



## ANNUAL USE OF CAPITAL SURVEY - 2009

### NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Peoples Bancorp

Person to be contacted regarding this report:	Lisa Holleman	RSSD: (For Bank Holding Companies)	0001030947
UST Sequence Number:	632	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP Funds Received:	18,000,000	FDIC Certificate Number: (For Depository Institutions)	06158
CPP Funds Repaid to Date:	0	City:	Lynden
Date Funded (first funding):	2/13/2009	State:	Washington
Date Repaid <sup>1</sup> :	N/A		

<sup>1</sup>If 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.	TARP funds have allowed us to maintain our institution's lending practices and remain an active participant in our local markets at a time when the uncertain economic environment and increased regulatory oversight would otherwise have made it difficult to lend.
<input 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.).	
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	

<input checked="" type="checkbox"/>	Make other investments	Because loan demand has been weak, the bulk of these funds have been invested in federal reserve deposits.
<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 checked="" type="checkbox"/>	Held as non-leveraged increase to total capital	Although our capital levels have consistently exceeded thresholds to be considered well capitalized, it is clear the industry may be expected to maintain higher levels in the future. The CPP capital has aided our efforts to improve our capital ratios.

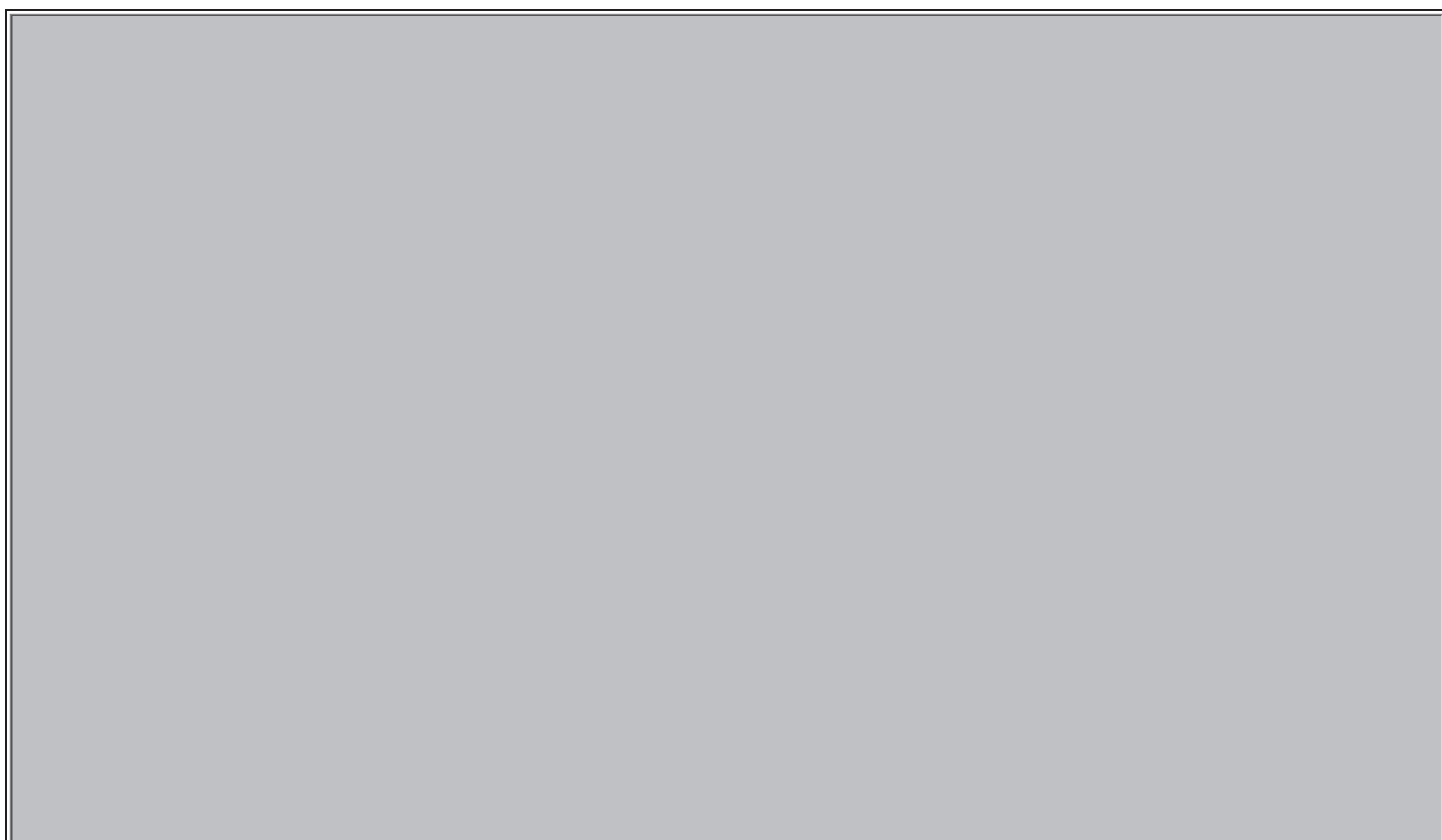
What actions were you able to avoid because of the capital infusion of CPP funds?

Because of the CPP capital infusion, we were able to avoid the elimination of lending programs.

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



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



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