

PEAPACK GLADSTONE FINANCIAL CORP  
Form 424B2  
November 08, 2013

**Prospectus Supplement**                      **Filed Pursuant to Rule 424(b)(2)**  
**(To Prospectus Dated April 19, 2013)**   **Registration No. 333-188009**

**\$42,000,000**

**Up To 2,470,588 Shares**  
**Of Common Stock, No Par Value**

We are distributing non-transferable rights to subscribe for and purchase up to 2,470,588 common shares (maximum) in the aggregate to persons who owned our common shares as of 5:00 p.m., Eastern Time, on the record date, October 21, 2013. You will receive the right to subscribe for 0.2721 of common share for each share that you owned on October 21, 2013, at a subscription price of \$17.00 per share. This means that you will have the right to acquire one common share at the subscription price for approximately every 3.675 common shares that you owned on that date. There is no minimum number of rights that must be exercised in order for us to complete the rights offering.

You will be able to exercise your rights to purchase common shares only during a limited period. If you do not exercise your rights before 5:00 p.m., Eastern Time, on December 9, 2013, the rights will expire. We may decide to extend the rights offering, at our discretion, for up to fifteen calendar days.

We have entered into agreements with eleven standby purchasers, pursuant to which such standby purchasers have agreed to purchase up to 2,470,588 common shares in the aggregate if and to the extent that the rights offering is not fully subscribed. To the extent that our shareholders do not fully subscribe to the rights offering, any and all unsold shares will be purchased by the standby purchasers. The maximum number of common shares to be issued by us in all of the transactions described in this Prospectus Supplement will not exceed 2,470,588 common shares. We may complete the rights offering even if we have received shareholder subscriptions, along with our standby purchaser commitments, of less than \$42 million.

All common shares sold in the rights offering and pursuant to agreements with standby purchasers will be at the \$17.00 per share subscription price.

Our common stock trades on the NASDAQ Global Select Market under the ticker symbol "PGC". On November 7, 2013, the last sale price of our common shares as reported on the NASDAQ Global Select Market was \$17.40 per

share.

**Investing in our common shares involves risks. You should carefully review and consider the information contained in this Prospectus Supplement, including the Risk Factors beginning on page S-18, as well as the Risk Factors and other information contained in any document we incorporate by reference into this Prospectus Supplement before exercising your subscription rights. See “Where You Can Find More Information” beginning on page S-iii of this Prospectus Supplement.**

	<b>Per Share</b>	Total Offering Size
Public offering price	\$ 17.00	\$ 42,000,000
Maximum dealer-management fee <sup>1</sup>	\$ 0.51	\$ 1,260,000
Net proceeds, before expenses, to us	\$ 16.49	\$ 40,740,000

<sup>1</sup> Represents 3% fee payable to Sandler O’Neill for common shares acquired by standby purchasers that Sandler O’Neill introduces to us (which fee shall be reduced to 1% for any common shares acquired by standby purchasers that we identify and that are not introduced to us by Sandler O’Neill). Sandler O’Neill will not receive any fee for rights that are exercised by rights holders.

**Neither the Securities and Exchange Commission, THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE FEDERAL RESERVE BOARD, THE NEW JERSEY DEPARTMENT OF BANKING AND INSURANCE NOR ANY OTHER FEDERAL OR state regulator has approved or disapproved of these securities or determined if this prospectus SUPPLEMENT is truthful or complete. Any representation to the contrary is a criminal offense.**

**The securities offered hereby are not savings accounts, deposits or other debt obligations of a bank or savings association and are not insured by the Federal Deposit Insurance Corporation, which we refer to as the FDIC, or any governmental agency or otherwise.**

We have entered into an agreement with Sandler O’Neill + Partners, L.P. (“Sandler O’Neill”) pursuant to which Sandler O’Neill is acting as our dealer-manager in connection with the rights offering. Sandler O’Neill has agreed to use its reasonable efforts as our dealer-manager to identify potential standby purchasers and assist us in negotiating standby purchase agreements with standby purchasers. Sandler O’Neill will not participate in the solicitation of our current shareholders regarding the exercise of their subscription rights. We are offering common stock directly to holders of record on the record date. Sandler O’Neill is not underwriting this offering and has no obligation to purchase, or procure purchasers for, common stock offered by this Prospectus Supplement. We have agreed to pay certain fees to, and expenses of, Sandler O’Neill in connection with its services as our dealer-manager. See “**Plan of Distribution**” beginning on page S-38 of this Prospectus Supplement.

The date of this Prospectus Supplement is November 8, 2013.

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## ABOUT THIS PROSPECTUS SUPPLEMENT

Unless the context indicates otherwise, all references in this Prospectus Supplement to “Peapack”, “the Company”, “we”, “us” and “our” refer 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 rights offering and certain other matters and 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 rights offering. You should read both this Prospectus Supplement and the accompanying Prospectus, together with the additional information described under the heading “**Where You Can Find More Information**” beginning on page S-iii of this Prospectus Supplement. 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, our common shares issuable upon exercise of non-transferable subscription rights only in jurisdictions where offers and sales are permitted. The distribution of this Prospectus and the offering of our common shares issuable upon exercise of non-transferable subscription rights 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 common shares issuable upon exercise of non-transferable subscription rights 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.

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## WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement on Form S-3 with the SEC covering the securities that may be sold under this Prospectus Supplement. This Prospectus Supplement summarizes material provisions of contracts and other documents that we refer you to. For further information on the Company and the securities, you should refer to our registration statement and its exhibits, as well as prospectus supplements and certain Current Reports on Form 8-K that we may file regarding the sale of certain securities. Because the Prospectus Supplement may not contain all the information that you may find important, you should review the full text of these documents.

We also file reports, proxy statements and other information with the SEC. Our SEC filings are available over the Internet at the SEC's website at <http://www.sec.gov>. 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 the 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, 2012;
- Quarterly Reports on Form 10-Q for the periods ended March 31, 2013, June 30, 2013 and September 30, 2013;
- Current Reports on Form 8-K filed on the following dates: February 25, 2013, March 22, 2013, March 26, 2013, April 23, 2013, April 26, 2013, July 31, 2013, September 12, 2013, October 22, 2013 and October 25, 2013 (unless stated otherwise in the applicable report, information furnished under Item 2.02 or 7.01 of our Current Reports on Form 8-K, including those listed here, is not incorporated herein by reference);
- The definitive proxy statement for our 2013 annual meeting of shareholders; and
- The description of the common stock which is contained in the Company's Registration Statement on Form 10 including any amendment or report filed for the purpose of updating such description.

We also incorporate by reference all additional documents that we file with the SEC in the future until the termination of any offering of securities offered by this Prospectus Supplement under the terms of:

- Sections 13(a) and (c) of the Exchange Act;
- Section 14 of the Exchange Act; and
- Section 15(d) of the Exchange Act.

We are not, however, incorporating, in each case, any documents or information that have been “furnished” but not “filed” for purposes of the Exchange Act.

You should rely only on information contained or incorporated by reference in this Prospectus Supplement. 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.

