



(In Organization)

Year-end 2022 Newsletter for our Friends, Organizers, and Subscribers in our Offering

December 14, 2022

## “BREAKING NEWS”

The Department of Financial Protection and Innovation (DFPI) of the state of California has extended the stock permit for our Offering through March 17, 2023, and approved our request to increase our pre-opening expenses by \$700,000 to cover expenses until the Bank opens for business.

Beach Cities Commercial Bank (IO)  
Your Bank / Your Way



Hello Beach Cities Commercial Bank (In Organization) (the “Bank”), friends, organizers, and subscribers in our Offering:

Over the past several months, we have been raising capital to open the Bank. This is a challenging time to raise capital for a new venture, with many uncertainties in our local and national economies. The challenges we face have not dissuaded us in our efforts, and we have focused on our strengths: our team, track record of success, our technology platform, and current opportunities for success of community banks. We believe our proposed Bank offers the best in class of de novo opportunities in the marketplace. We received our Federal Deposit Insurance Corporation (FDIC) preliminary approval just before Labor Day, which has assisted us in our capital raising efforts.

During September, October, and November we have received nearly \$11 million in paid subscriptions, subscriptions in the process of funding, and commitments. On several occasions over these three months, our team has been approached by separate individual investors, each offering to purchase most or all of the remaining stock. These offers have been incredibly well intended and honor us with the confidence in our project shown by very successful individuals. However, having to depend on one investor who acquires control of our Bank has not, nor has ever been a model that we support. We believe having a control shareholder is not in the best interests of the Bank, is not a good long-term fit for our organization and is not in the best interests of the whole of the investor group. So, we have humbly declined those offers by letting them know our maximum investment percentage. Per our business plan and governing documents, the maximum amount of investment we will accept from any one investor is and will continue to be 9.9% of the Bank’s stock offering. This decision has the full support of the board of directors.

To assist us in our efforts to complete the Offering, we recently engaged the services of a local investment banking firm that represents many investors in our marketplace. This is a non-exclusive agreement so we can continue to sell stock on our own, directly to our future customers. With these combined efforts, we believe we will be able to complete the Offering in February 2023.

Our primary regulator, the California Department of Financial Protection and Innovation (DFPI), recently extended our stock permit for the Offering to support our continuing efforts to raise the capital needed to open the bank. The DFPI has also approved our request to raise an additional \$700,000 of pre-opening funds so that we may pay our pre-opening expenses between now and when we receive approval from our regulators to

open the Bank for business. This is a very exciting time for all of us to know we are moving very rapidly towards our capital raise goals. Those interested in the specifics of becoming an organizer by contributing pre-opening funds, or adding to your existing contribution of pre-opening funds, or purchasing stock in our Offering, should reach out to myself and Kent Falk (contact information below).

We are also pleased to announce that we have completed our buildout of both locations, which includes furnishings, cabling, networking and nearly all aspects needed for us to open the bank. We hope to wrap up all final items between now and February. If you have not had a chance to visit one of our locations, we encourage you to be on the lookout for upcoming open houses when you will have the opportunity to visit our locations and meet our team and board members. We believe you will be impressed with our Orange and San Diego County offices and look forward to your visit.

We have many times shared our vision of a technology forward, or “high tech”, bank and platform. The creation of this state-of-the-art platform has been a very big project. Our team has worked tirelessly throughout the fall and will continue to do so over the next two to three months to complete our bank core (back shop), digital overlay (client functionality), customer portal/underwriting/documentation and hardware installation and testing to be configured and functional by our target opening of the end of Q1 2023. We believe our technology will provide a great tool base for our customers, efficiency for our team, and services and products that will differentiate the Bank in our marketplace for the business owner and professional. We can share some demos when you visit us at an open house.

We finally want to let all of you know how blessed we feel with the amazing support we have received from all of you. We want to wish you and your families an amazing holiday season. We are always available to you for any questions/comments. Please do not hesitate to reach out. There are still opportunities to join the organizer round or shareholder investment round until both pieces are completed. Please have your referrals to friends, colleagues, and family- call or email for additional information.

Respectfully,

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