

# FOLSOM LAKE BANK



## FOR IMMEDIATE RELEASE

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## **PRESS RELEASE**

**January 16, 2009**

### **Folsom Lake Bank announces continued strong growth with 12/31/2008 Financial Results**

**FOLSOM, CA.** January 16, 2009 - Folsom Lake Bank (OTCBB: FOLB), announced unaudited financial results for the quarter and full year ending December 31, 2008. For the year, total assets increased 105% to \$60.5 million, an increase of \$31.0 million. Total deposits grew 192% over the 12 month period reaching \$43.8 million, an increase of \$28.8 million. Total loans outstanding as of December 31, 2008 were \$38.0 million, up \$22.1 million or 139% from the prior year. According to Robert J. Flautt, President and CEO, "We are extremely pleased with our continued steady and strong growth during our de novo period. We intend to continue this conservative growth pattern which, along with a focus on keeping expenses in line, will head us quickly toward our goal of reaching a profitable operation."

The bank continues to have no delinquent or non-performing loans. The bank added \$90,000 to its loan loss provision in the quarter which resulted in a loan loss reserve of \$550,000 or 1.42% of gross loans. The bank has no sub-prime residential mortgage loans and has never had a sub-prime lending program. In spite of the slowing economy, housing woes and the meltdown in the sub-prime residential lending area, the bank continues to have a solid & conservative lending portfolio.

Folsom Lake Bank continues its march toward profitability. The net loss for the last three months of 2008 was \$320,375, down \$147,881 from the prior year's 4th quarter loss of \$468,256. For the 12 months in 2008 the bank reported a net loss of \$1,359,562, both in line with expectations and normal for a start-up banking operation. The loss also compares favorably with the 2007 loss of \$1,347,522, which covered only nine months of operation. As Flautt commented, "We continue to enjoy exceptionally strong support for the bank from the community, our board and shareholders. Community banks clearly are enjoying a flight to safety. Just as we know our customers very well, likewise our customers see us as a safe, secure and strong alternative to some of the large financial institutions and their myriad of continuing loan problems."

The bank showed strong growth in non-interest income, increasing from \$6,668 in 2007 to \$160,539 in 2008. The success of the bank's home loan division, which produced \$74,007 in loan fees, was the main factor in growing non-interest income to six figures in less than two years in operation.

Folsom Lake Bank takes great pride in the communities it serves: our employees, officers, directors and founding organizers are committed to being involved. Folsom Lake Bank is a proud sponsor of the Folsom Professional Rodeo, Folsom Historical Society, Folsom Lake College Visual and Performing Arts Center, Placer County SPCA, Rotary International and Kiwanis, as well as numerous other local events and organizations. Folsom Lake Bank is publicly traded on the Over-the-Counter Bulletin Board. Howe Barnes Hoefler & Arnett (John Cavender 415-538-5725) is the primary market maker. For more information please call Robert Flautt at 916-235-4570.

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## Fourth Quarter 2008 Financial Highlights

(Unaudited)

Balance Sheet Highlights (000)	2008	2007	%
December 31,			
Total Assets	\$60,483	\$29,536	105%
Total Loans - Net	37,970	15,927	138%
Total Deposits	43,756	15,041	191%
Securities	20,093	11,070	82%

### Earnings Summary

For the Three Months Ended December 31,

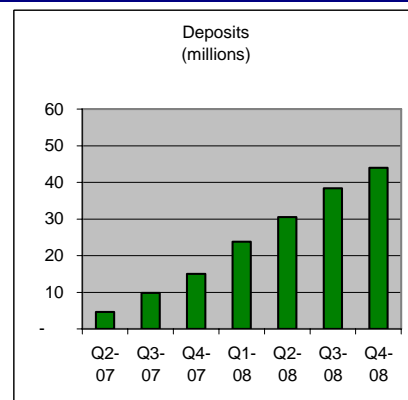
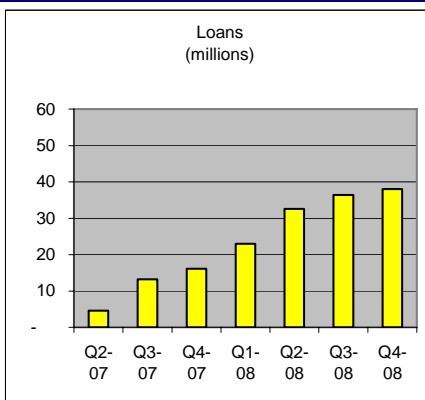
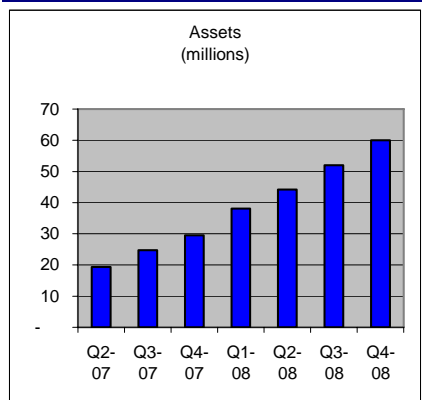
Interest Income	\$814,101	\$419,476	94%
Interest Expense	\$247,539	\$86,200	187%
Net Interest Income	\$566,562	\$333,276	70%
Provision for Loan Losses	\$90,000	\$45,000	NA
Fees & Svc Charges	\$71,768	\$3,692	1844%
Expenses	\$868,705	\$760,225	14%
Net Profit (Loss)	-\$320,375	-\$468,256	-32%

### Period End Data

December 31,

Tier I Capital to Average Assets	22.79%	50.14%
Tier I Capital to Risk Weighted Assets	26.32%	66.88%
Total Capital to Risk Weighted Assets	27.42%	67.81%
Allowance for Loan Losses as a Percentage of Loans	1.43%	1.21%
Loans to Total Deposits and Short Term Funding	88.03%	107.19%
Non-performing Assets to Total Loans + Foreclosed Assets	0.00%	0.00%

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



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.