



Focus Business Bank Announces Financial Results
For the Quarter and Nine Months Ended September 30, 2010

October 27, 2010 – San Jose, CA. Focus Business Bank (OTCBB:FCSB) announced unaudited financial results for the quarter and nine months ended September 30, 2010. The Bank reported net income of \$52,000, or \$0.02 per share, for the quarter ended September 30, 2010 compared to \$32,000 or \$0.01 per share for the trailing quarter ended June 30, 2010. For the nine months ended September 30, 2010, the Bank reported a loss of \$224,000, or (\$0.08) per share, compared to a loss of \$2,970,000, or (\$1.08) per share, for the nine months ended September 30, 2009.

President and Chief Executive Officer Richard L. Conniff stated, “We are pleased with the Bank’s progress in 2010. Although the economic environment has been challenging, we have continued to grow in key areas and have made substantial improvement to earnings and asset quality. We are well capitalized and have ample liquidity to meet the needs of businesses and professionals in Santa Clara County.”

Assets and Liabilities

Total assets increased to \$123,239,000 at September 30, 2010 a 14% increase from \$107,912,000 at December 31, 2009 and a 16% increase from \$106,163,000 at September 30, 2009. Total deposits grew to \$100,440,000 at September 30, 2010, a 16% increase from \$86,266,000 at December 31, 2009 and a 20% increase from \$83,741,000 at September 30, 2009. Most notably, non-interest bearing demand deposits were \$27,506,000 at September 30, 2010, or 27% of total deposits, an increase of 25% from December 31, 2009 and 31% from September 30, 2009.

Total loans were \$68,509,000 at September 30, 2010, a decline of 4% from \$71,169,000 at December 31, 2009 and 7% from \$73,890,000 at September 30, 2009. Mr. Conniff noted, “While there has been much public comment about banks being unwilling to lend, we have been continuously searching for loans that meet our criteria and satisfy the needs of our clients. Our experience has been that many businesses are deleveraging and not seeking more credit at this time. We believe this is a natural outcome of the severe recession of the past few years and that Focus Business Bank is well positioned to make new loans when demand increases.”

At September 30, 2010, the Bank had liquid assets including investment securities and interest bearing deposits with other banks of \$55,936,000. The loan to deposit ratio at September 30, 2010 was 68% as compared to 82% at December 31, 2009 and 88% at September 30, 2009. Given the volatility in the capital markets since 2007, the Bank has elected to maintain lower leverage and higher liquidity to conservatively manage its balance sheet.

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 nine months ended

September 30, 2010 was \$2,885,000, a 26% increase over the nine months ended September 30, 2009. The increase in net interest income from 2009 to 2010 is primarily attributable to an increase in earning assets, partially offset by the impact of lower levels of loans, the Bank's highest yielding earning assets. The net interest margin, net interest income divided by average earning assets, for the nine months ended September 30, 2010 and September 30, 2009 was 3.38% and 3.08%, respectively.

Non-interest Income

The Bank had non-interest income of \$50,000 for the quarter ending September 30, 2010 compared to \$158,000 for the quarter ending September 30, 2009. For the nine months ended September 30, 2010, non-interest income was \$367,000 as compared to \$221,000 for the nine months ended September 30, 2009. The difference in the levels of non-interest income from period to period is attributable to the sale of the guaranteed portion of SBA loans originated by the Bank. There were no SBA sales in the quarter ending September 30, 2010.

Non-Interest Expense

Non-interest expense was \$3,551,000 for the nine months ended September 30, 2010 compared to \$3,516,000 for the nine months ended September 30, 2009, a difference of approximately 1%. The Bank has balanced expense control with the need to carefully grow its earning assets.

Asset Quality

During 2010, the Bank has continued to reduce non-performing loans from \$5,366,000, 7.54% of total loans, at December 31, 2009 to \$88,000, 0.13% of total loans, at September 30, 2010.

The significant reduction in non-performing loans during 2010 is entirely attributable to payments received from the borrowers.

