



Focus Business Bank Announces Financial Results
For the Quarter and Six Months Ended June 30, 2010

July 28, 2010 – San Jose, CA. Focus Business Bank (OTCBB:FCSB) announced unaudited financial results for the quarter and six months ended June 30, 2010. The Bank reported net income of \$32,000, or \$0.01 per share, for the quarter ended June 30, 2010, its first profitable quarter. This compared to a net loss of \$307,000, or (\$0.11) per share, for the trailing quarter ended March 31, 2010 and a net loss of \$1,589,000, or (\$0.57) per share, for the quarter ended June 30, 2009. For the six months ended June 30, 2010, the Bank reported a loss of \$275,000, or (\$0.10) per share, compared to a loss of \$1,963,000, or (\$0.71) per share, for the six months ended June 30, 2009.

President and Chief Executive Officer Richard L. Conniff stated, “The Bank achieved positive results in growth, earnings and asset quality in both the first and second quarters of 2010. These results are consistent with our strategy of measured growth while maintaining a strong and liquid balance sheet. The Bank remains very well positioned to meet the needs of closely held businesses and professionals in Santa Clara County.”

Assets and Liabilities

Total assets at June 30, 2010 were \$122,832,000, a 19% increase over total assets at June 30, 2009. Deposits were \$100,937,000 at June 30, 2010, increasing 26% from June 30, 2009. At June 30, 2010, loans were \$71,674,000, a decline of 10% from June 30, 2009. During this period, the Bank substantially reduced land and construction loans, from \$18,068,000 at June 30, 2009 to \$2,336,000 at June 30, 2010, to align the loan portfolio with current market conditions.

Given the economic uncertainty of the past few years, the Bank has elected to deleverage its balance sheet and maintain higher levels of liquidity. In order to increase the level of earning assets while maintaining flexibility to originate quality loans as they are identified, we have grown the balance of investment securities and interest bearing deposits with other banks. At June 30, 2010, the Bank had over \$51 million in liquid assets. The loan to deposit ratio at June 30, 2010 was 71%, compared to 100% at June 30, 2009.

Non-interest bearing demand deposits are the most important core funding source for a business bank. Demand deposits at June 30, 2010 were \$29,007,000, a 51% increase from June 30, 2009, and represented 29% of total deposits at June 30, 2010 as compared to 24% at June 30, 2009. During the period from June 30, 2009 to June 30, 2010, certificates of deposit of \$100,000 or more, the most expensive and volatile portion of the Bank’s deposits, decreased from \$21,389,000 at June 30, 2009 to \$15,978,000 at June 30, 2010. At June 30, 2009, the Bank had \$3,770,000 in brokered deposits. At June 30, 2010, all brokered deposits had matured and been repaid and the Bank had no brokered deposits.

Net Interest Income

The Bank’s primary source of earnings is net interest income, the difference between interest earned on loans and investments (earning assets) less interest paid on interest bearing liabilities, primarily deposits. Net interest income for the six months ended June 30, 2010 was \$1,876,000, a 22% increase over the six months ended June 30, 2009. The increase in net interest income from 2009 to 2010 is primarily attributable to an increase in earning assets, partially reduced by the impact of lower levels of loans, the Bank’s highest yielding earning assets. The net interest

margins for the six months ended June 30, 2010 and June 30, 2009 were 3.41% and 3.21%, respectively.

Non-interest Income

For the six months ended June 30, 2010, the Bank had \$318,000 in non-interest income, primarily gains on the sale of the guaranteed portion of SBA loans sold in the secondary market. For the same six month period in 2009, the Bank had \$63,000 in non-interest income. Focus Business Bank is an SBA preferred lender. Although the Bank generally sells the guaranteed portion of the SBA loans it originates, it may elect from time-to-time to retain these loans in portfolio depending on secondary market conditions and portfolio management considerations. For this reason, non-interest income tends to be more volatile from quarter to quarter than net interest income.

Non-Interest Expense

Non-interest expenses were \$2,394,000 for the six months ended June 30, 2010 compared to \$2,366,000 for the six months ended June 30, 2009, a difference of approximately 1% despite the 19% growth in total assets over this same period.

Asset Quality

At June 30, 2010, non-performing loans were \$552,000 compared to \$5,366,000 in non-performing loans at December 31, 2009 and \$2,921,000 at June 30, 2009. At June 30, 2010, non-performing loans represented 0.45% of total assets and 0.78% of total loans. The \$4,814,000 reduction in non-performing loans in the first half of 2010 is attributable to payments received from the borrowers. The Bank has no other non-performing assets including Other Real Estate Owned, real estate acquired through the default of a loan secured by real estate.

