



Peoples 
BANCORP®

INVESTOR PRESENTATION

4TH QUARTER 2019

← 22-51
WALL ST

NASDAQ: PEBO

NASDAQ: PEBO

WORKING
TOGETHER
BUILDING
SUCCESS



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, 2019 (the “2019 Form 10-K”), which is available on the Securities and Exchange Commission’s (“SEC”) website (www.sec.gov) or at Peoples’ website (www.peoplesbancorp.com).

Investors are cautioned that forward-looking statements, which are not historical fact, involve risks and uncertainties, including those detailed in Peoples’ 2019 Form 10-K 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.





PROFILE, INVESTMENT RATIONALE, CULTURE AND STRATEGY



FINANCIAL HOLDING COMPANY HEADQUARTERED IN MARIETTA, OHIO

Provides a broad range of banking, insurance and investment services.

CURRENT SNAPSHOT:

Assets: \$4.4 billion; Loans: \$2.9 billion

Deposits: \$3.3 billion

Market Capitalization: \$717.4 million

Assets Under Admin/Mgmt: \$2.5 billion

CURRENT FOOTPRINT:

Demographics:

Median Income: \$52,112

Key Industries:

Health Care

Manufacturing (plastics/petrochemicals)

Oil/Gas/Coal Activities (shale opportunities)

Tourism

Unemployment:

OH: 4.1%

KY: 4.3%

WV: 5.1%

US: 3.6%

Market data as of December 31, 2019. Unemployment data from <https://www.bls.gov/lau> as of December 2019. Financial data as of December 31, 2019.

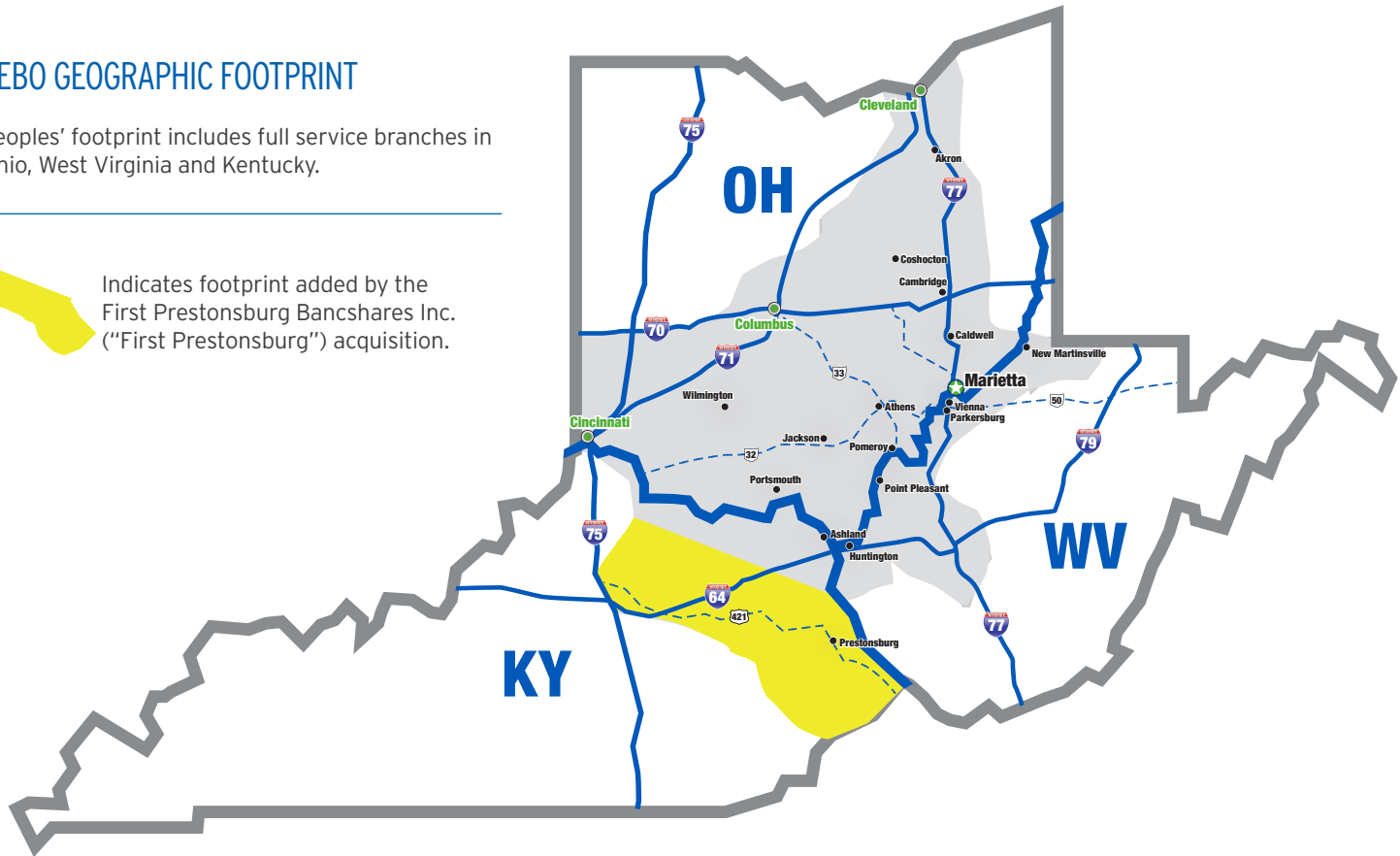


PEBO GEOGRAPHIC FOOTPRINT

Peoples' footprint includes full service branches in Ohio, West Virginia and Kentucky.



Indicates footprint added by the First Prestonsburg Bancshares Inc. ("First Prestonsburg") acquisition.





PEBO MARKET INSIGHT

- Strongest deposit market share positions in more rural markets where we can affect pricing
- Presence near larger cities puts us in position to capture lending opportunities in more urban markets (e.g. Cleveland, Akron, Canton, Cincinnati and Columbus)

MSA	RANK	DEPOSIT (\$000)*	DEPOSIT MARKET SHARE (%)
MARIETTA, OH	1	884,414	52.05%
CAMBRIDGE, OH	1	225,591	34.35%
WILMINGTON, OH	1	199,573	32.56%
PRESTONSBURG, KY	1	162,231	32.67%
CALDWELL, OH	1	103,163	43.13%
NEW MARTINSVILLE, WV	2	89,831	24.17%
POMEROY, OH	2	62,897	23.61%
COSHOCTON, OH	2	105,915	20.69%
PORTSMOUTH, OH	3	116,526	14.71%
POINT PLEASANT, WV	3	84,507	22.89%
ATHENS, OH	3	88,287	12.34%
JACKSON, OH	4	63,130	15.39%
PARKERSBURG / VIENNA, WV	7	117,013	7.08%
CINCINNATI, OH-KY-IN	14	424,205	0.31%
HUNTINGTON / ASHLAND, WV-KY-OH	14	151,744	2.52%
AKRON, OH	19	84,508	0.57%
CLEVELAND / ELYRIA, OH	24	104,320	0.14%
COLUMBUS, OH	27	101,525	0.16%
OTHER		213,866	
TOTAL		3,383,246	

Source: FDIC Annual Summary of Deposits @ 6/30/19.
MSA data corresponds to county level data where the city is located for the first thirteen cities listed. The last five cities listed are at the MSA level.

INVESTMENT RATIONALE



NASDAQ: PEBO

UNIQUE COMMUNITY BANKING MODEL

- Greater revenue diversity (32% non-interest income, excluding gains and losses) than the average \$1 - 10 billion bank
- Strong community reputation and active involvement
- Local market teams capable of out-maneuvering larger banks
- More sophistication and product breadth than smaller banks (insurance, retirement plans, swaps, etc.)

STRONG, DIVERSE BUSINESSES EARNING NON-INTEREST INCOME

- 20th largest bank-owned insurance agency, with expertise in commercial, personal, life and health
- Wealth management - \$2.5 billion in assets under administration and management, including brokerage, trust and retirement planning

CAPACITY TO GROW OUR FRANCHISE

- Strong capital and fundamentals to support M&A strategy
- Proven integration capabilities and scalable infrastructure

COMMITTED TO DISCIPLINED EXECUTION

- Strong, integrated enterprise risk management process
- Dedicated to delivering positive operating leverage
- Focused on business line performance and contribution, operating efficiency and credit quality

ATTRACTIVE DIVIDEND OPPORTUNITY

- Targeting 40% to 50% payout ratio
- Dividend paid increased from \$0.15 per share for Q1 2016 to \$0.34 for Q4 2019





OUR VALUES

PROMISE CIRCLE

Peoples' Employee Promise Circle represents how we do business and our never-ending pursuit of creating value for our clients. Our strategies to serve clients and enhance shareholder value often change, but our values remain constant.

CLIENTS FIRST

INTEGRITY ALWAYS

RESPECT FOR ALL

COMMITMENT TO COMMUNITY

LEAD THE WAY

EXCELLENCE IN EVERYTHING

OUR VISION

Our vision is to be the best community bank in America.

OUR MISSION

We will work side by side to overcome challenges and seize opportunities. We listen and work with you. Together, we will build and execute thoughtful plans and actions, blending our experience and expertise, to move you toward your goals. Our core difference is providing you peace of mind, confidence and clarity in your financial life.