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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, call or write our Shareholder Relations Department, as follows:

Peapack-Gladstone Financial Corporation

500 Hills Drive, Suite 300

Bedminster, New Jersey 07921

Attention: Mary Donovan, Assistant Corporate Secretary

Telephone: (908) 719-3319

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## CAUTIONARY STATEMENTS CONCERNING FORWARD-LOOKING STATEMENTS

This Prospectus Supplement, including the documents incorporated herein by reference, contains forward-looking information about us that is intended to be covered by the safe harbor for forward-looking statements provided by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that are not historical facts. These statements can be identified by the use of forward-looking terminology such as “believe”, “expect”, “may”, “will”, “should”, “project”, “plan”, “seek”, “intend”, or “anticipate” or the negative thereof or comparable terminology, and include discussions of strategy, financial projections and estimates and their underlying assumptions, statements regarding plans, objectives, expectations or consequences of announced transactions, and statements about the future performance, operations, products and services of the Company and its subsidiaries.

Discussions containing forward-looking statements may be found, among other places, in this Prospectus Supplement and our most recent Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with the SEC, as well as any similar statements contained in future Current Reports on Form 8-K, Quarterly Reports on Form 10-Q or Annual Reports on Form 10-K which are hereby incorporated by reference upon their subsequent filing with the SEC. These forward-looking statements are or will be, as applicable, based largely on our expectations and projections about future events and future trends affecting our business. You should not rely on our forward-looking statements because the matters they describe are subject to known and unknown risks, uncertainties and other unpredictable factors, many of which are beyond our control, that could cause actual results to differ materially from those anticipated in the forward-looking statements.

We qualify all our forward-looking statements by these cautionary statements. These forward-looking statements speak only as of the date of this Prospectus Supplement or the date of the document incorporated by reference. Except as required by applicable laws or regulations, we do not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. When considering these forward-looking statements, you should keep in mind these risks, uncertainties and other cautionary statements made in this Prospectus Supplement. You should not place undue reliance on any forward-looking statement. 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;
- 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 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 non-performing loans;
  - declines in our net interest margin caused by the low interest rate environment and highly competitive market;
  - 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;

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- successful cyber attacks against our IT infrastructure or 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.

## **PROSPECTUS SUPPLEMENT SUMMARY**

*The following summary contains basic information about us and the offering. Because it is a summary, it may not contain all of the information that is important to you. You should read this summary together with the entire Prospectus Supplement, including our financial statements, the notes to those financial statements, and the other documents that are incorporated by reference in this Prospectus Supplement, before making an investment decision. See the “Risk Factors” section of this Prospectus Supplement beginning on page S-18 for a discussion of the risks involved in the offering and investing in our common shares.*

### **About Peapack**

Peapack-Gladstone Financial Corporation is a bank holding company registered under the Bank Holding Company Act of 1956, as amended. The Company was organized under the laws of New Jersey in August 1997 by the Board of Directors of Peapack-Gladstone Bank (the “Bank”), its principal subsidiary, to become a holding company for 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 offers a full range of quality products and services to businesses, non-profits and consumers through its New Jersey locations, online access, a wealth management division and its subsidiary, PGB Trust & Investments of Delaware. The Bank maintains ten branches in Somerset County, six in Morris County, four in Hunterdon County, one in Middlesex County and two in Union County, and also maintains private banking offices in Morris, Somerset, Mercer and Bergen Counties.

Our commercial loan customers are business people, including business owners, professionals, retailers, contractors and real estate investors. Most forms of commercial lending are offered, 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 and construction mortgages, home equity lines of credit and other second mortgage loans. Automated teller machines are available at 23 locations. Internet banking, including an online bill payment option and mobile phone banking, is available to customers.

### **PGB Trust & Investments**

PGB Trust & Investments, the wealth management division of the Bank, is one of the largest New Jersey-based trust and investment businesses with \$2.58 billion of assets under administration as of September 30, 2013. It is

headquartered in Bedminster, with additional offices in Clinton, Morristown and Summit, NJ, as well as at the Bank's new subsidiary, PGB Trust & Investments of Delaware, in Greenville, DE. Wealth management services are also available at any of our private banking locations. PGB Trust & Investments is known for its integrity, client service and broad range of fiduciary, investment management and tax services, designed specifically to meet the needs of high net-worth individuals, families, foundations and endowments.

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 new Delaware Trust subsidiary; through our existing wealth, loan and depository client base; and through our innovative Private Banking service model, which utilizes teams of 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 Markets**

Our current market is defined as New York-Northern New Jersey-Long Island, NY-NJ-PA MSA. Our primary markets are located in New Jersey, among one of the most attractive banking markets in the United States with a total population of approximately 8.83 million and a median household income of \$66,950 as of 2007-2011, well above the U.S. median household income of \$50,517 as of 2007-2011, according to estimates from the United States Census Bureau. Somerset County, where we are headquartered, is among one of the wealthiest in New Jersey, with a 2007-2011 median household income of \$98,842 according to estimates from United States Census Bureau. We believe that these markets have economic and competitive dynamics that are consistent with our objectives and favorable to executing our growth strategy.

## Competitive Strengths

We believe that we are especially well-positioned to create value for our shareholders as a result of the following competitive strengths:

- **Strong Brand and Reputation in our Markets.** We believe that our strong brand and market reputation have become and will remain key drivers of our growth. By capitalizing on the close community ties and business relationships, often time developed through our highly sought after trust and wealth management business, we are positioned to continue taking advantage of the market opportunity present in our primary marketplace. We are actively involved in numerous charitable organizations in local communities. We believe that our strong ties to the communities within our markets and well-respected executive management team and board of directors will enable us to attract talented bankers and customers, acquire other institutions, and take advantage of future growth opportunities.
- **Sound Credit Quality.** By adhering to rigorous underwriting criteria, we have built a diversified asset portfolio anchored by commercial real estate loans (principally multi-family) with significant credit protection and attractive yields in our primary market areas. We strive to underwrite the customer relationship and not just the credit, allowing us to originate higher-quality assets, which we believe generate more predictable and more stable returns on a risk-adjusted basis. Our focus on the long-term success of our business through increasing risk-adjusted returns, as opposed to short-term profit goals, has enabled us to remain profitable in various market conditions across business cycles.
- **Core Funding.** A significant driver of our franchise is the continued growth of our core deposits, such as checking, money market and savings deposits, which we use to fund our loans and investments. At September 30, 2013, our total deposits were approximately \$1.57 billion, 90% of which were core deposits (defined as total deposits excluding certificates of deposit). We seek to cross-sell deposit products at loan origination and derive significant amounts of core deposits as a result of our trust and wealth management relationships, which provide a basis for expanding our banking relationships and a stable source of funding.

## Our Business Strategy

In October 2012, our Board of Directors hired Douglas Kennedy as our Chief Executive Officer. Following the hiring we have undertaken a strategic review of our operations including the addition of key personnel to our management team.

After an extensive assessment of our Company and the market, our management team developed and presented a comprehensive plan for our future, known as “Expanding Our Reach”, to our Board of Directors. The plan anticipates a steady stream of increased business revenue and earnings while focusing on superior client service. Over 50 employees at all levels of the Company were enlisted to help draft the plan, which includes the following key

elements:

- enhanced risk management;
- expansion of our Multi-Family and Commercial Real Estate Lending business;
- expansion of our Commercial and Industrial (C&I) lending business through Private Banking teams, who will lead with deposit gathering and wealth management; and
- establishment of a sales force that supports our branches and will serve as a primary contact for clients.

