



NEWS RELEASE

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Folsom Lake Bank Reports Third Quarter Profits

FOLSOM CA. Folsom Lake Bank (OTC Bulletin Board: FOLB), announced unaudited financial results for the nine month period ending September 30, 2011. The Bank reported net income of \$241,421, up from \$160,539 for the first nine months of 2010, an increase of 50.4%. The Bank reported its seventh profitable quarter with net income of \$157,228 for the three month period ending September 30, 2011 compared to \$99,501 for the third quarter of 2010, a quarter-to-quarter increase of 58%. Earnings per share for the nine month periods ending September 30, 2011 were \$0.15, for 2011 and \$0.10, for 2010. On an annualized basis, return on average assets was 0.28% for the nine month period ending September 30, 2011 compared to 0.18% for the same period in 2010.

Net Interest Income for the nine month period ending September 30, 2011 was \$3,333,798, up \$326,453, or 10.9% compared to the first nine months of 2010, reflecting continued growth in loans as well as a low cost of deposits. Non-interest income was \$253,637 for the first nine months of 2011 compared to \$274,280 for the same period of 2010. General and administrative expenses for the first three quarters of 2011 was \$3,036,014, an increase of \$214,928 or 7.6% compared to nine months in 2010. "The bank continues to focus on moderate and conservative growth and we are pleased to report continued increases in both revenue and earnings, just what we had planned for our classic community bank business plan", said Robert J. Flautt, President and CEO.

For the quarter ended September 30, 2011, total assets were \$116.3 million, up 1% from the September 2010 asset level of \$115.2 million. Total deposits were \$97.4 million, down 2.1% from the year earlier \$99.6 million, however checking, savings and money market deposit balances were up \$11.7 million, as the Bank continued to focus on core deposit growth. Total loans ended the quarter at \$76.6 million, an increase of \$3.2 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 large increase in our relationship deposits including checking, savings and money market deposits over the past year, with core deposits now representing 86.9% of our total deposit base" Investment securities were \$29.1 million, down \$6.3 million compared to the year 2010 total of \$35.4 million. At quarter end the bank maintained a healthy loan loss reserve with the Allowance for Loan and Lease Losses (ALLL) at \$1,549,214, or 2.0% of loans outstanding..

"Our classic community bank provides local clients in our local communities the best in personal service as we custom tailor banking solutions to fit each client's personal needs – our continued growth in deposits, loans, revenue and earnings are a testament to the strength of our business

model. Although the economic times present some interesting challenges to successfully managing and growing a local independent bank, we have worked hard to position our bank for success even in the current difficult economy. 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 September 30, 2011 shareholders equity totaled \$12.5 million and the Bank’s Tier 1 Capital Ratio was 10.35% compared to 9.92% at September 30, 2010. Total Risk Based Capital to Risk Weighted Assets was 15.02% for the current quarter compared to 15.51% for quarter ending September 30, 2010. Both capital ratios are well above minimum regulatory standards to be considered a well-capitalized bank by the FDIC. Liquidity remains healthy at \$38.2 million as of September 30, 2011 and a moderate loan to deposit ratio of 78.7%. 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 or any other government subsidized capital 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 Economic Development Corporation, 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

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