

FOLSOM LAKE BANK



NEWS RELEASE

FOR IMMEDIATE RELEASE
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Contact: Robert J. Flautt
President and Chief Executive Officer
(916) 235-4570

Folsom Lake Bank First Quarter Profits Up Sharply

FOLSOM CA. Folsom Lake Bank (OTC Bulletin Board: FOLB), announced unaudited financial results for the first quarter period ending March 31, 2012. The Bank reported a ninth consecutive quarter of profitability with net income of \$111,597, an increase of 147% compared to \$45,064 for the first quarter of 2011.

Net Interest Income for the quarter was \$1,153,456, up \$81,420 or 7.6% compared to the first quarter of 2011, reflecting growth in loan interest income as well as a low cost of deposits. Non-interest expense decreased \$155,668 or 13.5% from the year ago quarter, reflecting a continued focus on efficient operations. "As we celebrate the fifth anniversary of the bank, it is gratifying to see continued progress in both growth and earnings, especially in the very tough economic climate facing area businesses" said Robert J Flautt, President and CEO. "It is clear that community banks still have a strong opportunity for success if they focus on their local markets, local clients and local communities."

During the first quarter 2012, the Banks' total assets grew to \$117.3 million, an increase of \$2.5 million or 2.2% from the first quarter of 2011. Total deposits were \$98.0 million, at March 31, 2012, down 1.5% from 1st quarter 2011; however core deposits were up 5.5%, increasing from \$69.8 million to \$73.7 million. A continued emphasis on core deposit growth allowed the bank to reduce interest expense costs for the first quarter by \$37,773 compared to the first quarter of 2011. Loans ended the quarter at \$75.3 million, an increase of \$1.5 million or 2% from the prior year. Investments were \$33.2 million, down from \$36.5 a year ago. The Allowance for Loan and Lease Losses (ALLL) was \$1,770,756, or 2.35% of loans outstanding which provides an adequate reserve for problem loans.

For quarter end, the Bank continued to have very strong capital ratios. As of March 31, 2012, the Bank's tier-1 capital ratio stands at 10.47% and the total capital to risk-weighted assets is 15.45%. Both ratios are well above minimum regulatory standards to be considered a well-capitalized bank. Liquidity also increased as the Bank increased investments and cash due from banks. Total liquidity improved from \$39.9 million at March 31, 2011 to \$41.3 million as of March 31, 2012. The Bank's investment portfolio consists primarily of safe U.S. Government agency bonds and mortgage backed bonds that enjoy the full faith and credit of the U.S. Government such as Fannie Mae and Freddie Mac.

The Bank did not participate in the government TARP program or any other government subsidized capital program and has no preferred stock that will need to be repaid and replaced with new capital. The Bank has no sub-prime loans and does not do sub-prime or any predatory lending. Additionally, the Bank participates in the Federal Deposit Insurance Corporation program which provides unlimited FDIC coverage on all non-interest bearing transaction accounts through December 31, 2012.

“Our original vision of a classic community bank emphasizing customer satisfaction within a conservative, locally owned and operated banking franchise continues to unfold successfully as we celebrate our fifth anniversary. Although the economic times present many interesting challenges to successfully managing and growing a local independent bank, we have worked very hard and maintained great care to reach our current position. We are very proud to have a local bank with \$117 million in assets, a continued profitable operation and two very dynamic and successful branch locations. We are committed to a continued focus on the classic community bank values of local ownership, local staff and local knowledge of our communities,” concluded Flautt.

The Bank continues to be involved heavily in the community and in turn enjoys great support from the local customer base. Among the many organizations the Bank supports are: Mercy Hospital Foundation, Sutter Roseville Medical Center Foundation, Folsom Lake College Foundation and Three Stages at Folsom Lake College, Eureka Schools Foundation, Folsom Economic Development Corporation, Folsom Chamber of Commerce, Roseville Chamber of Commerce, Rotary International, Kiwanis, Placer County SPCA, Folsom Pro Rodeo, Folsom Historical Society and The Folsom, El Dorado & Sacramento Historical Railroad Association.

Folsom Lake Bank has two locations, one in the heart of the Folsom’s historic district on Sutter Street, and one in Roseville on Douglas Boulevard. The Bank is a locally owned and locally operated full service commercial bank focused on small business owners, professionals and individuals in the communities surrounding Folsom Lake. If you would like to receive periodic updates via e-mail, please e-mail RFlautt@FolsomLakeBank.com and we will add you to our e-mail list or call Robert Flautt direct at 916-235-4570

This correspondence may contain "forward-looking statements" within the meaning of Section 27A of the Securities Act. All of the statements contained in this correspondence, other than statements of historical fact, should be considered forward-looking statements. Although the Bank believes the expectations reflected in those forward-looking statements are reasonable, it can give no assurance that those expectations will prove to have been correct. Investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof and are not intended to give any assurance as to future results.

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Financial Highlights - First Quarter 2012

(Unaudited)

Balance Sheet Highlights (000)	2012	2011	\$ Change	% Change
March 31,				
Total Assets	\$117,346	\$114,848	2,498	2.2%
Total Loans - Net	73,479	72,239	1,240	1.7%
Total Deposits	98,017	99,508	(1,491)	-1.5%
Securities	33,211	36,572	(3,361)	-9.2%

Earnings Summary

For the Three Months Ended Mar 31,

Interest Income	\$1,335,814	\$1,292,167	43,647	3.4%
Interest Expense	\$182,358	\$220,131	(37,773)	-17.2%
Net Interest Income	\$1,153,456	\$1,072,035	81,421	7.6%
Provision for Loan Losses	\$60,000	\$75,000	(15,000)	-20.0%
Fees & Svc Charges	\$19,156	\$204,710	(185,554)	-90.6%
Expenses	\$1,001,015	\$1,156,682	(155,667)	-13.5%
Net Profit (Loss)	\$111,597	\$45,064	66,533	-147.6%

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Period End Data

March 31,

Tier I Capital to Average Assets	10.47%	10.32%
Tier I Capital to Risk Weighted Assets	14.18%	14.28%
Total Capital to Risk Weighted Assets	15.45%	15.55%
Allowance for Loan Losses as a Percentage of Loans	2.35%	2.10%
Loans to Total Deposits and Short Term Funding	76.77%	74.15%
Non-performing Assets to Total Loans + Foreclosed Assets	3.63%	5.69%

Note: Folsom Lake Bank has no subprime loans and owns no Fannie Mae or Freddie Mac stock

