



Press Release

Source: Beach Business Bank

Beach Business Bank Reports Excellent Quarter

MANHATTAN BEACH, Calif.--(BUSINESS WIRE)-- --Beach Business Bank (OTCBB:BBBC) (the "Bank") is pleased to report its results of operations for the second quarter of 2006. During the second quarter of 2006, the Bank recorded after tax earnings of \$78,000 in a quarter which demonstrated 16% growth in net loans over the first quarter of 2006 and 119% growth in net loans over the second quarter of 2005. Deposit growth was relatively flat compared to the first quarter of 2006 and 69% above the second quarter of 2005.

Robert Franko, president and chief executive officer of Beach Business Bank, commented, "We are extremely proud to be able to report this strong growth combined with continued quarterly earnings for our Bank. Despite some large scheduled payoffs in the second quarter, the Bank funded a number of new loans during the quarter and our loan pipeline still looks good."

The Bank's deposit base in the quarter grew slightly, especially in core deposits. The Bank has realized more than \$9.3 million in new capital since the beginning of the year from the exercise of warrants which had been attached to the initial and second stock offerings. As a result of this additional capital, the Bank has experienced significant liquidity to fund its loan growth. Having this liquidity has helped the Bank to control its funding costs in the face of rising rates.

On June 1, the Bank celebrated two noteworthy events, the second anniversary of the Bank's opening and the first day that the Bank's total assets exceeded \$100 million. During the quarter, the Bank achieved nationwide preferred lender status with the SBA. The Bank expects this will be a valuable tool in dealing with healthcare professionals across the country through The Doctors Bank division of Beach Business Bank.

During the second quarter, two doctor clients installed the Bank's new Image Deposit scanner and software. Dr. Dean Wright, a very successful dentist in Wichita, Kansas, now finds that it is easier to make his deposits to Beach Business Bank, 1,500 miles away, than it is to make them to the bank directly across the street from his office. The Bank's Image Deposit product can process up to 40 checks a minute, and the deposit is securely transmitted to the Bank in seconds without anyone leaving his office. Dr. Wright said that this new product allows him to take advantage of additional cash management products "that can earn or save me thousands of extra dollars a year. I am recommending this product to all of my professional colleagues. I teach classes all over the US on implant dentistry and I intend to talk about this product at every opportunity I get."

Also during the quarter, the Bank celebrated the grand-opening of the new Long Beach branch office. The event was attended by hundreds of business owners and professionals. Since that celebration, the Bank has been developing key new relationships in Long Beach. Jim Gray, the co-chairman of the board of directors and the



former chief executive officer of a bank that had operated in Long Beach for 25 years, commented, "I knew that many of my former clients were looking for a local business bank that understands their business needs. I am truly gratified that so many of them are developing relationships with Beach Business Bank."

For the second quarter, the Bank reported a Net Profit after Provision for Loan Losses of approximately \$78,000. The Bank's Provision for Loan Losses in the second quarter was \$164,000, so that as of June 30, 2006, the Allowance for Loan Losses now stands at \$1,229,000, or 1.52% of total loans. Compared to the first quarter of 2006, net loan growth was \$10.9 million, while net deposits remained relatively flat. Compared to the second quarter of 2005, net loans increased \$43.2 million and net deposits increased \$27.0 million. As of June 30, 2006, 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 second quarter with Shareholders' Equity of \$35.3 million, and 4,020,484 shares issued and outstanding. At the beginning of the quarter, the Bank had approximately 885,000 warrants outstanding for new shares, of those warrants, approximately 840,000 were exercised during the quarter, accounting for the significant increase in Shareholders' Equity and shares issued and outstanding. All of the warrants have now expired.

The Bank's financial statements, in the form of the Bank's Call Report for the period ending June 30, 2006, which will be filed with the FDIC, will be available on the Bank's website at www.beachbusinessbank.com.

Beach Business Bank will hold a Webcast Thursday, July 27, at 1:30 p.m. Pacific Daylight Time, 4:30 p.m. Eastern Daylight 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. Investors can also access the Webcast at www.InvestorCalendar.com. Participants may dial in to the conference call Toll-Free at 877-407-9205 or internationally at 201-689-8054. The teleconference will be available for replay through December 31, 2006.

Beach Business Bank is headquartered at 1230 Rosecrans Avenue, Lobby Level, in Manhattan Beach, and has a second full-service branch at 180 East Ocean Boulevard, Lobby Level, 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 businesses, focused around the SBA 7(a), 504, and Express lending programs. For more information on the Bank, please visit www.beachbusinessbank.com or call 866-862-3878 or 310-536-2260; and in Long Beach, call 562-435-8600.

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



BEACH BUSINESS BANK

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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Selected Financial Data Table

	June 30, 2006	June 30, 2005
Balance Sheet Results (In thousands), except per share data:		
Total Assets	\$ 102,484	\$ 59,509
Total Net Loans	\$ 79,559	\$ 36,380
Allowance for Loan Losses	\$ (1,229)	\$ (595)
Total Deposits	\$ 66,232	\$ 39,204
Non-performing Assets	\$ -	\$ -
Total Shareholders' Equity	\$ 35,295	\$ 19,815
Net Loans to Deposits	120.12%	92.80%
Allowance for Loan Losses to Loans	1.52%	1.61%
Equity to Assets	34.44%	33.30%
Ending Shares outstanding	4,020,484	2,379,500
Ending Book Value per Share	\$ 8.78	\$ 8.33
	Three Months Ended June 30, 2006	2005
Quarterly Operating Results (In thousands):		
Net Interest Income	\$ 1,360	\$ 434
Non-interest Income	\$ 250	\$ 384
Non-interest Expense	\$ 1,368	\$ 801
Income Before Provision & Taxes	\$ 242	\$ 17
Provision for Loan Losses	\$ 164	\$ 145
Income Tax Expense	\$ 1	\$ 1
Net Income	\$ 78	\$ (129)
Quarterly Return on Average Assets*	0.08%	-0.28%
Quarterly Return on Average Equity*	0.25%	-1.21%
Quarterly Net Interest Margin*	5.74%	3.88%
Quarterly Efficiency Ratio*	84.94%	97.98%
	Six Months Ended June 30, <u>2006</u>	<u>2005</u>
YTD Operating Results (In thousands):		
Net Interest Income	\$ 2,315	\$ 721
Non-interest Income	\$ 864	\$ 548
Non-interest Expense	\$ 2,556	\$ 1,443
Income Before Provision & Taxes	\$ 623	\$ (174)
Provision for Loan Losses	\$ 413	\$ 255
Income Tax Expense	\$ 1	\$ 1
Net Income	\$ 210	\$ (429)
YTD Return on Average Assets*	0.23%	-1.07%
YTD Return on Average Equity*	0.73%	-4.10%
YTD Net Interest Margin*	5.56%	3.72%
YTD Efficiency Ratio*	80.39%	113.68%

*Percentages are reported on an annualized basis.

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