



FORM 10-K

PEAPACK GLADSTONE FINANCIAL CORP - PGC

Filed: March 12, 2008 (period: December 31, 2007)

Annual report which provides a comprehensive overview of the company for the past year

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the Fiscal Year Ended December 31, 2007

Commission File No. 000-23537

PEAPACK-GLADSTONE FINANCIAL CORPORATION
(Exact name of registrant as specified in its charter)

New Jersey
(State or other jurisdiction of
incorporation or organization)

22-2491488
(I.R.S. Employer
Identification No.)

158 Route 206
Peapack-Gladstone, New Jersey
(Address of principal executive offices)

07934
(Zip Code)

Registrant's telephone number (908) 234-0700

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class -----	Name of Exchange on which Registered -----
Common Stock, No par value	American Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒.

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐.

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment of this Form 10-K ☒.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of "accelerated filer" and "large accelerated filer" in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer ☐ Accelerated filer ☒
Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒.

The aggregate market value of the shares held by unaffiliated stockholders was approximately \$212,797,636 on June 30, 2007.

As of February 29, 2008, 8,296,011 shares of no par value Common Stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Corporation's 2007 Annual Report (the "2007 Annual Report") and Definitive Proxy Statement for the Corporation's 2008 Annual Meeting of Shareholders (the "2008 Proxy Statement") are incorporated by reference into Parts II and III.

FORM 10-K
PEAPACK-GLADSTONE FINANCIAL CORPORATION
For the Year Ended December 31, 2007

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This Form 10-K contains certain forward-looking statements with respect to the financial condition, results of operations and business of the Corporation. Such statements are not historical facts and include expressions about the Corporation's confidence, strategies and expectations about earnings, new and existing programs and products, relationships, opportunities, technology and market conditions. These statements may be identified by forward-looking terminology such as "expect," "believe," or "anticipate," or expressions of confidence like "strong," or "on-going," or similar statements or variations of such terms. Factors that may cause actual results to differ materially from those contemplated by such forward-looking statements include, among others, the following possibilities:

- o Effectiveness of the Corporation's balance sheet restructuring initiative.
- o Unexpected decline in the direction of the economy in New Jersey.
- o Unexpected changes in interest rates.
- o Failure to grow business.
- o Inability to manage growth in commercial loans.
- o Unexpected loan prepayment volume.
- o Unanticipated exposure to credit risks.
- o Insufficient allowance for loan losses.
- o Competition from other financial institutions.
- o Adverse effects of government regulation or different than anticipated effects from existing regulations.
- o Decline in the levels of loan quality and origination volume.
- o Decline in trust assets or deposits.
- o Unexpected classification of securities to other-than-temporary impaired status.

The Corporation assumes no responsibility to update such forward-looking statements in the future.

The Corporation

Peapack-Gladstone Financial Corporation (the "Corporation") is a bank holding company registered under the Bank Holding Company Act of 1956, as amended ("Holding Company Act"). The Corporation 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. Deposits of the Bank are insured for up to \$100,000 per depositor by the FDIC. The Bank is a member of the Federal Reserve System. The Bank offers financial services through 21 full-service banking offices, and one mini-branch. The Bank maintains nine branches and one auxiliary office in Somerset County, eight in Morris County, three in Hunterdon County and one in Union County.

The Bank is primarily dedicated to providing quality, personalized financial, trust and investment services to individuals and small businesses.

Commercial loan customers of the Bank are business people, including merchants, architects, doctors, dentists, attorneys and building contractors as well as various service firms and other local retailers. Most forms of commercial lending are offered, including working capital lines of credit, term loans for fixed asset acquisitions, commercial mortgages and other forms of asset-based financing.

In addition to commercial lending activities, the Bank offers 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. The Bank also offers residential and construction mortgages, home equity lines of credit and other second mortgage loans. For children, the Bank offers a special pony club savings account. New Jersey Consumer Checking Accounts are offered to low income customers. In addition, the Bank provides foreign and domestic travelers' checks, cashier's checks and wire transfers. Automated teller machines are available at 22 locations. Via the automatic teller machine access card issued by the Bank, customers may pay for commodities at point-of-sale merchant locations. Internet banking is available to customers including an on-line bill payment option. The Corporation has no foreign operations.

The Bank has a Trust and Investment Department, PGB Trust and Investments, which offers personal investment management services, personal trust administration services, estate settlement, income tax services, custodial services and other financial planning services. Since its inception in 1972, market value of trust assets have increased to almost \$2.03 billion.

The Corporation 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 on its website at www.pgbank.com. Also available on the website are the Corporation's Code of Business Conduct and Ethics, Corporate Governance Principles and charters for the Corporation's Audit Committee, Compensation Committee and Nominating Committee.

