

PEAPACK GLADSTONE FINANCIAL CORP

Form 424B2

December 07, 2017

Table of Contents

**Filed Pursuant to Rule 424(b)(2)
Registration No. 333-215176**

PROSPECTUS SUPPLEMENT

(To Prospectus dated January 6, 2017)

\$35,000,000

4.75% Fixed-to-Floating Subordinated Notes due December 15, 2027

We are offering \$35,000,000 aggregate principal amount of our 4.75% Fixed-to-Floating Subordinated Notes due December 15, 2027, which we refer to as the Notes. The Notes will bear interest at a rate of 4.75% per annum, from and including December 12, 2017, to but excluding December 15, 2022. From and including December 15, 2022 through maturity or earlier redemption, the interest rate shall reset quarterly to an interest rate per annum equal to the then current three-month LIBOR rate plus 254 basis points, payable quarterly in arrears. Notwithstanding the foregoing, if the current three-month LIBOR is less than zero, the three-month LIBOR will be deemed to be zero. We will pay interest on the Notes on each June 15 and December 15, commencing on June 15, 2018 through December 15, 2022, and thereafter on each March 15, June 15, September 15 and December 15. The Notes will mature on December 15, 2027.

Subject to the prior approval of the Board of Governors of the Federal Reserve System, to the extent that such approval is required, we may, at our option, beginning December 15, 2022 and on any scheduled interest payment date thereafter, redeem the Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes to be redeemed plus accrued and unpaid interest to, but excluding, the date of redemption (an Optional Redemption). Other than in the case of an Optional Redemption, subject to the prior approval of the Federal Reserve Board, to the extent that such approval is required, the Notes will not be redeemable prior to maturity unless certain events occur as described under Description of Notes in this prospectus supplement. There is no sinking fund for the Notes.

The Notes will be unsecured and subordinated in right of payment to the payment of our existing and future senior indebtedness, including all of our general creditors, and they will be structurally subordinated to all of our subsidiaries existing and future indebtedness and other obligations, including the bank deposits of our subsidiary bank. In the event of our bankruptcy or insolvency, the holders of the Notes will not be entitled to receive any payment with respect to the Notes until all holders of senior indebtedness are paid in full. The Notes are obligations of Peapack-Gladstone Financial Corporation only and are not obligations of, and are not guaranteed by, any of our subsidiaries, including our bank subsidiary, Peapack-Gladstone Bank (the Bank).

There is no public trading market for the Notes and we do not intend to list the Notes on any securities exchange or to have the Notes quoted on a quotation system.

	Price to Public⁽¹⁾	Underwriting Discounts⁽²⁾	Proceeds to Us (Before Expenses)
Per Note due December 15, 2027	100.00%	1.50%	98.50%
Total	\$ 35,000,000	\$ 525,000	\$ 34,475,000

(1) Plus accrued interest, if any, from the original issue date.

(2) The underwriters will also be reimbursed for certain expenses incurred in this offering. See Underwriting for details.

Investing in the Notes involves risks. See Risk Factors beginning on page S-8 of this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

The Notes will not be savings accounts, deposits or other obligations of any of our bank or non-bank subsidiaries and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency. The Notes are not guaranteed under the FDIC's Temporary Liquidity Guarantee Program.

The underwriters expect to deliver the Notes to purchasers in book-entry form through the facilities of The Depository Trust Company, on or about December 12, 2017.

Book-Running Manager

Co-Manager

Keefe, Bruyette & Woods

A Stifel Company

Prospectus Supplement dated December 5, 2017

Table of Contents

TABLE OF CONTENTS

Prospectus Supplement

<u>ABOUT THIS PROSPECTUS SUPPLEMENT</u>	S-ii
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	S-iii
<u>CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS</u>	S-iv
<u>SUMMARY</u>	S-1
<u>RISK FACTORS</u>	S-8
<u>RATIO OF EARNINGS TO FIXED CHARGES</u>	S-12
<u>CAPITALIZATION</u>	S-13
<u>USE OF PROCEEDS</u>	S-15
<u>DESCRIPTION OF THE NOTES</u>	S-16
<u>CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES</u>	S-29
<u>CERTAIN BENEFIT PLAN AND ERISA CONSIDERATIONS</u>	S-33
<u>UNDERWRITING</u>	S-35
<u>LEGAL MATTERS</u>	S-38
<u>EXPERTS</u>	S-38

