

# ANNUAL REPORT: 2011

# 1000

**100**  
YEARS

*Celebrating a century as  
The Real Peoples Bank.*

# YEARS

**Peoples Bancorp**  
OF NORTH CAROLINA, INC.



**100** | Celebrating a century as  
YEARS | *The Real Peoples Bank.*



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## FROM THE PRESIDENT

IT is a pleasure to greet you on the occasion of our Bank's Centennial Anniversary. Peoples Bank, the Company's primary subsidiary, celebrated the 100th anniversary of its founding on January 1, 2012. Historical records indicate that the Bank was capitalized with ten thousand dollars in Catawba, North Carolina and actually generated a small profit during its first year of operation.

In contrast to these humble beginnings, consolidated earnings at Peoples Bancorp of North Carolina, Inc. totaled \$5.2 million, or \$0.93 basic and diluted net earnings per share, before adjustment for preferred stock dividends and accretion at December 31, 2011. Comparable results for the fiscal year ended December 31, 2010 amounted to \$1.8 million, or \$0.33 basic and diluted net earnings per share. After adjusting for dividends and accretion on preferred stock, net earnings available to common shareholders for the year ended December 31, 2011 were \$3.8 million, or \$0.68 basic and diluted net earnings per common share, as compared to \$447,000, or \$0.08 basic and diluted net earnings per common share, for fiscal year 2010.

Throughout 2011, Peoples Bancorp maintained its status as a "well-capitalized" financial institution as defined by our regulatory agencies. The Company's risk-based capital ratio was 17.38% as of December 31, 2011. The preservation of our capital was established as a key initiative throughout the year as we continued to emerge from the most pronounced recessionary period in our nation's history since the Great Depression. We were pleased to share a portion of the Company's earnings with our shareholders in the form of quarterly cash dividends during 2011 which totaled \$0.08 per common share. Additionally, we announced that our Board of Directors declared a special year-end cash dividend in the amount of \$0.05 per common share. The dividend was paid on February 17, 2012 to common shareholders of record February 6, 2012.

Asset growth was relatively unchanged during fiscal year 2011 as compared to 2010 and remained at \$1.1 billion at December 31, 2011. Typically, growth in the Bank's loan portfolio has been the primary driver of asset growth; however, total loans at our most recent year-end amounted to \$670.5 million, representing a decrease of \$55.7 million from December 31, 2010. We attributed the decrease in outstanding loans to the anticipated reduction in existing loans as we have continued to work through problem loans coupled with the continuing decline in loan originations due to the aftermath of recent economic challenges. Consequently, available for sale securities increased 18% to \$321.4 million as of December 31, 2011, compared to \$272.4 million as of December 31, 2010, reflecting the investment of funds received from the decrease in loans.

It is encouraging to acknowledge that non-performing assets decreased 32% during 2011 to \$32.1 million, or 3.01% of total assets, at year-end. On December 31, 2010, non-performing loans totaled \$46.9 million, or 4.40% of total assets. The decrease in non-performing assets was primarily due to a decrease in non-accrual loans. The allowance for loan losses at year-end 2011 amounted to \$16.6 million, or 2.48% of total loans whereas on December 31, 2010 the allowance for loan losses totaled \$15.5 million, or 2.13% of total loans at that time. Management believes that the current level of the allowance for loan losses is adequate; however, there is no assurance that additional adjustments to the allowance will not be required because of changes in economic conditions, regulatory requirements, or other factors.

Total deposits decreased by \$11.6 million to \$827.1 million during fiscal year 2011. The reduction in deposit funding was attributed to a \$24.5 million decrease in certificates of deposit issued through the Certificate of Deposit Account Registry Service (CDARS) coupled with a \$12.7 million decrease in brokered certificates of deposit. The purpose of such decrease in deposits was in response to management's strategy to reduce cost of funding, thereby improving our net interest margin. We are pleased

to report that core deposits, which include non-interest bearing demand deposits, NOW, MMDA, savings, and non-brokered certificates of deposit of denominations less than \$100,000, increased \$40.3 million, or 7%, to \$633.0 million at December 31, 2011, as compared to \$592.7 million at December 31, 2010.

