



Released on January 28, 2009, 2:00 PM PST

FOCUS BUSINESS BANK ANNOUNCES FINANCIAL RESULTS FOR THE
QUARTER AND YEAR ENDED DECEMBER 31, 2008

San Jose, CA. Focus Business Bank (OTCBB: FCSB) announced unaudited financial results for the quarter and year ended December 31, 2008. The Bank's President and Chief Executive Officer Richard L. Conniff stated, "2008 has been an extraordinarily difficult year for the economy. The banking industry has been particularly negatively impacted by economic events. In the context of this economic environment, we are pleased with the progress of Focus Business Bank as it completes its second full year of operations. Our strategy of building close relationships with clients in markets we know anchors us in this time of uncertainty." The Bank opened for business on January 16, 2007. Following is a summary of key balance sheet categories as of December 31, 2007, September 30, 2008 and December 31, 2008:

(All dollars in thousands)	Audited	Unaudited	Unaudited	Year-to-date change	
	<u>12/31/07</u>	<u>9/30/08</u>	<u>12/31/08</u>	\$	%
Gross loans	\$ 33,613	\$ 66,802	\$ 70,778	\$ 37,165	111%
Allowance for loan loss	400	875	1,202	802	201%
Deposits					
Non-interest bearing	11,740	14,253	18,049	6,309	54%
Interest-bearing	<u>33,299</u>	<u>48,813</u>	<u>51,431</u>	<u>18,132</u>	<u>54%</u>
Total	45,039	63,066	69,480	24,441	54%
Shareholders' equity	25,514	24,662	24,431	(1,083)	-4%
Total assets	70,851	88,207	94,406	23,555	33%

The Bank continued to experience steady growth in both loans and deposits during the last quarter of 2008. For the year ended December 31, 2008 compared to December 31, 2007, loans increased 111% and deposits increased by 54%. While these growth rates are high in absolute terms, they are consistent with expectations for a bank in its second year of operations. Asset quality metrics at December 31, 2008 remained positive as the Bank had no past due loans, no loans on non-accrual and no other real estate owned. Since commencing business, the Bank has charged-off only one loan for less than \$20,000.

During the year ended December 31, 2008, the Bank made provisions to the allowance for loan losses of \$820,000, compared to \$400,000 in the year ended December 31, 2007. While a significant portion of the addition to the allowance for loan losses in 2008 was related to growth in the loan portfolio, it also represents Bank management's recognition that the economy is experiencing difficulty which may impact the Bank's borrowing clients at some point in the future. The allowance for loan losses was 1.70% of total loans at December 31, 2008, compared to 1.20% at December 31, 2007 and 1.31% at

September 30, 2008. President Conniff remarked, “We are pleased that the loan portfolio of Focus Business Bank has performed extremely well through our first two years of operations. At the same time, we recognize that all businesses are susceptible to economic conditions that are beyond their control. We have a diligent and experienced team of credit officers who recognize the importance of proactively managing credit risk including making timely provisions to the allowance for loan losses.”

A summary of key operating results follows:

(All dollars in thousands except loss per share)	Quarter End			Year to Date	
	Audited	Unaudited	Unaudited	Audited	Unaudited
	<u>12/31/2007</u>	<u>9/30/2008</u>	<u>12/31/2008</u>	<u>12/31/2007</u>	<u>12/31/2008</u>
Interest income	\$ 965	\$ 1,046	\$ 1,101	\$ 2,904	\$ 3,992
Interest expense	273	258	263	804	945
Net interest income	692	788	838	2,099	3,047
Provision for loan losses	158	170	345	400	820
Non-interest income	3	121	44	113	259
Non-interest expense	949	1,034	1,046	4,229	4,176
Net income (loss)	(411)	(295)	(509)	(2,417)	(1,690)
(Loss) per basic share	(\$0.15)	(\$0.11)	(\$0.19)	(\$0.88)	(\$0.61)

