



November 2, 2009 – San Jose, CA. Focus Business Bank (OTCBB:FCSB) announced unaudited financial results for the quarter and nine months ended September 30, 2009. The Bank continued to grow and ended the quarter with assets of \$106 million, an increase of 20% over September 30, 2008. The Bank had a loss for the quarter of \$1,007,000 compared to a loss of \$1,589,000 for the quarter ended June 30, 2009. The loss for the nine months ended September 30, 2009 was \$2,970,000. President and Chief Executive Officer Richard L. Conniff said, “The Bank’s earnings continue to be impacted by the current economic environment and specifically the weak credit markets. While there are signs that the recession is ending, certain of the Bank’s borrowers continue to experience difficulty. We therefore must be proactive and set aside reserves for potential problems and work diligently with these customers to assure the best possible outcome. Continued growth without sacrificing credit quality remains a high priority. We continue to execute our strategic objectives and are pleased with our progress in building new loan and deposit relationships which will benefit our long-term earnings potential and shareholder value.”

Following is a summary of key balance sheet categories:

<u>(Unaudited, dollars in thousands)</u>	September 30, <u>2009</u>	December 31, <u>2008</u>	September 30, <u>2008</u>
Total assets	\$ 106,163	\$ 94,406	\$ 88,208
Gross loans	73,891	70,778	66,544
Allowance for loan losses	2,346	1,202	875
Deposits			
Non-interest bearing	20,990	18,049	14,253
Interest-bearing	<u>62,751</u>	<u>51,431</u>	<u>48,813</u>
Total	83,741	69,480	63,067
Shareholders' equity	21,770	24,431	24,662

The balance sheet of the Bank remains strong. In light of economic conditions, the Bank has chosen to reduce leverage and increase liquidity. The loan to deposit ratio has dropped from 106% at September 30, 2008 to 88% at September 30, 2009. As a result of this deleveraging, the Bank had approximately \$23 million in overnight funds and an additional \$9 million in short-term investments at September 30, 2009 compared to \$14 million and \$9 million, respectively at December 31, 2008. The Bank has no borrowings and brokered deposits were limited to \$500,000 at September 30, 2009.

The Bank’s earnings have been impacted by the need for additional increases to the allowance for loan losses. The Bank recorded a provision for loan losses of \$775,000 in the third quarter of 2009, compared to \$1.1 million in the second quarter of 2009. For the first nine months of 2009, the provision for loan losses was \$2.0 million compared to \$475,000 for the first nine months of 2008. At September 30, 2009, the allowance for

loan losses was 3.17% of total loans compared to 1.70% at December 31, 2008 and 1.31% at September 30, 2008.

At September 30, 2009, the Bank had two non-performing loans totaling \$4.8 million, compared to one non-performing loan for \$2.9 million at June 30, 2009. Both loans are well secured and in the process of collection. The Bank has had no other real estate owned or other non-performing assets since commencing operations in January 2007.

The Bank's performance has also been negatively impacted by low market rates of interest. The Bank's net interest margin was 2.84% for the quarter ended September 30, 2009 compared to 3.18% for the quarter ended June 30, 2009. For the nine months ended September 30, 2009, the net interest margin was 3.08% compared to 4.02% for the same nine month period in 2008. The decline in net interest margin in 2009 is attributable to lower market rates of interest, particularly federal funds sold and overnight balances, and the effect of deleveraging, which has resulted in the Bank maintaining a lower percentage of its earning assets in higher yielding but more risky loans. The decline in net interest margin for the quarter ended September 30, 2009 was also impacted by the level of loans on non-accrual

Non-interest expense was down slightly in the quarter ended September 30, 2009 compared to the quarter ended June 30, 2009. Operating expenses for the nine months ended September 30, 2009 compared to the same period in 2008 increased due to general operational growth, the addition of a new business line to provide specialized cash management services and increased premiums for FDIC insurance.

A summary of operating results follows:

	Quarter ended		Nine months ended	
	September 30,	June 30,	September 30,	September 30,
<u>(Unaudited, dollars in thousands except per share data)</u>	<u>2009</u>	<u>2009</u>	<u>2009</u>	<u>2008</u>
Interest income	\$ 990	\$1,026	\$3,021	\$2,890
Interest expense	<u>230</u>	<u>243</u>	<u>726</u>	<u>682</u>
Net interest income	760	783	2,295	2,208
Provision for loan losses	775	1,095	1,970	475
Non-interest income	158	19	221	216
Non-interest expense	<u>1,150</u>	<u>1,296</u>	<u>3,516</u>	<u>3,129</u>
Net loss	<u>\$(1,007)</u>	<u>\$(1,589)</u>	<u>\$(2,970)</u>	<u>\$(1,180)</u>
Loss per share	\$ (0.37)	\$ (0.58)	\$ (1.08)	\$ (0.43)

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

	<u>September 30, 2009</u>	<u>December 31, 2008</u>	Minimum required to be well capitalized
Tier 1 leverage ratio	19.93%	24.94%	5.00%*
Tier 1 risk-based capital ratio	26.17%	28.48%	6.00%
Total risk-based capital ratio	27.44%	29.74%	10.00%

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

“2009 remains a challenging year,” concluded Conniff, “but we are pleased that the Bank has continued to move forward and achieved growth in key areas. We have made strategic investments in people and systems to provide services to targeted customer groups which will enhance our strong core deposit growth. The ability to generate core deposits is crucial to our future as it allows the Bank to build the type of fortress balance sheet needed to effectively compete in our marketplace. In addition, our efforts to continue to fine tune our risk identification and management practices are a prerequisite for success. Finally, we have continued to support our customers across all business lines by providing well structured and underwritten credit facilities to help them succeed in these challenging times. That is what good banks do for their communities.”

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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