

PEOPLES BANCORP INC  
Form 8-K  
January 25, 2019

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): January 25, 2019 (January 22, 2019)

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

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

Item 2.02 Results of Operations and Financial Condition

On January 22, 2019, management of Peoples Bancorp Inc. ("Peoples") conducted a facilitated conference call at approximately 11:00 a.m., Eastern Standard Time, to discuss results of operations for the quarter and twelve months ended December 31, 2018. A replay of the conference call audio will be available on Peoples' website, [www.peoplesbancorp.com](http://www.peoplesbancorp.com), in the "Investor Relations" section for one year. A copy of the transcript of the conference call is included as Exhibit 99.1 to this Current Report on Form 8-K.

The information contained in this Item 2.02 and Exhibit 99.1 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.

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## NON-GAAP FINANCIAL MEASURES (Unaudited)

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:

| (Dollars in thousands) | Three Months Ended |                    |                   | Year Ended        |                   |
|------------------------|--------------------|--------------------|-------------------|-------------------|-------------------|
|                        | December 31, 2018  | September 30, 2018 | December 31, 2017 | December 31, 2018 | December 31, 2017 |

## Core non-interest expense:

|                                    |          |           |           |           |           |
|------------------------------------|----------|-----------|-----------|-----------|-----------|
| Total non-interest expense         | \$30,956 | \$ 30,829 | \$ 27,406 | \$125,977 | \$107,975 |
| Less: acquisition-related expenses | 382      | 675       | 341       | 7,262     | 341       |
| Less: pension settlement charges   | 91       | 176       | 242       | 267       | 242       |
| Core non-interest expense          | \$30,483 | \$ 29,978 | \$ 26,823 | \$118,448 | \$107,392 |

| (Dollars in thousands)  | Three Months Ended |                    |                   | Year Ended        |                   |
|---|--------------------|--------------------|-------------------|-------------------|-------------------|
|   | December 31, 2018  | September 30, 2018 | December 31, 2017 | December 31, 2018 | December 31, 2017 |
| Efficiency Ratio:   |                    |                    |                   |                   |                   |
| Total non-interest expense                                      | \$30,956           | \$ 30,829          | \$ 27,406         | \$125,977         | \$107,975         |
| Less: amortization of other intangible assets                   | 861                | 862                | 913               | 3,338             | 3,516             |
| Adjusted total non-interest expense                             | 30,095             | 29,967             | 26,493            | 122,639           | 104,459           |
| Total non-interest income                                       | 14,177             | 14,353             | 13,739            | 56,754            | 55,573            |
| Less: net gain (loss) on investment securities                  | —                  | —                  | 764               | (146)             | 2,983             |
| Less: net (loss) gain on asset disposals and other transactions | (15)               | 12                 | (144)             | (334)             | (63)              |
| Adjusted total non-interest income                              | 14,192             | 14,341             | 13,119            | 57,234            | 52,653            |
| Net interest income   | 34,121             | 33,324             | 29,122            | 129,612           | 113,377           |
| Add: fully tax-equivalent adjustment (a)                        | 212                | 221                | 440               | 881               | 1,912             |
| Net interest income on a fully tax-equivalent basis             | 34,333             | 33,545             | 29,562            | 130,493           | 115,289           |
| Adjusted revenue  | \$48,525           | \$ 47,886          | \$ 42,681         | \$187,727         | \$167,942         |
| Efficiency ratio  | 62.02              | % 62.58            | % 62.07           | % 65.33           | % 62.20           |
| Efficiency Ratio Adjusted for Non-core Items:                   |                    |                    |                   |                   |                   |
| Core non-interest expense                                       | \$30,483           | \$ 29,978          | \$ 26,823         | \$118,448         | \$107,392         |
| Less: amortization of other intangible assets                   | 861                | 862                | 913               | 3,338             | 3,516             |
| Adjusted core non-interest expense                              | 29,622             | 29,116             | 25,910            | 115,110           | 103,876           |
| Adjusted revenue  | \$48,525           | \$ 47,886          | \$ 42,681         | \$187,727         | \$167,942         |
| Efficiency ratio adjusted for non-core items                    | 61.04              | % 60.80            | % 60.71           | % 61.32           | % 61.85           |

(a) Based on a 21% federal statutory corporate income tax rate for the 2018 periods, and a 35% federal statutory corporate income tax rate for the 2017 periods.

