



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

FIRST PEOPLES BANK (FPB BANCORP, INC.)

Person to be contacted regarding this report:	NANCY E. AUMACK, SR. VICE PRESIDENT & C.F.O.
UST Sequence Number:	179
CPP Funds Received:	5,800,000
CPP Funds Repaid to Date:	0
Date Funded (first funding):	Dec 5, 2008
Date Repaid ¹ :	N/A

RSSD: (For Bank Holding Companies)	3049671
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	34870
City:	PORT ST. LUCIE
State:	Florida

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	Although balance sheet loan growth only indicates \$2.3 million in 2009 (1.2%), \$36.2 million in new loan production was generated in 2009.
<input checked="" type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	Commercial real estate loans had the largest increase (13.1%).
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	

<input type="checkbox"/>	Make other investments	
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	\$5.0 million was added to the reserves in 2009, \$2.8 of which was the result of additional net charge-offs.
<input type="checkbox"/>	Reduce borrowings	
<input checked="" type="checkbox"/>	Increase charge-offs	Although the total charge-offs in 2009 were less overall than 2008, an additional \$3.0 million in charge-offs was added in 2009.
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input type="checkbox"/>	Held as non-leveraged increase to total capital	

What actions were you able to avoid because of the capital infusion of CPP funds?

In the 4th quarter of 2008, \$3.0 million of the \$5.8 million TARP funds was down-streamed to the Bank, which enhanced the Bank's capital ratios and resulted in the Bank's ability to remain in a well-capitalized position (10.88%, 9.63% and 8.27%). Additional capital down-streams were made in 2009 Q1 (\$1.3 million) and Q2 (\$1.8 million), assisting the Bank in remaining well-capitalized for those periods.

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

Actions taken in 2009 which may not have been possible without the capital infusion of the CPP Funds were:
(1) increases in loan originations; (2) increases in reserves for non-performing loans; and (2) increases in charge-offs.

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.