

PEAPACK GLADSTONE FINANCIAL CORP  
Form 10-Q  
May 09, 2014

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 Quarter Ended March 31, 2014

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 No. 001-16197

PEAPACK-GLADSTONE FINANCIAL CORPORATION  
(Exact name of registrant as specified in its charter)

New Jersey 22-3537895  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)

500 Hills Drive, Suite 300  
Bedminster, New Jersey 07921-1538  
(Address of principal executive offices, including zip code)

(908)234-0700  
(Registrant's telephone number, including area code)

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 requirement for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 or Regulations S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

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

Large accelerated filer  Accelerated filer   
Non-accelerated filer (do not check if a smaller reporting company)  Smaller reporting company

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

Number of shares of Common Stock outstanding as of May 1, 2014:

12,033,953

1

**PEAPACK-GLADSTONE FINANCIAL CORPORATION**

**PART 1 FINANCIAL INFORMATION**

Item 1 Financial Statements (Unaudited)

Consolidated Statements of Condition at March 31, 2014 and December 31, 2013 Page 3

Consolidated Statements of Income for the three months ended March 31, 2014 and 2013 Page 4

Consolidated Statements of Comprehensive Income for the three months ended March 31, 2014 and 2013 Page 5

Consolidated Statement of Changes in Shareholders' Equity for the three months ended March 31, 2014 Page 6

Consolidated Statements of Cash Flows for the three months ended March 31, 2014 and 2013 Page 7

Notes to Consolidated Financial Statements Page 8

Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations Page 32

Item 3 Quantitative and Qualitative Disclosures about Market Risk Page 46

Item 4 Controls and Procedures Page 46

**PART 2 OTHER INFORMATION**

Item 1A Risk Factors Page 46

Item 2 Unregistered Sales of Equity Securities and Use of Proceeds Page 46

Item 6 Exhibits Page 47

Index

## Item 1. Financial Statements (Unaudited)

**PEAPACK-GLADSTONE FINANCIAL CORPORATION  
CONSOLIDATED STATEMENTS OF CONDITION****(Dollars in thousands)**

	(unaudited) March 31, 2014	(audited) December 31, 2013
<b>ASSETS</b>		
Cash and due from banks	\$6,373	\$ 6,534
Federal funds sold	101	101
Interest-earning deposits	95,059	28,512
Total cash and cash equivalents	101,533	35,147
Securities available for sale	248,070	268,447
FHLB and FRB stock, at cost	12,765	10,032
Loans held for sale, at fair value	1,769	2,001
Loans held for sale, at lower of cost or fair value	51,184	—
Loans	1,763,400	1,574,201
Less: Allowance for loan losses	16,587	15,373
Net loans	1,746,813	1,558,828
Premises and equipment	31,087	28,990
Other real estate owned	2,062	1,941
Accrued interest receivable	4,788	4,086
Bank owned life insurance	32,065	31,882
Deferred tax assets, net	9,366	9,762
Other assets	9,983	15,832
<b>TOTAL ASSETS</b>	<b>\$2,251,485</b>	<b>\$ 1,966,948</b>
<b>LIABILITIES</b>		
Deposits:		
Noninterest-bearing demand deposits	\$350,987	\$ 356,119
Interest-bearing deposits:		
Interest-bearing deposits checking	407,127	378,340
Savings	119,750	115,785
Money market accounts	660,691	630,173
Certificates of deposit \$100,000 and over	58,090	61,128
Certificates of deposit less than \$100,000	93,640	90,705
Certificates of deposit - Brokered	65,000	5,000
Subtotal deposits	1,755,285	1,637,250
Interest-bearing demand – Brokered	138,011	10,000
Total deposits	1,893,296	1,647,250
Overnight borrowings with Federal Home Loan Bank	79,400	54,900
Federal Home Loan Bank advances	83,692	74,692

