



# Investor Presentation

August 2012



**Chuck Sulerzyski**

*President and Chief Executive Officer*

**Ed Sloane**

*Chief Financial Officer and Treasurer*



# 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, 2011 and Quarterly Report on Form 10-Q for the quarter ended June 30, 2012, filed with the Securities and Exchange Commission (“SEC”) and available on the SEC’s website ([www.sec.gov](http://www.sec.gov)) or at Peoples’ website ([www.peoplesbancorp.com](http://www.peoplesbancorp.com) ).

Investors are cautioned that forward-looking statements, which are not historical fact, involve risks and uncertainties, including those detailed in Peoples’ 2011 Annual Report on Form 10-K filed with the SEC under the section, “Risk Factors” in Part I, Item 1A. As such, actual results could differ materially from those contemplated by forward-looking statements made in this presentation. Management believes that the expectations in these forward-looking statements are based upon reasonable assumptions within the bounds of management’s knowledge of Peoples’ business and operations. Peoples disclaims any responsibility to update these forward-looking statements to reflect events or circumstances after the date of this presentation.

- ♦ Corporate Profile
- ♦ Mergers & Acquisitions
- ♦ Strategic Priorities
- ♦ Investment Rationale

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# Corporate Profile

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- ♦ **Financial holding company headquartered in Marietta, Ohio.**
  - Provide a broad range of banking, insurance, and investment services

- ♦ **Current snapshot:**

- Assets: \$1.8 billion
- Loans: \$955 million
- Deposits: \$1.4 million
- Market capitalization: \$230 million
- Over 125,000 client relationships
- Over 75,000 households

- ♦ **Current footprint**

- Located along major transportation routes

- **Demographics:**

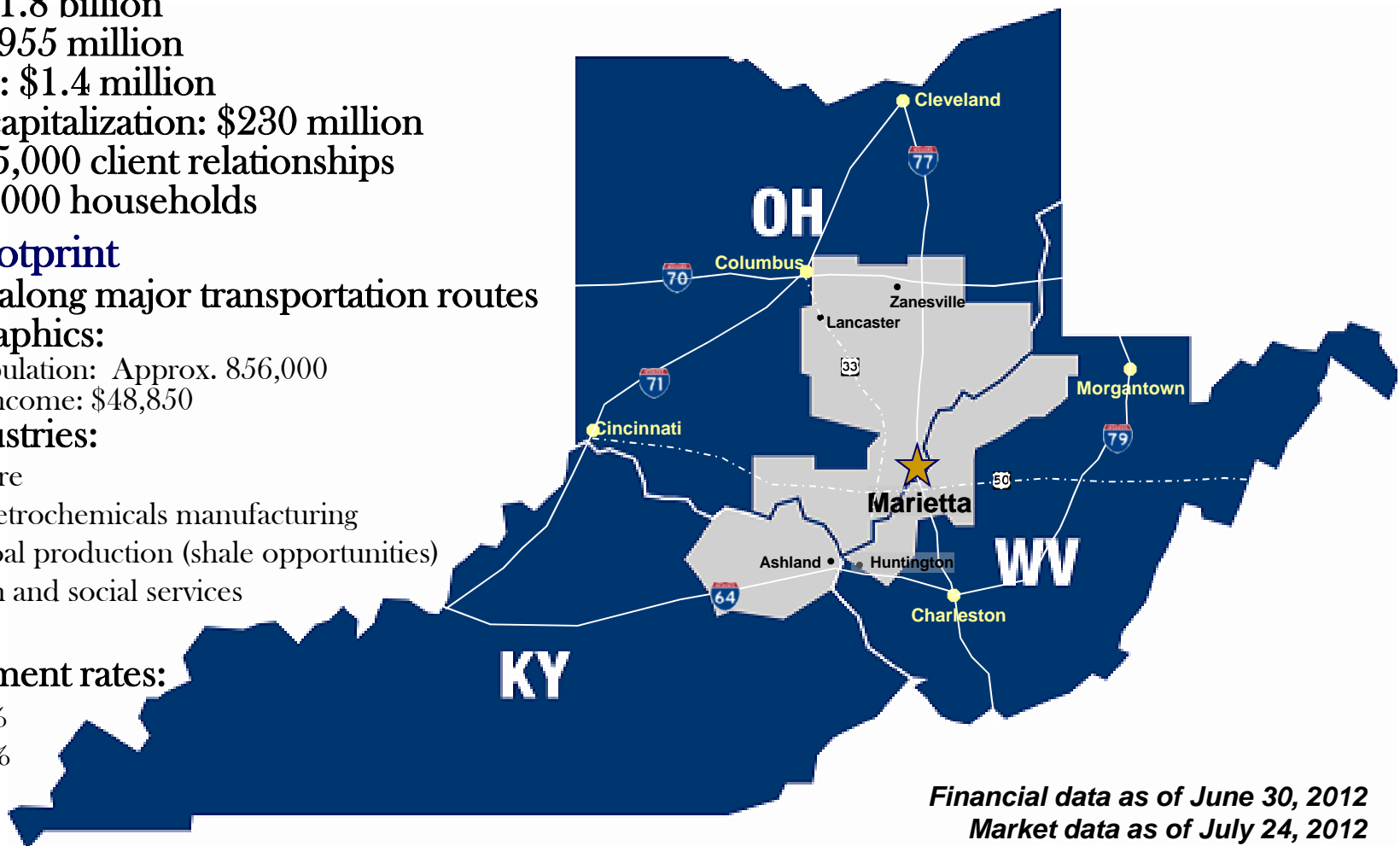
- » Total population: Approx. 856,000
- » Median income: \$48,850

- **Key industries:**

- » Health care
- » Plastics/petrochemicals manufacturing
- » Oil/gas/coal production (shale opportunities)
- » Education and social services
- » Tourism

- **Unemployment rates:**

- » OH: 7.2%
- » WV: 7.0%
- » KY: 8.2%
- » US: 8.2%



*Financial data as of June 30, 2012  
Market data as of July 24, 2012*

- ♦ **Customer-focused approach to sales and service**
  - Offer broad array of financial services
  - Provide exceptional advice and service to clients
  - Build long-lasting relationships
- ♦ **Pursue disciplined franchise growth**
  - Target areas with greater long-term growth potential
  - Add talent to expand sales force in opportunistic markets
  - Selective with acquisitions and expansion
- ♦ **Sound operating principles**
  - Disciplined underwriting and credit culture
  - Generate positive operating leverage
  - Maintain prudent capital and liquidity positions
- ♦ **Recruit and retain high-quality associates**
  - Invest in talent, resources and training to be successful
  - Provide quarterly performance feedback
- ♦ **Execute for success**
  - Generate long-term, stable earnings
  - Increase shareholder value
- ♦ **Community-oriented**
  - Give back to our communities in meaningful ways



## Asset quality

- Renewed emphasis on credit basics and pricing discipline
- Aggressive resolution of problem loans
- Attention to portfolio management



## Revenue growth

- Emphasis on fee-based revenues over net interest income
- Greater sales discipline and management
- Meaningful contribution from acquisitions



## Expense management

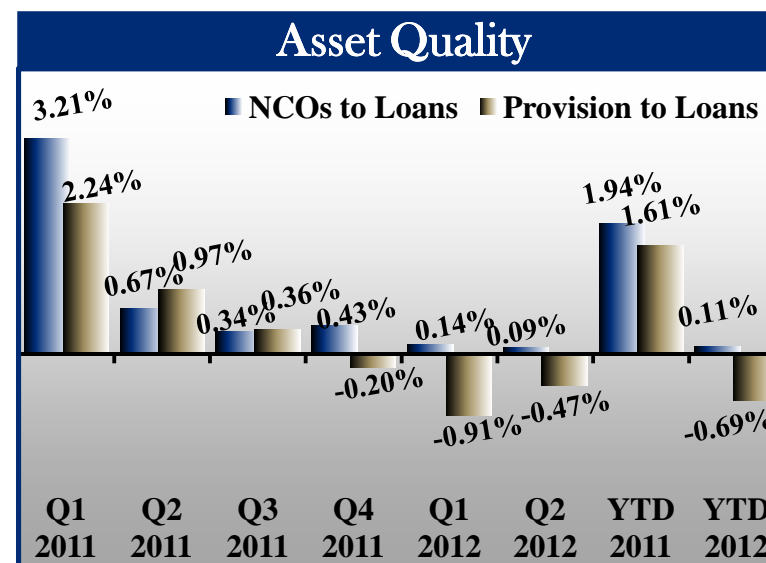
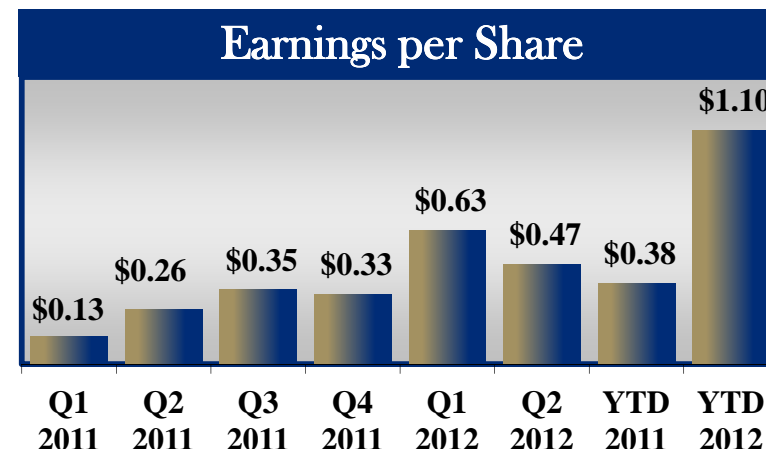
- Committed to positive operating leverage
- Branch and staff rationalization. Invest in people
- Outsource for efficiency and broader expertise



## Capital & liquidity strength

- Prudent deployment of capital
- Maintain capacity to grow our franchise
- Focus on core deposit growth

- ♦ **Strong core operating results**
  - Positive operating leverage
  - All-time record earnings in Q1 2012
- ♦ **Favorable asset quality trends**
  - Steady reduction in nonperforming assets
  - Sizable reserve releases in Q1 and Q2
- ♦ **Growing, diversified revenue stream**
  - Strong fee-based revenue generation
  - Net interest income being pressured
- ♦ **Good operating expense control**
  - Impact of recent cost saving initiatives
  - Q2 2012 impacted by merger costs
- ♦ **Solid performance in all 4 LOBs**
  - Insurance commission income up 9%
  - Wealth management revenue up 8%
  - Strong retail deposit growth
  - Higher commercial loan and deposit balances