### **Core Competencies**

· Commercial Lending. We have been helping businesses emerge, expand and evolve for many years. We plan to continue this by moving more aggressively and growing our multi-family and other commercial real estate lending businesses, and introducing a comprehensive C&I lending program designed to service individuals, professional service firms, foundations, and privately owned businesses. This C&I lending program, similar to our wealth management business, will be fully integrated into our Private Banking platform with a C&I Lending Private Banker, a Wealth Advisor Private Banker and a Deposit Private Banker who will work together to provide high-touch “white-glove” client service.

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· Retail Banking – Deposits. We see a lot of opportunity for growth in our core markets. We have recently introduced the concept of high-touch relationship-style banking to support the affluent segment of our branch network. Much like the Private Banking service model, this team is intimately knowledgeable of all Bank products and services and serves as the primary contact for clients seeking wealth, lending and deposit solutions. The structure of this team will enable our existing branch network to maintain its primary objective of providing unique and unparalleled client service. Additionally, it is our expectation that our new Private Banking platform will contribute significantly to our retail deposit growth, not only through stand-alone deposit relationships, but through comprehensive new relationships associated with C&I lending.

· Wealth Management. We have been in the wealth management business since 1972. The business adds significant value to our Company and differentiates us from many of our competitors. Conversations with all clients and potential clients across all lines of business include a wealth management discussion. The market value of the assets under administration of the wealth management division was \$2.58 billion at September 30, 2013.

## Contact Us

The Company makes its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, and amendments to such reports, available free of charge on its website at [www.pgbank.com](http://www.pgbank.com). Also available on the website are the Company's Code of Business Conduct and Ethics, Corporate Governance Principles and charters for the Company's Audit Committee, Compensation Committee and Nominating Committee.

The mailing address and telephone number of our principal executive offices are:

500 Hills Drive, Suite 300  
Bedminster, New Jersey

(908) 234-0700

Additional information about us and our subsidiaries is included in documents incorporated by reference in this Prospectus. See “**Where You Can Find More Information**” beginning on page S-iii of this Prospectus.

## **QUESTIONS AND ANSWERS RELATING TO THE RIGHTS OFFERING**

### **What is the rights offering?**

We are distributing, at no charge, to holders of our common shares, non-transferable subscription rights to purchase our common shares. You will receive one subscription right for each common share you owned as of 5:00 p.m., Eastern Time, on October 21, 2013, the record date. The shares to be issued in the rights offering, like our existing common shares, are quoted on the NASDAQ Global Select Market under the ticker symbol "PGC".

### **What is the subscription right?**

Each subscription right gives our shareholders the opportunity to purchase 0.2721 of a common share at a subscription price of \$17.00 per share. We have granted to you, as a shareholder of record as of October 21, 2013, one subscription right for each common share you owned at that time. Certain shareholders participate in our Dividend Reinvestment Plan, which could result in such shareholders owning fractional shares as of the close of business on the record date. To the extent that the common shares owned by you at the close of business on the record date is not a whole number, the number of subscription rights to which you are entitled will be rounded down to the nearest whole subscription right. Additionally, fractional shares resulting from the exercise of subscription rights will be eliminated by rounding down to the nearest whole share.

For example, if you owned 1,000.5 common shares as of the close of business on October 21, 2013, you would have received 1,000 subscription rights and would have the right to purchase 272 common shares for \$17.00 per share. You may exercise all or a portion of your subscription rights or you may choose not to exercise any subscription rights at all.

If you hold a Company share certificate, the number of rights you may exercise pursuant to your subscription rights is indicated on the enclosed rights certificate. If you hold your shares in the name of a custodian bank, broker, dealer or other nominee, you will not receive a rights certificate. Instead, DTC will issue one subscription right to the nominee record holder for each common share that you own at the record date. If you are not contacted by your custodian bank, broker, dealer or other nominee, you should contact your nominee as soon as possible.

### **Why are we conducting a rights offering?**

Our Board of Directors has concluded that a rights offering was the appropriate option to raise equity capital. We believe that the rights offering will strengthen our financial condition by generating additional cash and increasing our capital position; however, our Board of Directors is making no recommendation regarding your exercise of the subscription rights. We cannot assure you that we will not need to seek additional financing or engage in additional capital offerings in the future.

**How was the \$17.00 per share subscription price determined?**

The price of the shares offered in the rights offering was determined by us based on a variety of factors, including:

- the results of negotiations with prospective standby purchasers;
- the earnings per share and the per share book value of our common shares;
- the trading history of our common shares;
- our operating history and prospects for future earnings;
- our current performance;
- the prospects of the banking industry in which we compete;
- the general condition of the securities markets at the time of the offering; and
- the prices of equity securities and equity equivalent securities of comparable companies.

**What is the offering to the standby purchasers?**

We have entered into separate standby purchase agreements with eleven standby purchasers, pursuant to which such standby purchasers have agreed to purchase up to 2,470,588 common shares in the aggregate if and to the extent that the rights offering is not fully subscribed. Accordingly, to the extent that our shareholders do not fully subscribe to the rights offering, any and all unsold shares will be purchased by the standby purchasers. The standby purchase commitments will be subject to certain conditions as set forth in such standby purchase agreements. The price per share paid by any standby purchaser for such common shares will be equal to the subscription price paid by our shareholders in the rights offering.

**Am I required to exercise all of the subscription rights I receive in the rights offering?**

No. You may exercise any number of your subscription rights, or you may choose not to exercise any subscription rights. If you do not exercise any subscription rights, the number of common shares you own will not change. If you choose not to exercise your subscription rights, or you exercise less than the full amount, you will experience dilution as a result of the sale of shares in the rights offering.

**How soon must I act to exercise my subscription rights?**

If you received a rights certificate and elect to exercise any or all of your subscription rights, the subscription agent must receive your completed and signed rights certificate and full payment of the subscription price prior to the expiration of the rights offering, which is December 9, 2013, at 5:00 p.m., Eastern Time. If you hold your shares in the name of a custodian bank, broker, dealer or other nominee, your nominee may establish a deadline prior to 5:00 p.m., Eastern Time, on December 9, 2013, by which you must provide it with your instructions to exercise your subscription rights and payment for your shares. Our Board of Directors may, in its discretion, extend the rights offering one or more times, but in no event will the expiration date be later than December 24, 2013. Our Board of Directors may cancel or amend the rights offering at any time. In the event that the rights offering is cancelled, all subscription payments received by the subscription agent will be returned, without interest, as soon as practicable.

Although we will make reasonable attempts to provide this Prospectus Supplement to holders of subscription rights, the rights offering and all subscription rights will expire at 5:00 p.m., Eastern Time on December 9, 2013 (unless extended), whether or not we have been able to locate each person entitled to subscription rights.

**May I transfer my subscription rights?**

No. You may not sell, transfer or assign your subscription rights to anyone. Subscription rights will not be listed or quoted on the NASDAQ Global Select Market or any other stock exchange or market. Rights certificates may only be completed by the shareholder who receives the certificate.