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Capital lease obligation	9,917	8,754
Accrued expenses and other liabilities	9,308	10,695
<b>TOTAL LIABILITIES</b>	<b>2,075,613</b>	<b>1,796,291</b>
<b>SHAREHOLDERS' EQUITY</b>		
Common stock (no par value; stated value \$0.83 per share; authorized 21,000,000 shares; issued shares, 12,441,091 at March 31, 2014 and 12,196,695 at December 31, 2013; outstanding shares, 12,032,913 at March 31, 2014 and 11,788,517 at December 31, 2013)	10,351	10,148
Surplus	142,687	140,699
Treasury stock at cost, 408,178 shares at March 31, 2014 and December 31, 2013	(8,988 )	(8,988 )
Retained earnings	31,216	28,775
Accumulated other comprehensive income, net of income tax	606	23
<b>TOTAL SHAREHOLDERS EQUITY</b>	<b>175,872</b>	<b>170,657</b>
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>\$2,251,485</b>	<b>\$ 1,966,948</b>

*See accompanying notes to consolidated financial statements*

Index**. PEAPACK-GLADSTONE FINANCIAL CORPORATION  
CONSOLIDATED STATEMENTS OF INCOME****(Dollars in thousands, except share data)****(Unaudited)**

	Three Months Ended March 31,	
	2014	2013
<b>INTEREST INCOME</b>		
Interest and fee on loans	\$15,662	\$11,714
Interest on securities available for sale:		
Taxable	1,061	1,277
Tax-exempt	204	197
Interest on loans held for sale	10	196
Interest-earning deposits	12	48
Total interest income	16,949	13,432
<b>INTEREST EXPENSE</b>		
Interest on savings and interest-bearing deposit accounts	483	307
Interest on certificates of deposit over \$100,000	152	215
Interest on other time deposits	234	285
Interest on borrowed funds	390	92
Interest on capital lease obligation	119	106
Total interest expense	1,378	1,005
<b>NET INTEREST INCOME BEFORE     PROVISION FOR LOAN LOSSES</b>	15,571	12,427
Provision for loan losses	1,325	850
<b>NET INTEREST INCOME AFTER     PROVISION FOR LOAN LOSSES</b>	14,246	11,577
<b>OTHER INCOME</b>		
Wealth management fee income	3,754	3,368
Service charges and fees	694	676
Bank owned life insurance	266	272
Gain on loans held for sale at fair value (Mortgage banking)	112	470
Gain on loans held for sale at lower of cost or fair value	—	522
Other income	71	7
Securities gains, net	98	289
Total other income	4,995	5,604
<b>OPERATING EXPENSES</b>		
Salaries and employee benefits	8,848	7,079
Premises and equipment	2,438	2,304
Other operating expense	3,053	2,910
Total operating expenses	14,339	12,293
<b>INCOME BEFORE INCOME TAX EXPENSE</b>	4,902	4,888

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Income tax expense	1,871	1,995
NET INCOME	3,031	2,893
EARNINGS PER COMMON SHARE		
Basic	\$0.26	\$0.33
Diluted	\$0.26	\$0.32
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		
Basic	11,606,933	8,870,559
Diluted	11,710,940	8,917,180

*See accompanying notes to consolidated financial statements*

Index**PEAPACK-GLADSTONE FINANCIAL CORPORATION  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME****(Dollars in thousands)****(Unaudited)**

	Three Months Ended March 31,	
	2014	2013
Net income	\$ 3,031	\$ 2,893
Other comprehensive income/(loss):		
Unrealized gains/(losses) on available for sale securities:		
Unrealized holding gains/(losses) arising during the period	1,082	(718 )
Less: Reclassification adjustment for net gains included in net income	98	289
	984	(1,007 )
Tax effect	(401 )	412
Total other comprehensive income/(loss)	583	(595 )
Total comprehensive income	\$ 3,614	\$ 2,298

*See accompanying notes to consolidated financial statements*



Index**PEAPACK-GLADSTONE FINANCIAL CORPORATION  
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY****(Dollars in thousands)****(Unaudited)****Three Months Ended March 31, 2014**

(In thousands, except per share data)	Common Stock	Surplus	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance at January 1, 2014						
11,788,517 common shares outstanding	\$ 10,148	\$ 140,699	\$ (8,988 )	\$ 28,775	\$ 23	\$ 170,657
Net income				3,031		3,031
Net change in accumulated other comprehensive income/(loss)					583	583
Issuance of restricted stock 137,612 shares	114	(114 )				—
Amortization of restricted stock		281				281
Cash dividends declared on common stock (\$0.05 per share)						