BEACH BUSINESS BANK

1230 ROSECRANS AVENUE, SUITE 100, MANHATTAN BEACH, CALIFORNIA 90266
PHONE 310 · 536-2260 FAX 310 · 943-3314

July 31, 2008

Dear Fellow Shareholders:

The Board of Directors of Beach Business Bank (the "Bank") cordially invites you to attend the 2008 Annual Meeting of Shareholders, which will be held at 9:00 A.M. on Monday, September 22, 2008, at the Ayres Hotel, 14400 Hindry Avenue, Hawthorne, CA 90250. Registration of shareholders will begin at 8:30 A.M.

At our Annual Meeting of Shareholders, we will elect nine directors and ratify the appointment of Vavrinek, Trine, Day & Co., LLP as our independent auditors for our fiscal year ending December 31, 2008. The enclosed Proxy Statement contains the information relating to these proposals and you may vote on them using the accompanying Revocable Proxy. During the meeting, management will report on the operations of the Bank to date and you will have the opportunity to ask questions and discuss the business of the Bank. Copies of our audited financial statements as of December 31, 2007, are included with this proxy statement. Additional copies of our audited financial statements will be available at the meeting. If you are not planning to attend the Annual Meeting of Shareholders, but would like another copy of the financial statements, please check the box on the attached Revocable Proxy, or you may also find a copy of our audited financial statements on our web site at www.beachbusinessbank.com.

Although we encourage you to attend the meeting in person, we ask that each of you complete and return the Revocable Proxy to ensure that we have a quorum for the conduct of business. You may also sign and fax your Revocable Proxy to us at (310) 943-3314.

The Board of Directors hopes that you will be able to attend our Annual Meeting of Shareholders and looks forward to seeing you there.

Sincerely yours,

John F. Philips	*James H. Gray*
John F. Philips	James H. Gray
Co-Chairman of the Board	Co-Chairman of the Board

Beach Business Bank

PROXY STATEMENT

Annual Meeting of Shareholders

September 22, 2008

This Proxy Statement is furnished in connection with the solicitation on behalf of the Board of Directors of Beach Business Bank (the “Bank”) of proxies to be used at the Annual Meeting of Shareholders (the “Meeting”), and all adjournments of the Meeting. The Meeting is to be held at the Ayres Hotel, 14400 Hindry Avenue, Hawthorne, CA 90250, on September 22, 2008, at 9:00 a.m., California time. The accompanying Notice of Meeting and this Proxy Statement are first being mailed to shareholders on or about August 22, 2008. At the Meeting, shareholders of the Bank are being asked to consider and vote upon the election of directors and to ratify the selection of independent auditors.

Voting Rights and Proxy Information

All shares of Bank Common Stock, no par value (the “Common Stock”), represented at the Meeting by properly executed proxies received prior to or at the Meeting and not revoked will be voted at the Meeting in accordance with the instructions thereon. If no instructions are indicated, properly executed proxies will be voted “**For**” the Board’s nine nominees and “**For**” the ratification of Vavrinek, Trine, Day & Co. as our independent auditors. The Bank does not know of any matters, other than as described in the Notice of Annual Meeting of Shareholders, that may come before the Meeting. If any other matters are properly presented at the Meeting for action, the persons named in the enclosed form of proxy and acting thereunder will have the discretion to vote on such matters in accordance with their best judgment.

Each shareholder of record is entitled to one vote for each share held on all matters to come before the Meeting, except that shareholders may have cumulative voting rights with respect to the election of directors. In all matters other than the election of directors, the affirmative vote of the majority of shares present in person or represented by proxy at the Meeting and entitled to vote on the matter shall be the act of the shareholders.

Cumulative voting allows a shareholder to cast a number of votes equal to the number of directors to be elected multiplied by the number of votes held in his or her name on the Record Date. This total number of votes may be cast for one nominee or may be distributed among as many candidates as the shareholder desires. The nine candidates receiving the highest number of votes shall be elected. Pursuant to California law, no shareholder can cumulate votes unless prior to the voting at the Meeting, a shareholder has given notice of the shareholder's intention to cumulate the shareholder's votes at such Meeting. If any shareholder has given such notice, all shareholders may cumulate their votes for candidates in nomination. The Board of Directors does not, at this time, intend to give such notice or to cumulate the votes it may hold pursuant to the proxies solicited herein unless the required notice by a shareholder is given, in which event votes represented by proxies delivered pursuant to this Proxy Statement may be cumulated at the discretion of the proxy holders, in accordance with the recommendation of the Board of Directors. Therefore, discretionary authority to cumulate votes in such event is solicited in this Proxy Statement.

Proxies marked to abstain have the same effect as votes against the proposal. A majority of the shares of the Bank’s Common Stock, present in person or represented by proxy, shall constitute a quorum for purposes of the Meeting. Abstentions are counted for purposes of determining a quorum.

A proxy given pursuant to this solicitation may be revoked at any time before it is voted. Proxies may be revoked by: (i) duly executing and delivering to the Secretary of the Bank a subsequent proxy relating to the same shares prior to the exercise of such proxy, (ii) filing with the Secretary of the Bank at or before the Meeting a written notice of revocation bearing a later date than the proxy, or (iii) attending the Meeting and voting in person (although attendance at the Meeting will not in and of itself constitute revocation of a proxy). Any written notice revoking a proxy should be delivered to Melissa Lanfre, Secretary of the Bank, at 1230 Rosecrans Avenue, Suite 100, California 90266.

Voting Securities and Principal Holders Thereof

Shareholders of record as of the close of business on July 31, 2008 (the "Record Date"), will be entitled to one vote for each share then held. As of the Record Date, the Bank had 4,036,984 shares of Common Stock issued and outstanding.

The following table sets forth, as of June 30, 2008, certain information as to those persons who were known by management to be beneficial owners of more than 5% of Bank Common Stock outstanding and the shares of Common Stock beneficially owned by all executive officers and directors of the Bank as a group.

Beneficial Owner[1]	Shares Beneficially Owned[2]	Percent of Class[3]
Robert F. Lietzow, Jr.	307,400	6.97%
The John F. Philips Family Limited Partnership III	271,155	6.15%
All directors and executive officers of the Bank as a group (13 persons)	910,295	20.64%

(1) Beneficial Owner means any person who, directly or indirectly, has sole or shared voting and/or investment power in the shares.

(2) Shares beneficially owned include: (i) the shares of Common Stock beneficially owned by the directors and executive officers named, plus (ii) the number of shares of Common Stock the named beneficial owner has a right to acquire within 60 days of August 1, 2008, pursuant to exercise of stock options and warrants.

(3) The percentage represents the number of shares beneficially owned (including stock options and warrants exercisable within 60 days of July 31, 2008, by such beneficial owner (collectively the "Derivative Securities")), divided by the sum of the Bank's outstanding shares (4,036,984 shares), plus the number of Derivative Securities for such beneficial owner.

PROPOSAL I – ELECTION OF DIRECTORS

The Bank's Board of Directors is currently composed of eight members. In addition, Mr. Rob Lietzow has been nominated to be seated with the slate of current directors, subject to shareholder approval, at the first meeting after the Annual Meeting. The table below sets forth certain information regarding the nine nominees of the Board of Directors. It is intended that the proxies solicited on behalf of the Board of Directors (other than proxies in which the vote is withheld as to the nominee) will be voted at the Meeting for the election of the nominees identified below. If any nominee is unable to serve, the shares represented by all such proxies will be voted for the election of such substitute as the Board of Directors may recommend. At this time, the Board of Directors knows of no reason why any nominee might be unable to serve, if elected. There are no arrangements or understandings between any nominee and any other person pursuant to which such nominee was selected. **The Board of Directors unanimously recommends that shareholders vote "For" all nominees for director named below.**

NOMINEES

Name	Age	Positions Held in the Bank	Director Since	Shares of Common Stock Beneficially Owned at June 30, 2008 (1)	Percent of Class
Robb Evans	67	Director	2004	60,800(2)(3)	1.38%
Robert Franko	60	Director and President	2004	104,225(2)(4)	2.36%
James Gray	70	Director and Co-Chairman	2004	56,800(2)(5)	1.29%
John Hancock	71	Director	2006	10,400(2)(6)	0.24%
Fred Jensen	70	Director	2007	3,500(2)	0.08%
Robert F. Lietzow, Jr.	43	Director		307,400(2)(7)	6.97%
Dan Mathis	61	Director	2004	30,000(2)	0.68%
John Philips	66	Director and Co-Chairman	2004	271,155(2)(8)	6.15%
Michael Quick	50	Director	2006	167,515(2)(9)	3.80%

(1) Based upon information furnished by the respective individuals. Under regulations promulgated pursuant to the Exchange Act, shares are deemed to be beneficially owned by a person if he or she directly or indirectly has or shares (i) voting power, which includes the power to vote or to direct the voting of the shares, or (ii) investment power, which includes the power to dispose or to direct the disposition of the shares. Unless otherwise indicated, the named beneficial owner has sole voting and dispositive power with respect to the shares.

