



BEACH BUSINESS BANK

Press Release

Source: Beach Business Bank

Beach Business Bank Reports Profitable Quarter and Strong Loan Origination

MANHATTAN BEACH, Calif.--(BUSINESS WIRE)—October 24, 2006 --Beach Business Bank (OTCBB:BBBC) (the "Bank") is pleased to report its results of operations for the third quarter of 2006. During the quarter, the Bank recorded after tax earnings of \$263,000 in a period which demonstrated 21.9% growth in net loans over the previous quarter, and 156.7% growth in net loans over the same quarter of the prior year. Deposit growth was 18.3% over the previous quarter, and 118.0% over the same quarter of the prior year. Total new loan commitments in the quarter amounted to almost \$40.0 million.

Robert Franko, president and chief executive officer of Beach Business Bank, commented, "As a de novo bank, we are extremely proud to be able to report four quarters in a row of profitability, combined with strong organic loan growth in a very competitive market. Despite large scheduled payoffs in the third quarter, the Bank funded a number of new loans, generating business from our target small business marketplace. Our success is a function of the Board and management's focus on the performance metrics that have driven this Bank since inception. We strive to generate long-term profitability for our shareholders by delivering a valuable service to our clients. We are gratified that so many of our clients are also our shareholders."

The Bank's deposit base in the quarter grew about \$12 million or about 18.3% over the prior quarter. The Bank is still in the process of deploying a substantial capital base. Because the Bank continues to have significant liquidity to fund its loan growth, management has been able to control its funding costs in the face of rising rates, with net interest margin for the quarter of 5.28%.

During the third quarter, the Bank continued to deploy its Image Deposit product, which can process up to 40 checks a minute, allowing the deposit to be securely transmitted to the Bank in seconds. While the initial installations were in doctors' offices, a number of deployments in the third quarter were made in manufacturing and service business locations. Without exception, the product has been warmly accepted and quickly employed. The Bank expects to continue to roll this product out to its existing and new deposit clients.

Also during the quarter, the new Long Beach branch office realized a significant increase in deposit and loan activity.

For the third quarter, the Bank reported a Net Profit after Provision for Loan Losses of approximately \$263,000. The Bank's Provision for Loan Losses in the third quarter was \$276,000, so that as of September 30, 2006, the Allowance for Loan Losses now stands at \$1,505,000, or 1.53% of total loans. As of September 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 third quarter with Shareholders' Equity of \$35.8 million, and 4,020,484 shares issued and outstanding.

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



BEACH BUSINESS BANK

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, as a nationwide Preferred Lender, 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:

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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| | September 30, 2006 | September 30, 2005 |
|---|--------------------|--------------------|
| Balance Sheet Results (In thousands), except per share data: | | |
| Total Assets | \$ 115,143 | \$ 62,692 |
| Total Net Loans | \$ 96,968 | \$ 37,782 |
| Allowance for Loan Losses | \$ (1,505) | \$ (653) |
| Total Deposits | \$ 78,333 | \$ 35,930 |
| Non-performing Assets | \$ - | \$ - |
| Total Shareholders' Equity | \$ 35,783 | \$ 25,634 |
| Net Loans to Deposits | 123.79% | 105.16% |
| Allowance for Loan Losses to Loans | 1.53% | 1.70% |
| Equity to Assets | 31.08% | 40.89% |
| Ending Shares outstanding | 4,020,484 | 3,035,450 |
| Ending Book Value per Share | \$ 8.90 | \$ 8.44 |

| | Three Months Ended September 30, | |
|--|---|-------------|
| | 2006 | 2005 |
| Quarterly Operating Results (In thousands): | | |
| Net Interest Income | \$ 1,437 | \$ 659 |
| Non-interest Income | \$ 398 | \$ 206 |
| Non-interest Expense | \$ 1,296 | \$ 1,005 |
| Income Before Provision & Taxes | \$ 539 | \$ (140) |
| Provision for Loan Losses | \$ 276 | \$ 58 |
| Income Tax Expense | \$ - | \$ - |
| Net Income | \$ 263 | \$ (198) |
| Quarterly Return on Average Assets* | 0.25% | -0.38% |
| Quarterly Return on Average Equity* | 0.74% | -0.82% |
| Quarterly Net Interest Margin* | 5.28% | 4.25% |
| Quarterly Efficiency Ratio* | 70.63% | 116.15% |

| | Nine Months Ended September 30, | |
|--|--|-------------|
| | 2006 | 2005 |
| YTD Operating Results (In thousands): | | |
| Net Interest Income | \$ 3,752 | \$ 721 |
| Non-interest Income | \$ 1,262 | \$ 548 |
| Non-interest Expense | \$ 3,851 | \$ 1,443 |
| Income Before Provision & Taxes | \$ 1,162 | \$ (174) |
| Provision for Loan Losses | \$ 689 | \$ 255 |
| Income Tax Expense | \$ 1 | \$ 1 |
| Net Income | \$ 472 | \$ (429) |
| YTD Return on Average Assets* | 0.49% | -0.90% |
| YTD Return on Average Equity* | 1.52% | -2.85% |
| YTD Net Interest Margin* | 5.24% | 3.96% |
| YTD Efficiency Ratio* | 76.82% | 113.68% |

*Percentages are reported on an annualized basis.

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