As we think about the success that Peoples Bank enjoyed during 2011, our thoughts immediately turn to the professional banking associates who have made this Company what it is today. Our employees have taken us to the next level in the fulfillment of our corporate mission of "providing exceptional customer service while selling to customer needs." Even in the face of economic challenges, these talented individuals have focused their efforts to find solutions that bring added value to each financial relationship with which they are entrusted. Our employees are truly Peoples Bank's greatest asset.

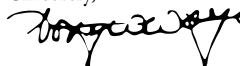
In December 2011, I announced my intention to retire from Peoples Bank. Your Board of Directors has formed a Succession Committee to provide for an orderly transition of leadership to become effective, we anticipate, in the third quarter of this year. Serving as your President and Chief Executive Officer since 1993 has been the highlight of my banking career. Please know that I am indebted to our Board of Directors, shareholders, employees, customers, and our professional partners who have supported my efforts to make Peoples Bank a better and stronger financial institution. I firmly believe, however, that this Company's best days lie ahead. I am also firmly convinced that members of the Bank's current management team are poised to effectively lead us as we enter our second century of service to our constituents.

As a shareholder, we hope that you will be able to join us for our Annual Meeting of Shareholders scheduled for Thursday, May 3, 2012. The meeting will be held at Catawba Country Club beginning at 11:00A.M. We will offer special recognition in tribute to Peoples Bank's 100th Business Anniversary during the course of the meeting and would encourage your attendance at this special event in the life of your Bank.

Please accept our appreciation for your continued support of Peoples Bancorp and its principle subsidiary, Peoples Bank. We would also remind you of our two Bank-owned subsidiaries – Peoples Investment Services, Inc. and Real Estate Advisory Services, Inc. At Peoples Investment Services, licensed financial advisors provide access to non-traditional deposit products including stocks, bonds, mutual funds, annuities, or other suitable monetary investments through our exclusive affiliation with Raymond James Financial Services, Inc. Real Estate Advisory Services, Inc. continues to provide real estate appraisals (both residential and commercial) to the Bank's market area thereby becoming a source of added value to mortgage-related transactions. Lastly, operating as a wholly-owned subsidiary of Peoples Bancorp, Community Bank Real Estate Solutions, LLC was created to assist Peoples Bank and other community banks with appraisal management services.

We are grateful for the opportunity to be your bank of choice and to assist in the attainment of your financial goals as we partner with you going forward.

Sincerely,



Tony W. Wolfe, President and Chief Executive Officer



## FINANCIAL HIGHLIGHTS

December 31, 2011 and 2010

(dollars in thousands, except per share amounts)

		2011	2010	Change
Interest income	\$	45,259	47,680	-5%
Interest expense		10,946	14,348	-24%
Net interest earnings		34,313	33,332	3%
Provision for loan losses		12,632	16,438	-23%
Net interest earnings after provision for loan losses		21,681	16,894	28%
Non-interest income		14,513	13,884	5%
Non-interest expense		29,572	28,948	2%
Income taxes		1,463	(11)	13400%
Net earnings		5,159	1,841	180%
Dividends and accretion of preferred stock		1,393	1,394	0%
Net earnings available to common shareholders	\$	3,766	447	743%

### Per Share of Common Stock

Basic net earnings	\$	0.68	0.08	750%
Diluted net earnings		0.68	0.08	750%
Cash dividends		0.08	0.08	0%
Market price at December 31		5.49	5.25	5%
Book value at December 31		14.06	12.96	8%

### At Year-end

Loans, net	\$	653,893	710,667	-8%
Available for sale securities		321,388	272,449	18%
Assets		1,067,063	1,067,652	0%
Deposits		827,111	838,712	-1%
Shareholders' equity		103,027	96,858	6%

### Key Performance Ratios

Return on average assets		0.48%	0.17%
Return on average shareholders' equity		5.03%	1.81%
Dividend payout ratio *		11.78%	100.11%
Average shareholders' equity to total average assets		9.55%	9.42%

\* As a percentage of net earnings available to common shareholders.



## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders  
Peoples Bancorp of North Carolina, Inc.  
Newton, North Carolina

We have audited the consolidated balance sheets of Peoples Bancorp of North Carolina, Inc. as of December 31, 2011 and 2010, and the related consolidated statements of earnings, changes in shareholders' equity, comprehensive income (loss) and cash flows for each of the three years in the period ended December 31, 2011. Such consolidated financial statements and our report thereon dated March 27, 2012, expressing an unqualified opinion (which are not included herein) are included in the proxy statement for the 2012 annual meeting of shareholders. The accompanying condensed consolidated balance sheets and consolidated statements of earnings are the responsibility of the Company's management. Our responsibility is to express an opinion on such consolidated balance sheets and consolidated statements of earnings in relation to the complete consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated balance sheets as of December 31, 2011 and 2010 and the related consolidated statements of earnings for each of the three years in the period ended December 31, 2011, is fairly stated in all material respects in relation to the basic consolidated financial statements from which it has been derived.

Atlanta, Georgia  
March 27, 2012

*Porter Keadle Moore, LLC*

# CONSOLIDATED BALANCE SHEETS

December 31, 2011 and 2010 • (dollars in thousands)

<b>Assets</b>	<b>2011</b>	<b>2010</b>
Cash and due from banks, including reserve requirements of \$8,492 and \$8,698	\$ 22,532	22,521
Interest bearing deposits	6,704	1,456
Cash and cash equivalents	29,236	23,977
Certificates of deposit	-	735
Investment securities available for sale	321,388	272,449
Other investments	5,712	5,761
Total securities	327,100	278,210
Mortgage loans held for sale	5,146	3,814
Loans	670,497	726,160
Less allowance for loan losses	(16,604)	(15,493)
Net loans	653,893	710,667
Premises and equipment, net	16,896	17,334
Cash surrender value of life insurance	12,835	7,539
Other real estate	7,576	6,673
Accrued interest receivable and other assets	14,381	18,703
Total assets	\$ 1,067,063	1,067,652
<b>Liabilities and Shareholders' Equity</b>		
Deposits:		
Non-interest bearing demand	\$ 136,878	114,792
NOW, MMDA & savings	366,133	332,511
Time, \$100,000 or more	193,045	241,366
Other time	131,055	150,043
Total deposits	827,111	838,712
Demand notes payable to U.S. Treasury	-	1,600
Securities sold under agreement to repurchase	39,600	34,094
FHLB borrowings	70,000	70,000
Junior subordinated debentures	20,619	20,619
Accrued interest payable and other liabilities	6,706	5,769
Total liabilities	964,036	970,794
Commitments		
Shareholders' equity:		
Series A preferred stock, \$1,000 stated value; authorized 5,000,000 shares; issued and outstanding 25,054 shares in 2011 and 2010	24,758	24,617
Common stock, no par value; authorized 20,000,000 shares; issued and outstanding 5,544,160 shares in 2011 and 5,541,413 shares in 2010	48,298	48,281
Retained earnings	26,895	23,573
Accumulated other comprehensive income	3,076	387
Total shareholders' equity	103,027	96,858
Total liabilities and shareholders' equity	\$ 1,067,063	1,067,652

Refer to Appendix A of Peoples Bancorp of North Carolina, Inc. Proxy Statement, dated April 2, 2012, for a complete set of Consolidated Financial Statements.



# CONSOLIDATED STATEMENTS OF EARNINGS

For the Years Ended December 31, 2011, 2010 and 2009 • (dollars in thousands, except per share amounts)

