



Peoples-Sidney FINANCIAL CORPORATION

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For Release: Thursday, July 31, 2008

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Debra Geuy, Chief Financial Officer**

PEOPLES-SIDNEY FINANCIAL CORPORATION ANNOUNCES QUARTERLY, YEAR END EARNINGS, DECLARES DIVIDEND AND SETS ANNUAL MEETING DATE

Sidney, Ohio OTCBB - "PSFC"

Douglas Stewart, President and CEO of Peoples-Sidney Financial Corporation, parent company of Peoples Federal Savings and Loan Association, announced today the Corporation's fourth quarter and year-end earnings for the fiscal year ended June 30, 2008. Mr. Stewart also announced the Corporation had declared a cash dividend of \$0.16 per share.

Net income for the quarter ended June 30, 2008 was \$160,000, or \$0.12 basic and diluted earnings per share compared to \$195,000, or \$0.15 basic and diluted earnings per share for the same quarter in 2007. This represents a decrease in net income of \$35,000. The most significant change occurred in net interest income, which decreased \$30,000 during the current quarter. This was the result of a larger decrease in interest income than the offsetting decrease in interest expense. Noninterest expense increased \$12,000 during the current quarter primarily due to an increase of \$18,000 in professional services relating to the going private transaction. Provision for loan losses increased \$7,000 for the three months ended June 30, 2008 as compared to the three months ended June 30, 2007. These decreases to net income were partially offset by a decrease of \$20,000 in income tax expense.

The Corporation's net income for the fiscal year ended June 30, 2008 was \$785,000, or \$0.59 basic and diluted earnings per share compared to \$1,020,000, or \$0.76 basic and diluted earnings per share for the previous year. This fiscal year comparison represents a decrease in net income of \$235,000 for the current year. The Corporation realized an increase of \$170,000 in provision for loan losses during the current year. The increase in provision for loan losses in the current fiscal year is largely due to increases in specific allocations on impaired loans. Also contributing to the decrease in net income was a decrease of \$101,000 in net interest income and an increase of \$84,000 in noninterest

expense. The decrease in net interest income resulted from a slight decrease in the net interest margin. The increase in noninterest expense was primarily due to an increase of \$69,000 in professional services relating to the going private transaction and an increase of \$19,000 in computer processing expense relating to the addition of Internet Banking. The decreases to net income were partially offset by a decrease of \$125,000 in income tax expense due to decreased income before income taxes as compared to the prior year.

On July 23, 2008, the Board of Directors declared a quarterly cash dividend of \$0.16 per share for record holders as of August 6, 2008. The dividend will be payable on August 20, 2008. At June 30, 2008, Peoples-Sidney Financial Corporation had assets of \$136.2 million with \$15.5 million in shareholders' equity.

Additionally, Mr. Stewart announced that the Annual Meeting of the Corporation would be held on Friday, October 10, 2008 at 11:00 a.m. at the Hampton Inn, Sidney, Ohio. The record date for voting purposes will be August 31, 2008.

Peoples Federal operates from its main office at 101 E. Court Street and its branch offices at 2400 W. Michigan Street (inside Wal Mart), 405 S. Pike Street, Anna, Ohio, and 115 E. Pike Street, Jackson Center, Ohio.

When used in this press release or other public or shareholder communications, in filings by the Corporation with the Securities and Exchange Commission and in oral statements made with the approval of an authorized executive office, the words or phrases "should result," "will likely result," "will enable," "are expected to," "is anticipated," "estimate," "project" or similar expressions are intended to identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to certain risks and uncertainties, including changes in economic conditions in the Corporation's market area, changes in policies by regulatory agencies, fluctuations in interest rates, demand for loans in the Corporation's market area and competition, that could cause actual results to differ materially from historical results and those presently anticipated or projected. The Corporation wishes to caution readers not to place undue reliance on such forward-looking statements, which speak only as of the date made. The Corporation wishes to advise readers that the factors listed could affect the Corporation's financial performance and could cause the Corporation's actual results for future periods to differ materially from any opinions or statements expressed with respect to future periods in any current statements.

The Corporation does not undertake-and specifically declines any obligation-to publicly release the result of any revisions which may be made to any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.