



NEWS RELEASE

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Folsom Lake Bank Reports Second Quarter Profits

Folsom Lake Bank (OTC Bulletin Board: FOLB), announced unaudited financial results for the six month period ending June 30, 2010. The Bank reported net income of \$61,038 compared to a loss of \$543,084 for the first six months of 2009. "We are very pleased that the operations of the Bank continue to progress as envisioned in our original plan for a classic community bank. The Bank continues to enjoy steady and manageable growth and a profitable operation during the first six months of the year." said Robert J. Flautt, President and Chief Executive Officer. "Our bank has built a strong foundation based on conservative operations, a community focus and a very personal approach to helping our clients with their banking business."

Folsom Lake Bank opened April 3, 2007 with 406 local investors. Two years later in July of 2009 the bank opened its second branch in Roseville near the busy intersection of Douglas Boulevard and Eureka Road. The branch has grown to \$24 million in deposits and continues to attract new client relationships for customers looking for the personal touch. "The Bank is just now seeing the benefits of having two very attractive franchise locations in excellent markets. We look forward to continue strong and steady growth in both the Folsom and Roseville market areas," said David J. West, Chairman of the Board.

Net Interest Income for the six month period ending June 30, 2010 was \$1,940,420, up \$572,827 or 42% compared to the first six months of 2009, reflecting healthy growth in earning assets as well as a low cost of deposits. Expense growth was kept to just 6% over 2009 despite operating with a two branch system in 2010 compared to a one branch operation in 2009.

For the period ended June 30, 2010, total assets had grown to \$113.9 million, an increase of \$36.4 million or 46.9% from end of the second quarter of 2009. Total deposits were \$98.5 million, up \$37.0 million or 60.3% from one year ago. Total loans ended the quarter at \$72.6 million, an increase of \$23.5 million or 47.9% from the prior year. Investment securities were \$39.0 million, up \$19.9 million compared to the year earlier total of \$19.1 million. The Allowance for Loan and Lease Losses (ALLL) now totals \$1,609,940, or 2.22% of loans outstanding which provides a substantial cushion 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 since inception 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. We are focused on long term profitability rather than short term results," concluded Flautt.

For quarter-end, the Bank continued to have very strong capital ratios. As of June 30, 2010, the Bank's tier-1 capital ratio stands at 10.07% and the total capital to risk-weighted assets is 15.26%. 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 79.9% to 73.7%. Liquidity improved from \$27.4 million at June 30, 2009 to \$40.8 million as of June 30, 2010. The Bank's investment portfolio consists exclusively 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 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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