



Focus Business Bank Announces Unaudited Financial Results For the Quarter June 30, 2011 and Six Months Ended June 30, 2011

July 26, 2011 – San Jose, CA. Focus Business Bank (OTCBB:FCSB) announced unaudited financial results for the quarter and six-months ended June 30, 2011. The Bank reported net income of \$111,000, or \$0.04 per share, for the quarter ended June 30, 2011 compared to net income of \$32,000, or \$0.01 per share, for the quarter ended June 30, 2010. For the six-months ended June 30, 2011, the Bank reported net income of \$161,000, or \$0.06 per share, compared to a loss of \$275,000, or (\$0.10) per share, for the six-months ended June 30, 2010.

President and Chief Executive Officer Richard L. Conniff stated, “The Bank is pleased with the continued improvement in earnings. June 30, 2011, marks the fifth consecutive quarter of positive net income. Results for the quarter and six-months ended June 30, 2011 both represent record earnings. The positive trend in earnings validates our commitment to serving closely-held businesses in Santa Clara County.”

Assets and Liabilities

Total assets increased to \$143,338,000 at June 30, 2011, a 9% increase from December 31, 2010 and 17% from June 30, 2010. Total deposits grew to \$120,375,000 at June 30, 2011, a 10% increase from December 31, 2010 and 19% from June 30, 2010. Total loans were \$84,819,000 at June 30, 2011, a 33% increase from December 31, 2010 and 22% from June 30, 2010. Total assets, loans and deposits at June 30, 2011 represent record high levels since the Bank’s opening in January 2007. Although the Bank has experienced significant growth in loans, it maintains strong balance sheet liquidity with \$56,674,000 in cash, overnight funds and investment securities at June 30, 2011 compared to \$66,281,000 at December 31, 2010 and \$51,232,000 at June 30, 2010.

Non-interest bearing deposits at June 30, 2011 were \$47,734,000 as compared to \$31,982,000 at December 31, 2010 and \$29,007,000 at June 30, 2010. As a result of the 65% growth from June 30, 2010 to June 30, 2011, non-interest bearing deposits represent 40% of total deposits at June 30, 2011, compared to 29% of total deposits at June 30, 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 and six-months ended June 30, 2011 was \$1,143,000 and \$2,128,000, respectively, compared to \$921,000 and \$1,876,000 for the same periods in 2010. The net interest margin (net interest income divided by average earning assets) for the quarter and six-months ended June 30, 2011 was 3.52% and 3.28%, respectively, compared to 3.26% and 3.41% for the quarter and six-months ended June 30, 2010. The increase in net interest margin for the quarter ending June 30, 2011 reflects an increase in the loan to deposit ratio as a higher percentage of the Bank’s earning assets are in loans. At June 30, 2011, the loan to deposit ratio was 72% as compared to 60% at December 31, 2010 and 71% at June 30, 2010.

Non-interest Income

Non-interest income was \$233,000 and \$772,000 for the quarter and six months ended June 30, 2011, respectively, compared to \$280,000 and \$318,000 for the same periods in 2010. The increase in non-interest income for the six months ending June 30, 2011 is primarily attributable to gains on the sale of SBA loans, much of which occurred in the first quarter of 2011 when SBA

volumes increased due to incentives offered by the SBA to stimulate lending. While those incentives have now expired, any resulting change in the volume of SBA lending is not expected to have a material impact on the Bank's future earnings. Focus Business Bank is an SBA preferred lender.

Non-Interest Expense

Non-interest expense was \$1,265,000 and \$2,739,000 for the quarter and six-months ended June 30, 2011, respectively, compared to \$1,169,000 and \$2,394,000 for the quarter and six months ended June 30, 2010. The increase in non-interest expense for the periods ending June 30, 2011 compared to the same periods in 2010 is primarily attributable to personnel and related expenses associated with the growth in earning assets and the generation of non-interest income including the gain on sale of SBA loans.

