



Nasdaq: PEBO

Investor Presentation

2nd Quarter 2016

Safe Harbor Statement



Statements in this presentation which are not historical are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. These forward-looking statements may include discussions of the strategic plans and objectives or anticipated future performance and events of Peoples Bancorp Inc. ("Peoples").

The information contained in this presentation should be read in conjunction with Peoples' Annual Report on Form 10-K for the fiscal year ended December 31, 2015 (the "2015 Form 10-K") and Quarterly Report on Form 10-Q for the quarter ended June 30, 2016, filed with the Securities and Exchange Commission (the "SEC") and each of which is available on the SEC's website (www.sec.gov) or at Peoples' website (www.peoplesbancorp.com).

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Overview



- Profile and Investment Rationale
- 2nd Quarter 2016 Performance
- Strategy
- 2016 Performance Outlook
- Appendix



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Profile and Investment Rationale



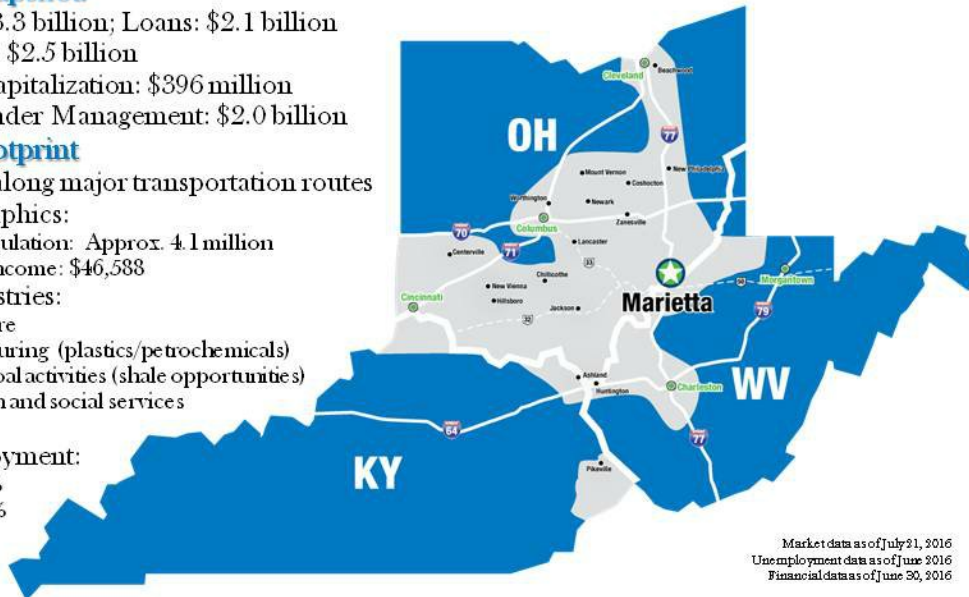
Corporate Profile



- **Financial holding company headquartered in Marietta, Ohio.**
 - Provide a broad range of banking, insurance, and investment services
- **Current snapshot**
 - Assets: \$3.3 billion; Loans: \$2.1 billion
 - Deposits: \$2.5 billion
 - Market capitalization: \$396 million
 - Assets Under Management: \$2.0 billion

- **Current footprint**

- Located along major transportation routes
- Demographics:
 - Total population: Approx. 4.1 million
 - Median income: \$46,588
- Key industries:
 - Health care
 - Manufacturing (plastics/petrochemicals)
 - Oil/gas/coal activities (shale opportunities)
 - Education and social services
 - Tourism
- Unemployment:
 - OH: 5.0%
 - WV: 6.0%
 - KY: 5.0%
 - US: 4.9%



Investment Rationale



- **Unique community banking model**
 - Greater revenue diversity for a community bank our size (32% fee-based)
 - Strong community reputation and active involvement
 - Local market teams capable of outmaneuvering larger banks
 - More sophistication and product breadth than smaller banks
- **Strong, growing fee-based businesses**
 - Sizable market share in several areas
 - Prior insurance acquisitions producing steady returns
 - Potential wealth management opportunities
- **Capacity to grow our franchise**
 - Strong capital and fundamentals to support M&A strategy
 - Proven integration capabilities and scalable infrastructure, including in-process upgrade to a best-in-class core banking platform
 - Passionate and talented associates
- **Committed to disciplined execution**
 - Strong, integrated enterprise risk management process
 - Focused on business line performance and contribution, positive operating leverage, efficiency, and credit quality



2nd Quarter 2016 Performance



Second Quarter 2016 Highlights



- Second consecutive quarter delivering \$8 million earnings
- Annualized loan growth of 4% with strong performance in both Indirect and Commercial & Industrial Lending
- Asset quality improving with net charge-offs falling to 0.03% of loans, and reduced levels of both criticized and classified loans
 - Classified loans / tier 1 capital at lowest level since the recession
- Expense controls holding core efficiency ratio below 65% (64.85% for the quarter, 64.56% YTD)
- Fee income at 32% of revenues

Summary Financials



| | Metrics | QE | | O/(U) \$ | O/(U) % |
|---------------------------------|--|------------|------------|-------------|---------|
| | | 6/30/16 | 3/31/16 | | |
| Balance Sheet Highlights | Investment securities | \$ 855,326 | \$ 885,462 | \$ (30,136) | -3% |
| | Gross loans | 2,128,790 | 2,105,115 | 23,675 | 1% |
| | Allowance for loan losses | (17,838) | (17,261) | (577) | 3% |
| | Net loans | 2,110,952 | 2,087,854 | 23,098 | 1% |
| | Total assets | 3,333,455 | 3,294,929 | 38,526 | 1% |
| | Non-interest-bearing deposits | 699,695 | 716,202 | (16,507) | -2% |
| | Interest-bearing deposits | 1,833,276 | 1,870,881 | (37,605) | -2% |
| | Total deposits | 2,532,971 | 2,587,083 | (54,112) | -2% |
| Stockholders' equity | 437,753 | 428,486 | 9,267 | 2% | |
| Income Statement | Net interest income | \$ 26,308 | \$ 25,767 | \$ 541 | 2% |
| | Provision | 727 | 955 | (228) | -24% |
| | Other gains/(losses) | (2) | 65 | (67) | -103% |
| | Non-interest income | 12,367 | 13,054 | (687) | -5% |
| | Non-interest expense | 26,505 | 26,282 | 223 | 1% |
| | Income tax expense | 3,479 | 3,654 | (175) | -5% |
| Net income | \$ 7,962 | \$ 7,995 | \$ (33) | 0% | |
| Key Ratio Metrics | Return on assets | 0.97% | 0.98% | -0.01% | -1% |
| | Efficiency ratio (1) | 65.08% | 64.26% | 0.82% | 1% |
| | Pre-provision net revenue / avg assets (1) | 1.48% | 1.54% | -0.06% | -4% |

(1) Non-GAAP financial measure. See Appendix for additional information.