Employees

As of December 31, 2007, the Corporation employed 254 full-time equivalent persons. Management considers relations with employees to be satisfactory.

Principal Market Areas

The Bank's principal market for its deposit gathering activities includes Somerset, Morris, Hunterdon and Union Counties. The area is composed of upper-income single-family homes, moderate-income properties, some low-income housing and several large corporate campuses. There are numerous small retail businesses in each of the towns as well as offices for various professionals, i.e. attorneys, architects, interior decorators, physicians, etc. A portion of the market area is bisected by Interstate Highways 287 and 78 where numerous corporate offices have relocated over the past 25 years.

The Bank has expanded its service areas from one office in 1968 to the present 21 full-service banking locations and one mini-branch location by steadily opening new branches. All of the communities that the Bank serves are demographically similar and contiguous to the main office.

Competition

The market for banking and bank-related services is highly competitive. The Bank competes with other providers of financial services such as other bank holding companies, commercial and savings banks, savings and loan associations, credit unions, money market and mutual funds, mortgage companies, and a growing list of other local, regional and national institutions which offer financial services. Mergers between financial institutions within New Jersey and in neighboring states have added competitive pressure. The Bank competes by offering quality products and convenient services at competitive prices. In order to maintain and enhance its competitive position, the Bank regularly reviews its products, locations and new branching prospects.

Governmental Policies and Legislation

The banking industry is highly regulated. Statutory and regulatory controls increase a bank holding company's cost of doing business and limit the options of its management to deploy assets and maximize income. Proposals to change the laws and regulations governing the operations and taxation of banks, bank holding companies and other financial institutions are frequently made in Congress, in state legislatures and before various bank regulatory agencies. The likelihood of any major changes and the impact such changes might have on the Corporation or the Bank is impossible to predict. The following discussion is not intended to be a complete list of all the activities regulated by the banking laws or of the impact of such laws and regulations on the Bank. It is intended only to briefly summarize some material provisions.

Capital Requirements

The Federal Reserve Board has adopted risk-based capital guidelines for banks and bank holding companies. The minimum guideline for the ratio of total capital to risk-weighted assets is 8%. At least half of the total capital is to be comprised of common stock, retained earnings, minority interests in the equity accounts of consolidated subsidiaries, noncumulative perpetual preferred stock and a limited amount of qualifying cumulative perpetual preferred stock, less goodwill and certain other intangibles ("Tier 1 Capital"). The remainder may consist of other preferred stock, certain other instruments and a portion of the loan loss allowance. At December 31, 2007, the Corporation's Tier 1 Capital and Total Capital ratios were 14.92% and 15.91%, respectively.

In addition, the Federal Reserve Board has established minimum leverage ratio guidelines for banks and bank holding companies. These guidelines provide for a minimum ratio of Tier 1 Capital to average total assets of 3% for banks that meet certain specified criteria, including having the highest regulatory rating. All other banks and bank holding companies generally are required to maintain a leverage ratio of at least 3% plus an additional cushion of 100 to 200 basis points. The Corporation's leverage ratio at December 31, 2007 was 8.59%.

FDICIA

Pursuant to the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA"), each federal banking agency has promulgated regulations, specifying the levels at which a financial institution would be considered "well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized," and "critically undercapitalized," and to take certain mandatory and discretionary supervisory actions based on the capital level of the institution. The regulations implementing these provisions of FDICIA provide that a bank is defined to be "well capitalized" if it maintains a leverage ratio of at least 5%, a risk-adjusted Tier 1 capital ratio of at least 6% and a risk-adjusted total capital ratio of at least 10% and is not otherwise in a "troubled condition" as specified by its appropriate federal regulatory agency. A bank is defined to be "adequately capitalized" if it meets other minimum capital requirements. In addition, a depository institution will be considered "undercapitalized" if it fails to meet any minimum required measure, "significantly undercapitalized" if it is significantly below such measure and "critically undercapitalized" if it fails to maintain a level of tangible equity equal to not less than 2% of total assets. A depository institution may be deemed to be in a capitalization category that is lower than is indicated by its actual capital position if it receives an unsatisfactory examination rating.

Insurance Funds Legislation

The Corporation's wholly-owned subsidiary, the Peapack-Gladstone Bank, is a member of the Deposit Insurance Fund of the FDIC. The Deposit Insurance Fund was formed in 2006 when the FDIC merged the Bank Insurance Fund ("BIF") with the Savings Association Insurance Fund ("SAIF") as a requirement of the Federal Deposit Insurance Reform Act of 2005.

