



## Beach Cities Commercial Bank Announces Third Quarter 2024 Financial Results

Press Release- November 9, 2024

IRVINE, Calif. -- (BUSINESS WIRE) --Beach Cities Commercial Bank, [www.beachcitiescb.com](http://www.beachcitiescb.com) (OTCQB: BCCB) (the "Bank"), today announced financial results for the quarter ended, September 30, 2024.

Beach Cities Commercial Bank (the Bank) was incorporated under the laws of the State of California on April 11, 2022. The Bank opened for business on June 12, 2023, after receiving all necessary regulatory approvals, and it began providing a full range of banking services from its branch locations in Irvine and Encinitas, California. The Bank operates primarily in the Southern California commercial markets, offering business and personal deposit accounts. The lending products include loans secured by commercial real estate, commercial and industrial loans, guidance lines of credit supporting bridge loans, lines of credit, SBA 7A and 504 loans, SBA express lines of credit, and State guaranteed loans. The Bank has a state-of-the-art technology platform and offers cash management products and services to allow its customers the ability to focus on their business and not worry about banking.

Significant items for the period include:

- Total assets were \$97.04 million as of September 30, 2024, which increased by \$49.4 million from December 31, 2023 (102% growth).
- Total loans were \$78.1 million as of September 30, 2024, which increased by \$56.0 million from December 31, 2023 (254% growth).
- Total deposits were \$75.8 million as of September 30, 2024, which increased by \$49.9 million from December 31, 2023 (193%).
- Total liquidity remains high at \$15.6 million, which equates to 16.1% of the Bank's total assets. The Bank also maintains contingent borrowing sources at \$27 million which equates to 27.8% of total assets.
- The loan portfolio average yield was at 8.15% which is contributing to a healthy net interest margin at 4.28% as of September 30, 2024.
- The Bank maintains a reserve for credit losses of \$796,000 which equates to 1.08% of total loans. As of September 30, 2024, the Bank had Zero dollars in delinquent, and non-performing loans.

The Bank reported third quarter net loss of \$940,000 and year-to-date net loss of \$3.54 million. As the Bank continued to grow its loan portfolio, the interest income increased, which decreased the Bank's quarterly net loss. The third quarter's net loss of \$940,000 decreased from the second quarter's loss of \$1.26 million by \$326k or 25.7%.

During the third quarter, 2024, the total interest income was \$1.61 million compared to \$1.27 million recorded during the second quarter, 2024, an increase of 26%. The Bank's interest expense from the interest-bearing deposits was \$716k for the third quarter, 2024, compared to \$557k for the second quarter, 2024, an increase of 29%. The interest expense increased due to the growth in the short-term institutional CDs deposits. The Bank has launched a campaign to replace these high- cost institutional CD deposits with non-interest-bearing deposits to reduce the interest cost. The third quarter, 2024, net interest income increased by \$177k from the second quarter 2024, an increase of 25%.

Total non-interest expenses for the third quarter, 2024, were \$1.721 million compared to \$1.805 million incurred during the second quarter 2024, a decrease of \$84k (4.6%). The decreases were in the compensation and professional/legal expenses categories. The compensation expense reduced in the third quarter due to few support employees in the lending and operations areas were replaced with employees with more appropriate work experience at a lesser cost. Several technology-related projects using an outside consultant were completed, and as these buildout projects were fully implemented, the Bank's reliance on outside consultants was phased out in the third quarter, 2024 which resulted in lower professional expenses.

As noted above, the Bank's liquidity remains above 16% of total assets. The Bank has also established contingent

lines of borrowings with its correspondent banks, including Federal home loan Bank of San Francisco. As of September 30, 2024, total contingent borrowing sources unused totaled \$27 million or 28% of total assets outstanding.

“During 2024, the Bank has made tremendous strides in growing its earning asset base. We have a great team with a focus of moving the Bank towards profitability,” noted *H. Kent Falk, CEO*.

“Our major products and services buildout is complete, which has allowed us to focus in growing the Bank. During the last nine months this year, the Bank has doubled its total assets, and we are excited to cross the \$100 million in total assets in October 2024,” stated *Jeffrey Redeker, President*.

