



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Peninsula Bank Holding Co.

Person to be contacted regarding this report:	Steve Leen
UST Sequence Number:	331
CPP Funds Received:	6,000,000
CPP Funds Repaid to Date:	0
Date Funded (first funding):	Jan 30, 2009
Date Repaid ¹ :	N/A

RSSD: (For Bank Holding Companies)	3680980
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	57510
City:	Palo Alto
State:	California

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.	We seek to maintain our Total Risk Based Capital Ratio above 12% during these difficult times. Without the additional capital we would have dropped to close to 10% and would have had to reduce lending to bring the ratio back up to the 12% level.
<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.).	We increased lending in the areas of commercial and asset based loans to small businesses and construction loans.
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	

<input type="checkbox"/> Make other investments	
<input type="checkbox"/> Increase reserves for non-performing assets	
<input type="checkbox"/> Reduce borrowings	
<input type="checkbox"/> Increase charge-offs	
<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?

Receipt of TARP funds also allowed us to avoid the curtailment of our lending. During these difficult times our Bank is seeking to maintain a Total Risk Based Capital Ratio of over 12% and without TARP funds we would have fallen close to 10%. As a result, we would have had to turn away loans in order to maintain capital close to the 12% level.

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

The capital infusion allowed us to continue lending to support business activity in our community. In addition, we were able to hire additional loan production personnel to generate growth made possible by the additional capital.

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.