#### Form 5500

Department of the Treasury Internal Revenue Service

Department of Labor Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

#### Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code).

> ▶ Complete all entries in accordance with the instructions to the Form 5500.

OMB Nos. 1210-0110 1210-0089

2009

					Inspection
Part I	Annual Report Ident				
For cale	ndar plan year 2009 or fiscal pl	an year beginning 01/01/2	009	and ending 1	2/31/2009
<b>A</b> This	return/report is for:	a multiemployer plan	; a multip	le-employer plan; or	
		a single-employer pla	ın; a DFE	(specify)	
		_	_		
<b>B</b> This	return/report is:	the first return/report;	the fina	I return/report;	
		an amended return/re	eport; a short	plan year return/report (	less than 12 months).
<b>C</b> If the	plan is a collectively-bargained	d plan, check here			
<b>D</b> Chec	k box if filing under:	X Form 5558;	automa	tic extension;	the DFVC program;
2 000	soxg unson	special extension (en	ter description)		
Part	II Rasic Plan Inform	ation—enter all requested			
	ne of plan	ation onto an requested	inomation		<b>1b</b> Three-digit plan
	S BANK SALARY INVESTME	NT & PROFIT SHARING PL	AN		number (PN) ▶ 001
					1c Effective date of plan
<b>30</b> Dis		/			01/01/1988
	n sponsor's name and address ress should include room or su		ployer plan)		<b>2b</b> Employer Identification Number (EIN)
`	ES BANCORP				91-1190346
					2c Sponsor's telephone
					number 360-715-4247
	OBURN STREET		00 WOBURN STREET	2d Business code (see	
BELLING	GHAM, WA 98226	BE	LLINGHAM, WA 98226	instructions)	
					522110
Caution	: A penalty for the late or inc	omplete filing of this returi	n/report will be assessed	l unless reasonable ca	use is established.
		_ · ·	•		eport, including accompanying schedules,
					nd belief, it is true, correct, and complete.
SIGN	Filed with authorized/valid elec	ctronic signature.	07/30/2010	DIANE SHELTON	
HERE	Signature of plan administr	rator	Date	Enter name of indivi	dual signing as plan administrator
SIGN					
HERE	Signature of employer/plan	sponsor	Date	Enter name of indivi	dual signing as employer or plan sponsor
	, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	•			
SIGN					
HERE				1	

Signature of DFE Date Enter name of individual signing as DFE For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Form 5500 (2009) v.092307.1

	F FF00 (0000)	<b>D</b>							
	Form 5500 (2009)	Pag	ge Z						
	Plan administrator's name and address (if same as plan sponsor, enter "Same")							Iministrator's El	N
	PLES BANCORP							-1190346 Iministrator's te	lenhone
	) WOBURN STREET LINGHAM, WA 98226						nι	ımber	орноно
							360	0-715-4247	
	If the name and/or EIN of the plan sponsor has changed since the last return/report file the plan number from the last return/report:	ed for th	his p	lan, en	ter the na	me, EIN	and	<b>4b</b> EIN 91-1190346	
	Sponsor's name PLES BANCORP							<b>4c</b> PN 001	
5	Total number of participants at the beginning of the plan year						5		429
6	Number of participants as of the end of the plan year (welfare plans complete only lines	s <b>6a, 6</b>	6b, 6d	<b>c</b> , and	6d).				
а	Active participants						6a		342
b	Retired or separated participants receiving benefits						6b		0
С	Other retired or separated participants entitled to future benefits						6c		57
d	Subtotal. Add lines <b>6a</b> , <b>6b</b> , and <b>6c</b>						6d		399
е	Deceased participants whose beneficiaries are receiving or are entitled to receive bene	efits					6e		0
f	Total. Add lines <b>6d</b> and <b>6e</b>						6f		399
~	Number of participants with account halances as of the and of the plan year (asly defin		~ + v: h ·	ام ممنئ					
	Number of participants with account balances as of the end of the plan year (only defin complete this item)						6g		338
h	Number of participants that terminated employment during the plan year with accrued by	benefits	ts tha	at were					
	less than 100% vested						6h		29
	Enter the total number of employers obligated to contribute to the plan (only multiempl	<u> </u>		•			7		
	If the plan provides pension benefits, enter the applicable pension feature codes from t E 2F 2G 2J 2K 2T 3D	the List	t of F	Plan Ch	aracteris	tic Codes	s in the	instructions:	
4	.L 21 20 20 21 21 3D								
<b>b</b> If	the plan provides welfare benefits, enter the applicable welfare feature codes from the	List of	Plar	n Chara	acteristic	Codes in	the ins	tructions:	
9a	Plan funding arrangement (check all that apply)  9b Plan	n bene	efit ar	rranger	nent (che	ck all tha	at apply)	1	
	(1) Insurance (1)			Insura					
	(2) Code section 412(e)(3) insurance contracts (2)			Code	section 4	12(e)(3) i	insurand	ce contracts	
	(3) X Trust (3)		X	Trust					
	(4) General assets of the sponsor (4)		<u> </u>		al assets				
10	Check all applicable boxes in 10a and 10b to indicate which schedules are attached, a	ınd, wh	nere i	indicate	ed, enter	he numb	oer attac	ched. (See inst	ructions)
а	Pension Schedules b Ge	neral S	Sche	edules					
	(1) R (Retirement Plan Information) (1)		X	Н	(Financ	ial Inform	nation)		

(2)

(3)

(4)

(5)

(6)

I (Financial Information – Small Plan)

**G** (Financial Transaction Schedules)

C (Service Provider Information)D (DFE/Participating Plan Information)

A (Insurance Information)

(2)

(3)

MB (Multiemployer Defined Benefit Plan and Certain Money

Purchase Plan Actuarial Information) - signed by the plan

SB (Single-Employer Defined Benefit Plan Actuarial

Information) - signed by the plan actuary

### SCHEDULE C (Form 5500)

Department of the Treasury Internal Revenue Service

Department of Labor Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

#### **Service Provider Information**

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

▶ File as an attachment to Form 5500.

OMB No. 1210-0110

2009

This Form is Open to Public Inspection.

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009	and ending 12/31/2009
A Name of plan PEOPLES BANK SALARY INVESTMENT & PROFIT SHARING PLAN	B Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500 PEOPLES BANCORP	D Employer Identification Number (EIN) 91-1190346
Part I Service Provider Information (see instructions)	
You must complete this Part, in accordance with the instructions, to report the inform or more in total compensation (i.e., money or anything else of monetary value) in coplan during the plan year. If a person received <b>only</b> eligible indirect compensation f answer line 1 but are not required to include that person when completing the remainstructions.	onnection with services rendered to the plan or the person's position with the for which the plan received the required disclosures, you are required to
1 Information on Persons Receiving Only Eligible Indirect Compa Check "Yes" or "No" to indicate whether you are excluding a person from the remain indirect compensation for which the plan received the required disclosures (see instructions).	nder of this Part because they received only eligible
b If you answered line 1a "Yes," enter the name and EIN or address of each person preceived only eligible indirect compensation. Complete as many entries as needed	
(b) Enter name and EIN or address of person who provided	d you disclosures on eligible indirect compensation
FIDELITY INV. INST. OPS. CO.	
04-2647786	
(b) Enter name and EIN or address of person who provided	d you disclosure on eligible indirect compensation
PIMCO FUNDS	
(b) Enter name and EIN or address of person who provided	d you disclosures on eligible indirect compensation
BARON CAPITAL GROUP	
(b) Enter name and EIN or address of person who provided	d you disclosures on eligible indirect compensation
RAINIER	

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	(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
	· · · · · · · · · · · · · · · · · · ·
ALLIANZ FUNDS	
	(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
	(a) and have and an all all of address of person time provided you decided on english mandel compensation.
	(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
	(a) Enter hame and Enter dadace of person who provided you disclosure on ong sie mander compensation
	(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
	(b) Enter hand and Ent of dadress of person who provided you displaced on engine mainted compensation
	(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
	(a)
	(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
	(a)
	(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
	(-)
	(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
	(W) Enter hame and Ent of address of person who provided you disclosures on eligible indirect compensation

answered	I "yes" to line 1a above	e, complete as many e	entries as needed to list ea	r Indirect Compensation ch person receiving, directly or ne plan or their position with the	indirectly, \$5,000 or more in to	otal compensation
			a) Enter name and EIN or	address (see instructions)		
FIDELITY I	NVESTMENTS INSTI			<u> </u>		
04-2647786	6					
(b) Service Code(s)	Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0	(h) Did the service provider give you a formula instead of an amount or estimated amount?
64 65 37 60	RECORDKEEPER	20192	Yes 🛛 No 🗍	Yes 🛛 No 🗌	0	Yes X No
		(	a) Enter name and EIN or	address (see instructions)	,	
(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)  Yes No	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?  Yes No	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0	(h) Did the service provider give you a formula instead of an amount or estimated amount?
		(	a) Enter name and EIN or	address (see instructions)		
(b) Service Code(s)	Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes No	Yes No		Yes No