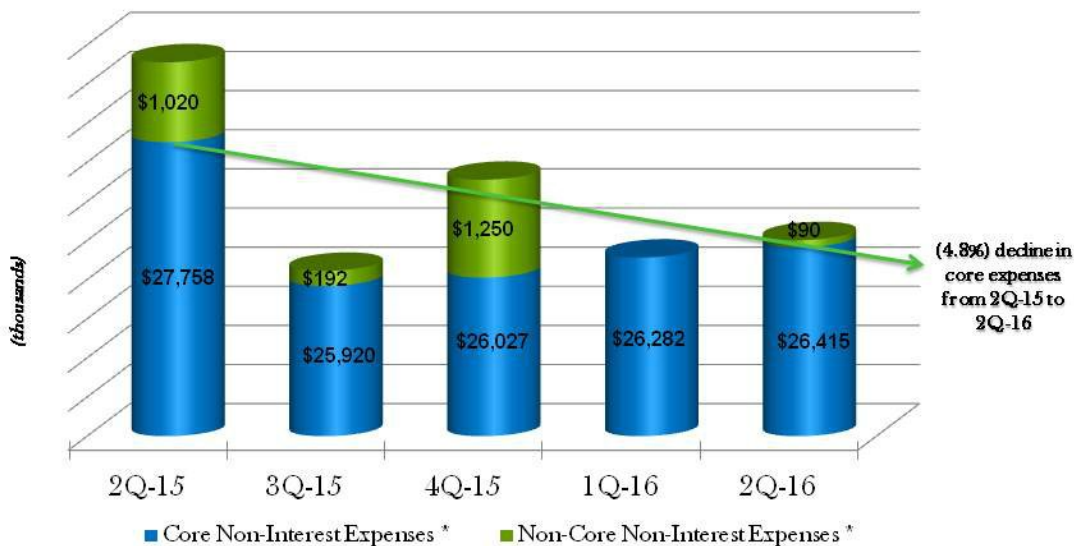


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Operating Expenses



Four consecutive quarters of well-controlled expenses



* Non-GAAP financial measure. See Appendix.

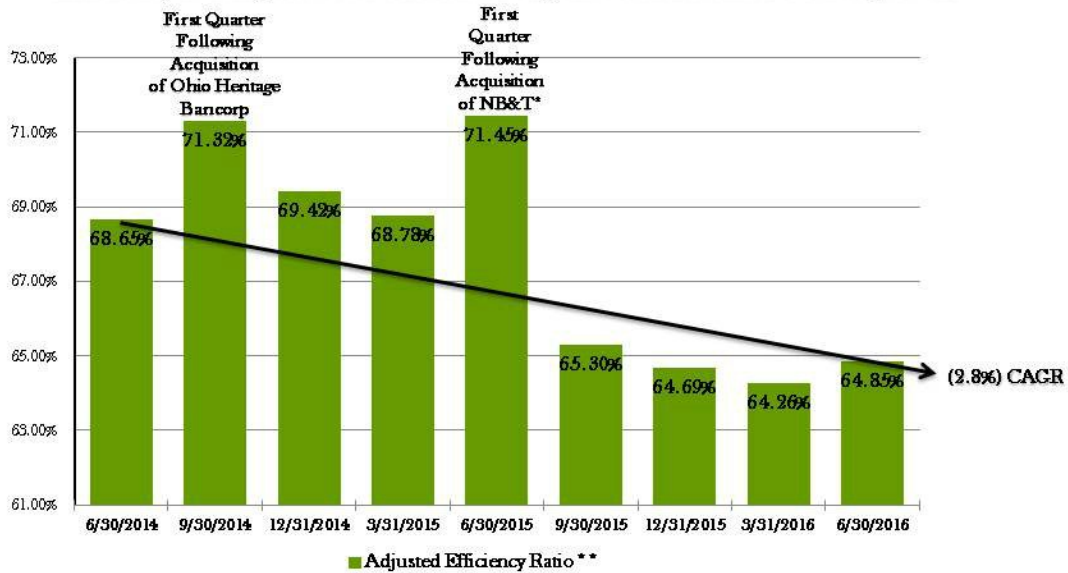


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Core Efficiency



Efficiency has improved as a result of expense control and revenue growth



* Acquisition of NB&T Financial Group, Inc. ("NB&T") was completed on March 6, 2015

** The Adjusted Efficiency Ratio is a non-GAAP financial measure (see Appendix). It includes acquisition costs, pension settlement charges, severance charges and certain other non-core expenses.



