

PEAPACK GLADSTONE FINANCIAL CORP
Form 10-Q
August 10, 2009

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 June 30, 2009

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
(State or other jurisdiction of
incorporation or organization)

22-3537895
(I.R.S. Employer
Identification No.)

158 Route 206 North
Gladstone, New Jersey 07934
(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 requirements for the past 90 days.

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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 of 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

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 August 3, 2009:
8,715,208

PEAPACK-GLADSTONE FINANCIAL CORPORATION
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Item 1. Financial Statements (Unaudited)

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

	June 30, 2009	December 31, 2008
ASSETS		
Cash and due from banks	\$50,921	\$ 25,686
Federal funds sold	200	200
Interest-earning deposits	513	1,003
Total cash and cash equivalents	51,634	26,889
Investment securities held to maturity (approximate market value \$75,991 in 2009 and \$52,175 in 2008)	77,216	51,731
Securities available for sale	227,414	173,543
FHLB and FRB Stock, at cost	5,343	4,902
Loans	1,023,717	1,052,982
Less: Allowance for loan losses	11,054	9,688
Net Loans	1,012,663	1,043,294
Premises and equipment	27,189	26,936
Other real estate owned	700	1,211
Accrued interest receivable	4,652	4,117
Cash surrender value of life insurance	25,865	25,480
Deferred tax assets, net	23,653	23,143
Other assets	2,550	4,179
TOTAL ASSETS	\$1,458,879	\$ 1,385,425
LIABILITIES		
Deposits:		
Noninterest-bearing demand deposits	\$194,888	\$ 210,030
Interest-bearing deposits:		
Checking	203,378	167,727
Savings	71,464	67,453
Money market accounts	418,208	364,628
Certificates of deposit over \$100,000	187,516	195,826
Certificates of deposit less than \$100,000	220,779	232,224
Total deposits	1,296,233	1,237,888
Overnight borrowings	-	15,250
Long-term debt	37,128	39,748
Accrued expenses and other liabilities	9,844	8,645
TOTAL LIABILITIES	1,343,205	1,301,531
SHAREHOLDERS' EQUITY *		
Preferred stock (no par value; authorized 500,000 shares; issued 28,685		

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shares at June 30, 2009 and none at December 31, 2008; liquidation preference of \$1,000 per share)	27,216	-
Common stock (no par value; \$0.83 per share; authorized 21,000,000 shares; issued shares, 9,119,742 at June 30, 2009 and 9,060,165 at December 31, 2008; outstanding shares, 8,715,108 at June 30, 2009 and 8,704,314 at December 31, 2008)	9,184	7,190
Surplus	93,014	92,169
Treasury stock at cost, 404,634 shares at June 30, 2009 and 355,851 shares at December 31, 2008	(8,922)	(7,894)
Retained earnings	(948)	(6,063)
Accumulated other comprehensive loss, net of income tax	(3,870)	(1,508)
TOTAL SHAREHOLDERS' EQUITY	115,674	83,894
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	\$1,458,879	\$ 1,385,425

*Share data reflects the five percent common stock dividend declared on June 18, 2009, to be issued August 3, 2009 to shareholders of record on July 9, 2009.

See accompanying notes to consolidated financial statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
INTEREST INCOME				
Interest and fees on loans	\$14,026	\$14,284	\$28,264	\$28,967
Interest on investment securities:				
Taxable	270	156	512	330
Tax-exempt	228	233	458	474
Interest on securities available for sale:				
Taxable	2,017	2,547	3,914	5,356
Tax-exempt	159	311	338	594
Interest-earning deposits	9	76	18	124
Interest on federal funds sold	-	5	-	112
Total interest income	16,709	17,612	33,504	35,957
INTEREST EXPENSE				
Interest on savings and interest-bearing deposit accounts	1,557	2,162	3,103	5,120
Interest on certificates of deposit over \$100,000	1,151	1,559	2,531	3,401
Interest on other time deposits	1,487	2,083	3,197	4,744
Interest on borrowed funds	348	391	699	761
Total interest expense	4,543	6,195	9,530	14,026
NET INTEREST INCOME BEFORE PROVISION FOR LOAN LOSSES				
Provision for loan losses	2,000	590	4,000	1,020
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES				
OTHER INCOME				
Trust department income	2,550	2,665	4,882	5,150
Service charges and fees	549	540	1,069	1,029
Bank owned life insurance	214	304	428	573
Securities gains, net	108	69	113	379
Other income	351	83	600	259
Total other income	3,772	3,661	7,092	7,390
OTHER EXPENSES				
Salaries and employee benefits	5,430	4,833	10,964	9,744
Premises and equipment	2,171	2,108	4,260	4,148
Other expenses	3,594	2,188	5,495	3,846
Total other expenses	11,195	9,129	20,719	17,738
INCOME BEFORE INCOME TAX EXPENSE				
Income tax expense	813	1,780	1,935	3,521
NET INCOME	1,930	3,579	4,412	7,042
Dividends on preferred stock and accretion	428	-	633	-

NET INCOME AVAILABLE TO COMMON				
SHAREHOLDERS				
	\$1,502	\$3,579	\$3,779	\$7,042
EARNINGS PER COMMON SHARE *				
Basic	\$0.17	\$0.41	\$0.43	\$0.81
Diluted	\$0.17	\$0.41	\$0.43	\$0.80
WEIGHTED AVERAGE NUMBER OF COMMON				
SHARES OUTSTANDING *				
Basic	8,714,913	8,712,622	8,712,703	8,711,970
Diluted	8,777,292	8,820,054	8,777,821	8,816,873

* Share data reflects the five percent common stock dividend declared on June 18, 2009, to be issued August 3, 2009 to shareholders of record on July 9, 2009.

See accompanying notes to consolidated financial statements.

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PEAPACK-GLADSTONE FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Dollars in thousands)
(Unaudited)
Six Months Ended June 30, 2009

(In Thousands, Except Per Share Data)	Common Stock	Preferred Stock	Surplus	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total
Balance at December 31, 2008							
8,704,314 Shares Outstanding	\$7,190	\$-	\$92,169	\$(7,894)	\$(6,063)	\$ (1,508)	\$83,894
Comprehensive Income:							
Net Income 2009					4,412		4,412
Unrealized Holding Gains on Securities Arising During the Period (Net of Income Tax Expense of \$866)						811	
Less: Reclassification Adjustment for Gains Included in Net Income (Net of Income Tax Expense of \$40)						73	
Net Unrealized Holding Gains on Securities Arising During the Period (Net of Income Tax Expense of \$826)						738	738
Total Comprehensive Income							5,150
Gross Proceeds from Issuance of Preferred Stocks and Warrants	1,601	27,084					28,685
Accretion of Discount on Preferred Stock		132			(132)		-

Costs Related to Issuance
of