



July 29, 2008

**FOCUS BUSINESS BANK ANNOUNCES FINANCIAL RESULTS FOR THE  
QUARTER ENDED JUNE 30, 2008**

San Jose, CA. Focus Business Bank (OTCBB: FCSB) announced unaudited financial results for the quarter ended June 30, 2008. The Bank's President and Chief Executive Officer Richard L. Conniff stated, "In the face of challenging economic conditions, Focus Business Bank achieved growth in loans and deposits during the second quarter of 2008. The Bank's solid capital position and strong credit quality allowed us to selectively add new business relationships and continue to execute our business plan. We feel that our commitment to closely-held businesses in Santa Clara County is laying the foundation for the Bank's long-term success." The Bank opened for business on January 16, 2007. Following is a summary of key balance sheet categories as of June 30, 2007, December 31, 2007 and June 30, 2008:

(All dollars in thousands)	Unaudited <u>6/30/07</u>	Audited <u>12/31/07</u>	Unaudited <u>6/30/08</u>	Year-to-date change	
				\$	%
Gross loans	\$ 11,420	\$ 33,613	\$ 54,160	\$20,547	61%
Allowance for loan loss	130	400	705	305	76%
Deposits					
Non-interest bearing	5,146	11,740	15,687	3,947	34%
Interest-bearing	<u>20,411</u>	<u>33,299</u>	<u>39,550</u>	<u>6,251</u>	<u>19%</u>
Total	25,557	45,039	55,237	10,198	23%
Shareholders' equity	26,115	25,514	24,743	(771)	(3%)
Total assets	51,872	70,851	80,355	9,504	13%

The Bank achieved strong growth in loans, deposits and total assets during the first half of 2008. The growth is primarily attributable to a sustained calling effort by the Bank's directors, executive management and relationship managers. The Bank has concentrated on hiring bank officers with many years of business banking experience in the local market and currently has 9 officers whose primary responsibility is business development and relationship management. The Bank has also benefited from stability in its Board of Directors and executive management, which has experienced no turnover during the life of the Bank.

Although earning assets grew from the first to the second quarter of 2008, the net loss for the quarter ended June 30, 2008 increased to \$596,000 from \$289,000 for the quarter ended March 31, 2008. The increased loss was primarily related to an increase in the provision for loan and lease losses of \$125,000, an increase in non-interest expense of \$87,000, a decrease in non-interest income of \$69,000, and a decrease in net interest

income of \$26,000. A summary of the linked and prior year quarters and year-to-date results follows:

Unaudited	Quarter ended			Year-to-date	
	<u>6/30/2007</u>	<u>3/31/2008</u>	<u>6/30/2008</u>	<u>6/30/2007</u>	<u>6/30/2008</u>
(All dollars in thousands, except loss per share)					
Interest income	\$ 720	\$ 952	\$ 892	\$ 1,097	\$ 1,844
Interest expense	206	229	195	271	424
Net interest income	514	723	697	826	1,420
Provision for loan losses	120	90	215	130	305
Non-interest income	93	82	13	90	95
Non-interest expense	852	1,004	1,091	2,371	2,095
Net income (loss)	(365)	(289)	(596)	(1,585)	(885)
(Loss) per basic share	\$ (0.13)	\$ (0.11)	\$ (0.22)	\$ (0.58)	\$ (0.32)

The increase in loan loss provision is related to both increased loan outstandings and general credit market conditions. Loans increased \$20,547,000 (61%) from December 31, 2007 to June 30, 2008. During this same period, the Bank recognized that economic conditions in its local market had deteriorated as evidenced by higher unemployment, declines in residential real estate values, rising foreclosure rates and other factors. Although the Bank has had no other real estate owned or non-performing, adversely classified or delinquent loans, management felt it was appropriate to increase the reserve for loan and leases losses as a percentage of loans outstanding from 1.19% at December 31, 2007 to 1.30% at June 30, 2008. The Bank does not make or hold any sub-prime mortgage loans.

Given the difficult market conditions, management has carefully managed operating expenses to balance the need for growth with preservation of capital. Operating expenses increased approximately 9% from the quarter ended March 31, 2008 to the quarter ended June 30, 2008. The increase in operating expenses was primarily related to an increase in headcount associated with expanded operations. At June 30, 2008, the Bank had 21 employees and added a 22<sup>nd</sup> employee during July 2008.

The Bank's primary source of non-interest income has been gain on the sale of the guaranteed portion of SBA loans. The Bank had approximately \$74,000 in gains in the quarter ended March 31, 2008 compared to no gains in the quarter ended June 30, 2008. The market for new SBA loans has been negatively impacted by general economic conditions as potential borrowers defer or delay investment decisions. At the same time, pricing for funded loans sold in the secondary market has come down over the past year as the result of disruptions in the credit markets. Focus Business Bank is an SBA Preferred Lender and remains committed to this market, which management believes will improve during the second half of 2008.

Although earning assets grew during the second quarter of 2008, net interest income declined as a result of a lower net interest margin. The net interest margin for the quarter ended June 30, 2008 was 4.01 % compared to 4.29% for the quarter ended March 31,

2008. The decline in net interest margin was primarily the result of the Federal Reserve Board's actions to reduce the target federal funds rate and other key interest rates. In addition to the impact of pricing in the credit markets, the Bank will continue to have a growing reliance on interest bearing liabilities to fund growth. The Bank has been successful to date in funding its growth from local deposits. As of June 30, 2008, the Bank was not using brokered deposits, Federal Home Loan Bank advances, federal funds purchased or any other wholesale funding sources. The Bank may utilize wholesale funding sources at some point in the future depending on its funding needs and conditions in the capital markets.

Asset quality at Focus Business Bank remained high through the second quarter of 2008. As previously noted, the Bank had no non-performing, adversely classified or past-due loans at June 30, 2008. President Conniff stated, "We believe a strong and disciplined credit culture is fundamental to building a successful bank. We have invested to acquire and retain seasoned lenders with many years of experience in the local market. Our executive management is similarly experienced and has successfully guided loan portfolios through prior economic downturns including the S & L crisis of the early 1990s and the difficult real estate market of the early 1980s. Our capital position remains strong and our intention is to make sure the Bank is properly positioned to take full advantage of opportunities that may present themselves in the future."

Focus Business Bank is dedicated to meeting the banking needs of closely held businesses and entrepreneurs in Santa Clara County. The Bank has one office located 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, SBA 7a and 504 loans and interim construction loans.

*This release may contain forward-looking statements that 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.*

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