



## From the Chairman

Grandpoint Bank ended the third quarter 2011 with \$874 million in assets and \$746 million in deposits, only 15 months after we opened our doors. By quarter-end, we had achieved a break-even financial performance, and we are now generating a profit. Our balance sheet remains clean, as evidenced by our "Texas Ratio" of 10%, which measures credit portfolio risk. Our liquidity is excellent, and our capital ratios remain strong with a Total Risk-Based Capital Ratio of 15.6 percent at September 30, 2011, well above the 10 percent considered "well capitalized" by bank regulators. Our holding company, Grandpoint Capital, has substantial capital resources, with more than \$100 million in committed, but unused, capital to support future growth.

In addition to growth through acquisitions, our loans have grown organically by roughly \$50 million and our deposits by approximately \$130 million with non-interest-bearing deposits accounting for 30 percent. We are seeking out business, supporting our clients' credit requirements and offering them competitive product options, including jumbo mortgages, SBA, commercial real estate, C & I, multi-family, and construction loans.

During the third quarter we also continued to build our banking office network to provide greater accessibility and convenience for our clients. With the acquisition of Orange Community Bank, completed in the third quarter, we added three well-placed banking offices in Orange, Anaheim and Huntington Beach. We now have a footprint in Los Angeles and Orange counties from which we will continue to build. In the near future, we plan to open a regional office in Newport/Irvine led by Orange County banking veteran Allen Court. The office is modeled on our South Bay Regional office, which opened in November 2010 under the leadership of Regional Manager John Nixon.

We have kept our eye on meeting and anticipating the needs of our clients. Our Treasury Management Services division, under the direction of Annette Isaacs, continues to add new product enhancements that are helping clients manage their cash more effectively. Our SBA Lending division has had a very strong response to their product offerings and the lending expertise provided by Brandon Day and his team. Our diverse International Trade Finance capabilities, managed by Willy Chua, are attracting clients who have import/export interests. In addition, we are focused on creating customized product sets for specific industries in which we have special expertise, such as property management. We are also strengthening our ability to make fixed rate loans, which we believe will have broad appeal to our clients.

All of these achievements are directly attributable to the great people we have attracted to Grandpoint and those who have become part of the bank through our acquisitions. We have some of the most talented bankers in the business today. They share a commitment to building long-term client relationships by combining exemplary service and exceptional banking expertise.

A handwritten signature in black ink that reads "Don M. Griffith".

Don M. Griffith  
Chairman & CEO



## Balance Sheet (Unaudited)

<i>(Dollars in thousands)</i>	<u>Sept. 30, 2011</u>	<u>Dec. 31, 2010</u>	<u>June 30, 2010</u>
Cash and due from banks	\$28,379	\$22,853	\$565
Interest-bearing deposits in banks	<u>132,321</u>	<u>8,368</u>	<u>72,235</u>
Cash and Cash Equivalents	160,700	31,221	72,800
Investment Securities	151,336	100,435	3,874
Loans, total	522,133	337,424	12,020
Fees and discounts	(8,606)	(10,081)	-
Allowance for loan losses	<u>(3,113)</u>	<u>(1,050)</u>	<u>-</u>
Net Loans	510,414	326,293	12,020
Goodwill	24,706	14,958	3,015
Core deposit and other intangibles	4,151	1,930	325
Other assets	<u>22,735</u>	<u>16,864</u>	<u>2,835</u>
Total Assets	<u>\$874,042</u>	<u>\$491,701</u>	<u>\$94,869</u>
Deposits:			
Demand deposits	\$228,631	\$107,557	\$3,664
NOW accounts	27,559	21,362	547
Money market accounts	401,835	222,270	7,984
Savings accounts	6,671	3,068	1,353
Time deposits	<u>81,408</u>	<u>53,340</u>	<u>5,618</u>
Total Deposits	746,104	407,597	19,166
Other liabilities	7,093	4,892	1,187
Total Shareholders' Equity	<u>120,845</u>	<u>79,212</u>	<u>74,516</u>
Total Liabilities and Shareholders' Equity	<u>\$874,042</u>	<u>\$491,701</u>	<u>\$94,869</u>

## Capital Ratios

September 30, 2011

Total Risk-Based Capital Ratio:	15.6%
Tier 1 Capital Ratio:	15.0%
Leverage Ratio:	13.5%