Prospectus

<u>ABOUT THIS PROSPECTUS</u>	ii
<u>PROSPECTUS SUMMARY</u>	1
<u>RISK FACTORS</u>	3
<u>CAUTIONARY STATEMENTS CONCERNING FORWARD-LOOKING STATEMENTS</u>	3
<u>THE SECURITIES WE MAY OFFER</u>	3
<u>DESCRIPTION OF CAPITAL STOCK</u>	4
<u>DESCRIPTION OF DEBT SECURITIES</u>	10
<u>DESCRIPTION OF DEPOSITARY SHARES</u>	24
<u>DESCRIPTION OF WARRANTS</u>	27
<u>DESCRIPTION OF UNITS</u>	28
<u>USE OF PROCEEDS</u>	29
<u>RATIOS OF EARNINGS TO FIXED CHARGES AND PREFERRED DIVIDENDS</u>	29
<u>PLAN OF DISTRIBUTION</u>	29
<u>LEGAL MATTERS</u>	32
<u>EXPERTS</u>	32
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	32

You should rely only on the information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus. We have not authorized anyone to provide you with different information. If you receive any other information, you should not rely on it.

We are not making an offer of the Notes covered by this prospectus supplement in any jurisdiction where the offer is not permitted.

You should not assume that the information contained in or incorporated by reference in this prospectus supplement or the accompanying prospectus or any free writing prospectus prepared by us is accurate as of any date other than the respective dates thereof.

S-i

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

References in this prospectus supplement and the accompanying prospectus to Peapack, the Company, we, us and are to Peapack-Gladstone Financial Corporation.

We have not authorized anyone to provide you with information different from that contained or incorporated by reference in this prospectus supplement or the accompanying prospectus. The information contained in this prospectus supplement is accurate only as of the date of this prospectus supplement, regardless of the time of delivery of this prospectus supplement or of any sale of the securities offered pursuant to this prospectus supplement.

This document consists of two parts. The first part is this prospectus supplement, which describes the specific terms of this offering and certain other matters. The prospectus supplement also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The second part is the accompanying prospectus, which describes more general information about us, some of which may not apply to the offering. You should read both this prospectus supplement and the accompanying prospectus, together with the additional information described below under the heading Where You Can Find More Information. Generally, when we refer to the prospectus, we are referring to both parts of this document combined.

We are offering to sell, and seeking offers to buy, the Notes only in jurisdictions where offers and sales are permitted. The distribution of this prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. This prospectus does not constitute, and may not be used in connection with, an offer to sell, or a solicitation of an offer to buy, any Notes offered by this prospectus by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation.

When acquiring any securities discussed in this prospectus, you should rely only on the information provided in this prospectus, including the information incorporated by reference. Neither we nor any underwriters or agents have authorized anyone to provide you with different information. You should not assume that the information in this prospectus or any document incorporated by reference is accurate or complete at any date other than the date mentioned on the cover page of these documents.

To the extent the information set forth in this prospectus supplement differs from the information set forth in the accompanying prospectus or any document incorporated by reference filed prior to the date of this prospectus supplement, you should rely on the information in this prospectus supplement.

Currency amounts in this prospectus supplement are stated in U.S. dollars.

Table of Contents

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission, or the SEC. Our SEC filings are available over the Internet at the SEC's website at www.sec.gov and on our website at www.pgbank.com. Except as specifically incorporated by reference in this prospectus supplement, information on those websites is not part of this prospectus supplement. You may also read and copy any document we file by visiting the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information about the public reference room.

The SEC allows us to incorporate by reference the information we file with them, which means:

incorporated documents are considered part of this prospectus supplement;

we can disclose important information to you by referring you to those documents; and

information that we file with the SEC will automatically update and supersede this prospectus supplement and earlier information incorporated by reference.

In the case of a conflict or inconsistency between information contained in this prospectus supplement and information incorporated by reference into this prospectus supplement, you should rely on the information contained in the document that was filed later.