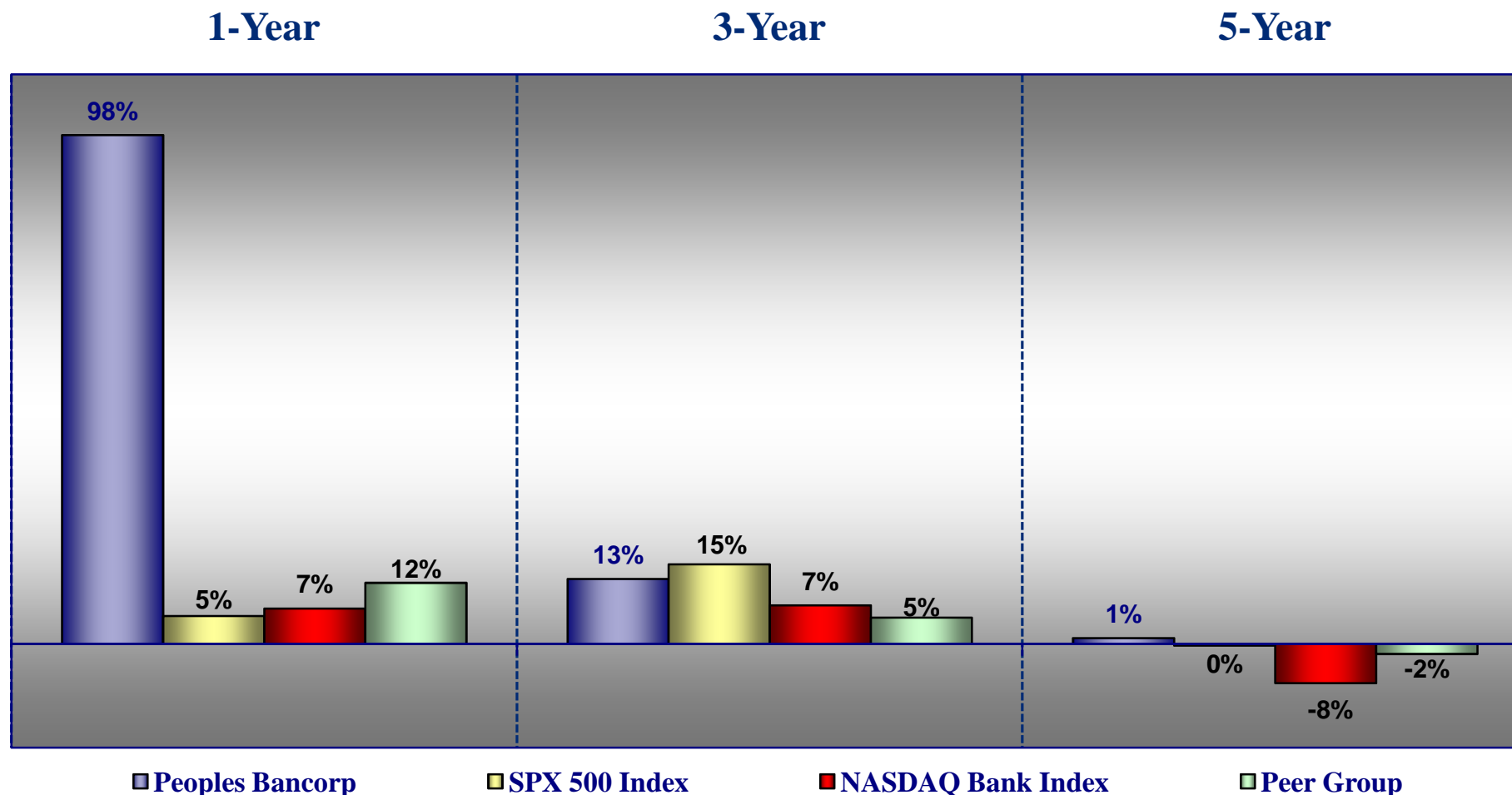
# Recent Financial Summary

|                                  | Metrics                                  | 2Q<br>2011     | 3Q<br>2011     | 4Q<br>2011     | 1Q<br>2012     | 2Q<br>2012     |
|----------------------------------|--|----------------|----------------|----------------|----------------|----------------|
| <b>Financial<br/>Performance</b> | <b>Diluted EPS</b>                       | <b>\$0.26</b>  | <b>\$0.35</b>  | <b>\$0.33</b>  | <b>\$0.63</b>  | <b>\$0.47</b>  |
|                                  | <b>Return on common equity</b>           | <b>5.49%</b>   | <b>7.19%</b>   | <b>6.69%</b>   | <b>12.90%</b>  | <b>9.57%</b>   |
|                                  | <b>Return on assets</b>                  | <b>0.65%</b>   | <b>0.86%</b>   | <b>0.84%</b>   | <b>1.48%</b>   | <b>1.11%</b>   |
|                                  | <b>Net interest margin (FTE)</b>         | <b>3.43%</b>   | <b>3.39%</b>   | <b>3.49%</b>   | <b>3.41%</b>   | <b>3.43%</b>   |
|                                  | <b>Efficiency ratio</b>                  | <b>67.43%</b>  | <b>69.70%</b>  | <b>73.53%</b>  | <b>65.47%</b>  | <b>69.61%</b>  |
| <b>Capital</b>                   | <b>Tier 1 common equity</b>              | <b>12.05%</b>  | <b>12.40%</b>  | <b>12.82%</b>  | <b>13.82%</b>  | <b>13.92%</b>  |
|                                  | <b>Total capital</b>                     | <b>16.97%</b>  | <b>17.33%</b>  | <b>16.20%</b>  | <b>17.20%</b>  | <b>17.27%</b>  |
|                                  | <b>TCE to TA (1)</b>                     | <b>7.83%</b>   | <b>8.16%</b>   | <b>8.22%</b>   | <b>8.28%</b>   | <b>8.45%</b>   |
|                                  | <b>Tangible Book Value per share (1)</b> | <b>\$12.99</b> | <b>\$13.55</b> | <b>\$13.53</b> | <b>\$13.71</b> | <b>\$14.18</b> |
| <b>Asset Quality</b>             | <b>NPAs to loans + OREO</b>              | <b>3.71%</b>   | <b>3.84%</b>   | <b>3.41%</b>   | <b>2.25%</b>   | <b>1.85%</b>   |
|                                  | <b>NPAs to TCE + ALLL</b>                | <b>21.76%</b>  | <b>21.97%</b>  | <b>19.42%</b>  | <b>12.91%</b>  | <b>10.50%</b>  |
|                                  | <b>ALLL to total loans</b>               | <b>2.68%</b>   | <b>2.65%</b>   | <b>2.53%</b>   | <b>2.25%</b>   | <b>2.09%</b>   |
|                                  | <b>Net c/o's to avg loans (2)</b>        | <b>0.67%</b>   | <b>0.34%</b>   | <b>0.43%</b>   | <b>0.14%</b>   | <b>0.09%</b>   |
|                                  | <b>Loan loss prov to avg loans (2)</b>   | <b>0.97%</b>   | <b>0.36%</b>   | <b>- 0.20%</b> | <b>- 0.91%</b> | <b>- 0.47%</b> |

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

(2) Presented on an annualized basis

## Total Annual Return



Peer Group data is comprised of the 22 publicly-traded financial institution holding companies more fully defined in Peoples' definitive proxy materials for the 2012 Annual Meeting of Shareholders. Total return includes the impact of dividend payments.

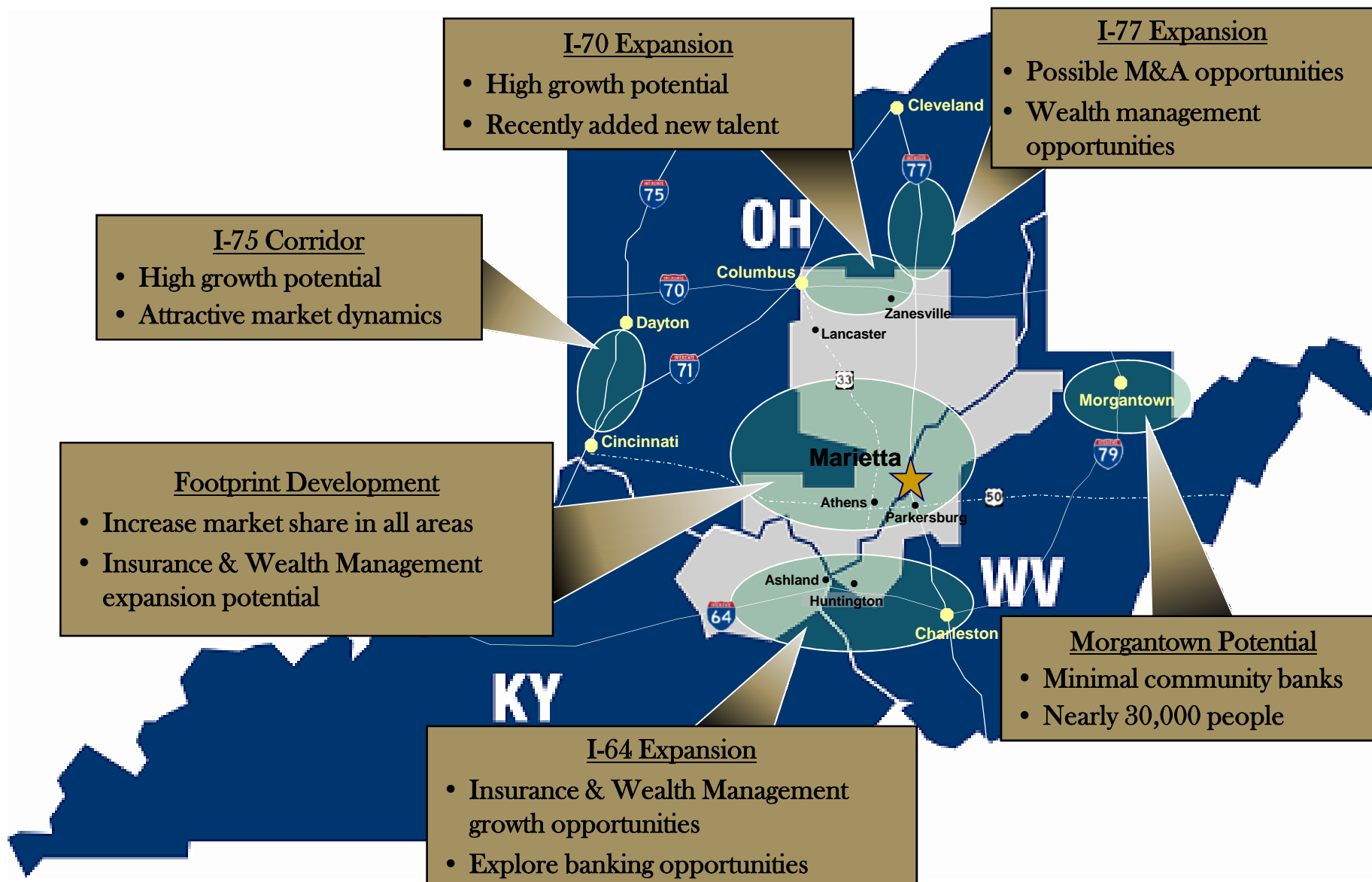
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# Mergers & Acquisitions

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- ♦ **Optimize our current footprint**
  - Gain market share and improve operating efficiency
  - Create more density through disciplined expansion
- ♦ **Target areas with characteristics similar to existing markets**
  - Expand along major transportation routes
  - Focused on “Mid-major” communities or suburbs of major cities
- ♦ **Acquire franchises that complement our strategy**
  - Capitalize on accretion potential of smaller banks (under \$200 million)
  - Improve balance sheet mix and size with larger banks (\$200-800 million)
  - Insurance agencies and wealth management providers for revenue diversity
- ♦ **Improve shareholder return**
  - All transactions must be accretive by year 2
  - Recapture tangible book value dilution within 4 years
- ♦ **Use M&A to augment organic growth**

