



INTERMEDIATE SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

May 07, 2012

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Regents Bank, National Association
Charter Number 24214

875 Prospect Street, Suite 100
San Diego (La Jolla), CA 92038

Office of the Comptroller of the Currency

San Diego Field Office,
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Carlsbad, California 92008

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

The primary factors supporting the "Institution Rating" are:

- The bank originates a majority of loans within its combined assessment areas.
- The geographic distribution of loans reflects reasonable dispersion and compares reasonably to area demographics.
- The bank's quarterly average loan-to-deposit ratio is comparable to the peer average ratio.
- The distribution of loans to businesses with annual revenue of \$1 million or less reflects reasonable penetration and compares reasonably to Dunn and Bradstreet business demographic data.
- The bank demonstrates adequate responsiveness to community development needs in its two assessment areas.

Scope of Examination

This Performance Evaluation (PE) assesses the Community Reinvestment Act (CRA) performance of Regents Bank, National Association (RBNA), using the "Intermediate Small Bank" examination process. This process includes an evaluation of CRA activity under the Lending Test criteria, as well as activities under the Community Development (CD) Test: CD lending, investments, and services.

Under the Lending Test, we evaluated performance using a random sample of commercial loans because they represent the substantial majority of the bank's lending activity. We tested commercial loans that RBNA originated from January 2010 through December 2011.

The Community Development Test includes activities since the bank's last CRA examination, from May 2007 through April 2012. Because RBNA has branches in two states, we analyzed loan data and CD activities in the assessment areas located in each of the two states: California and Washington.

Description of Institution

Regents Bank, N.A. (RBNA) is a community bank headquartered in La Jolla, California. RBNA opened for business in September 2001, and is a wholly-owned subsidiary of Grandpoint Capital, Incorporated (GCI). GCI is a three-bank holding company headquartered in Los Angeles, California.

GCI acquired RBNA in January 2012. Two affiliated banks are Grandpoint Bank, wholly owned by GCI, and Bank of Tucson, majority-owned by GCI. Grandpoint Bank is a California state-chartered bank with branches in downtown Los Angeles, Anaheim, Brentwood, El Segundo, Encino, Huntington Beach, Orange, and Santa Ana as well as a LPO in Pasadena. Bank of Tucson is an Arizona state-chartered bank with two branches in Tucson.

We are not considering the CRA activities of the affiliates in our performance evaluation since the affiliates are state chartered, RBNA had no inter-affiliate banking relationships, and GCI acquired RBNA after our evaluation end date of December 31, 2011. At the last CRA examination and following years until GCI acquired RBNA in 2012, Regents Bancshares was the 100 percent owner of RBNA.

The main branch of RBNA is located in La Jolla, California, in an upper-income census tract. RBNA also has branches in downtown San Diego and Carlsbad, California, (in upper-income census tracts) as well as one branch in Vancouver, Washington, (in a moderate-income census tract).

In February 2010, the bank opened a loan production office (LPO) in El Cajon, California, to increase small- and mid-sized businesses lending activities in a moderate-income census tract. RBNA converted the El Cajon LPO to a full service branch in July 2010 to further serve the community by having the capacity to take deposits as well as make loans.

RBNA offers a full range of commercial and consumer loan products with an emphasis on meeting the credit needs of small- and medium-size businesses. Commercial loan products include business loans and lines of credit for working capital; equipment financing; construction loans; and real estate loans for single and multi-family investment properties as well as and for commercial, industrial and retail buildings. Consumer lending products include home equity loans and lines of credit, home improvement loans, and personal secured and unsecured loans and lines of credit.

RBNA offers traditional services at all branches. The La Jolla and Vancouver branches also have night deposit access. RBNA closed the automated teller machines (ATMs) at the La Jolla and Vancouver branches in March 2012 because it was not cost effective to replace the ATMs to comply with the 2010 Americans with Disabilities Act standards. There are no ATMs at its other branches.

The RBNA Report of Condition and Income reported total assets of \$356 million, total loans of \$213 million, total deposits of \$308 million, and total equity capital of \$47 million as of March 31, 2012. Total loans of \$212 million represent approximately 60 percent of total assets. The following chart summarizes the loan portfolio by major loan type.

