

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name	2 Issuer's employer identification number (EIN)
First Prestonsburg Bancshares, Inc.	61-1020128

3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact
Katie Bailey	740-373-3155	Kathryn.Bailey@pebo.com

6 Number and street (or P.O. box if mail is not delivered to street address) of contact	7 City, town, or post office, state, and ZIP code of contact
311 N Arnold Avenue / PO Box 231	Prestonsburg, KY 41653

8 Date of action	9 Classification and description
April 12, 2019	Common Stock

10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
		S-Corp - Privately Held	

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ See attachment.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ See attachment.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ See attachment.

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ See attachment.

Blank lined area for listing applicable Internal Revenue Code sections and subsections.

18 Can any resulting loss be recognized? ▶ See attachment.

Blank lined area for indicating if any resulting loss can be recognized.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See attachment.

Blank lined area for providing other information necessary to implement the adjustment.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶ *David Grossman*

Date ▶ 5-24-2019

Print your name ▶ DAVID GROSSMAN

Title ▶ CONTROLLER

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶			Firm's EIN ▶	
	Firm's address ▶			Phone no.	

First Prestonsburg Bancshares, Inc.
EIN: 61-1020128
Attachment to Form 8937

Part II

Line 14. Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action.

On April 12, 2019, First Prestonsburg Bancshares, Inc. ("FPB") merged with and into Peoples Bancorp Inc. ("Peoples"), with Peoples as the surviving legal entity (the "Merger"). Pursuant to the Merger, each share of FPB common stock automatically converted into the right to receive 12.512 shares of Peoples common stock. Any shareholder who would otherwise be entitled to a fractional share of Peoples common stock as a result of the Merger received a cash payment equal to the fraction of a share of the Peoples common stock to which such holder would otherwise be entitled to multiplied by \$31.31. In addition, prior to the closing of the Merger, FPB paid an aggregate cash distribution of \$11.28 million to its shareholders (the "Cash Distribution"). For purposes of the treatment of the Cash Distribution, please see the Form S-4 filed by Peoples with the United States Securities and Exchange Commission on December 11, 2018.

Line 15. Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis.

The Merger is intended to be treated as a reorganization described in Section 368(a) of the Internal Revenue Code (the "Code"). Except as discussed below in "Cash in Lieu of Fractional Shares of Peoples Common Stock," a U.S. shareholder who exchanges FPB common stock for Peoples common stock (other than cash received in lieu of a fractional share) generally will have no gain or loss recognized upon the receipt of shares of Peoples common stock in exchange therefor pursuant to the Merger.

The aggregate adjusted tax basis of the shares of Peoples common stock received by the U.S. shareholder in the Merger will be the same as the aggregate adjusted tax basis of the shares of FPB common stock surrendered in exchange therefor, reduced by the tax basis allocable to any fractional share of FPB common stock for which cash is received.

Cash in Lieu of Fractional Shares of Peoples Common Stock

A U.S. shareholder of FPB common stock that receives cash in lieu of a fractional Peoples common share generally will be treated as having received such fractional share and then having received such cash in redemption of such fractional share, the consequences of which would have to be separately evaluated.

This Form 8937 does not constitute tax advice. Shareholders are urged to consult their own tax advisors regarding the particular consequences of the Merger, including the applicability and effect of all U.S. federal, state and local, and foreign tax laws.

Line 16. Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates.

The adjusted tax basis of the Peoples common stock received in the Merger should be the adjusted tax basis in the shares of FPB common stock surrendered in the Merger. The tax basis in the shares of FPB common stock may vary among shares if shares of FPB common stock were acquired for different prices. The example below assumes that the U.S. shareholder of FPB common stock has a single block of stock with the same tax basis per share. In addition, a U.S. shareholder's tax basis in the FPB common stock may have been subject to adjustment since the date such shares were acquired (e.g., as a result of the Cash Distribution).

Example: Assume a U.S. shareholder owned 50 shares of FPB common stock, all of which were acquired on Date 1 and had an aggregate tax basis of \$3,500 (or \$70.00 per share). Pursuant to the Merger, such U.S. shareholder received 625.6 shares of Peoples common stock (50 shares of FPB common stock x 12.512). As a result, the U.S. shareholder would have (i) 625 shares of Peoples common stock (50 shares x 12.512) with an aggregate tax basis of \$3,496.64 (or \$5.59 per share) that is treated as having been acquired on Date 1; and (ii) a fractional share (0.6) with a tax basis of \$3.36 ($\5.95×0.6) that is treated as having been acquired on Date 1.

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Line 17. List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based.

The applicable Code sections upon which the tax treatment of the Merger is based are Sections 354, 358, and 368. Note that this Form 8937 does not address the treatment of the Cash Distribution or the cash payments made to shareholders related to fractional shares.

Line 18. Can any resulting loss be recognized?

No loss should be recognized on the Merger. Note that this Form 8937 does not address the treatment of the cash payments made to shareholders related to fractional shares.

Line 19. Provide any other information necessary to implement the adjustment, such as the reportable tax year.

The stock basis adjustments are taken into account in the tax year of a shareholder during which the Merger occurred (e.g., 2019 for calendar year taxpayers).