



REGENTS BANK

THE BILTMORE BANK  
ARIZONA

DIVISIONS OF GRANDPOINT BANK

## Grandpoint Capital, Inc., Reports First Quarter 2017 Earnings

Los Angeles, April 25, 2017 – Grandpoint Capital, Inc., the holding company for Grandpoint Bank and its divisions, Bank of Tucson, Regents Bank and The Biltmore Bank of Arizona, reported net income of \$8.2 million and total assets of \$3.4 billion for the quarter ended March 31, 2017. In addition, the board of directors declared its sixth consecutive quarterly cash dividend. In recognition of the company’s continued strong performance, the board increased the quarterly cash dividend from \$0.12 to \$0.15 per share, payable on or about May 17, 2017, to shareholders of record as of May 3, 2017.

“Our financial performance in the first quarter of 2017 continued to demonstrate the sustained financial strength of Grandpoint Capital,” said Don M. Griffith, Chairman and CEO of Grandpoint Capital, Inc., and Grandpoint Bank. “We achieved a return on average assets of 1.02% and our return on average tangible equity was 10.25% at the end of the first quarter. Our efficiency ratio of 53.75% reflects our success in carefully managing expenses as we continue to grow Grandpoint Bank. At March 31, 2017, we reported basic earnings per share of \$0.25, and we achieved tangible book value per share of \$9.91.”

At March 31, 2017, deposits totaled \$2.6 billion, with demand deposits increasing 11.3% to \$947.9 million from \$851.6 million in the prior year quarter. Total loans were \$2.5 billion, an increase of 8.6% over the first quarter 2016, and asset quality remained strong as the Bank continued to maintain a prudent and disciplined risk strategy. Grandpoint Bank’s capital ratios remain far in excess of the regulatory minimums, with a Leverage Ratio of 10.2% and Total Risk-Based Capital Ratio of 12.2% at March 31, 2017.

In March 2017, Grandpoint Bank received a superior 5-star rating from independent rating and research firm BauerFinancial for the 15th consecutive quarter. The latest rating was based on December 31, 2016, financial data. The 5-star rating, for strength, stability and soundness, is only awarded to the nation’s strongest banks.

Grandpoint Capital, Inc. and Grandpoint Bank are headquartered in Los Angeles, Calif. Grandpoint Bank and its divisions operate in southern California, Arizona and Vancouver, Wash.

More information about Grandpoint is available at [www.grandpointbank.com](http://www.grandpointbank.com).

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Grandpoint Capital, Inc. and Subsidiaries  
Consolidated Balance Sheets  
Dollars in \$1,000's

	June 30,	December 31,						March 31,	
	2010	2010	2011	2012	2013	2014	2015	2016	2017
Cash and due from banks	\$ 3,501	\$ 27,791	\$ 22,324	\$ 43,714	\$ 41,177	\$ 37,688	\$ 25,113	\$ 28,919	\$ 33,524
Interest-bearing deposits in banks	72,825	33,604	127,803	291,545	171,408	314,005	171,625	213,365	210,229
Cash and Cash Equivalents	76,326	61,395	150,127	335,259	212,585	351,693	196,738	242,284	243,753
Investment Securities	3,284	97,399	208,939	318,501	230,591	266,479	573,260	579,275	508,436
Loans:									
Construction	481	18,327	20,324	54,315	79,588	110,286	130,801	194,471	176,448
Single family residential	-	32,753	86,257	193,913	248,727	281,678	269,823	220,519	215,255
Multifamily loans	2,513	26,097	60,718	135,966	215,956	397,712	599,470	715,786	794,693
Commercial real estate	7,792	248,343	429,224	738,540	777,875	814,430	862,014	905,534	933,237
Commercial and industrial	2,005	83,847	136,492	295,199	371,341	375,607	412,051	322,419	339,695
Consumer	-	3,673	6,226	21,984	23,289	12,846	9,138	7,876	7,852
Total Loans	12,791	413,040	739,241	1,439,917	1,716,776	1,992,559	2,283,297	2,366,605	2,467,180
Deferred loan fees, costs and discounts	(137)	(13,861)	(15,580)	(25,373)	(18,410)	(4,543)	3,550	3,199	2,607
Allowance for loan losses	-	(1,050)	(5,722)	(8,867)	(12,087)	(14,018)	(17,245)	(18,552)	(18,872)
Net Loans	12,654	398,129	717,939	1,405,677	1,686,279	1,973,998	2,269,602	2,351,252	2,450,915
Goodwill	2,563	17,923	37,863	51,432	53,101	53,323	53,323	53,323	53,323
Core deposit and other intangibles	133	2,724	6,857	11,822	12,765	11,063	9,209	7,493	7,083
Deferred Tax Assets	-	4,056	12,011	30,997	30,981	30,206	24,749	23,818	23,523
Other assets	2,981	19,005	24,959	50,195	48,987	79,210	70,107	69,491	69,233
Total Assets	\$ 97,941	\$ 600,631	\$ 1,158,695	\$ 2,203,883	\$ 2,275,289	\$ 2,765,972	\$ 3,196,988	\$ 3,326,936	\$ 3,356,266
Deposits:									
Demand deposits	\$ 3,664	\$ 136,024	\$ 327,638	\$ 736,831	\$ 764,936	\$ 792,896	\$ 852,263	\$ 926,594	\$ 947,930
NOW accounts	547	22,651	57,302	88,994	132,743	136,003	139,660	148,071	135,702
Money market accounts	7,984	246,043	473,107	723,125	689,318	1,029,519	1,165,748	1,106,229	1,136,187
Savings accounts	1,353	4,703	9,403	20,587	36,914	35,505	39,979	47,426	45,414
Time deposits	5,618	78,353	112,407	298,226	313,788	411,908	348,068	347,775	359,136
Total Deposits	19,166	487,774	979,857	1,867,763	1,937,699	2,405,831	2,545,718	2,576,095	2,624,369
Other liabilities	2,840	10,400	14,084	18,596	15,496	27,233	10,594	12,696	13,912
Other Borrowings	-	-	3,000	10,500	11,000	-	275,000	350,000	325,000
Subordinated debenture payable	-	5,155	5,155	5,155	5,155	5,155	5,155	5,155	5,155
Shareholders' Equity:									
Common stock, par value	95	116	181	323	324	324	329	330	330
Additional Paid-In Capital	88,729	108,628	171,236	306,060	308,882	310,860	316,623	318,904	319,108
Unrealized gain (loss) on investment securities	23	(52)	150	1,410	(3,756)	(1,090)	(3,834)	(1,009)	(583)
Retained earnings (deficit)	(12,912)	(16,073)	(21,233)	(5,924)	489	17,659	47,403	64,765	68,975
Total Grandpoint Capital Shareholders' Equity	75,935	92,619	150,334	301,869	305,939	327,753	360,521	382,990	387,830
Noncontrolling interest	-	4,683	6,265	-	-	-	-	-	-
Total Shareholders' Equity	75,935	97,302	156,599	301,869	305,939	327,753	360,521	382,990	387,830
Total Liabilities and Shareholders' Equity	\$ 97,941	\$ 600,631	\$ 1,158,695	\$ 2,203,883	\$ 2,275,289	\$ 2,765,972	\$ 3,196,988	\$ 3,326,936	\$ 3,356,266
Tangible book value	\$ 73,239	\$ 76,655	\$ 107,764	\$ 238,615	\$ 240,073	\$ 263,367	\$ 297,989	\$ 322,174	\$ 327,424
Shares outstanding	9,543,057	11,660,098	18,183,867	32,353,019	32,424,261	32,445,179	32,894,185	33,022,742	33,030,742
Book value per share	\$ 7.96	\$ 7.94	\$ 8.27	\$ 9.33	\$ 9.44	\$ 10.10	\$ 10.96	\$ 11.60	\$ 11.74
Tangible book value per share	\$ 7.67	\$ 6.57	\$ 5.93	\$ 7.38	\$ 7.40	\$ 8.12	\$ 9.06	\$ 9.76	\$ 9.91

