

First Mountain Bancorp Announces 2009 Results

BIG BEAR LAKE, Calif.—March 1, 2010

First Mountain Bancorp (OTCBB: FMBP) and its wholly-owned subsidiary, First Mountain Bank (collectively the Bank), announced its 2009 results. The Bank reported that while net interest income, exclusive of loan loss provisions, remained constant from 2008 levels at over \$6.6 million in 2009, the Board and Management remained committed to a conservative approach to loan grading and providing for potential loan losses. During the year, the Bank added \$4,470,000 to the reserve for possible loan losses, up from \$1,562,000 in 2008. In addition, all banks experienced significantly higher deposit insurance premiums. In 2009, the Bank was required to pay FDIC premiums of over \$308,000 compared to \$65,000 in 2008. The increases to the loan loss reserve and the special FDIC assessment resulted in a net loss for 2009 of \$2,009,816, or \$1.29 per basic share, compared to \$199,421 of net income, or \$0.13 per share in 2008. Absent the significant provision to the allowance for possible loan losses and the special assessment, the Bank would have achieved a very respectable level of net income.

Jack Briner, CEO of the Bank commented: “Almost 60% of the banks headquartered in California had a net loss for 2009 and experienced loan classification downgrades during regulatory examinations resulting in significantly increased reserves. While we are not pleased with our bottom line for 2009, we believe it is important to note that during a recent regulatory examination the Bank experienced no loan downgrades and our allowance for possible loan losses held up unchanged in spite of the intense scrutiny of the regulators and our outside accountants. We believe that the allowance for possible loan losses, which now stands at 3.49% of total loans, is adequate and properly managed.”

As we enter 2010, the Bank’s net interest margin remains in the 90th percentile of all banks in the industry, and our Tier 1 Capital Ratio continues to be more than twice the required level to be rated “Well Capitalized,” the industry’s highest rating.

In view of the ongoing economic pressures in the Inland Empire, the Board and Management are committed to continuing a conservative lending philosophy. And, while there are no assurances that the Bank will not experience further loan portfolio deterioration due to the economy, the Board and Management are optimistic that the Bank will return to an acceptable level of profitability in 2010. First Mountain Bancorp is the parent holding company of First Mountain Bank, which is headquartered in Big Bear Lake and has four offices serving the Big Bear and high desert areas of Southern California. For further information, contact Jack Briner, CEO, or Dennis Saunders, President/CFO, at (909) 866-5861.

Tables follow

STATEMENT OF CONDITION - (Consolidated) (Unaudited)

	December 31, 2009	December 31, 2008
Assets		
Cash and due from banks	\$ 6,565,413	\$ 5,118,558
Fed funds	8,950,773	6,918,536
Investment securities	7,081,000	10,977,870
Gross loans	107,629,578	113,609,304
Less: Allowance for loan losses	<u>(3,759,073)</u>	<u>(1,705,120)</u>
Net loans	103,870,505	111,904,184
Bank premises and equipment	2,257,059	2,331,732
Other assets	<u>9,048,146</u>	<u>6,823,051</u>
Total Assets	<u>\$ 137,772,896</u>	<u>\$ 144,073,931</u>
Liabilities		
Noninterest-bearing deposits	\$ 37,539,472	\$ 39,367,602
Interest-bearing deposits	84,560,794	87,072,284
Total deposits	<u>122,100,266</u>	<u>126,439,886</u>
Other liabilities	<u>805,829</u>	<u>816,217</u>
Total Liabilities	<u>122,906,095</u>	<u>127,256,103</u>
Stockholders' Equity		
Common stock	11,935,614	11,877,069
Retained earnings	2,876,516	4,886,332
Accumulated other comprehensive income	<u>54,671</u>	<u>54,427</u>
Total Stockholders' Equity	<u>14,866,801</u>	<u>16,817,828</u>
Total Liabilities and Stockholders' Equity	<u>\$ 137,772,896</u>	<u>\$ 144,073,931</u>

STATEMENT OF INCOME - (Consolidated) (Unaudited)

	For the three months ended		For the year ended	
	12/31/09	12/31/08	12/31/09	12/31/08
Interest income	\$ 1,842,242	\$ 2,116,779	\$ 7,881,305	\$ 8,921,413
Interest expense	<u>245,036</u>	<u>477,072</u>	<u>1,256,886</u>	<u>2,222,801</u>
Net interest income before provision for loan losses	1,597,206	1,639,707	6,624,419	6,698,612
Provision for loan losses	<u>1,060,000</u>	<u>324,000</u>	<u>4,470,000</u>	<u>1,562,000</u>
Net interest income	537,206	1,315,707	2,154,419	5,136,612
Other operating income	268,542	268,694	1,093,891	1,063,157
Operating expenses	<u>1,896,477</u>	<u>1,548,385</u>	<u>6,812,126</u>	<u>6,189,348</u>
(Loss) income before income taxes	(1,090,729)	36,016	(3,563,816)	10,421
Benefit for income taxes	<u>(471,000)</u>	<u>(85,400)</u>	<u>(1,554,000)</u>	<u>(189,000)</u>
Net (Loss) Income	<u>\$ (619,729)</u>	<u>\$ 121,416</u>	<u>\$ (2,009,816)</u>	<u>\$ 199,421</u>
(Loss) earnings per share - basic	\$ (0.40)	\$ 0.08	\$ (1.29)	\$ 0.13
(Loss) earnings per share - dilutive	\$ (0.40)	\$ 0.08	\$ (1.29)	\$ 0.13

	<u>For the three months ended</u>		<u>For the year ended</u>	
	<u>12/31/2009</u>	<u>12/31/2008</u>	<u>12/31/2009</u>	<u>12/31/2008</u>
Performance Ratios:				
Return on Average Assets	-1.80%	0.33%	-1.43%	0.14%
Return on Average Equity	-16.33%	2.90%	-12.42%	1.19%
Average yield on interest-earning assets	5.908%	6.447%	6.139%	6.632%
Average cost of interest-bearing liabilities	0.812%	1.541%	1.029%	1.754%
Net interest spread	5.096%	4.907%	5.110%	4.878%
Net interest margin	5.080%	4.954%	5.160%	4.979%
			<u>12/31/2009</u>	<u>12/31/2008</u>
Capital Ratios (Bank):				
Total Risk-Based Capital Ratio			13.2%	14.5%
Tier 1 Risk-Based Capital Ratio			11.9%	13.2%
Tier 1 Leverage Ratio			10.5%	11.9%
Asset Quality:				
Number of non-performing loans			18	7
Total number of foreclosed properties			2	2
Total non-performing loans			\$ 7,764,563	\$ 2,561,296
Total foreclosed properties (OREO)			\$ 291,636	\$ 216,000
Total non-performing assets			<u>\$ 8,056,199</u>	<u>\$ 2,777,296</u>
Ratio of non-performing loans to total loans			7.21%	2.44%
Total non-performing assets to total assets			5.85%	1.93%
Total non-performing assets to equity and loan loss reserves (commonly referred to as Texas Ratio)			43.25%	14.99%
Allowance for Loan Losses:				
Total Balance			\$ 3,759,073	\$ 1,705,120
As a percent of non-performing assets			46.66%	61.39%
As a percent of total loans outstanding			3.49%	1.50%
Stock Information:				
Shares outstanding			1,560,262	1,560,262
Book value per share			\$ 9.53	\$ 10.78