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CALIFORNIA BUSINESS BANK ANNOUNCES YEAR END 2008 FINANCIAL RESULTS

Los Angeles--California Business Bank (CABB.OB) announced financial results today for the year ended December 31, 2008. The Bank's total Assets at December 31, 2008 were \$ 106.72 MM; a decrease of 10.4% from \$ 117.7 MM at December 31, 2007. Total loans at December 31, 2008 were static at \$ 82.9 MM compared to December 31, 2007 totals of \$ 82.8 MM. The allowance for Loan and Lease Loss (ALLL) increased from \$ 920 M at December 31, 2007 or 1.1% to \$ 2.1 MM or 2.45% at December 31, 2008; and the Bank created an OREO reserve that equates 20% of our total OREO. These measures were taken as a proactive move in consideration of the current economic market conditions and changes within the real estate community. Recent increases to FDIC insurance limits have brought the insurance coverage to \$ 250,000.00 per depositor. California Business Bank is also participating in the FDIC Temporary Liquidity Guarantee Program ("TLGP") which allows non-interest bearing deposits to be 100% insured regardless of the amount. Mr. Wood stated "we are committed to protect our depositor's funds by participating in prudent programs and maintaining strong capital and reserves".

Significant indicators for the fourth quarter ended December 31, 2008 include:

- Total Assets decreased by 10.4% or \$11 MM to \$106.7 MM compared to \$117.7 MM at December 31, 2007;
- Loans outstanding remained virtually unchanged at 82.9 MM compared to \$ 82.8 MM at December 31, 2007;
- Deposits decreased by 3.1% to \$ 91.4 MM from \$94.2 MM at December 31, 2007;
- The allowance for loan losses to total loans was 2.45% of gross loans (and when our cash secured loans are not considered, the ratio increases to 2.81%), compared with 1.10% at December 31, 2007;
- The Bank posted a net loss at December 31, 2008 of \$ 2.73 MM, compared with a net profit at December 31, 2007 of \$570 M, largely attributable to proactive reaction to changing financial conditions with the overall economic environment, which impacted certain segments of the Bank's loan portfolio; and,
- The Bank continued to be categorized as "well-capitalized" under the regulatory guidelines, with Tier 1 leverage capital ratio of 13.37%, Tier 1 risk-based capital ratio of 16.81%, and Total risk-based capital ratio of 18.07%.
- Our stock price has been trading between \$7.50 and \$ 7.25 per share in small quantities and at December 31, 2008, the stock was trading around \$ 7.50 per share. The Bank's book value per share was \$8.13 at December 31, 2008.

Mr. Charles Wood, President and Chief Executive Officer stated "The financial system continues to work through challenges resulting from the various stresses within the economy. The

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slowdown in the residential housing and new construction markets as well as historic reduction of real estate values in all markets have created anxiety and negatively impacted the banking industry. The financial system is facing evolutionary changes from investment banks, commercial banks, and the thrifts that have been/are holding worthless assets on their books. Consequently, these institutions have been starved for liquidity and capital and have strained an increasing number of financial institutions. We expect to see closure and forced acquisition of an increasing number of institutions in 2009 and it might carry into 2010. We acted and will continue to act proactively to conservatively manage the assets on our books, and we believe emphatically that our best action is to realize challenges promptly and with forethought. We are proud to state that while 2008's economic challenges required us to significantly increase our reserves; we took those actions as an abundance of caution, after careful and considerate analysis. The net result has been that we will continue to operate as a well-capitalized bank; well in excess of regulatory requirements. Finally, the Bank's Board of Directors after extensive deliberation elected not to accept TARP funds in the amount of \$2.72 MM due to uncertain governmental requirements that seem to be exceptionally fluid and left us unable to determine what effect, if any, the TARP would have on the Bank, and our common stockholders.

We are pleased to announce the appointment of Ms. Peggy Anne Hansen as the Bank's Chief Financial Officer. Ms. Hansen brings with her 35 plus years experience in the community bank industry; the last 24 as the Chief Financial Officer of banks in the Southern California area. She brings experience in the formation of banks, and bank restructuring experience as well. Ms. Hansen is a lifelong resident of Southern California, and is very familiar with the areas that we serve. "

California Business Bank began offering Mobile Banking product to both our business and consumer customers effective, January, 2009. We are finalizing our consumer on line account origination product that will be available to any consumer within the state of California

CALIFORNIA BUSINESS BANK IS IN THE *BUSINESS* OF MAKING LOANS AND ESTABLISHING BANKING RELATIONSHIPS! IT IS THAT SIMPLE!"

Forward Looking Statements

Certain matters discussed in this press release constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, and are subject to the safe harbors created by the act. These forward-looking statements refer to the Company's current expectations regarding future operating results, and growth in loans, deposits, and assets. These forward looking statements are subject to certain risks and uncertainties that could cause the actual results, performance, or achievements to differ materially from those expressed, suggested, or implied by the forward looking statements. These risks and uncertainties include, but are not limited to (1) the impact of changes in interest rates, a decline in economic conditions, and increased competition by financial service providers on the Company's results of operation, (2) the Company's ability to continue its internal growth rate, (3) the Company's ability to build net interest spread, (4) the quality of the Company's earning assets, and (5) governmental regulations.

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