STRATEGIC ROAD MAP FOR BEST COMMUNITY BANK IN AMERICA

- Commitment to Superior Shareholder Returns
- Clients' 1st Choice for Banking, Investing and Insurance
- Great Place to Work
- Meaningful Impact on Our Communities

RESPONSIBLE RISK MANAGEMENT

- Embrace Risk Management
- Know the Risks: Strategic, Reputation, Credit, Market, Liquidity, Operational, Compliance
- Do Things Right the First Time
- Raise Your Hand
- Discover the Root Cause
- Excel at Change Management

EXTRAORDINARY CLIENT EXPERIENCE

- Delight the Client
- Deliver Expert Advice and Solutions
- Provide a Consistent Client Experience
- Lead Meaningful Client Reviews
- Evolve the Mobile Experience
- DWYSYWD

PROFITABLE REVENUE GROWTH

- Acquire, Grow and Retain Clients
- Earn Client Referrals
- Understand Client Needs and Concerns
- Live the Sales and Service Processes
- Value Our Skills and Expertise
- Operate Efficiently
- Execute Thoughtful Mergers and Acquisitions

FIRST CLASS WORKPLACE

- Hire for Values
- Strive for Excellence
- Invest in Each Other
- Promote a Culture of Learning
- Coach in Every Direction
- Recognize and Reward Performance
- Balance Work and Life
- Cultivate Diversity
- Spread Goodness





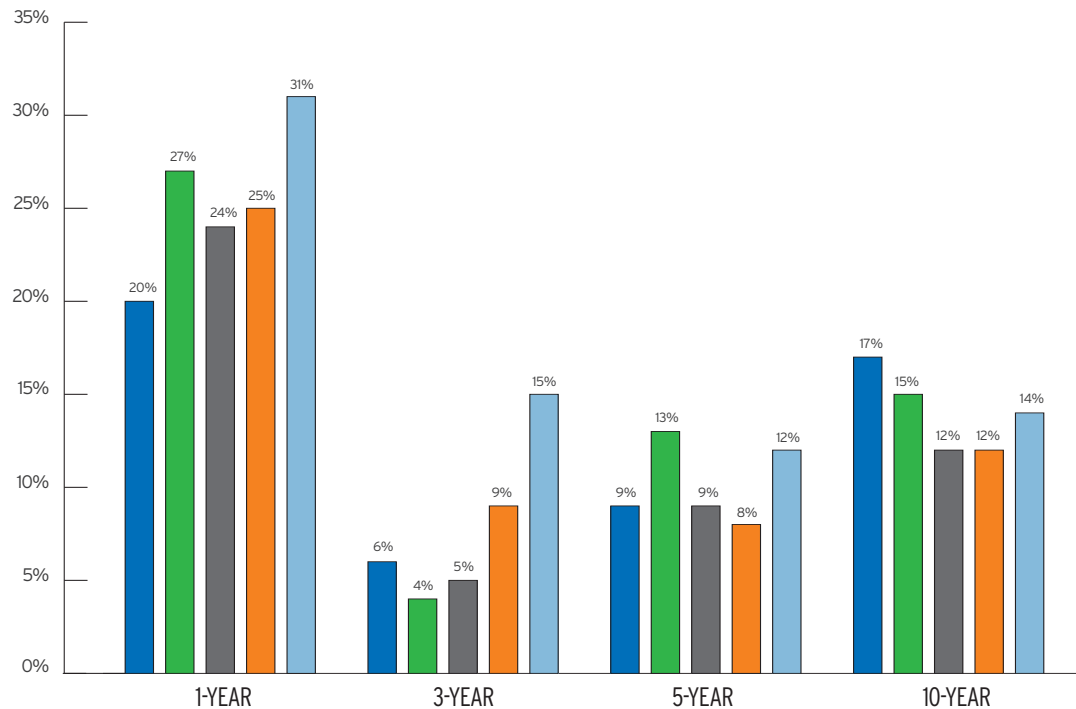
TOTAL ANNUAL RETURN AS OF DECEMBER 31, 2019



Total Return includes impact of dividends

Peers include: SRCE, CHCO, CCNE, CTBI, FMNB, FISI, FCF, FDEF, THFF, FRME, GABC, HBNC, LKFN, PRK, STBA, SYBT, TMP, TSC, UCFC, NWBI, SMMF

Source: Bloomberg





STRATEGIC PRIORITIES AND FINANCIAL RESULTS



POSITIVE OPERATING LEVERAGE

- Expand revenue versus expense growth gap beyond 2% (PAGE 18)
 - Focused on sustainable revenue growth (PAGE 19)
 - Disciplined expense management (PAGE 20)
 - Drive core efficiency ratio below 60% (PAGE 21)
 - Preserve key metrics (PAGE 22)
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SUPERIOR ASSET QUALITY

- Maintain metrics superior to most of our peers (PAGE 23)
 - Balance growth with prudent credit practices (PAGES 24-25)
 - Improve diversity within the loan portfolio (PAGES 26-28)
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HIGH QUALITY BALANCE SHEET

- Achieve meaningful loan growth each year (PAGE 29)
- Maintain emphasis on core deposit growth (PAGES 30-31)
- Adjust earning asset mix by shifting investments to loans (PAGE 32)
- Prudent use of capital – dividends, share repurchases and acquisitions (PAGE 33)

STRATEGIC TARGETS



NASDAQ: PEBO

	METRICS	YTD 12/31/18	YTD 12/31/19	3-YEAR STRATEGIC TARGET RANGE*	STATUS AS OF 12/31/19
IMPROVE ASSET QUALITY	NPAs as a percent of total loans and OREO (1)	0.71%	0.76%	0.70% to 1.00%	✓
	Annualized net charge-offs as a percent of average total loans	0.15%	0.04%	0.30% to 0.50%	✓
ADJUST BALANCE SHEET MIX	Total loans to total assets	67.86%	65.50%	72.0% to 77.5%	
	Total loans to total deposits	92.33%	87.50%	85.0% to 95.0%	✓
	Demand Deposit Accounts (DDAs) to total deposits	39.98%	39.71%	40.0% to 45.0%	
	Borrowings to total funding	13.62%	10.84%	15.0% to 20.0%	✓
HIGH QUALITY, DIVERSIFIED REVENUE STREAM	Total revenue growth versus prior year period	12.54%	10.11%	5% to 9%	✓
	Non-interest income, excluding gains and losses, to total revenue	30.63%	31.54%	35% to 40%	
STRONG CAPITAL POSITION	Total stockholders' equity to total assets	13.03%	13.65%	12% to 14%	✓
	Tangible equity to tangible assets (2)	9.35%	9.98%	8% to 10%	✓
OPERATING LEVERAGE	Net interest margin (3)	3.71%	3.69%	3.6% to 3.8%	✓
	Efficiency ratio adjusted for non-core items (2)	61.32%	61.09%	Below 60%	
EXECUTE ON STRATEGIES	Return on average stockholders' equity adjusted for non-core items (2)	10.46%	10.63%	11.5% to 13.0%	
	Return on average assets adjusted for non-core items (2)	1.32%	1.42%	1.45% to 1.55%	
	Pre-provision net revenue adjusted for non-core items / total average assets (2)	1.77%	1.79%	Over 1.80%	
	Dividend payout (4)	46.65%	50.08%	40% to 50%	✓

(1) Nonperforming loans include loans 90+ days past due and accruing, renegotiated loans and nonaccrual loans. Nonperforming assets (NPAs) include nonperforming loans and Other Real Estate Owned (OREO).

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

(3) Information presented on a fully tax-equivalent basis.

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





FINANCIAL EXPECTATIONS - 2020

- Organic loan growth of 5% to 7% for the full year of 2020.
- We expect an increase in credit costs in 2020 as the historically-low charge-off levels are not sustainable.
- We believe net interest margin will be between 3.45% and 3.55% for the first quarter of 2020.
- Fee-based revenue growth is expected to be in the mid-single digits.
- We expect core non-interest expense growth to be in the low single-digits, adjusted for non-core items.
- Our target efficiency ratio for 2020 is between 60% and 62%.
- We expect to generate positive operating leverage, adjusted for non-core items, for the full year.
- We are actively seeking opportunities with other institutions and fee-based revenue businesses.



Q4 & YTD 2019 FINANCIAL PERFORMANCE



Q4 & YTD 2019 PERFORMANCE HIGHLIGHTS

- Successful close and conversion of First Prestonsburg
- Return on average assets of 1.27% for 2019, adjusted return on average assets of 1.42%
- Quarterly annualized net charge-off rate of 16 basis points and net charge-offs for the full year of 2019 of 4 basis points
- Growth of 9% in net interest income compared to 2018
- Net interest margin for 2019 was 3.69%
- Increase of 13% in non-interest income, excluding net gains and losses, compared to the to the full year of 2018
- Efficiency ratio, adjusted for non-core items, of 61.28% for the fourth quarter
- Pre-provision net revenue (adjusted for non-core items) to total average assets was 1.79% for the full year of 2019
- Increase in tangible book value per share to \$20.14 at December 31, 2019 from \$18.30 at December 31, 2018



2019 BUSINESS SUMMARY

COMMERCIAL BANKING

- Commercial loan swap fees have more than tripled for 2019 as compared to 2018
- Commercial loan production was up over 35% compared to 2018
- \$25 million lending “house limit” although legal limit is over \$50 million

RETAIL BANKING

- Deposit account service charges up 20% in 2019 as compared to 2018
- Electronic banking income up 19% in 2019 as compared to 2018
- Mortgage banking income up 30% in 2019 as compared to 2018

INSURANCE

- Commercial Property and Casualty lines comprised 56% of insurance revenue for 2019
- Life and Health segment comprised 14% of insurance revenue for 2019

TRUST AND INVESTMENTS

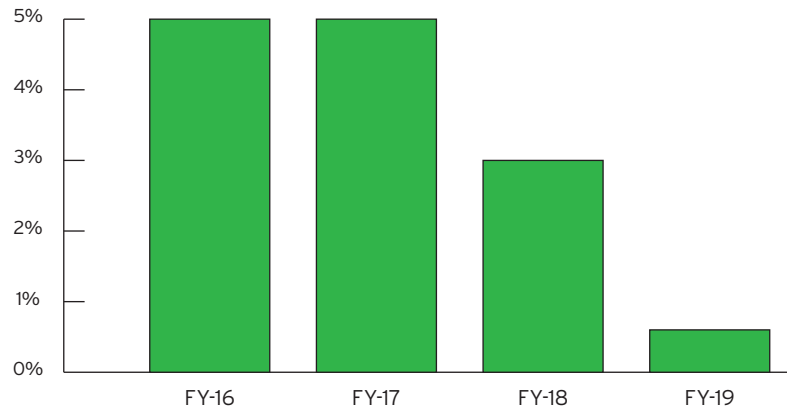
- \$2.5 billion in assets under administration and management
- Greater than 10% annual revenue growth, on average, for each of the last six years
- Retirement plan services income was up 12% compared to 2018





ACHIEVED POSITIVE OPERATING LEVERAGE, ADJUSTED FOR NON-CORE ITEMS, FOR THE FULL YEAR OF 2019.

