



BEACH BUSINESS BANK

Press Release

Source: Beach Business Bank

## Beach Business Bank Reports Record Profit in 4<sup>th</sup> Quarter

Date: January 30, 2006

MANHATTAN BEACH, Calif.--(BUSINESS WIRE)—JANUARY 30, 2006--Beach Business Bank (OTCBB:BBBC - [News](#); the "Bank") is pleased to report its results of operations for the fourth quarter and full year 2005. During the fourth quarter of 2005, the Bank earned \$229,000, its first full quarterly profit.

Robert Franko, president and chief executive of Beach Business Bank, commented, "We are extremely proud to be able to report these record earnings in just the sixth full quarter of operations. We funded a number of loans during the quarter, increasing our net loans by more than 37% over the 3<sup>rd</sup> quarter. Our deposit base also grew by more than 57% over the 3<sup>rd</sup> quarter. On a year over year basis, loans grew by more than 170% and deposits by 260%."

Jim Gray, the co-chairman of the board of directors and the former chief executive of a bank in Long Beach for 25 years, commented, "I am thrilled with our growth, but our true focus has always been on achieving profitability, not just growth."

For the fourth quarter, the Bank reported a Net Profit after Provision for Loan Losses of approximately \$229,000. As of December 31, 2005, the Bank's Allowance for Loan Losses stands at 1.53% of total loans. Net loan growth in the fourth quarter was \$14.3 million and net deposits increased \$20.73 million. As of December 31, 2005, the Bank had no non-performing assets and no loans 30 days or more past due. Other selected financial data is included in the table below.

The Bank ended the fourth quarter with Shareholders' Equity of \$25.9 million, with 3,035,450 shares issued and outstanding at the end of the quarter. The Bank continues to be well-capitalized under all regulatory guidelines, with Tier 1 leverage ratio of 38.11%, a Tier 1 risk-based capital ratio of 56.45%, and a total risk-based capital ratio of 57.70%, as of December 31, 2005.

Financial statements in the form of the Bank's Call Report, as filed with the FDIC, are available on the Bank's web site at [www.beachbusinessbank.com](http://www.beachbusinessbank.com), and should be available for review or downloading from the FDIC web site at [www.fdic.gov](http://www.fdic.gov) in approximately four weeks.

Beach Business Bank will hold a webcast Thursday, February 2, at 1:30 p.m. Pacific Time, 4:30 p.m. Eastern Time to allow securities analysts and shareholders the opportunity to hear management discuss the company's quarterly results. The call is being webcast by Vcall and can be accessed at Beach Business Bank's website at [www.beachbusinessbank.com](http://www.beachbusinessbank.com). Investors can also access the webcast at [www.InvestorCalendar.com](http://www.InvestorCalendar.com). Participants may dial in to the conference call Toll-Free at (877) 407-9205 or internationally at (201) 689-8054. The webcast will be available for replay through February 28, 2006.

Since opening its doors on June 1, 2004, the Bank has grown from approximately \$10.7 million in total assets to just over \$83.8 million in total assets at the end of December, 2005.

Beach Business Bank is headquartered at 1230 Rosecrans Avenue, Lobby Level, in Manhattan Beach, and has a second full-service office at 180 E. Ocean Blvd. in Long Beach, CA. The Bank is first and foremost a community business bank serving Los Angeles, Long Beach, and the South Bay area residents and businesses. The Bank also has a division named The Doctors Bank, which serves physicians and dentists nationwide. In addition, Beach Business Bank provides loans to small



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businesses, focused around the SBA 7(a), 504, and Express lending programs. The Bank makes a special effort to serve minority-owned businesses. For more information on the Bank, please visit [www.beachbusinessbank.com](http://www.beachbusinessbank.com) or call 866-862-3878 or 310-536-2260; in Long Beach, call 562-435-8600.

"Safe Harbor" statement under the Private Securities Litigation Reform Act of 1995:

The financial information in this press release is based on our unaudited financial results. Certain statements in this press release, including statements regarding the anticipated development and expansion of the Bank's business, and the intent, belief, and current expectations of the Bank, its directors, or its officers, are "forward-looking" statements (as such term is defined in the Private Securities Litigation Reform Act of 1995). Such forward-looking statements are subject to risks and uncertainties and therefore the Bank's actual results may differ materially from those expressed or implied by such forward-looking statements. The risks and uncertainties that the Bank is subject to include, but are not limited to, risks related to the local and national economy, including fluctuations in interest rates and costs and changes in economic policy; the ability of the Bank to perform in accordance with its plans; competition; regulatory matters; and other risks detailed in its filings with the State of California Department of Financial Institutions and the Federal Deposit Insurance Corporation. The Bank cautions readers not to place undue reliance on any forward-looking statements. The Bank does not undertake, and specifically disclaims any obligation, to revise any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements.

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# Beach Business Bank

## Selected Financial Data Table

		<u>December 31, 2005</u>		<u>December 31, 2004</u>
<b>Balance Sheet Results (In thousands):</b>				
Total Assets	\$	83,771	\$	26,288
Total Net Loans	\$	51,867	\$	19,139
Allowance for Loan Losses	\$	816	\$	340
Total Deposits	\$	56,656	\$	15,470
Non-performing Assets	\$	-	\$	-
Total Shareholders' Equity	\$	25,854	\$	10,398
Net Loans to Deposits		93.42%		125.92%
Allowance for Loan Losses to Loans		1.53%		1.75%
Equity to Assets		30.86%		39.55%
Ending Shares outstanding		3,035,450		1,379,950
Ending Book Value per Share	\$	8.52	\$	7.54
<b>Quarterly Operating Results (In thousands):</b>				
Net Interest Income	\$	777	\$	243
Non-interest Income	\$	799	\$	22
Non-interest Expense	\$	1,184	\$	674
Income Before Provision & Taxes	\$	392	\$	(409)
Provision for Loan Losses	\$	163	\$	45
Income Tax Expense	\$	-	\$	-
Net Income	\$	229	\$	(454)
Quarterly Return on Average Assets*		0.34%		-0.31%
Quarterly Return on Average Equity*		0.89%		-0.73%
Quarterly Net Interest Margin*		4.62%		4.06%
Quarterly Efficiency Ratio*		75.12%		254.00%
<b>Year-to-Date Operating Results (In thousands):</b>				
Net Interest Income	\$	2,157	\$	409
Non-interest Income	\$	1,553	\$	50
Non-interest Expense	\$	3,632	\$	1,377
Income Before Provision & Taxes	\$	79	\$	(917)
Provision for Loan Losses	\$	476	\$	340
Income Tax Expense/(Benefit)	\$	1	\$	-
Net Income	\$	(398)	\$	(1,257)
YTD Return on Average Assets*		-0.76%		-6.20%
YTD Return on Average Equity*		-2.24%		-12.16%
YTD Net Interest Margin*		4.18%		3.76%
YTD Efficiency Ratio*		97.88%		299.48%

\*Percentages are reported on an annualized basis.

Source: FDIC quarterly Call Reports for Beach Business Bank for the periods indicated.