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(a) Enter name and EIN or address (see instructions)							
(b)	(c)	(d)	(e)	(f)	(g)	(h)	
Service Code(s)	Relationship to employer, employee	Enter direct compensation paid	Did service provider receive indirect	Did indirect compensation include eligible indirect	Enter total indirect compensation received by	Did the service provider give you a	
	organization, or person known to be	by the plan. If none, enter -0	compensation? (sources other than plan or plan	compensation, for which the plan received the required	service provider excluding eligible indirect	formula instead of an amount or	
	a party-in-interest		sponsor)	disclosures?	compensation for which you answered "Yes" to element	estimated amount?	
					(f). If none, enter -0		
			Yes No	Yes No		Yes 📗 No 📗	
		(	a) Enter name and EIN or	address (see instructions)			
(b)	(c)	(d)	(e)	(f)	(g)	(h)	
Service Code(s)	Relationship to employer, employee	Enter direct compensation paid	Did service provider receive indirect	Did indirect compensation include eligible indirect	Enter total indirect compensation received by	Did the service provider give you a	
( )		by the plan. If none, enter -0	compensation? (sources other than plan or plan	compensation, for which the plan received the required	service provider excluding eligible indirect	formula instead of an amount or	
	a party-in-interest	Citici o .	sponsor)	disclosures?	compensation for which you answered "Yes" to element		
					(f). If none, enter -0		
			Yes No	Yes No		Yes   No	
			->-				
		(	a) Enter name and EIN or	address (see instructions)			
(b)	(c)	(d)	(e)	(f)	(g)	(h)	
Service Code(s)	Relationship to employer, employee	Enter direct compensation paid	Did service provider receive indirect	Did indirect compensation include eligible indirect	Enter total indirect compensation received by	Did the service provider give you a	
, ,	organization, or person known to be	by the plan. If none, enter -0	compensation? (sources other than plan or plan	compensation, for which the plan received the required	service provider excluding eligible indirect	formula instead of an amount or	
	a party-in-interest	0.1.01	sponsor)	disclosures?	compensation for which you answered "Yes" to element		
					(f). If none, enter -0		
			Yes   No	Yes No		Yes   No	

Schedule C (	Form	5500)	2009
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#### Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation			
FIDELITY INVESTMENTS INSTITUTIONAL	60	0			
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.				
ALLNZ NFJ DIV VAL AD - BOSTON FINAN	0.35%				
04-2526037					
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation			
FIDELITY INVESTMENTS INSTITUTIONAL	60	0			
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.				
BARON GROWTH - DST SYSTEMS, INC.	0.40%				
43-1581814					
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation			
FIDELITY INVESTMENTS INSTITUTIONAL	60	0			
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.				
PIMCO TOT RETURN ADM - BOSTON FINAN	0.25%				
04-2526037					

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#### Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	formula used to determine	compensation, including any e the service provider's eligibility the indirect compensation.
RAINIER SM/MID CAP - US BANCORP FUN 39-0281260		
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	formula used to determine	compensation, including any e the service provider's eligibility the indirect compensation.
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	formula used to determine	compensation, including any e the service provider's eligibility the indirect compensation.

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Part II Service Providers Who Fail or Refuse to Provide Information							
4 Provide, to the extent possible, the following information for earthis Schedule.	· · · · · · · · · · · · · · · · · · ·						
(a) Enter name and EIN or address of service provider (see instructions)							
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide					
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide					
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide					
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide					
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide					

Pa	Part III Termination Information on Accountants and Enrolled Actuaries (see instructions) (complete as many entries as needed)					
а	Name:	<b>b</b> EIN:				
С	Position:					
d	Address:	e Telephone:				
Ex	xplanation:					
а	Name:	<b>b</b> EIN:				
C	Position:	<b>4</b> 2				
d	Address:	e Telephone:				
Ex	xplanation:					
а	Name:	<b>b</b> EIN:				
C	Position:	D EIII.				
d	Address:	e Telephone:				
Ex	xplanation:					
а	Name:	<b>b</b> EIN;				
C	Position:	D LIN,				
d	Address:	<b>e</b> Telephone:				
	Address.	• relephone.				
Ex	xplanation:					
а	Name:	<b>b</b> EIN;				
C	Position:					
d	Address:	e Telephone:				
Ex	xplanation:					

#### **SCHEDULE D** (Form 5500)

Department of the Treasury Internal Revenue Service

Department of Labor Employee Benefits Security Administration

### **DFE/Participating Plan Information**

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

File as an attachment to Form 5500.

OMB No. 1210-0110

2009

This Form is Open to Public Inspection.

For calendar plan year 2009 or fiscal	plan year beginning	01/	01/2009 and	d end	ding 12/31/2009		
A Name of plan PEOPLES BANK SALARY INVESTMENT & PROFIT SHARING PLAN		В	Three-digit plan number (PN)	•	001		
C Plan or DFE sponsor's name as sh	own on line 2a of Forr	m 5500	)	D	Employer Identification I	Number (	EIN)
PEOPLES BANCORP					91-1190346	(	,
					91-1190346		
			PSAs, and 103-12 IEs (to be co	mpl	eted by plans and D	FEs)	
			eport all interests in DFEs)				
a Name of MTIA, CCT, PSA, or 103-	-12 IE: FID MGD INC	POR	Т				
<b>b</b> Name of sponsor of entity listed in	(a): FIDELITY MA	NAGE	MENT TRUST COMPANY				
<b>C</b> EIN-PN 04-3022712-024	<b>d</b> Entity code	е	Dollar value of interest in MTIA, CCT, 103-12 IE at end of year (see instruction		A, or		0
a Name of MTIA, CCT, PSA, or 103-	 -12 IE:						
<b>b</b> Name of sponsor of entity listed in	(a):						
C EIN-PN	<b>d</b> Entity code	е	Dollar value of interest in MTIA, CCT, 103-12 IE at end of year (see instructi		A, or		
a Name of MTIA, CCT, PSA, or 103-	-12 IF <sup>-</sup>						
Traine of William, Coll, Fort, or 100	12.12.						
<b>b</b> Name of sponsor of entity listed in		1_					
C EIN-PN	d Entity code	е	Dollar value of interest in MTIA, CCT, 103-12 IE at end of year (see instruction)		A, or		
a Name of MTIA, CCT, PSA, or 103-	-12 IE:						
<b>b</b> Name of sponsor of entity listed in	(a):						
C EIN-PN	<b>d</b> Entity	е	Dollar value of interest in MTIA, CCT,		A, or		
C EINT IV	code		103-12 IE at end of year (see instructi	ions)			
a Name of MTIA, CCT, PSA, or 103-	-12 IE:						
<b>b</b> Name of sponsor of entity listed in	(a):						
C EIN-PN	<b>d</b> Entity	е	Dollar value of interest in MTIA, CCT,				
O LINTIN	code		103-12 IE at end of year (see instructi	ons)			
a Name of MTIA, CCT, PSA, or 103-	-12 IE:						
<b>b</b> Name of sponsor of entity listed in (a):							
C EIN-PN	<b>d</b> Entity code	е	Dollar value of interest in MTIA, CCT, 103-12 IE at end of year (see instructi		•		
a Name of MTIA, CCT, PSA, or 103-	-12 IE:						
<b>b</b> Name of sponsor of entity listed in	(a):						
C EIN-PN	<b>d</b> Entity code	е	Dollar value of interest in MTIA, CCT, 103-12 IE at end of year (see instructi				

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a Name of MTIA, CCT, PSA, or 103	-12 IE:					
<b>b</b> Name of sponsor of entity listed in	ı (a):					
C EIN-PN	<b>d</b> Entity code	Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)				
a Name of MTIA, CCT, PSA, or 103	-12 IE:					
<b>b</b> Name of sponsor of entity listed in	ı (a):					
C EIN-PN	<b>d</b> Entity code	Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)				
a Name of MTIA, CCT, PSA, or 103	-12 IE:					
<b>b</b> Name of sponsor of entity listed in	ı (a):					
C EIN-PN	<b>d</b> Entity code	Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)				
a Name of MTIA, CCT, PSA, or 103	-12 IE:					
<b>b</b> Name of sponsor of entity listed in	ı (a):					
C EIN-PN	<b>d</b> Entity code	Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)				
a Name of MTIA, CCT, PSA, or 103	-12 IE:					
<b>b</b> Name of sponsor of entity listed in	ı (a):					
C EIN-PN	<b>d</b> Entity code	Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)				
a Name of MTIA, CCT, PSA, or 103	-12 IE:					
<b>b</b> Name of sponsor of entity listed in	ı (a):					
C EIN-PN	<b>d</b> Entity code	Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)				
a Name of MTIA, CCT, PSA, or 103	-12 IE:					
<b>b</b> Name of sponsor of entity listed in	n (a):					
C EIN-PN	<b>d</b> Entity code	Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)				
a Name of MTIA, CCT, PSA, or 103	-12 IE:					
<b>b</b> Name of sponsor of entity listed in	ı (a):					
C EIN-PN	<b>d</b> Entity code	Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)				
a Name of MTIA, CCT, PSA, or 103-12 IE:						
<b>b</b> Name of sponsor of entity listed in	ı (a):					

Dollar value of interest in MTIA, CCT, PSA, or

Dollar value of interest in MTIA, CCT, PSA, or

103-12 IE at end of year (see instructions)

103-12 IE at end of year (see instructions)

**d** Entity

**d** Entity

code

code

C EIN-PN

C EIN-PN

a Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

е

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Р	art II	Information on Participating Plans (to be completed by DFEs) (Complete as many entries as needed to report all participating plans)		
а	Plan na			
b	Name o		С	EIN-PN
а	Plan na	me		
b	Name o		С	EIN-PN
a	Plan na	me		
b	Name o		С	EIN-PN
а	Plan na	me		
b	Name of plan sp		С	EIN-PN
а	Plan na	me		
b	Name of plan sp		С	EIN-PN
а	Plan na	me		
b	Name of plan sp		С	EIN-PN
а	Plan na	me		
b	Name of plan sp		С	EIN-PN
а	Plan na	me		
b	Name of plan sp		С	EIN-PN
а	Plan na	me		
b	Name of plan sp		С	EIN-PN
а	Plan na	me		
b	Name of plan sp		С	EIN-PN
а	Plan na	me		
b	Name of plan sp		С	EIN-PN
а	Plan na	me		
b	Name o		С	EIN-PN

#### **SCHEDULE H** (Form 5500)

Department of the Treasury Internal Revenue Service

Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

**Financial Information** 

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

File as an attachment to Form 5500.

