



NEWS RELEASE

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Folsom Lake Bank Reports Full Year 2010 Profits

FOLSOM, CA. January 21, 2011 - Folsom Lake Bank (OTCBB: FOLB), reported income of \$163,103 for the fourth quarter ending December 31, 2010. This is the fourth consecutive quarter of profitability for the Bank, which opened in early 2007. For the full year, the Bank earned \$355,386 on continued growth in earning assets, strong increases in net interest income, a reduced provision for loan losses and tight control on expenses. Earnings were dramatically improved over the prior year, with comparable results for the fourth quarter and full year in 2009 of (\$1,175,150) and (\$2,052,581) respectively.

Net Interest Income for the year grew to \$4,064,918, up \$913,384 or 29.0%, reflecting healthy growth in earning assets as well as a continued low cost of deposits. Non-interest income remained strong at \$359,036 composed primarily of mortgage fee income from the Bank's mortgage division. In addition the Bank focused on expense control during 2010 and achieved an overall decline in expenses of 4.8% over 2009 which included expenses for opening the Roseville Branch.

For the year, assets increased \$9.4 million or 9.1% to end at \$112.0 million as of 12/31/10. Total deposits were up 6.0% or \$5.3 million to reach \$93.1 million at year end 2010. Checking, Money Market, Savings and IRA account balances increased from \$30.5 million in 2009 to \$48.1 million, up 57.7%. "The Bank's focus in 2010 was our individual and business account relationships and I am very proud of our success in attracting new clients with our brand of community based and customer focused banking," stated Robert J. Flautt, President and CEO.

Net loans increased 14.7% from the prior year, reaching \$71.5 million, an increase of \$9.2 million. Commercial loan balances increased 6.0% and owner occupied commercial real estate increased 48% as the Bank focused on small business lending. Construction & Development lending declined almost \$5 million, reflecting the lack of construction activity in the region. According to Flautt, "Despite continued economic challenges the Bank has continued to increase lending to the communities that we serve. We are proud of the increase in loans this past year given the very tough economic climate."

The Bank's loan loss reserve is at a healthy 2.02% to total loans and totaled \$1.5 million at December 31, 2010. For the full year, the Bank had loan losses of \$637,119 or 0.87% of year end gross loans. The Bank has one OREO property on the books as of 12/31/10 in the amount of \$900,000. Flautt stated, "We are not unaffected by the economic downturn, however our healthy reserve provides a strong cushion for problem loans."

For year-end, the Bank continued to have very strong capital ratios. As of December 31, 2010, the Bank's tier-1 capital ratio stands at 10.15% and the total capital to risk-weighted assets is 15.43%. Both ratios are well above minimum regulatory standards to be considered a well-capitalized bank. Liquidity also improved as the Bank increased investments to more than \$36.5 million. The Bank's investment portfolio consists primarily of safe U.S. Government agency bonds, mortgage backed bonds that enjoy the full faith and credit of the U.S. Government such as Fannie Mae and Freddie Mac, and fully insured certificates of deposits at other banks.

"The Bank continues to make steady progress in growing our community bank franchise", stated Flautt. "With our first full year of profitability, a balance sheet of \$112 million and an efficient operation, we are positioned well to continue this growth by adding new local customer relationships based on our classic community bank values of customer service, local knowledge of our communities and a focus on delivering what the customer wants. We believe this approach is a strong success equation for a successful banking franchise in the communities surrounding Folsom Lake."

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. Additionally, the Bank participates in the Transaction Account Guarantee Program, which provides unlimited FDIC coverage on all non-interest bearing transaction accounts through December 31, 2012.

Folsom Lake Bank is the area's newest community bank and has two locations. In Folsom, the Bank is located in the heart of the historic district at 905 Sutter Street, and in Roseville, the Bank is located at 2233 Douglas Boulevard, near the intersection of Eureka and Douglas. 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. The Bank is heavily involved in the community and in turn enjoys great support from the local customer base. Folsom Lake Bank is publicly traded on the Over-the-Counter Bulletin Board. For information please call Robert Flautt at 916-235-4570.

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