

PEAPACK GLADSTONE FINANCIAL CORP
Form 10-Q
May 08, 2015

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, 2015

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, 2015:

15,487,057

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PEAPACK-GLADSTONE FINANCIAL CORPORATION

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Item 1. Financial Statements (Unaudited)

PEAPACK-GLADSTONE FINANCIAL CORPORATION**CONSOLIDATED STATEMENTS OF CONDITION****(Dollars in thousands, except share data)**

	(unaudited) March 31, 2015	(audited) December 31, 2014
ASSETS		
Cash and due from banks	\$7,439	\$ 6,621
Federal funds sold	101	101
Interest-earning deposits	65,283	24,485
Total cash and cash equivalents	72,823	31,207
Securities available for sale	276,119	332,652
FHLB and FRB stock, at cost	10,598	11,593
Loans held for sale, at fair value	4,245	839
Loans	2,442,300	2,250,267
Less: Allowance for loan losses	(20,816)	(19,480)
Net loans	2,421,484	2,230,787
Premises and equipment	32,068	32,258
Other real estate owned	1,103	1,324
Accrued interest receivable	5,943	5,371
Bank owned life insurance	32,404	32,634
Deferred tax assets, net	10,458	10,491
Other assets	12,212	13,241
TOTAL ASSETS	\$2,879,457	\$ 2,702,397
LIABILITIES		
Deposits:		
Noninterest-bearing demand deposits	\$377,399	\$ 366,371
Interest-bearing deposits:		
Interest-bearing deposits checking	634,580	600,889
Savings	115,515	112,878
Money market accounts	714,466	700,069
Certificates of deposit - Retail	310,678	198,819
Subtotal deposits	2,152,638	1,979,026
Interest-bearing demand – Brokered	263,000	188,000
Certificates of deposit - Brokered	106,694	131,667
Total deposits	2,522,332	2,298,693
Overnight borrowings with Federal Home Loan Bank	—	54,600

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Federal Home Loan Bank advances	83,692	83,692
Capital lease obligation	10,594	10,712
Accrued expenses and other liabilities	13,486	12,433
TOTAL LIABILITIES	2,630,104	2,460,130
SHAREHOLDERS' EQUITY		
Preferred stock (no par value; authorized 500,000 shares; liquidation preference of \$1,000 per share)	—	—
Common stock (no par value; stated value \$0.83 per share; authorized 21,000,000 shares; issued shares, 15,848,608 at March 31, 2015 and 15,563,895 at December 31, 2014; outstanding shares, 15,440,430 at March 31, 2015 and 15,155,717 at December 31, 2014	13,192	12,954
Surplus	198,408	195,829
Treasury stock at cost, 408,178 shares at March 31, 2015 and December 31, 2014	(8,988)	(8,988)
Retained earnings	45,502	41,251
Accumulated other comprehensive income, net of income tax	1,239	1,221
TOTAL SHAREHOLDERS' EQUITY	249,353	242,267
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	\$2,879,457	\$ 2,702,397

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,	
	2015	2014
INTEREST INCOME		
Interest and fee on loans	\$20,986	\$15,662
Interest on securities available for sale:		
Taxable	1,182	1,061
Tax-exempt	140	204
Interest on loans held for sale	10	10
Interest-earning deposits	43	12
Total interest income	22,361	16,949
INTEREST EXPENSE		
Interest on savings and interest-bearing deposit accounts	886	440
Interest on certificates of deposit	663	355
Interest on borrowed funds	392	390
Interest on capital lease obligation	128	119
Subtotal - interest expense	2,069	1,304
Interest-bearing demand – brokered	185	43
Interest on certificates of deposits – brokered	524	31
Total Interest expense	2,778	1,378
NET INTEREST INCOME BEFORE PROVISION FOR LOAN LOSSES	19,583	15,571
Provision for loan losses	1,350	1,325
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	18,233	14,246
OTHER INCOME		
Wealth management fee income	4,031	3,754
Service charges and fees	805	694
Bank owned life insurance	537	266
Gain on loans held for sale at fair value (Mortgage banking)	148	112
Other income	93	71
Securities gains, net	268	98
Total other income	5,882	4,995
OPERATING EXPENSES		
Salaries and employee benefits	9,425	8,848
Premises and equipment	2,616	2,438
Other operating expense	3,727	3,053
Total operating expenses	15,768	14,339

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INCOME BEFORE INCOME TAX EXPENSE	8,347	4,902
Income tax expense	3,339	1,871
NET INCOME	\$5,008	\$3,031
EARNINGS PER COMMON SHARE		
Basic	\$0.34	\$0.26
Diluted	\$0.33	\$0.26
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		
Basic	14,909,722	11,606,933
Diluted	15,070,352	11,710,940

See accompanying notes to consolidated financial statements

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PEAPACK-GLADSTONE FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Dollars in thousands)

(Unaudited)

	Three Months Ended	
	March 31,	
	2015	2014
Net income	\$ 5,008	\$ 3,031
Other comprehensive income:		
Unrealized gains on available for sale securities:		