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Contact: Dan Yates, Regents Bank (858) 729-7700

Jennifer Whitelaw, TW² Marketing, Inc. (619) 733-5944

Big Jump in Year-Over-Year Net Income for Regents Bank at End of Third Quarter

San Diego, California – [Regents Bank](#) recorded net income of \$1.3 million through the first nine months of 2011, reversing a loss of \$68,000 recorded during the same period in 2010. Assets and deposits grew on a year-over-year basis, with assets increasing 3.57 percent to \$353 million and deposits increasing 3.27 percent to \$312 million.

Regents Bank's continued strong performance is underscored by a recently-released financial performance report from BauerFinancial, awarding Regents Bank a five star rating, their highest rating possible.

The bank's continued core strength and continued improvements in asset quality, partly due to the reduction of non-performing loans from last quarter, caused Regents Bank's Texas ratio to improve further, now standing at 3.9 percent in third quarter 2011, as compared to 8.3 percent the previous quarter. The Texas ratio is a measure of a bank's credit problems, with a higher ratio being an indicator of more severe credit troubles. A Texas ratio of 100 percent or above is the threshold that generally classifies a bank with severe credit problems. As compared to its peer banks, Regents Bank ranks among the top five percent for lowest Texas ratios.

Regents Bank's non-performing loans (loans past due 90 days or greater as well as loans in non-accrual status) for the third quarter 2011 total totaled \$1.8 million, down significantly from \$3.7 million reported at the end of the previous quarter.

Total assets and total deposits outstanding declined when compared to amounts outstanding at the end of the previous quarter, however, the declines were by less than one percent. Similar to nationwide results, Regents Bank's loans decreased to \$208 million from \$216 million the previous quarter and from \$226 million the same period last year.

"We expect loan growth to remain tepid throughout our industry while the economy struggles to rebound," said Dan Yates, president & CEO of Regents Bank. A PNC Economic Outlook Survey released in April of this year revealed that eight out of ten small business owners say they will probably not or definitely not



take out a new loan or line of credit in the next six months, which is the lowest level since PNC started doing the survey in 2003.

On September 6, 2011, Grandpoint Capital, Inc. and Regents Bancshares, Inc., the parent company of La Jolla based Regents Bank, jointly announced they had entered into a definitive agreement pursuant to which Grandpoint Capital will acquire Regents Bancshares, and Regents Bank will become a wholly-owned subsidiary of Grandpoint Capital. This move allows Regents Bank access to better offer specialty products such as treasury and cash management products to its business clientele as well as an ability to support larger loan accommodations for its clients, and positions the bank to be a key player in San Diego's economic recovery by providing the lending capacity that San Diego businesses will require. Completion of the transaction with Grandpoint is subject to regulatory and shareholder approvals and is anticipated to be completed in the first quarter of 2012. Regents Bank remains locally managed.

"In addition to low loan demand, another issue creating a headwind for banks is that in August of this year, the Federal Open Market Committee announced that they would keep the federal funds rate at a net-zero level through 2013," Yates said. "An extended period of low interest rates hurts banks and causes net interest margins to slip."

The continued low interest rate environment, combined with a decline in loan balances outstanding, has contributed to a drop in the bank's interest income. Accordingly, Regents Bank realized net income of \$430,000 during the third quarter of 2011, a large decline as compared to \$830,000 recorded during the same quarter last year.

Regents Bank recorded \$0 in provision for loan losses in the 3rd quarter of 2011.

Regents Bank substantially exceeds well capitalized standards with a total risk-based capital ratio of 19.2 percent, a Tier 1 leverage ratio of 11 percent and a Tier 1 risk-based capital ratio of 17.9 percent as of September 30, 2011. Federal banking agencies define a well-capitalized bank as having a total risk-based capital ratio equal to or greater than 10 percent; Tier 1 leverage capital ratio equal to or greater than five percent; and a Tier 1 risk-based capital ratio equal to or greater than six percent.

"We find that clients need our expert consultative banking services more than ever in difficult times," said Tom Young, chairman of Regents Bank. "We've spent many years recruiting a team of people who are uniquely qualified to provide valuable assistance to our clients, we are a top-performing bank and our affiliation with like-minded Grandpoint Capital will only make us stronger."



Founded in 2001, Regents Bank is a locally owned and managed community bank offering a wide range of financial services to its clients. The bank specializes in serving small to mid-size businesses. Regents Bank offers a full line of commercial business loans, SBA 504 real estate loans, investment real estate financing, an array of depository products, corporate cash management and private banking services. Regents Bank operates banking offices in downtown San Diego, La Jolla, Carlsbad and El Cajon, California, as well as in Vancouver, Washington.

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