



July 29, 2009 – San Jose, CA. Focus Business Bank (OTCBB:FCSB) announced unaudited financial results for the quarter and six months ended June 30, 2009. The Bank achieved solid growth in both loans and deposits and closed the quarter with total assets of \$103 million, a record for the Bank. The Bank had a loss for the quarter of \$1,589,000 and a loss for the first six months ended June 30, 2009 of \$1,963,000. President and Chief Executive Officer Richard L. Conniff said, “The Bank’s performance in the second quarter of 2009 was impacted by deterioration in the credit quality of the loan portfolio. Economic conditions have caused certain of the Bank’s borrowers to experience difficulty servicing their loans. As a result, the Bank significantly increased provisions for loan losses in the second quarter of 2009. The Bank’s credit metrics still compare well with our peers but we feel it is necessary to deal aggressively with credit issues, particularly since the economy remains stressed. Nevertheless, we are pleased with the Bank’s performance on other fronts including continued growth in loans, deposits and net interest income.”

Following is a summary of key balance sheet categories:

	June 30,	December 31,	June 30,
<u>(Unaudited, dollars in thousands)</u>	<u>2009</u>	<u>2008</u>	<u>2008</u>
Total assets	\$ 103,299	\$ 94,406	\$ 80,355
Gross loans	79,550	70,778	\$ 54,160
Allowance for loan losses	1,612	1,202	705
Deposits			
Non-interest bearing	19,166	18,049	15,687
Interest-bearing	<u>60,855</u>	<u>51,431</u>	<u>39,550</u>
Total	80,021	69,480	55,237
Shareholders' equity	22,613	24,431	24,743

The Bank achieved strong growth over the past year. From June 30, 2008 to June 30, 2009, assets increased by 29%, loans grew by 46% and deposits grew by 45%. The Bank continues to maintain good liquidity with federal funds sold and available-for-sale investment securities of over \$21 million at June 30, 2009. The Bank has no other borrowings and brokered deposits were less than \$4 million at June 30, 2009.

	Quarter ended		Six months ended	
<u>(Unaudited, dollars in thousands except per share data)</u>	June 30,	March 31,	June 30,	June 30,
	<u>2009</u>	<u>2009</u>	<u>2009</u>	<u>2008</u>
Interest income	\$ 1,026	\$ 1,005	\$ 2,031	\$ 1,844
Interest expense	<u>243</u>	<u>253</u>	<u>496</u>	<u>424</u>
Net interest income	783	752	1,535	1,420
Provision for loan losses	1,095	100	1,195	305
Non-interest income	19	43	62	95
Non-interest expense	<u>1,296</u>	<u>1,070</u>	<u>2,366</u>	<u>2,095</u>
Net loss	<u><u>\$(1,589)</u></u>	<u><u>\$(374)</u></u>	<u><u>\$(1,963)</u></u>	<u><u>\$(885)</u></u>
(Loss) per share	\$ (0.58)	\$ (0.14)	\$ (0.72)	\$ 0.32)

The Bank provided \$1,095,000 to the allowance for loan losses in the second quarter of 2009 compared to \$100,000 in the first quarter, or a total of \$1,195,000 for the six months ended June 30, 2009. The Bank charged off two loans totaling \$756,000 net of recoveries in the second quarter of 2009 and one loan for \$47,000 in the first quarter, or a total of three loans for \$803,000 for the first six months of 2009. The allowance for loan losses as a percentage of total loans was 2.03% at June 30, 2009 as compared to 1.83% at March 31, 2009 and 1.70% at December 31, 2008. At June 30, 2009, the Bank had one non-performing asset of \$2,921,000 (2.83% of total assets) consisting of a non-accrual loan.

Net interest income was \$31,000 (4%) higher in the quarter ended June 30, 2009 compared to the previous quarter. The increase in net interest income was attributable to growth in the volume of average earning assets, which increased from \$96 million for the quarter ended March 31, 2009 to \$100 million in the quarter ended June 30, 2009. The increase in net interest income from the growth in the volume of earning assets was offset by a decline in the average rate earned on assets and paid on deposits as well as the impact of a non-accrual loan. The Bank's net interest margin decreased from 3.24% in the first quarter of 2009 to 3.18% in the second quarter.

Operating results were also impacted by an increase in operating expenses. Included in these quarterly operating expenses were increased compensation expense related to the addition of two senior executive and relationship management officers, increases in professional services including services related to loan collections, increased advertising and marketing expense related to a new line of business and increased regulatory expenses including a special assessment of \$40,000 for the FDIC insurance fund. While operating expenses were 13% higher for the six months ended June 30, 2009 compared to the same period in 2008, they are driven primarily by growth in assets which increased 29% over the same period.

The Bank's capital ratios remain well above current regulatory guidelines for well capitalized banks. Following are the Bank's capital ratios for December 31, 2008 and June 30, 2009:

	<u>June 30, 2009</u>	<u>December 31, 2008</u>	<u>Minimum required to be well capitalized</u>
Tier 1 leverage ratio	22.36%	24.94%	5.00%*
Tier 1 risk-based capital ratio	24.59%	28.48%	6.00%
Total risk-based capital ratio	25.83%	29.74%	10.00%

\* Minimum for the Bank during the de novo period (first three years) is 8.00%

“Despite a difficult economy,” concluded Mr. Conniff, “the Bank has maintained a strong balance sheet and is well positioned to execute its plan to become the premier bank for closely held businesses in Santa Clara County. The Bank's management team is experienced and fully committed to working through the issues that present themselves in these times. The highest priority at this point in our development is to deal effectively with the challenges of the current business environment and prepare the Bank for profitable operations 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'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, SBA 7a and 504 loans and interim construction loans. The Bank also specializes in serving not for profit

businesses and condominium homeowner associations by offering expertise and market knowledge, specialized products and services to these industries.

*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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