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## NON-GAAP FINANCIAL MEASURES (Unaudited) -- (Continued)

|   | At or For the Three Months Ended |        |                    |        |               |   |                |                   |
|---|----------------------------------|--------|--------------------|--------|---------------|---|----------------|-------------------|
|   | December 31, 2018                |        | September 30, 2018 |        | June 30, 2018 |   | March 31, 2018 | December 31, 2017 |
| (Dollars in thousands, except per share data) |                                  |        |                    |        |               |   |                |                   |
| Tangible Equity:                              |                                  |        |                    |        |               |   |                |                   |
| Total stockholders' equity                    | \$520,798                        |        | \$504,290          |        | \$499,339     |   | \$456,815      | \$458,592         |
| Less: goodwill and other intangible assets    | 162,085                          |        | 163,401            |        | 163,953       |   | 143,820        | 144,576           |
| Tangible equity                               | \$358,713                        |        | \$340,889          |        | \$335,386     |   | \$312,995      | \$314,016         |
| Tangible Assets:                              |                                  |        |                    |        |               |   |                |                   |
| Total assets                                  | \$3,992,112                      |        | \$4,003,089        |        | \$3,972,091   |   | \$3,634,929    | \$3,581,686       |
| Less: goodwill and other intangible assets    | 162,085                          |        | 163,401            |        | 163,953       |   | 143,820        | 144,576           |
| Tangible assets                               | \$3,830,027                      |        | \$3,839,688        |        | \$3,808,138   |   | \$3,491,109    | \$3,437,110       |
| Tangible Book Value per Common Share:         |                                  |        |                    |        |               |   |                |                   |
| Tangible equity                               | \$358,713                        |        | \$340,889          |        | \$335,386     |   | \$312,995      | \$314,016         |
| Common shares outstanding                     | 19,565,029                       |        | 19,550,014         |        | 19,528,952    |   | 18,365,035     | 18,287,449        |
| Tangible book value per common share          | \$18.33                          |        | \$17.44            |        | \$17.17       |   | \$17.04        | \$17.17           |
| Tangible Equity to Tangible Assets Ratio:     |                                  |        |                    |        |               |   |                |                   |
| Tangible equity                               | \$358,713                        |        | \$340,889          |        | \$335,386     |   | \$312,995      | \$314,016         |
| Tangible assets                               | \$3,830,027                      |        | \$3,839,688        |        | \$3,808,138   |   | \$3,491,109    | \$3,437,110       |
| Tangible equity to tangible assets            | 9.37                             | % 8.88 | % 8.81             | % 8.97 | % 9.14        | % |                |                   |

|  | Three Months Ended |           |               | Year Ended   |           |              |
|--|--------------------|-----------|---------------|--------------|-----------|--------------|
|  | December 31,       |           | September 30, | December 31, |           | December 31, |
| (Dollars in thousands)   | 2018               | 2018      | 2017          | 2018         | 2017      | 2017         |
| Pre-Provision Net Revenue:                                     |                    |           |               |              |           |              |
| Income before income taxes                                     | \$ 16,367          | \$ 15,546 | \$ 14,340     | \$54,941     | \$57,203  |              |
| Add: provision for loan losses                                 | 975                | 1,302     | 1,115         | 5,448        | 3,772     |              |
| Add: loss on debt extinguishment                               | —                  | —         | —             | 13           | —         |              |
| Add: net loss on OREO  | 30                 | —         | 105           | 21           | 116       |              |
| Add: net loss on investment securities                         | —                  | —         | —             | 146          | —         |              |
| Add: net loss on other assets                                  | 15                 | —         | 39            | 224          | —         |              |
| Less: net gain on investment securities                        | —                  | —         | 764           | —            | 2,983     |              |
| Less: net gain on other assets                                 | —                  | 12        | —             | 76           | 53        |              |
| Pre-provision net revenue                                      | \$17,387           | \$ 16,836 | \$ 14,835     | \$60,717     | \$58,055  |              |
| Total average assets   | 3,990,989          | 3,998,254 | 3,562,243     | 3,872,488    | 3,510,274 |              |
| Pre-provision net revenue to total average assets (annualized) | 1.73               | % 1.67    | % 1.65        | % 1.57       | % 1.65    | %            |