Loan Growth



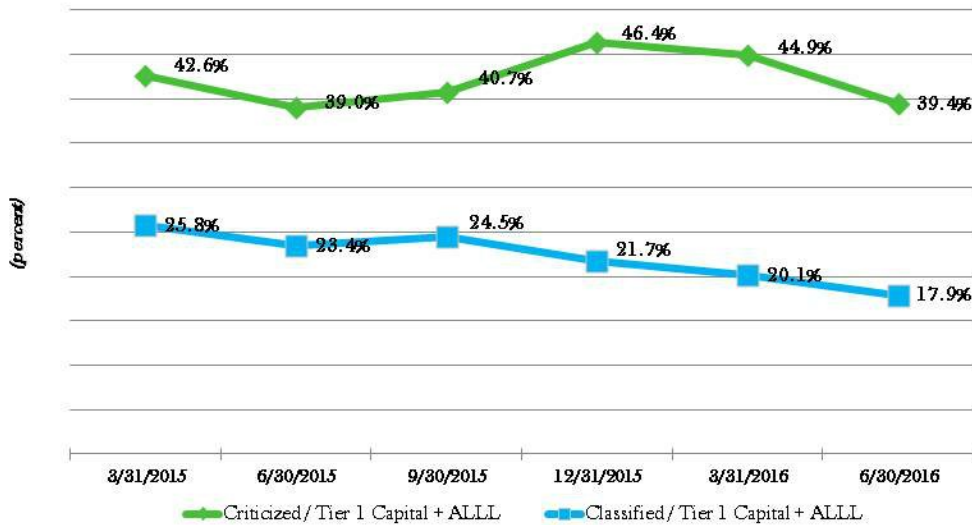
Originated loans were up 19% over the prior year quarter, and 9% since year-end



Asset Quality



Criticized and Classified loan levels continue to improve



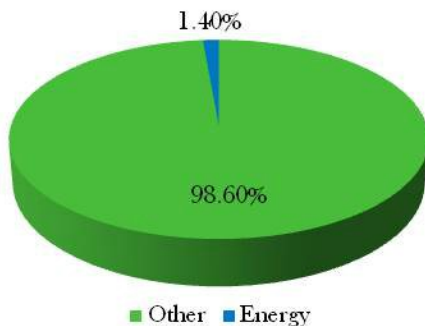
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6/30/16 Credit Exposure Spotlight

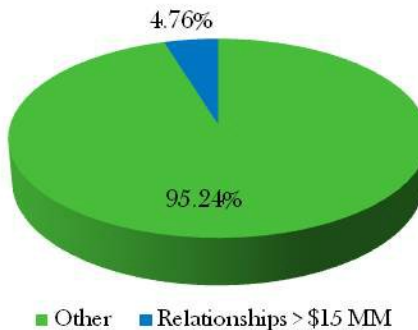


Direct credit exposure to energy industry clients remains low at 1.4% of total commitments, and exposure to large relationships was less than 5% of total commitments

% of Total Credit Commitments \$
Energy Industry Exposure
(Oil/Gas/Coal)



% of Total Credit Commitments \$
Large Relationship Exposure
(Relationships > \$15 MM)

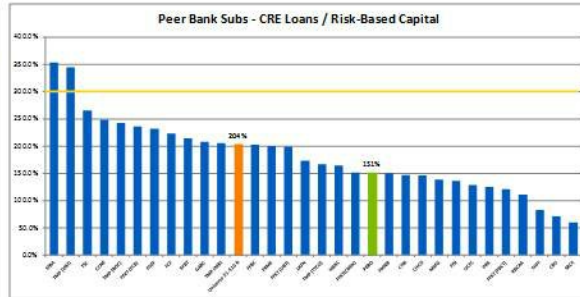
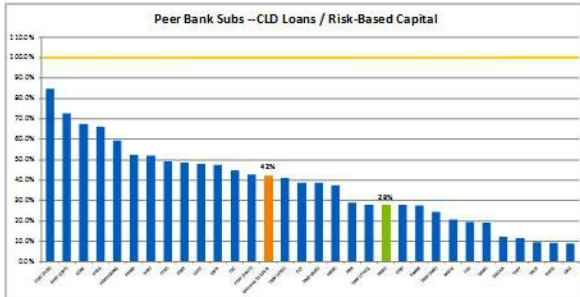


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CRE Concentration Analysis



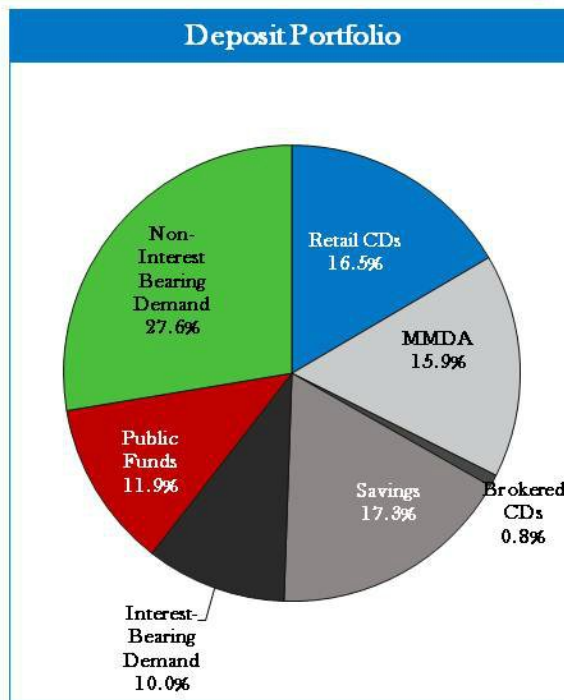
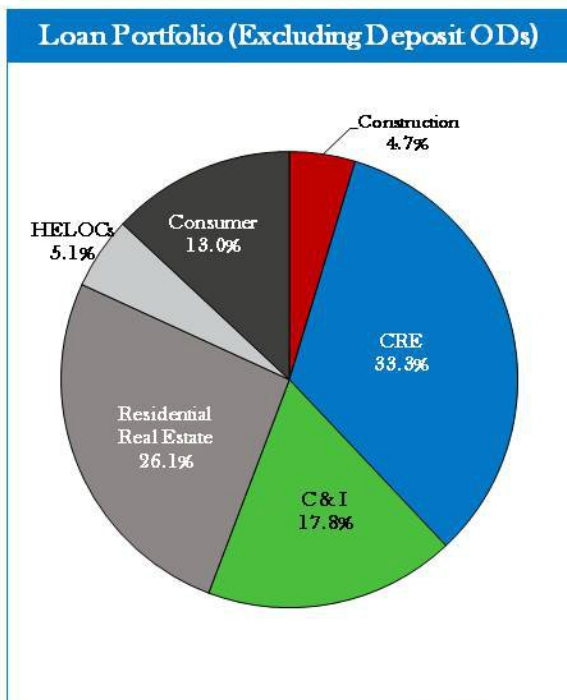
- CRE exposure is well below supervisory criteria established to identify institutions with heightened CRE concentration risk
 - Exposure levels also compare favorably to peer institution concentration levels