(2) Includes the following number of shares which may be acquired by the respective individuals upon the exercise of stock options or warrants exercisable within 60 days of the Voting Record Date:

John Philips	40,000
Robert M. Franko	59,250
James Gray	28,800
Robb Evans	28,800
Dan Mathis	28,800
Michael Quick	9,400
John Hancock	5,000
Fred Jensen	2,500

(3) Includes 17,000 shares held by Mr. Evans in his IRA and 15,000 shares held by Mr. Evans' spouse in her IRA.

(4) In addition to the shares in this table, the Trustee of an irrevocable trust for the benefit of Mr. Franko's children also owns 9,750 shares of common stock. Mr. Franko disclaims any beneficial interest in those shares and does not have any power to vote those shares.

(5) Includes 28,000 shares held by Mr. Gray in his IRA.

(6) Includes 5,400 shares held by The Hancock Family Trust.

(7) Includes 301,400 shares which are held in investment partnerships and corporations over which Mr. Lietzow has the power to vote.

(8) Includes 218,625 shares held by the John Philips Family Limited Partnership and 3,429 shares held by Wisdom and Wealth Solutions Profit Sharing Plan.

(9) Includes 41,000 shares owned by the Michael L. Quick DS PA Profit Sharing Plan, of which Dr. Quick serves as trustee and which includes 24,500 shares for the benefit of Dr. Quick and 16,500 shares for the benefit of others. In addition to the shares in the table, 14,685 shares are held by or in trust for Dr. Quick's siblings and their spouses over which Dr. Quick does not have any beneficial interest and does not have any power to vote.

The business experience of each of the nominees for at least the past five years and their relationship to and positions with the Bank, follows:

JOHN F. PHILIPS, DDS is Co-Chairman of the Board of the Bank and a director of the Bank. He currently does not serve on any committees of the Board of Directors of the Bank. As the President of Wisdom & Wealth Solutions, Raleigh, North Carolina, Dr. Philips is a registered investment advisor, a licensed life and long-term care insurance agent and financial consultant, focusing on advising health care professionals. Dr. Philips completed dental school in 1969 at the Medical College of Virginia, School of Dentistry. He holds a B.S. degree from Wake Forest University. While practicing dentistry, Dr. Philips attended the College of Financial Planning, Denver, Colorado in 1979, the International Association of Financial Planning in 1985, and Commercial Property Management in 1986. He has served as Managing Member of Southeastern Transformer LLC, General Partner of PGB Limited Partnership, Vice President and Director of The Palin Foundation, Advisory Board Member of Horizon Bank of Virginia and Managing Advisor to The Philips Family Foundation.

JAMES H. GRAY is Co-Chairman of the Board of the Bank and a director of the Bank. He serves on the following committees of the Board of Directors of the Bank: Directors Loan Committee, Audit Committee, Nominating Committee and Compensation Committee. Mr. Gray is chairman of the Nominating and Compensation Committee. An independent businessman, Mr. Gray has previously served as founder, senior executive and director of several financial institutions in Southern California including First National Bank of San Diego (2001-2002, Chairman of Trust Activities), Generations Trust Bank, N.A., Long Beach, California (1999-2000, Chairman and Chief Executive Officer and director), City National Bank, Beverly Hills, California (1998, Senior Consultant) and Harbor Bancorp and Harbor Bank, Long Beach, California, (1976-1998, Chairman of the Board, Chief Executive Officer and director). Mr. Gray also served as the President of the California Bankers Association (1985-1986) and the Treasurer of the American Bankers Association (1993-1995). Mr. Gray graduated from California State University, Long Beach in 1958 with a B.S. in marketing and received an honorary Doctor of Laws degree from the University in May 2000. He served as a Trustee for the California State University System from 1990-1999 and was honored by the Long Beach Chamber of Commerce as "Entrepreneur of the Year" for 2002 and by the California Bankers Association as "Distinguished Banker of the Year" for 2006.

ROBERT M. FRANKO is the President, Chief Executive Officer and a director of the Bank. With the Bank since its inception, he serves on the following committees of the Board of Directors of the Bank: Directors Loan Committee, Management Loan Committee, Management ALCO Committee, Executive Management Committee, Compliance and CRA Committee, and Technology Committee. Mr. Franko previously held several positions in senior management and on boards of directors of commercial banks including City National Bank, Beverly Hills, California (2002-2003, Senior Vice President, Personal Trust and Investments Division), Generations

Trust Bank, N.A., Long Beach, California (1999-2002, President and Chief Executive Officer), First National Bank of San Diego, San Diego, California (2001-2002, Executive Vice President, Chairman of the Executive Committee), Imperial Bancorp, Inglewood, California (NYSE: IMP), serving as Executive Vice President and Chief Financial Officer and the Chairman and Chief Executive Officer of Imperial Trust Company and the President of Imperial Financial Group, Inc., both subsidiaries of Imperial Bancorp, and President and Chief Executive Officer of Springfield Bank & Trust Ltd., Gibraltar (1988-1995). Mr. Franko is a member of the Board of Directors of The Independent BankersBank ("TIB") in Irving, Texas. TIB provides certain correspondent banking services to the Bank. The Bank is also a shareholder of TIB. Mr. Franko graduated with a D.M.D. degree from the Dental School at the University of Pittsburgh in 1981 and an M.B.A. in International Management from the American Graduate School of International Management (now known as The Thunderbird School of Global Management) in Arizona. He holds an M.A. degree in business management from Central Michigan University and a B.S. degree from the University of Notre Dame. He has also passed the securities license exams as a Principal for General Securities, Options, Municipal Securities and as a Financial/Operations Principal.

ROBB EVANS is a director of the Bank. He serves on the following committees of the Board of Directors of the Bank: Audit Committee, Nominating Committee and Compensation Committee. Since 1991 Mr. Evans, and his firm, Robb Evans & Associates LLC, have acted as a fiduciary or trustee to administer complex troubled business situations. Typically he is nominated for such a role by a law enforcement or regulatory agency such as the United States Securities and Exchange Commission, Federal Trade Commission, Department of Justice or a state agency and appointed by a federal or state court. He is also a member of REA consulting LLC, a provider of consulting services and litigation support in matters involving the banking industry. Mr. Evans has been continuously active in the banking industry since 1961 and has served as the Chief Executive Officer of three California banks, three Edge Act Corporations and a Hong Kong Merchant Bank. He is past President of the California Bankers Association and a former California Special Deputy Commissioner of Financial Institutions. He is director of BancInsure, Inc. of Oklahoma City, The Cadogan Corporation, a closely held investment and consulting firm and Waterfield Bank of Bethesda, Maryland. Mr. Evans earned a B.A. from California State University, Northridge, in 1967.