During the nine months ended September 30, 2010, the Bank had loan recoveries net of charge-offs of \$314,000 compared to net loan charge-offs of \$826,000 in the comparable period in 2009. The allowance for loan losses at September 30, 2010 was 3.88% of total loans compared to 3.40% at December 31, 2009 and 3.18% at September 30, 2009.

Capital

Focus Business Bank has capital ratios substantially in excess of regulatory requirements for well capitalized banks. At September 30, 2010, the total risk-based capital ratio was 27.88%.

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. 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-Sep-10</u>	<u>31-Dec-09</u>	<u>30-Sep-09</u>	<u>12 Month % Change</u>
	Unaudited	Audited	Unaudited	
ASSETS				
Cash and due from banks				
Interest bearing	\$24,914,000	\$17,887,000	\$22,164,000	12%
Non-interest bearing	2,343,000	1,029,000	1,324,000	77%
Federal funds sold	510,000	510,000	510,000	0%
Investment securities	28,169,000	17,819,000	9,607,000	193%
Loans	68,509,000	71,169,000	73,890,000	-7%
Allowance for loan losses	<u>2,656,000</u>	<u>2,417,000</u>	<u>2,346,000</u>	<u>13%</u>
Net Loans	65,853,000	68,752,000	71,544,000	-8%
Other assets	<u>1,450,000</u>	<u>1,915,000</u>	<u>1,014,000</u>	<u>43%</u>
TOTAL ASSETS	<u>\$123,239,000</u>	<u>\$107,912,000</u>	<u>\$106,163,000</u>	<u>16%</u>
LIABILITIES				
Deposits				
Non-interest bearing	\$27,506,000	\$22,080,000	\$20,990,000	31%
Interest bearing	<u>72,934,000</u>	<u>64,186,000</u>	<u>62,751,000</u>	<u>16%</u>
Total deposits	100,440,000	86,266,000	83,741,000	20%
Other liabilities	<u>1,417,000</u>	<u>511,000</u>	<u>651,000</u>	<u>118%</u>
TOTAL LIABILITIES	101,857,000	86,777,000	84,392,000	
Stockholders' equity	<u>21,382,000</u>	<u>21,135,000</u>	<u>21,771,000</u>	<u>-2%</u>
LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$123,239,000</u>	<u>\$107,912,000</u>	<u>\$106,163,000</u>	<u>16%</u>
Book value/share	\$7.73	\$7.65	\$7.88	-2%
<u>Balance Sheet Ratios</u>				
Loan/deposit	68%	82%	88%	
Non-interest bearing deposits / total deposits	27%	26%	25%	
<u>Regulatory Capital Ratios</u>				
Tier-1 leverage	17.24%	19.40%	19.93%	
Tier-1 risk based capital	26.61%	26.18%	26.17%	
Total risk-based capital	27.88%	27.45%	27.44%	
<u>Asset Quality Metrics</u>				
Non-performing loans	\$88,000	\$5,366,000	\$4,808,000	-98%
Non-performing loans/total loans	0.13%	7.54%	6.51%	
ALLL / total loans	3.88%	3.40%	3.17%	

<u>INCOME STATEMENT</u>	Quarter ended	Quarter ended	Nine months	Nine months
	30-Sep-10	30-Sep-09	ended	ended
	Unaudited	Unaudited	30-Sep-10	30-Sep-09
			Unaudited	Unaudited
Interest income	\$1,143,000	\$990,000	\$3,329,000	\$3,021,000
Interest expense	134,000	230,000	444,000	726,000
Net interest income	1,009,000	760,000	2,885,000	2,295,000
Provision for loan losses	(150,000)	775,000	(75,000)	1,970,000
Non-interest income	50,000	158,000	367,000	221,000
Non-interest expense	1,157,000	1,150,000	3,551,000	3,516,000
Net income (loss)	\$52,000	\$(1,007,000)	\$(224,000)	\$(2,970,000)
Net income (Loss) per basic share	\$ 0.02	\$ (0.36)	\$ (0.08)	\$ (1.08)
<u>Performance Metrics</u>				
Net interest margin	3.33%	2.84%	3.38%	3.08%
Return on average assets	0.17%	-3.71%	-0.26%	-3.92%
Return on average equity	0.96%	-17.71%	-1.41%	-16.90%

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