VERSUS THE PRIOR YEAR, ADJUSTED OPERATING LEVERAGE WAS
POSITIVE FOR FISCAL YEARS 2016 THROUGH 2019.



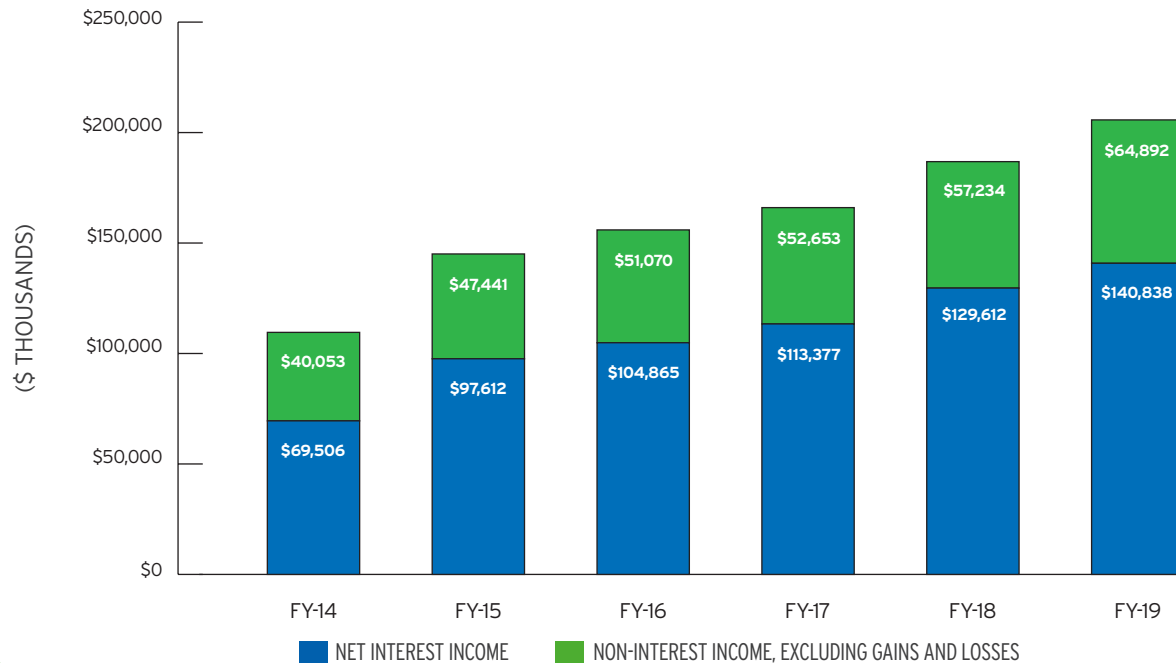
Adjusted operating leverage is a non-US GAAP financial measure calculated as the difference between total revenue (which is net interest income plus total non interest income (excluding all gains and losses)) growth and non-interest expense growth, on a percentage basis, excluding the impact of acquisition-related expenses and pension settlement charges.

TOTAL REVENUE GROWTH



NASDAQ: PEBO

TOTAL REVENUE OF \$206 MILLION FOR FY-19



Beginning in the second quarter of 2018, Peoples benefited from the acquisition of ASB Financial Corp ("ASB"). Additionally, beginning in the second quarter of 2019, Peoples benefited from the acquisition of First Prestonsburg.

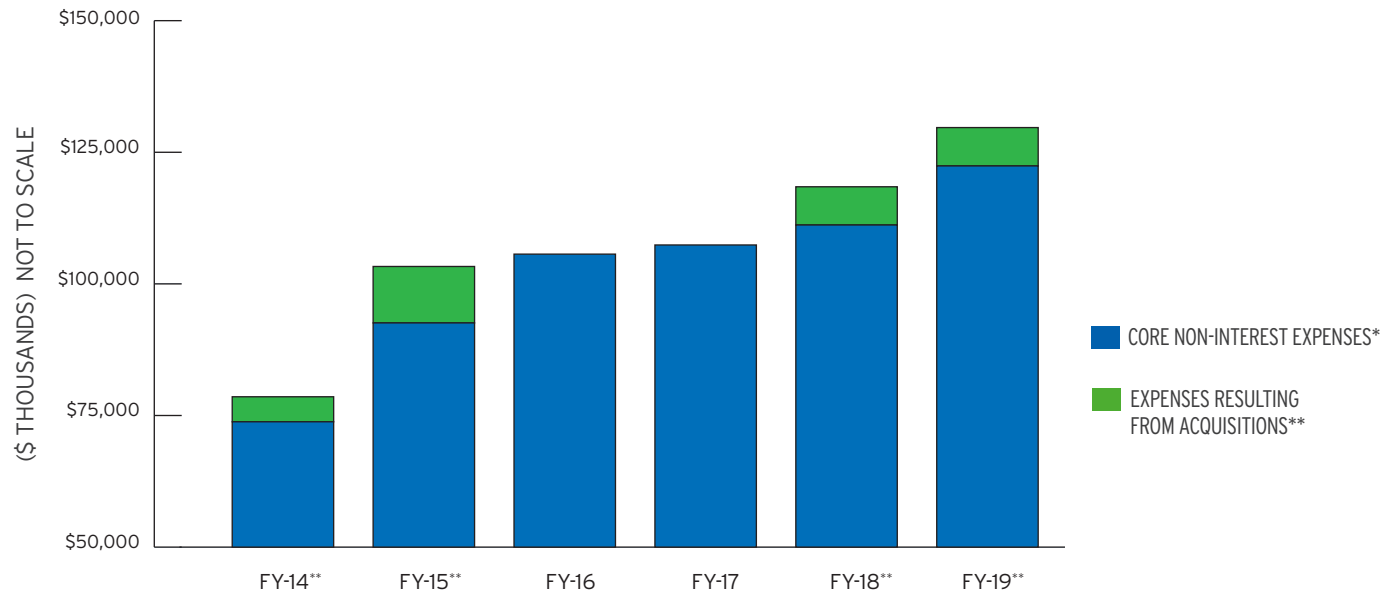


CORE NON-INTEREST EXPENSE*

NASDAQ: PEBO



THE RECENT ESCALATION IN EXPENSES WAS DUE TO ACQUISITIONS, OUR MOVE TO A \$15 MINIMUM WAGE, AND AN INCREASE IN FTE'S FOR GROWTH AND TECHNOLOGY INVESTMENTS.



* Non-US GAAP financial measure. See Appendix.

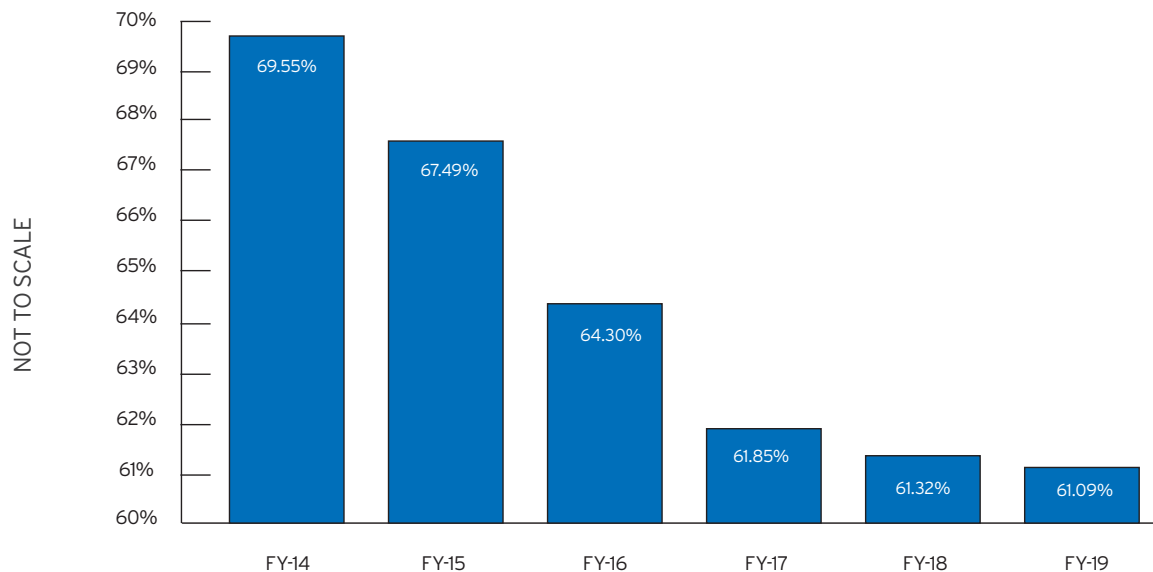
**2014, 2015, 2018 and 2019 included a partial quarter of expenses resulting from the Midwest Bancshares, Inc. (2014), Ohio Heritage Bancorp, Inc. (2014), North Akron Savings Bank (2014), National Bank and Trust (2015), American Savings Bank (2018), and First Prestonsburg (2019) acquisitions, respectively, such as salaries and occupancy expenses.

EFFICIENCY RATIO ADJUSTED FOR NON-CORE ITEMS*



NASDAQ: PEBO

EFFICIENCY RATIO, ADJUSTED FOR NON-CORE ITEMS, HAS IMPROVED AS A RESULT OF EXPENSE CONTROL AND REVENUE GROWTH.



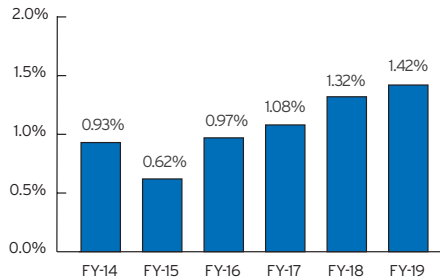
*The efficiency ratio adjusted for non-core items is defined as core non-interest expense (less amortization of other intangible assets) as a percentage of fully tax-equivalent net interest income plus core non-interest income excluding all gains and losses. This amount represents a non-US GAAP financial measure since it excludes the impact of all gains and/or losses, acquisition-related expenses, pension settlement charges, amortization of other intangible assets and uses fully tax-equivalent net interest income. See Appendix.



