

PEOPLES BANCORP INC
Form 8-K
July 28, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 28, 2017 (July 25, 2017)

PEOPLES BANCORP INC.
(Exact name of Registrant as specified in its charter)

Ohio	0-16772	31-0987416
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification Number)

138 Putnam Street, PO Box 738 Marietta, Ohio	45750-0738
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (740) 373-3155

Not applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition

On July 25, 2017, management of Peoples Bancorp Inc. (“Peoples”) conducted a facilitated conference call at approximately 11:00 a.m., Eastern Daylight Saving Time, to discuss results of operations for the quarter and six months ended June 30, 2017. A replay of the conference call audio will be available on Peoples’ website, www.peoplesbancorp.com, in the “Investor Relations” section for one year. A copy of the transcript of the conference call is included as Exhibit 99 to this Current Report on Form 8-K.

The information contained in this Item 2.02 and Exhibit 99 included with this Current Report on Form 8-K, is being furnished pursuant to Item 2.02 and shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that Section, nor shall such information be deemed to be incorporated by reference in any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as otherwise stated in such filing.

During the conference call, management referred to non-Generally Accepted Accounting Principles (“GAAP”) financial measures that are used by management to provide information useful to investors in understanding Peoples’ operating performance and trends, and to facilitate comparisons with the performance of Peoples’ peers. The following tables show the differences between the non-GAAP financial measures referred to during the conference call and the most directly comparable GAAP-based financial measures.

NON-GAAP FINANCIAL MEASURES

The following non-GAAP financial measures used by Peoples provide information useful to investors in understanding Peoples’ operating performance and trends, and facilitate comparisons with the performance of Peoples’ peers. The following tables summarize the non-GAAP financial measures derived from amounts reported in Peoples’ consolidated financial statements:

(in \$000’s)	Three Months Ended			Six Months Ended	
	June 30,	March 31,	June 30,	June 30,	June 30,
	2017	2017	2016	2017	2016
Core non-interest expenses:					
Total non-interest expense	\$26,680	\$ 27,331	\$26,505	\$54,011	\$52,787
Less: System upgrade costs	—	—	90	—	90
Core non-interest expenses	\$26,680	\$ 27,331	\$26,415	\$54,011	\$52,697

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(in \$000's)	Three Months Ended			Six Months Ended	
	June 30, 2017	March 31, 2017	June 30, 2016	June 30, 2017	2016
Efficiency ratio:					
Total non-interest expense	\$26,680	\$27,331	\$26,505	\$54,011	\$52,787
Less: Amortization of intangible assets	871	863	1,007	1,734	2,015
Adjusted non-interest expense	\$25,809	\$26,468	\$25,498	\$52,277	\$50,772
Total fee-based income	\$13,590	\$13,334	\$12,367	26,924	25,421
Net interest income	\$28,090	\$26,945	\$26,308	\$55,035	\$52,075
Add: Fully tax-equivalent adjustment	496	513	502	1,009	1,010
Net interest income on a fully tax-equivalent basis	\$28,586	\$27,458	\$26,810	\$56,044	\$53,085
Adjusted revenue	\$42,176	\$40,792	\$39,177	\$82,968	\$78,506
Efficiency ratio	61.19	% 64.89	% 65.08	% 63.01	% 64.67
Efficiency ratio adjusted for non-core items:					
Core non-interest expenses	\$26,680	\$27,331	\$26,415	\$54,011	\$52,697
Less: Amortization of intangible assets	871	863	1,007	1,734	2,015
Adjusted non-interest expense	\$25,809	\$26,468	\$25,408	\$52,277	\$50,682
Total fee-based income	\$13,590	\$13,334	\$12,367	\$26,924	\$25,421
Net interest income on a fully tax-equivalent basis	\$28,586	\$27,458	\$26,810	\$56,044	\$53,085
Adjusted revenue	\$42,176	\$40,792	\$39,177	\$82,968	\$78,506
Efficiency ratio adjusted for non-core items	61.19	% 64.89	% 64.85	% 63.01	% 64.56
	At or For the Three Months Ended				
	June 30,	March 31,	December	September	June 30,
(in \$000's)	2017	2017	31, 2016	30, 2016	2016
Tangible Equity:					
Total stockholders' equity	\$451,353	\$443,009	\$435,261	\$440,637	\$437,753
Less: goodwill and other intangible assets	144,692	145,505	146,018	147,005	147,971
Tangible equity	\$306,661	\$297,504	\$289,243	\$293,632	\$289,782
Tangible Assets:					
Total assets	\$3,525,126	\$3,459,276	\$3,432,348	\$3,363,585	\$3,333,455
Less: goodwill and other intangible assets	144,692	145,505	146,018	147,005	147,971
Tangible assets	\$3,380,434	\$3,313,771	\$3,286,330	\$3,216,580	\$3,185,484
Tangible Book Value per Common Share:					
Tangible equity	\$306,661	\$297,504	\$289,243	\$293,632	\$289,782
Common shares outstanding	18,279,036	18,270,508	18,200,067	18,195,986	18,185,708
Tangible book value per common share	\$16.78	\$16.28	\$15.89	\$16.14	\$15.93

