



REGENTS BANK

THE BILTMORE BANK
ARIZONA

DIVISIONS OF GRANDPOINT BANK

Grandpoint Capital, Inc., Reports Third Quarter 2017 Earnings

Los Angeles, October 23, 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 \$25.1 million and total assets of \$3.2 billion for the first nine months of 2017. In addition, the board of directors declared its eighth consecutive quarterly cash dividend. The quarterly cash dividend of \$0.15 will be payable on or about November 10, 2017, to shareholders of record as of October 30, 2017.

“During the third quarter we saw the strength, and depth, of our core client relationships demonstrated as demand deposits topped \$1 billion,” said Don M. Griffith, Chairman and CEO of Grandpoint Capital, Inc., and Grandpoint Bank. “In addition, our key performance measures document the sustained profitability and financial strength of Grandpoint Capital. Our return on average assets for the first nine months of 2017 was 1.04%, and our return on average tangible equity was 10.2%. At September 30, 2017, we reported basic earnings per share of \$0.76 for the first nine months of 2017, and achieved tangible book value per share of \$10.17. We continue to manage our expenses carefully, which is reflected in our efficiency ratio of 53.9% at the end of the third quarter.”

Total deposits at September 30, 2017, were \$2.5 billion, of which 40% is comprised of non-interest-bearing accounts. Loans totaled \$2.4 billion and asset quality remained strong during the quarter 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 10.6% and Total Risk-Based Capital Ratio of 13.1% at September 30, 2017.

In September 2017, Grandpoint Bank received a superior 5-star rating from independent rating and research firm BauerFinancial for the seventeenth consecutive quarter. The latest rating was based on June 30, 2017, 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.

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

| | June 30, | December 31, | | | | | | | September 30, |
|---|-----------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| | 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 | \$ 36,410 |
| Interest-bearing deposits in banks | 72,825 | 33,604 | 127,803 | 291,545 | 171,408 | 314,005 | 171,625 | 213,365 | 192,107 |
| Cash and Cash Equivalents | 76,326 | 61,395 | 150,127 | 335,259 | 212,585 | 351,693 | 196,738 | 242,284 | 228,517 |
| Investment Securities | 3,284 | 97,399 | 208,939 | 318,501 | 230,591 | 266,479 | 573,260 | 579,275 | 451,046 |
| Loans: | | | | | | | | | |
| Construction | 481 | 18,327 | 20,324 | 54,315 | 79,588 | 110,286 | 130,801 | 194,471 | 143,849 |
| Single family residential | - | 32,753 | 86,257 | 193,913 | 248,727 | 281,678 | 269,823 | 220,519 | 188,078 |
| Multifamily loans | 2,513 | 26,097 | 60,718 | 135,966 | 215,956 | 397,712 | 599,470 | 715,786 | 745,286 |
| Commercial real estate | 7,792 | 248,343 | 429,224 | 738,540 | 777,875 | 814,430 | 862,014 | 905,534 | 963,036 |
| Commercial and industrial | 2,005 | 83,847 | 136,492 | 295,199 | 371,341 | 375,607 | 412,051 | 322,419 | 310,829 |
| Consumer | - | 3,673 | 6,226 | 21,984 | 23,289 | 12,846 | 9,138 | 7,876 | 28,018 |
| Total Loans | 12,791 | 413,040 | 739,241 | 1,439,917 | 1,716,776 | 1,992,559 | 2,283,297 | 2,366,605 | 2,379,096 |
| Deferred loan fees, costs and discounts | (137) | (13,861) | (15,580) | (25,373) | (18,410) | (4,543) | 3,550 | 3,199 | 1,729 |
| Allowance for loan losses | - | (1,050) | (5,722) | (8,867) | (12,087) | (14,018) | (17,245) | (18,552) | (18,638) |
| Net Loans | 12,654 | 398,129 | 717,939 | 1,405,677 | 1,686,279 | 1,973,998 | 2,269,602 | 2,351,252 | 2,362,187 |
| 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 | 6,270 |
| Deferred Tax Assets | - | 4,056 | 12,011 | 30,997 | 30,981 | 30,206 | 24,749 | 23,818 | 22,446 |
| Other assets | 2,981 | 19,005 | 24,959 | 50,195 | 48,987 | 79,210 | 70,107 | 69,491 | 79,213 |
| Total Assets | \$ 97,941 | \$ 600,631 | \$ 1,158,695 | \$ 2,203,883 | \$ 2,275,289 | \$ 2,765,972 | \$ 3,196,988 | \$ 3,326,936 | \$ 3,203,002 |
| Deposits: | | | | | | | | | |
| Demand deposits | \$ 3,664 | \$ 136,024 | \$ 327,638 | \$ 736,831 | \$ 764,936 | \$ 792,896 | \$ 852,263 | \$ 926,594 | \$ 1,029,436 |
| NOW accounts | 547 | 22,651 | 57,302 | 88,994 | 132,743 | 136,003 | 139,660 | 148,071 | 156,534 |
| Money market accounts | 7,984 | 246,043 | 473,107 | 723,125 | 689,318 | 1,029,519 | 1,165,748 | 1,106,229 | 981,675 |
| Savings accounts | 1,353 | 4,703 | 9,403 | 20,587 | 36,914 | 35,505 | 39,979 | 47,426 | 46,934 |
| Time deposits | 5,618 | 78,353 | 112,407 | 298,226 | 313,788 | 411,908 | 348,068 | 347,775 | 299,861 |
| Total Deposits | 19,166 | 487,774 | 979,857 | 1,867,763 | 1,937,699 | 2,405,831 | 2,545,718 | 2,576,095 | 2,514,440 |
| Other liabilities | 2,840 | 10,400 | 14,084 | 18,596 | 15,496 | 27,233 | 10,594 | 12,696 | 11,589 |
| Other Borrowings | - | - | 3,000 | 10,500 | 11,000 | - | 275,000 | 350,000 | 275,000 |
| 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 | 332 |
| Additional Paid-In Capital | 88,729 | 108,628 | 171,236 | 306,060 | 308,882 | 310,860 | 316,623 | 318,904 | 320,475 |
| Unrealized gain (loss) on investment securities | 23 | (52) | 150 | 1,410 | (3,756) | (1,090) | (3,834) | (1,009) | (2) |
| Retained earnings (deficit) | (12,912) | (16,073) | (21,233) | (5,924) | 489 | 17,659 | 47,403 | 64,765 | 76,013 |
| Total Grandpoint Capital Shareholders' Equity | 75,935 | 92,619 | 150,334 | 301,869 | 305,939 | 327,753 | 360,521 | 382,990 | 396,818 |
| 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 | 396,818 |
| 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 | \$ 3,203,002 |
| Tangible book value | \$ 73,239 | \$ 76,655 | \$ 107,764 | \$ 238,615 | \$ 240,073 | \$ 263,367 | \$ 297,989 | \$ 322,174 | \$ 337,225 |
| 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 | 33,149,492 |
| Book value per share | \$ 7.96 | \$ 7.94 | \$ 8.27 | \$ 9.33 | \$ 9.44 | \$ 10.10 | \$ 10.96 | \$ 11.60 | \$ 11.97 |
| Tangible book value per share | \$ 7.67 | \$ 6.57 | \$ 5.93 | \$ 7.38 | \$ 7.40 | \$ 8.12 | \$ 9.06 | \$ 9.76 | \$ 10.17 |

