

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Beach Business Bank

Point of Contact:	Melissa Lanfre	RSSD: (For Bank Holding Companies)	0
UST Sequence Number:	416	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	6,300,000	FDIC Certificate Number: (For Depository Institutions)	57678
CPP/CDCI Funds Repaid to Date:	4,500,000	Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	January 30, 2009	City:	Manhattan Beach
Date Repaid ¹ :	March 7, 2012	State:	California

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

Increase lending or reduce lending less than otherwise would have occurred.

Since receiving the funds in January 2009, the Bank has originated over \$286 million in loans, with \$88 million just in 2011, that it might not have done otherwise. The origination number represents gross new extensions of credit before paydowns, sold parts, and unused available credit.

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Beach Business Bank

To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).

Of the \$88 million in 2011, \$18.6 million was in SBA loans, \$32.3 million was in commercial loans, and \$30.7 million was in real estate loans.

Increase securities purchased (ABS, MBS, etc.).

Make other investments.

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Beach Business Bank

Increase reserves for non-performing assets.

Reduce borrowings.

Increase charge-offs.

The Bank had net charge-offs of \$1.5 million in 2011 compared to \$3.3 million in 2010. Commercial loans represented 48.5%, or \$725,000, and SBA loans represented 27.6%, or \$412,000, of the net charge-offs. The CPP funds provided the Bank the ability to maintain a healthy capital base.

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Beach Business Bank

Purchase another financial institution or purchase assets from another financial institution.

Empty response area for the first question.

Held as non-leveraged increase to total capital.

Empty response area for the second question.

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Beach Business Bank

What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

As a result of receiving the CPP capital in January 2009, Beach Business Bank has been able to continue its loan origination activities and still maintain regulatory capital significantly above the regulatory minimums for Well Capitalized institutions. The CPP funds allowed the Bank to continue serving its customers and community in Southern California without a reduction in service, locations or offerings.

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Beach Business Bank

What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

The Bank has had the opportunity to take several actions which it might not have taken without the CPP capital. The CPP funds afforded the Bank the opportunity to purchase a strong, performing loan portfolio in 2009 that we may not have been able to do otherwise. In 2010, the Bank was able to open a new branch in Costa Mesa, California which saved the jobs of nine employees associated with the portfolio and the branch that was being closed by another institution. The loans, the branch and the people were a great addition to the Bank. Furthermore, the CPP funds are reflected as non-cumulative preferred stock and are included in our capital ratios. Beach Business Bank has been able to maintain capital ratios in excess of the minimum requirement for Well Capitalized institutions. At December 31, 2011, the Bank's Tier 1 leverage ratio was 11.55%, its Tier 1 risk-based capital ratio was 14.52% and its Total Risk Based Capital ratio was 15.79%. All of these ratios are well over the FDIC's regulatory minimums for a Well Capitalized institution. The strong capital base has permitted the Bank to continue growing in a measured, controlled fashion that best leverages the strengths and skills of the organization.

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Beach Business Bank

Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

This area is a large, empty rectangular box intended for the respondent to provide a detailed description of any other actions undertaken with the capital infusion of CPP/CDCI funds. The box is currently blank.