



NEWS RELEASE

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Folsom Lake Bank Reports 2015 First Quarter Results

FOLSOM CA. Folsom Lake Bank (OTCQB:FOLB), announced pre-tax earnings of \$257,986 for the first quarter of 2015, a 10.9% increase over first quarter 2014 earnings of \$232,600, the Bank's 21st consecutive quarter of profitability. Assets, loans and deposits all reached new record levels for the Bank, net interest income was up 9.6%, and shareholder equity grew 14.7% to reach \$15,886,000 or \$9.97 per share. "With the opening of our third branch in the fourth quarter of 2014, the Bank is seeing increased balance sheet growth along with increasing revenue." said Robert J. Flautt, President and Chief Executive Officer. "We are seeing improving market conditions in our local economy along with an increased willingness for local businesses to borrow for growth and expansion."

Net income for the first quarter of 2015 was lower than the same period in 2014 as the Bank began accruing for income taxes for the first time. The first quarter 2014 do not include a provision for income taxes, as the Bank was still benefiting from early years operating losses, primarily from initial startup costs in 2007-09. Net income after tax for the first quarter of 2015 was \$163,214, down \$25,386 or 29.8%, compared to first quarter 2014 after tax income of \$232,600. Earnings per share were \$0.10 compared to \$0.15 per share in the first quarter of 2014.

Now with three branches locally, Folsom Lake Bank is showing increased growth and increasing revenue from a higher level of earning assets. Total assets were \$154.7 million at March 31, 2015, up 10.1% or \$14.2 million compared \$140.5 million at the end of the first quarter 2014. Assets increased slightly from the fourth quarter of 2014, up \$272,413 or 0.2% over December 31, 2014 totals. Total loans were \$97.8 million at March 31, 2015, up \$20.2 million or 26.1% from March 31, 2014. Total deposits were \$125.0 million, up \$11.8 million, or 10.4% from the first quarter of 2014. Checking account balances also showed strong growth, increasing 10.6% to reach \$35.2 million as of March 31, 2015. The Bank's new branch in Rancho Cordova reached \$9 million in deposits after just 5 months in operation. The Bank's continued focus on valuable, low cost core deposit grown and maintaining a lower cost of funds is key to maintaining an adequate net interest margin in the continuing low rate interest environment.

Net interest income for the first quarter of 2015 was \$1,295,291 compared to \$1,182,160 in the first quarter of 2014. This represents an increase of \$113,131 or 9.6% over last year. The Bank's net-interest-margin was 3.67% in the first quarter of 2015 down slightly from 3.68% during the first quarter of 2014. Overall, the Bank's net interest income was helped by strong growth in earning assets as well a better asset mix, primarily a higher percentage of loan assets, as the Bank's loan to deposit ratio improved from 69% to 78%. Non-interest income for the first quarter ending March 2015 was \$88,424, an increase of \$22,599 or 34.3% over the first quarter of 2014. The Bank had positive increases in all areas of non-interest income with significant increases in fee income.

Non-Interest expense for the first quarter of 2014 was \$1,200,729, an increase of \$185,344 or 18.3% over the first quarter of 2014, with the bulk of the increase due to operating costs for the new branch in Rancho Cordova. The Bank's efficiency ratio increased to 86.8% for the first quarter from 81.4% in 2014, however is expected to improved as the new branch turns profitable later this year.

The Bank had a negative provision to the allowance for loan and lease losses of \$75,000 in the first quarter, adjusting the loss reserve from \$1,634,353 at March 31, 2014 to \$1,504,530 as of March 31, 2015, due to continually improving credit conditions. There were minimal credit losses in the first quarter of 2015 and none for 2014. Non accrual loans declined from \$3,579,098 at March 31, 2014 to \$1,690,511 at March 31, 2015, a reduction of \$1,888,587 or 52.8%. OREO also declined from \$334,000 to \$293,000, a reduction of \$41,000 or 12.3% as the Bank continued to reduce non performing assets in an orderly fashion. The Bank's Allowance for Loan & Lease Losses (ALLL) was 1.54% of loans as of March 31, 2015 compared to 2.11% as of March 31, 2014. The balance in the Bank's loan loss reserve stands is considered adequate to absorb the inherent risk of credit loss in the Bank's loan portfolio.

Earnings per share for the first quarter of 2015, was \$0.10, a decrease of 33% compared to earnings per share of \$0.15 for the first quarter of 2014. Return on average assets was 0.44% for 2015 compared to 0.66% in the first quarter of 2014, a decrease of 33% from one year ago. Return on average equity was 4.3% for the first quarter of 2015 and 6.7% for the first quarter of 2014. The lower levels in ROA and ROE were due to the tax provisions that began in 2015. The Bank also had higher expenses from the opening of our new branch in Rancho Cordova. Pre-tax ROA was 0.67% for first quarter 2015 compared to 0.66% in 2014.

Tier 1 Capital at March 31, 2015 was \$15,886,000, up from \$13,846,000 at March 31, 2014, an increase of \$2,040,000 or 14.7%. At March 31, 2015, the Bank's Tier 1 Capital Ratio was 10.12% compared to 10.10% at March 31, 2014. Total Risk Based Capital to Risk Weighted Assets was 15.48% compared to 16.86% at quarter end 2015 and 2014, respectively. Both capital ratios are well above minimum regulatory standards to be considered a well-capitalized bank by the FDIC. Liquidity remains healthy at \$58.1 million as of March 31, 2015, and the Bank maintained a moderate loan to deposit ratio of 79%. The Bank's investment portfolio consists primarily of safe U.S. Government agency bonds and mortgage-backed securities.

The Bank continues to be involved heavily in the community. Among the many organizations the Bank supports are: Mercy Hospital Foundation, Sutter Roseville Foundation, Folsom Lake College Foundation, Harris Center at Three Stages, Eureka Schools Foundation, Folsom Economic Development Corporation, Folsom, Roseville, Rancho Cordova & El Dorado Hills Chambers, Rotary International, Kiwanis, Placer County SPCA, Folsom Pro Rodeo & the Folsom Historical Society. Folsom Lake Bank has three locations, one in the heart of the Folsom's historic district on Sutter Street, one in Roseville on Douglas Boulevard and our new branch in Rancho Cordova on Sunrise just south of Hwy 50. 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.

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.