PEAPACK GLADSTONE FINANCIAL CORP
Form 8-K
January 18, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE

SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported) January 18, 2018

PEAPACK-GLADSTONE FINANCIAL CORPORATION

(Exact Name of Registrant as Specified in Charter)

New Jersey	001-16197	22-3537895
(State or Other Jurisdiction	**(Commission**	**(I.R.S. Employer**

of Incorporation)	**File Number)**	**Identification No.)**

500 Hills Drive, Suite 300, Bedminster, New Jersey	07921
(Address of Principal Executive Offices)	**(Zip Code)**

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 8.01 **Other Events**

On December 22, 2017, the Tax Cuts and Jobs Act (H.R. 1) (the "Act") was signed into law. The Act contains several changes in existing tax law impacting businesses, including a reduction in the Federal corporate income tax rate from 35% to 21%, effective January 1, 2018. Peapack Gladstone Financial Corporation (the "Company") estimates this will result in a reduction in the value of its net deferred tax liability of approximately $1.5 million, which would be recorded as an income tax benefit (and thus an approximately $1.5 million benefit to net income) in the Company's statement of income for the fourth quarter ended December 31, 2017.

The Company uses the asset and liability method of accounting for income taxes as prescribed by U.S. generally accepted accounting principles. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. As a result of the reduction in the corporate income tax rate to 21% under the Act, the Company revaluated its net deferred tax asset / liability in the period of enactment (the quarter ended December 31, 2017) with effect mentioned above.

Prior to the fourth quarter of 2017, the Company reflected a net deferred tax asset of approximately $16 million. However, certain of the Company's Equipment Finance lease financings generated accelerated depreciation for tax purposes (one of the financial benefits of this business), which results in deferred tax liabilities, which provided the effect noted above.

Further, the reduction of the Company's 2018 Federal corporate tax rate to 21% will result in reduced income tax expense in 2018. The Company anticipates that up to 25% of that benefit will be reinvested in the Company's people, processes, systems, client services, and/or communities it serves.

Forward-Looking Statements

The foregoing contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such 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, investments, relationships, opportunities and market conditions. These statements may be identified by such forward-looking terminology as "expect," "look," "believe," "anticipate," "may," or similar statements or variations of such terms. Actual results may differ materially from such forward-looking statements. Factors that may cause results to differ materially from such forward-looking statements include, but are not limited to:

- 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 in 2018 and beyond;
- inability to manage our growth;
- inability to successfully integrate our expanded employee base;
- 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;
- 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) that 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.

A discussion of these and other factors that could affect our results is included in our SEC filings, including our Annual Report on Form 10-K for the year ended December 31, 2016. We undertake no duty to update any forward-looking statement to conform the statement to actual results or changes in the Company’s expectations.

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.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

	PEAPACK-GLADSTONE FINANCIAL CORPORATION	
Dated: January 18, 2018	By:	\s\ Jeffrey J. Carfora
	Name:	Jeffrey J. Carfora
	Title:	Senior Executive Vice President and Chief Financial Officer