# Market Growth Opportunities



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# Strategic Priorities

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## Our path to “top performer” status

|                              | 2011   | 2012   | 2013 & Beyond  |
|------------------------------|--|--|--|
| Asset Quality                | <ul style="list-style-type: none"> <li>• Aggressive resolution of problem loans</li> <li>• Redesign credit function</li> </ul>               | <ul style="list-style-type: none"> <li>• Return to credit basics</li> <li>• Prudent approach with allowance for loan losses</li> </ul>     | <ul style="list-style-type: none"> <li>• Balance growth with risk management</li> <li>• Lessen CRE exposures</li> </ul>                          |
| Revenue Growth               | <ul style="list-style-type: none"> <li>• Enhance sales and service discipline</li> <li>• Invest in new talent</li> </ul>                     | <ul style="list-style-type: none"> <li>• Stronger fee generation</li> <li>• Stabilize net interest margin</li> </ul>                       | <ul style="list-style-type: none"> <li>• Preserve diversity</li> <li>• Balance sheet pricing discipline</li> </ul>                               |
| Expense Management           | <ul style="list-style-type: none"> <li>• Branch rationalization</li> <li>• Right-size staffing level</li> <li>• Invest for growth</li> </ul> | <ul style="list-style-type: none"> <li>• Return to positive operating leverage</li> <li>• Target efficiency ratio of 66% to 68%</li> </ul> | <ul style="list-style-type: none"> <li>• Maintain positive operating leverage</li> <li>• Gain greater efficiency through acquisitions</li> </ul> |
| Capital & Liquidity Strength | <ul style="list-style-type: none"> <li>• Repay TARP</li> <li>• Build capacity to grow</li> <li>• Improve funding mix</li> </ul>              | <ul style="list-style-type: none"> <li>• Be nimble and well-prepared for action</li> <li>• Annual dividend payout of 25% to 40%</li> </ul> | <ul style="list-style-type: none"> <li>• Generate returns superior to peers</li> <li>• Capitalize on growth opportunities</li> </ul>             |

# Strategic Targets

| Strategic Focus                          | Metrics   | Actual      |             |          | 5-Year Target Range |
|--|---|-------------|-------------|----------|---------------------|
|  |   | Actual 2010 | Actual 2011 | YTD 2012 |                     |
| Improve Asset Quality                    | NPAs to total loans + OREO                      | 4.64%       | 3.41%       | 1.85%    | 0.80% to 1.00%      |
|  | Net charge-offs to average loans <sup>(1)</sup> | 2.66%       | 1.16%       | 0.11%    | 0.25% to 0.50%      |
| Adjust Balance Sheet Mix                 | Loans to total assets                           | 52.27%      | 52.31%      | 52.16%   | 60% to 65%          |
|  | Deposits to total funding                       | 85.45%      | 86.19%      | 89.16%   | 85% to 90%          |
| High Quality, Diversified Revenue Stream | Annual revenue growth                           | - 2.51%     | - 5.04%     | 3.32%    | 3.0% to 8.0%        |
|  | Non-interest income to total revenue            | 34.56%      | 37.90%      | 39.40%   | 35% to 40%          |
| Strong Capital Position                  | Tier 1 common equity                            | 11.59%      | 12.82%      | 13.92%   | 12% to 14%          |
|  | TCE to tangible assets <sup>(2)</sup>           | 7.17%       | 8.22%       | 8.45%    | 7% to 10%           |
| Operating Leverage                       | Net interest margin (Fully-tax equivalent)      | 3.51%       | 3.43%       | 3.42%    | 3.55% to 3.65%      |
|  | Efficiency                                      | 60.30%      | 68.98%      | 67.52%   | 60% to 65%          |
| Execute on Strategies                    | Return on common equity                         | 1.76%       | 5.61%       | 11.22%   | Over 12%            |
|  | Return on assets                                | 0.28%       | 0.69%       | 1.30%    | Over 1.25%          |
|  | Dividend payout <sup>(3)</sup>                  | 119.33%     | 38.76%      | 20.08%   | 25% to 40%          |

2012 represents year 2 of the 5-year strategy planning period

(1) Presented on an annualized basis

(2) Non-GAAP financial measure. See Appendix for more information

(3) 2011 data includes dividends declared after year-end with respect to fourth quarter earnings.



# Key Performance Drivers

| Metric  | Q2 2011 | Q3 2011 | Q4 2011 | Q1 2012 | Q2 2012 |
|---|---------|---------|---------|---------|---------|
| Classified Assets Ratio (1)                     | 45.28%  | 47.91%  | 48.02%  | 40.44%  | 30.13%  |
| Revenue Growth (2)                              | - 7.1%  | - 5.7%  | - 0.4%  | 2.9%    | 3.6%    |
| Efficiency Ratio                                | 67.43%  | 69.70%  | 73.53%  | 65.47%  | 69.61%  |
| Loan Growth (3)                                 | - 1.6%  | - 0.3%  | 0.4%    | - 0.2%  | 1.4%    |
| Pre-Provision Net Revenue to Average Assets (4) | 1.34%   | 1.46%   | 1.03%   | 1.68%   | 1.41%   |

(1) Substandard loans, OREO, classified investments as a % of Tier I capital +ALLL

(2) Year-over-year growth

(3) Sequential growth in average balances

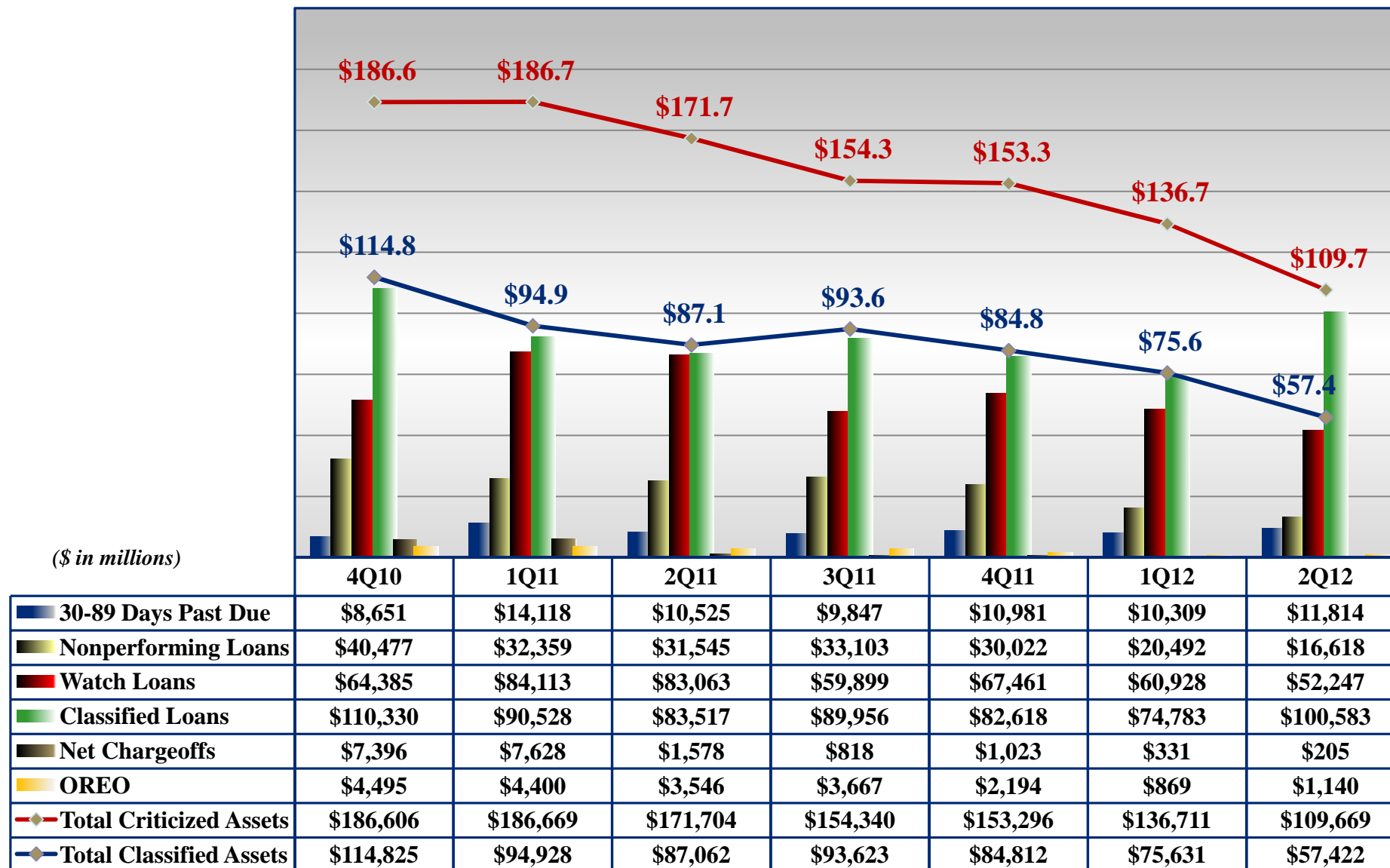
(4) Non-GAAP measure. See Appendix for more information.

# Balance Sheet Trends

| <i>Average Balances<br/>(\$ in millions)</i>    | Q2 2011  | Q3 2011  | Q4 2011  | Q1 2012  | Q2 2012  |
|---|----------|----------|----------|----------|----------|
| <b>Total Loans</b>                              | \$ 947.6 | \$ 944.4 | \$ 948.6 | \$ 946.2 | \$ 959.6 |
| <b>Total Investments <sup>(1)</sup></b>         | 655.6    | 656.2    | 660.8    | 664.8    | 662.5    |
| <b>Interest-Bearing<br/>Retail Deposits</b>     | 1,070.5  | 1,057.6  | 1,055.8  | 1,060.2  | 1,083.4  |
| <b>Non-Interest-Bearing<br/>Retail Deposits</b> | 226.7    | 226.5    | 236.4    | 247.5    | 269.3    |
| <b>Wholesale Funding</b>                        | 286.6    | 285.4    | 281.0    | 272.1    | 235.2    |