**Has our Board of Directors made a recommendation to our shareholders regarding the rights offering?**

No. Our Board of Directors is making no recommendation regarding your exercise of the subscription rights. Shareholders who exercise subscription rights risk investment loss on new money invested. We cannot predict the

price at which our common shares will trade; therefore, we cannot assure you that the market price for our common shares will be above the subscription price or that anyone purchasing shares at the subscription price will be able to sell those shares in the future at the same price or a higher price. You are urged to make your decision based on your own assessment of our business and the rights offering. See “**Risk Factors**” beginning on page S-18 of this Prospectus Supplement for a discussion of some of the risks involved in investing in our common shares.

**Are there any limits on the number of shares I may purchase in the rights offering or own as a result of the rights offering?**

We will not issue common shares pursuant to the exercise of subscription rights or to any shareholder or standby purchaser who, in our sole opinion, could be required to obtain prior clearance or approval from or submit a notice to any state or federal bank regulatory authority to acquire, own or control such shares if, as of December 9, 2013, such clearance or approval has not been obtained and/or any applicable waiting period has not expired. See “**The Rights Offering — Regulatory Limitation**” beginning on page S-33 of this Prospectus Supplement. If we elect not to issue shares in such a case, the unissued shares will become available to standby purchasers.

**How do I exercise my subscription rights if I own shares in certificate form?**

If you hold a Company share certificate and you wish to participate in the rights offering, you must properly complete the enclosed subscription rights certificate and deliver it, along with the full subscription price, to the subscription agent before 5:00 p.m., Eastern Time, on December 9, 2013.

In certain cases, you may be required to provide additional documentation or signature guarantees.

Please follow the delivery instructions on the rights certificate. Do not deliver documents to us. You are solely responsible for completing delivery to the subscription agent of your subscription documents, rights certificate and payment. We urge you to allow sufficient time for delivery of your subscription materials to the subscription agent so that they are received by the subscription agent by 5:00 p.m., Eastern Time, on December 9, 2013.

If you send a payment that is insufficient to purchase the number of shares you requested, or if the number of shares you requested is not specified in the forms, the payment received will be applied to exercise your subscription rights to the fullest extent possible based on the amount of the payment received, subject to the elimination of fractional shares. Any excess subscription payments received by the subscription agent will be returned, without interest, as soon as practicable following the expiration of the rights offering.

**What form of payment is required to purchase the common shares?**

As described in the instructions accompanying the rights certificate, payments submitted to the subscription agent must be made in full U.S. currency by personal or certified check or bank draft payable to “Registrar and Transfer Company”. However, certified checks or bank drafts will only be accepted if drawn from Peapack-Gladstone Bank.

**What should I do if I want to participate in the rights offering, but my shares are held in the name of a custodian bank, broker, dealer or other nominee?**

If you hold your common shares through a custodian bank, broker, dealer or other nominee, then your nominee is the record holder of the shares you own. If you are not contacted by your nominee, you should contact your nominee as soon as possible. Your nominee must exercise the subscription rights on your behalf for the common shares you wish to purchase. You will not receive a rights certificate. Please follow the instructions of your nominee. Your nominee may establish a deadline that may be before 5:00 p.m., Eastern Time, on December 9, 2013, which is the expiration date that we have established for the rights offering.

**When will I receive my new shares?**

All common shares that you purchase in the rights offering will be issued in book-entry or uncertificated form. When issued, the common shares will be registered in the name of the subscription rights holder of record. As soon as

practicable after the expiration of the rights offering, the subscription agent will arrange for issuance of the common shares purchased in the rights offering to each subscription rights holder of record that has validly exercised its subscription rights. If your shares as of October 21, 2013 were held by a custodian bank, broker, dealer or other nominee, and you participate in the rights offering, your nominee will be credited with the common shares you purchase in the rights offering as soon as practicable after the expiration of the rights offering.

**After I send in my payment and rights certificate, may I cancel my exercise of subscription rights?**

No. All exercises of subscription rights are irrevocable, unless the rights offering is terminated, even if you later learn information that you consider to be unfavorable to the exercise of your subscription rights. You should not exercise your subscription rights unless you are certain that you wish to purchase common shares in the rights offering.

**Will our directors and executive officers participate in the rights offering?**

Yes. We expect that each of our active directors and executive officers will participate in the rights offering. The number of subscription rights exercised by the directors and executive officers will depend on their current ownership of our common shares and their financial ability to exercise their subscription rights. The purchase price paid by them will be \$17.00 per share, the same paid by all other persons who purchase common shares in the offering.

**What is the role of Sandler O’Neill in the rights offering?**

We have entered into an agreement with Sandler O’Neill pursuant to which Sandler O’Neill is acting as our dealer-manager in connection with the rights offering. Sandler O’Neill will not participate in the solicitation of our current shareholders regarding the exercise of their subscription rights and will not receive a fee for rights that are exercised. As dealer-manager, Sandler O’Neill has indentified potential standby purchasers and assisted us in negotiating standby purchase agreements with standby purchasers. We have agreed to pay certain fees to, and expenses of, Sandler O’Neill for its services as our dealer-manager.

**Will the standby purchasers receive any compensation for the standby commitments?**

No. The standby purchasers are not receiving compensation for their standby commitments.

**What agreements will be executed with the standby purchasers?**

We have entered into standby purchase agreements pursuant to which an aggregate of eleven investors, as standby purchasers, have severally agreed to acquire from us at \$17.00 per share up to 2,470,588 common shares in the aggregate if and to the extent that the rights offering is not fully subscribed. Accordingly, to the extent that our shareholders do not fully subscribe to the rights offering, any and all unsold shares will be purchased by the standby purchasers. See “**The Rights Offering — Regulatory Limitation**” beginning on page S-33 of this Prospectus Supplement. See “**Standby Purchase Agreements**” beginning on page S-44 of this Prospectus Supplement.

**What effects will the offering have on our outstanding common shares?**

As of November 1, 2013, we had approximately 9,079,436 common shares issued and outstanding. Assuming no options are exercised prior to the expiration of the rights offering and assuming the offering is fully subscribed, 11,550,024 common shares will be outstanding immediately after completion of the offering.

The issuance of common shares in the offering will dilute, and thereby reduce, your proportionate ownership in our common shares if you choose not to exercise your subscription rights or if you exercise less than the full amount of subscription rights.



**How much will we receive in net proceeds from the offering?**

The offering is being made on a best efforts basis and is not subject to any minimum condition, so the actual proceeds that we receive may vary significantly. Assuming the offering is fully subscribed and that 2,470,588 common shares are sold to our current shareholders and standby purchasers, each of whom is identified by Sandler O'Neill, we estimate that the net proceeds from the offering, after advisory fees, dealer-manager commissions and estimated expenses, will be approximately \$40.5 million. The net proceeds of the offering will be used by us for general corporate purposes which may include, among other things, funding our expansion plans, working capital and pursuing strategic opportunities which may be presented to us from time to time. See **"Use of Proceeds"** beginning on page S-39 of this Prospectus Supplement.

**Are there risks in exercising my subscription rights?**

Yes. The exercise of your subscription rights involves risks. Exercising your subscription rights will result in the purchase of additional common shares and should be considered as carefully as you would consider any other equity investment. Among other things, you should carefully consider the risks described under the caption **"Risk Factors"** beginning on page S-18 of this Prospectus Supplement.

