



On Track

FOLSOM LAKE BANK

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Ticker symbol: FOLB

Our Mission

To provide excellence in banking services to the communities that we serve, produce a superior return for our shareholders and offer our employees the best workplace of any bank in our community.



President's Message



Robert J. Flautt
President & CEO

To Our Friends of Folsom Lake Bank

Folsom Lake Bank recently reported a third consecutive quarter of profitability in the quarter ending September 30, 2010. After just three years of operation, our Bank has grown assets to \$115 million, operates two branches in attractive local marketplaces and has been profitable every month beginning in January of this year. Our vision of a classic community bank which emphasizes customer satisfaction within a conservative and locally owned and operated banking franchise continues to unfold as we head toward our fourth anniversary of the Bank's opening in April 2007. Our focus on steady and manageable growth during this time of economic upheaval has and will continue to be a key factor in running a successful bank. For the third quarter just ended, we showed a net profit of \$99,501, and for the full year now have \$160,500 in year-to-date earnings. Our net interest income for nine months in 2010 was \$3,007,344, an increase of 38% over the prior year. In comparison, expenses were actually slightly lower than 2009, quite a contrast to our rapid growth during our first three years of operation. We have worked hard to build a lean and efficient organization and are now focused and disciplined in carrying out our business plan focusing on a continued profitable operation.

We also showed significant and continued growth in deposits, loans and investments. Overall deposits grew 31.5% or \$23.8 million in the year ending September 30, 2010, led by strong growth in non-interest checking accounts, which were up 74.6% or \$8.5 million. Loans were also up a very respectable 21.6% or \$13 million in a very difficult lending environment. Investment securities were up 29% to \$35.5 million. The Bank ended the quarter with a conservative loan to deposit ratio of 73%.

Most of you have seen the extraordinary impact the recession has had on the local economy, and it is forecasted that the recovery will take longer than expected. This is a challenging time to be a community bank, however we are clearly up to the challenge. We intend to continue our successful business plan of growing the bank through steady and conservative growth.

I would like to highlight two areas where we are especially proud of our accomplishments. In the residential mortgage area, we continue to help clients and provide the Bank revenue with mortgage fee income. The Bank has generated more than \$13 million in new residential brokered loans for our clients, which has produced \$181,147 in fee income for the Bank year-to-date through October. The other highlight is our Roseville branch, which recently surpassed \$25 million in total deposits. Since opening in July of last year, we have seen a substantial growth in our overall customer base with two great locations now marketing our special brand of classic community banking.

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FOLSOM LAKE BANK



*May Peace, Happiness and Prosperity
be yours throughout this holiday season
and in the coming year.*

*Warmest wishes and thanks,
From your friends at Folsom Lake Bank*



Debit Card Safety Tips for the Holiday Season

The holidays are here once again and while searching for that perfect something at the mall or online, be extra cautious about where or with whom you entrust your account information. Debit card fraud is rampant – inconveniencing thousands of consumers and costing banks millions of dollars. To protect your account remember the following simple tips:

- Check your account balances frequently through online banking or give us a call us.
- Review your statement as soon as you receive it. Report unusual activity on your account to the Bank as soon as possible.
- When paying for purchases, make sure your debit card is always in sight. Don't let the sales associate walk away with your debit card for any reason. Card information is easy to steal and only takes seconds.
- If you do most of your shopping online, try to shop at well known and secure sites.
- Make sure your computer and browser are secure. Set your firewall, anti-virus and anti-spyware software to automatically update and scan your PC. Check to ensure the firewall protection is turned on and is at the highest setting.
- Don't give your personal information over the phone or internet unless you know who you are dealing with or initiated the contact.
- Avoid sharing your debit card.
- Watch out for shoulder surfers watching you type in your PIN number at cash registers or ATMs.
- When using stand alone ATMs and self-service stations, check machines for noticeable alterations. If you feel it has been altered, avoid using.

Folsom Lake Bank is continually looking for ways to keep our customers' debit cards safe from fraud. If you have any questions, please feel free to contact us.

May your holidays be merry and fraud free!

Jessica Devereaux
Senior Vice President, Operations Manager

Get to know your community bank!

FOLSOM LAKE BANK



Friends of Folsom Lake Bank Advanced Integrated Pest Management



Advanced Integrated Pest Management was founded on a simple principle, "Commitment to Quality Service". Owners **Bruce Romani** and son **Brian**, attribute much of our company's success to this simple principle. This commitment has allowed Advanced to grow amidst a struggling economy. Focusing on customer service and maintaining a family atmosphere have been keys to the success of our company. We provide pest and vegetation management services to some of the most prestigious and demanding

clientele across California and Nevada. Our staff has been described as professional, prompt, courteous and highly specialized.

The staff at **Folsom Lake Bank** exudes these same qualities. They go the extra mile for us and are always friendly and ready to help. We take advantage of their free courier service for deposits, which really helps with our busy schedule. We appreciate doing business with a company that makes doing business easy and shares our values!

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- | | |
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