We incorporate by reference the following documents that we have filed with the SEC:

Annual Report on Form 10-K for the year ended December 31, 2016 (including portions of our Proxy Statement for our 2017 Annual Meeting of Shareholders filed on March 16, 2017 with the SEC to the extent specifically incorporated by reference in such Form 10-K);

Quarterly Reports on Form 10-Q for the quarters ended March 31, 2017, June 30, 2017 and September 30, 2017; and

Current Reports on Form 8-K filed on the following dates: February 15, 2017, April 27, 2017, May 26, 2017 (two reports), August 18, 2017, September 14, 2017 and November 22, 2017.

We also incorporate by reference each of the following documents that we will file with the SEC after the date of this prospectus supplement (other than, in each case, documents or information deemed to have been furnished, and not filed in accordance with the SEC rules) until this offering is completed:

reports filed under Sections 13(a) and (c) of the Exchange Act;

any document filed under Section 14 of the Exchange Act; and

any reports filed under Section 15(d) of the Exchange Act.

You should rely only on information contained or incorporated by reference in this prospectus supplement and accompanying prospectus. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted.

You should assume that the information appearing in this prospectus supplement is accurate as of the date of this prospectus supplement only. Our business, financial condition and results of operation may have changed since that date.

To receive a free copy of any of the documents incorporated by reference in this prospectus supplement (other than exhibits, unless they are specifically incorporated by reference in the documents), call or write our Shareholder Relations Department, as follows:

Peapack-Gladstone Financial Corporation

500 Hills Drive, Suite 300

Bedminster, New Jersey 07921

Attention: Jeffrey J. Carfora

Telephone: (908) 234-0700

S-iii

Table of Contents

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This document contains and incorporates by reference certain forward-looking statements regarding our financial condition, results of operations and business. These statements are not historical facts and include expressions about management's confidence and strategies and management's expectations about new and existing programs and products, acquisitions, relationships, opportunities, taxation, technology, market conditions and economic expectations.

These statements may be identified by such forward-looking terminology as expect, look, believe, anticipate, may, will, or similar statements or variations of such terms. Actual results may differ materially from such forward-looking statements. Factors that may cause actual results to differ materially from those contemplated by such forward-looking statements include, among others, the following:

inability to successfully grow our business and implement our strategic plan, including an inability to generate revenues to offset the increased personnel and other costs related to the strategic plan;

the impact of anticipated higher operating expenses;

inability to manage our growth;

inability to successfully integrate our expanded employee base;

a continued or unexpected decline in the economy, in particular in our New Jersey and New York market areas;

declines in our net interest margin caused by the low interest rate environment and highly competitive market;

declines in value in our investment portfolio;

higher than expected increases in our allowance for loan losses;

higher than expected increases in loan losses or in the level of nonperforming loans;

unexpected changes in interest rates;

a continued or unexpected decline in real estate values within our market areas;

legislative and regulatory actions (including the impact of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Basel III and related regulations) subject us to additional regulatory oversight which may result in increased compliance costs;

successful cyberattacks against our IT infrastructure and that of our IT providers;

higher than expected FDIC insurance premiums;

adverse weather conditions;

inability to successfully generate new business in new geographic markets;

inability to execute upon new business initiatives;

lack of liquidity to fund our various cash obligations;

reduction in our lower-cost funding sources;

our inability to adapt to technological changes;

claims and litigation pertaining to fiduciary responsibility, environmental laws and other matters; and

other unexpected material adverse changes in our operations or earnings.

We assume no responsibility to update such forward-looking statements in the future, even if experience shows that the indicated results or events will not be realized. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. When considering these forward-looking statements, you should keep in mind these risks, uncertainties and other cautionary statements made in this prospectus supplement and the

Table of Contents

accompanying prospectus. You should not place undue reliance on any forward-looking statement, which speaks only as of the date made. You should refer to our periodic and current reports filed with the SEC for specific risks that could cause actual results to be significantly different from those expressed or implied by these forward-looking statements. See [Where You Can Find More Information](#) above and [Risk Factors](#) below.

S-v

Table of Contents

SUMMARY

The following summary is qualified in its entirety by the more detailed information included elsewhere or incorporated by reference into this prospectus supplement or the accompanying prospectus. Because this is a summary, it may not contain all of the information that is important to you. You should read this entire prospectus supplement and the accompanying prospectus, including the section entitled Risk Factors and the documents incorporated by reference herein, including our financial statements and the notes to those financial statements contained in such documents, before making an investment decision.

