

# Grandpoint Bank

## Fourth Quarter 2015

### From the Chairman

Grandpoint Bank had a very strong year in 2015. We reported net income of \$30.0 million for the year ended December 31, 2015, compared to \$19.6 million in 2014, an increase of 53%. The Bank also increased total assets to \$3.2 billion at December 31, 2015, up from \$2.8 billion at year-end 2014, all via organic growth.

In addition to posting record earnings, we also achieved a sustainable 1.0 percent return on average assets, and our efficiency ratio of 53.0 percent demonstrates our success in managing expenses as we continue to grow the Bank. By focusing on our core client relationships, we have been able to achieve strong and consistent organic growth in both deposits and loans.

At December 31, 2015, deposits totaled \$2.6 billion, with steady growth in core deposits. Total loans were \$2.3 billion, and asset quality remained strong during the quarter as the Bank continued to maintain a prudent and disciplined risk strategy. Key performance metrics also demonstrated the Bank's long-term strength. In addition to achieving a return on average assets of 1.0 percent, the Bank's return on average tangible equity was 11.2 percent.

Throughout 2015, Grandpoint's capital ratios were above levels considered well-capitalized by bank regulators. At December 31, 2015, the Bank's Leverage Ratio was 9.2 percent, Common Equity Tier 1 Risk-Based Capital Ratio was 11.9 percent, Tier 1 Risk-Based Capital Ratio was 11.9 percent, and Total Risk-Based Capital was 12.7 percent.

In December 2015, Grandpoint received a superior 5-star rating from independent rating and research firm BauerFinancial for the tenth consecutive quarter. The latest rating was based on September 30, 2015, financial data. The 5-star rating, for strength, stability and soundness, is only awarded to the nation's strongest banks. It is gratifying to have our strong financial performance validated by such a respected organization.

Don M. Griffith  
Chairman & CEO

**Grandpoint.**

    
DIVISIONS OF GRANDPOINT BANK

## Grandpoint Bank

### Balance Sheets (unaudited)

DOLLARS IN THOUSANDS

	December 31,	
	2015	2014
<b>Assets</b>		
Cash and due from banks	\$ 25,113	\$ 37,688
Interest-bearing deposits in banks	171,625	314,005
Cash and cash equivalents	196,738	351,693
Investment securities	586,010	276,720
Loans, total	2,281,826	1,987,507
Deferred loan fees, costs and discounts	3,699	(3,041)
Allowance for loan losses	(17,245)	(14,018)
Net loans	2,268,280	1,970,448
Goodwill	53,323	53,323
Core deposit and other intangibles	9,209	11,063
Other assets	75,877	86,950
Total assets	<u>\$ 3,189,437</u>	<u>\$ 2,750,197</u>
<b>Liabilities and shareholder's equity</b>		
<i>Liabilities</i>		
Deposits		
Demand	\$ 866,074	\$ 794,528
NOW	139,660	136,003
Money market	1,165,748	1,029,519
Savings	39,979	35,505
Time	348,068	411,908
Total deposits	2,559,529	2,407,463
Borrowings	275,000	–
Other liabilities	10,519	26,531
Total liabilities	2,845,048	2,433,994
Shareholder's equity	344,389	316,203
Total liabilities and shareholder's equity	<u>\$ 3,189,437</u>	<u>\$ 2,750,197</u>

Capital ratios	Capital ratios considered "Well Capitalized" by bank regulators	
Leverage Ratio	9.2%	5.0%
Common Equity Tier 1 Risk-Based Capital Ratio	11.9%	6.5%
Tier 1 Risk-Based Capital Ratio	11.9%	8.0%
Total Risk-Based Capital Ratio	12.7%	10.0%

## Grandpoint Bank

### Income Statements (unaudited)

DOLLARS IN THOUSANDS

	Twelve months ended December 31,	
	2015	2014
Interest income	\$ 113,684	\$ 102,604
Interest expense	5,640	3,991
Net interest income	108,044	98,613
Provision for loan losses	3,750	3,898
Noninterest income	6,216	6,038
Noninterest expense:		
Salaries and benefits	37,310	38,793
Occupancy and equipment expense	8,234	9,051
Merger, acquisition, conversion and restructuring	–	3,868
Other expenses	14,908	15,909
Total noninterest expense	60,452	67,621
Income before income taxes	50,058	33,132
Income taxes	20,031	13,507
Net income	<u>\$ 30,027</u>	<u>\$ 19,625</u>

Return on Average Assets	1.02%
Return on Average Tangible Equity	11.20%
Efficiency Ratio	53.03%

Five-Star Superior Rating by BauerFinancial



Grandpoint.

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DIVISIONS OF GRANDPOINT BANK