**If the rights offering is not completed, will my subscription payment be refunded to me?**

Yes. The subscription agent will hold all funds it receives in a segregated bank account until completion of the rights offering. If the rights offering is not completed, all subscription payments received by the subscription agent will be returned, without interest, as soon as practicable. If your shares are held in the name of a custodian bank, broker, dealer or other nominee, it may take longer for you to receive the refund of your escrow payment because the subscription agent will return payments through the record holder of your shares.

**What fees or charges apply if I purchase common shares in the rights offering?**

We are not charging any fee or sales commission to issue subscription rights to you or to issue shares to you if you exercise your subscription rights (other than the subscription price). If you exercise your subscription rights through a custodian bank, broker, dealer or other nominee, you are responsible for paying any fees your nominee may charge you.

**Who should I contact if I have other questions?**

If you have any questions regarding completing a rights certificate or submitting payment in the rights offering, please contact our subscription agent, Registrar and Transfer Company, by calling (800) 368-5948, or by email at [info@rtco.com](mailto:info@rtco.com). If you have any questions about us or the rights offering, please contact our information agent, AST Phoenix Advisors, by calling (212) 493-3910 (for banks and brokers) or (866) 620-2535 (for individual shareholders).

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## RIGHTS OFFERING SUMMARY

Common Shares Offered	We are offering 2,470,588 common shares (maximum) in the offering. We are offering our shareholders as of October 21, 2013, the record date, the right to subscribe for and purchase common shares pursuant to the exercise of subscription rights.
Subscription Right	Each subscription right entitles you to purchase 0.2721 of a common share at a subscription price of \$17.00 per share. We have granted to you, as a shareholder of record as of October 21, 2013, one subscription right for each common share you owned at that time. To the extent that the common shares owned by you at the close of business on the record date is not a whole number, the number of subscription rights to which you are entitled will be rounded down to the nearest whole subscription right. Additionally, fractional shares resulting from the exercise of subscription rights will be eliminated by rounding down to the nearest whole share. The number of rights exercisable into common shares appears on your rights certificate.
Record Date	October 21, 2013.
Subscription Price	\$17.00 per share.
Shares Outstanding Before the Rights Offering	Approximately 9,079,436 common shares were outstanding as of November 1, 2013.
Shares Outstanding After Completion of the Rights Offering	Assuming no options are exercised prior to the expiration of the rights offering and assuming the offering is fully subscribed, 11,550,024 common shares will be outstanding immediately after completion of the offering.
Expiration of the Rights Offering	5:00 p.m. Eastern Time, on December 9, 2013. We may extend the rights offering without notice to you until December 24, 2013.
Non-Transferability of Rights	The subscription rights may not be sold, transferred or assigned and will not be quoted for trading on the NASDAQ Global Select Market or on any other stock exchange or market.
Regulatory Limitation	We will not be required to issue common shares to any rights holder pursuant to the exercise of subscription rights or to any standby purchaser who, in our opinion, could be required to obtain prior clearance or approval from, or submit a notice to, any federal or state bank regulatory authority to acquire, own or control such shares if, at the expiration time for the exercise of rights, such clearance or approval has not been obtained and/or any required waiting period has not expired. If we elect not to issue common shares in such case, such common shares will become available to the standby purchasers. See “ <b>The Rights Offering — Regulatory Limitation</b> ” beginning on page S-33 of this Prospectus Supplement.
Subscription Agent	We have engaged Registrar and Transfer Company as our subscription agent for the rights offering. All subscription rights certificates and election forms, payments of the subscription price and nominee holder certifications, to the extent applicable to your exercise of subscription

rights, must be delivered to the subscription agent prior to 5:00 p.m., Eastern Time, on December 9, 2013. The subscription agent will hold funds received in payment for common shares in a segregated account until the rights offering is completed or is withdrawn or canceled. If the rights offering is canceled for any reason, all subscription payments received by the subscription agent will be returned promptly, without interest.

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Dealer-Manager	<p>We have entered into an agreement with Sandler O’Neill pursuant to which Sandler O’Neill is acting as our dealer-manager in connection with the rights offering. Sandler O’Neill will not participate in the solicitation of our current shareholders regarding the exercise of their subscription rights. As dealer-manager, Sandler O’Neill has identified potential standby purchasers and assisted us in negotiating standby purchase agreements with standby purchasers. We have agreed to pay certain fees to, and expenses of, Sandler O’Neill for its services as our dealer-manager.</p>
Procedure for Subscribing	<p>To exercise your subscription rights, you must take the following steps:</p> <ul style="list-style-type: none"><li>• If you hold a Company share certificate, you must deliver payment and a properly completed and signed rights certificate to the subscription agent to be received before 5:00 p.m., Eastern Time, on December 9, 2013. You may deliver the documents and payment by hand delivery, U.S. mail or courier service. If U.S. mail is used for this purpose, we recommend using registered mail, properly insured, with return receipt requested.</li><li>• If you are a beneficial owner of shares that are registered in the name of a custodian bank, broker, dealer or other nominee, you will not receive a rights certificate. You should instruct your nominee to exercise your subscription rights on your behalf. Please follow the instructions of your nominee, who may require that you meet a deadline earlier than 5:00 p.m. Eastern Time, on December 9, 2013.</li></ul>
No Revocation	<p>All exercises of subscription rights are irrevocable, even if you later learn of information that you consider to be unfavorable to the exercise of your subscription rights. You should not exercise your subscription rights unless you are certain that you wish to purchase additional common shares at a subscription price of \$17.00 per share.</p>
Standby Purchase Agreements	<p>We have entered into standby purchase agreements pursuant to which an aggregate of eleven investors, as standby purchasers, have severally agreed to acquire from us at \$17.00 per share up to 2,470,588 common shares in the aggregate if and to the extent that the rights offering is not fully subscribed. Accordingly, to the extent that our shareholders do not fully subscribe to the rights offering, any and all unsold shares will be purchased by the standby purchasers. See “<b>The Rights Offering — Regulatory Limitation</b>” beginning on page S-33 of this Prospectus Supplement and “<b>Standby Purchase Agreements</b>” beginning on page S-44 of this Prospectus Supplement.</p>
Extensions, Cancellation and Amendment	<p>Although we do not presently intend to do so, we have the option to extend the rights offering expiration date, but in no event will we extend the rights offering beyond December 24, 2013. Our Board of Directors may cancel the rights offering at any time. In the event that the rights offering is cancelled, all subscription payments received by the subscription agent will be returned, without interest, as soon as practicable.</p>

