

PEOPLES BANCORP AND SUBSIDIARIES
Consolidated Condensed Statements of Income
(Unaudited)

	Three months ended	
	December 31,	
	2008	2007
Interest Income:		
Loans	\$4,851,495	\$5,813,426
Securities	1,121,758	884,256
Other interest and dividend income	60,168	122,856
	6,033,421	6,820,538
Interest Expense:		
NOW and savings deposits	247,141	380,148
Certificates of deposit	1,435,804	2,280,596
Short-term borrowings	1,867	5,944
Federal Home Loan Bank advances	834,737	669,175
	2,519,549	3,335,863
Net Interest Income	3,513,872	3,484,675
Provision for losses on loans	156,095	8,858
Net Interest Income After Provision for Losses on Loans	3,357,777	3,475,817
Non-Interest Income:		
Trust income	125,060	141,882
Net gains on sale of loans	33,150	33,255
Gains/(loss) on sale of securities	139,994	(655)
Fees and service charges	300,664	374,065
Other income	102,738	79,952
	701,606	628,499
Non-Interest Expense:		
Salaries and employee benefits	1,700,803	1,657,564
Net occupancy expenses	250,629	237,382
Equipment expenses	229,489	97,379
Data processing expense	86,224	283,837
Deposit insurance expense	50,250	10,315
Other expenses	572,038	631,157
	2,889,433	2,917,634
Income Before Income Tax	1,169,950	1,186,682
Income tax expense	267,792	398,879
Net Income	\$902,158	\$787,803
Basic Income Per Common Share	\$0.32	\$0.25
Diluted Income Per Common Share	\$0.32	\$0.25
Dividends Declared Per Common Share	\$0.19	\$0.19