



Focus Business Bank Announces Financial Results  
For the Quarter Ended March 31, 2011

May 3, 2011 – San Jose, CA. Focus Business Bank (OTCBB:FCSB) announced unaudited financial results for the quarter ended March 31, 2011. The Bank reported net income of \$51,000, or \$0.02 per share, for the quarter ended March 31, 2011 compared to a loss of \$307,000, or (\$0.11) per share, for the quarter ended March 31, 2010.

President and Chief Executive Officer Richard L. Conniff stated, “The Bank posted positive net income for the fourth consecutive quarter as it emerges from its start-up phase and the impact of a difficult economy. We are pleased with the continued progress of our core operations and the solid growth in our balance sheet. We are well positioned to meet the banking needs of closely held businesses.”

**Assets and Liabilities**

Total assets increased to \$135,819,000 at March 31, 2011, a 17% increase from March 31, 2010. Total deposits grew to \$111,193,000 at March 31, 2011, a 23% increase from March 31, 2010. Total loans were \$71,229,000 at March 31, 2011, an increase of 1% from March 31, 2010 and 7% from December 31, 2010.

**Net Interest Income**

The Bank’s primary source of earnings is net interest income, the difference between interest earned on interest earning assets, primarily investments and loans, less interest paid on interest bearing liabilities, primarily deposits. Net interest income for the quarter ended March 31, 2011 was \$986,000, compared to \$970,000 and \$955,000 for the quarters ended December 31, 2010 and March 31, 2010, respectively. The net interest margin (net interest income divided by average earning assets) for the quarters ended March 31, 2011, December 31, 2010 and March 31, 2010 was 3.05%, 3.05% and 3.56% respectively. The decline in net interest margin from March 31, 2010 to March 31, 2011 is primarily attributable to the Bank’s high level of liquidity as evidenced by the loan to deposit ratio of 64% at March 31, 2011, compared to 78% at March 31, 2010.

**Non-interest Income**

Non-interest income was \$539,000 and \$37,000 for the quarters ended March 31, 2011 and March 31, 2010, respectively. The increase in non-interest income in the quarter ending March 31, 2011 compared to the quarter ending March 31, 2010 is primarily attributable to gains on the sale of the guaranteed portion of SBA loans which were \$459,000 for the quarter ended March 31, 2011. SBA originations have increased over the past year as the result of incentives offered by the SBA to stimulate borrowing by small businesses. Focus Business Bank is an SBA preferred lender.

**Non-Interest Expense**

Non-interest expense was \$1,474,000 for the quarter ended March 31, 2011 compared to \$1,171,000 and \$1,224,000 for the quarters ending December 31, 2010 and March 31, 2010, respectively. The increase in non-interest expense in the quarter ended March 31, 2011 is primarily attributable to personnel and marketing expenses during the quarter.

### **Asset Quality**

The Bank made no provision to loan loss reserves in the quarter ended March 31, 2011 as compared to a reversal of loan loss reserves of \$125,000 in the quarter ending December 31, 2010. The allowance for loan and lease losses was 3.57% of total loans at March 31, 2011 as compared to 3.83% at December 31, 2010. There were no loan charge-offs in the quarter ending March 31, 2011. Non-performing loans at March 31, 2011 were \$84,000, or 0.12% of total loans compared to \$1,141,000, or 1.62% of total loans, at March 31, 2010.

### **Capital**

Focus Business Bank has capital ratios substantially in excess of regulatory requirements for well capitalized banks. At March 31, 2011, the total risk-based capital ratio was 25.02%.

### **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 SBA 7a and 504 loans. 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**

(Unaudited)	<b>As of</b>			<b>12 Month %</b>
<b><u>BALANCE SHEET</u></b>	<b><u>31-Mar-11</u></b>	<b><u>31-Dec-10</u></b>	<b><u>31-Mar-10</u></b>	<b><u>Change</u></b>
<b>ASSETS</b>				
Cash and due from banks				
Interest bearing	\$ 26,484,000	\$ 34,061,000	\$ 21,706,000	22%
Non-interest bearing	3,190,000	1,716,000	1,846,000	73%
Federal funds sold	505,000	510,000	510,000	-1%
Investment securities	35,210,000	30,289,000	21,751,000	62%
Loans	71,229,000	66,387,000	70,588,000	1%
Net deferred loan costs	184,000	138,000	119,000	54%
Allowance for loan losses	(2,541,000)	(2,541,000)	(2,431,000)	5%
Net Loans	68,872,000	63,984,000	68,276,000	1%
Other assets	1,558,000	1,338,000	1,577,000	-1%
<b>TOTAL ASSETS</b>	<b>\$ 135,819,000</b>	<b>\$ 131,898,000</b>	<b>\$ 115,666,000</b>	<b>17%</b>
<b>LIABILITIES</b>				
Deposits				
Non-interest bearing	\$ 38,501,000	\$ 31,982,000	\$ 27,501,000	40%
Interest bearing	72,692,000	77,824,000	63,194,000	15%
Total deposits	111,193,000	109,806,000	90,695,000	23%
Other liabilities	2,985,000	601,000	3,957,000	-25%
<b>TOTAL LIABILITIES</b>	<b>114,178,000</b>	<b>110,407,000</b>	<b>94,652,000</b>	
Shareholders' equity	21,641,000	21,491,000	21,014,000	3%
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 135,819,000</b>	<b>\$ 131,898,000</b>	<b>\$ 115,666,000</b>	<b>17%</b>
Book value/share	\$ 7.82	\$ 7.77	\$ 7.60	3%
<b><u>Balance Sheet Ratios</u></b>				
Loan/deposit	64%	60%	78%	
Non-interest bearing/total deposit	35%	29%	30%	
<b><u>Regulatory Capital Ratios</u></b>				
Tier-1 leverage	15.93%	16.53%	18.83%	
Tier-1 risk based capital	23.75%	27.19%	26.20%	
Total risk-based capital	25.02%	28.46%	27.50%	
<b><u>Asset Quality Metrics</u></b>				
Non-performing loans	\$ 84,000	\$ 86,000	\$ 1,141,000	-93%
Non-performing loans/total loans	0.12%	0.13%	1.62%	
ALLL/total loans	3.57%	3.83%	3.44%	

Focus Business Bank  
Summary Financial Statements

(Unaudited)	<b>Quarter ended</b>		
<b><u>STATEMENT OF OPERATIONS</u></b>	<b><u>31-Mar-11</u></b>	<b><u>31-Dec-10</u></b>	<b><u>31-Mar-10</u></b>
Interest income	\$ 1,110,000	\$ 1,090,000	\$ 1,127,000
Interest expense	124,000	120,000	172,000
Net interest income	986,000	970,000	955,000
Provision for loan losses	-	(125,000)	75,000
Non-interest income	539,000	97,000	37,000
Non-interest expense	1,474,000	1,171,000	1,224,000
Net income (loss)	<u>\$ 51,000</u>	<u>\$ 21,000</u>	<u>\$ (307,000)</u>
Net income (Loss) per basic share	\$ 0.02	\$ 0.01	\$ (0.11)
 <b><u>Performance Metrics</u></b>			
Net interest margin	3.05%	3.05%	3.56%
Return on average assets	0.15%	0.06%	-1.13%
Return on average equity	0.96%	0.38%	-5.91%

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