



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, 2011. The Bank reported its fifth profitable quarter with net income of \$45,064 compared to \$44,727 for the first quarter of 2010. "We are pleased to see a continued profitable operation along with steady and manageable growth, just what you would expect to see in a classic community bank", said Robert J. Flautt, President and Chief Executive Officer.

Net Interest Income for the quarter was \$1,072,035, up \$79,759, or 8.4% compared to the first quarter of 2010, reflecting continued growth in earning assets as well as a low cost of deposits. Non-interest income also improved from \$116,614 in the first quarter 2010 to \$204,710 for the first quarter of 2011, an increase of 75.5%. General and administrative expenses for the quarter increased by \$167,519 which was primarily caused by a write down of other real estate in the amount of \$186,000. Excluding the write-down of other real estate, overall expenses had a slight decline over the same quarter of 2010.

For the quarter ended March 31, 2011, total assets grew to \$114.8 million, an increase of \$10.7 million or 10.3% over the first quarter of 2010. Total deposits were \$99.5 million, up \$10.2 million or 11.5% from one year ago. Total loans ended the quarter at \$73.8 million, an increase of \$7.6 million or 11.6% from the prior year. Investments were \$36.6 million, up \$3.8 million compared to the year earlier total of \$32.7 million. The Allowance for Loan and Lease Losses (ALLL) now totals \$1,549,687, or 2.1% of loans outstanding which provides an adequate reserve for problem loans.

"The Bank's focus continues to be on sustained profitability with a strong balance sheet as well as a high level of liquidity. The Bank's assets are diversified between the lending portfolio and safe investments. Our growth has been remarkably steady over the last four 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 needs and wants", concluded Flautt.

For quarter end, the Bank continued to have very strong capital ratios. As of March 31, 2011, the Bank's tier-1 capital ratio stands at 10.32% and the total capital to risk-weighted assets is 15.55%. Both ratios are well above minimum regulatory standards to be considered a well-capitalized bank. Liquidity also increased as the Bank increased investments and maintained a moderate loan to deposit ratio of 72.68%. Liquidity improved from \$37.4 million at March 31, 2010 to \$40.0 million as of March 31, 2011. The Bank's investment portfolio consists primarily 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 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.