



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



Owners of R.E.Y. Engineers, engineer of work on Sutter Court building.

From left to right:
 Jim Brainard, Dave Sagan, Kelley Butcher, Bob Huun, Don McCormick, Don Henderson, Tom Brungs and Brian Thionnet.

R.E.Y. Engineers, Inc. is a local civil engineering and land surveying firm providing services to both public agencies and private industry throughout Northern California. Founded in 1996 on the basis of superior quality and customer service, their staff consists of high caliber individuals willing to go the extra mile for their clients. Equipped with the latest software and technology, including GPS capabilities, they are able to provide unparalleled service in the completion of their projects. Whether it is a large project, such as the 4000 acre master planned Serrano community in El Dorado Hills, or a much smaller project, R.E.Y. Engineers can fulfill the needs of all clients.

R.E.Y. Engineers is a Folsom-based business and has a strong belief in the revitalization of the city's Historic District. Four years ago, the principals of the firm partnered with Jeremy Bernau to become an owner occupant of the Sutter Court Building in Historic Folsom occupying office space above Folsom Lake Bank. R.E.Y. Engineers enjoys the business banking relationship they have established with Folsom Lake Bank and the short commute can't be beat!



Frank Huck Joins Lending Team at Folsom Lake Bank

Frank Huck has joined our team of seasoned lending professionals as a Senior Loan Consultant for Residential Mortgages. Frank is available to assist you with your mortgage needs including owner occupied, non-owner occupied, second homes and multi-family loans. Frank has over 20

New Faces at FLB

years in the mortgage finance industry and extensive experience serving the Placer and Sacramento communities since 1992. Most recently he was with Washington Mutual Bank where he received the prestigious President's Club award six times.

Robert J. Flautt, President & CEO, stated, "People are increasingly looking to their local bank to provide a full range of banking services. We are seeing an especially strong increase in requests for home loans. I am delighted that Frank is joining us as a senior member of our lending team specializing in residential mortgages."



Gloria Benjamin Customer Service Specialist

"I am so excited to join the team at Folsom Lake Bank. I look forward to growing with the company and continuing to provide the extraordinary service that Folsom Lake Bank customers are accustomed to."

Mark Your Calendar!



July 1

Rodeo Kickoff BBQ at the Bank. Listen to Big Jim Hall from KHITS 92.1 Sacramento's Cool Oldies while President Bob Flautt flips burgers for you!

July 2

Cattle Drive on Sutter Street. A must see!

July 3 - 5

Folsom Pro Rodeo with President Bob Flautt as Grand Marshall.

Top 5 Reasons to Bank with a Community Bank

- 1. Community bankers know the community.** Our professionals are familiar with the lay of the land and the local players, which can be a valuable resource.
- 2. Community bankers will be around tomorrow.** Many customers of large banks see a tremendous amount of turnover. Community bankers tend to stay because of their deep connection to the community.
- 3. Community banks want your business, big or small.** This is often a very pleasant change from the big banks! Community bankers will work with you to help you accomplish your goals.
- 4. Community banks can move quickly.** There are no layers upon layers in the approval process for loans. You are actually working with the people who are responsible for making the decision or recommending them.
- 5. Community banks offer greater flexibility.** There are projects that fall "outside the box." Some are larger than others. When you work with a community bank, you discover a genuine desire to help customers and to take individual needs into account.



Robert Flautt
President & CEO

President's Message

To our Shareholders, Customers and Friends of Folsom Lake Bank

Last month we reached an historic milestone as we celebrate the completion of our first year in operation. Since we opened the doors on April 3rd of last year, our bank has been sharply focused on growing at a steady and rapid pace through aggressive personal calling efforts, personal service, a commit-

ment to the community and being an employer of choice. We have succeeded well beyond our own high expectations. On April 17th, we had our first annual shareholder meeting to review our results and celebrate our success.

I am pleased to report that for the 1st quarter, total assets grew to \$38.1 million, an increase of \$8.5 million (28.9%) over the prior quarter. Total deposits grew to \$23.8 million, increasing \$8.8 million (58.4%) for the quarter. Total loans outstanding as of March 31, 2008, were \$23.0 million, up \$6.9 million (42.9%) from the prior quarter.

Earlier this year, the bank was recognized as the start-up business of the year by both the Folsom and El Dorado Hills Chambers of Commerce. The excellence in personal service, rapid growth of the bank, strong involvement of the board and staff in civic and charitable affairs and numerous customer service accolades were highlighted as reasons for the awards. Knowing our customers and providing individual attention to banking needs—something we call “the best of banking”—continues to attract high quality customer relationships every day.

A rather severe economic headwind has been buffeting most banks with problems in the credit and financial areas, especially the housing sector. In spite of this, our prospects remain bright, partially because we are a new bank and were not open in 2004 and 2005 when a lot of aggressive loans were made. The bank continues to have no delinquent or non-performing loans. 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.

On a lighter note, the Folsom Professional Rodeo is coming up in July, and I am honored to have been selected as the Grand Marshall. The cattle drive that kicks off the event on July 2nd will take place directly in front of the bank. As usual, we plan to have a customer promotion in conjunction with the event, so check your mailbox for our next special loan or deposit offer.

Thanks again to all of you that have brought us your banking business, and a special thanks to those that have referred customers to the bank. We are proud to be your locally owned and locally operated community bank.

Board Profiles



John F. Messner
Vice Chairman

Mr. Messner is Vice President of Harbison-Mahony-Higgins, Inc., a commercial

construction company with a nearly 50-year history of operations in Sacramento. He served on the Folsom City Council and was chairman of the Folsom Planning Commission. He has served as president of the Folsom Historical Society and is a member of the Folsom Chamber of Commerce and the Folsom Economic Development Corporation (FEDCORP) where he serves as Vice Chairman.



Claudia Cummings
Director

Ms. Cummings is an active community and civic leader within the city of Folsom. She has

been a director and president of the Folsom Chamber of Commerce and is a founding member of the Folsom Athletic Association, the Folsom Arts and Cultural Council and the Folsom Community Concert Association. Ms. Cummings previously served as the President of the Folsom Business and Professional Women Association and the Folsom History Museum. She is the current co-chair of the Annual Women's History Event and serves on the board of directors for the Sacramento Philharmonic Orchestra.

Get to know your community bank!

FOLSOM LAKE BANK



Friends of Folsom Lake Bank



Rollin & Debbie Newell
Newell & Associates, Advertising

"Folsom Lake Bank is our choice as a community partner in business for all of our banking needs."

"We are so happy we have a community bank that we can refer our friends and family to—they provide old-fashioned service, exemplified at its very best. The staff is knowledgeable, courteous, efficient and professional. They deliver trust and integrity we can bank on."

Board of Directors

- | | |
|---|-----------------------------------|
| Robert J. Flautt
President & CEO | John F. Messner
Director |
| David J. West
Chairman of the
Board | Robert H. Miller, III
Director |
| Jeremy G. Bernau
Director | Carrie Reginato
Director |
| Claudia Cummings
Director | Donald W. Reid
Director |
| David J. Doherty
Director | Paul D. Reiken
Director |
| Jeff F. Dutra
Director | |
| Lynn S. Judd, DDS
Director | |