

Dear Shareholders, Customers & Friends:

The economic conditions continue to make this a very challenging year. The disruption in the overall financial system affects each and every one of us in various ways. At Santa Lucia Bank we continue to focus on our core business and to make loans and invest in the communities we serve, now as we have in the past.

Loans increased 16.04% to \$186,578,187 during the past year. Loans also increased 3.60% or \$6,490,212 during the last quarter. This shows our continued commitment and ability to serve our customers' needs.

Deposits decreased 3.83% during the past 12 months and stand at \$213,391,732 as of September 30, 2008. Deposits have increased \$3,899,847 or 1.86% from June 30, 2008 to September 30, 2008 despite the volatility and overall concerns about the safety of deposits.

Earnings decreased primarily due to the 3.25% drop in the prime lending rate during the past year to the 5.00% prime lending rate that we are at today. Net Income for the nine months ending September 30, 2008 stands at \$1,250,643 compared to \$2,347,495 or a decrease of 46.72% for a like period in 2007.

The Company is pleased to report that we paid our second cash dividend of 2008 of \$.25 per share to shareholders of record as of September 30, 2008. This is the 19th consecutive year that cash dividends have been paid.

We continue to remain "well capitalized" under bank regulatory guidelines. The Company uses a formal liquidity policy, and in the opinion of management, its liquid assets are considered adequate for the immediate future.

We truly appreciate the trust you have placed in us. Your past and continued support is very important to us as we move through these challenging economic times.



Larry H. Putnam
President & Chief Executive Officer

Board of Directors

Jerry W. DeCou III <i>Chairman</i>	Larry H. Putnam
Douglas C. Piliipponi <i>Vice Chairman</i>	John C. Hansen
Khatchik H. Achadjian	Jean Hawkins
Stanley R. Cherry	Paul G. Moerman
	D. Jack Stinchfield

Executive Officers

Larry H. Putnam <i>President</i>	John C. Hansen <i>Executive Vice President</i>
<i>Chief Executive Officer</i>	<i>Chief Financial Officer</i>

Market Makers

For information on our stock please call any of the following brokers:

George Crosby, Maguire Investments, Santa Maria, CA (805) 922-6901 or 800-244-4183	
Randy Krunland, Edward Jones, Atascadero, CA (805) 466-0244 or 800-467-0244	
Jim Moffatt, Morgan Stanley, Paso Robles, CA (805) 239-0920 or 800-733-0920	
Trevor Morris, UBS Financial Services, Inc., Los Angeles, CA (213) 972-1511 or 800-443-5203	
Joey J. Warmenhoven, McAdams Wright Ragen, Portland, OR 503-922-4888 or 866-662-0351	

MEMBER FDIC

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1240 SPRING STREET • PASO ROBLES, CA 93446 TELEPHONE: (805) 239-1140	
1530 EAST GRAND AVENUE • ARROYO GRANDE, CA 93420 TELEPHONE: (805) 473-1988	
1825 SOUTH BROADWAY • SANTA MARIA, CA 93455 TELEPHONE: (805) 614-9100	

www.santaluciabank.com

INTERIM FINANCIAL REPORT

September 30, 2008



Financial Highlights

(Unaudited)

At Period End	Sept. 30, 2008	Sept. 30, 2007	Percentage Change
Deposits.....	\$ 213,391,732	\$ 221,893,648	- 3.83%
Loans.....	\$ 186,578,187	\$ 160,784,647	+ 16.04%
Assets.....	\$ 253,910,950	\$ 251,766,965	+ 0.85%
Common Shares			
Outstanding.....	1,923,053	1,936,773	- 0.71%
Book Value			
Common Shares.....	\$ 11.13	\$ 10.57	+ 5.31%
For the Nine Months Ending			
Net Income.....	\$ 1,250,643	\$ 2,347,495	- 46.72%
Earnings Per Share - Basic.....	\$ 0.65	\$ 1.21	- 46.28%
Earnings Per Share - Diluted.....	\$ 0.64	\$ 1.16	- 44.83%
Market Value - Common Shares.....	\$ 19.00	\$ 26.00	- 26.92%
Cash Dividends.....	\$ 0.50	\$ 0.45	+ 11.11%

