



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.



Customer Spotlight



Big Jim Hall with President Bob Flautt at our community BBQ.

For many years, Big Jim Hall has been seen and heard around Sacramento. He's hosted top rated morning and afternoon drive time radio shows on the legendary Country Music KRAK, Smooth Jazz 94.7 KSSJ and Sacramento's oldies station KOOL 101.9 FM. Currently, you can listen to Jim in the afternoon playing the Greatest Hits of the 60's and 70's at KHITS 92.1.

On television, Jim acts as a spokesman for Folsom Chevrolet and JR's Texas BBQ. You can also catch him hosting on Sacramento's public

TV station, KVIE. Or, if you are a sports fan, Jim is on ESPN and HBO as Ring Announcer for professional boxing shows.

Jim enjoys volunteering for many local community groups. He has served on the Board of Directors for the Placer SPCA, the River Oaks Center for Children, the Sharing Place and at his church. He also acts as Master of Ceremonies for a variety of charitable events throughout the year.

Regarding Folsom Lake Bank, Jim says, "Over the years, I have come to appreciate real customer service. You don't find it very often these days. It's so refreshing to walk into Folsom Lake Bank and be greeted with a smile by someone who is genuinely interested in helping you. Whenever I have a question, I seem to get the answer right away. If I need something done, it gets handled. The staff at Folsom Lake Bank appreciates my business and I sense that every time I walk through the door."

In the Community



Folsom Lake Bank sponsored two great events this summer. On the left, our Rodeo Kick-off BBQ treated our neighbors to some good old Western grub. To the right, our First Annual Founders Day Party was a more upscale affair and served as a thank you to our loyal customers and supporters.

Making a Difference



President Bob Flautt served as Grand Marshall for the Rodeo.

The 48th Annual Folsom Pro Rodeo kick off started a little early this year with an old-

fashioned BBQ in front of the bank. Bank staff scurried about serving up baked beans, hot dogs, chips, cookies and sodas for the crowd that gathered around as Big Jim Hall from KHITS 92.1 presided over a live radio broadcast.

A BBQ is just one fun way we give back. As a classic community bank, it has always been our goal to integrate into the fabric of our community. Folsom Lake Bank encourages all bank employees to donate time and talent to support various causes in the region. Many of us sit on boards, commissions and committees with the Chamber of Commerce, Folsom Economic Development Corporation, Rotary International and the SPCA, just to name a few.

Folsom Lake Bank also provides financial support to local organizations, non-profits and civic entities in the form of event sponsorships, financial contributions and banking

services. Many area schools including Folsom Lake College, Mercy Hospital Landing for Life Project and Power House Ministries top the list this year. Concerts in the Park and the Mayor's Cup Golf Tournament, which supports the Folsom Teen Center, are on-going investments.



Vice President of Community Relations, Jim Pelley

Vice President of Community Relations, Jim Pelley said, "One of the nicest comments we hear is, 'Folsom Lake Bank is everywhere,' and we think that's the way it should be. The community has invested in us, and we are invested in the community. It's why we make our boardroom available for non-profit groups who need meeting space. It's why we collaborate with local merchants on business development and the revitalization of Sutter Street and the central business district. It's why we put our cell phone numbers on our business cards. It just makes sense, and we're happy to do it."



Robert Flautt
President & CEO

President's Message

To our Shareholders, Customers and Friends of Folsom Lake Bank

In one year the assets of Folsom Lake Bank have more than doubled to \$44 million. Why are community banks so successful in attracting clients? The answer is, we have a unique ability to listen to our customers and deliver banking services custom-tailored to their needs. Our growth clearly demonstrates that people want good banking and want bankers that take care of them.

I am pleased to report total assets for the 2nd quarter grew to \$44.2 million, up \$24.8 million or 128.7% over the 2nd quarter of 2007. The bank grew \$8.5 million in the 1st quarter of this year and another \$6.1 million this past quarter. Loans and deposits stand at \$32.3 and 30.5 million respectively. Solid, steady and rapid growth is exactly what we are looking for in these challenging times. We continue to focus on quality banking relationships, conservative lending arrangements and strong customer deposit relationships.

