



Focus Business Bank Announces Unaudited Financial Results  
For the Quarter and Year Ended December 31, 2011

January 27, 2012 – San Jose, CA. Focus Business Bank (OTCBB:FCSB) announced unaudited financial results for the quarter and twelve-months ended December 31, 2011. Net income, assets, loans and deposits at December 31, 2011, each represent record levels for the Bank. President and Chief Executive Officer Richard L. Conniff remarked “Focus Business Bank is pleased to report its seventh consecutive profitable quarter, completing a full year of strong growth in assets and earnings. The Bank’s commitment to serving the closely-held businesses of Santa Clara County has enabled us to achieve excellent growth in loans and deposits. The resulting increase in earning assets has led to record revenues which, coupled with careful management of operating expenses and credit costs, has resulted in record earnings.”

The Bank reported net income of \$239,000, or \$0.09 per share, for the quarter ended December 31, 2011 compared to net income of \$21,000 or \$0.01 per share, for the quarter ended December 31, 2010. For the year ended December 31, 2011, the Bank reported net income of \$601,000, or \$0.22 per share, compared to a loss of \$203,000, or (\$0.07) per share, for the twelve-months ended December 31, 2010.

**Assets and Liabilities**

Total assets increased to \$168.5 million at December 31, 2011, a 28% increase from December 31, 2010. Total loans were \$97.4 million at December 31, 2011, a 47% increase from December 31, 2010. Total deposits grew to \$145.2 million at December 31, 2011, a 32% increase from December 31, 2010.

Non-interest bearing deposits at December 31, 2011 were \$63.2 million, as compared to \$32.0 million at December 31, 2010, an increase of 98%. Non-interest bearing deposits represent 44% of total deposits at December 31, 2011, compared to 29% of total deposits at December 31, 2010.

**Net Interest Income**

Net interest income for the twelve-months ended December 31, 2011 was \$4,847,000, an increase of 26% compared to \$3,855,000 for the same period in 2010. The net interest margin of 3.46% for the twelve-months ended December 31, 2011 was an improvement compared to 3.29% for the twelve-months ended December 31, 2010. The increase in net interest margin for the year ending December 31, 2011, compared to the prior year, is primarily attributable to an increase in loans. At December 31, 2011, the loan to deposit ratio was 67% as compared to 60% at December 31, 2010.

**Non-interest Income**

Non-interest income was \$1,027,000 for the twelve months ended December 31, 2011, compared to \$464,000 for the same period in 2010. The increase in non-interest income for the twelve months ending December 31, 2011, as compared to the prior year, is

primarily attributable to gains on the sale of SBA loans which totaled \$761,000 in 2011 and \$353,000 in 2010.

### **Non-Interest Expense**

Non-interest expense was \$5,211,000 for the twelve-months ended December 31, 2011, compared to \$4,722,000 for the twelve months ended December 31, 2010. The increase in non-interest expense for the year ended December 31, 2011, compared to the same period in 2010, is primarily attributable to personnel and other expenses associated with the growth in earning assets.

### **Asset Quality**

The Bank made no provision to loan loss reserves in the year ended December 31, 2011. The allowance for loan losses was 2.61% of total loans at December 31, 2011, as compared to 3.83% at December 31, 2010. There were no loan charge-offs or recoveries for the year ended December 31, 2011. At December 31, 2011, the Bank had two non-performing loans totaling \$1,044,000 which are well secured and for which the Bank expects full collection. At December 31, 2010, the Bank had one non-performing loan for \$86,000. The Bank has never had other real estate owned.

### **Capital**

Focus Business Bank has capital ratios substantially in excess of regulatory requirements for well capitalized banks. At December 31, 2011, the total risk-based capital ratio was 20.75%.

### **About Focus Business Bank**

Focus Business Bank is dedicated to meeting the banking needs of closely-held businesses and professionals in Santa Clara County. The Bank's office is located at 10 Almaden Boulevard in downtown San Jose, California and offers a variety of commercial banking products including loans, deposits, remote deposit capture and other cash management services oriented toward closely-held businesses and their owners. The Bank specializes in commercial loans and is also an SBA Preferred Lender. The Bank also serves not-for-profit businesses and condominium homeowner associations by offering expertise, market knowledge and specialized products and services to these customers.