(1) Carrying value without FHLB/FRB stock

# Asset Quality Trends

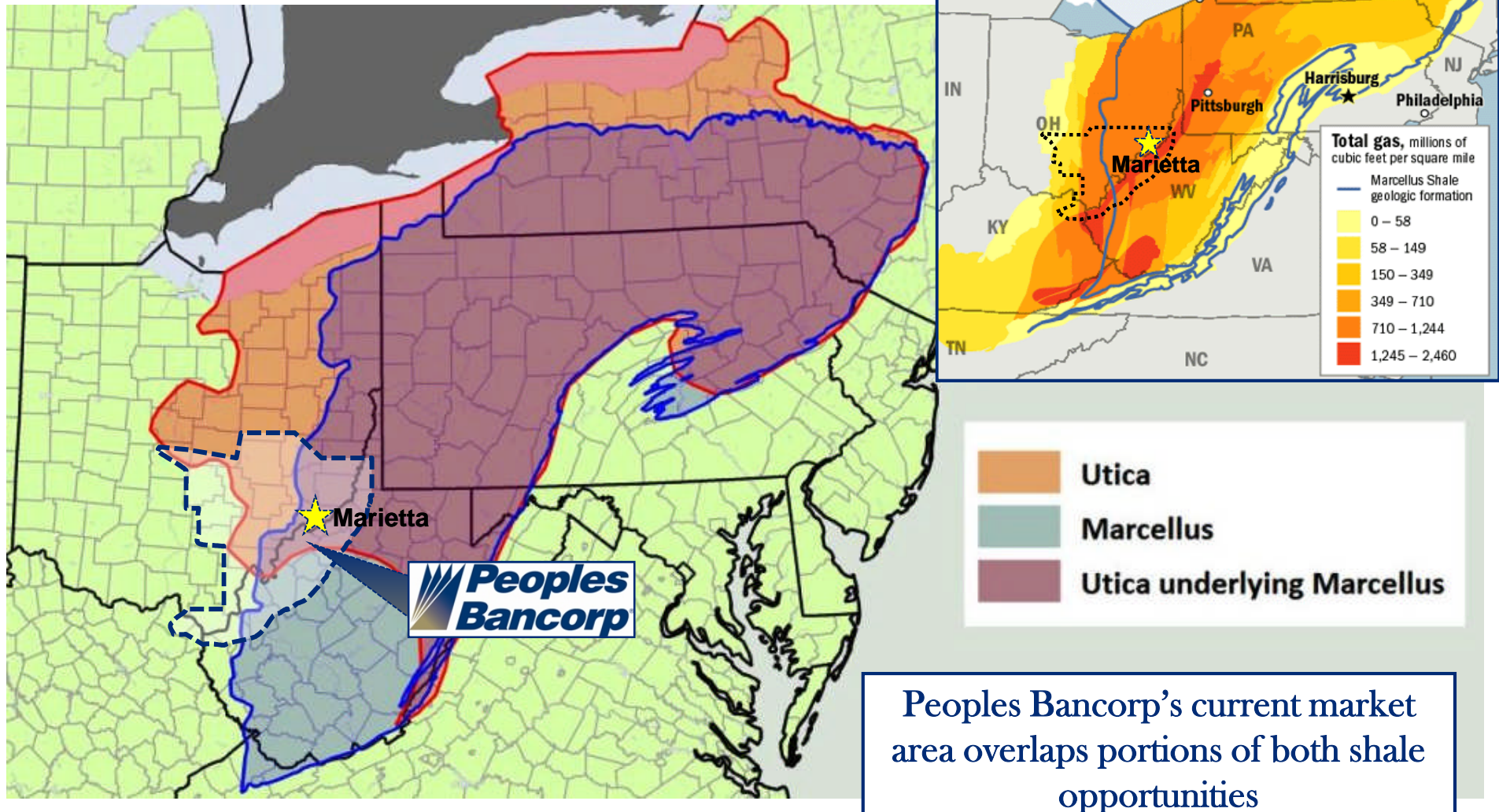


- ♦ **Long-standing, stable company**
  - Sizable market share in several areas
  - Strong community reputation and active involvement
- ♦ **Unique community banking model**
  - Greater revenue diversity for a community bank our size
  - Local market teams capable of outmaneuvering larger banks
  - More sophistication and product breadth than smaller banks
- ♦ **Strong, growing fee-based businesses**
  - Prior insurance acquisitions producing steady returns
  - Potential wealth management opportunities from shale activity
- ♦ **Capacity to grow our franchise**
  - Strong capital and liquidity positions
  - Good operating efficiency and discipline
  - Robust and scalable IT capabilities
  - Passionate, talented and diverse associates
- ♦ **Dynamic senior management team**
  - Mixture of large bank and small bank experience
  - M&A is a competency

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# Appendix

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# Executive Management Team

| Officer   | Background   | Years in Banking |       |
|---|--|------------------|-------|
|   |  | PEBO             | Total |
| <b>Chuck W. Sulerzyski</b><br>President and CEO                   | <ul style="list-style-type: none"><li>• Diverse financial services experience</li><li>• Progressive executive leadership</li></ul>                                   | 1                | 36    |
| <b>Edward G. Sloane</b><br>EVP, CFO and Treasurer                 | <ul style="list-style-type: none"><li>• Progressive finance and accounting leadership</li><li>• Extensive experience with ALM, M&amp;A, strategic planning</li></ul> | 4                | 29    |
| <b>Carol A. Schneeberger</b><br>EVP, Chief Administrative Officer | <ul style="list-style-type: none"><li>• Extensive history of PEBO operations</li><li>• Experience with audit, ALM and finance activities</li></ul>                   | 35               | 35    |
| <b>Daniel K. McGill</b><br>EVP, Chief Commercial Banker           | <ul style="list-style-type: none"><li>• Prior market leader for a larger bank</li><li>• Progressive leadership of commercial banking</li></ul>                       | 3                | 30    |
| <b>Timothy H. Kirtley</b><br>EVP, Chief Credit Officer            | <ul style="list-style-type: none"><li>• CRE portfolio management</li><li>• Progressive credit administration experience</li></ul>                                    | 1                | 20    |
| <b>Richard W. Stafford</b><br>EVP, Sales and Marketing            | <ul style="list-style-type: none"><li>• Extensive sales and service experience</li><li>• Progressive retail banking management</li></ul>                             | 2                | 24    |

## Sales and Service Discipline



- Leadership sales and coaching training started in December 2011
- Front-line training completed in Q1 2012
- All managers trained in coaching and sales management disciplines
- All client facing personnel trained in cross selling other lines of business





## Winning the Checking Account Challenge

- ♦ **Total fee income increased 3.2% year-over-year in 2012**
  - Both service charge and other income related to delivery channels
- ♦ **Redesigned consumer checking product line in 2011**
  - Eliminated “free checking” but provide ability to avoid fees
  - Maintained access to our extensive alternative delivery channels
- ♦ **Focus on appealing to the 3 types of checking account buyers**
  - **For the Fee Buyers:** Basic account that becomes free with direct deposit or only 5 debit card swipes
  - **For Interest Buyers:** Account has a minimum balance but a higher fee if the minimum balance is not met
  - **For Value Buyers:** Created our Power Checking account with benefits:
    - » Free Nationwide ATMs
    - » Health Care Discounts
    - » Local and Online Shopping Savings
    - » Total Identity Theft Protection

# Our Capabilities

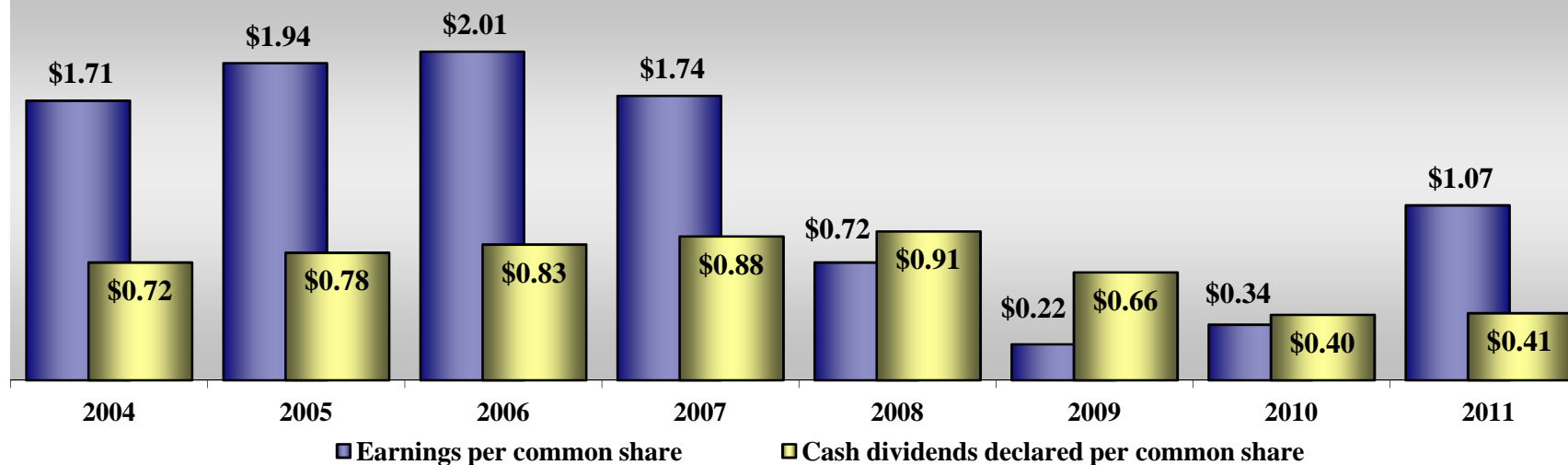
|                             | ***National Banks*** |                |                    |     |            | PEOPLES<br>BANCORP | ***Community Banks*** |                    |               |                  |                |
|-----------------------------|----------------------|----------------|--------------------|-----|------------|--------------------|-----------------------|--------------------|---------------|------------------|----------------|
|                             | Chase                | Wells<br>Fargo | Bank of<br>America | PNC | Huntington |                    | Advantage<br>Bank     | Community<br>Trust | Wes-<br>Banco | First<br>Century | United<br>Bank |
| <b>Online Channel</b>       |                      |                |                    |     |            |                    |                       |                    |               |                  |                |
| Bill Pay                    | Yes                  | Yes            | Yes                | Yes | Yes        | Yes ★              | Yes                   | Yes                | Yes           | No               | Yes            |
| Electronic Statements       | Yes                  | Yes            | Yes                | Yes | Yes        | Yes ★              | Yes                   | No                 | Yes           | No               | Yes            |
| Online Account Opening      | Yes                  | Yes            | Yes                | Yes | Yes        | Yes ★              | No                    | No                 | No            | No               | No             |
| 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 ★              | No                    | No                 | No            | No               | No             |
| Tax Services                | Yes                  | Yes            | Yes                | Yes | Yes        | Yes ★              | Yes                   | No                 | Yes           | No               | No             |
| P2P Payments                | Yes                  | Yes            | Yes                | Yes | Pending    | Pending            | No                    | No                 | No            | No               | No             |
| Online Chat                 | No                   | No             | Yes                | Yes | Yes        | Yes ★              | No                    | No                 | No            | No               | No             |
| <b>Mobile Channel</b>       |                      |                |                    |     |            |                    |                       |                    |               |                  |                |
| Text Alerts                 | Yes                  | Yes            | Yes                | Yes | Yes        | Yes ★              | No                    | No                 | Yes           | No               | No             |
| Bill Pay-Specific to Mobile | Yes                  | Yes            | Yes                | Yes | Yes        | Yes ★              | No                    | No                 | No            | No               | No             |
| iPhone/iPad/Andriod Apps    | Yes                  | Yes            | Yes                | Yes | Yes        | Yes ★              | No                    | No                 | Yes           | No               | No             |
| Text Banking                | Yes                  | Yes            | Yes                | Yes | Yes        | Yes ★              | No                    | No                 | Yes           | No               | No             |
| Mobile Deposit Capabilities | Yes                  | Yes            | In Process         | Yes | No         | Sept 2012          | No                    | No                 | No            | No               | No             |
| Business Support Center     | Yes                  | Yes            | Yes                | Yes | Yes        | Yes ★              | No                    | No                 | Yes           | No               | No             |
| <b>Social Media Channel</b> |                      |                |                    |     |            |                    |                       |                    |               |                  |                |
| Facebook                    | Yes                  | Yes            | Yes                | Yes | Yes        | Yes ★              | Yes                   | No                 | Yes           | Yes              | No             |
| Twitter                     | Yes                  | Yes            | Yes                | Yes | Yes        | Yes ★              | No                    | No                 | Yes           | No               | No             |
| YouTube                     | Yes                  | Yes            | Yes                | Yes | Yes        | Yes ★              | No                    | No                 | No            | No               | No             |
| LinkedIn                    | Yes                  | Yes            | Yes                | Yes | Yes        | Yes ★              | Yes                   | Yes                | Yes           | Yes              | No             |
| <b>Other Channels</b>       |                      |                |                    |     |            |                    |                       |                    |               |                  |                |
| Prepaid Debit Card          | Yes                  | Yes            | Yes                | Yes | No         | Yes ★              | No                    | No                 | No            | No               | No             |
| Prepaid Gift Card           | Yes                  | Yes            | Yes                | Yes | Yes        | Yes ★              | No                    | No                 | No            | No               | Yes            |
| Employer-Loaded PayCards    | Yes                  | N/A            | Yes                | N/A | Yes        | Yes ★              | No                    | No                 | No            | No               | No             |

