

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

www.peoplesbank-wa.com

Strong Numbers

June 2010

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, 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-four locations provides customers with added convenience and the bank with a reliable source of core deposits.

	June 2010	June 2009
Assets	<i>(In thousands)</i>	
Cash & Due From Banks	127,268	153,230
Investments	31,393	23,297
Fed Funds Sold	182	203
Loans to Business		
Commercial & Industrial Loans	72,256	88,996
Commercial Real Estate Loans	411,444	440,857
Agriculture Loans	92,262	86,169
Total Business Loans	575,962	616,022
Loans to Consumers		
Car, Boat, RV & Other Consumer Loans	84,848	80,462
1st Mortgages	149,824	159,738
2nd Mortgages & Equity Lines of Credit	102,036	99,338
Total Consumer Loans	336,707	339,538
Non-Accrual Loans	17,930	13,873
Other Loans & Loans In Process	(222)	(544)
Gross Loans	930,377	968,889
Allowance For Loan Losses	(13,892)	(12,661)
Net Loans	916,485	956,228
Bank Premises	27,744	29,980
Other Real Estate	9,152	4,841
Other Assets	13,684	6,844
TOTAL ASSETS	1,125,908	1,174,624
Liabilities		
Deposits		
Non-Interest Bearing Deposits	193,462	173,127
Interest Bearing Deposits	806,299	880,281
Total Deposits	999,761	1,053,407
Borrowed Funds	12,000	18,000
Brokered Deposits	0	0
Other Liabilities	(1,125)	368
TOTAL LIABILITIES	1,010,636	1,071,776
TOTAL CAPITAL	115,272	102,849
TOTAL LIABILITIES & EQUITY	1,125,908	1,174,624

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

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 10% 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 3/31/10, the Washington State average for non-performing assets in banks over \$1 billion in assets was 7.72% of total assets. As of 6/30/10, Peoples Bank's non-performing assets were 2.41% of total assets.
- **Well Capitalized.** The Bank remains well capitalized at 10.24% 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** - Year to date, the Bank has financed more than \$163 million in home loans.
 - **Business Lending** - The Bank has extended over \$78.2 million in new loans and commitments to local businesses year to date.
- **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.