### **Forward-Looking Statements**

*This release may contain forward-looking statements, such as, among others, statements about plans, expectations and goals concerning growth and improvement. Forward-looking statements are subject to risks and uncertainties. Such risks and uncertainties may include but are not necessarily limited to fluctuations in interest rates, inflation, government regulations and general economic conditions, including the real estate market in California and other factors beyond the Bank's control. Such risks and uncertainties could cause results for subsequent interim periods or for the entire year to differ materially from those indicated. Readers should not place undue reliance on the forward-looking statements, which reflect management's view only as of the date hereof. The Bank undertakes no obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.*

Focus Business Bank  
Summary Financial Statements  
(in, 000's except per share data)

<b><u>BALANCE SHEET</u></b>	<b>As of</b>			<b>12 Month % Change</b>
	<b>31-Dec-11</b>	<b>30-Sep-11</b>	<b>31-Dec-10</b>	
	Unaudited	Unaudited	Unaudited	
<b>ASSETS</b>				
Cash and due from banks				
Interest bearing	\$ 40,906	\$ 32,942	\$ 34,061	20%
Non-interest bearing	4,309	4,320	1,716	151%
Federal funds sold	505	505	510	-1%
Investment securities	26,502	26,980	30,289	-13%
Loans	97,401	89,011	66,387	47%
Net deferred loan costs	37	102	138	-73%
Allowance for loan losses	(2,541)	(2,541)	(2,541)	0%
Net Loans	94,897	86,572	63,984	48%
Other assets	1,405	1,442	1,338	5%
<b>TOTAL ASSETS</b>	<b>\$ 168,524</b>	<b>\$ 152,761</b>	<b>\$ 131,898</b>	<b>28%</b>
<b>LIABILITIES</b>				
Deposits				
Non-interest bearing	\$ 63,196	\$ 44,045	\$ 31,982	98%
Interest bearing	81,986	85,478	77,824	5%
Total deposits	145,182	129,523	109,806	32%
Other liabilities	716	828	601	19%
<b>TOTAL LIABILITIES</b>	<b>145,898</b>	<b>130,351</b>	<b>110,407</b>	<b>32%</b>
Stockholders' equity	22,626	22,410	21,491	5%
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>				
	<b>\$ 168,524</b>	<b>\$ 152,761</b>	<b>\$ 131,898</b>	<b>28%</b>
Book value/share	\$ 8.15	\$ 8.07	\$ 7.77	5%
<b><u>Balance Sheet Ratios</u></b>				
Loan/deposit	67%	69%	60%	
Non-interest deposits/total deposits	44%	34%	29%	
<b><u>Regulatory Capital Ratios</u></b>				
Tier-1 leverage	13.82%	15.47%	16.53%	
Tier-1 risk based capital	19.48%	20.04%	27.19%	
Total risk-based capital	20.75%	21.31%	28.46%	
<b><u>Asset Quality Metrics</u></b>				
Non-performing loans	\$ 1,044	\$ 83	\$ 86	
Non-performing loans/total loans	1.07%	0.09%	0.13%	
ALLL/total loans	2.61%	2.85%	3.83%	

<b><u>INCOME STATEMENT</u></b>	<b>Quarter Ended</b>		<b>Year Ended</b>	
	<b>31-Dec-11</b>	<b>31-Dec-10</b>	<b>31-Dec-11</b>	<b>31-Dec-10</b>
	Unaudited	Unaudited	Unaudited	Unaudited
Interest income	\$ 1,465	\$ 1,090	\$ 5,275	\$ 4,419
Interest expense	100	120	428	564
Net interest income	1,365	970	4,847	3,855
Provision for loan losses	-	(125)	-	(200)
Non-interest income	137	97	1,027	464
Non-interest expense	1,268	1,171	5,211	4,722
Pre-tax income (loss)	234	21	663	(203)
Income taxes	(5)	-	62	-
Net income (loss)	\$ 239	\$ 21	\$ 601	\$ (203)
Net income (Loss) per basic share	\$ 0.09	\$ 0.01	\$ 0.22	\$ (0.07)
<b><u>Performance Metrics</u></b>				
Net interest margin	3.47%	3.05%	3.46%	3.29%
Return on average assets	0.59%	0.06%	0.42%	-0.17%
Return on average equity	4.20%	0.38%	2.72%	-0.95%

**Contact:**

Richard L. Conniff, President and Chief Executive Officer

408.200.8701

richard.conniff@focusbusinessbank.com