During the first six months of 2010, the Bank had net charge-offs of \$60,000 compared to net charge-offs of \$785,000 in the comparable period in 2009. The allowance for loan losses at June 30, 2010 was 3.39% of total loans compared to 3.40% at December 31, 2009.

Capital

Focus Business Bank has capital ratios substantially in excess of regulatory requirements for well capitalized banks. At June 30, 2010, the total risk-based capital ratio was 26.30%.

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.

This release may contain forward-looking statements, such as, among others, statements about plans, expectations and goals concerning growth. 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
Selected Financial Information

<u>BALANCE SHEET</u>	<u>30-Jun-10</u>	<u>31-Dec-09</u>	<u>30-Jun-09</u>	<u>12 Month % Change</u>
	Unaudited	Audited	Unaudited	
ASSETS				
Cash and due from banks				
Interest bearing	\$ 21,747,000	\$ 17,887,000	\$ 1,099,000	1879%
Non-interest bearing	2,483,000	1,029,000	1,892,000	31%
Federal funds sold	510,000	510,000	13,555,000	-96%
Investment securities	26,788,000	17,819,000	7,861,000	241%
Loans	71,674,000	71,169,000	79,624,000	-10%
Allowance for loan losses	2,432,000	2,417,000	1,612,000	51%
Net Loans	69,242,000	68,752,000	78,012,000	-11%
Other assets	2,062,000	1,915,000	880,000	134%
TOTAL ASSETS	\$ 122,832,000	\$ 107,912,000	\$ 103,299,000	19%
LIABILITIES				
Deposits				
Non-interest bearing	\$ 29,007,000	\$ 22,080,000	\$ 19,165,000	51%
Interest bearing	71,930,000	64,186,000	60,856,000	18%
Total deposits	100,937,000	86,266,000	80,021,000	26%
Other liabilities	647,000	511,000	665,000	-3%
TOTAL LIABILITIES	101,584,000	86,777,000	80,686,000	
STOCKHOLDERS' EQUITY	21,248,000	21,135,000	22,613,000	-6%
LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 122,832,000	\$ 107,912,000	\$ 103,299,000	19%
Book value/share	\$7.68	\$7.65	\$8.18	-7%
<u>Balance Sheet Ratios</u>				
Loan/deposit	71%	82%	100%	
Non-interest/total deposit	29%	26%	24%	
<u>Regulatory Capital Ratios</u>				
Tier-1 leverage	18.11%	19.40%	22.36%	
Tier-1 risk based capital	25.02%	26.18%	24.59%	
Total risk-based capital	26.30%	27.45%	25.83%	
<u>Asset Quality Metrics</u>				
Non-performing loans	552,000	5,366,000	2,921,000	84%
Non-performing loans/total loans	0.78%	7.54%	3.67%	
ALLL/total loans	3.39%	3.40%	2.02%	

	Quarter ended 30-Jun-10	Quarter ended 30-Jun-09	Six months ended 30-Jun-10	Six months ended 30-Jun-09
<u>INCOME STATEMENT</u>	Unaudited	Unaudited	Unaudited	Unaudited
Interest income	\$ 1,059,000	\$ 1,026,000	\$ 2,186,000	\$ 2,031,000
Interest expense	138,000	243,000	310,000	496,000
Net interest income	921,000	783,000	1,876,000	1,535,000
Provision for loan losses	-	1,095,000	75,000	1,195,000
Non-interest income	280,000	19,000	318,000	63,000
Non-interest expense	1,169,000	1,296,000	2,394,000	2,366,000
Net income (loss)	\$ 32,000	\$ (1,589,000)	\$ (275,000)	\$ (1,963,000)
Net income (loss) per basic share	\$ 0.01	\$ (0.57)	\$ (0.10)	\$ (0.71)
<u>Performance Metrics</u>				
Net interest margin	3.26%	3.18%	3.41%	3.21%
Return on average assets	0.11%	-6.36%	-0.49%	-4.04%
Return on average equity	0.60%	-26.97%	-2.62%	-16.51%

Contact:

Richard L. Conniff, President and Chief Executive Officer

408.200.8701

richard.conniff@focusbusinessbank.com