



NEWS RELEASE

FOR IMMEDIATE RELEASE
April 18, 2013

Contact: Robert J. Flautt
President & CEO
(916) 235-4570

Folsom Lake Bank First Quarter Earnings Up 37%

FOLSOM CA. Folsom Lake Bank (OTC Bulletin Board: FOLB), announced unaudited financial results for the three month ending March 31st, 2013. The Bank reported its 13th consecutive quarter of profitability with net income of \$153,083 compared to \$111,597 for the 1st quarter of 2012, an increase of 37.2%. Assets increased by 12.7%, growing from \$117.3 million at the end of the 1st quarter of 2012 to \$132.3 million as of March 31, 2013. Earnings per share for the quarter were up 42%, growing from \$0.07 in 2012 to \$0.10 for 2013.

The Bank, which celebrates its sixth anniversary this month, continued to show a moderate and steady growth pattern. March 31, 2013 ending assets of \$132.3 million and were up 12.7% compared to the 1st quarter of 2012. Total loans were \$72.8 million at the end of the 1st quarter of 2013, down \$2.4 million or 3.2% from \$75.2 in 2012. Total deposits were \$113.9 million at the end of the 1st quarter of 2013, up 16.2% compared to \$98.0 million at March 31, 2012. Checking, Savings and Money Market balances increased by \$17.3 million or 27.9%, as the Bank continues to have strong success in growing local customer deposit relationships and maintaining a lower cost of funds to help support the Bank's net interest margin.

Revenue for the quarter was \$1,085,079, down \$87,533 or 7.5% from \$1,172,612 in the 1st quarter of 2012. Net Interest Income was down \$110,313 or 9.6%, however fees and service charges were up \$22,780 or 105.3% compared to the 1st quarter of 2012. Both the Bank's non-interest expenses and provision for loan losses declined as well. Non-interest expense was \$911,996 for the 1st quarter of 2013, down \$89,019 or 8.9% from the prior year 1st quarter non-interest expenses of \$1,001,015. The provision for loan losses also declined to \$20,000 for the quarter, down 66.7% from the prior year 1st quarter provision of \$60,000. The squeeze on interest margins due to the low interest rate environment has been significant. Although the low rate environment is helping to stimulate the overall economy, the lack of adequate returns hurts savers, bondholders and most community banks. The Bank has offset a portion of this squeeze with both growth in earning assets as well as reduced expenses to produce the increase in overall profitability. The Bank expects the interest margin to improve as the asset mix shifts toward more loans.

The Bank provided \$20,000 for loan losses in the 1st quarter, compared to \$60,000 in the prior year first quarter. There were no credit losses in the 1st quarter of either 2012 or 2013. The Bank's Allowance for Loan & Lease Losses (ALLL) was 2.27% of loans as of March 31, 2013 compared to 2.35% as of March 31, 2012. The March 31, 2013 balance in the Bank's loan loss reserve stands at \$1,651,668 and is considered adequate to absorb the inherent risk of credit loss in the Bank's loan portfolio.

Earnings per share for the 1st quarter was \$0.10 per share compared to \$0.07 per share for the 1st quarter of 2012, a growth of 42%. Return on average assets was 0.46% for the 1st quarter, on average assets of \$131.9 million, compared to 0.38% in 2012, an improvement of 21.1%. Return on equity was 4.5% for the 1st quarter compared to 3.4% in 2012. Earnings increases were primarily due to lower interest expense, a lower provision for loan losses, higher fee income and lower non-interest expenses.

At March 31, 2013 shareholder's equity totaled \$13,459,836, an increase of \$483,007 or 3.7% compared to \$12,976,829 at the end of 1st quarter 2012. The Bank's Tier 1 Capital Ratio is 9.87% as of March 31, 2013 and the Total Risk Based Capital ratio is 15.78%. Both capital ratios are well above minimum regulatory standards to be considered a well-capitalized bank by the FDIC. Liquidity remains healthy at \$31.5 million as of March 31, 2013 and the Bank maintained a moderate loan to deposit ratio of 63.9%. The Bank's investment portfolio consists primarily of safe U.S. Government agency bonds, mortgage-backed securities and high grade corporate bonds.

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 and 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 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.