OMB No. 1210-0110

2009

This Form is Open to Public Inspection

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009		and	ending 12/31/2009			
A Name of plan				B Three-digit		
PEOPLES BANK SALARY INVESTMENT & PROFIT SHARING PLAN		plan number (Pl	N) <b>•</b>	001		
C Plan sponsor's name as shown on line 2a of Form 5500			D Employer Identifi	cation Number	(EIN)	
PEOPLES BANCORP			04.4400040			
			91-1190346			
Part I Asset and Liability Statement						
1 Current value of plan assets and liabilities at the beginning and end of the plan						
the value of the plan's interest in a commingled fund containing the assets of r						
lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance benefit at a future date. <b>Round off amounts to the nearest dollar.</b> MTIAs, C						
and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. Se						
Assets		<b>(a)</b> B	eginning of Year	<b>(b)</b> En	d of Year	
a Total noninterest-bearing cash	1a					
<b>b</b> Receivables (less allowance for doubtful accounts):						
(1) Employer contributions	1b(1)					
(2) Participant contributions	1b(2)					
(3) Other	1b(3)					
<b>c</b> General investments:						
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		1612348		2222815	
(2) U.S. Government securities	1c(2)					
(3) Corporate debt instruments (other than employer securities):						
(A) Preferred	1c(3)(A)					
(B) All other	1c(3)(B)					
(4) Corporate stocks (other than employer securities):						
(A) Preferred	1c(4)(A)					
(B) Common	1c(4)(B)					
(5) Partnership/joint venture interests	1c(5)					

1c(6)

1c(7)

1c(8)

1c(9)

1c(10)

1c(11)

1c(12)

1c(13)

1c(14)

1c(15)

(6) Real estate (other than employer real property) .....

(7) Loans (other than to participants) ......

(8) Participant loans .....

(9) Value of interest in common/collective trusts.....

(10) Value of interest in pooled separate accounts.....

(11) Value of interest in master trust investment accounts .....

(12) Value of interest in 103-12 investment entities ...... (13) Value of interest in registered investment companies (e.g., mutual

(15) Other.....

contracts).....

funds)..... (14) Value of funds held in insurance company general account (unallocated 394248

10196644

367800

463168

6529151

1d	Employer-related investments:		(a) Beginning of Year	(b) End of Year
	(1) Employer securities	1d(1)		
	(2) Employer real property	1d(2)		
е	Buildings and other property used in plan operation	1e		
f	Total assets (add all amounts in lines 1a through 1e)	1f	8972467	12813707
	Liabilities			
g	Benefit claims payable	1g		
h	Operating payables	1h		
i	Acquisition indebtedness	1i		
j	Other liabilities	1j		
k	Total liabilities (add all amounts in lines 1g through1j)	1k	0	0
	Net Assets			
I	Net assets (subtract line 1k from line 1f)	11	8972467	12813707

#### Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	885753	
(B) Participants	2a(1)(B)	1154237	
(C) Others (including rollovers)	2a(1)(C)	30129	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A), (B), (C), and line 2a(2)	2a(3)		2070119
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	10378	
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	19242	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		29620
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	158208	
(D) Total dividends. Add lines 2b(2)(A), (B), and (C)	2b(2)(D)		158208
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		

Expenses  Benefit payment and payments to provide benefits:  (1) Directly to participants or beneficiaries, including direct rollovers				(a) Amount	(b) Total
C) Total unrealized appreciation of assets. Add ilines 26(9/A) and (8).  (6) Net investment gain (loss) from common/collective trusts.  (7) Net investment gain (loss) from pooded separate accounts.  (8) Net investment gain (loss) from posded separate accounts.  (9) Net investment gain (loss) from master trust investment accounts.  (10) Net investment gain (loss) from master trust investment accounts.  (10) Net investment gain (loss) from master trust investment accounts.  (10) Net investment gain (loss) from total-trustment entities.  (10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).  (2) Content income.  (3) Other income.  (4) Total income. Add all income amounts in column (b) and enter total.  (5) Total common and gayments to provide benefits:  (1) Directly to participants or beneficiaries, including direct rollovers.  (2) To insurance carriers for the provision of benefits.  (2) To insurance carriers for the provision of benefits.  (2) To insurance carriers for the provision of benefits.  (2) To insurance carriers for the provision of benefits.  (2) To insurance carriers for the provision of benefits.  (2) To insurance carriers for the provision of benefits.  (2) To insurance carriers for the provision of benefits.  (2) To insurance carriers for the provision of benefits.  (2) To insurance carriers for the provision of benefits.  (2) Contract distributions (see instructions).  (2) Corrective distributions of participant loans (see instructions).  (2) Contract administrative expenses: (1) Professional fees.  (2) Contract administrative expenses: (1) Professional fees.  (2) Contract administrative expenses. Add lines 28(1) through (4).  (2) Contract administrative expenses. Add lines 28(1) through (4).  (3) Investment advisory and management fees.  (2) Contract administrative expenses. Add lines 28(1) through (4).  (5) Total administrative expenses. Add lines 28(1) through (4).  (6) Total administrative expenses. Add lines 28(1) through (4).  (7) To this plan.  (1) To t	2b	(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
Add lines 2b(5)(A) and (B).		(B) Other	2b(5)(B)		
(7) Net investment gain (loss) from pooled separate accounts			2b(5)(C)		
(8) Net investment gain (loss) from master trust investment accounts		(6) Net investment gain (loss) from common/collective trusts	2b(6)		26917
(9) Net investment gain (loss) from registered investment companies (e.g., mutual funds)		(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(10) Net investment gain (loss) from registered investment companies (e.g., mitual funds)		(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
C Other income		(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
Total income. Add all income amounts in column (b) and enter total	(	. ,	2b(10)		2247749
Expenses  Benefit payment and payments to provide benefits:  (1) Directly to participants or beneficiaries, including direct rollovers	С	Other income	2c		
e Benefit payment and payments to provide benefits:  (1) Directly to participants or beneficiaries, including direct rollovers	d	Total income. Add all <b>income</b> amounts in column (b) and enter total	2d		4532613
(1) Directly to participants or beneficiaries, including direct rollovers (2) To insurance carriers for the provision of benefits (2) To insurance carriers for the provision of benefits (3) Other		Expenses			
(2) To insurance carriers for the provision of benefits 2e(3)  (3) Other 2e(3)  (4) Total benefit payments. Add lines 2e(1) through (3)	е	Benefit payment and payments to provide benefits:			
(3) Other (4) Total benefit payments. Add lines 2e(1) through (3)		(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	671168	
(4) Total benefit payments. Add lines 2e(1) through (3)		(2) To insurance carriers for the provision of benefits	2e(2)		
f Corrective distributions (see instructions)		(3) Other	2e(3)		
Gertain deemed distributions of participant loans (see instructions)		(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		671168
h Interest expense	f	Corrective distributions (see instructions)	2f		
Administrative expenses: (1) Professional fees	g	Certain deemed distributions of participant loans (see instructions)	2g		
(2) Contract administrator fees	h	Interest expense	2h	ĺ	
(3) Investment advisory and management fees 2i(3) 2i(4) 20205  (4) Other 2i(4) 20205  (5) Total administrative expenses. Add lines 2i(1) through (4) 2i(5) 20205  j Total expenses. Add all expense amounts in column (b) and enter total 2j 691373  Net Income and Reconciliation  k Net income (loss). Subtract line 2j from line 2d 2k 3841240  l Transfers of assets: 2l(1) To this plan 2ll(1) 2l(2)  Part III Accountant's Opinion  3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.  a The attached opinion of an independent qualified public accountant for this plan is (see instructions):  (1) Unqualified (2) Qualified (3) Disclaimer (4) Adverse  b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? Yes No  c Enter the name and EIN of the accountant (or accounting firm) below:  (1) Name: MOSS ADAMS (2) EIN: 91-0189318  d The opinion of an independent qualified public accountant is not attached because:	i	Administrative expenses: (1) Professional fees	2i(1)		
(3) Investment advisory and management fees 2i(4) 2i(4) 20205  (4) Other 2i(4) 2i(4) 20205  (5) Total administrative expenses. Add lines 2i(1) through (4) 2i(5) 20205  j Total expenses. Add all expense amounts in column (b) and enter total 2j 691373  Net Income and Reconciliation  k Net income (loss). Subtract line 2j from line 2d 2k 3841240  l Transfers of assets: 2l(1) To this plan 2l(1) 2l(2)  Part III Accountant's Opinion  3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.  a The attached opinion of an independent qualified public accountant for this plan is (see instructions):  (1) Unqualified (2) Qualified (3) Disclaimer (4) Adverse  b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? Yes No  c Enter the name and EIN of the accountant (or accounting firm) below:  (1) Name: MOSS ADAMS (2) EIN: 91-0189318  d The opinion of an independent qualified public accountant is not attached because:		(2) Contract administrator fees	2i(2)		
(4) Other		` '	2i(3)		
(5) Total administrative expenses. Add lines 2i(1) through (4)		, ,	2i(4)	20205	
Total expenses. Add all expense amounts in column (b) and enter total		``	2i(5)		20205
Net Income and Reconciliation  k Net income (loss). Subtract line 2j from line 2d	i	(,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	2j		691373
k Net income (loss). Subtract line 2j from line 2d	,	· · · · · · · · · · · · · · · · · · ·			
I Transfers of assets:  (1) To this plan	k	The state of the s	2k		3841240
(1) To this plan	ı				
Part III Accountant's Opinion  3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.  a The attached opinion of an independent qualified public accountant for this plan is (see instructions):  (1) Unqualified (2) Qualified (3) Disclaimer (4) Adverse  b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)?  c Enter the name and EIN of the accountant (or accounting firm) below:  (1) Name: MOSS ADAMS  (2) EIN: 91-0189318  d The opinion of an independent qualified public accountant is not attached because:			21(1)		
Part III Accountant's Opinion  3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.  a The attached opinion of an independent qualified public accountant for this plan is (see instructions):  (1) Unqualified (2) Qualified (3) Disclaimer (4) Adverse  b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)?  c Enter the name and EIN of the accountant (or accounting firm) below:  (1) Name: MOSS ADAMS  (2) EIN: 91-0189318  d The opinion of an independent qualified public accountant is not attached because:					
Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.  a The attached opinion of an independent qualified public accountant for this plan is (see instructions):  (1) Unqualified (2) Qualified (3) Disclaimer (4) Adverse  b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)?  C Enter the name and EIN of the accountant (or accounting firm) below:  (1) Name: MOSS ADAMS  (2) EIN: 91-0189318  d The opinion of an independent qualified public accountant is not attached because:		(2) From this plan	( )		
attached.  a The attached opinion of an independent qualified public accountant for this plan is (see instructions):  (1) Unqualified (2) Qualified (3) Disclaimer (4) Adverse  b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)?  C Enter the name and EIN of the accountant (or accounting firm) below:  (1) Name: MOSS ADAMS  (2) EIN: 91-0189318  d The opinion of an independent qualified public accountant is not attached because:	Pa	rt III Accountant's Opinion			
(1) Unqualified (2) Qualified (3) Disclaimer (4) Adverse  b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? Yes No  c Enter the name and EIN of the accountant (or accounting firm) below:  (1) Name: MOSS ADAMS (2) EIN: 91-0189318  d The opinion of an independent qualified public accountant is not attached because:			ccountant is	attached to this Form 5500. Comp	olete line 3d if an opinion is not
b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)?  C Enter the name and EIN of the accountant (or accounting firm) below:  (1) Name: MOSS ADAMS  (2) EIN: 91-0189318  d The opinion of an independent qualified public accountant is not attached because:	a T	The attached opinion of an independent qualified public accountant for this plan	is (see instr	ructions):	
C Enter the name and EIN of the accountant (or accounting firm) below:  (1) Name: MOSS ADAMS  (2) EIN: 91-0189318  d The opinion of an independent qualified public accountant is not attached because:		(1) Unqualified (2) Qualified (3) X Disclaimer (4)	Adverse		
(1) Name: MOSS ADAMS (2) EIN: 91-0189318  d The opinion of an independent qualified public accountant is not attached because:	<b>b</b> [	Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-	8 and/or 10	3-12(d)?	X Yes No
<b>d</b> The opinion of an independent qualified public accountant is <b>not attached</b> because:	C	Enter the name and EIN of the accountant (or accounting firm) below:			
		(1) Name: MOSS ADAMS		(2) EIN: 91-0189318	
	d⊺			ext Form 5500 pursuant to 29 CFR	2 2520.104-50.