JOHN W. HANCOCK is a director of the Bank. He serves on the Directors Loan Committee. He is President of Bancap Investment Group, a real estate investment development company in the Long Beach area. Prior to Bancap Investment Group, Mr. Hancock had a thirty-year career with Security Pacific National Bank where he held various diversified line and administrative responsibilities principally in Corporate Banking from 1970 until 1974, International Banking from 1974 until 1976, Corporate Finance from 1977 until 1986 and Real Estate Finance until Security Pacific National Bank's merger with Bank of America in 1992. Mr. Hancock has served on the Board of Harbor Commissioners and has held the office of President for three terms, 1998-1999 and 2002-2004. From 1982 until 2004, Mr. Hancock sat on the Board of Directors for Memorial Health Services, serving as President from 1994 until 1996. He has served on the Board of Trustees for the Memorial Medical Center, the Aquarium of the Pacific, and the Long Beach City College Foundation. Mr. Hancock has served the Long Beach Symphony as President of the Board of Directors from 1991-1994 and President of the LBSO Foundation from 1991-2002. He served on the Board of Directors of Harbor Bank, beginning in 1992 until the Bank was sold to City National Bank, after which he served on the Regional Advisory Board of City National Bank. Mr. Hancock received a Bachelors and Masters of Business Administration from Stanford University and attended Stonier Graduate School of Banking at Rutgers University and the Financial Management Program at Harvard University.

FRED D. JENSEN is a director of the Bank. He serves on the following committees of the Board of Directors of the Bank: Directors Loan Committee and Audit Committee. Mr. Jensen is chairman of the Audit Committee. He is a director, since 1978, of Advantage Certified Development Company in Long Beach, California. Mr. Jensen is currently retired, but prior to joining the board of directors, Mr. Jensen had a career in banking which spanned over forty years. During his career, Mr. Jensen was the President of five banks: American City Bank (1977-1979); National Bank of Long Beach (1979-1992): Queen City Bank (1994-1995), which was acquired by First Bank of St. Louis in 1995; 1st Bank & Trust (1995-2001); and, most recently, Security Pacific Bank – LA (2001-2007). Beginning in 1989, Mr. Jensen served as a Director of the Federal Reserve Bank, San Francisco, for two terms (1989-1994). Mr. Jensen has served his community as a member of the board of Long Beach Memorial Medical Foundation since 1984, where he also participates on the Finance Committee; the board of the Aquarium of the Pacific; and the board of the Boys and Girls Clubs of Long Beach. Mr. Jensen is a graduate of the University of Washington, Pacific Coast School of Banking.

ROBERT F. LIETZOW, JR. has been nominated to be director of the Bank. He is a managing member of Lakeway Capital Management, LLC. Lakeway Capital Management, LLC, a money management firm, was founded by Mr. Lietzow in 1998. Mr. Lietzow received a Bachelors Degree in Business and Economics from the University of California, Los Angeles in 1987.

DANIEL R. (DAN) MATHIS is a director the Bank. He serves on the following committees of the Board of Directors of the Bank: Directors Loan Committee, Audit Committee and Compensation Committee. Mr. Mathis is chairman of the Directors Loan Committee. He is a director of Square 1 Financial, Inc. and Square 1 Bank which are headquartered in North Carolina. Mr. Mathis is currently retired, but prior to joining the board of directors, he was the President of two banks that were acquired by merger: First National Bank of San Diego (2001-2002), which was acquired by First Community Bancorp in 2002, and Imperial Bank (1993-2001), the $7.6 billion California-chartered commercial bank headquartered in Inglewood, California, owned by Imperial Bancorp and acquired in 2001 by Comerica Bank. Mr. Mathis has thirty years of commercial bank experience including management of regional and national loan portfolios while holding positions at Union Bank of California, California First Bank and United California Bank.

MICHAEL QUICK is a Director of the Bank. He currently does not serve on any committees of the Board of Directors of the Bank. A practicing orthodontist, Dr. Quick received his DDS degree from the University of Tennessee. He then completed the Masters program in Orthodontics. He owns an Orthodontics practice in Little Rock, Arkansas. In addition to his practice, Dr. Quick is also a real estate investor, and he counsels other healthcare professionals on how to accumulate wealth and successfully conduct their business affairs.

BOARD MEETINGS, BOARD COMMITTEES AND CORPORATE GOVERNANCE MATTERS

Meetings of the Board of Directors are generally held once a month and additional meetings may be scheduled as needed. During fiscal year 2007, the Board of Directors of the Bank held twelve (12) meetings. All directors attended 100% of the total number of meetings of the Board of Directors and committees of the Board, with the exception of one director who joined the Board in July 2007 who attended 100% of the total number of meetings which he was eligible to attend and two directors who attended at least 90% of the total number of meetings of the Board of Directors plus meetings of the standing committees on which those particular directors served.

Our Board of Directors has determined that Messrs. Evans, Gray, Hancock, Jensen, Mathis, Phillips and Quick, constituting a majority of the Board members, are "independent directors" as that term is defined in the National Association of Securities Dealers ("NASD") listing standards for the NASDAQ Stock Market. Shareholders may communicate directly with the Board of Directors by sending written communications to the Bank, addressed to the Audit Committee Chairman.

Board Committees

The Board of Directors' principal standing committees are the Audit, Personnel and Compensation and Nominating Committees. The Audit, Compensation and Nominating Committees are composed entirely of independent directors. The Board of Directors has adopted written charters for the Audit and Nominating Committees, as well as a written code of business conduct and ethics that applies to all of our directors, officers and employees. You may obtain copies of these documents free of charge by writing to Melissa Lanfré, Chief Financial Officers, Beach Business Bank, 1230 Rosecrans Avenue, Suite 100, Manhattan Beach, California 90266, or by calling (310) 536-2260. Our Audit Committee, Nominating and Compensation Committee charters are attached to this Proxy Statement as Appendices A, B and C, respectively.

The principal standing committees are described below.

Audit Committee. The Audit Committee is currently comprised of Messrs. Evans, Gray, Jensen and Mathis. Our Board of Directors has determined that Mr. Evans is an "audit committee financial expert" as defined in Item 401(h) of Regulation S-K of the Securities and Exchange Commission, and that all of the Audit Committee members meet the independence requirements as set forth in the NASD's listing standards, even though such regulations do not apply to the Bank. The Audit Committee met six (6) times during fiscal year 2007 and the first six months of 2008. The Audit Committee assists our Board in its oversight responsibility relating to the integrity of our financial statements and the financial reporting process, the systems of internal accounting and financial controls and compliance with legal and regulatory requirements. The Audit Committee, among other things:

- oversees the entire audit function for the Bank, both internal and independent;
- hires, terminates and/or reappoints our independent auditors;
- ensures the existence of effective accounting and internal control systems;
- approves non-audit and audit services to be performed by the independent auditors;
- reviews and approves all related party transactions for potential conflict of interest situations; and
- reviews and assesses the adequacy of the Audit Committee charter on an annual basis.

The report of the Audit Committee is set forth below under "Audit Committee Report."

Personnel and Compensation Committee. The Personnel and Compensation Committee currently consists of Messrs. Evans, Gray and Mathis. The Personnel and Compensation Committee met two (2) times during fiscal year 2007 and the first six months of 2008. The Personnel and Compensation Committee is responsible for:

- determining compensation to be paid to our executive and senior officers and directors;
- overseeing the administration of our employee benefit plans, including the Bank's stock option plan, covering employees generally; and
- reviewing our compensation policies and plans.

The report of the Personnel and Compensation Committee is set forth below under "Personnel and Compensation Committee Report on Executive Compensation."

Nominating Committee. The Board of Directors Nominating Committee is comprised of Directors Gray and Evans, each of whom is an independent director. The Nominating Committee is responsible for identifying and recommending director candidates to serve on the Board of Directors. Final approval of director nominees is determined by the full Board, based on the recommendations of the Nominating Committee. The nominees for election at the Meeting identified in this Proxy Statement were recommended to the Board by the Nominating Committee.