★ indicates Peoples has advantage over Community Bank group

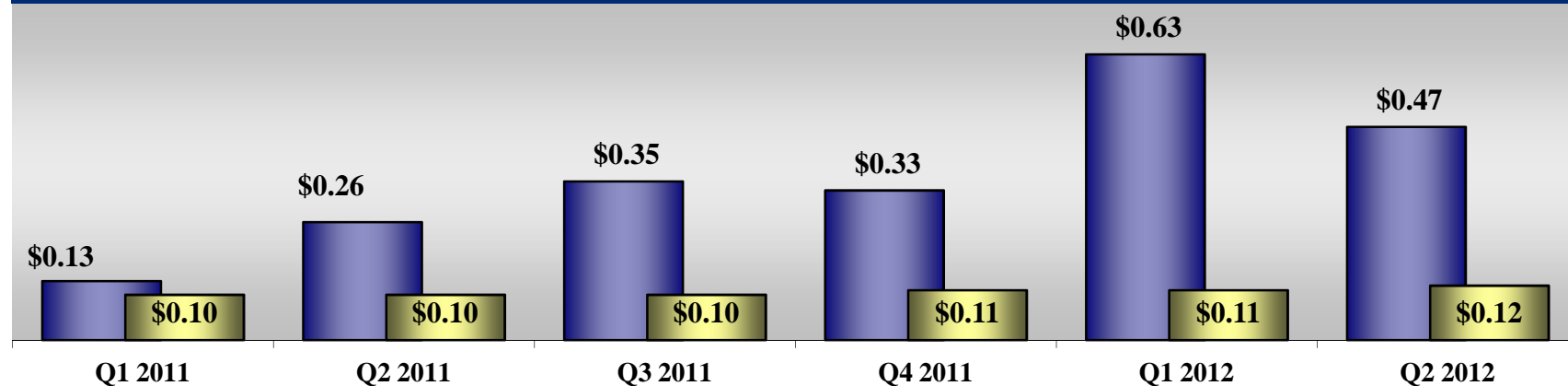
Information accurate as of July, 2012

# Earnings Performance

## Annual Results

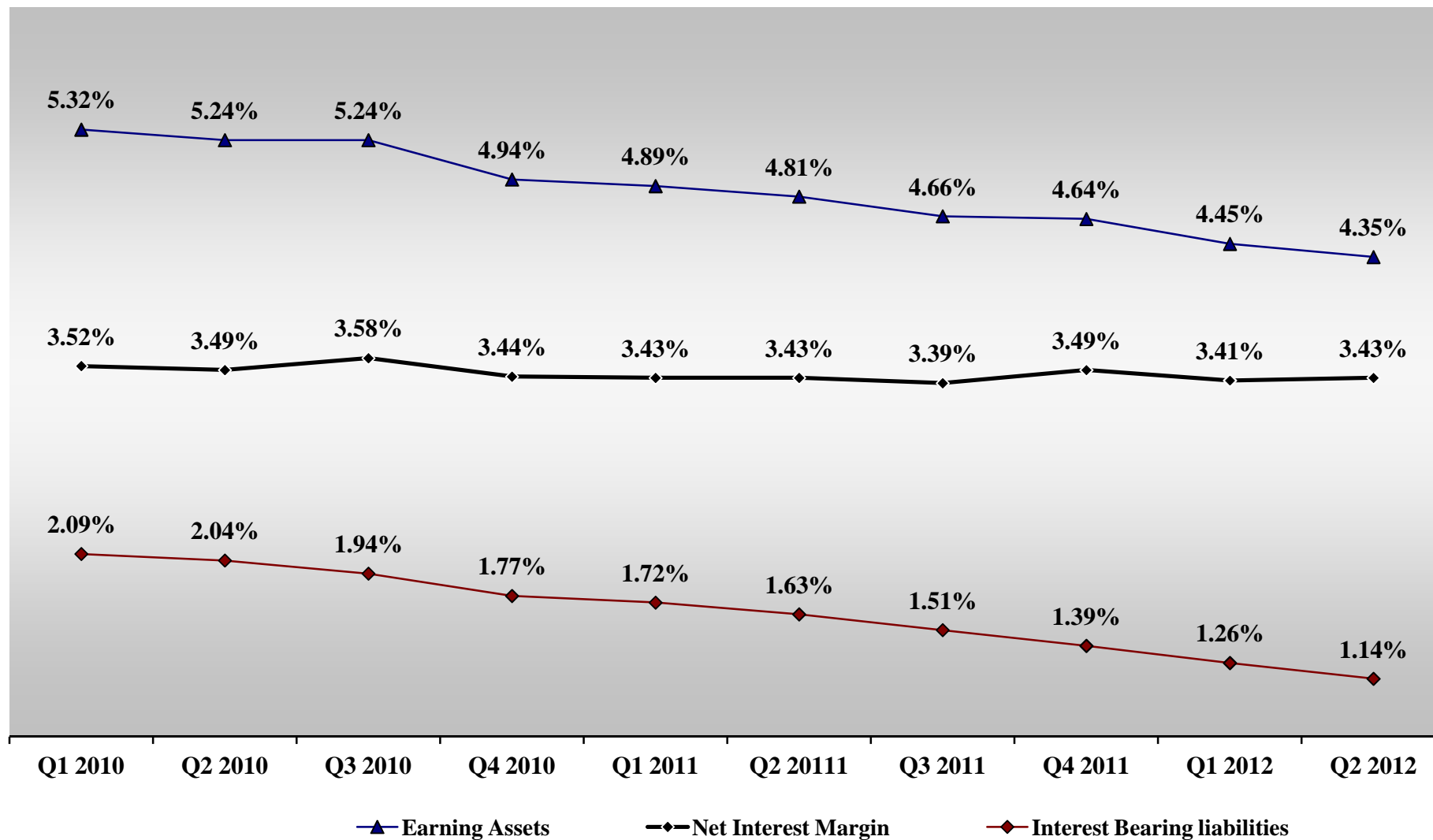


## Quarterly Results



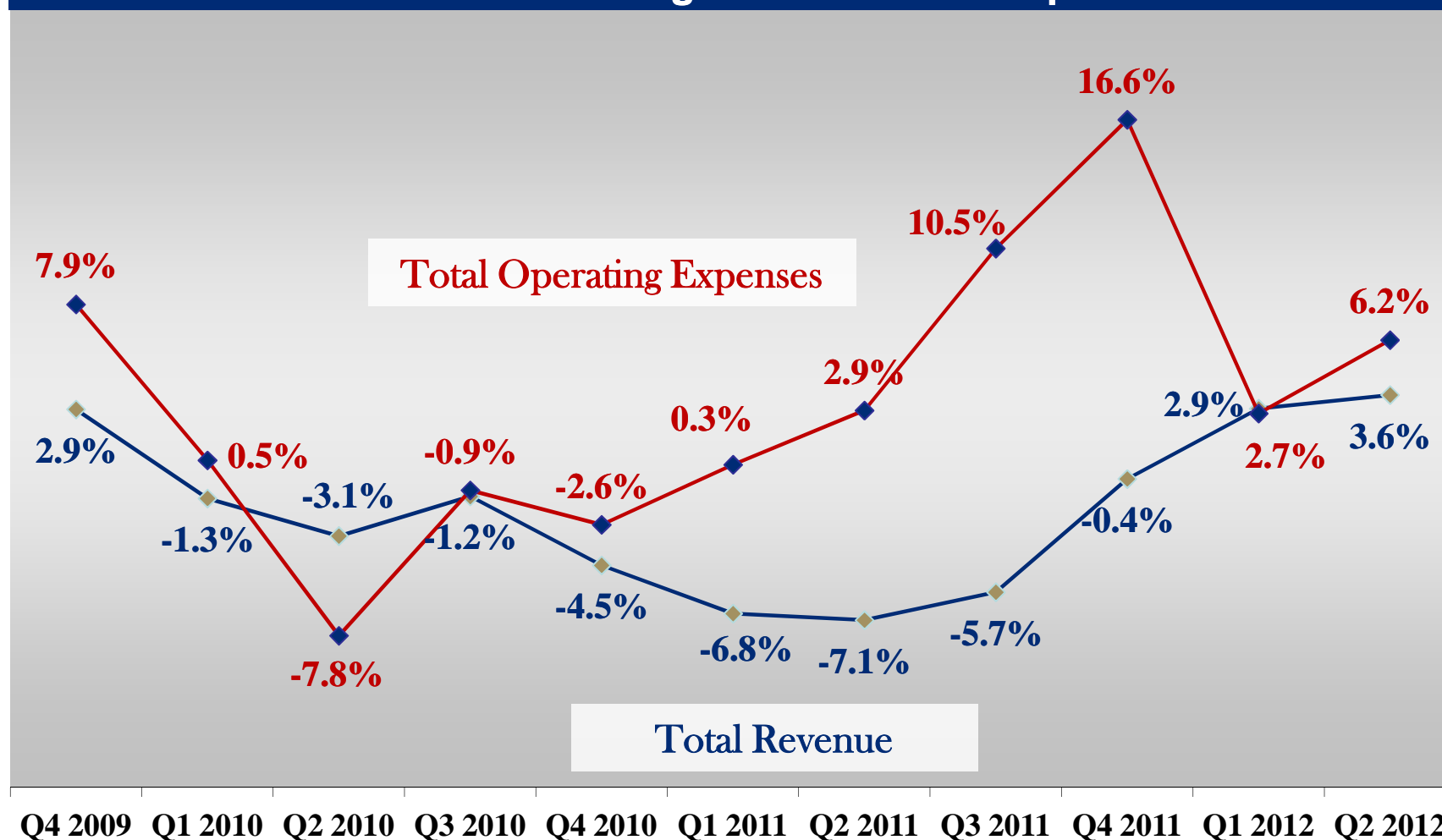
Dividend data presented above reflects amounts declared with respect to earnings for the quarterly period indicated. Beginning in Q2 2011, Peoples modified the quarterly dividend schedule to consider and declare dividends during the first month following quarter-end.