Pai	rt IV	Compliance Questions					
4		and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 2 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.	4f, 4g,	4h, 4k, 4	m, 4n, or	5.	
	During	the plan year:		Yes	No	An	nount
а	period	nere a failure to transmit to the plan any participant contributions within the time described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures ally corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)	4a		X		
b	close o	any loans by the plan or fixed income obligations due the plan in default as of the of the plan year or classified during the year as uncollectible? Disregard participant loans ed by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is			X		
С	Were	ed.)any leases to which the plan was a party in default or classified during the year as ectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4b 4c		X		
d	report	there any nonexempt transactions with any party-in-interest? (Do not include transactions ed on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is ed.)	4d		X		
е	Mac t	nis plan covered by a fidelity bond?	4e	X			1000000
f	Did the	e plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused ud or dishonesty?	4e		X		100000
g	Did the	e plan hold any assets whose current value was neither readily determinable on an ished market nor set by an independent third party appraiser?	4g		X		
h	Did the	e plan receive any noncash contributions whose value was neither readily ninable on an established market nor set by an independent third party appraiser?			X		
i	Did the	e plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, se instructions for format requirements.)	4h	X	^		
j	Were value	any plan transactions or series of transactions in excess of 5% of the current of plan assets? (Attach schedule of transactions if "Yes" is checked, and structions for format requirements.)	4i 4j		X		
k		all the plan assets either distributed to participants or beneficiaries, transferred to another or brought under the control of the PBGC?	4k		X		
I	Has th	e plan failed to provide any benefit when due under the plan?	41		X		
m		is an individual account plan, was there a blackout period? (See instructions and 29 CFR 101-3.)	4m		Х		
n		was answered "Yes," check the "Yes" box if you either provided the required notice or one exceptions to providing the notice applied under 29 CFR 2520.101-3	4n		X		
5a		resolution to terminate the plan been adopted during the plan year or any prior plan year? enter the amount of any plan assets that reverted to the employer this year	Yes	X No	Amou	nt:	
5b		ng this plan year, any assets or liabilities were transferred from this plan to another plan(s) erred. (See instructions.)	, ident	fy the pla	ın(s) to wh	nich assets or lia	abilities were
	5b(1)	Name of plan(s)			<b>5b(2)</b> EIN	l(s)	<b>5b(3)</b> PN(s)

#### **SCHEDULE R** (Form 5500)

Department of the Treasury Internal Revenue Service

Department of Labor Employee Benefits Security Administration **Retirement Plan Information** 

This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).

File as an attachment to Form 5500.

OMB No. 1210-0110

2009

This Form is Open to Public Inspection.

