



BEACH BUSINESS BANK

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Press Release

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Beach Business Bank Completes Stock Offering, Announces Plans to Open a Branch in Long Beach and Reports Second Quarter, 2005 Results

MANHATTAN BEACH, Calif., -- The Board of Directors of Beach Business Bank (OTC Bulletin Board: [BBBC - News](#)) (the "Bank") is pleased to announce that on July 26, 2005, the Bank closed its offering of stock and warrants which had commenced on April 15, 2005 (the "Offering"). Pursuant to the terms of the Offering, the Bank raised a total of \$16.5 million in new capital through the sale of 1,650,000 shares of common stock, together with warrants to purchase an additional share of stock at \$10 per share (expiring on May 31, 2006) for each five shares of common stock purchased in the Offering. While the Offering was originally slated to raise \$15 million, the Bank was able to exercise its authority to accept additional subscriptions up to a total of \$16.5 million. Even with such increased authorization, subscriptions exceeded expectations and the Bank could not accept subscriptions for 378,000 shares and warrants totaling \$3.78 million. Robert Franko, president and CEO of Beach Business Bank, expressed his thanks to the many subscribers who purchased shares in the Offering and expressed his regrets to those subscribers whose subscriptions could not be accepted in whole or in part.

"When the response to your offering exceeds the limits of the offering, it is always a difficult decision to determine whose subscriptions to accept. One of our most important objectives was to increase our shareholder base among our clients and potential clients who can support the Bank by bringing their banking business to Beach Business Bank. We were thrilled to find such an enthusiastic and broad-based acceptance for our Offering in the local community," said Mr. Franko. "Prior to this Offering, our shareholder base was scattered across the country. Now, many local residents have joined our shareholder base. In addition, we received a warm reception from a number of institutional investors around the country."

Mr. Franko added, "This additional capital will help us to better execute our strategy to become the premier independent community business bank in the South Bay area of Los Angeles. A portion of the additional capital will be used to finance the opening of the Bank's new branch office in Long Beach, and we are really excited about the prospects for this new branch. We expect businesses in Long Beach will appreciate our dedicated staff, our efficient service, and access to knowledgeable executive talent right in their community."

"I am thrilled to be able to provide banking services once again in Long Beach," said Jim Gray, co-chairman of the board at Beach Business Bank, "For more than 25 years, until 1998, I ran Harbor Bank in Long Beach. We offered great business banking services to our customers, and so many of those former clients asked me when Beach Business Bank would be opening a branch in Long Beach. I am overjoyed to be able to tell them that the regulatory applications for the necessary approvals to open a full-service branch in Long Beach have arrived and we expect to open the branch soon. Our designated location, at 180 E. Ocean Blvd. on Locust Walk, near Pine & Ocean, is right in the heart of the business district in downtown Long Beach. The fact that we will have our name on the building will create terrific visibility for the Bank."

Phil Bond, executive vice president and chief credit officer of the Bank, will relocate to the Long Beach Branch when it opens. Phil has many years of experience banking businesses in Long Beach and lives in that community. Bond added: "Long Beach has always been a vibrant business community. What it has lacked until now is a vibrant business bank. Beach Business Bank is just what this business community needs to continue its exciting new growth."

The Bank is also pleased to report its results of operations through June 30, 2005, including reporting its first profitable month of operations for the month of June 2005. Based on a combination of good loan and deposit growth, and stronger than anticipated fee income associated with its small business lending operation, for the month of June, 2005 the Bank reported Net Income before Provision (or Reserve) for Loan Losses (the "Provision") of approximately \$112,000 and Net Income after Provision of approximately \$52,000.

For the full second quarter ending June 30, 2005, the Bank reported a Net Income before Provision of approximately \$17,000 and Net Loss after Provision of approximately (\$128,000), adding \$145,000 to its Provision. As of June 30, 2005, the Bank's Allowance for Loan Losses stands at 1.6% of total loans. Net loan growth in the second quarter was \$10 million and net deposit growth was \$9 million. For the three month period ending June 30, 2005, the Bank reported Total Interest Income of \$0.6 million, Net Interest Income of \$0.4 million, Non-Interest Income of \$0.4 million and Non-Interest Expense of \$0.8 million. The Bank ended the second quarter with Shareholders' Equity of \$19.8 million. The Bank continues to be well-capitalized under all regulatory guidelines, with Tier 1 leverage ratio of 43.1%, a Tier 1 risk-based capital ratio of 57.8%, and a total risk-based capital ratio of 59.1%, as of June 30, 2005. Shareholders' Equity increased over the prior quarter thanks to the sale of nearly \$10 million in stock in the second quarter pursuant to the Offering. In addition, the Bank sold \$6.5 million of stock pursuant to the Offering in July and that additional capital will be reflected in the Bank's third quarter, 2005 results.

For the six month period ending June 30, 2005, the Bank reported Total Interest Income of \$1.1 million, Net Interest Income of \$0.7 million, Non-Interest Income of \$0.5 million and Non-Interest Expense of \$1.4 million. For that same period, the Bank reported a Net Loss before Provision of approximately (\$174,000) and, after adding \$255,000 to its Provision, Net Loss after Provision of approximately (\$429,000). Net loan growth in the first half of the year was \$17.2 million and net deposit growth was \$23.7 million.

The full financials in the form of the Bank's Call Report have been filed with the FDIC and should be available for review or downloading from the FDIC web site at www.fdic.gov in approximately 4 weeks.

Since opening its doors on June 1, 2004, the Bank has grown from approximately \$10 million in total assets to just over \$59.5 million in total assets at the end of June, 2005.

Key financial highlights at June 30, 2005 are:

- * Total assets of \$59.5 million
- * Net loans of \$36.4 million
- * Total deposits of \$39.2 million

Beach Business Bank is headquartered at 1230 Rosecrans Avenue, Suite 100, in Manhattan Beach, CA. The proposed new Long Beach branch will be located on the ground floor of 180 East Ocean Blvd. in Long Beach. The Bank is first and foremost a community business bank serving Los Angeles, Long Beach and South Bay area residents and businesses. The Bank also has a division which serves physicians and dentists nationwide. In addition, Beach Business Bank provides loans to small 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 or call (866) 862-3878 or (310) 536-2260 or 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.