	2011	2010	2009
Interest income:			
Interest and fees on loans	\$ 36,407	40,267	43,211
Interest on investment securities:			
U.S. Government sponsored enterprises	5,414	5,035	5,461
States and political subdivisions	3,180	2,173	1,242
Other	258	205	123
Total interest income	45,259	47,680	50,037
Interest expense:			
NOW, MMDA & savings deposits	2,263	3,472	2,965
Time deposits	5,035	6,786	9,687
FHLB borrowings	2,956	3,285	3,577
Junior subordinated debentures	407	411	546
Other	285	394	412
Total interest expense	10,946	14,348	17,187
Net interest income	34,313	33,332	32,850
Provision for loan losses	12,632	16,438	10,535
Net interest income after provision for loan losses	21,681	16,894	22,315
Other income:			
Service charges	5,106	5,626	5,573
Other service charges and fees	2,090	2,195	2,058
Other than temporary impairment losses	(144)	(291)	(723)
Gain on sale of securities	4,406	3,348	1,795
Mortgage banking income	757	532	827
Insurance and brokerage commissions	471	390	414
Loss on sale and write-down of other real estate and repossessed assets	(1,322)	(704)	(501)
Miscellaneous	3,149	2,788	2,380
Total non-interest income	14,513	13,884	11,823
Non-interest expense:			
Salaries and employee benefits	14,766	14,124	14,758
Occupancy	5,339	5,436	5,409
Other	9,467	9,388	9,716
Total non-interest expense	29,572	28,948	29,883
Earnings before income taxes	6,622	1,830	4,255
Income tax expense (benefit)	1,463	(11)	1,339
Net earnings	5,159	1,841	2,916
Dividends and accretion of preferred stock	1,393	1,394	1,246
Net earnings available to common shareholders	\$ 3,766	447	1,670
Basic net earnings per common share	\$ 0.68	0.08	0.30
Diluted net earnings per common share	\$ 0.68	0.08	0.30
Cash dividends declared per common share	\$ 0.08	0.08	0.26

Refer to Appendix A of Peoples Bancorp of North Carolina, Inc. Proxy Statement, dated April 2, 2012, for a complete set of Consolidated Financial Statements.

THE ABERNETHY FAMILY:  
IN PARTNERSHIP WITH  
PEOPLES BANK



Julius W.  
Abernethy, Sr.



Julius W.  
Abernethy, Jr.

**IT** is with a sense of pride that our family has been associated with Peoples Bank over the decades. Our corporate minutes indicate that Julius Whitener Abernethy, Sr. first appeared on the scene at Peoples Bank when he attended the Company's Annual Shareholders' Meeting in 1927.

To watch Peoples Bank grow from year to year has been a source of fulfillment for the Abernethy family because we know that such growth has translated into an enhanced quality of life for businesses, individuals, and families who live and operate their companies in the Bank's service area. Companies have been enabled to expand which resulted in the creation of additional jobs and an increased tax base for municipalities. Individuals and families have been assisted in the attainment of personal financial goals and the education of their children and grandchildren.

We also find satisfaction in the knowledge that Peoples Bank has always been a Company that has enjoyed giving back to the community in any number of ways. Without hesitation, employees have repeatedly embraced the philanthropic causes of such organizations as United Way, Race for the Cure, March of Dimes, Relay for Life, and many others. Local churches, schools, and civic clubs have been regular beneficiaries of Peoples Bank's success.

Economists seem to be consistent in their thinking that our nation is beginning to emerge from the worst economic downturn since the Great Depression. If they are correct, and we hope they are,

it is our opinion that Peoples Bank is well-positioned for additional growth and profitability. Our family is justifiably proud of our directors, management team, and each professional banker who represents this Company. We are firmly convinced that it is because of their hard work and dedication to the principles upon which Peoples Bank was founded that we can celebrate our first century of service and look forward to continued success in the years ahead.



Robert C.  
Abernethy

Christine S.  
Abernethy

James S.  
Abernethy



# BOARD OF DIRECTORS

## PEOPLES BANK AND PEOPLES BANCORP BOARD OF DIRECTORS

### **ROBERT C. ABERNETHY**

Chairman of the Board  
Peoples Bancorp of North Carolina, Inc. and Peoples Bank

President, Secretary and Treasurer  
Carolina Glove Company, Inc.

### **JAMES S. ABERNETHY**

President and Assistant Secretary  
Midstate Contractors, Inc.

### **DOUGLAS S. HOWARD**

Owner  
Howard Ventures

Secretary and Treasurer  
Denver Equipment of Charlotte, Inc.

### **JOHN W. LINEBERGER, JR.**

President  
Lincoln Bonded Warehouse Company

### **GARY E. MATTHEWS**

President and Director  
Matthews Construction Company, Inc.