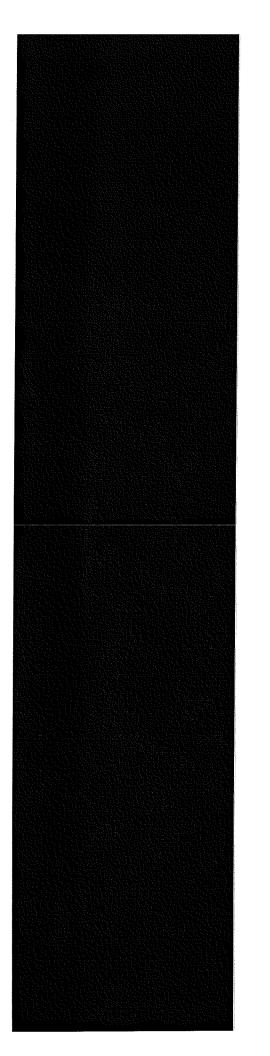
	Pension Be	enefit Guaranty Corporation							mspecu			
For		plan year 2009 or fiscal pl	an year beginning	01/01/2009	ar	nd ending	12/31/	2009				
	lame of p	olan NNK SALARY INVESTMEN	T & PROFIT SHARING	G PLAN		В	Three-digit plan numb (PN)		001			
		sor's name as shown on lir	ne 2a of Form 5500			D	Employer Id	dentificat	tion Numbe	er (EIN	)	
PEUI	PLES BA	ANCORP					91-11903	346				
		Distributions										
Allı	referenc	es to distributions relate	only to payments of	benefits during the plan	year.							
1		alue of distributions paid in ions										0
2		ne EIN(s) of payor(s) who p who paid the greatest dolla			or beneficiaries	during th	e year (if mo	ore than t	two, enter	EINs of	f the t	wo
	EIN(s)	04-6568107										
	` '		d atack hanna plans	okin line 2								
_		sharing plans, ESOPs, an	•	•				1				
3		r of participants (living or de	,									
_	_						Ū					
Pa	art II	ERISA section 302, skip		subject to the minimum fun	nding requiremen	nts of sec	tion of 412 o	of the Inte	ernal Reve	nue Co	ode or	
4	la tha ni	lan administrator making an		otion 412(d)(2) or EDICA on	ation 202(d)(2)2		Г	Yes		lo	П	N/A
-		-		CIIOT 412(U)(2) OF ERISA SE	:clion 302(d)(2) ?			103	⊔ .	••	Ш	14/7
_	ii the p	lan is a defined benefit pl	ian, go to line 6.									
5		ver of the minimum funding		ear is being amortized in tl	his							
		·		ig letter granting the waive	er. Date: N			ay		ear		
	If you o	completed line 5, complet	te lines 3, 9, and 10 o	f Schedule MB and do n	er. Date: Not complete the	remain	der of this s			ear		_
6	If you o	·	te lines 3, 9, and 10 o	f Schedule MB and do n	er. Date: Not complete the	remain	der of this s			ear		
6	If you o	completed line 5, complet	te lines 3, 9, and 10 o	f Schedule MB and do no	er. Date: N ot complete the	remain	der of this s			ear		
6	a Ente b Ente c Sub	completed line 5, completer the minimum required co	te lines 3, 9, and 10 on ontribution for this plan by the employer to the from the amount in line	f Schedule MB and do no year plan for this plan year e 6a. Enter the result	ot complete the	remaind	der of this s 6a 6b			ear		
6	if you can Enter b Enter c Sub (enter the can be can be calculated as a can be calculated a	completed line 5, complete the minimum required concerning the amount contributed by tract the amount in line 6b ter a minus sign to the left of	te lines 3, 9, and 10 or ontribution for this plan by the employer to the from the amount in line of a negative amount).	f Schedule MB and do no year plan for this plan year e 6a. Enter the result	ot complete the	remaind	der of this s 6a 6b			ear		
6 7	if you co	completed line 5, complete er the minimum required contributed to tract the amount in line 6b	te lines 3, 9, and 10 or ontribution for this plan by the employer to the from the amount in line of a negative amount).	f Schedule MB and do no year plan for this plan year e 6a. Enter the result	ot complete the	remaind	der of this s 6a 6b			ear		N/A
7	If you ca Enter b Enter C Sub (enter the Will the	er the minimum required corer the amount contributed by tract the amount in line 6b ter a minus sign to the left of completed line 6c, skip line minimum funding amount	te lines 3, 9, and 10 or ontribution for this plan by the employer to the from the amount in line of a negative amount).  These 8 and 9.  The reported on line 6c be	f Schedule MB and do no year plan for this plan year e 6a. Enter the result met by the funding deadli	ot complete the	remaind	der of this s 6a 6b 6c	chedule				N/A
	If you ca Enter b Enter C Sub (enter lif you ca Will the	er the minimum required corer the amount contributed botract the amount in line 6b ter a minus sign to the left completed line 6c, skip line	te lines 3, 9, and 10 or ontribution for this plan by the employer to the from the amount in line of a negative amount).  These 8 and 9.  The reported on line 6c be and was made for this plant.	f Schedule MB and do no year plan for this plan year e 6a. Enter the result met by the funding deadli	ot complete the	remaind	der of this s 6a 6b 6c	Yes	<u>.</u>			N/A
7 8	If you case a Enter b Enter b Enter c Sub- (enter the your case) Will the life a chall automa with the	completed line 5, complete or the minimum required concern the amount contributed by the completed line 6c, skip line minimum funding amount amount contributed line for skip line minimum funding amount concern in actuarial cost method the complete change?	te lines 3, 9, and 10 or ontribution for this plan by the employer to the from the amount in line of a negative amount).  These 8 and 9.  The reported on line 6c be and was made for this plant.	f Schedule MB and do no year plan for this plan year e 6a. Enter the result met by the funding deadli	ot complete the	remaind	der of this s 6a 6b 6c	Yes		lo		
7 8	If you case a Enter beautify and the case an	er the minimum required core the amount contributed by tract the amount in line 6by ter a minus sign to the left of completed line 6c, skip line minimum funding amount ange in actuarial cost method tic approval for the change e change?	te lines 3, 9, and 10 or ontribution for this plan by the employer to the from the amount in line of a negative amount).  The second on line 6c be and was made for this plan or a class ruling letter	f Schedule MB and do no year	ne?	remaind	der of this s 6a 6b 6c	Yes		lo		
7 8	If you can a Enter be	er the minimum required core the amount contributed by tract the amount in line 6by ter a minus sign to the left of completed line 6c, skip line minimum funding amount ange in actuarial cost method tic approval for the change exchange?  Amendments  a defined benefit pension	te lines 3, 9, and 10 or ontribution for this plan by the employer to the from the amount in line of a negative amount).  The second was made for this plan or a class ruling letter applan, were any amended.	f Schedule MB and do no year	ne?	remaind	der of this s 6a 6b 6c	Yes		lo		
7 8	If you can a Enter be	er the minimum required core the amount contributed by tract the amount in line 6by ter a minus sign to the left of completed line 6c, skip line minimum funding amount ange in actuarial cost method tic approval for the change e change?	te lines 3, 9, and 10 or ontribution for this plan by the employer to the from the amount in line of a negative amount).  The second was made for this plan or a class ruling letter plan, were any amendathe value of benefits? I	f Schedule MB and do not year	ne?  procedure procedure proplan administra	remaind	der of this s 6a 6b 6c	Yes		lo		N/A
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7 8 Pa	If you can a Enter be Enter Can Sub (enter the sub can	er the minimum required core the amount contributed by tract the amount in line 6by ter a minus sign to the left of completed line 6c, skip line minimum funding amount amount amount of the completed line for the change of change?	te lines 3, 9, and 10 or ontribution for this plan by the employer to the from the amount in line of a negative amount).  The second on line 6c be and was made for this plan or a class ruling letter plan, were any amend the value of benefits? I decirons). If this is not a	f Schedule MB and do not year	ne?	providing tor agree	der of this s 6a 6b 6c Deci	Yes Yes al Rever	Both	lo		N/A
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Pa	rt V		Additional Information for Multiemployer Defined Benefit Pension Plans							
13			llowing information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in ee instructions. Complete as many entries as needed to report all applicable employers.							
	а	Name	Name of contributing employer							
	b	EIN	EIN C Dollar amount contributed by employer							
	d		Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year							
	е	comple (1)	Contribution rate information (If more than one rate applies, check this box and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)  (1) Contribution rate (in dollars and cents)							
	а	Name	of contributing employer							
	b	EIN	C Dollar amount contributed by employer							
	d	Date c	ollective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box							
	е	comple (1)	oution rate information (If more than one rate applies, check this box and see instructions regarding required attachment. Otherwise, ete items 13e(1) and 13e(2).) Contribution rate (in dollars and cents) Base unit measure: Hourly Weekly Unit of production Other (specify):							
	а	Name	of contributing employer							
	b	EIN	C Dollar amount contributed by employer							
	d		ollective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box							
	е	comple (1)	oution rate information (If more than one rate applies, check this box and see instructions regarding required attachment. Otherwise, ete items 13e(1) and 13e(2).) Contribution rate (in dollars and cents) Base unit measure: Hourly Weekly Unit of production Other (specify):							
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	е	Contribution rate information (If more than one rate applies, check this box and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)  (1) Contribution rate (in dollars and cents)  (2) Base unit measure: Hourly Weekly Unit of production Other (specify):								
	а	Name	of contributing employer							
	b	EIN	C Dollar amount contributed by employer							
	d		ollective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box							
	е	Contrib comple (1)	oution rate information (If more than one rate applies, check this box and see instructions regarding required attachment. Otherwise, ete items 13e(1) and 13e(2).) Contribution rate (in dollars and cents) Base unit measure: Hourly Weekly Unit of production Other (specify):							

Pac	ae	3
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14	participant for:						
	a The current year	14a					
	<b>b</b> The plan year immediately preceding the current plan year	14b	_				
	C The second preceding plan year	14c					
15	Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to ma employer contribution during the current plan year to:	ke an					
	a The corresponding number for the plan year immediately preceding the current plan year	15a					
	<b>b</b> The corresponding number for the second preceding plan year	15b					
16	Information with respect to any employers who withdrew from the plan during the preceding plan year:						
	a Enter the number of employers who withdrew during the preceding plan year	16a					
	<b>b</b> If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b					
17	If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, chapplemental information to be included as an attachment.						
Pa	art VI Additional Information for Single-Employer and Multiemployer Defined Benefi	t Pension Plan	ıS				
18	If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see in information to be included as an attachment						
19	If the total number of participants is 1,000 or more, complete items (a) through (c)						
	a Enter the percentage of plan assets held as:						
	Stock:% Investment-Grade Debt:% High-Yield Debt:% Real Estate:	_% Other:	_%				
	b Provide the average duration of the combined investment-grade and high-yield debt:  0-3 years 3-6 years 6-9 years 9-12 years 12-15 years 15-18 years 18-2	21 years	ears or more				
	C What duration measure was used to calculate item 19(b)?	. ц ,					
	☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):						



Communication with those Charged with Governance and Internal Control Related Matters

December 31, 2009

# COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE AND INTERNAL CONTROL RELATED MATTERS

To the Trustees, Charles LeCocq and Russ Lee Peoples Bank Salary Investment and Profit Sharing Plan

We have completed a Department of Labor (DOL) limited scope audit of the financial statements of Peoples Bank Salary Investment and Profit Sharing Plan (the "Plan") as of December 31, 2009 and 2008 and for the year ended December 31, 2009. As permitted by 29 CFR 2520.103-8 of the DOL's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 7 to those financial statements. Because of the significance of the information that we did not audit, we are unable to, and have not, expressed an opinion on those financial statements and schedule taken as a whole.

