

There's a lot to life, count on Peoples.

www.peoplesbank-wa.com

## Strong Numbers

December 2009

Peoples Bank is the leading locally-owned and operated community bank meeting the financial needs of businesses and families in Whatcom, Skagit, Island, Snohomish, King, Kitsap, Chelan and Douglas Counties. The bank is closely held and operates three principle business units: business banking, retail banking and home lending. Its network of twenty-seven locations provides customers with added convenience and the bank with a reliable source of core deposits.

	December 2009	December 2008
<b>Assets</b>	<i>(In thousands)</i>	
Cash & Due From Banks	123,193	33,416
Investments	29,564	16,405
Fed Funds Sold	367	390
<b>Loans to Business</b>		
Commercial & Industrial Loans	72,211	94,812
Commercial Real Estate Loans	420,698	433,703
Agriculture Loans	91,344	91,971
<b>Total Business Loans</b>	<b>584,253</b>	<b>620,487</b>
<b>Loans to Consumers</b>		
Car, Boat, RV & Other Consumer Loans	83,841	78,956
1st Mortgages	165,510	162,918
2nd Mortgages & Equity Lines of Credit	102,549	90,884
<b>Total Consumer Loans</b>	<b>342,899</b>	<b>332,758</b>
Non-Accrual Loans	12,814	7,704
Other Loans & Loans In Process	(735)	1,616
<b>Gross Loans</b>	<b>939,231</b>	<b>962,565</b>
Allowance For Loan Losses	(13,815)	(12,252)
<b>Net Loans</b>	<b>925,416</b>	<b>950,314</b>
Bank Premises	28,710	30,476
Other Real Estate	11,361	1,352
Other Assets	15,113	6,560
<b>TOTAL ASSETS</b>	<b>1,133,723</b>	<b>1,038,913</b>
<b>Liabilities</b>		
Deposits		
Non-Interest Bearing Deposits	198,258	177,443
Interest Bearing Deposits	812,144	757,342
<b>Total Deposits</b>	<b>1,010,402</b>	<b>934,784</b>
Borrowed Funds	18,000	19,000
Brokered Deposits	0	0
Other Liabilities	408	1,148
<b>TOTAL LIABILITIES</b>	<b>1,028,810</b>	<b>954,933</b>
<b>TOTAL CAPITAL</b>	<b>104,913</b>	<b>83,980</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>1,133,723</b>	<b>1,038,913</b>

These statements are unaudited.

Your deposits at Peoples Bank that total \$250,000 or less are fully insured by the FDIC. You can have more than \$250,000 and still be fully insured provided the accounts meet certain requirements. Your Peoples Bank account representative can explain how to best maximize your FDIC insurance. Additional information regarding deposit insurance is also available at [www.fdic.gov](http://www.fdic.gov)

### Financial Highlights:

- **Strong Loan Portfolio.**
  - **Well Diversified.** Peoples Bank has limited its exposure to commercial real estate construction and land development loans to less than 11% of total loans, which is a low concentration. In addition, Peoples is well diversified between loans to consumers and those to businesses.
  - **Few Non-performing Assets.** As of the last published quarterly call report on 9/30/09, the Washington State average for non-performing assets in banks over \$1 billion in assets was 10.04% of total assets. As of 12/31/09, Peoples Bank's non-performing assets were 2.13% of total assets.
- **Well Capitalized.** Peoples Bank is well capitalized at 9.25% equity capital to assets.
- **Stable Funding.** Peoples Bank does not use brokered deposits to fund banking operations.
- **Leading Lender.** Peoples Bank remains committed to meeting the credit needs of the local community.
  - **Home Lending** - This year, we have provided \$558 million in financing to nearly 2,400 homeowners for purchase or refinance of their homes.
  - **Business Lending** - We have extended over \$98 million in new loans and commitments to local businesses in 2009.
- **Local, Private Ownership.** Peoples Bank has been closely held and locally owned since 1921.
- **Top Rated.** In their most recent ratings, Bauer Financial awarded Peoples Bank an excellent rating of four stars.

**Peoples Bank**  
A higher level of service.