### **BILLY L. PRICE, JR., M.D.**

Managing Partner and Practitioner of Internal Medicine  
Catawba Valley Internal Medicine, PA

### **LARRY E. ROBINSON**

President and Chief Executive Officer  
The Blue Ridge Distributing Company, Inc.

### **W. GREGORY TERRY**

Executive Vice President  
Drum and Willis-Reynolds Funeral Homes and Crematory

### **DAN RAY TIMMERMAN, SR.**

President and Chief Executive Officer  
Timmerman Manufacturing, Inc.

### **BENJAMIN I. ZACHARY**

President, Treasurer, General Manager and Director  
Alexander Railroad Company



(left to right) W. Gregory Terry, James S. Abernethy, Douglas S. Howard, Benjamin I. Zachary, Gary E. Matthews, Robert C. Abernethy, Tony W. Wolfe, Dan Ray Timmerman, Sr., Billy L. Price, Jr., M.D., Larry E. Robinson, John W. Lineberger, Jr.

# OFFICERS AND SUBSIDIARIES

## PEOPLES BANCORP OFFICERS

### TONY W. WOLFE

President and Chief Executive Officer

### JOSEPH F. BEAMAN, JR.

Executive Vice President and Corporate Secretary

### A. JOSEPH LAMPRON, JR.

Executive Vice President, Chief Financial Officer and Corporate Treasurer

### LANCE A. SELLERS

Executive Vice President and Assistant Corporate Secretary

### WILLIAM D. CABLE, SR.

Executive Vice President and Assistant Corporate Treasurer

## PEOPLES BANK OFFICERS

**TONY W. WOLFE** – President and Chief Executive Officer

**JOSEPH F. BEAMAN, JR.** – Executive Vice President, Chief Administrative Officer and Corporate Secretary

**A. JOSEPH LAMPRON, JR.** – Executive Vice President, Chief Financial Officer

**LANCE A. SELLERS** – Executive Vice President, Chief Credit Officer

**WILLIAM D. CABLE, SR.** – Executive Vice President, Chief Operating Officer

**KIMBERLY L. BOYD** – Senior Vice President, Banking Support

**JAMES O. PERRY** – Senior Vice President, Retail Banking Manager

**DAVID E. REITZEL** – Senior Vice President, Real Estate Administration

**DANIEL F. RICHARD** – Senior Vice President, Area Executive

**MARK W. SIGMON** – Senior Vice President, Area Executive

**CLIFTON A. WIKE** – Senior Vice President, Area Executive

**KIMBERLY D. BAZZLE** – First Vice President, Marketing

**DAVID C. BROWN** – First Vice President, Certified Financial Planner

**STEVEN F. CLONINGER** – First Vice President, Commercial Credit

**GEORGE S. EARP** – First Vice President, Finance

**JEFFREY P. GNIADEK** – First Vice President, Area Executive

**JAN G. GRIFFIN** – First Vice President, Loan Operations Director

**M. BETH LABARBERA** – First Vice President, Regional Sales Manager

**LUCRETIA K. ROGERS** – First Vice President, Regional Sales Manager

**KYLE E. SIGMON** – First Vice President, Consumer Credit

**TAMMY H. STEPHENS** – First Vice President, Director of Information Technology

**TIMOTHY P. TURNER** – First Vice President, Commercial Credit

**JOHN M. WOODS** – First Vice President, Area Executive

**ANGELA J. ABERNETHY** – Vice President, Business Services Sales Manager

**J. LASHAE BOCK** – Vice President, Human Resources Director

**VELVET L. BOWMAN** – Vice President, Service Center Manager

**CHRISTOPHER L. BROOKSHIRE** – Vice President, RAA/GAA

**HELGA Y. CALLAWAY** – Vice President, Business Center Manager, Catawba Valley Blvd

**PEGGY W. CARPENTER** – Vice President, Business Center Manager, North Newton

**SHANA R. CARPENTER** – Vice President, Business Center Manager, Denver

**WENDY E. CORDERO** – Vice President, Banco de la Gente Mortgage Manager

**MARY C. CRAVEN** – Vice President, Business Center Manager, Cornelius

**KAY F. DEAL** – Vice President, Business Center Manager, Conover

**BARBARA K. FARNSWORTH** – Vice President, Business Center Manager, Lincolnton

**MARK W. GUSTAFSON** – Vice President, Investment Account Executive

**TOMMIE A. HALL** – Vice President, Loan Documentation

**LESLIE D. HAMBRICK** – Vice President, Internal Auditor

**RAFAEL INTRIAGO** – Vice President, Banco de la Gente Operations Manager

**DIANE L. KLEIN** – Vice President, Business Center Manager, Viewmont

**E. DEAN LAWING** – Vice President, Mortgage Lending Manager

**DAVID S. LEWIS, JR.