



NEWS RELEASE

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Folsom Lake Bank Reports Third Quarter Profits

FOLSOM, CA. October 22, 2010 - Folsom Lake Bank (OTCBB: FOLB), reported income of \$99,501 for the third quarter ending September 30, 2010. This is the third consecutive quarter of profitability for the Bank, which opened in early 2007. For the first nine months, the Bank earned \$160,539 on strong increases in net interest income, a reduced provision for loan losses and tight control on expenses. Earnings were dramatically improved over the prior year, with comparable results for the third quarter and nine months in 2009 of (\$334,347) and (\$877,431) respectively.

The bank ended the quarter with total assets of \$115.2 million, an increase of 25.5% over the year earlier quarter ending 9/30/09. Total deposits were \$99.6 million, up 31.5% or \$23.8 million compared to 9/30/09. Checking, money market and savings accounts increased from \$29.7 million to \$49.1 million, up 65.5% as the Bank focused on growing core relationship deposits. "We have had strong success in growing our individual and business account relationships during 2010. Our non-interest checking balances are up over 75% over the past 12 months," stated Robert J. Flautt, President and Chief Executive Officer.

Gross loans increased 21.6% from the corresponding quarter a year ago to \$73.4 million, an increase of \$13.0 million. According to Flautt, "Aggregate loan demand remains weak because of the current economic climate. We are experiencing continued difficulty in finding ways to approve loans to many of our business clients as the recession has caused quite a few business owners to lose money and produce negative cash flow. However, we remain an active lender in the community and look forward to a continued growth in our loan portfolio."

The Bank's loan loss reserve is at a healthy 2.27% to total loans and totaled \$1.7 million at September 30, 2010. During the quarter the Bank expensed \$150,000 to maintain the adequacy of the allowance for loan losses. Flautt stated, "We are not unaffected by the economic downturn, however our healthy reserve provides a strong cushion for problem loans."

Net Interest Income for the nine-month period ending September 30, 2010 was \$3,007,344, up \$833,000 or 38.3% compared to \$2,174,802 for the first nine months of 2009. Non-interest income for the nine-month period was \$274,280, compared to \$363,372 in the year earlier period. Controlling non-interest expense has been a focus for 2010 - total non-interest expense actually declined by \$17,000 for the first nine months of 2010 compared to the nine month period in 2009. "Overall, we continue to be pleased with the progress of the Bank, especially our three quarters of profitable operation," stated Flautt, "These are especially challenging times for banks, and growing the Bank while holding expenses virtually flat is a noteworthy achievement."

For quarter-end, the Bank continued to have very strong capital ratios. As of September 30, 2010, the Bank's tier-1 capital ratio stands at 9.92% and the total capital to risk-weighted assets is 15.51%. Both ratios are well above minimum regulatory standards to be considered a well-capitalized bank. Liquidity also improved as the Bank increased investments and lowered the loan to deposit ratio from 79.7% to 73.7%. Liquid assets improved from \$30.5 million at September 30, 2009 to \$41.5 million as of September 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's focus will continue to be on running a safe and strong locally oriented community bank with personal attention to our clients and a high level of customer service. We believe this approach is a strong success equation for a successful banking franchise in the communities surrounding Folsom Lake," stated Flautt, "I expect we will continue to attract new customer relationships based on these classic community bank values and that it will be the key ingredient to continuing the growth and success of the bank.

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 with an interest rate no higher than 0.25% through December 31, 2010.

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. The Bank is heavily involved in the community and in turn enjoys great support from the local customer base. 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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