

FOLSOM LAKE BANK



NEWS RELEASE

FOR IMMEDIATE RELEASE
January 25, 2010

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

Folsom Lake Bank Announces 2009 Results **Assets top \$100 Million; Loan Loss Reserves Strengthened**

Folsom Lake Bank (OTC Bulletin Board: FOLB), announced unaudited financial results for the quarter and full year ending December 31, 2009. For the year, total assets increased 70.3%, from \$60.5 million to \$103.0 million. Total deposits doubled during the year up 100.7% to \$87.9 million. Total loans outstanding as of December 31, 2009 were \$64.4 million, up \$25.9 million or 67.3% from the prior year end. For the quarter, assets, deposits and loans were up 12.2%, 15.4% and 6.6%, respectively.

Net Interest Income for the year was \$3,144,104, up \$1,305,639 or 71%, reflecting healthy growth in earning assets as well as a continued low cost of deposits. Non-interest income also showed healthy growth, improving from \$157,350 in 2008 to \$508,658 in 2009, an increase of \$351,308 or 223%. Fee income from the Bank's mortgage division led the way, more than quadrupling to \$297,088 in 2009. Even with this total increase of 83% in revenue, expense growth was kept to just 31% which included costs related to opening the Bank's new branch in Roseville.

"After almost three years of operations we are pleased with the continued steady progress of the Bank. Our vision for a classic community bank - locally owned & locally operated - has unfolded exceptionally well," said Robert J. Flautt, the Bank's President and Chief Executive Officer. "As we all know so well, last year was the most difficult and challenging in decades, and our conservative approach to banking helped to guide our way. Opening our second branch in Roseville, growing past \$100 million in assets and turning our first profitable month in June are all strong positive highlights for 2009 for which we can all be very proud."

Given the continued high level of economic uncertainty, the bank decided that a special provision for possible loan losses would be a prudent, conservative and thoughtful course of action. The special provision, made in the fourth quarter, brought the loan loss reserve up to \$1,659,763 or 2.58% to total loans, compared to \$550,000 in 2008. On a pre-provision basis, the Bank lost \$283,000 for all of 2009, down substantially from a pre-provision loss of \$1,004,000 in 2008, an improvement of \$721,000. For the quarter, the Bank made \$17,350 on a pre-provision basis compared to a loss of \$230,375 for the fourth quarter of 2008. The special provision did result in the Bank's net loss for the year increasing to \$1,652,581 from \$1,359,561 in 2008. Flautt commented, "Given the difficult economic environment and despite the current loss, we are pleased with our core earnings growth and the strength this additional provision adds to our balance sheet."

Since opening the Bank in 2007, the Bank has been aware of the likelihood of a real estate downturn and has been very cautious with lending activities. "The Bank is not unaffected by the worst economic downturn in decades," said Flautt, "however we are extremely proud of our results to date and will continue to work hard to build a loan portfolio based on conservative lending criteria." The bank had just one past due loan at December 31, 2009, which was also the only loan on non-accrual. Total loan losses for the year were just 0.41% of loans, well below current industry averages.

Non-interest DDA grew from \$8.5 million in 2008 to \$15.5 million at year end 2009, an increase of 82.0%, as more "local deposits continue to provide a strong source of funding for our earning assets," commented Flautt. "Business and professional clients continue to transfer their operating accounts to enjoy the advantages of banking with Folsom Lake Bank. " The Bank's new Roseville branch, opened just last July, contributed to the increase in deposits with \$13.8 million in new deposit accounts in just six months. "This rapid growth helps offset most of the added monthly cost of opening the new branch," said Flautt.

For year end, the Bank continued to have very strong capital ratios. As of December 31, 2009, the Bank's tier 1 capital ratio stands at 11.8% and the total capital to risk weighted assets is 16.7%. Both ratios are well above minimum regulatory standards to be considered a well-capitalized bank. Liquidity also increased substantially as the Bank increased investments and lowered the loan to deposit ratio from 88.0% to 73.2%. Liquidity improved from \$21.2 million or 35.0% of assets at year end 2008 to \$38.1 million or 37.0% of assets as of December 31, 2009. The Bank's investment portfolio consists exclusively 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 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. The Bank participates in the Debt Guarantee Program which insures Fed Funds purchases. Additionally, the Bank participates in the Transaction Account Guarantee Program, which provides unlimited FDIC coverage on transaction accounts through June 30, 2013.

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 the Mercy Hospital Foundation, the Sutter Roseville Medical Center Foundation, the Folsom Lake College Foundation and the new Performing Arts Center, the Eureka Schools Foundation, Folsom Chamber of Commerce, Roseville Chamber of Commerce, Rotary International, Kiwanis and the Placer County SPCA. The Bank is also sponsors for the Folsom Pro Rodeo, the Folsom Historical Society, and the Folsom, El Dorado & Sacramento Historical Railroad Association

Folsom Lake Bank is the area's newest community bank. 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. Folsom Lake Bank is publicly traded on the Over-the-Counter Bulletin Board. For information please call Robert Flautt 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.

Folsom Lake Bank

Financial Highlights - Fourth Quarter 2009

(Unaudited)

Balance Sheet Highlights (000)	2009	2008	%
December 31,			
Total Assets	\$103,009	\$60,483	70%
Total Loans - Net	62,690	37,970	65%
Total Deposits	87,866	43,756	101%
Securities	31,839	20,093	58%

Earnings Summary

For the Three Months Ended December 31,

Interest Income	\$1,266,473	\$814,101	56%
Interest Expense	\$289,742	\$247,539	17%
Net Interest Income	\$976,731	\$566,562	72%
Provision for Loan Losses	\$792,500	\$90,000	781%
Fees & Svc Charges	\$137,856	\$71,768	92%
Expenses	\$1,097,237	\$868,705	26%
Net Profit (Loss)	(\$775,150)	(\$320,375)	142%

For the Twelve Months Ended December 31,

Interest Income	\$4,189,787	\$2,609,840	61%
Interest Expense	\$1,045,683	\$771,375	36%
Net Interest Income	\$3,144,104	\$1,838,465	71%
Provision for Loan Losses	\$1,369,163	\$355,000	286%
Fees & Svc Charges	\$508,658	\$157,350	223%
Expenses	\$3,936,181	\$3,000,375	31%
Net Profit (Loss)	(\$1,652,581)	(\$1,359,562)	22%

Period End Data

December 31,

Tier I Capital to Average Assets	11.80%	22.79%
Tier I Capital to Risk Weighted Assets	15.44%	26.32%
Total Capital to Risk Weighted Assets	16.70%	27.42%
Allowance for Loan Losses as a Percentage of Loans	2.58%	1.43%
Loans to Total Deposits and Short Term Funding	73.24%	88.03%
Non-performing Assets to Total Loans + Foreclosed Assets	0.34%	0.00%

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