About Peapack

Peapack-Gladstone Financial Corporation is a bank holding company registered under the Bank Holding Company Act of 1956, as amended. Peapack was organized under New Jersey law in August 1997 to become a holding company for Peapack-Gladstone Bank (the Bank). The Bank is a state chartered commercial bank founded in 1921 under the laws of the State of New Jersey. The Bank is a member of the Federal Reserve System. The Bank provides innovative private banking services to businesses, non-profits and consumers through its private banking locations in Bedminster, Morristown, Princeton and Teaneck, New Jersey, its wealth management division and its branch network in Somerset, Morris, Hunterdon and Union counties, New Jersey.

Our private wealth management division is one of the largest New Jersey-based trust and investment businesses with \$4.8 billion of assets under administration as of September 30, 2017. It is headquartered in Bedminster, New Jersey with additional private banking locations in Morristown, Princeton and Teaneck, New Jersey, as well as at the Bank's subsidiary, PGB Trust & Investments of Delaware, in Greenville, Delaware. Our wealth management clients include individuals, families, foundations, endowments, trusts and estates. Our commercial loan clients are business people, including business owners, professionals, retailers, contractors and real estate investors. We offer most forms of commercial lending, including working capital lines of credit, term loans for fixed asset acquisitions, commercial mortgages, multi-family mortgages and other forms of asset-based financing.

In addition to commercial lending activities, we offer a wide range of consumer banking services, including: checking and savings accounts, money market and interest-bearing checking accounts, certificates of deposit, and individual retirement accounts held in certificates of deposit. We also offer residential mortgages, home equity lines of credit and other second mortgage loans. Automated teller machines are available at 20 locations. Internet banking, including an online bill payment option and mobile phone banking, is available to clients.

We believe our wealth management business differentiates us from our competition and adds significant value. We intend to grow this business further both in and around our market areas through our Delaware trust subsidiary; through our existing wealth, loan and depository client base; and through our innovative private banking service model, which utilizes private bankers working together to provide fully integrated client solutions. Throughout the wealth management division and all other business lines, we will continue to provide the unparalleled personalized, high-touch service our valued clients have come to expect.

Our principal executive offices are located at 500 Hills Drive, Suite 300, Bedminster, New Jersey 07921, and our telephone number is (908) 234-0700. Our website is www.pgbank.com. Information on or accessible through our website shall not be deemed part of this prospectus supplement or the accompanying prospectus.

S-1

Table of Contents**Summary Financial Information**

The following table sets forth summary financial data of the Company as of and for the nine months ended September 30, 2017 and 2016 and as of and for each of the five years ended December 31, 2016, 2015, 2014, 2013 and 2012. The data for the Company as of September 30, 2017 and 2016 and for the nine months ended September 30, 2017 and 2016 were derived from the Company's unaudited consolidated financial statements. The data for the Company as of and for each of the five years ended December 31, 2016 was derived from the Company's audited consolidated financial statements. You should read the selected financial data in conjunction with the Company's unaudited consolidated financial statements as of September 30, 2017 and for the nine months ended September 30, 2017 and 2016 and the related Management's Discussion and Analysis of Financial Condition and Results of Operations in our Quarterly Report on Form 10-Q for the interim period ended September 30, 2017, which is incorporated herein by reference, as well as the Company's audited consolidated financial statements and the related Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2016, which is also incorporated herein by reference.

The consolidated financial statements as of and for the nine months ended September 30, 2017 and 2016 are unaudited and include adjustments management considers necessary for a fair presentation under generally accepted accounting principles. The results of operations for any interim period are not necessarily indicative of results for the full year.