<p>Common Shares Issuable upon Exercise of Subscription Rights to be Issued in Book-Entry, or Uncertificated Form</p>	<p>All common shares that you purchase in the rights offering will be issued in book-entry or uncertificated form. When issued, the common shares will be registered in the name of the subscription rights holder of record. As soon as practicable after the expiration of the rights offering, the subscription agent will arrange for issuance of the common shares purchased in the rights offering to each subscription rights holder of record that has validly exercised its subscription rights. If your shares as of October 21, 2013 were held by a custodian bank, broker, dealer or other nominee, and you participate in the rights offering, your nominee will be credited with the common shares you purchase in the rights offering as soon as practicable after the expiration of the rights offering.</p>
<p>Purchase Intentions of Our Directors and Executive Officers</p>	<p>We expect that each of our active directors and executive officers will participate in the rights offering. The number of subscription rights exercised by the directors and executive officers will depend on their current ownership of our common shares and their financial ability to exercise their subscription rights. The purchase price paid by them will be \$17.00 per share, the same paid by all other persons who purchase common shares in the offering.</p>
<p>Trading Market</p>	<p>Our common shares are quoted on the NASDAQ Global Select Market under the ticker symbol “PGC”.</p>
<p>No Board or Financial Advisor Recommendations</p>	<p>An investment in our common shares must be made pursuant to your evaluation of your best interests. Accordingly, our Board of Directors does not make any recommendation to you regarding whether you should exercise your rights or purchase our common shares.</p>
<p>Material U.S. Federal Income Tax Considerations</p>	<p>For U.S. federal income tax purposes, you should not recognize income or loss upon receipt or exercise of a subscription right. You should consult your own tax advisor as to the tax consequences to you of the receipt, exercise or lapse of the rights in light of your particular circumstances.</p>
<p>Use of Proceeds</p>	<p>We estimate that the net proceeds from the offering, after advisory fees, dealer-manager commissions and estimated expenses, will be approximately \$40.5 million. The net proceeds of the offering will be used by us for general corporate purposes which may include, among other things, funding our expansion plans, working capital and pursuing strategic opportunities which may be presented to us from time to time. See “<b>Use of Proceeds</b>” beginning on page S-39 of this Prospectus Supplement.</p>

Risk Factors Before you exercise your subscription rights to purchase common shares, you should be aware that there are risks associated with your investment, including the risks described in the section captioned “**Risk Factors**” beginning on page S-18 of this Prospectus Supplement, and the risks that we have highlighted in other sections of this Prospectus Supplement. You should carefully read and consider these risk factors together with all of the other information included in this Prospectus Supplement before you decide to exercise your subscription rights to purchase our common shares.

Additional Information We are subject to the information requirements of the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act, which means that we are required to file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission, which we refer to as the SEC, all of which are available at the Public Reference Room of the SEC at 100 F Street, NE, Washington, D.C. 20549. You may also obtain copies of the reports, proxy statements and other information from the Public Reference Room of the SEC, at prescribed rates, by calling 1-800-SEC-0330. The SEC maintains an Internet website at <http://www.sec.gov> where you can access reports, proxy information and registration statements, and other information regarding us that we file electronically with the SEC. In addition, we make available, without charge, through our website, [www.pgbank.com](http://www.pgbank.com), electronic copies of our filings with the SEC, including copies of Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to these filings, if any. Information on our website should be considered a part of this Prospectus Supplement, and we do not intend to incorporate into this Prospectus Supplement any information contained in our website.

The SEC allows us to “incorporate by reference” the information we file with it, which means that we can disclose important information to you by referring you to those documents filed separately with the SEC. The information we incorporate by reference is an important part of this Prospectus Supplement and you may see a list of the documents we incorporate by reference on page S-iii of this Prospectus Supplement.

Questions If you have any questions regarding completing a rights certificate or submitting payment in the rights offering, please contact our subscription agent, Registrar and Transfer Company, by calling (800) 368-5948, or by email at [info@rtco.com](mailto:info@rtco.com). If you have any questions about us or the rights offering, please contact our information agent, AST Phoenix Advisors, by calling (212) 493-3910 (for banks and brokers) or (866) 620-2535 (for individual shareholders).

**SUMMARY FINANCIAL INFORMATION****Peapack Summary Historical Consolidated Financial Information**

The following table sets forth certain selected financial data of the Company as of and for the nine months ended September 30, 2013 and 2012 and as of and for each of the five years ended December 31, 2012, 2011, 2010, 2009 and 2008. The data for the Company as of September 30, 2013 and for the nine months ended September 30, 2013 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, 2012, 2011, 2010, 2009 and 2008 were 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, 2013 and for the nine months ended September 30, 2013 and 2012 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 quarterly period ended September 30, 2013, which is incorporated herein by reference, as well as the Company's audited consolidated financial statements as of and for each of the five years ended December 31, 2012, 2011, 2010, 2009 and 2008 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, 2012, which is also incorporated herein by reference.

The consolidated financial statements as of and for the nine months ended September 30, 2013 and 2012 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.

(In Thousands, Except Per Share Data)	Nine Months Ended September 30,		Years Ended December 31,				
	2013	2012	2012	2011	2010	2009	2008
<b>Summary Earnings:</b>							
Interest Income	41,315	42,298	56,090	56,051	60,922	66,007	\$71,917
Interest Expense	3,067	3,654	4,687	7,136	11,032	17,659	25,597
Net Interest Income	38,248	38,644	51,403	48,915	49,890	48,348	46,320
Provision for Loan Losses	2,100	3,750	8,275	7,250	10,000	9,700	2,400
Net Interest Income After Provision For Loan Losses	36,148	34,894	43,128	41,665	39,890	38,648	43,920
Other Income, Exclusive of Securities Gains/(Losses), Net	14,907	13,221	17,493	15,679	14,932	13,729	14,382
Securities Gains/(Losses), Net	715	732	3,810	1,037	124	69	483
Impairment Charges on Securities	—	—	—	—	(941 )	—	(56,146)
Other Expenses	40,537	34,777	48,330	44,399	43,110	42,266	37,285
Income/(Loss) Before Income Tax Expense	11,233	14,070	16,101	13,982	10,895	10,180	(34,646)
Income Tax Expense/(Benefit)	4,367	5,432	6,405	1,814	3,231	3,054	(12,586)
Net Income/(Loss)	6,866	8,638	9,696	12,168	7,664	7,126	(22,060)



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Dividends on Preferred Stock and Accretion	—	474	474	1,228	1,686	1,493	—
Net Income/(Loss) Available to Common Shareholders	6,866	8,164	9,222	10,940	5,978	5,633	\$(22,060)

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	Nine Months Ended September 30,		Years Ended December 31,				
	2013	2012	2012	2011	2010	2009	2008
<b>Per share data</b> (reflects a 5% stock dividend in 2009 except for cash dividends per share):							
Earnings/(Loss) Per Share-Basic	\$0.77	\$0.93	\$1.05	\$1.25	\$0.68	\$0.64	\$(2.53)
Earnings/(Loss) Per Share-Diluted	0.76	0.93	1.05	1.25	0.68	0.64	(2.53)
Cash Dividends Declared	0.15	0.15	0.20	0.20	0.20	0.26	0.64
Book Value End-of-Period	14.12	13.38	13.90	12.47	11.03	10.57	9.64
Weighted Average Shares							
Outstanding	8,910,514	8,775,022	8,780,973	8,741,209	8,784,655	8,715,419	8,707,000
Common Stock Equivalents (Dilutive)	71,644	30,837	47,501	1,061	366	50,838	—