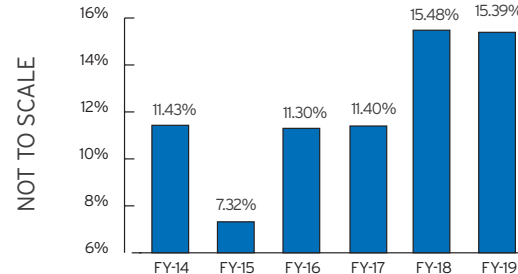


FOCUS ON STEADILY GROWING LOANS AND DEPOSITS, MANAGING EXPENSES AND INCREASING OPERATING LEVERAGE HAS RESULTED IN IMPROVEMENT IN KEY FINANCIAL METRICS.

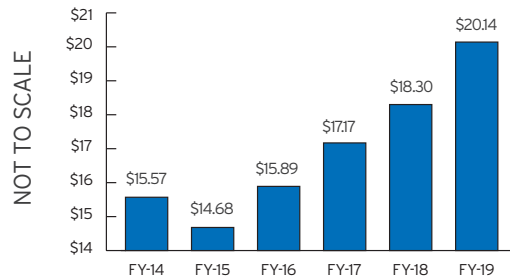
RETURN ON AVERAGE ASSETS
ADJUSTED FOR NON-CORE ITEMS¹



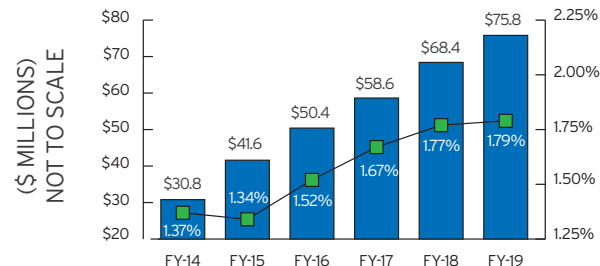
RETURN ON AVERAGE TANGIBLE STOCKHOLDERS' EQUITY
ADJUSTED FOR NON-CORE ITEMS¹



TANGIBLE BOOK VALUE PER SHARE



PPNR ADJUSTED FOR NON-CORE ITEMS¹
PPNR TO TOTAL AVERAGE ASSETS ADJUSTED FOR NON-CORE ITEMS¹



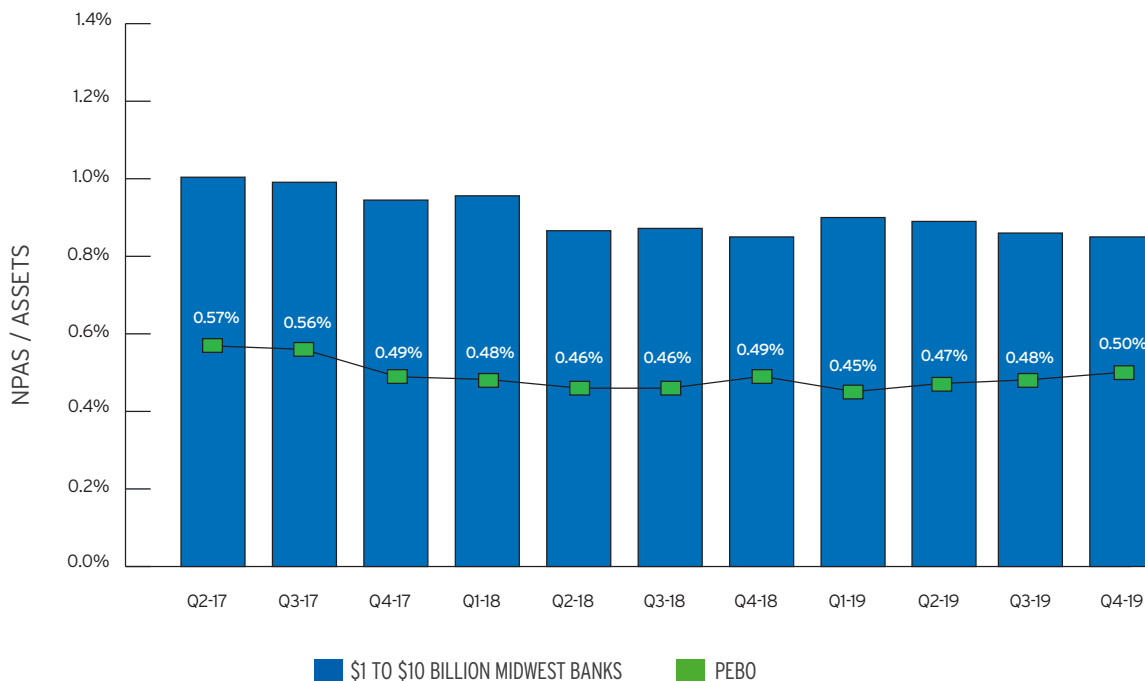
¹ Non-US GAAP financial measure. See Appendix.

ASSET QUALITY - NPAS / ASSETS



NASDAQ: PEBO

NPAS AS A PERCENTAGE OF TOTAL ASSETS HAVE CONSISTENTLY BEEN SUPERIOR TO MIDWEST BANKS WITH \$1 TO \$10 BILLION IN TOTAL ASSETS.

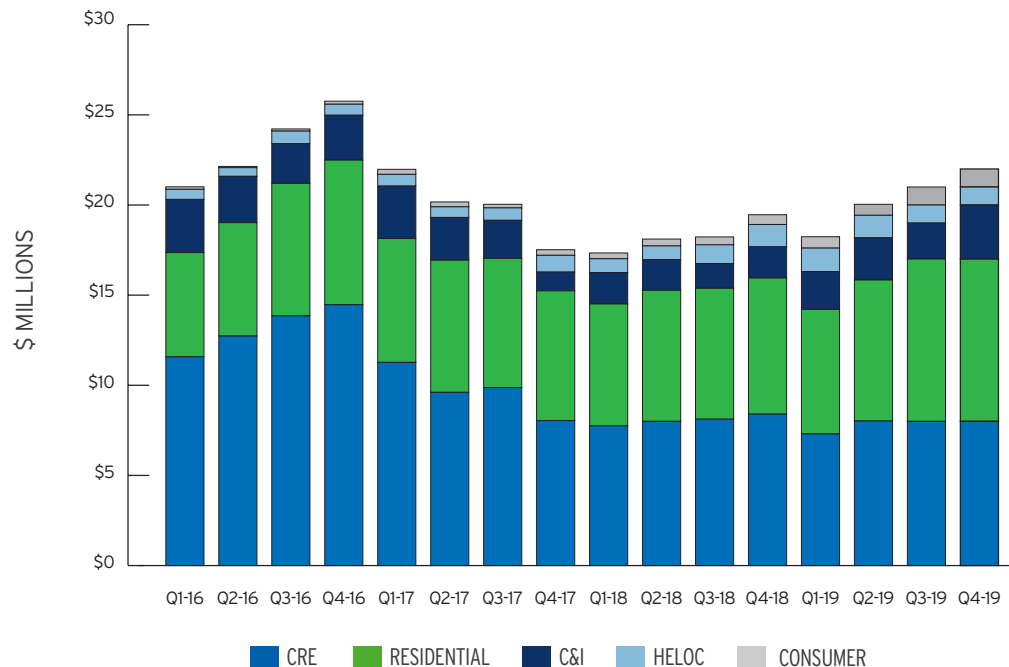


Source: S&P Global Market Intelligence. Nonperforming assets include loans 90+ days past due and accruing, renegotiated loans, nonaccrual loans, and other real estate owned.



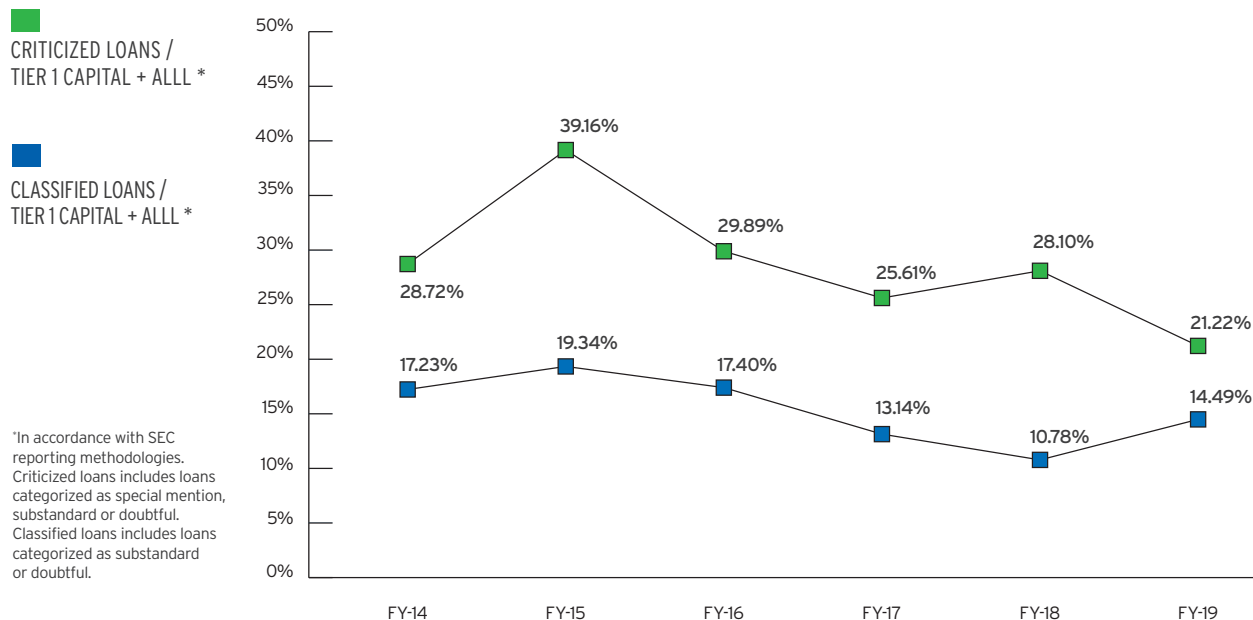


NPAS AT 12/31/19 WERE PRIMARILY COMPOSED OF WELL-COLLATERALIZED COMMERCIAL REAL ESTATE AND RESIDENTIAL REAL ESTATE LOANS, CONSISTENT WITH TREND NOTED IN RECENT QUARTERS.





