



## From the Chairman

With the completion of the first quarter 2011, Grandpoint Bank marks nine months in business. During the first six months, we completed three acquisitions that enabled us to build a strong foundation for our Southern California banking franchise and add a depth of leadership talent to our management team. Opportunities to acquire well managed, quality banks are limited so we were especially pleased to welcome Encino-based First Commerce Bank to Grandpoint in December 2010. Later this year, we expect to close our recently announced acquisition of \$226.5 million-asset Orange Community Bank, another first-class financial institution with outstanding leadership. After accounting for that acquisition, we will still have an additional \$215 million in committed, unused capital, which we will use to seek out other opportunities to acquire solid, well managed banks, like First Commerce and Orange Community, that support our strategic vision.

Since year-end, we have experienced increased organic growth, building strong core deposits and adding high quality loans to our balance sheet. Credit goes to our outstanding team of bankers who are attracting new business at an accelerating rate. We also opened our first new regional office in the South Bay, part of our strategy for de novo growth in new markets that add to our franchise value. We are in the process of expanding our presence in Orange County with a new regional office in Newport Beach. Our ability to successfully build business in these new markets is due to the talented people we have recruited to open and run the offices, who have years of experience working in these regions.

As a result of our acquisitions and internal growth, we have seen assets grow from \$16 million in June 2010 to \$570.7 million at the end of the first quarter 2011. Since year-end 2010, we have organically grown deposits from \$407 million to \$448 million at the end of first quarter 2011. With our substantial capital base, our capital ratios have remained very strong. At the end of the first quarter 2011 Grandpoint Bank had a Total Risked-Based Capital Ratio of 15.3%, Tier 1 Capital Ratio of 14.7% and Leverage Ratio of 11.3%.

When we created the vision for Grandpoint, the management team was determined to build a bank that made client needs the nucleus of our business. I believe we are delivering on that promise with the right combination of product sophistication and personal service. We are gratified by the positive response and excited about the prospects for continuing to build Grandpoint's premier banking franchise.

Don M. Griffith  
Chairman & CEO

## First Quarter Highlights

As of March 31, 2011

Total assets	\$570.7 MM
Total deposits	\$488.8 MM
Total equity capital	\$76.9 MM

Total Risk-Based Capital Ratio:	15.3%
Tier 1 Capital Ratio:	14.7%
Leverage Ratio:	11.3%



## Balance Sheet (Unaudited)

March 31, 2011

(Dollars in thousands)

Cash and due from banks.....	\$16,372
Interest-bearing deposits in banks.....	85,298
Cash and Cash Equivalents.....	<u>101,670</u>
Investment Securities.....	95,759
Loans, net of fees and discounts.....	339,220
Allowance for loan losses.....	<u>(1,981)</u>
Net Loans.....	337,239
Goodwill.....	14,895
Core deposit intangible.....	1,875
Other assets.....	<u>19,231</u>
Total Assets.....	<u>\$570,669</u>
Deposits:	
Demand deposits.....	\$120,665
NOW accounts.....	20,171
Money market accounts.....	269,679
Savings accounts.....	2,919
Time deposits.....	<u>48,319</u>
Total Deposits.....	488,753
Other liabilities.....	4,994
Total Shareholders' Equity.....	<u>76,922</u>
Total Liabilities and Shareholders' Equity.....	<u>\$570,669</u>