This past quarter has been an extremely busy time for us. As we are growing rapidly, we are also extremely active in the community. During the 4th of July week we had a customer BBQ out in front of the bank with one of our valued customers, Big Jim Hall of KHITS 92.1, broadcasting live; the following day the Rodeo parade and cattle drive took place in front of the bank; and yours truly was the Grand Marshall of the 48th annual Folsom Pro Rodeo held the 3rd, 4th and 5th of July. A number of our staff volunteered at the Rodeo and we all enjoyed being so involved in the community. We also hosted our 1st annual Founders Day party with a boisterous turnout celebrating our first year of operation.

The economic headwind I mentioned last quarter has turned on banks; compressed margins, loan quality problems and regulatory issues all are combining to trouble a number of banking institutions. We are fortunate to have an experienced staff and to be a relatively new bank, not around in 2004 and 2005 when a lot of aggressive loans were made. Our prospects remain bright as the bank has never had a past due loan. The bank has no sub-prime residential mortgage loans and has never had a sub-prime lending program. We have not cut any corners in achieving our strong growth and continue to run a conservative and high quality operation. We are well positioned to work through the current downturn.

Our customers tell us every day how much they appreciate the personal attention. In a world where a lot of us are treated as numbers by large corporations, the personal touch is always something of value. Thanks again to all of you that have brought us your banking business, and a special thanks to all of you that have referred customers to the bank. We are proud to be your locally owned and locally operated community bank.

Board Profiles



Jeremy G. Bernau
Director

Mr. Bernau is the President and CEO of Bernau Development Corporation and Kensington

Homes, Inc., real estate development and building companies founded in Folsom in 1991 and 1992. Mr. Bernau is active in the community and his industry. He is currently the Chairman of the Folsom Economic Development Corporation and a Director of the Folsom Historic District Association. Mr. Bernau served as the 2005 Chairman of the Folsom Chamber of Commerce, where he received the 2004 Chairman's Award and was recognized as the 2006 Community Leader of the Year. He was also the 2001 President of the North State Building Industry Association, where he was recognized as the 1999 Builder of the Year.



David J. Doherty
Director

Mr. Doherty is the CEO of Stanfield Systems, Inc., a Folsom based firm that supports intelli-

gence software and operations, provides consulting services in the areas of software research and development, and other services to government and commercial businesses. Mr. Doherty began his career in 1984 with the US Air Force, specializing in computer and software support. He has been an active member of the Folsom Chamber of Commerce for seven years and is a member and a Director of the Rotary Club of Folsom.

Get to know your community bank!

FOLSOM LAKE BANK



Friends of Folsom Lake Bank

In 1981, Madeline and Jack Tammi founded Blue Ribbon Personnel Services. After building a very successful business, Madeline and Jack decided to sell the business last December to the four managers that helped it grow over the years.

Nancy Dixon, Teresa Hodgson, Joan Christian and Jodi Krieger became the new owners of Blue Ribbon Personnel Services. They continue the same business philosophy that made Blue Ribbon Personnel Service so prosperous—the three R's— Reputation, Referrals and Responsiveness.

"We've all worked well together for a long time and we are very thankful for Folsom Lake Bank's assistance in facilitating the purchase. We hope to grow along with the communities we serve, and with the help of Folsom Lake Bank's professional Business Banking services."



Nancy Dixon, Teresa Hodgson, Joan Christian and Jodi Krieger, owners of Blue Ribbon Personnel

Board of Directors

- | | |
|-------------------------------------|-----------------------------------|
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President & CEO | Lynn S. Judd, DDS
Director |
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Board Chairman | John F. Messner
Director |
| Jeremy G. Bernau
Director | Robert H. Miller, III
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