



NEWS RELEASE

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Folsom Lake Bank Reports Second Quarter Profits

FOLSOM CA. Folsom Lake Bank (OTC Bulletin Board: FOLB), announced unaudited financial results for the six month period ending June 30, 2011. The Bank reported net income of \$84,192 compared to earnings of \$61,038 for the first six months of 2010. The Bank reported its sixth profitable quarter with net income of \$39,129 compared to \$16,311 for the second quarter of 2010. Earnings per share were \$0.05 for the six months in 2011 compared to \$0.04 for the first half of 2010. Return on average assets was 0.15% for the six months in 2011 compared to 0.11% for the like period in 2010. "We are pleased to report a continued profitable operation, just what you would expect to see in a classic community bank", said Robert J. Flautt, President and CEO.

Net Interest Income for the six month period ending June 30, 2011 was \$2,196,012, up \$255,592, or 13.2% compared to the first six months of 2010, reflecting continued growth in loans as well as a low cost of deposits. Non-interest income was \$237,518 for the first six months of 2011 compared to \$195,688 for the same period of 2010, an increase of 21.3%. General and administrative expenses for the first two quarters of 2011 increased by \$124,049 which was primarily due to the write down of other real estate in the amount of \$186,000. Excluding the write-down, overall expenses declined 3.2% compared to same period of 2010.

For the quarter ended June 30, 2011, total assets were \$113.5 million, down 0.4% from the June 2010 asset level of \$113.9 million. Total deposits were \$94.7 million, down 3.8% from the year earlier \$98.5 million, however checking, savings and money market deposit balances were up \$18.6 million, as the bank focused on growing relationship deposits. Total loans ended the quarter at \$75.4 million, an increase of \$2.8 million from the prior year. According to Flautt, "Our focus over the past year has been on sustained profitability, bringing in new customer deposits and maintaining a high level of liquidity. We are especially proud of the 54.1% increase in checking, savings and money market deposits over the past year." Investments securities were \$29.6 million, down \$9.4 million compared to the year 2010 total of \$39.0 million. The Allowance for Loan and Lease Losses (ALLL) now totals \$1,512,814, or 2.0% of loans outstanding which provides an adequate reserve for problem loans.

"Our classic community bank serving our local communities continues to progress. Although the last four years has presented quite a few unexpected challenges, we have worked hard to build our bank to a strong position in the local marketplace. I expect we will continue our success focusing on the classic community bank values of customer service, local knowledge of our communities, and delivering what the customer needs and wants", concluded Flautt.

At June 30, 2011 shareholders equity totaled \$12.4 million compared to \$12.0 million at June 30, 2010. For quarter ending June 30, 2011, the Bank continued to have strong capital ratios. As of June 30, 2011, the Bank's tier-1 capital ratio stands at 10.41% and the total capital to risk-weighted assets is 15.39%. 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 79.5%. Liquidity remained strong at \$36.4 million at June 30, 2011. 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 and 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. If you would like to receive periodic updates via e-mail, please e-mail RFlautt@FolsomLakeBank.com and we will add you to our e-mail list or call Robert Flautt direct 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.

Folsom Lake Bank

Financial Highlights - Second Quarter 2011

(Unaudited)

Balance Sheet Highlights (000)	2011	2010	\$ Change	% Change
June 30,				
Total Assets	\$113,470	\$113,874	-\$404	-0.4%
Total Loans - Net	73,897	71,005	\$2,892	4.1%
Total Deposits	94,760	98,481	-\$3,721	-3.8%
Securities	29,649	39,048	-\$9,399	-24.1%

Earnings Summary

For the Three Months Ended Jun 30,

Interest Income	\$1,337,815	\$1,279,546	\$58,269	4.6%
Interest Expense	\$213,838	\$331,403	-\$117,565	-35.5%
Net Interest Income	\$1,123,977	\$948,143	\$175,834	18.5%
Provision for Loan Losses	\$225,000	\$75,000	\$150,000	200.0%
Fees & Svc Charges	\$32,808	\$79,074	-\$46,266	-58.5%
Expenses	\$892,656	\$935,907	-\$43,251	-4.6%
Net Profit (Loss)	\$39,129	\$16,311	\$22,818	-139.9%

For the Six Months Ended Jun 30,

Interest Income	\$2,629,982	\$2,580,280	\$49,702	1.9%
Interest Expense	\$433,970	\$639,861	-\$205,891	-32.2%
Net Interest Income	\$2,196,012	\$1,940,419	\$255,593	13.2%
Provision for Loan Losses	\$300,000	\$150,000	\$150,000	100.0%
Fees & Svc Charges	\$237,518	\$195,688	\$41,830	21.4%
Expenses	\$2,049,118	\$1,925,070	\$124,048	6.4%
Net Profit (Loss)	\$84,193	\$61,038	\$23,155	-37.9%

Period End Data

Jun 30,

Tier I Capital to Average Assets	10.41%	10.07%
Tier I Capital to Risk Weighted Assets	14.12%	14.00%
Total Capital to Risk Weighted Assets	15.39%	15.26%
Allowance for Loan Losses as a Percentage of Loans	2.01%	2.22%
Loans to Total Deposits and Short Term Funding	79.58%	73.74%
Non-performing Assets to Total Loans + Foreclosed Assets	4.86%	3.93%

Note: Folsom Lake Bank has no subprime loans and owns no Fannie Mae or Freddie Mac stock