### **About Beach Cities Commercial Bank**

Beach Cities Commercial Bank is a full-service bank, serving the business, commercial and professional markets. The Bank meets the financial needs of its business clients with loans for working capital, equipment, owner-occupied and investment commercial real estate, and a full array of cash management services and deposit products for businesses and their owners. Beach cities Commercial Bank meets its clients’ needs through its head office and branch in Irvine and regional office and branch in Encinitas, California. For more information, please visit [www.beachcitiescb.com](http://www.beachcitiescb.com).

FORWARD-LOOKING STATEMENT: This news release contains a number of forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These statements may be identified using words such as "anticipate," "Believe," "Continue," "could," "Estimate," "expect," "intend," "likely," "May," "outlook," "Plan," "potential," "predict," "Project," "Should," "will," "would" and similar terms and phrases, including references to assumptions. Forward-looking statements are based upon various assumptions and analyses made by the Bank (which includes the Bank) considering management's experience and its perception of historical trends. Current conditions and expected future developments, as well as other factors it believes are appropriate under the circumstances. These statements do not guarantee future performance and are subject to risks, uncertainties, and other factors (many of which are beyond the Bank's control) that could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Accordingly, you should not place undue reliance on such statements. Factors that could affect the Bank's results include, without limitation, the following: the timing and occurrence or non-occurrence of events may be subject to circumstances beyond the Bank's control; there may be increases in competitive pressure among financial institutions or from non-financial institutions; changes in the interest rate environment may reduce interest margins; changes in deposit flows, loan demand or real estate values may adversely affect the business of the Bank; unanticipated or significant increases in loan losses; changes in accounting principles, policies or guidelines may cause the Bank's financial condition to be perceived differently; changes in corporate and/or individual income tax laws may adversely affect the Bank's financial condition or results of operations; general economic conditions, either nationally or locally in some or all areas in which the Bank conducts business, or conditions in the securities markets or the banking industry may be less favorable than the Bank currently anticipates; legislation or regulatory changes may adversely affect the Bank's business; technological changes may be more difficult or expensive than the Bank anticipates; there may be failures or breaches of information technology security systems; success or consummation of new business initiatives may be more difficult or expensive than the Bank anticipates; or litigation or other matters before regulatory agencies, whether currently existing or commencing in the future, may delay the occurrence or non-occurrence of events longer than the Bank anticipates.

**BEACH CITIES COMMERCIAL BANK**  
**UNAUDITED STATEMENTS OF FINANCIAL CONDITION**  
(Dollars in thousands)

	As of Sept 30, 2024	As of June 30, 2024	Growth \$	Growth %
<b>ASSETS:</b>				
Cash and due from banks	\$ 131	\$ 136	\$ (5)	-3.7%
Interest-bearing balance at the Federal Reserve Bank	15,519	14,210	1,309	9.2%
<b>Total Cash and Cash Equivalents</b>	<u>15,650</u>	<u>14,346</u>	<u>1,304</u>	<u>9.1%</u>
Debt Securities available for sale	974	993	(19)	-1.9%
Total Loans	78,105	63,136	14,969	23.7%
Allowance for credit losses	(843)	(726)	(117)	16.1%
<b>Net Loans</b>	<u>77,262</u>	<u>62,410</u>	<u>14,852</u>	<u>23.8%</u>
Premises and equipment, net	206	223	(17)	-7.6%
Right-of-use asset	1,477	1,566	(89)	-5.7%
Other assets	1,473	1,654	(181)	-10.9%
<b>TOTAL ASSETS</b>	<u><u>\$ 97,042</u></u>	<u><u>\$ 81,192</u></u>	<u><u>15,850</u></u>	<u><u>19.5%</u></u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY:</b>				
Deposits				
Non-interest Bearing deposits	\$ 12,035	\$ 7,193	4,842	67.3%
Interest-bearing deposits	63,788	54,145	9,643	17.8%
<b>Total Deposits</b>	<u>75,823</u>	<u>61,338</u>	<u>14,485</u>	<u>23.6%</u>
Borrowings	2,300	0	2,300	100.0%
Other Liabilities	2,801	2,846	(45)	-1.6%
<b>TOTAL LIABILITIES</b>	<u>80,924</u>	<u>64,184</u>	<u>16,740</u>	<u>26.1%</u>
Common Stock	25,117	25,019	98	0.4%
Additional paid in capital	366	416	(50)	-12.0%
Accumulated deficit	(9,366)	(8,426)	(940)	11.2%
Accumulated other comprehensive loss	1	(1)	2	-200.0%
<b>Total Shareholders' Equity</b>	<u>16,118</u>	<u>17,008</u>	<u>(890)</u>	<u>-5.2%</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u><u>\$ 97,042</u></u>	<u><u>\$ 81,192</u></u>	<u><u>\$ 15,850</u></u>	<u><u>19.5%</u></u>