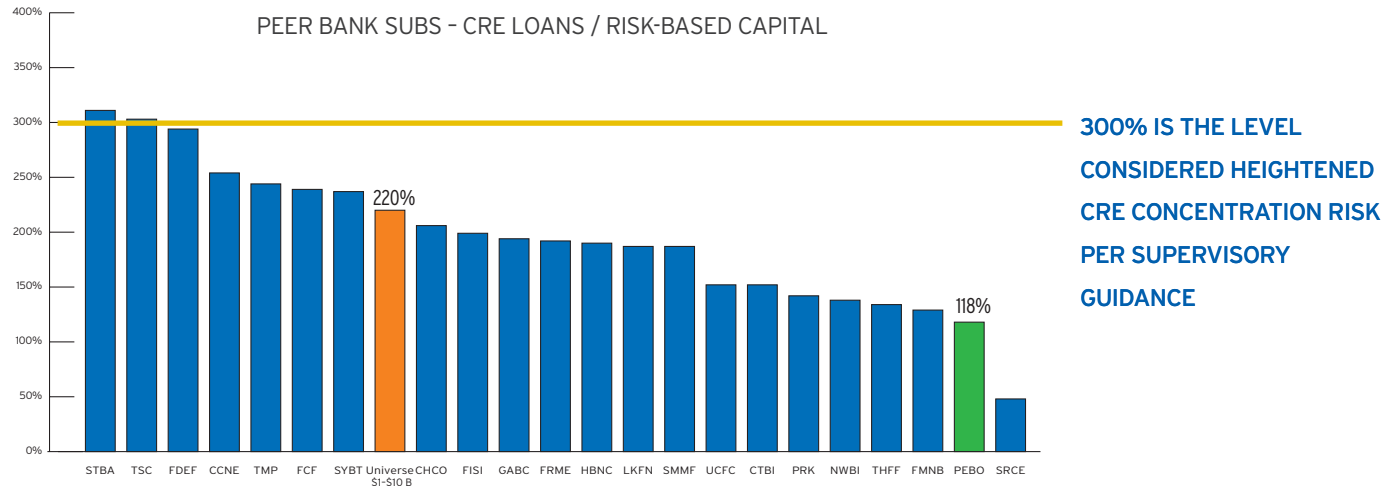
CRITICIZED LOANS AS A PERCENT OF TIER 1 CAPITAL AND ALLL HAVE BEEN AT OR NEAR AN 18-YEAR LOW.





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.
- Concentration levels have improved relative to peers on a linked quarter basis.



Source: S&P Global Market Intelligence, Commercial Bank Call Report Data as of 12/31/19. Per April 2013 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).

Peer financial institutions are used in this presentation. The parent holding companies of these financial institutions did not comprise the peer group of financial institution holding companies used by Peoples' Compensation Committee in analyzing and setting executive compensation for 2019.

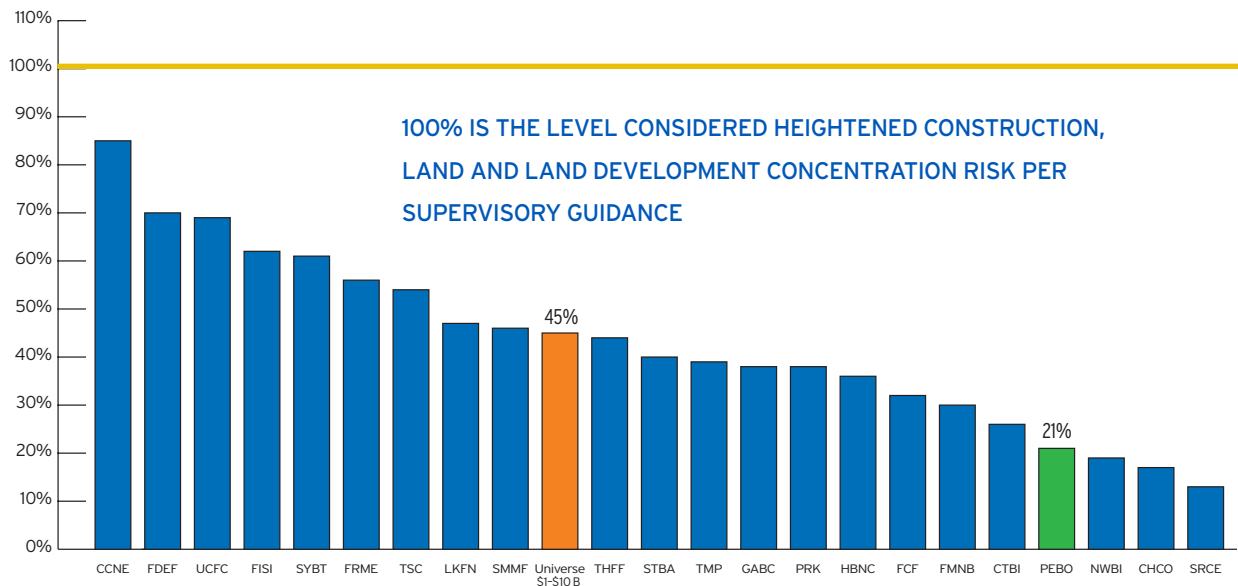
Note: For the following peers, 12/31/19 data was not required to be reported for banks less than \$3.0 billion, so the data above represents the most recent that is available for these peers: UCFC, SMMF, FMNB.

CRE CONCENTRATION ANALYSIS



NASDAQ: PEBO

PEER BANK SUBS - CONSTRUCTION, LAND AND LAND DEVELOPMENT LOANS / RISK-BASED CAPITAL



Source: S&P Global Market Intelligence, Commercial Bank Call Report Data as of 12/31/19. Per April 2013 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).

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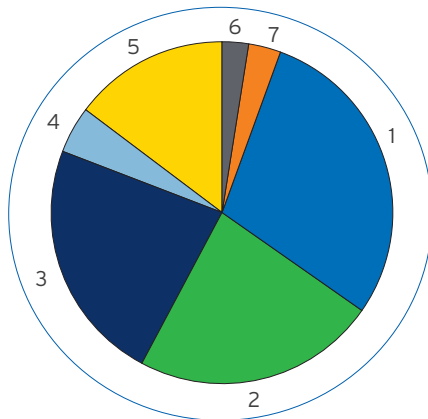
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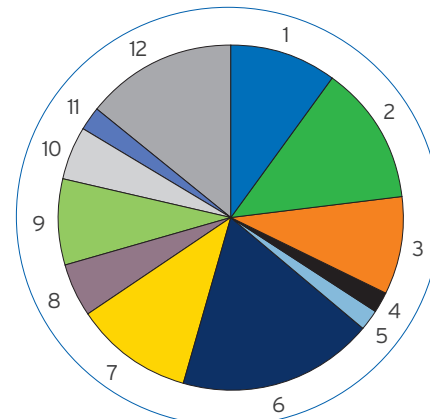
LOAN COMPOSITION REFLECTS HEALTHY RISK DIVERSITY.

TOTAL LOAN PORTFOLIO* = \$2.9 BILLION



- 1 COMMERCIAL REAL ESTATE (CRE) 29.0%
- 2 COMMERCIAL & INDUSTRIAL 23.1%
- 3 RESIDENTIAL REAL ESTATE 23.0%
- 4 HOME EQUITY LINES OF CREDIT 4.6%
- 5 CONSUMER, INDIRECT 14.5%
- 6 CONSUMER, DIRECT 2.7%
- 7 CONSTRUCTION 3.1%

TOTAL CRE PORTFOLIO** = \$0.8 BILLION



- 1 MULTI FAMILY 10%
- 2 MIXED USE 13%
- 3 LIGHT INDUSTRIAL 9%
- 4 CHILD CARE 2%
- 5 EDUCATIONAL SERVICES 2%
- 6 OFFICE 18%
- 7 RETAIL 11%
- 8 LODGING 5%
- 9 WAREHOUSE 8%
- 10 ASSISTED LIVING 5%
- 11 LAND 2%
- 12 OTHER 14%

Data as of December 31, 2019.

*Excludes deposit overdrafts.

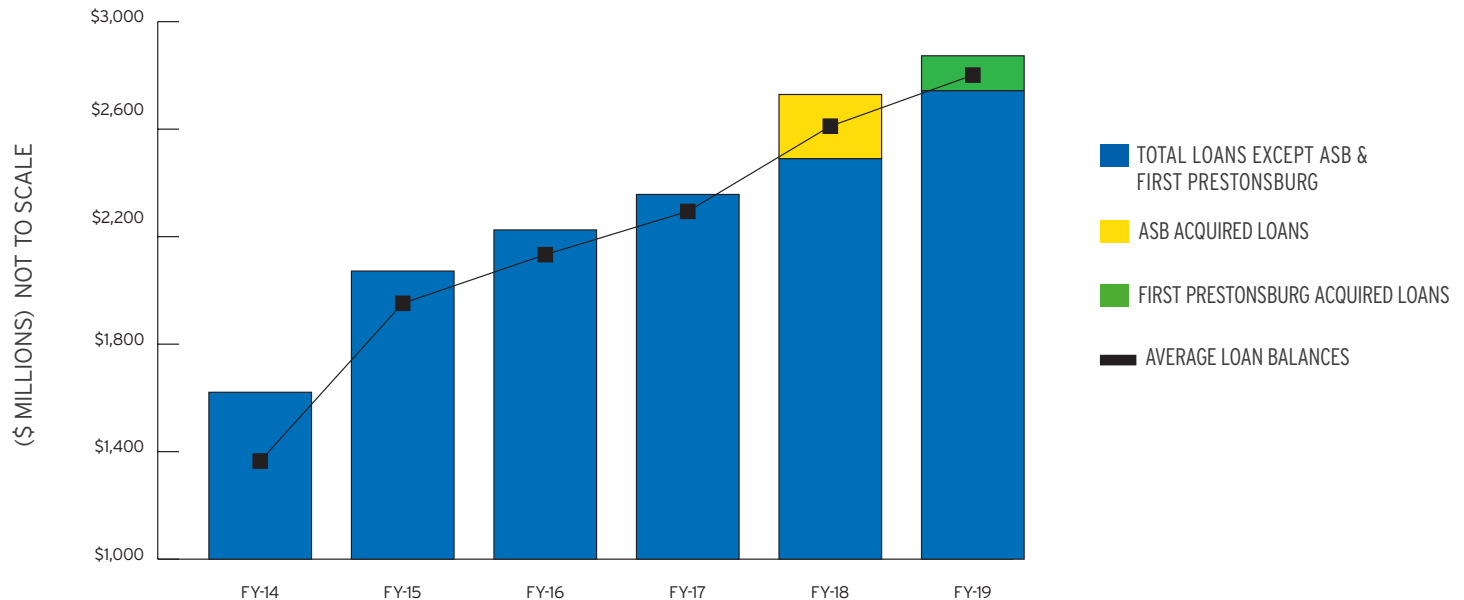
**Total CRE includes commercial real estate and construction loans, and exposure includes commitments.