Regents Bank N.A. Loan Portfolio by Major Product Type March 31, 2012		
Loan Type	(000s)	Percent
Commercial Real Estate	106,453	50%
Construction	26,997	13%
Commercial-Industrial	52,319	24%
Consumer	21,643	10%
Other/Less Unearned Income	5,512	3%
Total	212,924	100%

There are no financial or legal impediments that impede the bank's ability to meet the credit needs of the communities it serves. RBNA received a "Satisfactory" rating under the "Intermediate Small Bank" rating criteria at the last CRA examination in May 2009.

Selection of Areas for Full-Scope Review

As described above, RBNA maintains branches in one metropolitan area in each of two states: the County of San Diego in California and Clark County in Washington. We separately analyzed the bank's loan distribution data and CD activities within each assessment area in each state.

Ratings

The bank's overall rating is a blend of the state ratings. We weighted performance in the State of California area most heavily given that the preponderance of loan activity was generated in that area during the evaluation period. Most branches are located in California and the bank maintains only one branch in the State of Washington.

Conclusions with Respect to Lending Test Performance Criteria

[Note: The criteria "loan-to-deposit ratio" and the "lending in assessment area(s)" apply to the institution overall: State of California and the State of Washington.]

Loan-to-Deposit Ratio

RBNA’s loan-to-deposit (LTD) ratio is reasonable and meets the standard for satisfactory performance given the bank’s size and credit needs of its AAs.

We evaluated the bank’s quarterly average net LTD ratio for the last 13 quarters (since the last CRA examination) through December 2011. During this period, the bank’s LTD ratio averaged 75 percent. We compared the bank’s average LTD ratio with that of peer banks that are similar in asset size and headquartered in areas having similar AA demographics. The combined average quarterly LTD ratio of peer banks was 80 percent over the same period. RBNA’s average LTD ratio is just slightly less than the peer average and is reasonable.

Lending in Assessment Area [AAs combined]

RBNA granted a majority of the number and dollar volume of sampled commercial loans within its combined AAs and meets the standard for satisfactory performance.

For this analysis, we randomly sampled 20 commercial loans the bank originated or purchased from January 2010 through December 2011. We sampled only commercial loans since they represent the bank’s primary lending activity.

Based on our random sample, the bank granted 65 percent of the number and 51 percent of the dollar volume of commercial loans within its AAs. The following table reflects the commercial loan sample and distributions inside and outside of the combined AAs.

Table 1 - Lending in the Defined CRA Area San Diego County and Clark County Assessment Areas Commercial Loans January 2010 through December 2011										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total #	Inside		Outside		Total \$(000's)
	#	%	#	%		\$(000's)	%	\$(000's)	%	
Commercial Loan Sample	13	65	7	35	20	3,413	51	3,275	49	6,688

Source: Random sample of 20 bank commercial loan originations.

State Ratings

State of California

CRA Rating: Satisfactory.

The Lending test is rated: Satisfactory.

The Community development test is rated Satisfactory.

- The geographic distribution of loans compares reasonably to area demographics.
- Lending patterns to businesses with annual revenue of \$1 million and less compare reasonably to Dunn and Bradstreet business demographic data.
- The bank demonstrates satisfactory responsiveness to community development within the San Diego County AA in California.

DESCRIPTION OF THE INSTITUTION'S PERFORMANCE IN THE STATE OF CALIFORNIA

State of California: San Diego County AA.

The area meets regulatory requirements and does not arbitrarily exclude low- or moderate-income geographies. The bank helps meet community credit needs in the AA through its main office located in La Jolla, and the San Diego, Carlsbad and El Cajon branches.

San Diego County

San Diego County comprises the entire San Diego Metropolitan Area 41740. It is the southern-most county in California and is bounded by Orange and Riverside Counties to the north, Imperial County to the east, the Pacific Ocean to the west, and Mexico to the south. The bank helps meet community credit needs in the AA through its main branch in La Jolla and its branches in downtown San Diego, Carlsbad, and El Cajon. San Diego County is the second most populous county in California. The 2010 U.S. Census indicates a population of 3.1 million in the county.