The Nominating Committee operates under a formal written charter adopted by the Board, a copy of which is attached to this Proxy Statement as Appendix B, under which the Nominating Committee has the following responsibilities:

(i) recommend to the Board the appropriate size of the Board and assist in identifying, interviewing and recruiting candidates for the Board;

(ii) recommend candidates (including incumbents) for election and appointment to the Board of Directors, subject to the provisions set forth in our articles of incorporation and bylaws relating to the nomination or appointment of directors, based on the following criteria: business experience, education, integrity and reputation, independence, conflicts of interest, diversity, age, number of other directorships and commitments (including charitable organizations), tenure on the Board, attendance at Board and committee meetings, stock ownership, specialized knowledge (such as an understanding of banking, accounting, marketing, finance, regulation and public policy) and a commitment to the Bank's communities and shared values, as well as overall experience in the context of the needs of the Board as a whole;

(iii) review nominations submitted by shareholders, which have been addressed to the Secretary, and which comply with the requirements of our articles of incorporation and bylaws. Nominations from shareholders will be considered and evaluated using the same criteria as all other nominations;

(iv) annually recommend to the Board committee assignments and committee chairs on all committees of the Board, and recommend committee members to fill vacancies on committees as necessary; and

(v) perform any other duties or responsibilities expressly delegated to the Committee by the Board.

Nominations must be made pursuant to timely notice in writing to the Secretary as set forth in Article III, Section 3.3 of our bylaws. Shareholders may recommend candidates for consideration by the Nominating Committee by following the procedures set forth in Article III, Section 3.3. As noted above, shareholder recommended candidates will be considered and evaluated using the same criteria set forth above.

Article III, Section 3.3 of our bylaws provides that nominations for election as directors by shareholders must be made in writing and delivered to the Secretary of the Bank at least 90 days prior to the annual meeting date. If, however, the date of the meeting is first publicly disclosed less than 100 days prior to the date of the meeting, nominations must be received by the Bank not later than the close of business on the tenth day following the earlier of the day on which notice of the date of the meeting was mailed to shareholders or the day on which public disclosure of the date of the meeting was first made. In addition to meeting the applicable deadline, nominations must be accompanied by certain information specified in Article III, Section 3.3 of our bylaws. This information includes the following:

(i) as to each person whom a shareholder proposes to nominate for election as a director, all information relating to the proposed nominee that is required to be disclosed in the solicitation of proxies for election as directors or is otherwise required pursuant to applicable law and regulation, including the proposed nominee's written consent to serve as a director, if elected; and

(ii) as to the shareholder giving the notice:

- the name and address of the shareholder as they appear on our books; and
- the number of shares of our Common Stock beneficially owned by the nominating shareholder.

The foregoing description is a summary of our nominating process. Any shareholder wishing to nominate a candidate or recommend a nominee to our Nominating Committee for its consideration should review and must comply in full with the procedures set forth in our articles of incorporation and bylaws and California law.

AUDIT COMMITTEE REPORT

Management is responsible for the Bank's internal controls, financial reporting process and compliance with laws and regulations. The independent accountants are responsible for performing an independent audit of the Bank's consolidated financial statements in accordance with generally accepted auditing standards and issuing a report thereon and annually attesting to management's assessment of the effectiveness of our internal control over financial reporting. The Audit Committee's responsibility is to monitor and oversee these processes.

As required by its charter, the Audit Committee received and reviewed the report of Vavrinek, Trine, Day & Co., LLP regarding the results of their audit, as well as the written disclosures and the letter from Vavrinek, Trine, Day & Co., LLP required by Independence Standards Board Standard No. 1 (Independence Discussion with Audit Committees). The Audit Committee reviewed and discussed the audited financial statements with the Bank's management. A representative of Vavrinek, Trine, Day & Co., LLP also discussed with the Audit Committee the independence of Vavrinek, Trine, Day & Co., LLP from the Bank, as well as the matters required to be discussed by Statement of Auditing Standards No. 61 (Communication with Audit Committees).

In fulfilling its oversight responsibility of reviewing the services performed by the Bank's independent auditors, the Audit Committee carefully reviews the policies and procedures for the engagement of the independent auditors. The Audit Committee met with the independent auditors to discuss the results of their examinations, the evaluation of the Bank's internal controls and the overall quality of the Bank's financial reporting. The Audit Committee also reviewed and discussed with the independent auditors the fees paid to the independent auditors; these fees are described under "Relationship with Independent Auditors" below.

The Bank's Chief Executive Officer and Chief Financial Officer also reviewed with the Audit Committee the certifications that each such officer files with our banking regulators. Management also reviewed with the Audit Committee the policies and procedures it has adopted to ensure the accuracy of such certifications.

Based on the Audit Committee's review and discussions noted above, it recommended to the Board of Directors that the audited financial statements be included in the Bank's Annual Report to shareholders for the year ended December 31, 2007, for filing as required with the Bank's regulators.

Respectfully submitted by the members of the Audit Committee of the Board of Directors of the Bank.

Robb Evans
James Gray
Fred Jensen
Dan Mathis

RELATIONSHIP WITH INDEPENDENT AUDITORS

General

The Audit Committee has reappointed Vavrinek, Trine, Day & Co., LLP as the independent public accounting firm to audit our consolidated financial statements for the year ending December 31, 2008, subject to the ratification of the appointment by the Bank's shareholders. See "Proposal 2 – Ratification of the Appointment of Independent Auditors" below.

Independent Auditing Firm Fees

During the years ended December 31, 2007, and 2006, Vavrinek, Trine, Day & Co., LLP provided various audit, audit-related and non-audit services to us. Set forth below are the aggregate fees billed for these services:

(a) Audit Fees: Aggregate fees billed for professional services rendered for the audit of our annual financial statements and internal control over financial reporting: $36,000 – 2007; $28,000 – 2006.

(b) Audit-Related Fees: Aggregate fees billed for professional services rendered related to audits of employee benefit plans, and consultations on accounting matters: $0 – 2007; $0 – 2006.

(c) Tax Fees: Aggregate fees billed for professional services rendered related to tax compliance, tax advice and tax return preparation: $6,000 – 2007; $4,000 – 2006.

(d) All other fees: None – 2007; None – 2006.

The Audit Committee pre-approves all audit and permissible non-audit services to be provided by Vavrinek, Trine, Day & Co., LLP and the estimated fees for these services.

DIRECTORS COMPENSATION

For service as a member of our Board of Directors, each of our directors receives directors' fees comprised of (i) a fee of $1,000 per calendar quarter, plus (ii) $1,000 per board of directors meeting attended in person, plus (iii) $500 per meeting of a board committee attended in person, except that directors on the Loan Committee receive $500 per month. If a director attends a board or committee meeting by telephone, he receives one-half of the meeting fee he would have received for attending in person. Directors attending meetings in person are entitled to reimbursement of travel expenses up to $1,000 per meeting. Co-Chairman of the Bank, Dr. John Philips, receives $1,500 per board of directors meeting and paid medical and dental benefits, with quarterly fee and committee fee amounts consistent with fees paid to all directors as noted above. Co-Chairman of the Bank, Mr. Jim Gray, receives paid medical and dental benefits, with quarterly fee and committee fee amounts consistent with fees paid to all directors as noted above. Dr. Philips and Mr. Gray are paid more compensation than the other directors because of their additional time and duties in support of the Bank's business development activities, especially with respect to the penetration of the markets for the loan and deposit business of health care and other professionals in our market areas and from areas outside of California for Dr. Philips and in the South Bay and Long Beach market for Mr. Gray.