TOTAL LOAN GROWTH



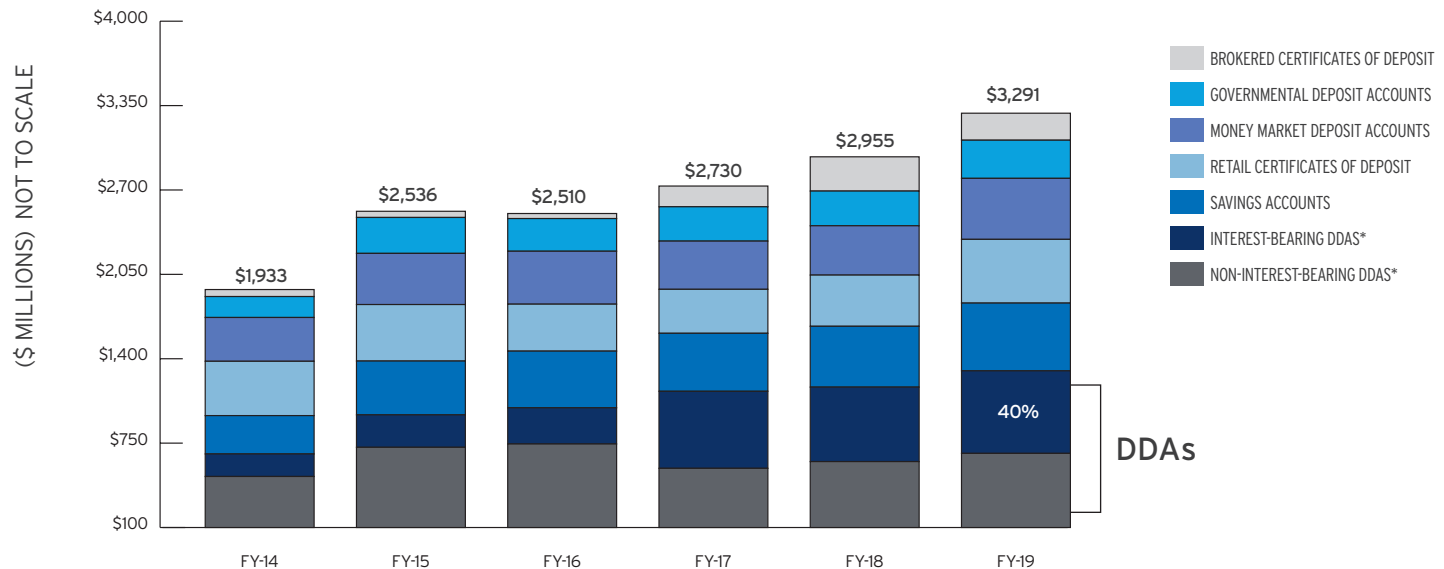
NASDAQ: PEBO

TOTAL LOAN GROWTH OF 5% FOR 2019 COMPARED TO 2018.





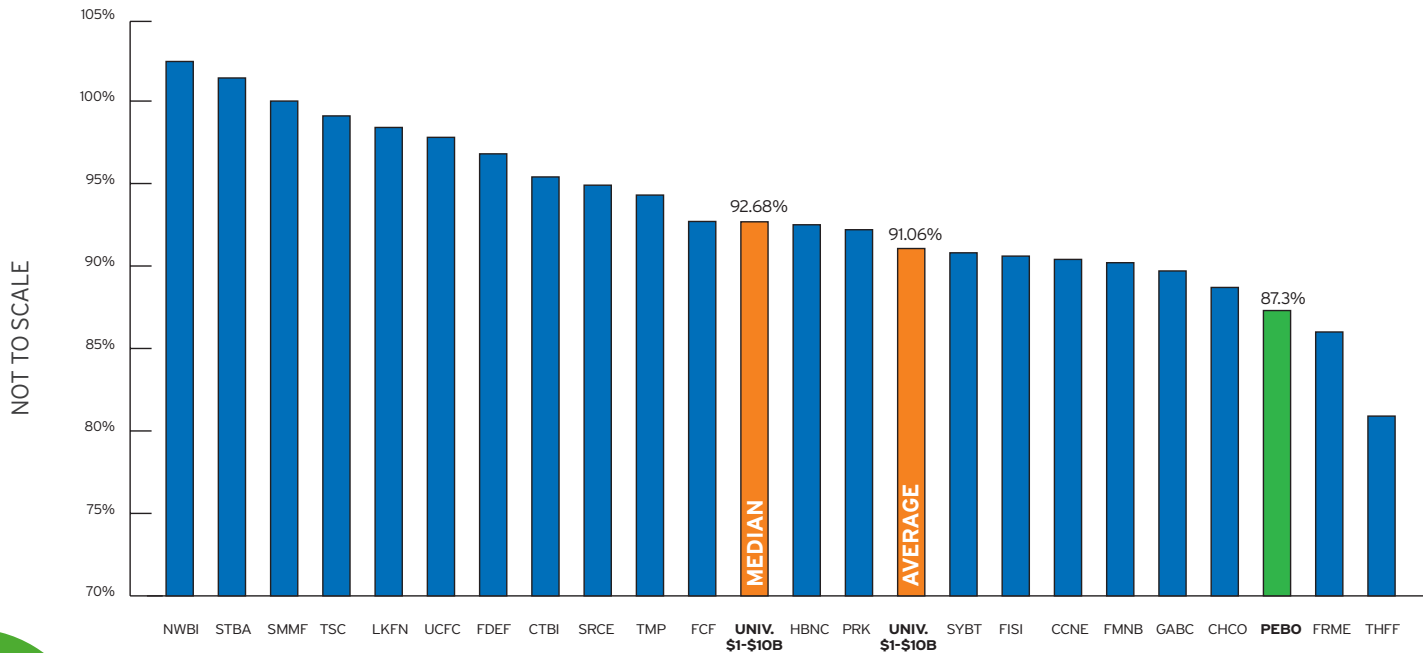
TOTAL DEPOSITS WERE UP 11% COMPARED TO DECEMBER 31, 2018.
FOR THE QUARTER ENDED DECEMBER 31, 2019, COST OF DEPOSITS WAS 0.66%.



*DDAs stands for demand deposit accounts and represents interest-bearing and non-interest bearing transaction accounts.

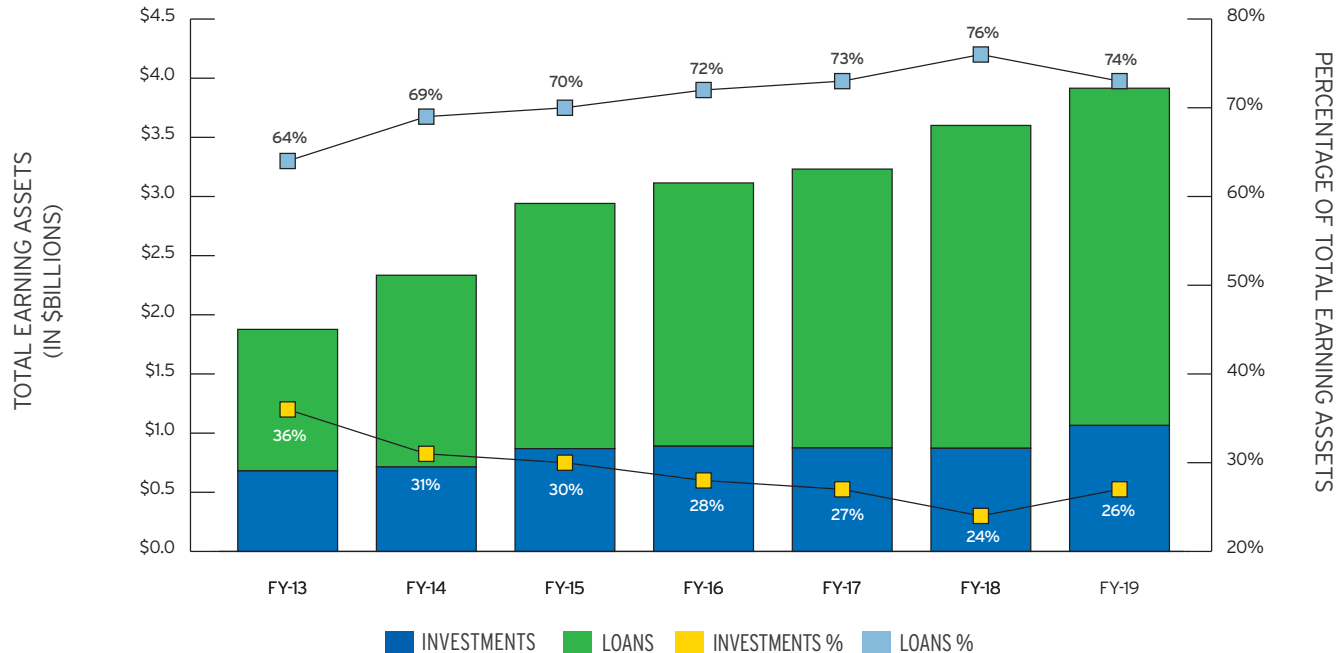


OUR LOAN TO DEPOSIT RATIO IS LOW COMPARED TO PEER GROUP, WHICH POSITIONS US WELL FROM A LIQUIDITY PERSPECTIVE.





