



Updated Newsletter for our Friends, Organizers, and Subscribers in our Offering

April 14, 2023

Hello, friends and organizers of Beach Cities Commercial Bank (In Organization) (the "Bank IO") and subscribers in our Offering:

Over the past several months, we have been raising capital to open the Bank IO. 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 building a new bank focused on attracting strong customers with proven financial performance and not having to deal with historical issues or problems that are the focus of many of our competitors. We believe our Bank IO, when open for business, will offer the best in class of de novo opportunities and customer experience in the marketplace.

Our capital requirement for opening the Bank IO is \$25 million. We have raised over \$18 million so far and are still collecting funds every week. We are not there yet, but we are moving in the right direction. We had hoped to open at the end of March of 2023; however, we did hit some speed bumps last month when Silicon Valley Bank and Signature Bank were unexpectedly closed and taken over by the FDIC. In response to that news, we sent out a response on March 14<sup>th</sup> to all subscribers and organizers and then met individually and in person, virtually and over the phone with people with questions and concerns. As we stated then, our banking model does not nor has it since inception resembled either of those banks. On the contrary, we felt that there would be volatility in the marketplace that would provide a strong opportunity to start a bank. This is something we have preached since the beginning and will continue to do so. Now is a great time to start a bank and we are very close to doing just that. We requested, and our regulators approved, an extension of our Stock Permit until May 31<sup>st</sup> to allow us to continue to sell stock until that date and raise the balance of the funds needed to open.

So where are we? After spending time with our organizers and investors, we are re-confirming our original plan and thoughts and are working with new prospective subscribers. We have been approached by several investors looking to join our push to get the bank open. We are currently pursuing those possible investors and believe we are close to receiving subscriptions from them. Unfortunately, some possible investors required special terms or conditions that were not acceptable to us. We have consistently stayed on course and will update you on a regular basis until the Offering is completed. We believe we will be sharing some great news over the coming weeks that will put us on course to open on or before the expiration of the extension.

In more good news, our regulators accepted our explanation of the reasons for the delay in our opening and granted us the opportunity to take in more organizer money from directors, officers and organizers of the Bank and from their families and friends, and from their business associates with whom they have an existing relationship. This presents an opportunity for those who qualify as contributors of pre-opening funds to pursue

### "BREAKING NEWS"

The Department of Financial Protection and Innovation (DFPI) of the State of California has extended our stock offering through May 31, 2023, and approved our request to increase our pre-opening expenses by \$500,000 until the Bank opens for business.

such a contribution or to increase their contributions. We are available to discuss this opportunity with any of you, and with your friends, family, or associates that may be interested in hearing how funding pre-opening expenses can be beneficial.

As an update of our system and locations status, we have completed buildouts of both our Irvine and Encinitas facilities and are nearing initial completion of our banking core system, with an online digital banking platform that will be called Beach Cities Commercial Bank (IO)'s "Ultralink" and our internal digital underwriting and back shop platforms from Baker Hill and CSI Documentation. In this area, the delay actually assisted us. We were not fully complete with the creation of some much-needed platform build. This additional time has given us more time to prepare us for servicing our clients in a better way on day 1. We continue to believe in state-of-the-art technology and a light office footprint as the way of the future in community banking and we are very excited to share our platform with everyone.

There will still be products that we need to work on once the Bank (IO) is open. Watch for us to roll out our state-of-the-art products through the summer of 2023 after the Bank (IO) opens for business. We believe those products will be very attractive to small and medium-sized businesses, professionals and individuals in our market areas. As organizers and subscribers, we believe we will be able to market these products and attract customers away from competitors who are focused on servicing existing portfolios and not on attracting new relationships. Another reason for our optimism is that we will be safe and sound right out of the box and will be able to "cherry pick" the best client base in the Southern California market.

Once again, in summary, we are selling stock. We have been granted permission by our regulators to continue our Offering until May 31, 2023. We are also able to offer eligible persons the opportunity to make contributions or increase their contributions for the payment of pre-opening expenses. We have retained all our subscribers to date after the volatile month for banks. We have many prospective investors coming back to the table and looking to support our plan and we believe we have the best banking team in the industry working to make sure we are ready on day 1. We are always available to answer questions or discuss our offering or organizer funding with you. We appreciate your continued support and look forward to moving towards opening, so stay tuned for updates.

Respectfully,

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