Matters required to be communicated include the following:

- Auditor's responsibility under auditing standards generally accepted in the United States of America
- Other information in documents containing audited financial statements
- Planned scope and timing of the audit
- Qualitative aspects of accounting practices
- Significant accounting estimates
- Financial statement disclosures
- Significant difficulties encountered in performing the audit
- Corrected and uncorrected misstatements
- Disagreements with management
- Management representations
- Management consultation with other independent accountants
- Major issues discussed with management prior to retention of the auditor
- Independence
- Communication of internal control related matters

### OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA

As part of our audit we considered the internal control of the Plan, except that we did not, as part of the scope limitation discussed in the first paragraph, include a consideration of internal control relating to the information summarized in Note 7 to those financial statements. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

### MOSS-ADAMS LLP

To the Trustees, Charles LeCocq and Russ Lee Peoples Bank Salary Investment and Profit Sharing Plan Page 2 of 5

Our responsibility is to plan and perform the audit in accordance with generally accepted auditing standards and to design the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we considered the Plan's internal control solely for the purposes of determining our audit procedures and not to provide assurance concerning such internal control.

We are also responsible for communicating significant matters related to the financial statement audit that, in our professional judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

You should understand that our audit is not specifically designed for and should not be relied upon to disclose matters affecting plan qualifications or compliance with the ERISA and Internal Revenue Code requirements. If during the audit we become aware of any instances of any such matters or ways in which management practices can be improved, we will communicate them to you.

### OTHER INFORMATION IN DOCUMENTS CONTAINING AUDITED FINANCIAL STATEMENTS

The AICPA's Audit and Accounting Guide for Employee Benefit Plans requires that, before an auditor's report on the Plan's financial statements can be included with a filed Form 5500 (including any related schedules), the auditor must review the Form 5500 and consider whether there are any material inconsistencies between the other information in the form and the audited financial statements (including the required supplemental schedules) or any material misstatement of fact.

Our responsibility for other information in the Form 5500 does not extend beyond the financial information identified in our report. We do not have an obligation to perform any procedures to corroborate other information contained in the form. However, we have read the information contained in the Schedule H and nothing came to our attention that caused us to believe that such information or its manner of presentation is materially inconsistent with the information as it is presented in the financial statements.

#### PLANNED SCOPE AND TIMING OF THE AUDIT

We performed the audit according to the planned scope and timing previously communicated to you in the engagement letter dated January 11, 2010.

To the Trustees, Charles LeCocq and Russ Lee Peoples Bank Salary Investment and Profit Sharing Plan Page 3 of 5

#### QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Plan are described in Note 2 to the financial statements. There were no changes in the application of existing accounting policies during the year. We noted no transactions entered into by the Plan during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

#### SIGNIFICANT ACCOUNTING ESTIMATES

Accounting estimates may be an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates may be particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

We did not note any significant accounting estimates in the financial statements.

#### FINANCIAL STATEMENT DISCLOSURES

The disclosures in the financial statements are consistent, clear and understandable. Certain financial statement disclosures may be particularly sensitive because of their significance to financial statement users.

We did not note any disclosures in the financial statements which we consider sensitive to potential users.

#### SIGNIFICANT DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

We did not note any known or likely misstatements in the course of the engagement.

To the Trustees, Charles LeCocq and Russ Lee Peoples Bank Salary Investment and Profit Sharing Plan Page 4 of 5

#### DISAGREEMENTS WITH MANAGEMENT

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter dated June 8, 2010.

#### MANAGEMENT CONSULTATION WITH OTHER INDEPENDENT ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Plan's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### MAJOR ISSUES DISCUSSED WITH MANAGEMENT PRIOR TO RETENTION OF THE AUDITOR

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Plan's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

#### INDEPENDENCE

We may disclose to the Trustees, in writing, all relationships between the auditor and its related entities and holdings that, in the auditor's professional judgment, may reasonably be thought to bear on independence. We know of no such relationships and confirm that, in our professional judgment, we are independent of the Plan Sponsor and the Plan within the meaning of the federal securities laws, the related rules and regulations, and professional standards.

#### COMMUNICATION OF INTERNAL CONTROL RELATED MATTERS

In planning and performing our limited scope audit of the financial statements of the Plan, we considered the Plan's internal control over financial reporting (internal control) as a basis for designing our auditing procedures, but not for the purpose of expressing an opinion on

### MOSS-ADAMS ...

To the Trustees, Charles LeCocq and Russ Lee Peoples Bank Salary Investment and Profit Sharing Plan Page 5 of 5

the effectiveness of the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan's internal control. Had the scope of our audit not been limited as described above, other matters might have come to our attention that would have been reported to you.

Professional standards provide the following guidance when evaluating the severity of internal control deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Plan's financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described above and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.



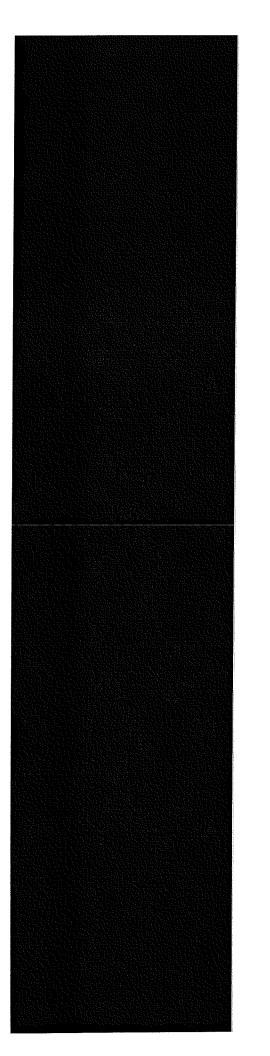
This communication is intended solely for the use of the Peoples Bank Salary Investment and Profit Sharing Plan Trustees and management of the Plan and is not intended to be and should not be used by anyone other than these specified parties.

We were pleased to serve and be associated with the Plan, as their independent auditors for 2009. We provide the above information to assist you in performing your oversight responsibilities.

Bellingham, Washington

Mon Clams LLP

June 8, 2010



Independent Auditor's Report and Financial
Statements with Supplemental Schedule Required
by the Department of Labor

December 31, 2009 and 2008

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DECEMBER 31, 2009 AND 2008

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#### INDEPENDENT AUDITOR'S REPORT

To the Trustees Peoples Bank Salary Investment and Profit Sharing Plan

We were engaged to audit the financial statements of Peoples Bank Salary Investment and Profit Sharing Plan (the "Plan") as of December 31, 2009 and 2008, and for the year ended December 31, 2009, and the supplemental schedule as listed in the accompanying table of contents. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the investment information summarized in Note 7, which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedules. We have been informed by the Plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The Plan administrator has obtained a certification from the trustee as of December 31, 2009 and 2008 and for the year ended December 31, 2009, that the information provided to the Plan administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and schedules taken as a whole. The form and content of the information included in the financial statements and schedule, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Mon Mams LLP Bellingham, Washington

June 8, 2010

STATEMENT OF NET ASSETS AVAILABLE FOR PLAN BENEFITS DECEMBER 31, 2009 AND 2008

	2009	2008
INVESTMENTS, at fair value		
Participant directed investments	\$ 12,419,459	\$ 8,604,667
Loans to participants	394,248	367,800
Total investments, at fair value	12,813,707	8,972,467
RECEIVABLES		
Employer contribution	159,438	203,298
Participant contributions	96,430	92,491
Total receivables	255,868	295,789
NET ASSETS REFLECTING ALL		
INVESTMENTS AT FAIR VALUE	13,069,575	9,268,256
Adjustment from fair value to contract value for		
fully benefit responsive investment contracts	<del></del>	24,984
NET ASSETS AVAILABLE FOR BENEFITS	\$ 13,069,575	\$ 9,293,240

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
YEAR ENDED DECEMBER 31, 2009

#### ADDITIONS TO NET ASSETS ATTRIBUTED TO:

Investment income	
Net appreciation in fair value of investments	\$ 2,418,268
Interest on loans to participants	19,242
Total investment income	2,437,510
Contributions	
Participant salary deferral	1,158,176
Participant rollover	30,129
Employer	841,893
Total contributions	2,030,198
Total additions	4,467,708
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:	
Benefits paid to participants	646,399
Deemed distributions	24,769
Administrative expenses	20,205
Total deductions	691,373
NET INCREASE	3,776,335
NET ASSETS AVAILABLE FOR BENEFITS	
Beginning of year	9,293,240
End of year	\$ 13,069,575

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2009 AND 2008

#### NOTE 1 - DESCRIPTION OF PLAN

The following description of Peoples Bank Salary Investment and Profit Sharing Plan (the "Plan") provides only general information. Participants should refer to the Plan agreement, as amended, for a more complete description of the Plan's provisions.