EXECUTIVE COMPENSATION

The following table sets forth certain summary compensation information for the Bank's Chief Executive Officer and the Bank's four most highly compensated executive officers, other than the Chief Executive Officer, who served as executive officers and whose cash compensation for 2007 exceeded $100,000 prorated for a full year (collectively, the "Named Officers"):

Summary Compensation Table

		Annual Compensation			Long-Term Compensation Awards
Name and Position	Year	Salary (1)	Bonus (2)	Other Annual Compensation	Securities Underlying Options
Robert M. Franko	2007	$ 226,478	$ 75,000	$ -	$ -
President and Chief Executive	2006	220,733	53,750	-	-
Officer	2005	202,800	45,000	-	-
Phillip J. Bond	2007	$ 167,148	$ 65,000	$ -	$ -
Executive Vice President and	2006	164,644	53,750	-	-
Chief Credit Officer	2005	156,750	45,000	-	-
Girish Bajaj	2007	$ 165,280	$ 492,093	$ -	$ -
Executive Officer and Chief	2006	161,311	705,949	-	-
Business Development Officer	2005	150,000	832,846	-	-
Thomas LaCroix	2007	85,289	34,792	$ -	$ -
Senior Vice President and					
Chief Lending Officer					
H. Melissa Lanfre	2007	$ 144,914	$ 50,000	$ -	$ -
Senior Vice President and	2006	138,937	38,750	-	-
Chief Financial Officer	2005	131,500	30,000	-	-
Melissa Rickabaugh	2007	$ 115,298	$ 40,000	$ -	$ -
Senior Vice President and	2006	109,300	28,750	-	-
Senior Operations Officer	2005	103,516	15,000	-	-

(1) This column reflects the dollar value of base salary (cash and non-cash) earned by the Named Officer. Mr. LaCroix was hired on June 7, 2007 and his salary is for the six-month period ending December 31, 2007.

(2)Bonuses for Mr. Franko, Mr. Bond, Mr. LaCroix, Ms. Lanfre and Ms. Rickabaugh were accrued in 2007 and 2006, but not paid until 2008 and 2007, respectively. Mr. Bajaj continually earns commissions, based upon his employment contract, which are regularly accrued. This amount includes $146,019 which was accrued in 2007 and paid in 2008 and $82,679 which was accrued in 2006 and paid in 2007. Mr. LaCroix's bonus compensation in 2007 includes a signing bonus in the amount of $24,000 as described in "Executive Compensation – Employment Agreements and Change-in-Control Arrangements," below.

(3) This column reflects the dollar value of other annual compensation that does not come within the category of salary or bonus; including: (i) consulting fees; (ii) perquisites and other personal benefits not available generally to employees of the Bank, unless the aggregate amount of such perquisites or benefits is the lesser of either $50,000 or 10% of the total annual cash compensation of the Named Officer; and (iii) other forms of compensation such as above-market or preferential earnings on restricted stock, stock appreciation rights, deferred compensation or earnings on long term incentive plan compensation.

Simple IRA Plan

The Bank has established for the benefit of its employees a Savings Incentive Match Plan for Employees ("SIMPLE"), which is a program designed for small employers. As an employer that does not maintain another employer-sponsored retirement plan and that employs fewer that 100 employees each of whom receives at least $5,000 in compensation, the Bank is eligible to provide a SIMPLE Plan, which it does through the auspices of custodian and designated financial institution, Fidelity Management Trust Company, Cincinnati, Ohio ("Fidelity").

Under the SIMPLE Plan, our eligible employees may voluntarily defer a percentage of their compensation, up to certain specified maximum amounts ($10,500 in 2007 or $13,000 if over age 50). Compensation deferred by an employee is not subject to income tax, it is withheld from the employee's paycheck and is paid by the Bank to a SIMPLE Individual Retirement Account ("IRA") established by the employee at Fidelity. Annually, the Bank makes a dollar-for-dollar matching contribution up to the lesser of: (i) 3% of the employee's compensation or (ii) the $10,000 or $12,500 limit, as applicable. The Bank is not required to make a contribution unless the employee elects to defer a portion of his or her compensation. Subject to compliance with certain rules of the SIMPLE Plan, employees may elect to change the amount of their contributions and the institution in which such assets may be held and invested. The rules of the Internal Revenue Code and regulations applicable to distributions, rollovers and transfers of assets held in IRAs generally apply to SIMPLE IRAs.

For fiscal year 2007 and 2006, the aggregate amount of matching contributions to be paid by the Bank under the SIMPLE plan was $97,916 and $61,461, respectively.

Option Exercises and Fiscal Year-End Option Values

None of the Named Officers exercised options during 2007, 2006 or 2005.

The following table provides information with respect to the number of securities underlying unexercised options as of December 31, 2007. There were unexercised "in-the-money" options held by the Named Officers as of December 31, 2007.

	Number of Securities Underlying Unexercised Options at Year End		Value of Unexercised In-the-Money Options at Year End (1)	
Name	**Exercisable**	**Unexercisable**	**Exercisable**	**Unexercisable**
Robert M. Franko	49,250	23,750	$ 20,130	$ -
Phillip J. Bond	27,250	23,750	$ 6,710	$ -
Girish Bajaj	41,000	32,000	$ -	$ -
Thomas LaCroix	1,250	5,000	$ -	$ -
H. Melissa Lanfre	16,375	14,625	$ 3,355	$ -
Melissa Rickabaugh	8,300	8,600	$ 2,013	$ 671

(1) Represents the market value per share of the Bank's Common Stock at fiscal year end based on the closing price of $9.70 at December 31, 2007, as quoted on the OTCBB, minus the exercise price per share of the options outstanding times the number of shares of Common Stock represented by such options.

Granted and Available Options under Option Plans

The following table provides information relating to our equity compensation plans as of December 31, 2007:

	Number of Securities to be Issued Upon Exercise of Outstanding Options	Weighted-Average Exercise Price of Outstanding Options	Number of Securities Remaining Available for Future Issuance Under Equity Compensation
Equity compensation plans approved by shareholders	527,525	$ 10.96	572,475
Equity compensation not approved by shareholders	-	-	-
	527,525	$ 10.96	572,475

Stock Option Plan

On May 30, 2003, the Board of Directors of Doctors' Bancorp (the predecessor company of the Bank) adopted a stock option plan which became the stock option plan of the Bank when Doctors' Bancorp merged into the Bank in October 2004. Under the plan the Bank may issue incentive stock options within the meaning of Section 422 of the U.S. Internal Revenue Code and it may issue nonqualified stock options. The stock option plan was approved and ratified by the shareholders on May 30, 2003. Stock option plans such as the Bank's are adopted to attract and retain qualified employees and directors and provide them with incentives to contribute to our success. Eligibility for grants of incentive stock options under the plan is limited to our key employees and eligibility for grants of nonqualified stock options is available to our directors and key employees. The Compensation Committee of the Board of Directors serves as the Plan Administrator.

An aggregate of 1,100,000 shares have been reserved for issuance under the plan. The amounts reserved are subject to adjustments for stock splits, dividends or other transactions or events as described in the plan. While the Plan has authorized 1,100,000 shares, the issuance of share grants is further restricted so that the maximum number of options which may be granted and unexercised at any time may not exceed the number of shares which equals 15% of the total number of shares common stock in the Bank issued and outstanding. As of December 31, 2007, options covering 527,525 shares are issued and outstanding, leaving options covering 572,475 shares available for future grants.

Options granted under the Plan are exercisable in accordance with a schedule specified by the Plan Administrator at the time of the grant of the options, provided that options vest at the rate of at least twenty percent (20%) per year and stock options granted must be fully vested within five years. In case of voluntary termination, all outstanding vested options must be exercised within 90 days after termination. Any unexercised stock options lapse and become once again available for grant under the plan. If the employee is terminated for any reason other than death or permanent disability, any outstanding vested options are automatically terminated unless extended in the sole discretion of the Plan Administrator. All terminated stock options also become available for future grants. The stock option plan will automatically terminate on May 30, 2013, unless terminated earlier by the board. Under certain circumstances involving a change of control, the ability of a holder of a stock option granted under the stock option plan to exercise the stock option may be accelerated to a date sooner than would otherwise be allowed for exercise.

The stock option plan provides that incentive stock options must be granted at 100% of the fair market value of our shares of common stock on the date of the grant of the option. An employee who is granted an incentive stock option under the plan will not recognize income at the time of grant or at the time of exercise. However, upon the exercise of an incentive stock option, any excess fair market value over the option price constitutes a tax preference item, which may have alternative minimum tax consequences for the employee. If the employee sells shares one year after the date of exercise and two years after the date of initial grant, the employee will generally recognize a long term capital gain or loss equal to the difference, if any, between the sales price and the option price of the shares. We will not be entitled to a federal income tax deduction in connection with the grant or exercise of the incentive stock options granted under the plan. If the employee does not hold the shares for the required period of time, the employee will recognize ordinary compensation income and possibly capital gain or loss in the amounts that are prescribed by the Internal Revenue Code. We will generally be entitled to a federal income tax deduction for the amount of ordinary income recognized by the employee.