FROM 2013 TO 2018, THE PERCENTAGE OF EARNING ASSETS COMPOSED OF INVESTMENTS DECREASED. IN 2019, THE INCREASE IN PERCENTAGE OF EARNING ASSETS IS DUE TO THE FIRST PRESTONSBURG ACQUISITION, WHICH PROVIDED ADDITIONAL LIQUIDITY.





ACQUISITIONS

- Bank acquisitions completed in 2014 (3), 2015 (1), 2018 (1), and 2019 (1)
- Insurance acquisitions completed in 2014 (1), 2015 (1), 2017 (2), and 2020 (1)
- One investment acquisition was completed in 2016

CAPITAL PRIORITIES

- Organic growth
- Dividends
- Acquisition activities

DIVIDENDS

- \$0.15 quarterly dividend in Q1 2016 has increased to \$0.34 in the most recent quarter.
- Consistently evaluate dividend and adjust accordingly - annualized dividend yield at December 31, 2019 was 3.81%.
- On a percentage basis, dividend growth has outpaced earnings per share growth for the last two years.

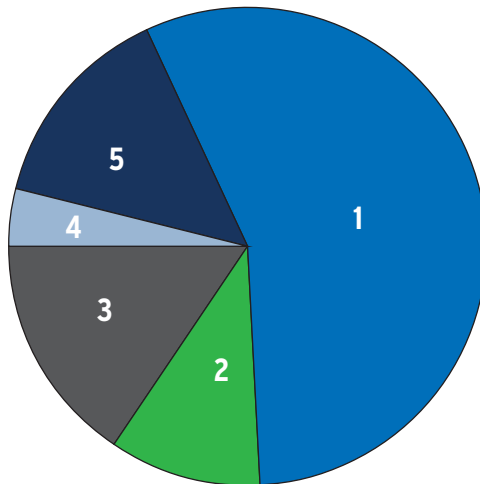


INSURANCE & INVESTMENT INCOME COMPOSITION

NASDAQ: PEBO

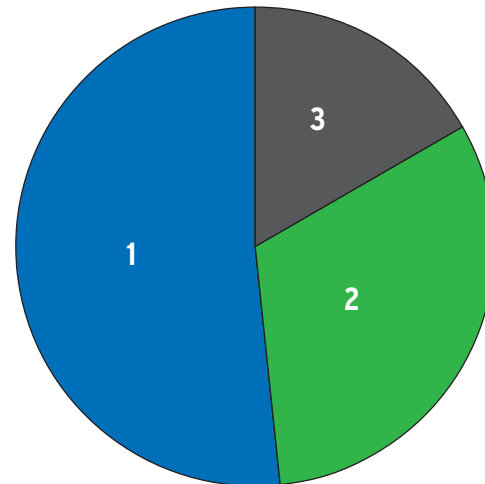


TOTAL INSURANCE REVENUE
FOR 2019
\$14.8 MILLION



- 1 P&C COMMERCIAL LINES 56.2%
- 2 PERFORMANCE BASED 10.3%
- 3 P&C PERSONAL LINES 15.4%
- 4 OTHER 4.1%
- 5 LIFE & HEALTH 14.0%

TOTAL INVESTMENT REVENUE
FOR 2019
\$13.2 MILLION



- 1 FIDUCIARY 51.4%
- 2 BROKERAGE 31.9%
- 3 EMPLOYEE BENEFITS 16.7%

FY 2019 APPENDIX NON-US GAAP MEASURES



NASDAQ: PEB0

PRE-PROVISION NET REVENUE

Pre-provision net revenue (PPNR) has become a key financial measure used by federal bank regulatory agencies when assessing the capital adequacy of financial institutions. PPNR is defined as net interest income plus total non-interest income (excluding all gains and losses) minus total non-interest expense and, therefore, excludes the provision for loan losses and all gains and/or losses included in earnings. As a result, 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.

(\$ in Thousands)	FY-14	FY-15	FY-16	FY-17	FY-18	FY-19
Income before income taxes	\$ 24,178	\$ 14,816	\$ 45,282	\$ 57,203	\$ 54,941	\$ 65,358
Add: Provision for loan losses	339	14,097	3,539	3,772	5,448	2,504
Add: Loss on debt extinguishment	-	-	707	-	-	-
Add: Loss on OREO	68	530	34	116	35	98
Add: Loss on securities	-	-	1	-	147	-
Add: Loss on other assets	430	696	427	-	469	692
Add: Loss on other transactions	-	43	-	-	76	-
Less: Gain on OREO	-	-	-	-	14	-
Less: Gains on securities	398	729	931	2,983	1	164
Less: Gains on other assets	-	-	35	28	76	8
Less: Gains on other transactions	67	-	-	25	168	-
Pre-provision net revenue	\$ 24,550	\$ 29,453	\$ 49,024	\$ 58,055	\$ 60,857	\$ 68,480
Average assets (in millions)	\$ 2,241	\$ 3,112	\$ 3,320	\$ 3,510	\$ 3,872	\$ 4,222
Pre-provision net revenue to average assets	1.10%	0.95%	1.48%	1.65%	1.57%	1.62%



PRE-PROVISION NET REVENUE ADJUSTED FOR NON-CORE ITEMS

Pre-provision net revenue (PPNR) has become a key financial measure used by federal bank regulatory agencies when assessing the capital adequacy of financial institutions. PPNR adjusted for non-core items is defined as net interest income, excluding acquisition-related costs and pension settlement charges, plus total non-interest income (excluding all gains and losses) minus total non-interest expense and, therefore, excludes the provision for loan losses and all gains and/or losses included in earnings. As a result, 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.

<i>(\$ in Thousands)</i>	FY-14	FY-15	FY-16	FY-17	FY-18	FY-19
Income before income taxes	\$ 24,178	\$ 14,816	\$ 45,282	\$ 57,203	\$ 54,941	\$ 65,358
Add: System upgrade revenue waived	—	—	85	—	—	—
Add: Acquisition-related costs	4,752	10,722	—	341	7,262	7,287
Add: System upgrade costs	—	—	1,259	—	—	—
Add: Other non-core costs	298	592	—	—	—	270
Add: Pension settlement charges	1,400	459	—	242	267	—
Add: Provision for loan losses	339	14,097	3,539	3,772	5,448	2,504
Add: Loss on debt extinguishment	—	520	707	—	—	—
Add: Loss on OREO	68	529	34	116	35	98
Add: Loss on securities	—	—	1	—	147	—
Add: Loss on other assets	430	696	427	—	469	692
Add: Loss on other transactions	—	43	—	—	76	—
Less: Gain on OREO	—	—	—	—	14	—
Less: Gains on securities	398	729	931	2,983	1	164
Less: Gains on other assets	—	—	35	28	76	8
Less: Gains on other transactions	67	—	—	25	168	—
Pre-provision net revenue	\$31,067	\$41,702	\$50,368	\$58,638	\$ 68,386	\$76,037
Average assets <i>(in millions)</i>	\$ 2,241	\$ 3,112	\$ 3,320	\$ 3,510	\$ 3,872	\$ 4,222
Pre-provision net revenue to average assets	1.39%	1.34%	1.52%	1.67%	1.77%	1.80%

FY 2019 APPENDIX NON-US GAAP MEASURES



NASDAQ: PEB0

CORE NON-INTEREST INCOME

Core non-interest income is a financial measure used to evaluate Peoples' recurring non-interest revenue stream. This measure is non-US GAAP since it excludes the impact of all gains and/or losses, and core banking system conversion revenue waived.

<i>(\$ in Thousands)</i>	FY-14	FY-15	FY-16	FY-17	FY-18	FY-19
Total noninterest income	\$40,020	\$ 46,382	\$ 50,867	\$ 55,573	\$ 56,754	\$ 64,274
Less: net gain (loss) on investment securities	398	729	930	2,983	(146)	164
Less: net loss on asset disposals and other transactions	(431)	(1,788)	(1,133)	(63)	(334)	(782)
Add: core banking system conversion revenue waived	—	—	85	—	—	—
Core non-interest income excluding gains and losses	\$40,053	\$ 47,441	\$ 51,155	\$ 52,653	\$ 57,234	\$ 64,892

CORE NON-INTEREST EXPENSE

Core non-interest expense is a financial measure used to evaluate Peoples' recurring expense stream. This measure is non-US GAAP since it excludes the impact of core banking system conversion expenses, acquisition-related expenses, pension settlement charges, and other non-recurring expenses.

<i>(\$ in Thousands)</i>	FY-14	FY-15	FY-16	FY-17	FY-18	FY-19
Total non-interest expense	\$85,009	\$115,081	\$106,911	\$107,975	\$125,977	\$137,250
Less: system conversion expenses	—	—	1,259	—	—	—
Less: acquisition related expenses	4,752	10,722	—	341	7,262	7,287
Less: pension settlement charges	1,400	459	—	242	267	—
Less: other non-core charges	298	592	—	—	—	270
Core noninterest expense	\$78,559	\$103,308	\$105,652	\$107,392	\$118,448	\$129,693



EFFICIENCY RATIO

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

<i>(\$ in Thousands)</i>	FY-14	FY-15	FY-16	FY-17	FY-18	FY-19
Total noninterest expense	\$ 85,009	\$ 115,081	\$ 106,911	\$ 107,975	\$ 125,977	\$ 137,250
Less: amortization on other intangible assets	1,428	4,077	4,030	3,516	3,338	3,359
Adjusted total non-interest expense	83,581	111,004	102,881	104,459	122,639	133,891
Total non-interest income excluding net gains and losses	40,053	47,441	51,070	52,653	57,234	64,892
Net interest income	69,506	97,612	104,865	113,377	129,612	140,838
Add: fully taxable equivalent adjustment	1,335	1,978	2,027	1,912	881	1,068
Net interest income on a fully taxable equivalent basis	70,841	99,590	106,892	115,289	130,493	141,906
Adjusted revenue	\$ 110,894	\$ 147,031	\$ 157,962	\$ 167,942	\$ 187,727	\$ 206,798
Efficiency ratio	75.37%	75.50%	65.13%	62.20%	65.33%	64.74%
Core non-interest expense	\$ 78,559	\$ 103,308	\$ 105,652	\$ 107,392	\$ 118,448	\$ 129,693
Less: amortization on other intangible assets	1,428	4,077	4,030	3,516	3,338	3,359
	77,131	99,231	101,622	103,876	115,110	126,334
Core non-interest income excluding gains and losses	40,053	47,441	51,070	52,653	57,234	64,892
Net interest income on a fully taxable equivalent basis	70,841	99,590	106,892	115,289	130,493	141,906
Adjusted core revenue	110,894	147,031	157,962	167,942	187,727	206,798
Efficiency ratio adjusted for non-core items	69.55%	67.49%	64.33%	61.85%	61.32%	61.09%

FY 2019 APPENDIX NON-US GAAP MEASURES



NASDAQ: PEBO

TANGIBLE EQUITY TO TANGIBLE ASSETS AND TANGIBLE BOOK VALUE PER SHARE

Peoples uses tangible capital measures to evaluate the adequacy of Peoples' stockholders' equity. Such ratios represent non-US GAAP financial measures since the calculation removes the impact of goodwill and other intangible assets acquired through acquisitions on both total stockholders' equity and total assets. 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-US GAAP financial measures to amounts reported in Peoples' consolidated financial statements.