	At September 30,		At December 31,				
	2013	2012	2012	2011	2010	2009	2008
<b>Balance Sheet Data (at Period End):</b>							
Total Assets	\$1,797,704	\$1,583,490	\$1,667,836	\$1,600,335	\$1,505,425	\$1,512,353	\$1,348,000
Investment Securities Held to Maturity	—	76,698	—	100,719	140,277	89,459	51,000
Securities Available to Sale	273,952	253,489	304,479	319,520	275,076	272,484	173,000
FHLB and FRB Stock, at cost	7,707	4,639	4,639	4,569	4,624	5,315	4,900
Total Loans	1,396,949	1,096,482	1,132,584	1,038,345	932,497	983,537	1,000,000
Allowance for Loan Losses	14,056	13,893	12,735	13,223	14,282	13,192	9,600
Total Deposits	1,572,563	1,432,686	1,516,427	1,443,892	1,351,546	1,349,669	1,200,000
Total Shareholders' Equity	126,418	117,478	122,057	122,971	117,716	119,509	83,000
Trust Assets under Administration (Market Value)	2,581,813	2,146,920	2,303,612	1,957,146	1,940,404	1,856,229	1,800,000
Cash Dividends:							
Common	1,348	1,331	1,774	1,765	1,757	2,199	5,300
Preferred	—	112	112	823	1,126	1,218	—

	At September 30,		At December 31,				
	2013	2012	2012	2011	2010	2009	2008
<b>Selected Performance Ratios:</b>							
Return on Average Total Assets	0.55 %	0.73 %	0.61 %	0.79 %	0.52 %	0.49 %	(1.62) %
Return on Average Common Shareholders' Equity	7.35	9.63	8.03	10.74	6.26	6.26	(20.74)
Dividend Payout Ratio	19.63	16.30	19.24	16.13	29.39	39.05	(24.04)
Average Equity to Average Assets Ratio	7.43	7.18	7.25	7.64	7.83	7.99	7.81
Net Interest Margin	3.26	3.52	3.50	3.47	3.64	3.58	3.68
Non-Interest Expenses to Average Assets	3.22	2.93	3.04	2.90	2.91	2.90	2.74
Non-Interest Income to Average Assets	1.24	1.18	1.34	1.09	0.95	0.95	(3.03)

Asset Quality Ratios (At Period End):	At September 30,		At December 31,					
	2013	2012	2012	2011	2010	2009	2008	
Non-Performing Loans to Total Loans	0.49 %	1.55 %	1.04 %	1.85 %	2.01 %	1.19 %	0.51 %	
Non-Performing Assets to Total Assets	0.54	1.29	0.91	1.65	1.51	0.80	0.48	
Allowance for Loan Losses to Non-Performing Loans	2.0 X	0.8 X	1.1 X	0.7 X	0.8 X	1.1 X	1.8 X	
Allowance for Loan Losses to Total Loans	1.01 %	1.27 %	1.12 %	1.27 %	1.53 %	1.34 %	0.92 %	
Net Charge-Offs to Average Loans Plus Other Real Estate Owned	0.08	0.38	0.80	0.86	0.93	0.61	0.02	

Liquidity and Capital Ratios (At Period End):	At September 30,		At December 31,					
	2013	2012	2012	2011	2010	2009	2008	
Average Loans to Average Deposits	80.85 %	76.18 %	76.39 %	70.15 %	72.22 %	78.74 %	85.01 %	
Total Shareholders' Equity to Total Assets	7.03	7.42	7.32	7.68	7.82	7.90	6.06	
Average Common Shareholders' Equity to Average Assets	7.43	7.14	7.22	6.66	6.43	6.17	7.81	
Total Capital to Risk-Weighted Assets	12.55	12.76	13.08	13.76	14.16	13.71	10.05	
Tier 1 Capital to Risk-Weighted Assets	11.30	11.51	11.83	12.51	12.91	12.45	9.11	
Tier 1 Leverage Ratio	7.20	7.31	7.27	7.73	7.96	7.93	6.15	

## New Capital Rules

In July 2013, the Federal Reserve Board, or Federal Reserve, published final rules establishing a new comprehensive capital framework for U.S. banking organizations, referred to herein as the Rules. The Federal Deposit Insurance Corporation, or FDIC, and the Office of the Comptroller of the Currency, or OCC, have adopted substantially identical rules (in the case of the FDIC, as interim final rules). The Rules implement the Basel Committee's December 2010 framework, commonly referred to as Basel III, for strengthening international capital standards as well as certain provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act, or Dodd-Frank Act. The Rules substantially revise the risk-based capital requirements applicable to bank holding companies and depository institutions, including the Company and the Bank, compared to the current U.S. risk-based capital rules. The Rules define the components of capital and address other issues affecting the numerator in banking institutions' regulatory capital ratios. The Rules also address risk weights and other issues affecting the denominator in banking institutions' regulatory capital ratios and replace the existing risk-weighting approach, which was derived from Basel I capital accords of the Basel Committee, with a more risk-sensitive approach based, in part, on the standardized approach in the Basel Committee's 2004 Basel II capital accords. The Rules also implement the requirements of Section 939A of the Dodd-Frank Act to remove references to credit ratings from the federal banking agencies' rules. The Rules are effective for the Company on January 1, 2015 (subject to phase-in periods for certain components).

The Rules, among other things: (i) introduce a new capital measure called "Common Equity Tier 1," or CET1; (ii) specify that Tier 1 capital consist of CET1 and "Additional Tier 1 capital" instruments meeting specified requirements; (iii) apply most deductions/adjustments to regulatory capital measures to CET1 and not to the other components of capital, thus potentially requiring higher levels of CET1 in order to meet minimum ratios; and (iv) expand the scope of the reductions/adjustments from capital as compared to existing regulations.

Under the Rules, the minimum capital ratios for the Company and the Bank as of January 1, 2015 will be as follows:

- 4.5% CET1 to risk-weighted assets.
- 6.0% Tier 1 capital (i.e., CET1 plus Additional Tier 1) to risk-weighted assets.
- 8.0% Total capital (i.e., Tier 1 plus Tier 2) to risk-weighted assets.
- 4.0% Tier 1 capital to average consolidated assets as reported on consolidated financial statements (known as the "leverage ratio").

When fully phased in on January 1, 2019, the Rules will also require the Company and the Bank to maintain a "capital conservation buffer" in an amount greater than 2.5%, composed entirely of CET1, on top of the minimum risk-weighted asset ratios. The capital conservation buffer is designed to absorb losses during periods of economic stress. Banking institutions that meet the minimum capital requirements of 4.5%, 6.0% and 8.0% for CET1, Tier 1 and Total capital, respectively, but fall below the capital conservation buffer, will face constraints on capital distributions and discretionary bonus payments to executive officers based on the amount of the shortfall. The capital conservation

buffer effectively increases the minimum CET1 capital ratio to 7.0%, the minimum Tier 1 risk-based capital ratio to 8.5%, and the minimum total risk-based capital ratio to 10.5%, for banking organizations seeking to avoid the limitations on capital distributions and discretionary bonus payments to executive officers. The implementation of the capital conservation buffer will begin on January 1, 2016 at an amount greater than 0.625% and will increase by 0.625% on each subsequent January 1, until it reaches 2.5% on January 1, 2019.