A grantee of a non-qualified stock option will not recognize income at the time that the option is granted. When a non-qualified stock option is exercised, the holder of the stock option will recognize ordinary compensation income, if any. The amount of income that the exercising holder will recognize will be the excess of the fair market value of the stock over the option price. The holder's income tax basis in the common stock will be the total amount paid upon exercise, plus the amount of income recognized upon exercise. The holder's holding period for capital gains purposes will start on the date of exercise. Gain or loss upon the subsequent sale of common stock received as the result of the exercise of a non-qualified stock option will generally be taxed as capital gain or loss. The type of capital gain, long-term or short-term, depends on how long the holder held the stock. We will generally be limited to a federal income tax deduction regarding the exercise of a non-qualified option to the amount of ordinary compensation income recognized by the holder. This deduction will, in general, be allowed in the year in which the holder recognized the ordinary income.

Employment Agreements and Change-in-Control Arrangements

Upon the opening of the Bank on June 1, 2004, the Bank entered or assumed certain written employment agreements with certain officers, Mr. Franko, Mr. Bond, Ms. Lanfre and Ms. Rickabaugh. Prior to June 1, 2004, the Named Officers were employed by Doctors' Bancorp. The written employment agreements of Mr. Bajaj and Mr. LaCroix were entered into on October 1, 2004 and June 7, 2007, respectively. Set forth below is a summary of the material terms of those agreements. The salaries set forth in the Summary Compensation table above reflect such officer's minimum base salary, adjusted as described in the following paragraphs.

Robert M. Franko. The employment agreement for President and Chief Executive Officer Robert Franko commenced June 1, 2003, and initially terminated May 31, 2008, subject to extension periods of 12 months each effective upon each anniversary of the starting date. Mr. Franko's minimum base salary is $195,000, plus an annual increase equal to the greater of the cost of living or three percent. Annually he is eligible for a discretionary bonus based on various performance criteria and a bonus in an amount up to 125% of salary. In addition to fringe benefits generally available to all employees, Mr. Franko is entitled to a severance payment in the event of his termination due to a merger, acquisition or other change in control, death, disability or other reason other than for "cause" (as defined in the agreement). The amount of the severance payment depends on the event causing termination and is comprised of a percentage of his salary and a percentage of the annual bonus that would have been payable had it been earned as of the termination date.

Phillip J. Bond. The employment agreement for Executive Vice President and Chief Credit Officer Philip Bond commenced October 1, 2003, and initially terminated September 30, 2005, subject to extension periods of 12 months each, effective upon each anniversary of his start date. Mr. Bond's minimum base salary is $150,000, plus an annual increase equal to the greater of cost of living or three percent. Annually he is eligible for a discretionary bonus based on various performance criteria and a bonus in an annual amount up to 80% of salary. In addition to fringe benefits generally available to all employees, Mr. Bond is entitled to a severance payment in the event of his termination due to a merger, acquisition or other change in control, death, disability or other reason other than for "cause." The amount of the severance payment depends on the event causing termination and is comprised of a percentage of his salary and a percentage of the annual bonus that would have been payable had it been earned as of the termination date. Mr. Bond's employment agreement also entitles him to receive incentive stock options to purchase 11,000 shares of the Bank at $10 per share on an adjusted basis.

Melissa Lanfré. The employment agreement for Senior Vice President and Chief Financial Officer Melissa Lanfré commenced November 1, 2003, and initially terminated October 31, 2005, subject to extension periods of 12 months each, effective upon each anniversary of the starting date. Ms. Lanfré's minimum base salary is $125,000, plus an annual increase equal to the greater of cost of living or three percent. Annually she is eligible for a discretionary bonus based on various performance criteria and a bonus in an annual amount up to 25% of salary. In addition to fringe benefits generally available to all employees, Ms. Lanfré is entitled to a severance payment in the event of her termination due to a merger, acquisition or other change in control, death, disability or other reason other than for "cause." The amount of the severance payment is to be not less than her then-current annual salary through the termination date, plus a percentage of the annual bonus that would have been payable had it been earned as of the termination date. The employment agreement for Ms. Lanfré also entitles her to receive incentive stock options to purchase 5,500 shares of the Bank at $10 per share on an adjusted basis.

Melissa Rickabaugh. The employment agreement for Senior Vice President and Senior Operations Officer Melissa Rickabaugh commenced January 19, 2004, and initially terminated January 18, 2005, subject to extension periods of 12 months each, effective upon each anniversary of the starting date. Ms. Rickabaugh's minimum base salary is $100,000, plus an annual increase equal to the greater of the cost of living or three percent. Annually she is eligible for a discretionary bonus based on various performance criteria and a bonus in an annual amount up to 20% of salary. In addition to fringe benefits generally available to all employees, Ms. Rickabaugh is entitled to a severance payment in the event of her termination due to a merger, acquisition or other change in control, death, disability or other reason other than for "cause." The amount of the severance payment is to be not less than her then-current annual salary through the termination date, plus an amount equal to one half of the annual bonus that would have been payable had it been earned as of the termination date. In the case of termination due to death or disability, Ms. Rickabaugh will also be eligible for the bonus earned and unpaid prorated as of the termination date. She is also entitled to receive incentive stock options to purchase 4,400 shares of the Bank at $10 per share on an adjusted basis.

Girish Bajaj. The employment agreement for Executive Vice President and Chief Business Development Officer Girish Bajaj commenced October 1, 2004, and will initially terminate September 30, 2008, subject to extension periods of 12 months each, effective upon each anniversary of the starting date. Mr. Bajaj's minimum base salary is $150,000, plus an annual increase, equal to the greater of the cost of living or three percent. Mr. Bajaj is also eligible to earn commissions based on his performance in developing loan business. The amount and type of commissions depend on how the transaction was originated and on annual production volume. Commissions are computed as (i) a percentage of the sales price for a loan, (ii) a percentage of loan fees received by the Bank for a loan made and held in its portfolio and (iii) a percentage of the volume of loans produced. In all cases any brokers' fees paid to third party brokers are deducted before computation of the commission. In addition to fringe benefits generally available to all employees, Mr. Bajaj is entitled to a severance payment in the event of his termination due to a merger, acquisition or other change in control, death, disability or other reason other than for "cause." The amount of the severance payment is to be his then-current annual salary payable through the termination date plus an amount equal to commissions that would have been payable had they otherwise been earned as of the termination date. Mr. Bajaj is also entitled to receive incentive stock options to purchase 33,000 shares of the Bank at $10 per share on an adjusted basis.

Thomas LaCroix. The employment agreement for Sr. Vice President and Chief Lending Officer Thomas LaCroix commenced June 7, 2007 and will initially terminated June 7, 2009, subject to extension periods of 12 months each, effective upon each anniversary of the starting date. Mr. LaCroix's minimum base salary is $150,000, plus an annual increase, equal to the greater of the cost of living or three percent. Annually, Mr. LaCroix is eligible for a discretionary bonus based on various performance criteria and a bonus in an annual amount up to 50% of salary. Mr. LaCroix is entitled to a severance payment in the event of his termination due to a merger, acquisition or other change in control, death, disability or other reason other than for "cause." The amount of the severance payment is to be not less than his then-current annual salary through the termination date, plus an amount equal to the annual bonus that would have been payable had it been earned as of the termination date. In the case of termination due to disability, Mr. LaCroix will also be eligible for the severance compensation equal to 60% of the annual salary earned and unpaid prorated as of the termination date; and in the case of termination due to death, Mr. LaCroix's severance will be further reduced by amounts available to him or his family from insurance provided. He is also entitled to receive incentive stock options to purchase 5,000 shares of the Bank at an exercise price equal to the market price of the stock on the start date. Upon joining the Bank, Mr. LaCroix received a sign-on bonus in the amount of $24,000.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Bank has had, and in the future may have, banking transactions in the ordinary course of its business with directors, principal shareholders and their associates. The Bank has a policy of not making loans to directors and executive officers in amounts exceeding $4,900, the ceiling above which loans become subject to Regulation O of the FRB. The directors and officers have supported the Bank with depository relationships, which are made on the same terms, including interest rates, as those prevailing at the time for comparable transactions with persons who have no affiliation with the Bank.

