



## **NEWS RELEASE**

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### **Folsom Lake Bank Reports First Quarter Profits**

Folsom Lake Bank (OTC Bulletin Board: FOLB), announced unaudited financial results for the first quarter period ending March 31, 2010. The Bank reported its first profitable quarter with net income of \$44,727 compared to a loss of \$461,803 for the first quarter of 2009. "The Bank continues to enjoy steady and manageable growth, and now a profitable operation, just as our business plan for a classic community bank envisioned," said Robert J. Flautt, President and Chief Executive Officer. "Considering our road to profitability was paved during the "Great Recession", we feel an even greater sense of accomplishment."

Folsom Lake Bank opened April 3, 2007 with 406 local investors. The profitable operation comes 33 months after opening the Bank. The Bank had its first full month of profitability in June of 2009 as envisioned in the original business plan for the Bank, however expenses associated with the opening of a second branch in Roseville put the Bank back in the red. "The Bank had been looking for a location on Douglas Boulevard in Roseville and the Board of Directors decided it was a terrific opportunity that we could not pass up," said David J. West, Chairman of the Board.

Net Interest Income for the quarter was \$992,276, up \$357,588 or 56% compared to the first quarter of 2009, reflecting healthy growth in earning assets as well as a low cost of deposits. Non-interest income also showed strong growth, improving from \$66,545 in first quarter 2009 to \$116,614 for the first reporting period in 2010, an increase of 75%. Even with this total increase of 56% in revenue, expense growth was kept to just 15% reflecting a focus on efficiency.

For the quarter ended March 31, 2010, total assets had grown to \$104.1 million, an increase of \$32.9 million or 46.2% from the first quarter of 2009. Total deposits were \$89.3 million, up \$34.1 million or 61.8% from one year ago. Total loans ended the quarter at \$66.1 million, an increase of \$27.7 million or 52.3% from the prior year. Investments were \$32.7 million, up \$11.3 million compared to the year earlier total of \$21.4 million. The Allowance for Loan and Lease Losses (ALLL) now totals \$1,534,940, or 2.32% of loans outstanding which provides a more than adequate reserve for problem loans.

"The Bank's focus will continue to be on building a strong balance sheet, maintaining a high level of liquidity and sustained profitability. Our assets are split nicely between a conservative lending portfolio and safe investments. Our growth has been remarkably steady over the last three years in spite of a weak economy. I expect we will continue to attract new 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", concluded Flautt.

For quarter end, the Bank continued to have very strong capital ratios. As of March 31, 2010, the Bank's tier-1 capital ratio stands at 10.67% and the total capital to risk-weighted assets is 16.47%. 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 78.8% to 72.8%. Liquidity improved from \$27.1 million at March 31, 2009 to \$37.4 million as of March 31, 2010. 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. Additionally, the Bank participates in the Transaction Account Guarantee Program, which provides unlimited FDIC coverage on transaction accounts through December 31, 2010.

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 also sponsors 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 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. 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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