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Tangible Equity to Tangible Assets Ratio:

Tangible equity	\$306,661	\$297,504	\$289,243	\$293,632	\$289,782
Tangible assets	\$3,380,434	\$3,313,771	\$3,286,330	\$3,216,580	\$3,185,484

Tangible equity to tangible assets	9.07	% 8.98	% 8.80	% 9.13	% 9.10	%
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(in \$000's)	Three Months Ended			Six Months Ended		
	June 30, 2017	March 31, 2017	June 30, 2016	June 30, 2017	2016	
Pre-Provision Net Revenue:						
Income before income taxes	\$ 14,180	\$ 12,661	\$ 11,441	\$ 26,841	\$ 23,090	
Add: provision for loan losses	947	624	727	1,571	1,682	
Add: loss on debt extinguishment	—	—	707	—	707	
Add: net loss on loans held-for-sale and OREO	24	—	—	24	1	
Add: net loss on other assets	—	3	97	—	127	
Less: net gain on securities transactions	18	340	767	358	863	
Less: gain on other assets	—	—	35	(3) 35	
Pre-provision net revenue	\$ 15,000	\$ 12,948	\$ 12,170	\$ 27,951	\$ 24,709	
Pre-provision net revenue	\$ 15,000	\$ 12,948	\$ 12,170	\$ 27,951	\$ 24,709	
Total average assets	\$ 3,489,701	\$ 3,446,351	\$ 3,306,656	\$ 3,468,146	\$ 3,288,469	
Pre-provision net revenue to total average assets (annualized)	1.72	% 1.52	% 1.48	% 1.63	% 1.51	%

(in \$000's)	At or For the Three Months Ended			For the Six Months Ended	
	June 30, 2017	March 31, 2017	June 30, 2016	June 30, 2017	2016
Annualized Net Income Excluding Amortization of Other Intangible Assets:					
Net income	\$ 9,766	\$ 8,809	\$ 7,962	\$ 18,575	\$ 15,957
Add: amortization of other intangible assets	871	863	1,007	1,734	2,015
Less: tax effect (at 35% tax rate) of amortization of other intangible assets	305	302	352	607	705
Net income excluding amortization of other intangible assets	\$ 10,332	\$ 9,370	\$ 8,617	\$ 19,702	\$ 17,267
Days in the quarter	91	90	91	181	182
Days in the year	365	365	366	365	366
Annualized net income	\$ 39,171	\$ 35,725	\$ 32,023	\$ 37,458	\$ 32,089
Annualized net income excluding amortization of other intangible assets	\$ 41,442	\$ 38,001	\$ 34,657	\$ 39,731	\$ 34,724
Average Tangible Stockholders' Equity:					
Total average stockholders' equity	\$ 447,399	\$ 438,990	\$ 430,072	\$ 443,218	\$ 426,808
Less: average goodwill and other intangible assets	145,052	145,546	148,464	145,298	148,996
Average tangible stockholders' equity	\$ 302,347	\$ 293,444	\$ 281,608	\$ 297,920	\$ 277,812
Return on Average Stockholders' Equity Ratio:					
Annualized net income	\$ 39,171	\$ 35,725	\$ 32,023	\$ 37,458	\$ 32,089
Average stockholders' equity	\$ 447,399	\$ 438,990	\$ 430,072	\$ 443,218	\$ 426,808

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Return on average stockholders' equity	8.76	% 8.14	% 7.45	% 8.45	% 7.52	%
Return on Average Tangible Stockholders' Equity Ratio:						
Annualized net income excluding amortization of other intangible assets	\$41,442	\$38,001	\$34,657	\$39,731	\$34,724	
Average tangible stockholders' equity	\$302,347	\$293,444	\$281,608	\$297,920	\$277,812	
Return on average tangible stockholders' equity	13.71	% 12.95	% 12.31	% 13.34	% 12.50	%

Item 9.01 Financial Statements and Exhibits

a) - c)
Not applicable.

d) Exhibits
See Index to Exhibits below.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PEOPLES BANCORP INC.

Date: July 28, 2017 By: /s/ JOHN C. ROGERS
John C. Rogers

Executive Vice President, Chief Financial Officer and Treasurer

INDEX TO EXHIBITS

Exhibit
Number Description

99 Transcript of conference call conducted by management of Peoples Bancorp Inc. on July 25, 2017 to discuss results of operations for the quarter and six months ended June 30, 2017.