# Net Interest Margin



*Presented on a fully-tax equivalent basis*

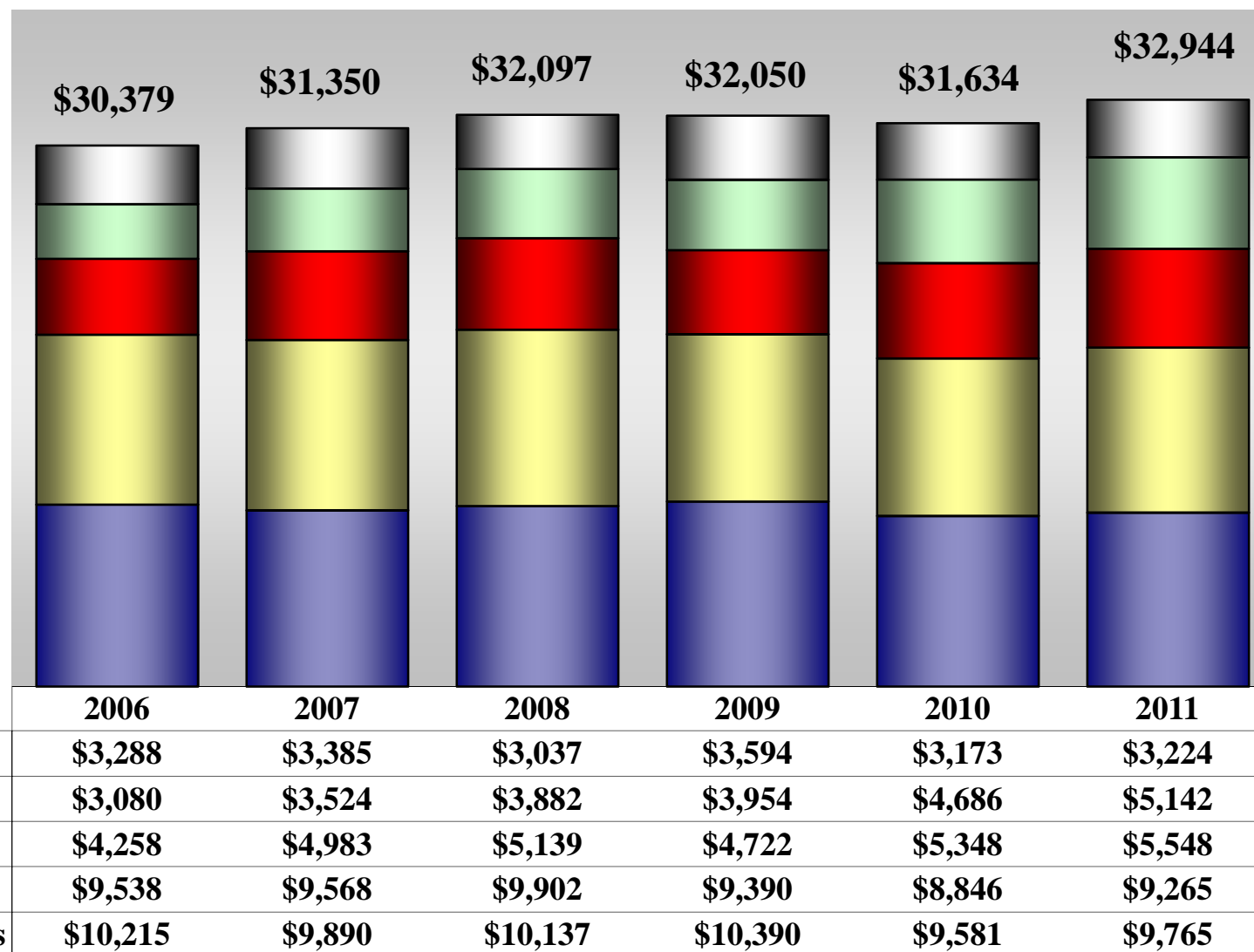
## Year-over-Year Change in Revenue & Expenses



Total Revenue represents Net Interest Income plus Non-interest Income, exclusive of any gains or losses.

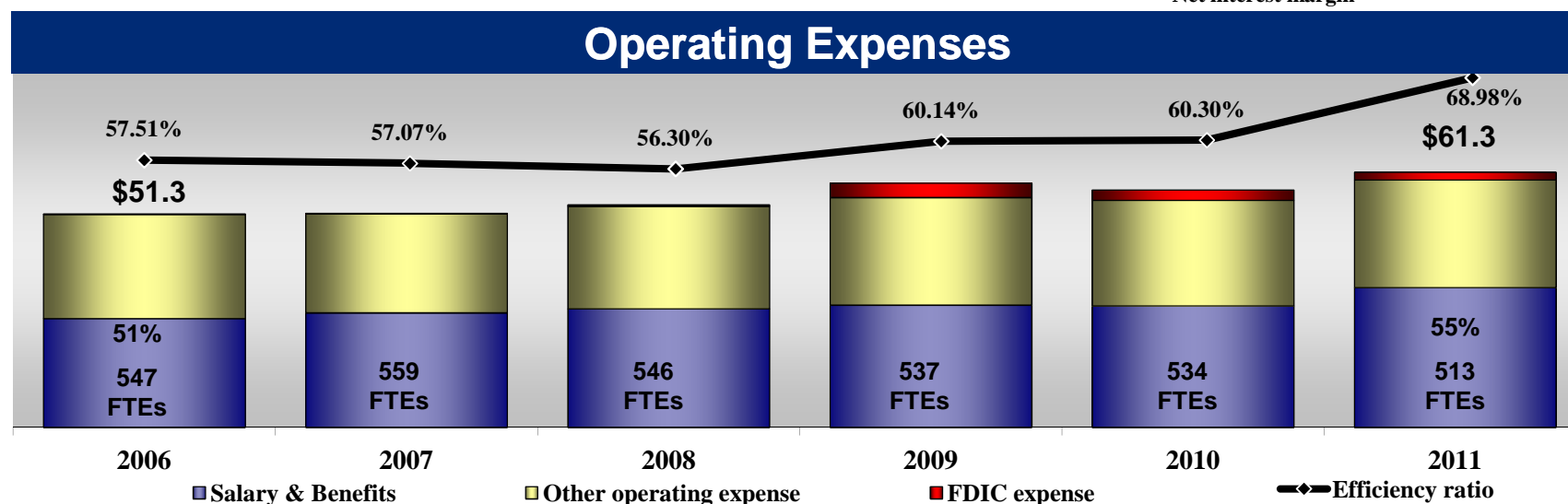
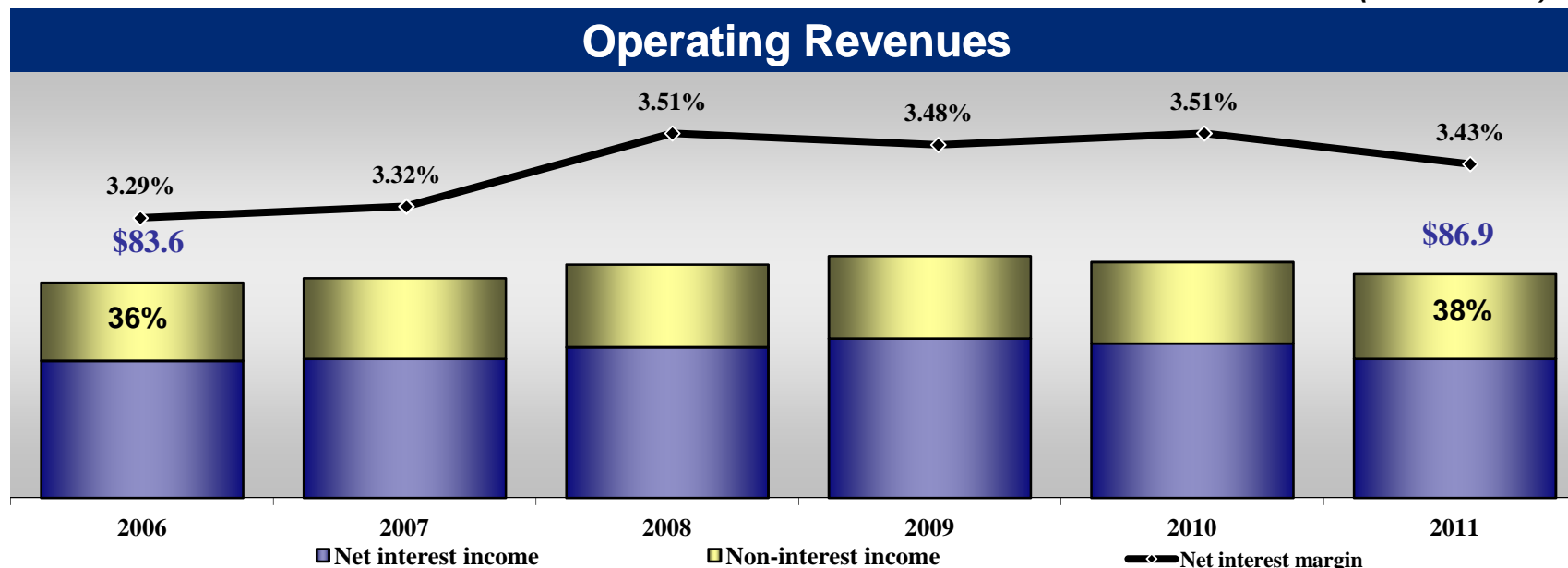
# Non-Interest Income

(\$ in thousands)



# Revenue & Expense Trends

(\$ in millions)