<i>(\$ in Thousands)</i>	FY-14	FY-15	FY-16	FY-17	FY-18	FY-19
Tangible equity						
Total stockholders equity	\$ 340,118	\$ 419,789	\$ 435,261	\$ 458,592	\$ 520,140	\$ 594,393
Less: goodwill and other intangible assets	109,158	149,617	146,018	144,576	162,085	177,503
Tangible equity	230,960	270,172	289,243	314,016	358,055	416,890
Tangible assets						
Total assets	\$ 2,567,769	\$ 3,258,970	\$ 3,432,348	\$ 3,581,686	\$ 3,991,454	\$ 4,354,165
Less: goodwill and other intangible assets	109,158	149,617	146,018	144,576	162,085	177,503
Tangible assets	2,458,611	3,109,353	3,286,330	3,437,110	3,829,369	4,176,662
Tangible equity to tangible assets	9.39%	8.69%	8.80%	9.14%	9.35%	9.98%
Tangible book value per share						
Tangible equity	\$ 230,960	\$ 270,172	\$ 289,243	\$ 314,016	\$ 358,055	\$ 416,890
Common shares outstanding	14,836,727	18,404,864	18,200,067	18,287,449	19,565,029	20,698,941
Tangible book value per share	\$ 15.57	\$ 14.68	\$ 15.89	\$ 17.17	\$ 18.30	\$ 20.14

FY 2019 APPENDIX NON-US GAAP MEASURES

NASDAQ: PEBO



RETURN ON AVERAGE ASSETS ADJUSTED FOR NON-CORE ITEMS

The return on average assets adjusted for non-core items represents a non-US GAAP financial measure since it excludes the release of the deferred tax asset valuation allowance, the impact of the Tax Cuts and Jobs Act on the remeasurement of deferred tax assets and deferred tax liabilities, and the after-tax impact of all gains and losses, acquisition-related expenses and pension settlement charges.

<i>(\$ in Thousands)</i>	FY-14	FY-15	FY-16	FY-17	FY-18	FY-19
Return on average assets						
Annualized net income	\$ 16,684	\$ 10,941	\$ 31,157	\$ 38,471	\$ 46,255	\$ 53,695
Total average assets	2,240,534	3,111,853	3,320,447	3,510,274	3,871,832	4,222,482
Return on average assets	0.74%	0.35%	0.94%	1.10%	1.19%	1.27%
Return on average assets adjusted for non-core items						
Annualized net income	\$ 16,684	\$ 10,941	\$ 31,157	\$ 38,471	\$ 46,255	\$ 53,695
Add: core banking system conversion revenue waived, net of tax	—	—	55	—	—	—
Add: net loss on investment securities, net of tax	—	—	—	—	115	—
Less: net gain on investment securities, net of tax	(259)	(474)	(605)	(1,939)	—	(130)
Add: net loss on asset disposals, net of tax	280	1,162	736	41	264	618
Add: system conversion expenses, net of tax	—	—	818	—	—	—
Add: acquisition related expenses, net of tax	3,089	6,969	—	222	5,737	5,757
Add: pension settlement charges, net of tax	910	298	—	157	211	—
Add: other non-core charges, net of tax	194	385	—	—	—	213
Less: release of deferred tax asset valuation	—	—	—	—	(805)	—
Less: impact of Tax Cuts and Jobs Act on deferred tax liability	—	—	—	—	(705)	—
Add: impact of Tax Cuts and Jobs Act on deferred tax assets	—	—	—	897	—	—
Net income adjusted for non-core items	\$ 20,898	\$ 19,281	\$ 32,161	\$ 37,849	\$ 51,072	\$ 60,153
Total average assets	2,240,534	3,111,853	3,320,447	3,510,274	3,871,832	4,222,482
Return on average assets adjusted for non-core items	0.93%	0.62%	0.97%	1.08%	1.32%	1.42%

(a) Tax effect is calculated using a 21% federal statutory tax rate for the 2018 periods and 35% for the 2017 period.

FY 2019 APPENDIX NON-US GAAP MEASURES



NASDAQ: PBO

RETURN ON AVERAGE TANGIBLE STOCKHOLDERS' EQUITY

The return on average tangible stockholders' equity ratio is a key financial measure used to monitor performance. It is calculated as net income (less after-tax impact of amortization of other intangible assets) divided by average tangible stockholders' equity. This measure is non-US GAAP since it excludes the after-tax impact of amortization of other intangible assets from earnings and the impact of goodwill and other intangible assets acquired through acquisitions on total stockholders' equity.

<i>(\$ in Thousands)</i>	FY-14	FY-15	FY-16	FY-17	FY-18	FY-19
Annualized net income	\$ 16,684	\$ 10,941	\$ 31,157	\$ 38,471	\$ 46,255	\$ 53,695
Add: amortization of other intangible assets	1,428	4,077	4,030	3,516	3,338	3,359
Less: tax effect of amortization of other intangible assets	500	1,427	1,411	1,231	701	705
Annualized net income excluding the amortization of intangible assets	17,612	13,591	33,776	40,756	48,892	56,349
Average tangible equity						
Total average equity	270,689	407,296	432,666	450,379	488,139	566,123
Less: average goodwill and other intangible assets	87,821	144,013	147,981	144,696	158,115	173,529
Average tangible equity	182,868	263,283	284,685	305,683	330,024	392,594
Return on average equity						
Annualized net income	\$ 16,684	\$ 10,941	\$ 31,157	\$ 38,471	\$ 46,255	\$ 53,695
Total average equity	270,689	407,296	432,666	450,379	488,139	566,123
Return on average equity	6.16%	2.69%	7.20%	8.54%	9.48%	9.48%
Return on average tangible equity						
Annualized net income excluding the amortization of intangible assets	\$ 17,612	\$ 13,591	\$ 33,776	\$ 40,756	\$ 48,892	\$ 56,349
Average tangible equity	182,868	263,283	284,685	305,683	330,024	392,594
Return on average tangible equity	9.63%	5.16%	11.86%	13.33%	14.81%	14.35%

(a) Tax effect is calculated using a 21% federal statutory tax rate for the 2019 and 2018 periods, and a 35% federal statutory tax rate for all other periods shown.

FY 2019 APPENDIX NON-US GAAP MEASURES

NASDAQ: PEBO



RETURN ON AVERAGE STOCKHOLDERS' EQUITY ADJUSTED FOR NON-CORE ITEMS

The return on average stockholders' equity adjusted for non-core items represents a non-US GAAP financial measure since it excludes the release of the deferred tax asset valuation allowance, the impact of the Tax Cuts and Jobs Act on the remeasurement of deferred tax assets and deferred tax liabilities, and the after-tax impact of all gains and losses, acquisition-related expenses and pension settlement charges.

(\$ in Thousands)	FY-14	FY-15	FY-16	FY-17	FY-18	FY-19
Return on average equity adjusted for non-core items						
Annualized net income	\$ 16,684	\$ 10,941	\$ 31,157	\$ 38,471	\$ 46,255	\$ 53,695
Add: core banking system conversion revenue waived, net of tax	—	—	55	—	—	—
Add: net loss on investment securities, net of tax	—	—	—	—	115	—
Less: net gain on investment securities, net of tax	(259)	(474)	(605)	(1,939)	—	130
Add: net loss on asset disposals, net of tax	280	1,162	736	41	264	618
Add: system conversion expenses, net of tax	—	—	818	—	—	—
Add: acquisition related expenses, net of tax	3,089	6,969	—	222	5,737	5,757
Add: pension settlement charges, net of tax	910	298	—	157	211	—
Add: other non-core charges, net of tax	194	385	—	—	—	213
Less: release of deferred tax asset valuation	—	—	—	—	(805)	—
Less: impact of Tax Cuts and Jobs Act on deferred tax liability	—	—	—	—	(705)	—
Add: impact of Tax Cuts and Jobs Act on deferred tax assets	—	—	—	897	—	—
Net income adjusted for non-core items	\$ 20,898	\$ 19,281	\$ 32,161	\$ 37,849	\$ 51,072	\$ 60,413
Average tangible equity	270,689	407,296	432,666	450,379	488,139	566,123
Return on average equity adjusted for non-core items	7.72%	4.73%	7.43%	8.40%	10.46%	10.67%
Return on average tangible equity adjusted for non-core items						
Net income adjusted for non-core items	\$ 20,898	\$ 19,281	\$ 32,161	\$ 37,849	\$ 51,072	\$ 60,413
Average tangible equity	182,868	263,283	284,685	305,683	330,024	392,594
Return on average tangible equity adjusted for non-core items	11.43%	7.32%	11.30%	12.38%	15.48%	15.39%

(a) Tax effect is calculated using a 21% federal statutory tax rate for the 2019 and 2018 periods and 35% for the 2017 period.



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