General – The Plan is a 401(k) salary deferral and profit sharing plan covering substantially all employees of Peoples Bank, and is subject to provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). Peoples Bank (the "Company") is the Plan's sponsor and serves as Plan administrator.

*Eligibility* – Employees of the Company are eligible to participate in the Plan upon reaching age 21 and after completing three months of service.

Contributions – Participants may elect to contribute up to the lesser of 60 percent of eligible compensation or the maximum allowed by law to the Plan each year. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans. Participants may elect to make Roth contributions to the Plan. Participants direct the investment of their contributions into various investment options offered by the Plan. The Company may elect to make discretionary matching and profit sharing contributions to the Plan at the discretion of the Board of Directors. Contributions are invested in the same funds as elected for participant deferrals. For the year ended December 31, 2009, the Company made quarterly matching contributions equal to 100 percent of the first 7 percent of the base compensation that a participant contributed to the Plan. No profit sharing contribution was made for the year ended December 31, 2009.

Contributions are subject to regulatory limitations.

Participant Accounts – Each participant's account is credited with the participant's contribution and allocations of (a) the Company's contribution and, (b) Plan earnings, and charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. Participants may direct the investment of their account balances into various investment options offered by the Plan. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

**Vesting** – Participants are fully vested in their salary deferrals plus actual earnings thereon. Vesting in Company matching contributions and profit sharing contribution portions of their accounts is based on years of continuous service. A participant is 100 percent vested after five years of credited service.

Loans to Participants – Participants may borrow from their accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balance. Loans are secured by the balance of the participant's account and bear fixed, reasonable rates of interest, as determined by the Plan administrator. The maximum loan term is five years unless the loan term qualifies as a home loan, in which case the term of the loan is not to exceed ten years. Principal and interest are paid ratably through monthly deductions. As of December 31, 2009, the rates of interest on outstanding loans ranged from 3.25% to 8.25% with various maturities through September 20, 2018.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

#### NOTE 1 - DESCRIPTION OF PLAN (Continued)

Payment of Benefits — On termination of service due to death, disability, or retirement, a participant may elect to receive either a lump-sum amount equal to the value of the participant's account balance, or annual installments over a specified period. For termination of service for other reasons, a participant may receive the value of the vested interest in his or her account as a lump-sum distribution. Lump-sum distributions will be made for all terminated participants with account balances of less than \$1,000. Terminated participants with account balances between \$1,000 and \$5,000 will have their balances automatically rolled into an Individual Fidelity IRA. At December 31, 2009, net assets available for Plan benefits include \$1,372,592 in amounts due to former participants who have separated from service. None of these amounts were due and payable at December 31, 2009.

Forfeitures – Forfeitures are the non-vested portion of a participant's account that are lost upon termination of employment. Forfeitures are retained in the Plan and will first be used to pay plan administrative expenses, with remaining amounts used to reduce future Company contributions. As of December 31, 2009 and 2008, forfeited nonvested accounts totaled \$16,416 and \$20,126 respectively. For the year ended December 31, 2009, forfeitures were utilized to pay \$17,536 of administrative expenses, and Company matching contributions were reduced by \$20,000 from forfeited non-vested accounts.

#### NOTE 2 - SUMMARY OF ACCOUNTING POLICIES

**Basis of Accounting** – The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, using the accrual basis of accounting.

*Use of Estimates* — The preparation of financial statements requires the use of estimates and assumptions that may affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

FASB Codification – On July 1, 2009, the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) became the single authoritative source for nongovernmental U.S. generally accepted accounting principles (GAAP). The ASC supersedes all previous authoritative GAAP applicable to the Plan and is effective for interim and annual periods ended after September 15, 2009.

**Investment Valuation** – On January 1, 2008, the Plan adopted authoritative guidance on fair value measurements. The guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

As a result of the adoption of the authoritative guidance, the Plan classified its investments based upon an established fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value (see Note 4). The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the fair value guidance are described below:

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2009 AND 2008

#### NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (Continued)

#### **Basis of Fair Value Measurement**

- Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2 Quoted prices in markets that are not considered to be active or financial instruments without quoted market prices, but for which all significant inputs are observable, either directly or indirectly;
- Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Investments are stated at fair value as certified by the Plan's trustee, Fidelity Management Trust Company.

Shares of registered investment company funds are valued at the net asset value of shares held by the Plan at year-end. Units held in common collective trusts are valued at the unit value as reported by the investment manager using the audited financial statements of the trusts at year end.

Loans to participants are not actively traded and significant other observable inputs are not available. Thus, the fair value of participant loans is equal to the amortized cost of the loans because the loans are secured by each respective participant's account balance.

Investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit—responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan. The accounting guidance requires the statements of net assets available for benefits present the fair value of the investments, as well as the adjustment from fair value to contract value for fully benefit-responsive investment contracts. The statement of changes in net assets available for benefits is prepared on a contract value basis.

*Income Recognition* – Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Interest income is recorded on the accrual basis. The net appreciation in fair value of investments consists of both the realized gains or losses and unrealized appreciation and depreciation of those investments.

Payments of Benefits - Benefits are recorded when paid.

*Expenses* – Certain administrative expenses are paid by the Company, with remaining administrative expenses being paid by the Plan. In addition, certain transaction fees are paid by the Plan.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

#### NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (Continued)

Subsequent Events – Subsequent events are events or transactions that occur after the statement of net assets available for benefits date but before financial statements are available to be issued. The Plan recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of net assets available for benefits, including the estimates inherent in the process of preparing the financial statements. The Plan's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of net assets available for benefits but arose after the statement of net assets available for benefits date and before financial statements are available to be issued.

The Plan has evaluated subsequent events through June 8, 2010, which is the date the financial statements were available to be issued.

#### NOTE 3 – INVESTMENTS

*Investments* – Investments representing 5% or more of net assets available for benefits consist of the following at December 31:

	2009		2008 Fair Value	
	<u>Fair Value</u>		Fair Value	
Fidelity Retirement Money Market	\$	1,275,175	\$	1,274,255
Fidelity Balanced Fund		1,032,415		719,865
Fidelity Value Fund		948,624		601,939
Fidelity Retirement Gov Money Market		947,640		_
Fidelity Growth Company		913,660		581,208
Baron Growth		892,235		550,394
Fidelity Blue Chip Growth		725,116		_
Fidelity Managed Income Portfolio		_		488,153

During 2009, the Plan's investments (including gains and losses on investments purchased, sold, as well as purchased during the year) appreciated in fair value as follows:

Registered investment companies	\$ 2,418,268
Net appreciation in fair value of investments	\$ 2,418,268

The above amounts include interest, dividends, and both realized and unrealized gains and losses on investments. The Plan's recordkeeper does not separately account for the components of investment income.

Investment Contracts – The Fidelity Managed Income Portfolio is designed to provide preservation of capital and returns that are consistent regardless of stock and bond market volatility. The Fund seeks to earn a high level of income consistent with those objectives. The Fund holds guaranteed investment contracts which typically have a fixed maturity. Each contract contains a provision that the issuer will, if required, repay principal at the stated contract value for the purpose of paying benefit payments (fully benefit-responsive).

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

#### **NOTE 3 – INVESTMENTS** (Continued)

The Fidelity Managed Income Portfolio is presented at fair value on the statements of net assets available for benefits. The adjustment from fair value to contract value is based on the contract value as reported by Fidelity Management Trust Company (which represents contributions made under the contracts, plus earnings, less withdrawals and administrative expenses). The balance in the Fidelity Managed Income Portfolio totaled \$-0- and \$488,153 as of December 31, 2009 and 2008, respectively.

Certain events, such as the premature termination of the contract by the Plan or the termination of the Plan, may limit the Plan's ability to transact at contract value with the issuer. The Plan administrator does not believe that the occurrence of such events, which would also limit the Plan's ability to transact at contract value with participants, is probable.

#### NOTE 4 – FAIR VALUE MEASUREMENTS

The following table discloses by level the fair value hierarchy discussed in Note 2:

Investment Assets at Fair Value
as of December 31, 2009

	***			
	Level 1	Level 2	Level 3	Total
Growth funds	\$ 3,922,350	\$ -	\$ -	\$ 3,922,350
Balanced funds	3,720,734	_	_	3,720,734
Fixed income funds	2,399,243		_	2,399,243
Target dated funds	2,377,132	_		2,377,132
Loans of participants			394,248	394,248
	\$ 12,419,459	\$ -	\$ 394,248	\$ 12,813,707
		Investment Ass	ets at Fair Value	e

### Investment Assets at Fair Value as of December 31, 2008

	Level 1	Level 2	Level 3	<u>Total</u>
Growth funds	\$ 2,403,050	\$ -	\$ -	\$ 2,403,050
Balanced funds	2,307,355	_	_	2,307,355
Fixed income funds	1,962,557	_	_	1,962,557
Target dated funds	1,468,536	_	_	1,468,536
Common collective trust		463,169	_	463,169
Loans of participants			367,800	367,800
	\$ 8,141,498	\$ 463,169	\$ 367,800	\$ 8,972,467

#### PEOPLES BANK SALARY INVESTMENT AND PROFIT SHARING PLAN NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

#### NOTE 4 – FAIR VALUE MEASUREMENTS (Continued)

The following table discloses the summary of changes in the fair value of the Plan's Level 3 investment assets:

	Loans to
	Participants
Balance, beginning of year	\$ 367,800
Issuance of new loans	203,847
Principal repayments	(152,630)
Deemed distributions	(24,769)
Balance, end of year	\$ 394,248

#### NOTE 5 – TAX STATUS

The Internal Revenue Service has determined and informed the Company by a letter dated October 9, 2003, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the Plan has been amended since receiving the determination letter, the Plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

#### NOTE 6 - RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market volatility, and credit risks. It is reasonably possible, given the level of risk associated with investment securities, that changes in the near term could materially affect a participant's account balance and the amounts reported in the financial statements.