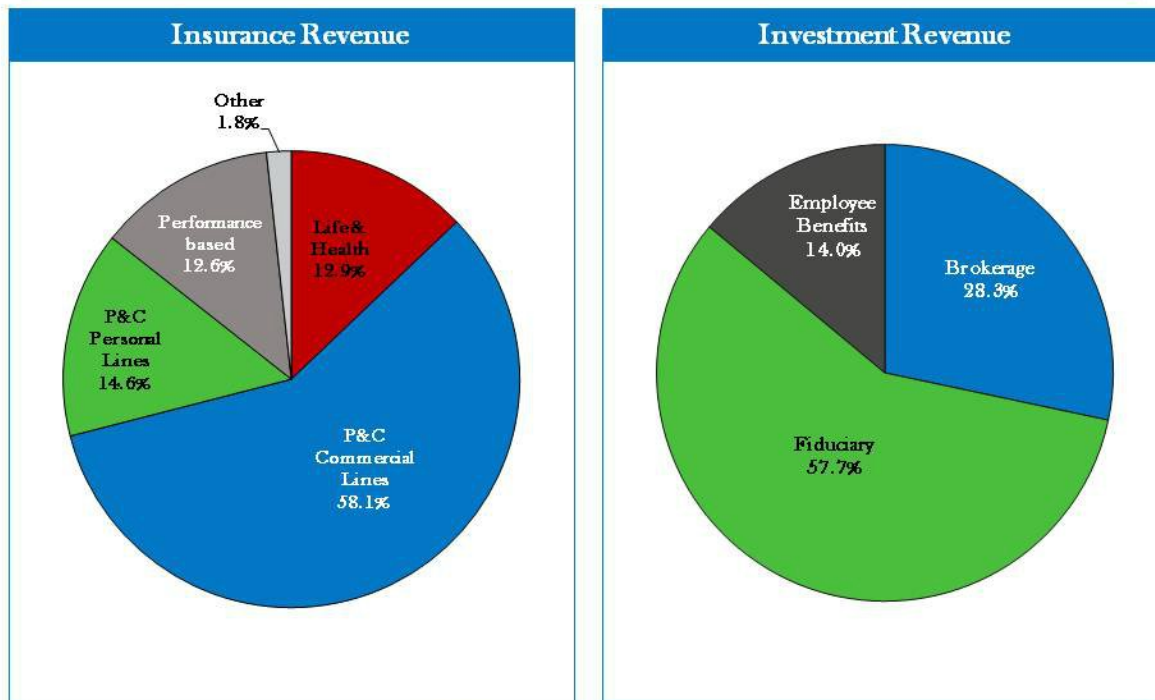
Source: SNL Financial, Commercial Bank Call Report Data as of 9/30/16
 Per April 2015 OCC-FRB Guidance. CLD Loans defined as total loans for construction, land, and land development. CRE Loans defined as total non-owner-occupied CRE loans (including CLD)



Loan and Deposit Composition



Insurance & Investment Income Composition



Trailing Twelve Months from 6/30/16



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Business Highlights



- **Commercial Banking**
 - Loans were up \$61 million or 5% from June 2015
 - Strong pipeline with \$25 million in scheduled net fundings in Q3 2016
 - \$20 million lending “house limit” although legal limit is over \$40 million
- **Retail Banking**
 - Non-interest bearing DDA at 25% of total deposits
 - \$65 million or 47% indirect loan growth compared to June 2015
- **Insurance**
 - Commercial Property & Casualty lines comprising 58% of revenue
 - Expanding Life & Health segment comprising 13% of revenue
- **Trust and Investments**
 - \$2.0 billion in assets under management
 - Retirement planning, 401(k) administration, brokerage and trust services



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Strategy



Strategic Road Map



“Best Community Bank in America”

- Commitment to Superior Shareholder Returns
- Great Place to Work
- Great Place to Bank
- Meaningful Impact on Our Communities

| Responsible Risk Management | Extraordinary Client Experience | Profitable Revenue Growth | Superior Workforce |
|---|---|---|--|
| <ul style="list-style-type: none"> • Our Way of Life • Asset Quality • Compliance / Regulatory • Operational Risk • Information Security • Change Management • Execution Risk • Reputational Risk | <ul style="list-style-type: none"> • Broad Delivery Channels • Delight the Customer • Knowledgeable, Caring Associates Consistently Delivering Competent Advice / Solutions • Consistent Experience at Every Touch Point • DWYSYWD | <ul style="list-style-type: none"> • M & A • Sales & Service Process • Define the Ideal Client Profile for New Relationships • Best Client Retention • Relationship Reviews; Value Added • Deepen Relationships/ Cross Sell • Understand Customer Needs • Seek Client Referrals | <ul style="list-style-type: none"> • Right People / Right Job • Appetite for Winning • Culture of Learning • Coaching/ Development • No Whiners/ No Excuses • Accountability/ Performance Metrics • Reward/ Recognition |

How we do it

1. Create a **Winning Culture**: Embrace change/active learners/help each other win/communicate effectively
2. **Human Capital Development**: Define the behaviors and goals/provide the training/measure/coach/reward
3. **Pricing Discipline**: Focus on the risk-adjusted margin/fair prices, fair returns
4. **Operating Efficiencies**: Quest for continuous improvement/revenue growth faster than expense growth
5. **Merger Integration**: Manage the risk/retain and grow the revenue/lower the cost/delight the community

Strategic Priorities



Positive Operating Leverage

- Primary emphasis on revenue growth
- Disciplined expense management
- Expand revenue vs. expense growth gap beyond 2%
- Target core efficiency ratio below 65%

Superior Asset Quality

- Balance growth with prudent credit practices
- Improve diversity within the loan portfolio
- Preserve key metrics superior to most of our peers

High Quality Balance Sheet

- Adjust earning asset mix by shifting investments to loans
- Achieve meaningful loan growth each year
- Maintain emphasis on core deposit growth
- Prudent use of capital (dividends, share repurchases & acquisitions)