** – Vice President, Business Development Officer

**WENDY H. MORAN** – Vice President, Business Center Manager, Triangle

**CONNIE P. OLLIS** – Vice President, Compliance Officer

**PAULA M. PARKER** – Vice President, Business Center Manager, Claremont

**HIGHT D. REID** – Vice President, Business Center Manager, West Lincoln

**JEANETTE R. RINGLEY** – Vice President, Business Center Manager, Newton

**LISA G. TREADAWAY** – Vice President, Deposit Operations Manager

**JOE S. TRIPP** – Vice President, Business Development Officer

**DENISE C. WILLIAMS** – Vice President, Business Center Manager, Mooresville/Gateway

## PEOPLES BANCORP SUBSIDIARY BOARD OF DIRECTORS AND OFFICERS

### COMMUNITY BANK REAL ESTATE SOLUTIONS, LLC

#### BOARD OF DIRECTORS

Robert C. Abernethy

David E. Reitzel

Dan Ray Timmerman, Sr.

Tony W. Wolfe

#### OFFICERS

David E. Reitzel – President

Tony W. Wolfe – Vice President

Joseph F. Beaman, Jr. – Secretary

A. Joseph Lampron, Jr. – Treasurer

## PEOPLES BANK SUBSIDIARIES' BOARD OF DIRECTORS AND OFFICERS

### PEOPLES INVESTMENT SERVICES, INC.

#### BOARD OF DIRECTORS

Robert C. Abernethy

Billy L. Price, Jr., M.D.

David C. Brown

Larry E. Robinson

Douglas S. Howard

Tony W. Wolfe

#### OFFICERS

Tony W. Wolfe – President

David C. Brown – Vice President and Assistant Secretary

Joseph F. Beaman, Jr. – Secretary

A. Joseph Lampron, Jr. – Treasurer

### REAL ESTATE ADVISORY SERVICES, INC.

#### BOARD OF DIRECTORS

Robert C. Abernethy

Dan Ray Timmerman, Sr.

David E. Reitzel

Tony W. Wolfe

#### OFFICERS

Tony W. Wolfe – President

David E. Reitzel – Vice President

Joseph F. Beaman, Jr. – Secretary

A. Joseph Lampron, Jr. – Treasurer

# SHAREHOLDER AND GENERAL INFORMATION

## ANNUAL MEETING

The Annual Meeting of Shareholders of Peoples Bancorp will be held at 11:00 A.M. on Thursday, May 3, 2012, at the Catawba Country Club located at 1154 Country Club Road, Newton, North Carolina.

## SHAREHOLDERS' LUNCHEON

Shareholders in attendance at the Annual Meeting are cordially invited to remain for a luncheon to be served immediately upon adjournment.

## COMMON STOCK

Peoples Bancorp common stock is listed on the NASDAQ (National Association of Securities Dealers Automated Quotations) Global Market, where our symbol is PEBK. Peoples Bancorp stock is marketed by Scott & Stringfellow, Inc. and Sterne Agee & Leach, Inc.

## DIVIDEND REINVESTMENT & STOCK PURCHASE

Peoples Bancorp offers a Dividend Reinvestment and Stock Purchase Plan for the benefit of the Corporation's shareholders. The Plan provides for the full or partial reinvestment of cash dividends, optional cash purchases of the Corporation's stock, safekeeping of the share certificates, liquidation of shares, and gifting of shares and enrollment of the designated recipients.

Registrar and Transfer Company, Cranford, New Jersey, is the Plan Administrator. For more information, one may call the Investor Relations Department at Peoples Bancorp at 828-464-5620 or 800-948-7195 or contact the Plan Administrator at 800-368-5948.