SANTA LUCIA BANCORP

Statement of Financial Condition

(Unaudited)

Assets

	Sept. 30, 2008	Sept. 30, 2007
Investment Securities.....	\$ 40,840,778	\$ 54,977,615
Due from financial institutions (time deposits).....	-	-
Federal Funds sold.....	-	8,300,000
Loans, net of unearned income.....	186,578,187	160,784,647
Less reserve for loan loss.....	1,790,758	1,681,702
Total Interest Earning Assets.....	225,628,207	222,380,560
Cash & non-interest earning deposits.....	10,032,626	10,464,149
Fixed assets - at cost.....	8,636,143	8,926,284
Accrued interest receivable.....	1,249,015	1,411,748
Other assets.....	8,364,959	8,584,224
Total Assets.....	<u>\$ 253,910,950</u>	<u>\$ 251,766,965</u>

Liabilities & Stockholders' Equity

Deposits		
Demand.....	\$ 74,082,355	\$ 85,038,033
NOW accounts.....	12,917,730	13,285,337
Money market.....	28,003,102	25,697,949
Savings.....	26,748,625	27,448,210
Other time.....	71,639,920	70,424,119
Total Deposits.....	213,391,732	221,893,648
Short-term borrowings.....	9,500,000	-
Long-term borrowings.....	6,988,322	7,155,000
Other liabilities.....	2,625,829	2,236,950
Total Liabilities.....	232,505,883	231,285,598
Stockholders' equity		
Common stock no par value; authorized 20,000,000 shares; issued & outstanding 1,923,053 shares at Sept. 30, 2008 and 1,936,773 shares at Sept. 30, 2007.....	9,894,507	9,851,392
Additional Paid in Capital.....	468,601	313,443
Retained earnings.....	10,794,661	10,418,992
Net unrealized gains (losses), on available-for-sale securities.....	247,298	(102,460)
Total Stockholders' Equity.....	21,405,067	20,481,367
Total Liabilities and Stockholders' Equity....	<u>\$ 253,910,950</u>	<u>\$ 251,766,965</u>

Statement of Operations

Nine Months Ended

Sept. 30, 2008 and 2007 (Unaudited)

	Sept. 30, 2008	Sept. 30, 2007
Interest Income		
Loans and fees.....	\$ 9,772,618	\$ 11,411,996
Investment securities.....	1,785,462	1,626,696
Federal funds sold.....	23,577	240,422
Time deposits.....	-	-
Total Interest Income.....	11,581,657	13,279,114
Interest Expense		
Deposits.....	2,560,908	3,059,653
Short-term borrowings.....	151,592	8,023
Long-term borrowings.....	299,705	414,242
Total Interest Expense.....	3,012,205	3,481,918
Net Interest Income.....	8,569,452	9,797,196
Provision for loan losses....	200,000	-
Net Interest income after provision for loan losses ..	8,369,452	9,797,196
Non-Interest Income		
Service charges on deposit accounts.....	456,902	436,488
Other non-interest income.....	409,903	355,562
Total Non-Interest Income	866,805	792,050
Non-Interest Expense		
Salaries and employee benefits.....	4,221,550	3,904,612
Occupancy.....	484,699	468,419
Equipment.....	502,545	497,847
Other.....	2,029,820	1,849,873
Total Non-Interest Expense	7,238,614	6,720,751
Earnings before provision for income taxes.....	1,997,643	3,868,495
Provision for income taxes.....	747,000	1,521,000
NET EARNINGS.....	<u>\$ 1,250,643</u>	<u>\$ 2,347,495</u>
Earnings per share - Basic.....	\$ 0.65	\$ 1.21
Earnings per share - Diluted.....	<u>\$ 0.64</u>	<u>\$ 1.16</u>