Grandpoint Capital, Inc. and Subsidiaries  
Consolidated Income Statements  
Dollars in \$1,000's

	Year Ended December 31,							Quarter
	2010	2011	2012	2013	2014	2015	2016	Ended March 31, 2017
Interest Income	\$ 2,117	\$ 44,715	\$ 69,166	\$ 93,618	\$ 102,882	\$ 114,714	\$ 123,511	\$ 30,983
Interest Expense	204	4,174	4,109	4,248	4,826	5,883	8,256	2,558
Net Interest Income	1,913	40,541	65,057	89,370	98,056	108,831	115,255	28,425
Provision for Loan Losses	1,050	6,046	5,494	3,799	4,317	3,732	1,135	245
Noninterest Income	5,927	4,726	8,074	7,061	6,049	6,660	5,946	1,863
Noninterest Expense:								
Salaries and Benefits	6,898	22,343	34,891	44,292	40,270	38,719	40,462	10,503
Occupancy Expenses	1,021	3,102	4,591	5,380	5,569	5,186	5,405	1,321
Furniture and Equipment Expenses	883	2,077	2,991	3,352	3,610	3,288	3,283	842
Promotion Expenses	738	1,178	1,385	1,941	1,620	1,217	1,292	373
Data Processing Expenses	307	1,264	2,020	2,580	1,862	1,908	2,015	516
Professional Services	1,292	2,826	3,820	4,263	2,406	2,709	2,683	638
M&A, Conversion and Restructuring Costs	2,346	5,984	947	10,304	3,988	-	300	-
Office Supplies and Costs	293	787	1,284	1,481	1,755	1,422	1,358	334
Assessments and Insurance	215	1,428	1,880	2,195	2,377	2,464	2,388	519
Loan Expenses	-	-	1,785	1,703	3,108	1,849	1,499	307
Other Expenses	259	3,104	2,924	4,400	4,239	3,889	3,909	927
	14,252	44,093	58,518	81,891	70,804	62,651	64,594	16,280
Income before Income Taxes	(7,462)	(4,872)	9,119	10,741	28,984	49,108	55,472	13,763
Income Taxes	(374)	-	(6,316)	4,328	11,814	19,364	22,286	5,590
Net Income	<u>(7,088)</u>	<u>(4,872)</u>	<u>15,435</u>	<u>6,413</u>	<u>\$ 17,170</u>	<u>\$ 29,744</u>	<u>\$ 33,186</u>	<u>\$ 8,173</u>
EPS - basic	\$ (1.19)	\$ (0.35)	\$ 0.61	\$ 0.20	\$ 0.53	\$ 0.91	\$ 1.01	\$ 0.25
ROAA	-2.36%	-0.53%	0.96%	0.29%	0.70%	1.00%	1.03%	1.02%
ROATE	-11.29%	-4.08%	6.82%	2.10%	5.24%	10.52%	10.71%	10.25%
Efficiency Ratio	181.79%	97.41%	80.02%	84.92%	68.01%	54.25%	53.29%	53.75%