The Rules provide for a number of deductions from and adjustments to CET1. These include, for example, the requirement that mortgage servicing rights, deferred tax assets dependent upon future taxable income and significant investments in common equity issued by nonconsolidated financial entities be deducted from CET1 to the extent that any one such category exceeds 10% of CET1 or all such categories in the aggregate exceed 15% of CET1.

Under current capital standards, the effects of accumulated other comprehensive income items included in capital are excluded for the purposes of determining regulatory capital ratios. Under the Rules, the effects of certain accumulated other comprehensive items are not excluded; however, non-advanced approaches banking organizations, including the Company and the Bank, may make a one-time permanent election to continue to exclude these items effective as of January 1, 2015.

The deductions and other adjustments to CET1 will be phased in incrementally between January 1, 2015 and January 1, 2018.

With respect to the Bank, the Rules also revise the “prompt corrective action” regulations pursuant to Section 38 of the Federal Deposit Insurance Act, by: (i) introducing a CET1 ratio requirement at each capital quality level (other than critically undercapitalized), with the required CET1 ratio being 6.5% for well-capitalized status; (ii) increasing the minimum Tier 1 capital ratio requirement for each category, with the minimum Tier 1 capital ratio for well-capitalized status being 8% (as compared to the current 6%); and (iii) requiring a leverage ratio of 5% to be well-capitalized (as compared to the current required leverage ratio of 3 or 4%). The Rules do not change the total risk-based capital requirement for any “prompt corrective action” category. When the capital conservation buffer is fully phased in, the capital ratios applicable to depository institutions under the Rules will exceed the ratios to be considered well-capitalized under the prompt corrective action regulations.

The Rules prescribe a standardized approach for calculating risk-weighted assets that expand the risk-weighting categories from the current four Basel I-derived categories (0%, 20%, 50% and 100%) to a much larger and more risk-sensitive number of categories, depending on the nature of the assets, generally ranging from 0% for U.S. Government and agency securities, to 600% for certain equity exposures, and resulting in higher risk weights for a variety of asset categories. In addition, the Rules also provide more advantageous risk weights for derivatives and repurchase-style transactions cleared through a qualifying central counterparty and increase the scope of eligible guarantors and eligible collateral for purposes of credit risk mitigation.

We believe that, as of September 30, 2013, the Company and the Bank would meet all capital adequacy requirements under the Rules on a fully phased-in basis if such requirements were currently effective including after giving effect to the deductions described above.

## **RISK FACTORS**

*An investment in our common shares involves risks. You should consider carefully the risk factors included below as well as those discussed under the caption "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2012, together with all of the other information included in, or incorporated by reference into, this Prospectus Supplement before making a decision to invest in the common shares. Some of these factors relate principally to our business. The risks and uncertainties described below are not the only ones facing us. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also have a material adverse effect on our business and operations. If any of the matters included in the following risks were to occur, our business, financial condition, results of operations, cash flows or prospects could be materially adversely affected. In such case, you may lose all or part of your original investment.*

### **Risks Relating to Ownership of Our Common Stock**

*We may not be able to continue to grow our business, which may adversely impact our results of operations.*

Our business strategy calls for continued expansion. Our ability to continue to grow depends, in part, upon our ability to successfully attract deposits to existing and identify favorable loan and investment opportunities. We expect to add personnel to assist in this growth. In the event that we do not continue to grow, or the new personnel do not produce sufficient new revenues, our results of operations could be adversely impacted.

*We may not be able to manage our growth, which may adversely impact our financial results.*

As part of our expansion strategy, we plan to broaden and expand our multi-family, commercial real estate lending, commercial and industrial lending and residential mortgage businesses in both our existing and new geographic markets. In addition, as part of our expansion strategy, we may add new lines of business or offer new products and services within existing lines of business. There are substantial risks and uncertainties associated with these efforts, particularly in instances where the markets are not fully developed. We may invest significant time and resources to develop and market new lines of business and/or products and services. Initial timetables for the introduction and development of new lines of business and/or new products or services may not be achieved and price and profitability targets may not prove feasible. External factors, such as compliance with regulations, competitive alternatives, and shifting customer preferences may also impact the successful implementation of a new line of business or a new product or service. Additionally, any new line of business and/or new product or service could have a significant impact on the effectiveness of our system of internal controls. Failure to successfully manage these risks could have a material adverse effect on our business, results of operations and financial condition.

Our ability to implement our expansion strategy will depend upon a variety of factors, including our ability to attract and retain experienced personnel, the continued availability of desirable business opportunities and locations, the competitive responses from other financial institutions in the new market areas and our ability to manage growth. In order to implement our expansion strategy, we plan to hire new personnel in our existing and target markets. However, we may be unable to hire qualified management. In addition, the organizational and overhead costs may be greater than we anticipated. Moreover, we may not be able to obtain the regulatory approvals necessary. New business expansion efforts may take longer than expected to reach profitability, and we cannot assure that they will become profitable. The additional costs of adding new personnel may adversely impact our financial results.

Our ability to manage growth successfully will depend on whether we can continue to fund this growth while maintaining cost controls and asset quality, as well as on factors beyond our control, such as national and regional economic conditions and interest rate trends. If we are not able to control costs and maintain asset quality, such growth could adversely impact our earnings and financial condition.

The Company is required by Federal regulatory authorities to maintain adequate levels of capital to support its operations. The Company may at some point need to raise additional capital to support continued growth. The Company's ability to raise additional capital, if needed, will depend on conditions in the capital markets at that time, which are outside the Company's control, and on its financial performance. Accordingly, the Company cannot assure you of its ability to raise additional capital if needed or on terms acceptable to the Company. If the Company cannot raise additional capital when needed, the ability to further expand its operations could be materially impaired.



***The Dodd-Frank Wall Street Reform and Consumer Protection Act may adversely affect our business activities, financial position and profitability by increasing our regulatory compliance burden and associated costs, placing restrictions on certain products and services, and limiting our future capital raising strategies.***

On July 21, 2010, the President signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”), which implements significant changes in the financial regulatory landscape and will impact all financial institutions, including the Company and the Bank. The Act has and is likely to continue to increase our regulatory compliance burden.

Among the Act’s significant regulatory changes, it created the CFPB that is empowered to promulgate new consumer protection regulations and revise existing regulations in many areas of consumer protection. The CFPB has exclusive authority to issue regulations, orders and guidance to administer and implement the objectives of federal consumer protection laws. Moreover, the Act permits states to adopt stricter consumer protection laws and state attorney generals may enforce consumer protection rules issued by the CFPB. The Act also changes the scope of federal deposit insurance coverage, and increases the FDIC assessment payable by the Bank. The CFPB and these other changes have increased, and will continue to increase, our regulatory compliance burden and costs and may restrict the financial products and services we offer to our customers.

The Act also imposed more stringent capital requirements on bank holding companies by, among other things, imposing leverage ratios on bank holding companies and prohibiting new trust preferred issuances from counting as Tier I capital. These restrictions may limit our future capital strategies. The Act also increases regulation of derivatives and hedging transactions, which could limit our ability to enter into, or increase the costs associated with, interest rate and other hedging transactions.

Although certain provisions of the Act, such as required direct supervision by the CFPB, will not apply to banking organizations with less than \$10 billion of assets, such as the Company and the Bank, the changes resulting from the legislation will impact our business. New consumer protection rules issued by the CFPB will ap