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Strategic Targets



| | Metrics | Actual 2015 | QE 3/31/16 | QE 6/30/16 | 5-Year Strategic Target Range |
|-----------------------------|---|-------------|------------|------------|-------------------------------|
| Positive Operating Leverage | Net interest margin (FTE) | 3.53% | 3.53% | 3.57% | 3.60% to 3.80% |
| | Total revenue growth (1) | 32.40% | 9.02% | -1.50% | 5% to 8% |
| | Total expense growth (1) | 35.38% | -14.59% | 3.39% | 3% to 6% |
| | Non-interest income to total revenue | 32.71% | 33.63% | 31.98% | 35% to 40% |
| | Efficiency (2) | 75.50% | 64.26% | 65.08% | 58% to 62% |
| Superior Asset Quality | NPAs to total loans + OREO | 0.98% | 1.00% | 1.04% | 0.70% to 1.00% |
| | Net charge-offs to average loans (3) | 0.78% | 0.09% | 0.03% | 0.30% to 0.50% |
| High Quality Balance Sheet | Loans to total assets | 63.59% | 63.89% | 63.86% | 60% to 70% |
| | Deposits to total funding | 90.25% | 91.24% | 88.74% | 80% to 90% |
| | Tier 1 capital | 13.68% | 13.41% | 13.33% | 10% to 13% |
| | Tang. equity to tang. assets (2) | 8.69% | 8.88% | 9.10% | 7.50% to 8.50% |
| Execute on Strategies | Return on equity | 2.69% | 7.59% | 7.45% | Over 10% |
| | Return on assets | 0.35% | 0.98% | 0.97% | Over 1% |
| | Pre-provision net revenue to assets (2) | 0.96% | 1.54% | 1.48% | Over 1.80% |
| | Revenue vs. expense growth gap | -2.98% | 23.61% | -4.89% | Over 2% |
| | Dividend payout (4) | 96.35% | 34.37% | 36.47% | 30% to 40% |

(1) Annualized. 2015 growth rates reflect impacts from acquisition of NB&T.

(2) Non-GAAP financial measure. See Appendix.

(3) 2016 quarterly ratio is annualized.

(4) Dividend data reflects amounts declared with respect to earnings for the period indicated.



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Strategic Capabilities



| | Chase | Wells Fargo | Bank of America | FNC | Huntington | PEOPLES BANCORP | City National | Community Trust | Wes Banco | Park National | United Bank |
|-----------------------------|-------|-------------|-----------------|-----|------------|-----------------|---------------|-----------------|-----------|---------------|-------------|
| Online Channel | | | | | | | | | | | |
| Bill Pay | Yes | Yes | Yes | Yes | Yes | Yes ★ | Yes | Yes | Yes | Yes | Yes |
| Online Account Opening | Yes | Yes | Yes | Yes | Yes | Yes ★ | Yes | No | No | No | No |
| Online Loan Applications | Yes | Yes | Yes | Yes | Yes | Yes ★ | No | No | No | No | Yes |
| Online Financial Management | No | Yes | Yes | Yes | Yes | Yes ★ | No | No | No | No | No |
| ACH/Wires Stop Payments | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Positive Pay | Yes | Yes | Yes | Yes | Yes | Yes | Yes | No | No | Yes | Yes |
| Tax Services | Yes | Yes | Yes | Yes | Yes | Yes ★ | No | No | No | No | Yes |
| PP Payments | Yes | Yes | Yes | Yes | No | Pending | Yes | Yes | No | Yes | No |
| Online Chat | No | No | Yes | No | Yes | Yes ★ | No | No | No | Yes | No |
| Mobile Channel | | | | | | | | | | | |
| Text Alerts | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Bill Pay-Specific to Mobile | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| iPhone/iPad/Android Apps | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Text Banking | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Mobile Deposit Capabilities | Yes | Yes | Yes | Yes | Yes | Yes | Yes | No | Yes | Yes | Yes |
| Business Support Center | Yes | Yes | Yes | Yes | Yes | Yes ★ | No | No | No | Yes | No |
| Social Media Channel | | | | | | | | | | | |
| Facebook | Yes | Yes | Yes | Yes | Yes | Yes | Yes | No | Yes | Yes | No |
| Twitter | Yes | Yes | Yes | Yes | Yes | Yes | Yes | No | Yes | Yes | No |
| YouTube | Yes | Yes | Yes | Yes | Yes | Yes ★ | No | No | No | Yes | Yes |
| LinkedIn | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Other Channels | | | | | | | | | | | |
| Prepaid Debit Card | Yes | Yes | No | Yes | No | Yes ★ | No | Yes | No | No | No |
| Prepaid Gift Card | No | Yes | No | Yes | No | Yes | No | Yes | Yes | No | Yes |
| Employer-Loaded Pay Cards | Yes | Yes | Yes | Yes | No | Yes ★ | No | No | No | No | No |

★ Indicates Peoples has an advantage over Community Bank group



Information accurate as of May 2016

2016 Performance Outlook



2016 Outlook



- **Maintain core efficiency ratio in the 65% range**
 - Expenses met quarterly run rate target of \$26.5 million in Q2 providing a ratio of 65.08%, and an adjusted ratio of 64.85%
 - Targeting core efficiency ratio to remain in the 65% range for the year, driven primarily by continuation of expense management initiatives
- **Continue driving organic loan growth**
 - Annualized Q2 loan growth was 4%
 - Optimistic that we can still hit 2016 loan growth target of 6%, but will not sacrifice credit quality
- **Sustain net interest margin in the low 3.50s**
 - Q2 margin was 3.57%, including 11 bps of accretion from acquisitions
 - Expecting margin in the low 3.50s for the year as accretion from acquisitions continues to taper
- **Return to top-quartile asset quality**
 - Q2 net charge-off rate of 3 bps
 - Net charge-offs forecasted at low end of our 20 - 30 bps range for the year