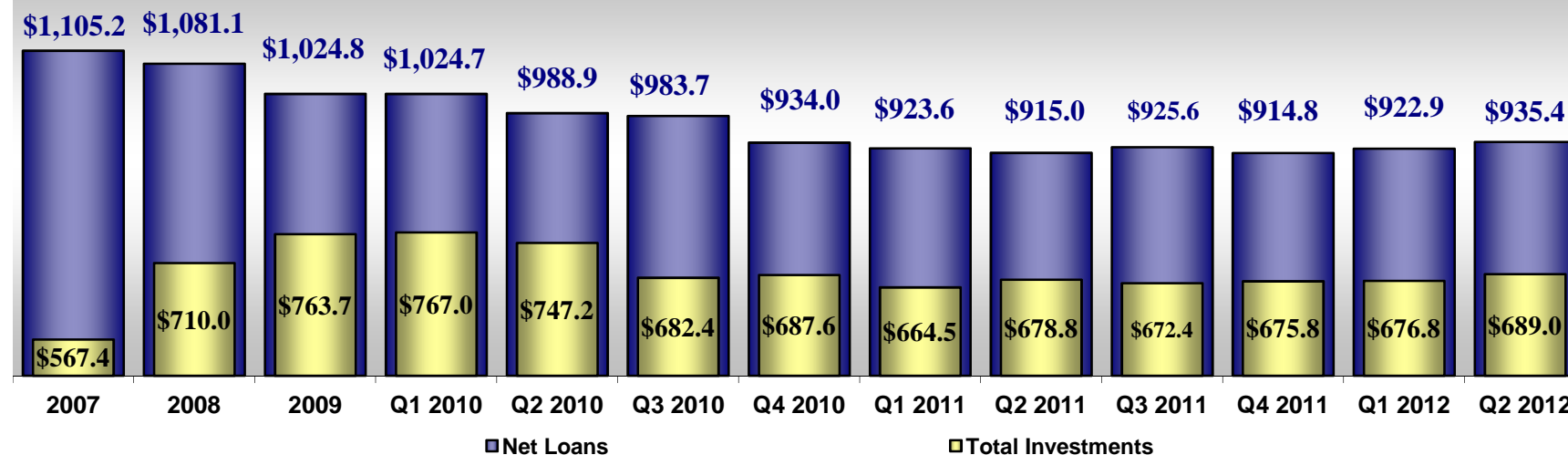


FTEs = Full-time equivalent employees

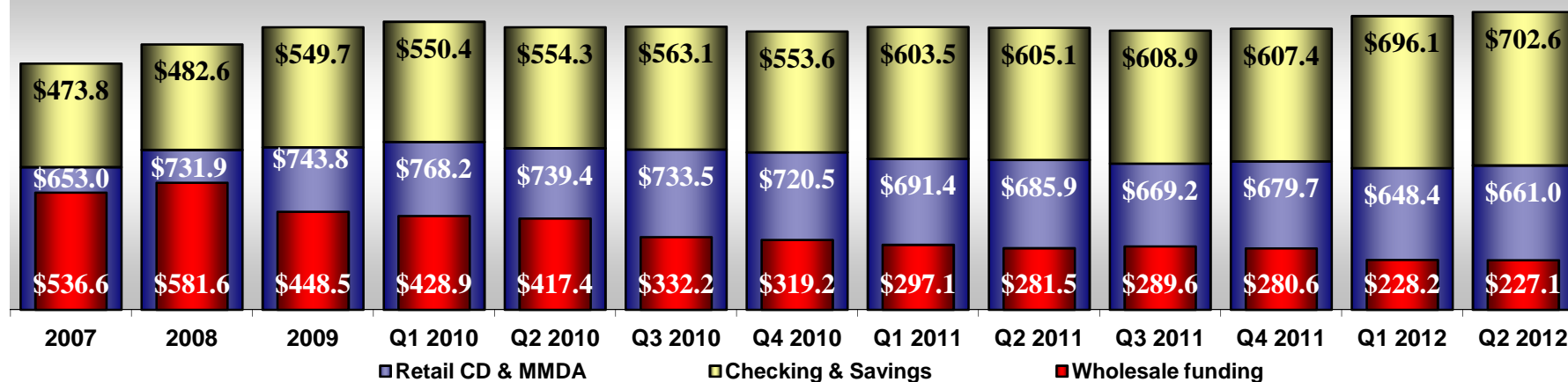
# Balance Sheet Trends

(\$ in millions)

## Earning Assets



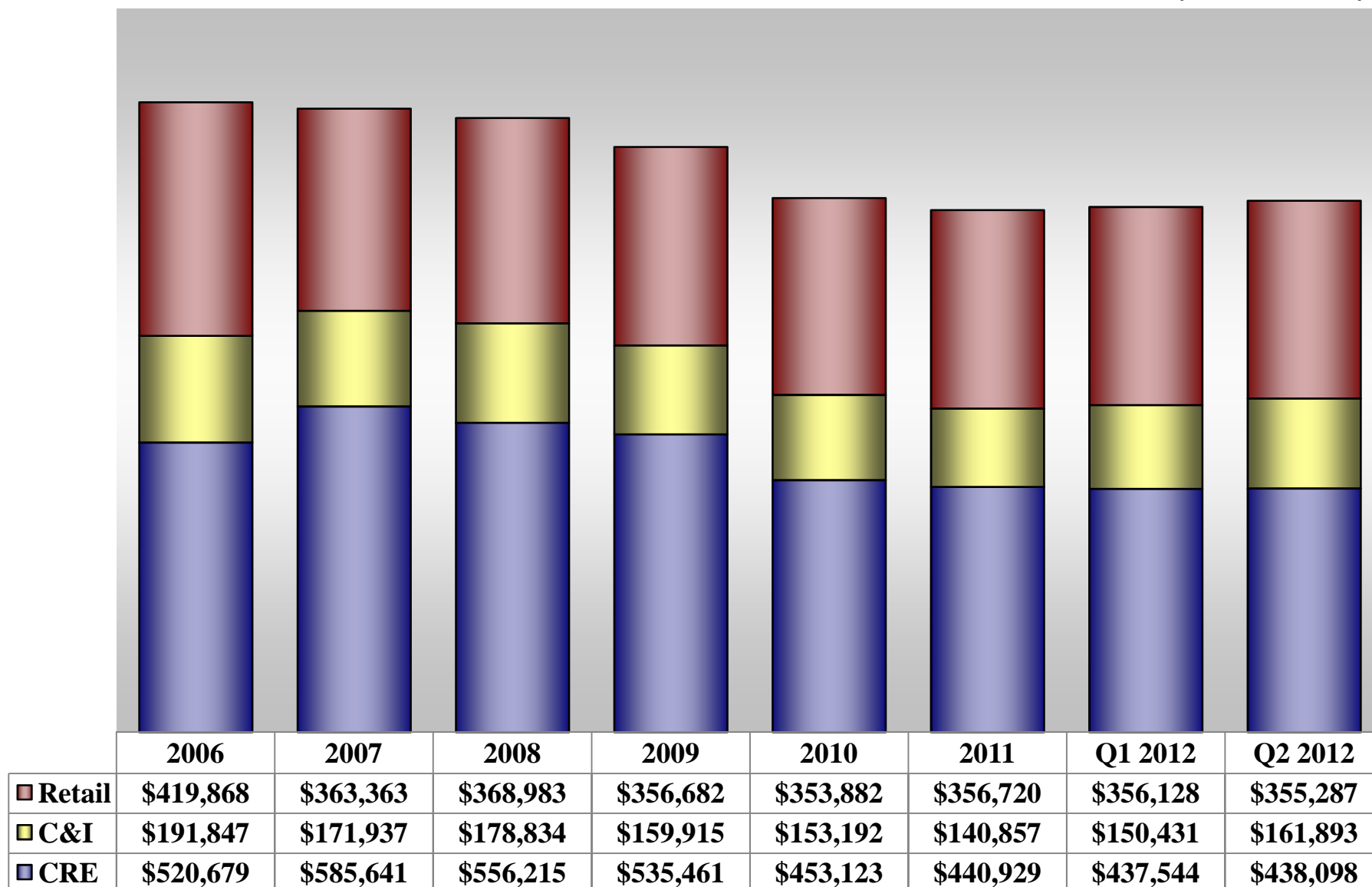
## Funding Sources





# Loan Composition

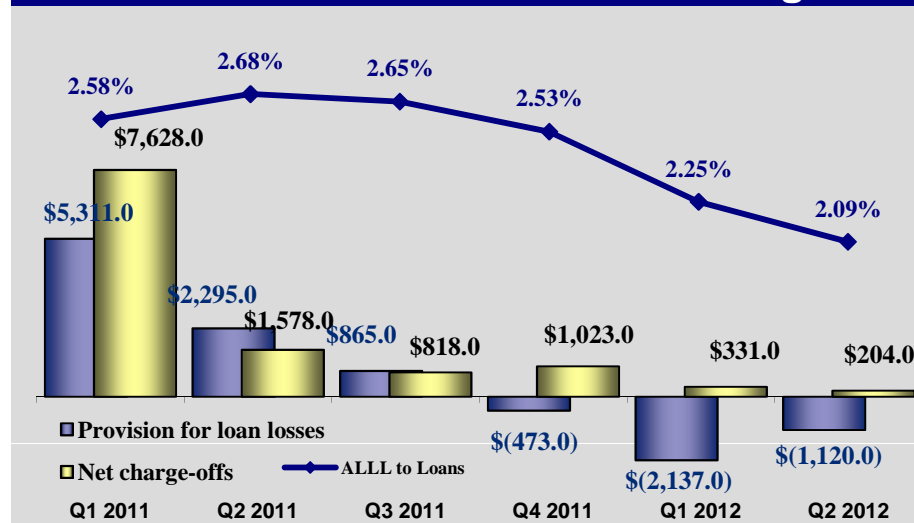
(\$ in thousands)



# Asset Quality Trends

(\$ in millions)

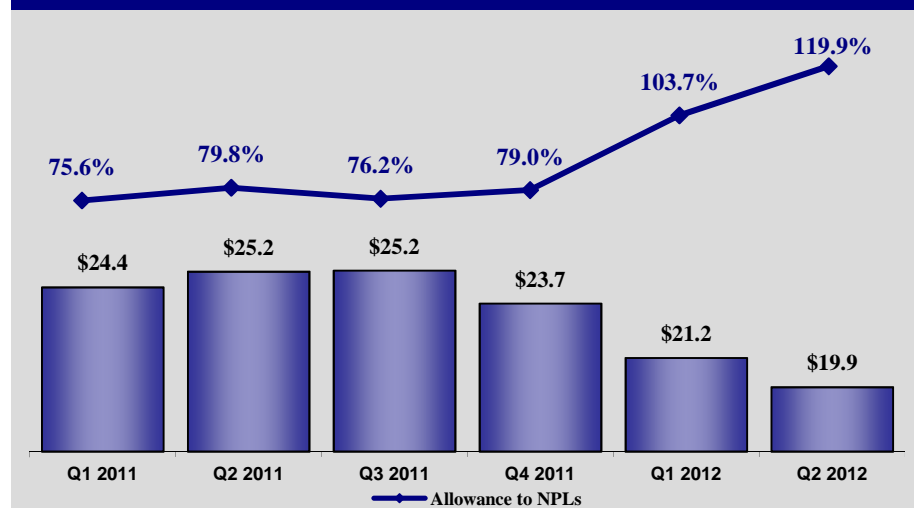
## Provision for Loan Losses & Net Charge-offs



