



October 28, 2008

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

San Jose, CA. Focus Business Bank (OTCBB: FCSB) announced unaudited financial results for the quarter ended September 30, 2008. The Bank's President and Chief Executive Officer Richard L. Conniff stated, "The quarter ended September 30, 2008 was one of the most difficult ever for the banking industry. Despite the challenging economic environment, Focus Business Bank was able to achieve solid growth. We believe these strong results reflect our sound and conservative business plan and the strength of the closely-held businesses in Santa Clara County that we serve." The Bank opened for business on January 16, 2007. Following is a summary of key balance sheet categories as of September 30, 2007, December 31, 2007 and September 30, 2008:

(All dollars in thousands)	Unaudited	Audited	Unaudited	Year-to-date change	
	<u>9/30/07</u>	<u>12/31/07</u>	<u>9/30/08</u>	\$	%
Gross loans	\$ 20,078	\$ 33,613	\$ 66,802	\$33,189	99%
Allowance for loan loss	242	400	875	475	119%
Deposits					
Non-interest bearing	4,665	11,740	14,253	2,513	21%
Interest-bearing	<u>33,338</u>	<u>33,299</u>	<u>48,813</u>	<u>15,514</u>	<u>47%</u>
Total	38,003	45,039	63,066	18,027	40%
Shareholders' equity	25,775	25,514	24,662	(852)	(3%)
Total assets	64,022	70,851	88,207	17,356	24%

The Bank was able to achieve significant growth in loans and deposits through the first three quarters of 2008. Credit quality has remained excellent and, as of September 30, 2008, the Bank had no non-performing or delinquent loans and none of its loans had been adversely classified. In addition, the Bank had no other real estate owned. The Bank does not make residential mortgage loans or engage in any type of subprime lending activity. The Bank also has no investments in the equity securities of FNMA or FHLMC. Although the economy in Santa Clara County where the Bank is located has performed relatively well, it may be difficult to maintain strong growth rates in light of continued economic deterioration.

The loss for the quarter ended September 30, 2008 was \$295,400, which compares to a loss of \$595,800 for the linked quarter ended June 30, 2008 and a loss of \$421,000 for the prior year quarter ended September 30, 2007. While the third quarter 2008 operating results are benefiting from substantially higher levels of earning assets, they are also negatively impacted by very low market rates of interest. As a result of actions taken to

reduce short term interest rates by the Federal Reserve Board, the prime rate, the rate on which the Bank bases the pricing for most of its loans, has been reduced from 7.75% at December 31, 2007 to 5.00% at September 30, 2008 and 4.50% as of the date of this press release. While the rates paid on deposits have also gone down, they tend not to reprice as rapidly or in the same amount as prime based loans. A summary of operating results follows:

(All dollars in thousands, except loss per share)	Unaudited Quarter ended			Unaudited Year-to-date	
	<u>9/30/2007</u>	<u>6/30/2008</u>	<u>9/30/2008</u>	<u>9/30/2007</u>	<u>9/30/2008</u>
Interest income	\$ 842	\$ 892	\$ 1,046	\$ 1,939	\$ 2,891
Interest expense	261	195	258	532	683
Net interest income	581	697	788	1,407	2,208
Provision for loan losses	112	215	170	242	475
Non-interest income	20	13	121	110	216
Non-interest expense	910	1,091	1,034	3,281	3,129
Net income (loss)	(421)	(596)	(295)	(2,006)	(1,180)
(Loss) per basic share	\$ (0.15)	\$ (0.22)	\$ (0.11)	\$ (0.73)	\$ (0.43)

Although earning assets grew during the third quarter of 2008, net interest income grew at a slower rate as a result of declining net interest margins. The net interest margin for the quarter ended September 30, 2008 was 3.82% compared to 4.01% for the quarter ended June 30, 2008 and 3.99% for the quarter ended September 30, 2007. The decline in net interest margin in 2008 was primarily the result of the Federal Reserve Board's previously discussed actions to reduce the target federal funds rate and other key interest rates. In addition, net interest margin has been reduced by a change in the mix between interest bearing and non-interest bearing deposits during 2008, with interest bearing deposits at September 30, 2008 representing 77% of total deposits, as compared to 74% at the end of 2007. The Bank has been successful in funding its growth primarily from local deposits. As of September 30, 2008, brokered deposits represented less than 5% of total deposits and there were no Federal Home Loan Bank advances or federal funds purchased.

Given the difficult market conditions, management has carefully managed operating expenses to balance the need for growth with preservation of capital. Operating expenses decreased approximately 6% from the quarter ended June 30, 2008 to the quarter ended September 30, 2008. Salaries and employee benefits are the largest single component of non-interest expense. As the economy deteriorated during the third quarter of 2008, management recognized that growth would likely slow and began taking additional steps to control operating expenses. As of October 28, 2008, full-time equivalent staffing was 20, compared to 23 in July of 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 \$111,000 in gains in the quarter ended September 30, 2008 compared to no gains in the prior quarter. 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 as the result of disruptions in the capital markets. Focus Business Bank is an SBA Preferred Lender and remains committed to this market.

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. The Bank is also committed to serving not for profit businesses in its primary market and offers specialized products and services for these community based organizations.

*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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