#### NOTE 7 – INFORMATION CERTIFIED BY THE TRUST COMPANY

The Plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, Fidelity Management Trust Company, the trustee of the Plan, has certified to the completeness and accuracy of:

		2009	 2008
Statement of Net Assets Available for Plan Benefits Investments at fair value	\$	12,813,707	\$ 8,972,467
Statement of Changes in Net Assets Available for Plan Benefits Investment income	\$	2,437,510	
Investments reflected on the supplemental schedule of assets (he.	ld a	t year-end)	

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

#### NOTE 8 - PARTY-IN INTEREST TRANSACTIONS

Plan investments include shares of registered investment company funds managed by Fidelity Management Trust Company. Fidelity Management Trust Company is the trustee of the Plan and an affiliate of Fidelity Investments and, therefore, transactions with these entities qualify as exempt party-in-interest transactions. Fees paid by the Plan for investment management services were \$20,205 for the year ended December 31, 2009.

#### NOTE 9 - PLAN TERMINATION

Although it has not expressed any intention to do so, the Company has the right to terminate the Plan and discontinue its contributions at any time. If the Plan is terminated, amounts allocated to a participant's account become fully vested.

#### NOTE 10 - RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements at December 31, 2009 and 2008 to Form 5500 for each year:

		2009		2008
Net assets available for benefits per the financial statements	\$	13,069,575	\$	9,293,240
Adjustment between fair value and contract value of				
collective trust investments				(24,984)
Employer and participant Plan receivables		(255,868)	_	(295,789)
Net assets available for benefits per Form 5500	<u>\$</u>	12,813,707	<u>\$</u>	8,972,467
Total additions to net assets per the financial statements	\$	4,467,708		
Plus: Adjustment between fair value and contract value				
of collective trust investments - Plan year 2008		24,984		
Plus: Employer and participant Plan				
receivables – December 2008		295,789		
Less: Employer and participant Plan				
receivables – December 2009		(255,868)		
Total additions to net assets per Form 5500	\$	4,532,613		

# SUPPLEMENTAL SCHEDULE REQUIRED BY THE DEPARTMENT OF LABOR

FORM 5500, REQUIRED PORTIONS OF SCHEDULE H
EIN NUMBER 91-1190346
PLAN NUMBER 001
DECEMBER 31, 2009

#### FORM 5500, REQUIRED PORTIONS OF SCHEDULE H

Line 4i – Schedule of Assets (Held at End of Year)

				(e)
	(b)	(c)	(d)	Current
(a)	Issuer	Investment Description	Cost	Fair Value
Regis	stered Investment Company:			
*	Fidelity Retirement Money Market	Registered Investment Company	†	\$ 1,275,175
*	Fidelity Balanced Fund	Registered Investment Company	†	1,032,415
*	Fidelity Value Fund	Registered Investment Company	†	948,624
*	Fidelity Retirement Gov Money Market	Registered Investment Company	†	947,640
*	Fidelity Growth Company	Registered Investment Company	†	913,660
	Baron Growth	Registered Investment Company	†	892,235
*	Fidelity Blue Chip Growth	Registered Investment Company	†	725,116
*	Fidelity Freedom 2040 Fund	Registered Investment Company	†	569,065
	Spartan U.S. Equity Index	Registered Investment Company	†	554,964
*	Fidelity Overseas	Registered Investment Company	†	525,073
*	Fidelity Freedom 2020 Fund	Registered Investment Company	†	503,199
	Rainier Small/Mid-Cap Equity	Registered Investment Company	†	480,327
*	Fidelity Freedom 2030 Fund	Registered Investment Company	†	478,414
*	Fidelity Mid-Cap Stock	Registered Investment Company	†	413,389
*	Fidelity OTC Portfolio	Registered Investment Company	†	346,378
	Pimco Total Return ADM	Registered Investment Company	†	329,862
*	Fidelity Freedom 2010 Fund	Registered Investment Company	†	288,352
	Allianz NFJ Dividend Value Fund	Registered Investment Company	†	215,505
*	Fidelity Freedom 2025 Fund	Registered Investment Company	†	207,782
*	Fidelity U.S. Bond Index	Registered Investment Company	†	156,179
*	Fidelity Freedom 2000 Fund	Registered Investment Company	†	145,315
*	Fidelity Fund	Registered Investment Company	†	127,141
*	Fidelity Aggressive Growth Fund	Registered Investment Company	†	106,499
*	Fidelity Freedom 2015 Fund	Registered Investment Company	†	59,990
*	Fidelity Freedom 2035 Fund	Registered Investment Company	†	58,799
	Spartan Interest TR Index Adv	Registered Investment Company	†	31,896
*	Fidelity Freedom 2050 Fund	Registered Investment Company	†	30,098
*	Fidelity Freedom Income Fund	Registered Investment Company	†	20,249
*	Fidelity Freedom 2045 Fund	Registered Investment Company	†	19,392
*	Fidelity Freedom 2005 Fund	Registered Investment Company	†	16,726
*	Loans to Participants	Interest rates range from 3.25%		
		to 8.25%, maturing through		<b></b>
		September 2018.	-	394,248
				\$ 12,813,707

<sup>\*</sup> Represents a party in interest as defined by ERISA.

<sup>†</sup> Historical cost information not required for participant directed accounts.

FORM 5500, REQUIRED PORTIONS OF SCHEDULE H
EIN NUMBER 91-1190346
PLAN NUMBER 001
DECEMBER 31, 2009

#### FORM 5500, REQUIRED PORTIONS OF SCHEDULE H

Line 4i - Schedule of Assets (Held at End of Year)

	-			(e)
	(b)	(c)	(d)	Current
(a)	Issuer	Investment Description	Cost	Fair Value
Regis	stered Investment Company:			
*	Fidelity Retirement Money Market	Registered Investment Company	†	\$ 1,275,17
*	Fidelity Balanced Fund	Registered Investment Company	Ť	1,032,41
*	Fidelity Value Fund	Registered Investment Company	Ť	948,62
*	Fidelity Retirement Gov Money Market	Registered Investment Company	Ť	947,64
*	Fidelity Growth Company	Registered Investment Company	†	913,66
	Baron Growth	Registered Investment Company	†	892,23
*	Fidelity Blue Chip Growth	Registered Investment Company	†	725,11
*	Fidelity Freedom 2040 Fund	Registered Investment Company	†	569,06
	Spartan U.S. Equity Index	Registered Investment Company	†	554,96
*	Fidelity Overseas	Registered Investment Company	†	525,07
*	Fidelity Freedom 2020 Fund	Registered Investment Company	†	503,19
	Rainier Small/Mid-Cap Equity	Registered Investment Company	†	480,32
*	Fidelity Freedom 2030 Fund	Registered Investment Company	†	478,41
*	Fidelity Mid-Cap Stock	Registered Investment Company	†	413,38
*	Fidelity OTC Portfolio	Registered Investment Company	†	346,37
	Pimco Total Return ADM	Registered Investment Company	†	329,86
*	Fidelity Freedom 2010 Fund	Registered Investment Company	†	288,35
	Allianz NFJ Dividend Value Fund	Registered Investment Company	t	215,50
*	Fidelity Freedom 2025 Fund	Registered Investment Company	†	207,78
*	Fidelity U.S. Bond Index	Registered Investment Company	Ť	156,17
*	Fidelity Freedom 2000 Fund	Registered Investment Company	t	145,31
*	Fidelity Fund	Registered Investment Company	†	127,14
*	Fidelity Aggressive Growth Fund	Registered Investment Company	ŧ	106,49
*	Fidelity Freedom 2015 Fund	Registered Investment Company	†	59,99
*	Fidelity Freedom 2035 Fund	Registered Investment Company	†	58,79
	Spartan Interest TR Index Adv	Registered Investment Company	†	31,89
*	Fidelity Freedom 2050 Fund	Registered Investment Company	†	30,09
*	Fidelity Freedom Income Fund	Registered Investment Company	†	20,24
*	Fidelity Freedom 2045 Fund	Registered Investment Company	†	19,39
*	Fidelity Freedom 2005 Fund	Registered Investment Company	†	16,72
*	Loans to Participants	Interest rates range from 3.25%		
		to 8.25%, maturing through		
		September 2018.	_	394,248
				\$ 12,813,707

<sup>\*</sup> Represents a party in interest as defined by ERISA.

<sup>†</sup> Historical cost information not required for participant directed accounts.