The Bank’s earnings continue to be impacted by conditions in the financial markets. Net interest income is the Bank’s primary source of revenue. To stimulate economic activity, governments worldwide have reduced interest rates to historically low levels. In times of low and falling rates, the Bank’s net interest margin, the net yield on interest earning assets minus the interest paid on interest bearing liabilities, is reduced as assets tend to reprice more rapidly and in bigger amounts than liabilities. The Bank’s net interest margin was 3.92% for the year ended December 31, 2008 compared to 4.10% for the year ended December 31, 2007. The net interest margin for the quarter ended December 31, 2008 was 3.68% compared to 3.82% for the quarter ended September 30, 2008. While we do not know for certain what future interest rates will be, we believe that they will remain at historically low levels for much of 2009.

Historically, gains on the sale of SBA loans in the secondary market have been an important source of non-interest income for the Bank. The Bank had approximately \$111,000 in SBA gains in the quarter ended September 30, 2008, compared to no gains in the quarter ending December 31, 2008. For all of 2008, the Bank recognized approximately \$181,000 in SBA gains compared to \$113,000 in 2007. Disruptions in the credit markets have caused the secondary market for SBA loans to stop functioning normally and banks, including Focus Business Bank, have had difficulty selling SBA loans for a gain. Focus Business Bank continues to originate SBA loans and is designated a Preferred Lender by the SBA. Until such a time as the secondary market returns to normal the Bank will maintain the SBA loans it originates in its portfolio.

Although there are several government initiatives underway to restore the SBA secondary market, there is no way to tell with any certainty when and how conditions will change.

Management continues to closely monitor and manage non-interest expense, the largest component of which is salaries and related benefits. While expense control is always important, it is critical during periods of economic stress. By the same token, Focus Business Bank is a de novo institution and needs to grow itself to a point where the earnings from its operations are sufficient to cover expenses and return a profit. Management intends to continue making strategic investments to build high quality relationships that are accretive to earnings over the long-term. The Bank had 21 full-time employees at December 31, 2008.

In addition to a loan portfolio with no non-performing or delinquent loans at December 31, 2008, the Bank had an investment portfolio of approximately \$8.7 million of U. S. government agency or agency guaranteed debt instruments. It had no exposure to FNMA or FHLMC common or preferred equity. It also had approximately \$13.6 million in overnight federal funds to a diverse portfolio of well capitalized banks. The investment portfolio and federal funds sold provide the Bank with strong levels of liquidity. Although the Bank does maintain federal funds lines and other borrowing lines, it has not used them to fund its ongoing operations. At December 31, 2008, the Bank had no other borrowings including FHLB or FRB advances. At December 31, 2008, the Bank had brokered deposits of \$2.8 million, which represented less than 4% of total deposits.

The Bank's capital ratios have remained substantially above regulatory guidelines for well capitalized banks. At December 31, 2008, the Bank's regulatory capital ratios were:

		Minimum required to be <u>well capitalized</u>
Tier 1 leverage ratio	29.70%	5.00%*
Tier 1 risk-based ratio	29.62%	6.00%
Total risk-based capital ratio	30.87%	10.00%

*Minimum for de novo bank is 8.00%

Mr. Conniff completed his remarks by stating, "2008 was an extremely challenging year for all banks and we expect that 2009 will be equally challenging. While we are disappointed that economic conditions have extended the period needed to achieve positive earnings, we feel that our business plan remains sound and that our execution is solid in spite of the difficult market. Our greatest strength is our people. The Board of Directors and executive management team have many years of experience including managing through past recessions. There has been no turnover of executive management or the Board in almost three years, which includes the Bank's organizational period. This stability in management has provided the steady hand needed to navigate through these challenging times and should leave the Bank in a position to prosper as economic conditions improve."

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.

Contact:

Richard L. Conniff, President and Chief Executive Officer
408.200.8701
richard.conniff@focusbusinessbank.com