



## From the Chairman

Grandpoint Bank marked its first full year in business in June 2011. During the year, we built a talented team of bankers, who helped lead us into new geographies and new product areas. We established a network of banking offices in key markets around Los Angeles and Orange counties through three acquisitions and a de novo office opened in the South Bay. The relationships we cultivated with our clients drove healthy growth in deposits and loans.

Since year-end 2010, deposits have increased nearly 20 percent, from \$408 million to \$488 million at June 30, 2011, due to strong growth in core deposits. At July 31, 2011, total deposits had grown an additional \$21 million to \$509 million.

While many banks are still contracting their lending activities, Grandpoint grew its loan portfolio ten percent since year-end 2010, from \$337 million to \$371 million at June 30, 2011. At July 31, 2011, loan totals increased to \$381 million.

Underlying our strong growth is the quality of staff we have attracted to Grandpoint. Each of our divisions and departments has benefited from the leadership and talent we have recruited. In July, we welcomed Senior Vice President Brandon Day, who joined Grandpoint to launch our SBA lending program. Brandon and his team are based in our new loan production office in Pasadena. Brandon brings more than 20 years of specialized SBA experience, having most recently served as president of Pacific Commerce Bank's SBA Division. Earlier in the year, Allen Court joined the Grandpoint team as Senior Vice President and Regional Manager of our Newport/Irvine region. Allen has 35 years of commercial banking experience, much of it working in the Orange County market. He will be opening a new Newport/Irvine regional office for Grandpoint, which will become a key part of our Orange County operations.

Orange County is an important market for Grandpoint, which is why we were excited to complete our merger with Orange Community Bank (OCB) on August 30. The merger adds three new offices to our banking network, in Orange, Anaheim and Huntington Beach. Grandpoint's increased presence in the county, supported by OCB's highly experienced management team and staff, opens up attractive new business opportunities. OCB CEO Larry Sallinger continues to take a hands-on role in Orange County as Executive Vice President of Grandpoint Bank and Vice Chair of the Bank's board of directors. Former OCB CFO Jerro Otsuki now serves as Executive Vice President and Chief Financial Officer for the combined banks. As a result of the merger, Grandpoint Bank now has total assets of approximately \$850 million.

As we grow, we continue to maintain strong capital ratios, with a Total Risk-Based Capital Ratio of 14.8 percent at June 30, 2011, well above the 10 percent considered "well capitalized" by bank regulators. Our holding company, Grandpoint Capital, Inc., has substantial capital resources, with \$216 million in unused capital.

As the year progresses, we will continue to seek out new opportunities to bring even greater value and convenience to our valued clients.

Don M. Griffith  
Chairman & CEO



## Balance Sheet (Unaudited)

<i>(Dollars in thousands)</i>	<u>June 30, 2011</u>	<u>Dec. 31, 2010</u>	<u>June 30, 2010</u>
Cash and due from banks	\$7,747	\$22,853	\$565
Interest-bearing deposits in banks	<u>68,982</u>	<u>8,368</u>	<u>72,235</u>
Cash and Cash Equivalents	76,729	31,221	72,800
Investment Securities	94,572	100,435	3,874
Loans, total	371,209	337,424	12,020
Fees and discounts	(5,491)	(10,081)	-
Allowance for loan losses	<u>(2,611)</u>	<u>(1,050)</u>	<u>-</u>
Net Loans	363,107	326,293	12,020
Goodwill	14,336	14,958	3,015
Core deposit and other intangibles	1,819	1,930	325
Other assets	<u>19,470</u>	<u>16,864</u>	<u>2,835</u>
Total Assets	<u>\$570,033</u>	<u>\$491,701</u>	<u>\$94,869</u>
Deposits:			
Demand deposits	\$122,810	\$107,557	\$3,664
NOW accounts	16,592	21,362	547
Money market accounts	305,603	222,270	7,984
Savings accounts	2,106	3,068	1,353
Time deposits	<u>41,036</u>	<u>53,340</u>	<u>5,618</u>
Total Deposits	488,057	407,597	19,166
Other liabilities	4,723	4,892	1,187
Total Shareholders' Equity	<u>77,253</u>	<u>79,212</u>	<u>74,516</u>
Total Liabilities and Shareholders' Equity	<u>\$570,033</u>	<u>\$491,701</u>	<u>\$94,869</u>

## Capital Ratios

June 30, 2011

Total Risk-Based Capital Ratio:	14.8%
Tier 1 Capital Ratio:	14.2%
Leverage Ratio:	11.1%