Asset Quality

The Bank made no provision to loan loss reserves in the quarter and six-months ended June 30, 2011 as compared to no provision in the quarter ending June 30, 2010 and \$75,000 in the six months ended June 30, 2010. The allowance for loan and lease losses was 2.91% of total loans at June 30, 2011 as compared to 3.83% at December 31, 2010 and 3.40% at June 30, 2010. There were no loan charge-offs or recoveries in the quarter and six-months ending June 30, 2011. Non-performing loans at June 30, 2011 were \$83,000, or 0.10% of total loans, compared to \$86,000, or 0.13% of total loans, at December 31, 2010 and \$552,000, or 0.77% of total loans, at June 30, 2010.

Capital

Focus Business Bank has capital ratios substantially in excess of regulatory requirements for well capitalized banks. At June 30, 2011, the total risk-based capital ratio was 21.83%.

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
(in, 000's except per share data)

(Unaudited)	<u>As of</u>			12 Month % Change
<u>BALANCE SHEET</u>	<u>30-Jun-11</u>	<u>31-Dec-10</u>	<u>30-Jun-10</u>	
ASSETS				
Cash and due from banks				
Interest bearing	\$ 21,957	\$ 34,061	\$ 21,747	1%
Non-interest bearing	3,008	1,716	2,483	21%
Federal funds sold	505	510	510	-1%
Investment securities	31,204	29,994	26,492	18%
Loans	87,267	66,387	71,554	22%
Net deferred loan costs	93	138	120	-23%
Allowance for loan losses	(2,541)	(2,541)	(2,432)	4%
Net Loans	84,819	63,984	69,242	22%
Other assets	1,845	1,633	2,358	-25%
TOTAL ASSETS	\$ 143,338	\$ 131,898	\$ 122,832	17%
LIABILITIES				
Deposits				
Non-interest bearing	\$ 47,734	\$ 31,982	\$ 29,007	65%
Interest bearing	72,641	77,824	71,930	1%
Total deposits	120,375	109,806	100,937	19%
Other liabilities	886	601	647	37%
TOTAL LIABILITIES	121,261	110,407	101,584	
Stockholders' equity	22,077	21,491	21,248	4%
LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 143,338	\$ 131,898	\$ 122,832	17%
Book value/share	\$ 7.98	\$ 7.77	\$ 7.68	4%
<u>Balance Sheet Ratios</u>				
Loan/deposit	72%	60%	71%	
Non-interest/total deposit	40%	29%	29%	
<u>Regulatory Capital Ratios</u>				
Tier-1 leverage	16.13%	16.53%	18.11%	
Tier-1 risk based capital	20.56%	27.19%	25.02%	
Total risk-based capital	21.83%	28.46%	26.30%	
<u>Asset Quality Metrics</u>				
Non-performing loans	\$ 83	\$ 86	\$ 552	-85%
Non-performing loans/total loans	0.10%	0.13%	0.77%	
ALLL/total loans	2.91%	3.83%	3.40%	

Summary Financial Statements (cont.)

(Unaudited)	Three Months Ended		Six Months Ended	
	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10
<u>INCOME STATEMENT</u>				
Interest income	\$ 1,249	\$ 1,059	\$ 2,359	\$ 2,186
Interest expense	106	138	231	310
Net interest income	1,143	921	2,128	1,876
Provision for loan losses	-	-	-	75
Non-interest income	233	280	772	318
Non-interest expense	1,265	1,169	2,739	2,394
Net income (loss)	<u>\$ 111</u>	<u>\$ 32</u>	<u>\$ 161</u>	<u>\$ (275)</u>
Net income (Loss) per basic share	\$ 0.04	\$ 0.01	\$ 0.06	\$ (0.10)
<u>Performance Metrics</u>				
Net interest margin	3.52%	3.26%	3.28%	3.41%
Return on average assets	0.34%	0.11%	0.25%	-0.49%
Return on average equity	2.03%	0.60%	1.50%	-2.62%

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