The AA has 605 census tracts: 8 percent are low-income, 23 percent are moderate-income, 38 percent are middle-income, and 31 percent are upper-income tracts. The low-income tracts are primarily in central San Diego city, and the moderate-income tracts are disbursed around the city of San Diego with large individual moderate-income tracts in the northern, southern, and eastern sections of the county. The 2000 Census median housing value was \$229,602. According to the San Diego Regional Chamber of

Commerce Economic Research Bureau (ERB), the median home price in January 2012 was \$349,000. Approximately 53 percent of all housing units are owner occupied. The 2000 weighted average of the MSA median family income was \$53,544, and HUD updated the MSA median family income to \$74,900 for 2011. Approximately 10 percent of the households are living below the poverty level.

Local economists, including University of San Diego economic forecasts, concur that the San Diego County economy will continue to experience a slow recovery over the next few years. Residents continue to face challenges with job availability and with the level of wages versus cost of living. "Middle-skilled jobs" that once formed the broad-base of the middle class are disappearing. Consequently, many of the available positions consist of relatively low-paying and/or part-time, such as home-care and lower-skilled manual labor. The ERB reported that the unemployment rate in San Diego County was 11.3 percent in January 2012, slightly above the state unemployment rate of 11 percent and the well exceeding the national unemployment rate of 8.3 percent.

The AA employed labor force is approximately 1.4 million. San Diego County's major industries include government, professional, and business services; and trade, transportation, and utilities. Major employers consist of the University of California, San Diego, the County of San Diego, Naval Base San Diego, City of San Diego, San Diego Unified School District, Sharp Health Care, Scripps Health, and Qualcomm, Inc. The San Diego Association of Governments believes the current economic conditions will continue to impact consumers by job losses, lower wages, and foreclosures. House prices rose 5.4 percent in 2011, according to the Case-Shiller Home Price Index. As of December 2011, the county reported 21,064 bankruptcies and 780 foreclosures according to the ERB.

Competition among financial institutions in the AA includes Security Business Bank of San Diego, San Diego Trust Bank, and Torrey Pines Bank. RBNA also competes with mid- and large-size banks such as City National Bank, N.A., Bank of America, N.A., and Wells Fargo Bank, N.A.

SCOPE OF EVALUATION IN CALIFORNIA – SAN DIEGO

We conducted a full-scope review of RBNA's performance in its San Diego County AA in California using the CRA Lending Test and Community Development (CD) Test.

In addition, to help evaluate credit and community development needs as part of this examination, examiners contacted an economic development corporation. They stated that among specific needs is to revitalize LMI areas by assisting in the development of small businesses through various information to acquire loans and employment training programs, including (and targeted for) LMI persons. Examiners also held discussions with other community organizations in the AA and identified that needs include small loans for small businesses; transitional and affordable housing; and foreclosure/loan modification assistance.

CONCLUSIONS WITH RESPECT TO LENDING TESTS IN CALIFORNIA

Borrower Distributions and Geographic Distributions

RBNA's performance under the Lending Test in the State of California (San Diego AA) is rated Satisfactory.

For the CRA loan distributions criteria under the Lending Test, we analyzed a random sample of 20 commercial loans because they represent the substantial majority of the bank's lending in keeping with RBNA's business strategy.

- The bank's distribution of lending to businesses of different sizes is reasonable.
- The geographic distribution of commercial loans compares favorably to area demographics, especially in low- and moderate-income geographies.

Lending to Businesses of Different Sizes

RBNA's record of originating commercial loans reflects reasonable penetration among AA business borrowers and meets the standard for satisfactory performance.

For this analysis, we randomly sampled 20 commercial loans the bank originated or purchased in this AA during the evaluation period. We compared the sample to Dunn and Bradstreet business demographics in the area. Based on the sample, commercial loans the bank granted to businesses with annual revenue of \$1 million or less is slightly less by number of loans compared to the demographic, but well exceeds the demographic by dollar volume.

The following table reflects the distribution of commercial loans to business of different revenues based on our random sample.

Table 2A – Lending to Businesses of Different Sizes - Borrower Distribution				
Commercial Loans				
California - San Diego County Assessment Area				
January 2010 through December 2011				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Area Businesses not Reporting	Total
% of AA Business	67%	3%	30%	100%
% of Bank Loans in AA by #	55%	45%	NA	100%
% of Bank Loans in AA by \$	74%	26%	NA	100%

Source: Dunn and Bradstreet reported revenue data. Random Sample 20 RBNA loans: January 2010 through December 2011. Note 30% of businesses did not report revenue data)

Geographic Distribution of Loans

RBNA’s record of originating commercial loans reflects reasonable geographic distribution within the AA and meets the standard for satisfactory performance.