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2016 Outlook



- **Complete core banking system platform conversion**
 - Converting to a best-in-class third party platform
 - Will support future growth and improve operational efficiencies
- **Continue executing on acquisition strategy**
 - Primarily focused on insurance and investment opportunities in 2016 to build fee-based revenue. Aiming to move fee-based revenue contribution toward strategic target of between 35 and 40% of revenues
 - With core banking system platform conversion scheduled for 4th quarter 2016, any bank acquisition would not close until mid-2017, at the earliest
- **Maintain strong dividend payout ratio**
 - Continue paying out 30 - 40% of earnings



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Appendix



Quarterly Financial Summary



| | Metrics | 2Q 2015 | 3Q 2015 | 4Q 2015 | 1Q 2016 | 2Q 2016 |
|------------------------------|--|------------|------------|------------|------------|------------|
| Financial Performance | Diluted EPS | \$0.27 | \$0.22 | \$0.14 | \$0.44 | \$0.44 |
| | Return on common equity | 4.69% | 3.89% | 2.42% | 7.59% | 7.45% |
| | Return on assets | 0.61% | 0.51% | 0.32% | 0.98% | 0.97% |
| | Pre-provision net revenue to assets ^{(1) (2)} | 0.99% | 1.40% | 1.31% | 1.54% | 1.48% |
| | Net interest margin (FTE) | 3.46% | 3.55% | 3.56% | 3.53% | 3.57% |
| | Efficiency ratio ⁽¹⁾ | 74.19% | 65.81% | 67.94% | 64.26% | 65.08% |
| | Adjusted efficiency ratio ^{(1) (3)} | 71.45% | 65.30% | 64.69% | 64.26% | 64.85% |
| Capital | Tier 1 capital | 14.06% | 13.77% | 13.67% | 13.41% | 13.33% |
| | Total capital | 15.04% | 14.97% | 14.54% | 14.29% | 14.23% |
| | Tang. equity to tang. assets ⁽¹⁾ | 8.73% | 8.88% | 8.69% | 8.88% | 9.10% |
| | TBV per share ⁽¹⁾ | \$14.52 | \$14.86 | \$14.68 | \$15.39 | \$15.93 |
| Asset Quality | NPAs to loans + OREO | 1.25% | 1.29% | 0.98% | 1.00% | 1.04% |
| | NPAs to TE + ALLL | 8.87% | 8.92% | 7.05% | 7.08% | 7.19% |
| | ALLL to originated loans | 1.42% | 1.72% | 1.19% | 1.17% | 1.16% |
| | Net c/o's to avg loans ⁽²⁾ | 0.11% | 0.15% | 2.63% | 0.09% | 0.03% |
| | Loan loss prov to avg loans ⁽²⁾ | 0.13% | 1.14% | 1.39% | 0.18% | 0.14% |

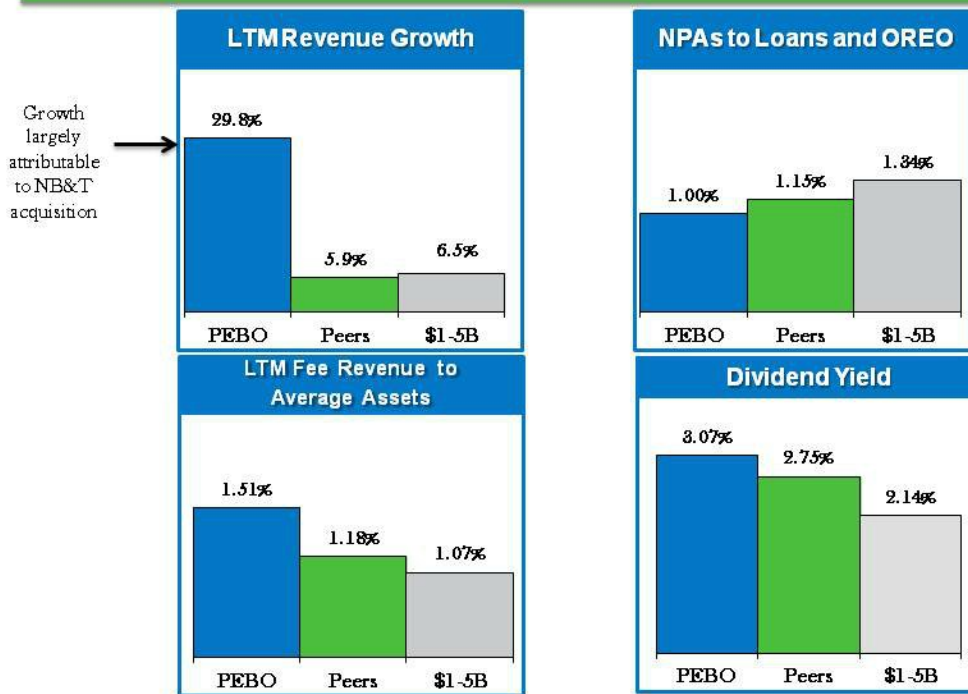
⁽¹⁾ Non-GAAP financial measure. See Appendix.

⁽²⁾ Annualized

⁽³⁾ Excluding acquisition and other non-core expenses



Key Drivers of Shareholder Value



Peers include: SRCE, CHCO, CCNE, CBU, CTBI, FFKT, FMNB, FISI, FDEF, FFBC, THFF, FRME, GABC, HBNC, LKFN, MCFG, PRK, RBCAA, STBA, SYBT, TMP, TSC, UCFC

\$1-5B group represents all publicly-traded Midwest banks with total assets between \$1 and \$5 billion
Source: SNL Financial as of March 31, 2016



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Non-GAAP Measures



PRE-PROVISION NET REVENUE

Pre-provision net revenue (PPNR) represents a non-GAAP financial measure commonly used to evaluate the operating performance and trends of financial services companies, including Peoples. PPNR represents the earnings capacity that can be either retained in order to build capital or used to absorb unexpected losses and preserve existing capital. PPNR is defined as net interest income plus non-interest income minus non-interest expense. This measure is non-GAAP since it excludes provision for (recovery of) loan losses and all gains and/or losses included in earnings.

