

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
	<b>6,033,421</b>	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
	<b>2,519,549</b>	3,335,863
Net Interest Income	<b>3,513,872</b>	3,484,675
Provision for losses on loans	<b>156,095</b>	8,858
Net Interest Income After Provision for Losses on Loans	<b>3,357,777</b>	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
	<b>701,606</b>	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
	<b>2,889,433</b>	2,917,634
Income Before Income Tax	<b>1,169,950</b>	1,186,682
Income tax expense	<b>267,792</b>	398,879
Net Income	<b>\$902,158</b>	\$787,803
Basic Income Per Common Share	<b>\$0.32</b>	\$0.25
Diluted Income Per Common Share	<b>\$0.32</b>	\$0.25
Dividends Declared Per Common Share	<b>\$0.19</b>	\$0.19