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

| | Year Ended December 31, | | | | | | | Nine Months Ended September 30, |
|---|-------------------------|-----------|-----------|-----------|------------|------------|------------|---------------------------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| Interest Income | \$ 2,117 | \$ 44,715 | \$ 69,166 | \$ 93,618 | \$ 102,882 | \$ 114,714 | \$ 123,511 | \$ 95,945 |
| Interest Expense | 204 | 4,174 | 4,109 | 4,248 | 4,826 | 5,883 | 8,256 | 9,196 |
| Net Interest Income | 1,913 | 40,541 | 65,057 | 89,370 | 98,056 | 108,831 | 115,255 | 86,749 |
| Provision for Loan Losses | 1,050 | 6,046 | 5,494 | 3,799 | 4,317 | 3,732 | 1,135 | 340 |
| Noninterest Income | 5,927 | 4,726 | 8,074 | 7,061 | 6,049 | 6,660 | 5,946 | 5,749 |
| Noninterest Expense: | | | | | | | | |
| Salaries and Benefits | 6,898 | 22,343 | 34,891 | 44,292 | 40,270 | 38,719 | 40,462 | 32,244 |
| Occupancy Expenses | 1,021 | 3,102 | 4,591 | 5,380 | 5,569 | 5,186 | 5,405 | 4,063 |
| Furniture and Equipment Expenses | 883 | 2,077 | 2,991 | 3,352 | 3,610 | 3,288 | 3,283 | 2,596 |
| Promotion Expenses | 738 | 1,178 | 1,385 | 1,941 | 1,620 | 1,217 | 1,292 | 1,015 |
| Data Processing Expenses | 307 | 1,264 | 2,020 | 2,580 | 1,862 | 1,908 | 2,015 | 1,578 |
| Professional Services | 1,292 | 2,826 | 3,820 | 4,263 | 2,406 | 2,709 | 2,683 | 2,066 |
| M&A, Conversion and Restructuring Costs | 2,346 | 5,984 | 947 | 10,304 | 3,988 | - | 300 | 162 |
| Office Supplies and Costs | 293 | 787 | 1,284 | 1,481 | 1,755 | 1,422 | 1,358 | 1,026 |
| Assessments and Insurance | 215 | 1,428 | 1,880 | 2,195 | 2,377 | 2,464 | 2,388 | 1,416 |
| Loan Expenses | - | - | 1,785 | 1,703 | 3,108 | 1,849 | 1,499 | 952 |
| Other Expenses | 259 | 3,104 | 2,924 | 4,400 | 4,239 | 3,889 | 3,909 | 2,739 |
| | 14,252 | 44,093 | 58,518 | 81,891 | 70,804 | 62,651 | 64,594 | 49,857 |
| Income before Income Taxes | (7,462) | (4,872) | 9,119 | 10,741 | 28,984 | 49,108 | 55,472 | 42,301 |
| Income Taxes | (374) | - | (6,316) | 4,328 | 11,814 | 19,364 | 22,286 | 17,163 |
| Net Income | (7,088) | (4,872) | 15,435 | 6,413 | \$ 17,170 | \$ 29,744 | \$ 33,186 | \$ 25,138 |
| EPS - basic | \$ (1.19) | \$ (0.35) | \$ 0.61 | \$ 0.20 | \$ 0.53 | \$ 0.91 | \$ 1.01 | \$ 0.76 |
| ROAA | -2.36% | -0.53% | 0.96% | 0.29% | 0.70% | 1.00% | 1.03% | 1.04% |
| ROATE | -11.29% | -4.08% | 6.82% | 2.10% | 5.24% | 10.52% | 10.71% | 10.24% |
| Efficiency Ratio | 181.79% | 97.41% | 80.02% | 84.92% | 68.01% | 54.25% | 53.29% | 53.90% |