner.

The Arriolas were also early supporters of Barack Obama, unusual for South Florida's traditionally right-wing Cuban exile community.

Arriola answered these questions from the Miami Herald in an email.

Q: You chose to start a community bank during a major recession. Why did you think that was a good time? Didn't people call you crazy?

A: It's always a good time to start a great company. Anytime you start a business, especially a bank, you assume that you will face difficult economic cycles. I chose to get that challenge out of the way early and realized that you can make it through hard times with enough perseverance and luck. Most people said we were crazy, but not everyone. In August 2008, I was at an event in Colorado and Jamie Dimon, JP Morgan CEO, happened to be walking in my direction. I turned to my brother Ricky and said, "I've got to say hello and grab a photo." He was surrounded by an entourage and I yelled "Excuse me, Mr. Dimon, I'd really appreciate taking a photo with you. I'm starting a bank and you run the biggest bank in the country, and ..." He stopped in his tracks and asked, "You're doing what? Every day I'm in meetings with people saying we need to close banks, but I think your idea is great!" We talked for 15 minutes and he peppered me with questions and offered ideas that found their way into my business plan that same day. I never got his card, but the photo is still on my desk today.

Q: Are Latin American investors and businesses facing liquidity issues because of struggling local economies? How will that affect crucial drivers of Miami's economy, such as real estate?

A: Yes, Latin America — and the rest of the world — is having liquidity issues, but that is not the only driver in figuring out what will happen to Miami's economy. Not too long ago, an economist could say "well it's an election year, so this will happen," or "gas prices are low, so that means. ..." You can't use the old guidebook anymore

SEE ARRIOLA, 15G

Eddy Arriola

Current position: Chairman & CEO, Apollo Bank.

Born: Miami, 1972.

Education: Bachelor's degree, Boston College.

Personal: Married to Katie Lane Arriola, son Ben (16), daughter Grace (13).

Hobbies: Reading, running, commissioner of my fantasy football league.

Charity and public service work: Chairman of the Board of Inter-American Foundation (based in Washington, D.C.), Young Presidents' Organization, board member of Florida Bankers Association.



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ARRIOLA

because so many factors are now in play: historically low interest rates, another global slowdown, a strong U.S. dollar, a diminishing workforce, and more. Janet Yellen has more information than anyone else and she even has a hard time seeing the future. I think this uncertainty makes Miami special. We are one of the largest and fastest-growing markets in the most-stable country in the world. So will I invest and lend on real estate in Miami for the next decade? Absolutely, it's a great bet. But if you're asking me if things are frothy in the luxury condo market and if foreign and out-of-town investors are overpaying for multifamily rental properties, then I'd say yes. We

have a luxury real estate correction knocking on our front door.

Q: What's your plan to keep Apollo growing? Where do you see your biggest competition coming from?

A: Our plan is to keep executing on our business model. That means providing great service, squeezing costs as much as possible, and empowering our team to be great every day. We are in the best banking market in the country and the opportunities will only continue to grow in Miami. We have a talented team in place and I think we'll continue growing organically at double digit rates every year. I would love to make another acquisition in the next year or two, but the

reality is that fewer and fewer banks are left.

Banking has been a competitive field for centuries. In growing a bank, the toughest challenge we face is that no one wakes up in the morning and says "I sure would like to switch banks today." Inertia is our enemy. We have to be active and present so when clients are ready to switch, we have the solutions in place to make them comfortable in moving banks. I don't worry about Wells Fargo or Bank of America putting us out of business. I worry about Apple, Google or the next Uber just innovating the hell out of our industry and delivering so much value and functionality to our customers — without the regulatory hurdles or expenses that we face as a community bank.

Q: Do you think it's time for the U.S. to lift the embargo on Cuba? What were your

Impressions of the Island from your last visit?

A: When I was younger, I would roll my eyes when I heard older Cubans say that "the moon shined brighter, the water was bluer and the air smelled like flowers in Cuba." Well, the first time I went to Cuba I realized they were right. It's a very special place. There is no model for what comes next and the Cubans know this. I fear that the generals will take off their uniforms, put on business suits and call themselves capitalists while looting the country in new ways. In speaking with Cubans, they want change but fear that the plunge into privatization can go very wrong and lead to cataclysmic decline for the bottom end of the population. The solution involves a lot more than lifting the embargo, but I strongly encourage Cuban-Americans to help start in this transition by visiting the island.

Q: You and your brother [Miami Beach Commissioner] Ricky Arriola were Barack Obama's earliest supporters in South Florida. How are the politics of Miami's Cuban community changing? Who are you supporting in 2016 and why?

A: Everything about Miami politics has changed and will continue to do so. When my dad's family came to Miami in 1960, this was very much a southern town. The Cubans that came still considered themselves Cubans foremost — they were planning on going back to Cuba. I celebrate my heritage, but I'm a proud American first. Miamians of Cuban descent, I believe, care about the people of Cuba but we have a sharper focus on what is happening here and we want our politicians to address issues in our country and community. That's why I became engaged in

politics. My involvement in the 2008 election was one of the highlights of my life and I'm proud to have played a small role in helping President Obama get elected. My head is spinning thinking about the 2016 election. I think the two most qualified people in this country to be the next president are Jeb Bush and Hillary Clinton, and I hope to see them on the ballot in November. I'll be supporting Hillary.

Q: What's the best advice you've ever received in business?

A: Work hard. As simple as that sounds, it's the best piece of advice. Bust your tail and become good at what you do. Building a company or a great career always takes longer, always costs more, and is always more painful than you first thought. But it's always worth it.