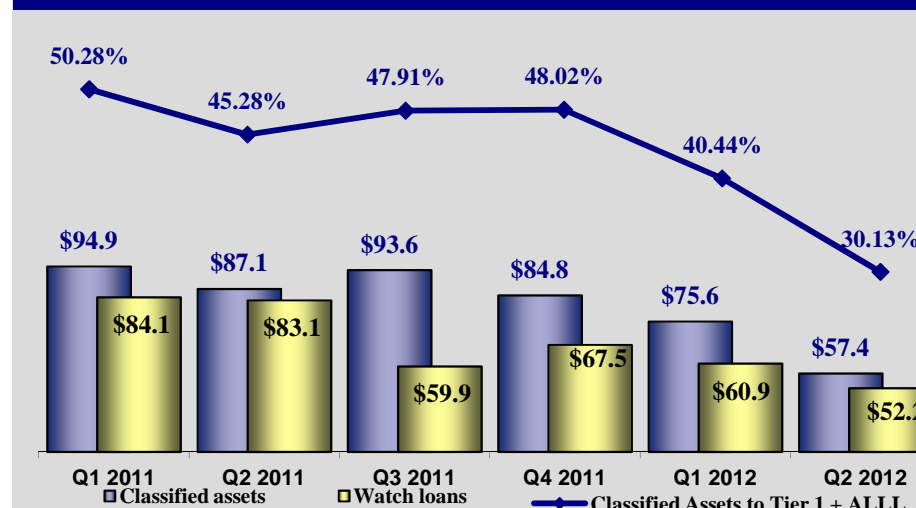
## Nonperforming Assets



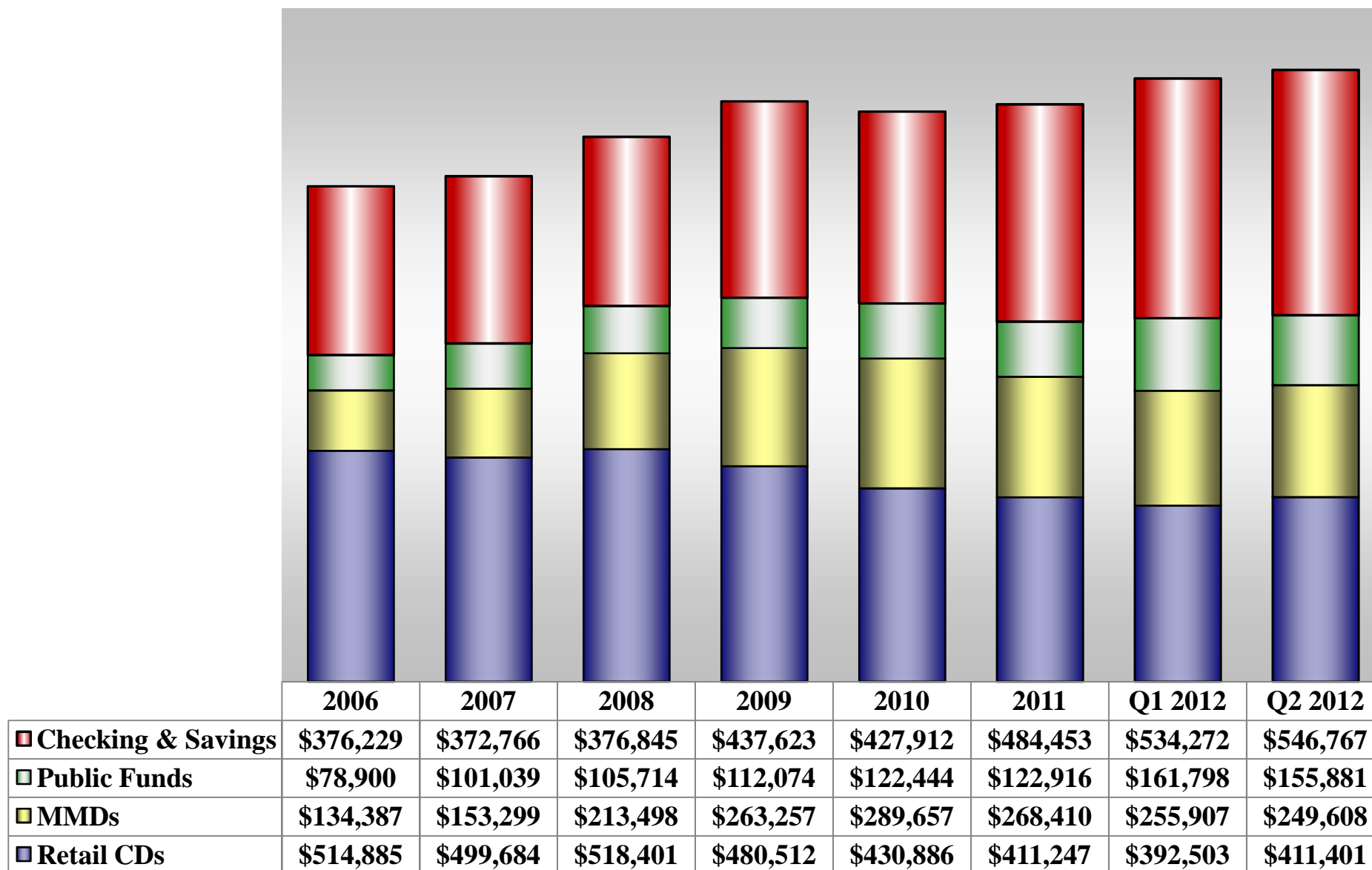
## Allowance for Loan Losses



## Classified Assets



# Deposit Composition





# Non-GAAP Measures

**Pre-provision net revenue (PPNR) income 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.**

|   | Year Ended December 31, |                  |                  |                  |                  |
|---|-------------------------|------------------|------------------|------------------|------------------|
|   | 2007                    | 2008             | 2009             | 2010             | 2011             |
| Income before income taxes                  | \$ 23,874               | \$ 7,615         | \$ 3,126         | \$ 5,753         | \$ 17,151        |
| Add: Provision for loan losses              | 3,959                   | 27,640           | 25,721           | 26,916           | 7,998            |
| Add: Impairment losses                      | 6,170                   | 4,260            | 7,707            | 1,786            | —                |
| Add: Loss on Debt Extinguishment            | —                       | —                | —                | 3,630            | —                |
| Less: Gains on securities                   | 108                     | 1,668            | 1,446            | 6,852            | 473              |
| <b>Pre-provision net revenue</b>            | <b>\$ 33,895</b>        | <b>\$ 37,847</b> | <b>\$ 35,108</b> | <b>\$ 31,233</b> | <b>\$ 24,676</b> |
| Average Assets                              | \$1,872,117             | \$1,910,002      | \$2,024,311      | \$1,961,727      | \$1,811,079      |
| Pre-provision net revenue to average assets | 1.81%                   | 1.98%            | 1.73%            | 1.59%            | 1.36%            |

|   | YTD June        |                 |                 | YTD June         |                  |
|---|-----------------|-----------------|-----------------|------------------|------------------|
|   | Q2 2011         | Q1 2012         | Q2 2012         | 2011             | 2012             |
| Income before income taxes                  | \$ 3,808        | \$ 9,736        | \$ 7,501        | \$ 6,168         | \$ 17,237        |
| Add: Provision for loan losses              | 2,295           | —               | —               | 7,606            | —                |
| Add: Loss on Debt Extinguishment            | —               | 3,111           | —               | —                | 3,111            |
| Less: Recovery of loan losses               | —               | 2,137           | 1,120           | —                | 3,257            |
| Less: Gains on securities                   | 56              | 3,163           | —               | 416              | 3,163            |
| <b>Pre-provision net revenue</b>            | <b>\$ 6,047</b> | <b>\$ 7,547</b> | <b>\$ 6,381</b> | <b>\$ 13,358</b> | <b>\$ 13,928</b> |
| Average Assets                              | \$1,808,731     | \$1,806,741     | \$1,823,551     | \$1,816,684      | \$1,814,834      |
| Pre-provision net revenue to average assets | 1.34%           | 1.68%           | 1.41%           | 1.48%            | 1.53%            |



# 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 their calculation removes the impact of intangible assets acquired through acquisitions on the consolidated balance sheets. 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.

| (\$ in Thousands)                                       | As of December 31, |              |              |              |              |              |
|---|--------------------|--------------|--------------|--------------|--------------|--------------|
|   | 2006               | 2007         | 2008         | 2009         | 2010         | 2011         |
| <b>Tangible Common Equity:</b>                          |                    |              |              |              |              |              |
| Total stockholders' equity, as reported                 | \$ 197,169         | \$ 202,836   | \$ 186,626   | \$ 243,968   | \$ 230,681   | \$ 206,657   |
| Less: goodwill and other intangible assets              | 68,852             | 68,029       | 66,406       | 65,599       | 64,870       | 64,475       |
| Less: preferred stockholders' equity                    | -                  | -            | -            | 38,543       | 38,645       | -            |
| Tangible common equity                                  | \$ 128,317         | \$ 134,807   | \$ 120,220   | \$ 139,826   | \$ 127,166   | \$ 142,182   |
| <b>Tangible Assets:</b>                                 |                    |              |              |              |              |              |
| Total assets, as reported                               | \$ 1,875,255       | \$ 1,885,553 | \$ 2,002,338 | \$ 2,001,827 | \$ 1,837,985 | \$ 1,794,161 |
| Less: goodwill and other intangible assets              | 68,852             | 68,029       | 66,406       | 65,599       | 64,870       | 64,475       |
| Tangible assets   | \$ 1,806,403       | \$ 1,817,524 | \$ 1,935,932 | \$ 1,936,228 | \$ 1,773,115 | \$ 1,729,686 |
| <b>Tangible Common Equity to Tangible Assets Ratio:</b> |                    |              |              |              |              |              |
| Tangible common equity                                  | \$ 128,317         | \$ 134,807   | \$ 120,220   | \$ 139,826   | \$ 127,166   | \$ 142,182   |
| Tangible assets   | \$ 1,806,403       | \$ 1,817,524 | \$ 1,935,932 | \$ 1,936,228 | \$ 1,773,115 | \$ 1,729,686 |
| Tangible common equity to tangible assets               | 7.10%              | 7.42%        | 6.21%        | 7.22%        | 7.17%        | 8.22%        |
| <b>Tangible Book Value per Share</b>                    |                    |              |              |              |              |              |
| Tangible common equity                                  | \$ 128,317         | \$ 134,807   | \$ 120,220   | \$ 139,826   | \$ 127,166   | \$ 142,182   |
| Common shares outstanding                               | 10,651,985         | 10,296,748   | 10,333,884   | 10,374,637   | 10,457,327   | 10,507,124   |
| Tangible book value per share                           | \$ 12.05           | \$ 13.09     | \$ 11.63     | \$ 13.48     | \$ 12.16     | \$ 13.53     |

Peoples uses tangible common equity ratios to evaluate the adequacy of Peoples' stockholders' equity. Such ratios represent non-GAAP financial information since their calculation removes the impact of intangible assets acquired through acquisitions on the consolidated balance sheets. 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.

| (\$ in Thousands)                                       | June 30,<br>2011 | September 30,<br>2011 | December 31,<br>2011 | March 31,<br>2012 | June 30,<br>2012 |
|---|------------------|-----------------------|----------------------|-------------------|------------------|
| <b>Tangible Common Equity:</b>                          |                  |                       |                      |                   |                  |
| Total stockholders' equity, as reported                 | \$ 218,527       | \$ 224,530            | \$ 206,657           | \$ 208,666        | \$ 214,623       |
| Less: goodwill and other intangible assets              | 64,602           | 64,489                | 64,475               | 64,429            | 65,383           |
| Less: preferred stockholders' equity                    | 17,862           | 17,875                | -                    | -                 | -                |
| Tangible common equity                                  | \$ 136,063       | \$ 142,166            | \$ 142,182           | \$ 144,237        | \$ 149,240       |
| <b>Tangible Assets:</b>                                 |                  |                       |                      |                   |                  |
| Total assets, as reported                               | \$ 1,802,703     | \$ 1,805,743          | \$ 1,794,161         | \$ 1,805,923      | \$ 1,831,359     |
| Less: goodwill and other intangible assets              | 64,602           | 64,489                | 64,475               | 64,429            | 65,383           |
| Tangible assets   | \$ 1,738,101     | \$ 1,741,254          | \$ 1,729,686         | \$ 1,741,494      | \$ 1,765,976     |
| <b>Tangible Common Equity to Tangible Assets Ratio:</b> |                  |                       |                      |                   |                  |
| Tangible common equity                                  | \$ 136,063       | \$ 142,166            | \$ 142,182           | \$ 144,237        | \$ 149,240       |
| Tangible assets   | \$ 1,738,101     | \$ 1,741,254          | \$ 1,729,686         | \$ 1,741,494      | \$ 1,765,976     |
| Tangible common equity to tangible assets               | 7.83%            | 8.16%                 | 8.22%                | 8.28%             | 8.45%            |
| <b>Tangible Book Value per Share</b>                    |                  |                       |                      |                   |                  |
| Tangible common equity                                  | \$ 136,063       | \$ 142,166            | \$ 142,182           | \$ 144,237        | \$ 149,240       |
| Common shares outstanding                               | 10,478,149       | 10,489,400            | 10,507,124           | 10,521,548        | 10,526,954       |
| Tangible book value per share                           | \$ 12.99         | \$ 13.55              | \$ 13.53             | \$ 13.71          | \$ 14.18         |



# Investor Presentation

August 2012



**Chuck Sulerzyski**

*President and Chief Executive Officer*

**Ed Sloane**

*Chief Financial Officer and Treasurer*