Shareholders of Peoples Bancorp are entitled to receive dividends when and as declared by the Board of Directors out of funds legally available therefore.

Such dividend payments are declared based upon the guidelines of North Carolina and federal banking law.

As of March 16, 2012, the Company had 723 shareholders of record, not including the number of persons or entities whose stock is held in nominee or street name through various brokerage firms or banks.

## CORPORATE OFFICE

Peoples Bancorp of North Carolina, Inc.  
518 West C Street  
PO Box 467  
Newton, NC 28658  
828-464-5620

## STOCK TRANSFER AGENT & REGISTRAR

Registrar and Transfer Company  
10 Commerce Drive  
Cranford, NJ 07016-3572  
www.rtco.com

## INDEPENDENT AUDITORS

Porter Keadle Moore, LLC  
235 Peachtree Street, NE  
Suite 1800  
Atlanta, GA 30303



(left to right)

Lance A. Sellers  
A. Joseph Lampron, Jr.  
William D. Cable, Sr.  
Tony W. Wolfe  
Joseph F. Beaman, Jr.

# ANNUAL REPORT: 2011

## **THEREALPEOPLESBANK.COM**

### **PEOPLES BANCORP CENTER**

518 West C Street  
PO Box 467  
Newton, NC 28658  
(828) 464-5620  
Toll-free (800) 948-7195

### **CUSTOMER SERVICE CENTER**

(828) 466-1765  
Toll-free (877) 802-1212

### **CATAWBA**

106 North Main Street  
Catawba, NC 28609  
(828) 241-3123

### **CATAWBA VALLEY BOULEVARD**

2050 Catawba Valley Blvd. SE  
Hickory, NC 28602  
(828) 322-6372

### **CLAREMONT**

3261 East Main Street  
Claremont, NC 28610  
(828) 459-7152

### **CONOVER**

213 1st Street West  
Conover, NC 28613  
(828) 464-8456

### **CORNELIUS**

9624-I Bailey Road  
Cornelius, NC 28031  
(704) 237-9270

### **DENVER**

6125 Highway 16 South  
Denver, NC 28037  
(704) 483-3050

### **HIDDENITE**

5153 NC Highway 90 East  
Hiddenite, NC 28636  
(828) 632-0118  
(704) 585-6631

### **LINCOLNTON**

1910 East Main Street  
Lincolnton, NC 28092  
(704) 732-0097

### **MAIDEN**

200 Island Ford Road  
Maiden, NC 28650  
(828) 428-9874

### **MOORESVILLE**

1074 River Highway  
 Mooresville, NC 28117  
(704) 658-3600

### **MOORESVILLE GATEWAY**

125-E Trade Court  
 Mooresville, NC 28117  
(704) 663-0384

### **NEWTON**

420 West A Street  
Newton, NC 28658  
(828) 464-5663

### **NORTH NEWTON**

2619 North Main Avenue  
Newton, NC 28658  
(828) 464-8664

### **SPRINGS ROAD**

3310 Springs Road NE  
Hickory, NC 28601  
(828) 256-9229

### **TRIANGLE**

142 Highway 16 South  
Denver, NC 28037  
(704) 483-7727  
(704) 827-2370

### **VIEWMONT**

1333 2nd Street NE  
Hickory, NC 28601  
(828) 345-6262

### **WEST LINCOLN**

760 Highway 27 West  
Lincolnton, NC 28092  
(704) 736-1447

### **SATELLITE LOCATION ABERNETHY LAURELS**

102 Leonard Avenue  
Newton, NC 28658  
(828) 464-3077

### **DENVER LOAN PRODUCTION OFFICE**

3754 Highway 16 North  
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(704) 489-8940

### **BANCO DE LA GENTE**

6300 South Boulevard  
Charlotte, NC 28217  
(704) 554-7494

### **BANCO DE LA GENTE**

4451-A Central Avenue  
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### **BANCO DE LA GENTE**

501 West Roosevelt Boulevard  
Monroe, NC 28110  
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### **BANCO DE LA GENTE**

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Suite 121  
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