

PEOPLES BANCORP INC
Form 10-Q
May 01, 2019

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2019

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____ to ____

Commission File Number: 000-16772

PEOPLES BANCORP INC.

(Exact name of Registrant as specified in its charter)

Ohio 31-0987416

(State

or

other (I.R.S.

jurisdiction Employer

of Identification

incorporation No.)

or

organization)

138

Putnam

Street,

P.O.

Box 45750

738,

Marietta,

Ohio

(Address

of

principal (Zip Code)

executive

offices)

Registrant's (740)

telephone 373-3155

number,

including
area
code:

Not
Applicable
(Former
name,
former
address and
former
fiscal year,
if changed
since last
report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company 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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 20,692,615 common shares, without par value, at April 30, 2019.

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PART I

ITEM 1. FINANCIAL STATEMENTS

PEOPLES BANCORP INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	March 31, 2019	December 31, 2018
	(Unaudited)	
(Dollars in thousands)		
Assets		
Cash and cash equivalents:		
Cash and due from banks	\$59,334	\$ 61,775
Interest-bearing deposits in other banks	22,738	15,837
Total cash and cash equivalents	82,072	77,612
Available-for-sale investment securities, at fair value (amortized cost of \$806,641 at March 31, 2019 and \$804,655 at December 31, 2018)	802,570	791,891
Held-to-maturity investment securities, at amortized cost (fair value of \$36,066 at March 31, 2019 and \$36,963 at December 31, 2018)	35,606	36,961
Other investment securities	41,449	42,985
Total investment securities	879,625	871,837
Loans, net of deferred fees and costs (a)	2,737,580	2,728,778
Allowance for loan losses	(20,939)	(20,195)
Net loans	2,716,641	2,708,583
Loans held for sale	2,191	5,470
Bank premises and equipment, net of accumulated depreciation	55,890	56,542
Bank owned life insurance	69,419	68,934
Goodwill	151,245	151,245
Other intangible assets	9,997	10,840
Other assets	50,039	40,391
Total assets	\$4,017,119	\$ 3,991,454
Liabilities		
Deposits:		
Non-interest-bearing	\$628,464	\$ 607,877
Interest-bearing	2,508,949	2,347,588
Total deposits	3,137,413	2,955,465
Short-term borrowings	191,363	356,198
Long-term borrowings	105,995	109,644
Accrued expenses and other liabilities	47,227	50,007
Total liabilities	3,481,998	3,471,314
Stockholders' equity		
Preferred stock, no par value, 50,000 shares authorized, no shares issued at March 31, 2019 and December 31, 2018	—	—
Common stock, no par value, 24,000,000 shares authorized, 20,130,076 shares issued at March 31, 2019 and 20,124,378 shares issued at December 31, 2018, including shares in treasury	385,427	386,814
Retained earnings	168,847	160,346
Accumulated other comprehensive loss, net of deferred income taxes	(7,497)	(12,933)
Treasury stock, at cost, 492,380 shares at March 31, 2019 and 601,289 shares at December 31, 2018	(11,656)	(14,087)
Total stockholders' equity	535,121	520,140
Total liabilities and stockholders' equity	\$4,017,119	\$ 3,991,454

(a) Also referred to throughout the document as "total loans" and "loans held for investment."
See Notes to the Unaudited Consolidated Financial Statements

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CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

(Dollars in thousands, except per share data)	Three Months Ended March 31,	
	2019	2018
Interest income:		
Interest and fees on loans	\$34,053	\$26,881
Interest and dividends on taxable investment securities	5,810	5,650
Interest on tax-exempt investment securities	537	643
Other interest income	176	52
Total interest income	40,576	33,226
Interest expense:		
Interest on deposits	4,844	2,213
Interest on short-term borrowings	1,173	968
Interest on long-term borrowings	645	686
Total interest expense	6,662	3,867
Net interest income	33,914	29,359
(Recoveries of) provision for loan losses	(263))1,983
Net interest income after (recoveries of) provision for loan losses	34,177	27,376
Non-interest income:		
Insurance income	4,621	4,655
Trust and investment income	3,112	3,068
Electronic banking income	2,987	2,785
Deposit account service charges	2,341	2,120
Mortgage banking income	788	351
Bank owned life insurance income	485	468
Commercial loan swap fees	146	116
Net gain on investment securities	30	1
Net (loss) gain on asset disposals and other transactions	(182))74
Other non-interest income (a)	1,101	1,331
Total non-interest income	15,429	14,969
Non-interest expense:		
Salaries and employee benefit costs	19,135	15,990
Net occupancy and equipment expense	2,978	2,866
Electronic banking expense	1,577	1,528
Data processing and software expense	1,545	1,322
Professional fees	1,276	1,718
Franchise tax expense	705	644
Amortization of other intangible assets	694	754
Marketing expense	594	325
FDIC insurance expense	371	366
Communication expense	278	344
Foreclosed real estate and other loan expenses	255	