



NEWS RELEASE

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Folsom Lake Bank has Strong Increase in Second Quarter Profits

Folsom Lake Bank (OTC Bulletin Board: FOLB), announced unaudited financial results for the quarter and six months periods ending June 30, 2012. The Bank reported its tenth consecutive profitable quarter with net income of \$161,784, up 313.5% compared to \$39,129 for the second quarter of 2011. For the first six months of 2012, the Bank reported net income of \$273,381, an increase of 224.7% compared to earnings of \$84,192 for the first half of 2011. "We are pleased to see a continued trend toward higher earnings as we focus on growing earning assets and keeping expenses under tight control," said Robert J. Flautt, President and Chief Executive Officer. "Our bank has been focused on both revenue growth as well as increasing productivity and these results speak to our success for the first half results."

Net-Interest Income for the six month period ending June 30, 2012 was \$2,303,361, up \$107,349 or 4.9% compared to the first six months of 2011, reflecting continued growth in loans as well as a low cost deposit base. Non-interest income was \$143,163 for the first six months of 2012 compared to \$237,518 for the same period of 2011, a decrease of \$94,355 due to fewer gains on the sale of investment securities. General and administrative expenses for the first two quarters of 2012 were reduced by \$111,194.

For the quarter ending June 30, 2012, total assets were \$120.1 million, a 5.8% increase, total deposits were \$100.6 million, an increase of 6.2% and total loans ended the quarter at \$76.1 million, an increase of 1.0% from the prior year. Investment securities were \$28.6 million, down \$1.0 million compared to June 30 2011 total of \$29.6 million. The Allowance for Loan and Lease Losses (ALLL) was \$1,695,756, or 2.2% of loans outstanding at June 30, 2012, which provides an adequate reserve for problem loans.

"Our growth has been remarkably steady over the last five years in spite of a stubborn weak economy. We have adapted to the economic realities with a slow and steady approach to community banking that has served our customers, our clients and our employees very well. I expect we will continue to focus on attracting 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 needs and wants", concluded Flautt.

For quarter end, the Bank continued to have very strong capital ratios. As of June 30, 2012, the Bank's tier-1 capital ratio stands at 10.75% and the total capital to risk-weighted assets is 15.23%. Both ratios are well above minimum regulatory standards to be considered a well-capitalized bank. Liquidity also remained healthy while maintaining a moderate loan to deposit

ratio of 76%. Liquidity remained strong at \$40.2 million at June 30, 2012. The Bank's investment portfolio consists primarily of safe U.S. Government agency bonds and mortgage-backed securities.

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 Federal Deposit Insurance Corporation program which provides unlimited FDIC coverage on all non-interest bearing transaction accounts through December 31, 2012.

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: Mercy Hospital Foundation, Sutter Roseville Medical Center Foundation, Folsom Lake College Foundation and Three Stages at Folsom Lake College, Eureka Schools Foundation, Folsom Chamber of Commerce, Roseville Chamber of Commerce, Rotary International, Kiwanis, Placer County SPCA, Folsom Pro Rodeo, Folsom Historical Society, the Folsom, El Dorado & Sacramento Historical Railroad Association

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. Folsom Lake Bank is publicly traded on the Over-the-Counter Bulletin Board. For information please call Robert Flautt 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.