



On Track

FOLSOM LAKE BANK

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www.OTCBB.com
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



Sue Peppers
President, Peppers.TV

Established in 1989, Peppers.TV has experienced monumental growth, from a small office in El Dorado County to the present 11,000 square foot studio at Mather. Peppers.TV offers state-of-the-art edit suites, in-house videography and audio, and a production team that has earned recognition with an Emmy and Multiple Telly awards.

Peppers.TV is founded on an “All Good News” mission, producing positive broadcast and non-broadcast programming; documentaries for National PBS distribution; corporate videos for private business; training and recruiting videos; commercial and promotional videos; video-to-web and more.

President of Peppers.TV, Sue Peppers, has this to say about Folsom Lake Bank: “Having been a ‘big bank’ customer for so long, I honestly didn’t know there was a bank where everyone knows your name. It’s a safe feeling to know your bank really cares about you, especially with these tough economic times. I have found people at Folsom Lake Bank who are willing to be part of the solution. Now, I can’t imagine being with a bank where only numbers on paper matter. *People matter at Folsom Lake Bank.*”



FLB Wins Sac Biz Journal A+ Employers Award Nomination

Nearly 180 companies were nominated for the Sacramento Business Journal's A+ Employers Award. Employees in the Greater Sacramento Valley were anonymously surveyed by a third party research firm regarding their workplace. The votes are in: Folsom Lake Bank was chosen as one of the Top 10 Employers in the Micro-sized Company category.

On October 29th, our staff was invited to a luncheon to honor all the nominees and receive our plaque. We are very excited for this recognition, and are happy our employees love FLB as much as our customers do!



"It's fun here. There are always potlucks and birthdays and laughter. It's been a long time since I worked in an office where everyone got along well and actually enjoyed being together."
—Christina Cogil, Customer Service Specialist



"Folsom Lake Bank puts their employees first. They manage from their hearts and care about the community. Working with people who care about one another as individuals really makes this a wonderful place to work."

—Sharon Marshall, Personal Banking Officer

"I love being part of a great team that truly enjoys working together. The parties are great and management shows a genuine interest in making sure the employees are happy and having fun." —Dan Taylor, Controller

"I truly enjoy coming to work everyday. Management cares about each and every employee and it is shown everyday by the positive and fun work environment." —Gloria Benjamin, Customer Service Specialist

In the Community



Chancellor Brice Harris,
College President
Dr. Thelma Scott-Skillman,
Folsom Lake Bank
President Bob Flautt.

On September 18th, we were honored to present a check in the amount of \$25,000.00 to the "Folsom Lake College Visual and Performing Arts Center." This facility will afford students enhanced educational opportunities to work with professional touring companies, to develop performance evaluation skills and to learn about theater management. Our V.P. of Community Relations, Jim Pelley, is a College Foundation Board Member and sits on the Capital Campaign Committee for the Art Center. The projected opening date for the Art Center is 2010.

Folsom Lake Bank Home Loan Division Presents "Portfolio Lending"

Locally processed, underwritten & serviced

- Conforming loans
- Jumbo loans
- Owner occupied and second homes



**Call Frank Huck
(916) 235-4616**

frankhuck@FolsomLakeBank.com



President's Message

To our Shareholders, Customers and Friends of Folsom Lake Bank

Our local bank continues to grow and prosper in spite of the unprecedented credit & financial problems dominating the headlines. For the 3rd quarter total assets now exceed \$52 million and are up 113% over the past year. Our deposits have grown an astounding 291% over the past year and our new mortgage department has

**Robert Flautt
President & CEO**

generated more than \$40,000 in mortgage fees since opening in June.

We continue to run an exceptionally safe and sound financial institution. We have no past due loans nor do we have any loans on non-accrual. We have no sub-prime loans and have never engaged in any sort of sub-prime lending. Our portfolio of \$35.9 million in loans outstanding (as of 9/30/08) is up 182% over a year ago, and is conservatively underwritten with full documentation and standard banking analysis on every loan. We do not own any Freddie Mac or Fannie Mae stock. And finally, although you read frequently about bank capital problems, I am proud to tell you that our Tier 1 Capital ratio of 28% is more than double the level to be considered a well capitalized bank.

We have no brokered deposits and no advances from the Federal Home Loan Bank, so our liquidity remains very strong. Our loan-to-deposit ratio is at 95%, which is very conservative for a new bank.

This past quarter we completed our new Home Loan department across the courtyard from the bank. Please come by and introduce yourself to our manager, Frank Huck, and his staff. We provide traditional mortgage lending with an emphasis on service.

Highlights of our strong community involvement this past quarter include Folsom Live, with a dozen live bands entertaining several thousand people right outside our front door. The groundbreaking for the new Performing Arts Center was held at Folsom Lake College, and we were privileged to be included as a significant donor to the capital campaign.

As we continue to progress through the worst credit and financial crisis in many decades, I believe the country is moving toward a more conservative posture in most areas of finance. The fact that our bank has already embraced this conservatism from the very beginning bodes very well for our continued success over the coming years.

As always, we appreciate the support we have received from you, our friends, clients and shareholders in helping the bank grow and prosper. Our prospects remain bright for continued quality growth as the bank focuses on our classic community banking way of doing business. Thanks again to all of you that have brought us your banking business, and have referred customers to the bank. We are proud to be your locally owned and operated community bank.

Board Profiles

Lynn Judd, DDS, Director

Dr. Judd is a Doctor of Dental Surgery and has been in practice for nearly 30 years in the Sacramento area. The past 17 of those years have been in Folsom.

Dr. Judd is a senior member and past President of the Sunrise Citrus Heights Kiwanis Club. He is also a member of the Folsom Chamber of Commerce, Sacramento District Dental Society, California Dental Association and American Dental Association.

Jeff Dutra, Director

Mr. Dutra is President of Dutra Properties, LLC of Auburn, a developer of residential subdivisions and commercial properties. From 1993 to 2000, Mr. Dutra was President and Partner of Pacificwest Development Company of Roseville, a custom homebuilder.

Mr. Dutra currently serves as Executive Vice President and Director of Ricardo Beverly Hills, a worldwide manufacturer of quality luggage products, and as the Director of the Placer County SPCA.

Mark Your Calendar!

***Join us December 10th
from 5:30 - 7:30 pm
for our
Holiday Open House***



Get to know your community bank!

FOLSOM LAKE BANK



Friends of Folsom Lake Bank



Kraig Speckert,
Owner,
EXS West
Merchant
Services

Locally founded in 2002, EXS West Merchant Services is dedicated to creating the most efficient and cost effective electronic payment solutions for your business, while maintaining the highest level of customer service.

Owner of EXS West, Kraig Speckert, says "Folsom Lake Bank is one of the nicest banks I've had the pleasure to work with. From the friendly staff to its convenient location, all working pieces of the bank are united in producing the best customer experience. Friendly, educated bankers making a difference in our community, that's why I do business with and for Folsom Lake Bank."

Board of Directors

Robert J. Flautt
President & CEO

Lynn S. Judd, DDS
Director

David J. West
Board Chairman

John F. Messner
Director

Jeremy G. Bernau
Director

Robert H. Miller, III
Director

Claudia Cummings
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Carrie Reginato
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David J. Doherty
Director

Donald W. Reid
Director

Jeff F. Dutra
Director