



BEACH BUSINESS BANK

Press Release

Source: Beach Business Bank

Beach Business Bank Reports Third Quarter, 2005 Results

Monday October 24, 9:42 pm ET

MANHATTAN BEACH, Calif.--(BUSINESS WIRE)--Oct. 24, 2005--Beach Business Bank (OTCBB:BBBC - [News](#); the "Bank") is pleased to report its results of operations through September 30, 2005. During the quarter, the Bank made certain significant changes to better serve the local communities of the South Bay and Long Beach. In early October, the Bank moved into much larger and more visible facilities on the Lobby Level of the Manhattan Towers, at 1230 Rosecrans Avenue in Manhattan Beach. The Bank's new branch office in Long Beach opened in temporary quarters on the 2nd floor at 180 E. Ocean Blvd. near the intersection of Pine Avenue & Ocean Boulevard, in the heart of the business district in downtown Long Beach. The permanent Long Beach location on the ground level should be open in the 1st quarter of 2006.

Robert Franko, president and chief executive of Beach Business Bank, commented, "We funded a number of loans to businesses in the South Bay and Long Beach during the quarter. We are also developing a much more robust local deposit base. More visible locations should help in our local banking efforts, although our clients still appreciate that our bankers come to their offices to do business which is part of what separates our Bank from our competitors."

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 pleased that we have already made good inroads to banking the Long Beach community. I am particularly happy to be able to bank some of my former clients and friends again."

The Bank reported a Net Loss before Taxes and Provision for Loan Losses for the first nine months of 2005 of approximately (\$313,000) and Net Loss after Provision for Loan Losses and Taxes of approximately (\$627,000), adding \$313,000 to its Provision for Loan Losses. As of September 30, 2005, the Bank's Allowance for Loan Losses stands at 1.7% of total loans. Net loan growth in the second quarter was \$1.7 million and net deposits declined \$3.3 million primarily due to the reclassification of stock offering proceeds from the subscription account to common stock. For the three month period ending September 30, 2005, the Bank reported Total Interest Income of \$904,000, Net Interest Income of \$659,000, Non-Interest Income of \$206,000, and Non-Interest Expense of \$1.0 million. During the quarter, the Bank sold approximately \$7.0 million in guaranteed portions of SBA loans. Because the Bank reserves a large portion of the gain on such sales for approximately three months, to insure that the loan has not been prepaid, most of the gain associated with such sales, assuming the loans have not been prepaid, will be recognized as Non-Interest Income in the 4th quarter of 2005. The Bank has decided to sell the guaranteed portion of those SBA loans which can be sold at a premium, soon after those guaranteed portions can be sold into the secondary market.

The Bank ended the third quarter with Shareholders' Equity of \$25.6 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 41.06%, a Tier 1 risk-based capital ratio of 80.89%, and a total risk-based capital ratio of 82.15%, as of September 30, 2005. Shareholders' Equity increased over the prior quarter thanks to the sale of approximately \$6.5 million in stock in the third quarter pursuant to its offering of stock and warrants which had commenced on April 15, 2005 and closed on July 26, 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, and should be available for review or downloading from the FDIC web site at www.fdic.gov in approximately four weeks.



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Beach Business Bank will hold a webcast Thursday, October 27, 2005, 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. 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 at (201) 689-8054. The webcast will be available for replay through October 31, 2005.

Since opening its doors on June 1, 2004, the Bank has grown from approximately \$10.7 million in total assets to just over \$62.7 million in total assets at the end of September, 2005.

Key financial highlights at September 30, 2005 are:

- Total assets of \$62.7 million
- Net loans of \$37.8 million
- Total deposits of \$35.9 million

Beach Business Bank is headquartered at 1230 Rosecrans Avenue, Lobby Level, in Manhattan 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 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. 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; 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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