| (\$ in Thousands) | Q2 2015 | Q3 2015 | Q4 2015 | FY 2015 | Q1 2016 | Q2 2016 |
|---|-----------------|------------------|------------------|------------------|------------------|------------------|
| Income (loss) before income taxes | \$ 7,144 | \$ 5,504 | \$ 3,008 | \$ 14,816 | \$ 11,649 | \$ 11,441 |
| Add: Provision for loan losses | 672 | 5,837 | 7,238 | 14,097 | 955 | 727 |
| Add: Loss on debt extinguishment | — | — | — | 520 | — | 707 |
| Add: Loss on loans held-for-sale and OREO | 73 | 50 | 398 | 529 | 1 | — |
| Add: Loss on securities | — | — | — | — | — | — |
| Add: Loss on other assets | 63 | 1 | 100 | 739 | 30 | 97 |
| Less: Recovery of loan losses | — | — | — | — | — | — |
| Less: Gain on debt extinguishment | — | — | — | — | — | — |
| Less: Gain on loans held-for-sale and OREO | — | — | — | — | — | — |
| Less: Gains on securities | 11 | 62 | 56 | 729 | 96 | 767 |
| Less: Gains on other assets | — | — | — | — | — | 35 |
| Pre-provision net revenue | \$ 7,941 | \$ 11,330 | \$ 10,688 | \$ 29,972 | \$ 12,539 | \$ 12,170 |
| Average assets (in millions) | \$ 3,220 | \$ 3,210 | \$ 3,241 | \$ 3,112 | \$ 3,273 | \$ 3,307 |
| Pre-provision net revenue to average assets (a) | 0.99% | 1.40% | 1.31% | 0.96% | 1.54% | 1.48% |

(a) Presented on an annualized basis



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Non-GAAP Measures



EFFICIENCY RATIO

The efficiency ratio is a key financial measure used to monitor performance. The efficiency ratio is calculated as non-interest expense (less intangible amortization) as a percentage of fully tax-equivalent net interest income plus non-interest income. This measure is non-GAAP since it excludes intangible amortization and all gains and/or losses included in earnings, and uses the fully tax-equivalent net interest income.

| <i>(\$ in Thousands)</i> | Q2 2014 | Q3 2014 | Q4 2014 | Q1 2015 |
|---|------------------|------------------|------------------|------------------|
| Total non-interest expense | \$ 20,003 | \$ 22,207 | \$ 23,981 | \$ 32,914 |
| Less: intangible amortization | 282 | 367 | 516 | 673 |
| Efficiency ratio numerator | \$ 19,721 | \$ 21,840 | \$ 23,465 | \$ 32,241 |
| Net interest income, fully tax-equivalent | \$ 16,375 | \$ 18,205 | \$ 20,475 | \$ 21,828 |
| Non-interest income | 9,719 | 9,861 | 10,178 | 11,508 |
| Efficiency ratio denominator | \$ 26,094 | \$ 28,066 | \$ 30,653 | \$ 33,336 |
| Efficiency ratio | 75.58% | 77.82% | 76.55% | 96.72% |



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Non-GAAP Measures



EFFICIENCY RATIO

The efficiency ratio is a key financial measure used to monitor performance. The efficiency ratio is calculated as non-interest expense (less intangible amortization) as a percentage of fully tax-equivalent net interest income plus non-interest income. This measure is non-GAAP since it excludes intangible amortization and all gains and/or losses included in earnings, and uses the fully tax-equivalent net interest income.

| | | | | | | |
|---|------------------|------------------|------------------|-------------------|------------------|------------------|
| Total non-interest expense | \$ 28,778 | \$ 26,112 | \$ 27,277 | \$ 115,081 | \$ 26,282 | \$ 26,505 |
| Less: intangible amortization | 1,144 | 1,127 | 1,133 | 4,077 | 1,008 | 1,007 |
| Efficiency ratio numerator | \$ 27,634 | \$ 24,985 | \$ 26,144 | \$ 111,004 | \$ 25,274 | \$ 25,498 |
| Net interest income, fully tax-equivalent | \$ 25,320 | \$ 26,061 | \$ 26,379 | \$ 99,588 | \$ 26,275 | \$ 26,810 |
| Non-interest income | 11,926 | 11,906 | 12,101 | 47,441 | 13,054 | 12,367 |
| Efficiency ratio denominator | \$ 37,246 | \$ 37,967 | \$ 38,480 | \$ 147,029 | \$ 39,329 | \$ 39,177 |
| Efficiency ratio | 74.19% | 65.81% | 67.94% | 75.50% | 64.26% | 65.08% |



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Non-GAAP Measures



CORE NON-INTEREST EXPENSE

Core non-interest expenses are non-GAAP since they exclude the impact of acquisition related costs, pension settlement charges, severance charges, search firm fees and legal settlement charges.

| <i>(\$ in Thousands)</i> | Q2 2014 | Q3 2014 | Q4 2014 | Q1 2015 |
|-----------------------------------|------------------|------------------|------------------|------------------|
| Total non-interest expense | \$ 20,003 | \$ 22,207 | \$ 23,981 | \$ 32,914 |
| Less: acquisition related costs | 1,272 | 1,463 | 1,869 | 9,044 |
| Less: pension settlement charges | 536 | 361 | 17 | 269 |
| Less: other non-core charges | - | - | 298 | - |
| Core non-interest expenses | \$ 18,195 | \$ 20,383 | \$ 21,797 | \$ 23,601 |

| <i>(\$ in Thousands)</i> | Q2 2015 | Q3 2015 | Q4 2015 | FY 2015 | Q1 2016 | Q2 2016 |
|--|------------------|------------------|------------------|-------------------|------------------|------------------|
| Total non-interest expense | \$ 28,778 | \$ 26,112 | \$ 27,277 | \$ 115,081 | \$ 26,282 | \$ 26,505 |
| Less: core conversion associated costs | - | - | - | - | - | 90 |
| Less: acquisition related costs | 732 | 109 | 838 | 10,723 | - | - |
| Less: pension settlement charges | 103 | 83 | 5 | 460 | - | - |
| Less: other non-core charges | 185 | - | 407 | 592 | - | - |
| Core non-interest expenses | \$ 27,758 | \$ 25,920 | \$ 26,027 | \$ 103,306 | \$ 26,282 | \$ 26,415 |