Restrictions on the Payment of Dividends

The holders of the Corporation's common stock are entitled to receive dividends, when, as and if declared by the Board of Directors of the Corporation out of funds legally available. The only statutory limitation is that such dividends may not be paid when the Corporation is insolvent. Since the principal source of income for the Corporation will be dividends on Bank common stock paid to the Corporation by the Bank, the Corporation's ability to pay dividends to its shareholders will depend on whether the Bank pays dividends to it. As a practical matter, restrictions on the ability of the Bank to pay dividends act as restrictions on the amount of funds available for the payment of dividends by the Corporation. As a New Jersey chartered commercial bank, the Bank is subject to the restrictions on the payment of dividends contained in the New Jersey Banking Act of 1948, as amended (the "Banking Act"). Under the Banking Act, the Bank may pay dividends only out of retained earnings, and out of surplus to the extent that surplus exceeds 50% of stated capital. Under the Financial Institutions Supervisory Act, the FDIC has the authority to prohibit a state-chartered bank from engaging in conduct that, in the FDIC's opinion, constitutes an unsafe or unsound banking practice. Under certain circumstances, the FDIC could claim that the payment of a dividend or other distribution by the Bank to the Corporation constitutes an unsafe or unsound practice. The Corporation is also subject to FRB policies, which may, in certain circumstances, limit its ability to pay dividends. The FRB policies require, among other things, that a bank holding company maintain a minimum capital base. The FRB would most likely seek to prohibit any dividend payment that would reduce a holding company's capital below these minimum amounts.

Holding Company Supervision

The Corporation is a bank holding company within the meaning of the Holding Company Act. As a bank holding company, the Corporation is supervised by the FRB and is required to file reports with the FRB and provide such additional information as the FRB may require.

The Holding Company Act prohibits the Corporation, with certain exceptions, from acquiring direct or indirect ownership or control of more than five percent of the voting shares of any company which is not a bank and from engaging in any business other than that of banking, managing and controlling banks or furnishing services to subsidiary banks, except that it may, upon application, engage in, and may own shares of companies engaged in, certain businesses found by the FRB to be so closely related to banking "as to be a proper incident thereto." The Holding Company Act requires prior approval by the FRB of the acquisition by the Corporation of more than five percent of the voting stock of any additional bank. Satisfactory capital ratios, Community Reinvestment Act ratings and anti-money laundering policies are generally

prerequisites to obtaining federal regulatory approval to make acquisitions. The policy of the FRB provides that a bank holding company is expected to act as a source of financial strength to its subsidiary bank and to commit resources to support the subsidiary bank in circumstances in which it might not do so absent that policy. Acquisitions through the Bank require the approval of the FDIC and the New Jersey Department of Banking and Insurance ("NJDOBI").

Sarbanes-Oxley Act of 2002

The Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley Act") added new legal requirements for public companies affecting corporate governance, accounting and corporate reporting.

The Sarbanes-Oxley Act provides for, among other things:

- o a prohibition on personal loans made or arranged by the issuer to its directors and executive officers (except for loans made by a bank subject to Regulation O);
- o independence requirements for audit committee members;
- o independence requirements for company auditors;
- o certification of financial statements within the Annual Report on Form 10-K and Quarterly Reports on Form 10-Q by the chief executive officer and the chief financial officer;
- o the forfeiture by the chief executive officer and the chief financial officer of bonuses or other incentive-based compensation and profits from the sale of an issuer's securities by such officers in the twelve month period following initial publication of any financial statements that later require restatement due to corporate misconduct;
- o disclosure of off-balance sheet transactions;
- o two-business day filing requirements for insiders filing on Form 4;
- o disclosure of a code of ethics for financial officers and filing a Current Report on Form 8-K for a change in or waiver of such code;
- o the reporting of securities violations "up the ladder" by both in-house and outside attorneys;
- o restrictions on the use of non-GAAP financial measures in press releases and SEC filings;
- o the formation of a public accounting oversight board;
- o various increased criminal penalties for violations of securities laws;
- o an assertion by management with respect to the effectiveness of internal control over financial reporting; and
- o a report by the company's external auditor on management's assertion and the effectiveness of internal control over financial reporting.

Each of the national stock exchanges, including the American Stock Exchange (AMEX) where the Corporation's securities are listed, have implemented corporate governance listing standards, including rules strengthening director independence requirements for boards, and requiring the adoption of charters for the nominating and audit committees.

