

PIERCE COMMERCIAL BANK

Gary T. Gahan
President
Chief Executive Officer

February 23, 2009

Special Inspector General- TARP
1500 Pennsylvania Ave. NW, Suite 1064
Washington, D.C. 20220

Pierce County Bancorp, Parent Corporation for Pierce Commercial Bank, received \$6.8 million on January 23rd, 2009 as proceeds from the TARP Capital Purchase Plan. The Board of Directors of the company anticipated using these proceeds in the following manner:

- 1) Payoff a \$2 million loan held at the holding company level.
- 2) Downstream \$4.5 million to the bank as additional Capital which proceeds increased the bank's lending capacity.

Pierce Commercial Bank is a small niche bank which has a very successful Mortgage division in addition to its successful small business loan model. With the additional capital, the board's intention is to leverage this capital by way of providing additional Residential Mortgage Loans and loans to small business.

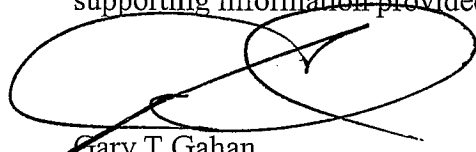
During the month of January, 185 Residential mortgage loans were originated totaling \$45.5 million, representing the most successful January in the Bank's history. In addition \$4.8 million in new Commercial loans were provided to small business. The additional capital certainly assisted us with the much needed liquidity to provide this funding.

On February 1st, 2009 a full page ad was placed with the local newspaper (see attached exhibit) reflecting the bank's participation in the TARP program and further reinforcing our having "Money to Lend for Residential Mortgages and Small Business loans".

The Compensation Plan for Pierce Commercial Bank contains several key components that must be maintained prior to any payment:

(b) (4)

The undersigned, as President & C.E.O. of Pierce County Bancorp and Pierce Commercial Bank, hereby certifies the accuracy of all statements, representations, and supporting information provided herein.



Gary T Gahan
President & CEO

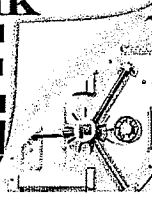


Pierce Commercial Bank

SAFE & SECURE

COUNT ON IT!

the exceptional continues...



JUST ANNOUNCED

Infusion of \$6.8 million to Pierce Commercial Bank boosts capital, increases flow of financing, and supports local economy!

Pierce Commercial Bank has just announced that it has completed its receipt of a \$6.8 million investment from the U.S. Treasury Department as a voluntary participant in the TARP Capital Purchase Program. The TARP Capital Purchase Program encourages financial institutions to increase capital and the flow of financing to businesses and consumers to support the local economy.

Pierce Commercial Bank has **MONEY TO LEND!**

Call now for details... **253.471.1500**

www.piercebank.com

Small Business and Residential Lending options to meet **YOUR** needs.

Three Great Residential Lending locations to serve you...



Tacoma 253.471.1500
piercebank.com



Puyallup 253.286.5363
pcbankhomeloans.com



Lacey 360.528.3140
pcbankhomeloans.com

"The TARP Capital Purchase Program selected our company to receive this voluntary infusion of capital based on our strength, history of financial security, and persistent demonstration of solvency. The safe and sound way we choose to do business has enabled us to make even more money available to our residential and business community. During today's times, our community can depend on a well-capitalized financial institution of strength like Pierce Commercial Bank."

~Gary Gahan | President & Chief Executive Officer



PIERCE COMMERCIAL BANK
THE EXCEPTIONAL BANK

Gary Gahan
President & CEO

Great rates and exceptional service... *~ the exceptional continues...*