PROPOSAL 2 – RATIFICATION OF INDEPENDENT AUDITORS

The Audit Committee has selected Vavrinek, Trine, Day & Co., LLP as the Bank's independent auditors for the fiscal year ending December 31, 2008, and has directed that management submit the selection of independent auditors to shareholders for ratification at the Annual Meeting. Representatives of Vavrinek, Trine, Day & Co., LLP are expected to be present at the meeting, will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Shareholder ratification of the selection of Vavrinek, Trine, Day & Co., LLP as the Bank's independent auditors is not required by the Bank's bylaws or otherwise. However, we are submitting the selection of Vavrinek, Trine, Day & Co., LLP to the shareholders for ratification as a matter of good corporate practice. If the shareholders fail to ratify the selection, the Audit Committee will reconsider whether or not to retain Vavrinek, Trine, Day & Co., LLP. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of a different independent audit firm at any time during the year if it is determined that such a change would be in the best interests of the Bank and its shareholders.

The Board unanimously recommends a vote "FOR" the ratification of the selection of Vavrinek, Trine, Day & Co., LLP as our independent auditors for the year ending December 31, 2008. Proxies received by the Bank will be so voted unless shareholders specify a contrary choice in their proxies.

SHAREHOLDER PROPOSALS

For business to be properly brought before an annual meeting by a shareholder, the shareholder must have given timely notice of the business in writing to the Secretary of the Bank. Notice will be timely if the shareholder's notice is delivered to or mailed and received at the principal executive office of the Bank not less than sixty (60) calendar days prior to the annual meeting; provided, however, that in the event that less than sixty-five (65) calendar days' notice or prior public disclosure of the date of the meeting is given or made to shareholders, notice by the shareholder to be timely must be so received not later than the close of business on the tenth calendar day following the date on which such notice of the date of the annual meeting was mailed or such public disclosure was made. Further requirements for business to be raised by shareholders are set forth in the bylaws of the Bank in Article II, Section 2.4 (as to general requirements and as to the content of the notice) and Article III, Section 3.3 (as to election and nomination of directors).

OTHER MATTERS

As of the date of this Proxy Statement, the Board of Directors is not aware of any business to come before the Meeting other than the matters described above in this Proxy Statement. However, if other matters should properly come before the Meeting, it is intended that the Proxy Holder will act in accordance with their best judgment.

The cost of solicitation of proxies will be borne by the Bank. In addition to solicitation by mail, directors, officers and employees of the Bank or its subsidiary may solicit proxies personally or by electronic mail or telephone, without additional compensation.

BY ORDER OF THE BOARD OF DIRECTORS

John F. Philips *James H. Gray*

John F. Philips James H. Gray
Co-Chairman of the Board

Melissa Lanfré
Secretary

Manhattan Beach, California
August 1, 2008

APPENDIX A

AUDIT COMMITTEE CHARTER AND POLICY

The Audit Committee (the “Committee”) of Beach Business Bank (the “Bank”) shall constitute a standing committee of the Board of Directors with oversight duties and responsibilities as set forth herein. The Committee shall consist of at least three independent directors of the Bank appointed by the Board, one of whom shall be a “financial expert” as defined in the Sarbanes-Oxley Act of 2002. The Board shall appoint the Chairman of the Committee and the chairmanship shall rotate at least once every three years, subject to Board approval.

ORGANIZATIONAL STRUCTURE AND AUDIT COMMITTEE MEETINGS:

The internal auditors and the Bank’s independent auditors shall report directly to the Audit Committee. The internal auditors are also accountable to the Executive Management of the Bank with respect to administrative matters. The Audit Committee shall meet at least four times each calendar year and may conduct additional meetings as conditions warrant. Generally, Roberts Rules of Order will govern the conduct of the meeting and minutes will be taken. The Committee Chair shall, after consultations with the CEO and/or CFO, prepare an agenda in advance of each meeting. The agenda will be provided to the attendees in advance of the meeting date.

The Committee Chair or the Committee shall meet privately in executive session (that is, without management being present) at least once annually or at any time as the Committee may consider advisable with the independent auditors to discuss any matters that the Committee deems prudent.

RESPONSIBILITIES:

It is the function of the Committee to enable the Board of Directors, with reliance on the Committee, to discharge its fiduciary responsibility to shareholders in respect of financial reporting and of the safety and soundness of the Bank. For this purpose, the Committee shall have the following general duties and functions:

1. To review and monitor the financial controls and accounting procedures of the Bank and direct changes and improvements thereto as they may deem appropriate, and to supervise the maintenance thereof. Discuss significant financial risk and the steps management has taken to monitor, control and report such exposures.
2. To review all quarterly and other periodic financial reports issued by the Bank and, in connection therewith, to determine whether the accounting policies and procedures employed in connection with these reports are appropriate and in accordance with generally accepted accounting principles.
3. To review all releases and other information to be disseminated by the Bank to federal and state regulators and agencies with jurisdiction over the Bank, the press, the public or shareholders which concern disclosures of financial condition or projections of financial condition of the Bank, and to approve or disapprove such releases prior to dissemination.
4. To review the adequacy and effectiveness of this policy at least once every other year or as otherwise mandated by regulations.
5. To meet with the independent auditors of the Bank periodically to review their findings with respect to audits of the financial statements conducted by them and to meet with the internal auditors and contracted outsourced auditors, if any are used, regarding the internal control structure of the Bank. In connection therewith, the Committee may authorize the independent auditors to perform special services, at the Bank's expense, in the form of audits or examinations of any aspect of the Bank's business operations or financial or accounting procedures as the Committee deems necessary or appropriate. No engagement with the Bank’s independent auditors prohibited by the Sarbanes-Oxley Act of 2002 or any subsequent or other ruling by any regulator or agency with jurisdiction over the Bank will be permitted.
6. To review and approve the independent auditors’ audit plan, scope, schedule, staffing, reliance on

management, fees and engagement letter at least annually for independent auditors and internal auditors, unless the Bank's risk assessment determines that a less frequent schedule is warranted.

7. In the event of a disagreement or controversy between the independent or internal auditors and management of the Bank with respect to any matter that may arise during an audit, the Audit Committee shall determine the Bank's position in the matter. The Committee shall also review and discuss with the independent auditors all relationships they have with the Bank that could impair the independence of the independent auditors.
8. To approve or disapprove any change of independent auditors or other internal or external auditors of the Bank subject to the final authority of the Board of Directors.

The duties of the Committee will normally be discharged in conjunction with three component parts of the Bank's organization, namely, the internal auditors' periodic audit visitations, the certification of accounts program as directed by the Chief Financial Officer, and the audits of the independent auditors.

RELATIONS WITH INTERNAL AUDITORS (OUTSOURCED):

1. Ensure the service provider's full compliance with the "Revised Guidance on Internal Auditing and its Outsourcing" (FFIEC, March 17, 2003) (Appendix A)
2. Discuss and approve scope of audit examinations before engagement is begun.
3. Review scope and adequacy of internal audit programs.
4. Review audit findings, trends, ratings and corrective action responses.
5. Review auditor's letter to management on efficiency of accounting, administration and internal controls.
6. Discuss pronouncements of regulatory authorities and their effect on the Bank's operations.
7. Review performance of internal auditors by consulting with appropriate Bank personnel.
8. Review scope and qualification of special services performed or to be performed by contracted internal auditors at the request of management.
9. Assess the quality of the internal audit program and periodically recommend changes in program if it does not meet the desired standards.
10. Meet with internal audit group and independent auditors, including joint meetings as appropriate.
11. Review findings with respect to Code of Ethics and Code of Conduct issues.