For this analysis, we randomly sampled 20 commercial loans the bank originated or purchased during the evaluation period. We compared the sample percentages to Dunn and Bradstreet business geo-demographic data in the area.

The sample percentages are comparable to the demographic in low-income census tracts and compare very favorably in moderate-income census tracts. This performance demonstrates the bank’s commitment to meeting credit needs throughout its AA.

The following table reflects the geographic distribution of loans in the sample to demographic data in San Diego County, California.

Table 3A - Geographic Distribution of Commercial Loans California – San Diego County Assessment Area January 2010 through December 2011								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Commercial Loan Sample	4%	5%	18%	35%	37%	40%	41%	20%

Source: Dunn and Bradstreet business data by geographic location. Loan Sample January 2010 through December 2011.

DESCRIPTION OF INSTITUTION’S PERFORMANCE IN WASHINGTON STATE

ASSESSMENT AREA

Clark County

Clark County is located in southwest Washington on the Columbia River, roughly 100 miles upstream from the Pacific Ocean, and is located in Metropolitan Area 38900. The AA is bounded by Cowlitz County to the north, Skamania County to the East, Oregon State to the South and the Columbia River to the West. Clark County is the fifth most populous county in the state according to the 2012 US Census. The county had a fast-growing populous during the 2000s until the recession occurred. RBNA has one branch in Vancouver to support customer credit needs in the AA. Vancouver is the largest incorporated area with 38 percent of the county population. According to the 2010 US Census, Clark County’s population was 425,363.

The AA includes 84 census tracts of which five are low-income, 16 are moderate-income, 49 are middle-income, and 14 are upper-income. The 2000 Census median housing value was \$155,084. According to *Market Action*, RLMS publication, the median home price in February 2012 was \$165,000. Approximately 64 percent of all housing units are owner occupied. The Clark County local newspaper, *The Columbian*, reported that home sales in the county increased 25 percent during March 2012 as buyers took advantage of declining values. The weighted average of census MSA median family income is \$55,453. The 2011 HUD updated MSA median family income is \$72,000. Approximately eight percent of the households are living below the poverty level.

The Multiple Research and Service Center of Washington reported that the unemployment rate in Clark County was 8.8 percent in February 2012, above the state and national unemployment rate of 8.3 percent. The employed labor force is approximately 214,314. Clark County's major industries include business services, construction, government and retail. Major employers consist of Vancouver Public Schools, S.W. Washington Medical Center, Evergreen School District, Hewlett-Packard, Clark County and Fred Meyers. Employment growth was slow and unemployment remained high during 2011. Regional labor economist, Scott Bailey, predicts little improvement during 2012. The U.S. economy remains fragile, and Clark County may not have much improvement without a stronger national economy.

Competition among financial institutions in the AA includes banks and credit unions for deposit and lending activities. RBNA competes with Riverview Community Bank, First Independent Bank, and Columbia Credit Union. RBNA also competes with large banks such as Bank of American, N.A., Wells Fargo Bank, N.A., and Union Bank, N.A.

As part of our CRA performance evaluation, we considered contacts examiners made with organizations that serve this AA. These organizations reported the ongoing need for affordable housing, as well as small loans for small business and technical financial education in LMI areas and for LMI persons.

CONCLUSIONS WITH RESPECT TO LENDING TESTS IN WASHINGTON STATE

RBNA's performance under the Lending Test distribution of loans in the Clark County AA in Washington State is rated Satisfactory.

We analyzed commercial loans because they represent the substantial majority of the bank's lending, in keeping with RBNA's business strategy.

- The bank's distribution of lending to businesses of different sizes is reasonable and meets the standard for performance.

- The bank’s geographic distribution of commercial loans compares reasonably to area demographics, especially in moderate income census tracts.

Lending to Businesses of Different Sizes

For this analysis, we randomly sampled 20 commercial loans the bank originated or purchased in this AA during the evaluation period. We compared the sample to Dunn and Bradstreet business demographics in the area.