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Non-GAAP Measures



ADJUSTED EFFICIENCY RATIO

The adjusted efficiency ratio is a key financial measure used to monitor performance. The adjusted efficiency ratio is calculated as core non-interest expense (less intangible amortization) as a percentage of fully tax-equivalent net interest income plus non-interest income. This measure is non-GAAP since it uses core non-interest expenses (which excludes the impact of acquisition related costs, pension settlement charges, severance charges, search firm fees, and legal settlement charges), and excludes intangible amortization and all gains and/or losses included in earnings, and uses the fully tax-equivalent net interest income.

| <i>(\$ in Thousands)</i> | Q2 2014 | Q3 2014 | Q4 2014 | Q1 2015 |
|--|------------------|------------------|------------------|------------------|
| Total core non-interest expenses | \$ 18,195 | \$ 20,383 | \$ 21,797 | \$ 23,601 |
| Less: intangible amortization | 282 | 367 | 516 | 673 |
| Adjusted efficiency ratio numerator | \$ 17,913 | \$ 20,016 | \$ 21,281 | \$ 22,928 |
| Net interest income, fully tax-equivalent | \$ 16,375 | \$ 18,205 | \$ 20,476 | \$ 21,828 |
| Non-interest income | 9,719 | 9,861 | 10,178 | 11,508 |
| Efficiency ratio denominator | \$ 26,094 | \$ 28,066 | \$ 30,654 | \$ 33,336 |
| Adjusted efficiency ratio | 68.65% | 71.32% | 69.42% | 68.78% |



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Non-GAAP Measures



ADJUSTED EFFICIENCY RATIO

The adjusted efficiency ratio is a key financial measure used to monitor performance. The adjusted efficiency ratio is calculated as core non-interest expense (less intangible amortization) as a percentage of fully tax-equivalent net interest income plus non-interest income. This measure is non-GAAP since it uses core non-interest expenses (which excludes the impact of acquisition related costs, pension settlement charges, severance charges, search firm fees, and legal settlement charges), and excludes intangible amortization and all gains and/or losses included in earnings, and uses the fully tax-equivalent net interest income.

| <i>(\$ in Thousands)</i> | Q2 2015 | Q3 2015 | Q4 2015 | FY 2015 | Q1 2016 | Q2 2016 |
|--|------------------|------------------|------------------|-------------------|------------------|------------------|
| Total core non-interest expenses | \$ 27,758 | \$ 25,920 | \$ 26,027 | \$ 103,306 | \$ 26,282 | \$ 26,415 |
| Less: intangible amortization | 1,144 | 1,127 | 1,133 | 4,077 | 1,008 | 1,007 |
| Adjusted efficiency ratio numerator | \$ 26,614 | \$ 24,793 | \$ 24,894 | \$ 99,229 | \$ 25,274 | \$ 25,408 |
| Net interest income, fully tax-equivalent | \$ 25,320 | \$ 26,061 | \$ 26,379 | \$ 99,588 | \$ 26,275 | \$ 26,810 |
| Non-interest income | 11,926 | 11,906 | 12,101 | 47,441 | 13,054 | 12,367 |
| Efficiency ratio denominator | \$ 37,246 | \$ 37,967 | \$ 38,480 | \$ 147,029 | \$ 39,329 | \$ 39,177 |
| Adjusted efficiency ratio | 71.45% | 65.30% | 64.69% | 67.49% | 64.26% | 64.85% |



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Non-GAAP Measures



Peoples uses tangible common equity ratios to evaluate the adequacy of Peoples' stockholders' equity. Such ratios represent non-GAAP financial information since the calculations exclude the impact of intangible assets acquired through acquisitions on both total stockholders' equity and total assets, and the related amortization from earning. Management believes this information is useful to investors since it facilitates the comparison of Peoples' operating performance, financial condition and trends to peers, especially those without a level of intangible assets similar to that of Peoples. The following table reconciles the calculation of these non-GAAP financial measures to amounts reported in Peoples' consolidated financial statements.

| <i>(\$ in Thousands)</i> | Jun 30, 2015 | Sep 30, 2015 | Dec 31, 2015 | Mar 31, 2016 | Jun 30, 2016 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Tangible Equity: | | | | | |
| Total stockholders' equity, as reported | \$ 418,164 | \$ 424,760 | \$ 419,789 | \$ 428,486 | \$ 437,753 |
| Less: goodwill and other intangible assets | 151,169 | 151,339 | 149,617 | 148,997 | 147,971 |
| Tangible equity | \$ 266,995 | \$ 273,421 | \$ 270,172 | \$ 279,489 | \$ 289,782 |
| Tangible Assets: | | | | | |
| Total assets, as reported | \$ 3,210,425 | \$ 3,228,830 | \$ 3,258,970 | \$ 3,294,929 | \$ 3,333,455 |
| Less: goodwill and other intangible assets | 151,169 | 151,339 | 149,617 | 148,997 | 147,971 |
| Tangible assets | \$ 3,059,256 | \$ 3,077,491 | \$ 3,109,353 | \$ 3,145,932 | \$ 3,185,484 |
| Tangible Equity to Tangible Assets: | | | | | |
| Tangible equity | \$ 266,995 | \$ 273,421 | \$ 270,172 | \$ 279,489 | \$ 289,782 |
| Tangible assets | \$ 3,059,256 | \$ 3,077,491 | \$ 3,109,353 | \$ 3,145,932 | \$ 3,185,484 |
| Tangible equity to tangible assets | 8.73% | 8.88% | 8.69% | 8.88% | 9.10% |
| Tangible Book Value per Share | | | | | |
| Tangible equity | \$ 266,995 | \$ 273,421 | \$ 270,172 | \$ 279,489 | \$ 289,782 |
| Common shares outstanding | 18,391,575 | 18,400,809 | 18,404,864 | 18,157,932 | 18,185,708 |
| Tangible book value per share | \$ 14.52 | \$ 14.86 | \$ 14.68 | \$ 15.39 | \$ 15.93 |



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Nasdaq: PEBO

Investor Presentation

2nd Quarter 2016