RELATIONS WITH CHIEF FINANCIAL OFFICER AND INDEPENDENT AUDITORS:

Although the Chief Executive Officer and Chief Financial Officer are not designated as members of the Committee, their attendance at the Committee's meetings may be customary. They shall report on financial results, accounting problems, staffing of accounting functions and other elements of financial controls and coordinate the activities of the independent auditors in their periodic and annual visitations. This arrangement will help assure good communication between the CEO, CFO and the internal auditors and independent auditors without impairing the independence of the Committee. The Committee may meet at any time in executive session (that is without any member of management present) with the Bank's independent auditors, internal auditors, counsel or any other persons deemed advisable by the Committee.

1. Review and approve, for Board consideration, all filing of financial condition reports with regulatory agencies.
2. Undertake any appropriate assignments requested by the Board of Directors.
3. Review financial content of the Bank's annual financial and business plans.
4. Counsel the Board of Directors on selection of accounting policies under certain circumstances.
5. Recommend or initiate investigation of adverse operating results or trends where applicable.
6. Prepare and maintain a document which tracks audit recommendations and their date of completion.
7. Prepare and approve minutes of all Committee meetings for Board distribution.

COMMUNICATIONS STANDARDS:

1. The auditors shall provide the Committee, in written form, a report of all findings both positive and negative regarding the Bank's operating condition. Reports shall be prepared in a narrative format.

2. The auditors shall meet with the Committee not less than once annually to review material presented in the audit reports.
3. Findings shall be submitted on a timely basis to permit effective response. Management will report to the Audit Committee within 30 days, or at the next Board meeting, that an audit report has been received and that a response will be delivered to the Audit Committee within 90 days of the date of the audit report.

THE AUDIT PROGRAM:

The Bank's audit program shall be comprised of no less than the following:

1. A flowchart or narrative that includes the scope of examination and or a checklist of what is being examined.
2. Description of controls that the auditors recommend be built into the operating system to preclude the possibility of fraud or loss to the Bank.
3. Emphasis on the necessity for controls and their usefulness to improve operations and identify weaknesses critical in nature.
4. Determination that records of the Bank are adequate and that the assets and liabilities of the Bank are properly stated and protected.

APPENDIX B

CHARTER OF THE NOMINATING COMMITTEE OF THE BOARD OF DIRECTORS OF BEACH BUSINESS BANK

I. Statement of Policy

The Nominating Committee (the "Committee") shall be appointed by the Board of Directors (the "Board") of Beach Business Bank (the "Bank") for the purpose of (i) identifying individuals qualified to serve as Board members, consistent with criteria approved by the Board; and (ii) recommending to the Board the director nominees for election or appointment to the Board of Directors.

II. Committee Composition and Meetings

The Committee shall be comprised of two or more directors (including a chairperson) as appointed annually by the Board, each of whom shall be an independent director as defined by the NASDAQ Stock Market (the "NASDAQ") listing standards as if such standards applied and each of whom shall be free from any relationship that would interfere with the exercise of his or her independent judgment. The Board shall have the power at any time to change the membership of the Committee and to fill vacancies, subject to the qualification requirements of this Charter. The Committee shall meet at least two times annually or more frequently as circumstances require.

III. Committee Duties, Responsibilities and Process

The Committee will cause to be kept adequate minutes of all its proceedings, and will report its actions at the next meeting of the Board. Committee members will be furnished with copies of the minutes of each meeting and any action taken by unanimous consent. The Committee is governed by the same rules regarding meetings (including meetings by conference telephone or similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board. The Committee is authorized and empowered to adopt its own rules of procedure not inconsistent with (a) any provision of this Charter, (b) any provision of the Bylaws of the Bank, or (c) the laws of the state of California.

The Committee may request that any directors, officers or employees of the Bank, or other persons whose advice and counsel are sought by the Committee, attend any meeting of the Committee to provide such pertinent information as the Committee requests.

The Committee shall have the following responsibilities:

1. Recommend to the Board the appropriate size of the Board and assist in identifying, interviewing and recruiting candidates for the Board.

2. Recommend candidates (including incumbents) for election and appointment to the Board of Directors, subject to the provisions set forth in the Bank's Articles of Incorporation and Bylaws relating to the nomination or appointment of directors, based on the following criteria: business experience, education, integrity and reputation, independence, conflicts of interest, diversity, age, number of other directorships and commitments (including charitable obligations), tenure on the Board, attendance at Board and committee meetings, stock ownership, specialized knowledge (such as an understanding of banking, accounting, marketing, finance, regulation and public policy) and a commitment to the Bank's communities and shared values, as well as overall experience in the context of the needs of the Board as a whole.

3. Review nominations submitted by stockholders, which have been addressed to the corporate secretary, and which comply with the requirements of the Articles of Incorporation and the

Bylaws. Nominations from stockholders will be considered and evaluated using the same criteria as all other nominations.

4. Annually recommend to the Board committee assignments and committee chairs on all committees of the Board, and recommend committee members to fill vacancies on committees as necessary.

5. Perform any other duties or responsibilities expressly delegated to the Committee by the Board.

IV. Investigations and Studies; Outside Advisers

The Committee may conduct or authorize studies of or investigations into matters within the Committee's scope of responsibilities, and may retain, at the Bank's expense, such counsel or other advisers as it deems necessary (which may, if the Committee deems it appropriate, be the Bank's regular counsel or advisers). The Committee shall have the authority to retain or terminate one or more search firms to assist the Committee in carrying out its responsibilities, including authority to approve the firm's fees and retention terms, which fees shall be borne by the Bank.

APPENDIX C

**CHARTER OF THE COMPENSATION COMMITTEE
OF THE BOARD OF DIRECTORS OF
BEACH BUSINESS BANK**

I. Statement of Policy

The Compensation Committee (the "Committee") shall be appointed by the Board of Directors (the "Board") of Beach Business Bank (the "Bank") for the purpose of (i) overseeing certain aspects of executive compensation for the Bank; and (ii) serving as Administrator for the Bank's Stock Option Plan.

II. Committee Composition and Meetings

The Committee shall be comprised of two or more directors (including a chairperson) as appointed annually by the Board, each of whom shall be an independent director as defined by the NASDAQ Stock Market (the "NASDAQ") listing standards as if such standards applied and each of whom shall be free from any relationship that would interfere with the exercise of his or her independent judgment and they shall not be eligible to participate in any of the Bank's executive compensation plans with respect to which they have the authority to exercise discretion. The Committee shall meet as often as necessary to carry out its responsibilities. The Committee may also act by unanimous written consent in lieu of a meeting. Meetings may be called by the Chairman of the Committee or management of the Bank.

III. Committee Duties, Responsibilities and Process

The Committee will cause to be kept adequate minutes of all its proceedings, and will report its actions at the next meeting of the Board. Committee members will be furnished with copies of the minutes of each meeting and any action taken by unanimous consent. The Committee is governed by the same rules regarding meetings (including meetings by conference telephone or similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board. The Committee is authorized and empowered to adopt its own rules of procedure not inconsistent with (a) any provision of this Charter, (b) any provision of the Bylaws of the Bank, or (c) the laws of the state of California.

The Committee may request that any directors, officers or employees of the Bank, or other persons whose advice and counsel are sought by the Committee, attend any meeting of the Committee to provide such pertinent information as the Committee requests.

The Committee shall have the following responsibilities:

1. Review the Bank's executive compensation programs to ensure the attraction, retention and appropriate reward of executive and other key officers, to motivate their performance in the achievement of the Bank's business objectives and to align the interest of executive officers with the long-term interests of the Bank's shareholders;

2. Review the performance, salaries and other compensation of executive officers and other key employees; in so doing the Committee considers the general performance of the executive officers and the compensation practices in the markets where the Bank competes for executive talent;

3. Administer the Bank's Stock Option Plan and other incentive compensation plans;

4. Review the compensation cost of equity incentive plans for executive officers and directors;

5. Review the employee benefit plans, recommending plan changes or amendments, as appropriate; and

6. Retain and terminate consultants to be used to assist the Committee in the evaluation of director and executive compensation.