

# FOLSOM LAKE BANK



## NEWS RELEASE

**FOR IMMEDIATE RELEASE**  
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### **Folsom Lake Bank Announces 2011 Results**

FOLSOM CA. Folsom Lake Bank (OTC Bulletin Board: FOLB), announced unaudited financial results for the quarter and full year ending December 31, 2011. For the year the Bank reported significant growth and improvements over the prior year, with total assets increased by \$4.5 million and net income growing 38.7% to \$492,960, up from \$355,386 in 2010. The Bank reported its eighth profitable quarter with net income of \$251,539 for the three month period ending December 31, 2011 compared to \$194,847 for the fourth quarter of 2010, a quarter-to-quarter increase of 29.1%. Earnings per share for the 12 month period ending December 31, 2011 were \$0.31, for 2011 which compares favorably to the \$0.22, reported for 2010.

Net Interest Income for 2011 was \$4,487,083, up \$424,624, or 10.5% compared to 2010, reflecting growth in loans as well as a low cost deposit base. General and administrative expenses for the year ending December 31, 2011 were \$3,983,750, an increase of \$236,872 or 6.3% for 2010. "The Bank continues to focus on moderate and conservative growth and we are pleased to report increases in both revenue and earnings, which supports our model for a classic community bank serving local clients in our local market areas", said Robert J. Flautt, President and CEO.

For the year ended December 31, 2011, total assets were \$116.5 million, up 4.0% from the year end totals reported in 2010 of \$112.0 million. Total deposits were \$97.5 million, up 4.6% from the year earlier \$93.1 million, however checking, savings and money market deposit balances were up \$11.7 million, as the Bank continued to focus on core deposit growth. Total loans ended the year at \$73.5 million, an increase of \$0.8 million from the prior year. According to Flautt, "Our focus over the past year has been on profitability, bringing in new customer deposits and maintaining a high level of liquidity. We are especially proud of the large increase in our relationship deposits including checking, savings and money market deposits over the past year, with core deposits now representing 78.3% of our total deposit base" Investment securities were \$29.8 million, up \$0.6 million compared to the year December 31, 2010 total of \$29.2 million. At year end the bank maintained a healthy loan loss reserve with the Allowance for Loan and Lease Losses (ALLL) at \$1,690,756, or 2.3% of loans outstanding.

"Our classic community bank provides local clients in our local communities the best in personal service as we custom tailor banking solutions to fit each client's personal needs – our growth in deposits, loans, revenue and earnings are a testament to the strength of our business model. Although the economic times present some interesting challenges to successfully managing and growing a local independent bank, we have worked hard to position our bank for success even in the current difficult economy. We are committed to focus on the classic community bank

values of customer service, local knowledge of our communities, and delivering what the customer needs and wants”, concluded Flautt.

At December 31, 2011 shareholders equity totaled \$12.6 million and the Bank's Tier 1 Capital Ratio was 10.25% compared to 10.15% at December 31, 2010. Total Risk Based Capital to Risk Weighted Assets was 15.65% for the current quarter compared to 15.43% for year ending December 31, 2010. Both capital ratios are well above minimum regulatory standards to be considered a well-capitalized bank by the FDIC. Liquidity remains healthy at \$40.9 million as of December 31, 2011 and a moderate loan to deposit ratio of 75.5%. The Bank's investment portfolio consists primarily of safe U.S. Government agency bonds, mortgage-backed securities and high grade corporate bonds.

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.

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](mailto:RFlautt@FolsomLakeBank.com) and we will add you to our e-mail list or call Robert Flautt direct at 916-235-4570

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