Based on the sample, commercial loans the bank granted to businesses with annual revenue of \$1 million or less is only slightly less by number of loans compared to the demographic, and somewhat less that the demographic by dollar volume. We consider this to be a reasonable performance, especially given that RBNA has only one branch in this AA. The following table reflects the distribution of commercial loans to business of different revenues.

Table 2A – Lending to Businesses of Different Sizes - Borrower Distribution Commercial Loans Washington – Clark County Assessment Area January 2010 through December 2011				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Area Businesses not reporting	Total
% of AA Business	72%	3%	25%	100%
% of Bank Loans in AA by #	70%	30%	NA	100%
% of Bank Loans in AA by \$	64%	36%	NA	100%

Source: Dunn and Bradstreet reported revenue data. Random Sample 20 RBNA loan January 2010 through December 2011. Note 30% of businesses did not report revenue data)

Geographic Distribution of Loans: Clark County

RBNA’s record of originating commercial loans reflects reasonable geographic distribution within the AA and meets the standard for satisfactory performance.

For this analysis, we randomly sampled 20 commercial loans the bank originated or purchased during the evaluation period. We compared the sample percentages to Dunn and Bradstreet business geo-demographic data in the area.

The sample percentage of loan originations compares very favorably to the demographic in moderate-income census tracts. The sample percentages are not comparable to the demographic in low-income census tracts, but there is only a small percentage of tracts that are designated as low income in the AA, not located near to the branch, with limited lending opportunities.

The following table reflects the geographic distribution of loans in the sample compared the AA demographic data.

Table 3A - Geographic Distribution of Commercial Loans Washington – Clark County Assessment Area January 2010 through December 2011								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Commercial Loan Sample	5%	0%	19%	45%	57%	35%	19%	20%

Source: Dunn and Bradstreet business data by geographic location. Loan Sample January 2010 through December 2011.

COMMUNITY DEVELOPMENT TEST

- RBNA’s performance under the CD test in California (San Diego AA) is rated Satisfactory.
- RBNA’s performance under the CD test in the State of Washington (Clark County AA) is rated Satisfactory.

Summary

The bank funded CD loans and qualified investments and donations, and bank representatives provided services that benefited each of its AAs. Given performance context, we consider these CD activities and bank responsiveness to be adequate.

Loans

The bank made a total of three Community Development loans totaling \$2.8 million for the San Diego AA during the CD evaluation period, and three loans totaling of \$2.5 million in the Clark County AA.

Management understands there is room for improvement, but as a strict dollar amount versus available opportunities in each AA, the dollar amount is adequate to meet the test of a satisfactory rating. The volume is relatively low in each AA considering available opportunities. Management’s need to focus on commercial loan soundness and preserve capital during this recessionary period provides performance context and helps support reasonableness of CD performance.

Investments

The bank made four investments during 2010 totaling \$500,000: a community development bank and a minority-owned bank. Both investments were in the San

Diego AA, had one year maturities. They had not been renewed as of our examination date, but they qualify as CD investments during our evaluation period. Management committed to focus more time and resources to investments in Clark County, where four CD investments/contributions total \$25,000 during the evaluation period. We are placing greater weight on RBNA's performance in San Diego County (as described in the Scope in Report).

Services

Several officers devoted time and resources to community activities that have CRA CD significance in each assessment areas. Of special note are the activities that addressed the needs of the homeless poor and low-income at-risk youth. Examiners reviewed documentation sufficient to support services activities. We encouraged management to be continuously diligent in its ongoing participation and documentation of CD-qualified services.

Responses to Complaints

RBNA has not received any complaints regarding its CRA performance with respect to either of its two AAs.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

Time Period Reviewed	Lending Test: January 1, 2010 to December 31, 2011 Community Development Test: (May 2009 to May 7, 2012)	
Financial Institution	Products Reviewed	
Regents Bank, National Association (RBNA)	Commercial Loans	
List of Assessment Areas and Type of Examination:		
Assessment Area	Type of Exam	Other Information
California - San Diego County Washington – Clark County	Full-Scope Full-Scope	

Appendix B: Summary of State Ratings

Overall Bank:	Lending Test Rating	Community Development Test Rating	Overall Bank/State/ Rating
Regents Bank, N.A.	Satisfactory	Satisfactory	Satisfactory
California	Satisfactory	Satisfactory	Satisfactory
Washington	Satisfactory	Satisfactory	Satisfactory