**BEACH CITIES COMMERCIAL BANK**  
**UNAUDITED STATEMENT OF OPERATIONS**  
(Dollars in thousands except share and per share amounts)

	For the Three Months Ended			For the Nine Months Ended	For the twelve Months Ended
	September 30, 2024	June 30, 2024	March 31, 2024	September 30, 2024	December 31, 2023
<b>Interest Income:</b>					
Loans	\$ 1,414,644	\$ 1,039,820	\$ 603,552	\$ 3,058,016	\$ 336,181
Investment Securities	13,981	13,216	13,043	40,240	17,320
Other Short-term investments	179,138	220,164	246,997	646,299	821,283
<b>Total Interest Income</b>	<b>1,607,763</b>	<b>1,273,200</b>	<b>863,592</b>	<b>\$ 3,744,555</b>	<b>1,174,784</b>
<b>Interest Expense:</b>					
Deposits	716,112	557,882	283,838	\$ 1,557,832	348,702
<b>Total Interest Expense</b>	<b>716,112</b>	<b>557,882</b>	<b>283,838</b>	<b>\$ 1,557,832</b>	<b>348,702</b>
<b>Net Interest Income</b>	<b>891,651</b>	<b>715,318</b>	<b>579,754</b>	<b>\$ 2,186,723</b>	<b>826,082</b>
Provisions for credit losses	117,000	180,000	245,000	\$ 542,000	317,000
<b>Net interest income after provisions for loan losses</b>	<b>774,651</b>	<b>535,318</b>	<b>334,754</b>	<b>\$ 1,644,723</b>	<b>509,082</b>
<b>Non-interest income:</b>					
Service charges, fees and other	6,362	4,117	5,147	\$ 15,626	1,706
<b>Non-Interest expense:</b>					
Salaries and employee benefits	1,106,821	1,135,056	1,105,393	\$ 3,347,270	2,318,336
Occupancy and Equipment expenses	174,256	175,312	171,013	\$ 520,581	408,909
Organization Expenses	-	-	-	\$ -	1,045,800
Data Processing	185,053	175,117	128,315	\$ 488,485	332,424
Professional and Legal	101,407	171,546	111,763	\$ 384,716	469,110
Other Expenses	153,761	147,836	151,366	\$ 452,963	294,946
<b>Total Non-interest expense</b>	<b>1,721,298</b>	<b>1,804,867</b>	<b>1,667,850</b>	<b>\$ 5,194,015</b>	<b>4,869,525</b>
Income (Loss) before taxes	(940,285)	(1,265,432)	(1,327,949)	\$ (3,533,666)	(4,358,737)
Income tax expense	-	800	800	\$ 1,600	800
<b>Net Income (Loss)</b>	<b>\$ (940,285)</b>	<b>\$ (1,266,232)</b>	<b>\$ (1,328,749)</b>	<b>\$ (3,535,266)</b>	<b>\$ (4,359,537)</b>
<b>Earnings per share ("EPS"): Basic</b>	<b>\$ (0.37)</b>	<b>\$ (0.50)</b>	<b>\$ (0.52)</b>	<b>\$ (1.38)</b>	<b>\$ (1.71)</b>
<b>Common Shares Outstanding</b>	<b>2,556,112</b>	<b>2,556,112</b>	<b>2,556,112</b>	<b>2,556,112</b>	<b>2,556,112</b>

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