## NON-GAAP FINANCIAL MEASURES (Unaudited) -- (Continued)

|  | For the Three Months Ended |               |              | For the Year Ended |           |   |
|--|----------------------------|---------------|--------------|--------------------|-----------|---|
|  | December 31,               | September 30, | December 31, | December 31,       |           |   |
| (Dollars in thousands)   | 2018                       | 2018          | 2017         | 2018               | 2017      |   |
| Annualized Net Income Excluding Amortization of Other Intangible Assets: |                            |               |              |                    |           |   |
| Net income   | \$13,897                   | \$12,725      | \$9,001      | \$46,255           | \$38,471  |   |
| Add: amortization of other intangible assets                             | 861                        | 862           | 913          | 3,338              | 3,516     |   |
| Less: tax effect (a) of amortization of other intangible assets          | 181                        | 181           | 320          | 701                | 1,231     |   |
| Net income excluding amortization of other intangible assets             | \$14,577                   | \$13,406      | \$9,594      | \$48,892           | \$40,756  |   |
| Days in the period   | 92                         | 92            | 92           | 365                | 365       |   |
| Days in the year   | 365                        | 365           | 365          | 365                | 365       |   |
| Annualized net income  | \$55,135                   | \$50,485      | \$35,710     | \$46,255           | \$38,471  |   |
| Annualized net income excluding amortization of other intangible assets  | \$57,833                   | \$53,187      | \$38,063     | \$48,892           | \$40,756  |   |
| Average Tangible Stockholders' Equity:                                   |                            |               |              |                    |           |   |
| Total average stockholders' equity                                       | \$508,548                  | \$501,785     | \$458,648    | \$488,795          | \$450,379 |   |
| Less: average goodwill and other intangible assets                       | 162,790                    | 163,615       | 143,942      | 158,115            | 144,696   |   |
| Average tangible stockholders' equity                                    | \$345,758                  | \$338,170     | \$314,706    | \$330,680          | \$305,683 |   |
| Return on Average Stockholders' Equity Ratio:                            |                            |               |              |                    |           |   |
| Annualized net income  | \$55,135                   | \$50,485      | \$35,710     | \$46,255           | \$38,471  |   |
| Average stockholders' equity   | \$508,548                  | \$501,785     | \$458,648    | \$488,795          | \$450,379 |   |
| Return on average stockholders' equity                                   | 10.84                      | % 10.06       | % 7.79       | % 9.46             | % 8.54    | % |
| Return on Average Tangible Stockholders' Equity Ratio:                   |                            |               |              |                    |           |   |
| Annualized net income excluding amortization of other intangible assets  | \$57,833                   | \$53,187      | \$38,063     | \$48,892           | \$40,756  |   |
| Average tangible stockholders' equity                                    | \$345,758                  | \$338,170     | \$314,706    | \$330,680          | \$305,683 |   |
| Return on average tangible stockholders' equity                          | 16.73                      | % 15.73       | % 12.09      | % 14.79            | % 13.33   | % |

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

## Item 9.01 Financial Statements and Exhibits

a) - c)

Not applicable.

d) Exhibits

See Index to Exhibits below.

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EXHIBITS

| Exhibit<br>Number | Description  |
|-------------------|--|
| <u>99.1</u>       | Transcript of conference call conducted by management of Peoples Bancorp Inc. on January 22, 2019 to discuss results of operations for the quarter and year period ended December 31, 2019 |

\* Schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. A copy of any omitted schedules or exhibits will be furnished supplementally to the SEC upon its request.

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: January 25, 2019 By: /s/ JOHN C. ROGERS

John C. Rogers

Executive Vice President,  
Chief Financial Officer and Treasurer