	At or For the Nine Months Ended September 30,		At or For the Years Ended December 31,				
	2017	2016	2016	2015	2014	2013	2012
	<i>(dollars in thousands)</i>						
Summary Earnings:							
Interest Income	\$ 102,288	\$ 86,777	\$ 117,048	\$ 99,142	\$ 75,575	\$ 57,053	\$ 56,090
Interest Expense	19,733	14,922	20,613	14,690	7,681	4,277	4,687
Net Interest Income	82,555	71,855	96,435	84,452	67,894	52,776	51,403
Provision for Loan Losses	4,200	6,000	7,500	7,100	4,875	3,425	8,275
Net Interest Income After Provision For Loan Losses	78,355	65,855	88,935	77,352	63,019	49,351	43,128
Other Income, Exclusive of Securities Gains, Net	24,021	21,127	28,799	23,187	20,547	19,755	17,493
Securities Gains, Net		119	119	527	260	840	3,810
Other Expenses	61,360	56,147	75,112	68,926	59,540	55,183	48,330
Income Before Income Tax Expense	41,016	30,954	42,741	32,140	24,286	14,763	16,101
Income Tax Expense	14,888	11,785	16,264	12,168	9,396	5,502	6,405
Net Income	26,128	19,169	26,477	19,972	14,890	9,261	9,696
Dividends on Preferred Stock and Accretion							474
Net Income Available to Common Shareholders	26,128	19,169	26,477	19,972	14,890	9,261	9,222

S-2

Table of Contents

	At or For the Nine Months Ended September 30,		At or For the Years Ended December 31,				
	2017	2016	2016	2015	2014	2013	2012
<i>(dollars in thousands except per share data)</i>							
Per Share Data:							
Earnings Per Share-Basic	\$ 1.49	\$ 1.19	\$ 1.62	\$ 1.31	\$ 1.23	\$ 1.02	\$ 1.05
Earnings Per Share-Diluted	1.47	1.17	1.60	1.29	1.22	1.01	1.05
Cash Dividends Declared	0.15	0.15	0.20	0.20	0.20	0.20	0.20
Book Value End-of-Period	20.86	18.24	19.10	17.61	16.36	14.79	13.90
Basic Weighted Average Shares Outstanding	17,478,293	16,167,153	16,318,868	15,187,637	12,065,615	9,094,111	8,780,973
Common Stock Equivalents (Dilutive)	275,438	180,102	196,130	247,359	106,492	82,688	47,501
Balance Sheet Data (At Period End):							
Total Assets	\$ 4,176,332	\$ 3,774,383	\$ 3,878,633	\$ 3,364,659	\$ 2,702,397	\$ 1,966,948	\$ 1,667,836
Securities Available for Sale	315,112	249,616	305,388	195,630	332,652	268,447	304,479
FHLB and FRB Stock, at cost	13,589	14,093	13,813	13,984	11,593	10,032	4,639
Total Loans (excluding Loans held for sale)	3,667,197	3,232,887	3,312,144	2,913,242	2,250,267	1,574,201	1,132,584
Allowance for Loan Losses	35,915	30,616	32,208	25,856	19,480	15,373	12,735
Total Deposits	3,662,697	3,300,060	3,411,837	2,935,470	2,298,693	1,647,250	1,516,427
Subordinated Debt, Net	48,862	48,731	48,764				
Total Shareholders Equity	379,936	309,032	324,210	275,676	242,267	170,657	122,057
Wealth Division Assets Under Administration (Market Value)	4.8 billion	3.5 billion	3.7 billion	3.3 billion	3.0 billion	2.7 billion	2.3 billion

Cash							
Dividends:							
Common	2,635	2,452	3,296	3,100	2,414	1,802	1,774
Preferred							112
Selected Performance Ratios:							
Return on Average Total Assets	0.86%	0.71%	0.72%	0.64%	0.63%	0.54%	0.61%
Return on Average Common Shareholders Equity	9.94%	8.79%	8.92%	7.71%	7.96%	7.37%	8.03%
Dividend Payout Ratio	10.08%	12.79%	12.45%	15.52%	16.21%	19.46%	19.24%
Average Equity to Average Assets Ratio	8.67%	8.12%	8.12%	8.30%	7.94%	7.26%	7.25%
Net Interest Margin	2.81%	2.78%	2.74%	2.80%	3.01%	3.26%	3.50%
Non-Interest Expenses to Average Assets	2.02%	2.09%	2.06%	2.21%	2.53%	3.19%	3.04%
Non-Interest Income to Average Assets	0.79%	0.79%	0.79%	0.76%	0.88%	1.19%	1.34%

Table of Contents

At or For the Nine Months Ended September 30,			At or For the Years Ended December 31,		
2017	2016	2016	2015	2014	2013