USA PATRIOT Act

As part of the USA PATRIOT Act, Congress adopted the International Money Laundering Abatement and Financial Anti-Terrorism Act of 2001 (the "Anti Money Laundering Act"). The Anti Money Laundering Act authorizes the Secretary of the Treasury, in consultation with the heads of other government agencies, to adopt special measures applicable to financial institutions such as banks, bank holding companies, broker-dealers and insurance companies. Among its other provisions, the Anti Money Laundering Act requires each financial institution: (i) to establish an anti-money laundering program; (ii) to establish due diligence policies, procedures and controls that are reasonably designed to detect and report instances of money laundering in United States private banking accounts and correspondent accounts maintained for non-United States persons or their representatives; and (iii) to avoid establishing, maintaining, administering, or managing correspondent accounts in the United States for, or on behalf of, a foreign shell bank that does not have a physical presence in any country. In addition, the Anti Money Laundering Act expands the circumstances under which funds in a bank account may be forfeited and requires covered financial institutions to respond under certain circumstances to requests for information from federal banking agencies within 120 hours.

Regulations implementing the due diligence requirements, require minimum standards to verify customer identity and maintain accurate records, encourage cooperation among financial institutions, federal banking agencies, and law enforcement authorities regarding possible money laundering or terrorist activities, prohibit the anonymous use of "concentration accounts," and requires all covered financial institutions to have in place an anti-money laundering compliance program. Federal and state banking agencies have strictly enforced various anti-money laundering and suspicious activity reporting requirements using formal and informal enforcement tools to cause banks to comply with these provisions.

The Anti Money Laundering Act amended the Bank Holding Company Act and the Bank Merger Act to require the federal banking agencies to consider the effectiveness of any financial institution involved in a proposed merger transaction in combating money laundering activities when reviewing an application under these acts.

Gramm-Leach-Bliley Act

The Gramm-Leach-Bliley Financial Modernization Act of 1999 ("Modernization Act") became effective in early 2000. The Modernization Act:

- o allows bank holding companies meeting management, capital and Community Reinvestment Act standards to engage in a substantially broader range of non-banking activities than was previously permissible, including insurance underwriting and making merchant banking investments in commercial and financial companies;
- o allows insurers and other financial services companies to acquire banks;
- o removes various restrictions that previously applied to bank holding company ownership of securities firms and mutual fund advisory companies; and
- o establishes the overall regulatory structure applicable to bank holding companies that also engage in insurance and securities operations.

If a bank holding company elects to become a financial holding company, it files a certification, effective in 30 days, and thereafter may engage in certain financial activities without further approvals. The Corporation has not elected to become a financial holding company.

The Modernization Act modified other financial laws, including laws related to financial privacy and community reinvestment.

tem 1A. RISK FACTORS

The material risks and uncertainties that management believes affect the Corporation are described below. These risks and uncertainties are not the only ones affecting the Corporation. Additional risks and uncertainties that management is not aware of or focused on or that management currently deems immaterial may also impair the Corporation's business operations. This report is qualified in its entirety by these risk factors. If any of the following risks actually occur, the Corporation's financial condition and results of operations could be materially and adversely affected.

Changes in interest rates may adversely affect our earnings and financial condition.

Our net income depends primarily upon our net interest income. Net interest income is the difference between interest income earned on loans, investments and other interest-earning assets and the interest expense incurred on deposits and borrowed funds.

Different types of assets and liabilities may react differently, and at different times, to changes in market interest rates. We expect that we will periodically experience "gaps" in the interest rate sensitivities of our assets and liabilities. That means either our interest-bearing liabilities will be more sensitive to changes in market interest rates than our interest-earning assets, or vice versa. When interest-bearing liabilities mature or reprice more quickly than interest-earning assets, an increase in market rates of interest could reduce our net interest income. Likewise, when interest-earning assets mature or reprice more quickly than interest-bearing liabilities, falling interest rates could reduce our net interest income. We are unable to predict changes in market interest rates, which are affected by many factors beyond our control, including inflation, recession, unemployment, money supply, domestic and international events and changes in the United States and other financial markets.

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 open new branch locations, successfully attract deposits to existing and new branches, and identify favorable loan and investment opportunities. In the event that we do not continue to grow, 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 open new branches in our existing and target markets. However, we may be unable to identify attractive locations on terms favorable to us or to hire qualified management to operate the new branches. In addition, the organizational and overhead costs may be greater than we anticipated or we may not be able to obtain the regulatory approvals necessary to open new branches. New branches may take longer than expected to reach profitability, and we cannot assure that they will become profitable. The additional costs of starting new branches 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 Corporation is required by Federal regulatory authorities to maintain adequate levels of capital to support its operations. The Corporation may at some point need to raise additional capital to support continued growth. The Corporation's ability to raise additional capital, if needed, will depend on conditions in the capital markets at that time, which are outside the Corporation's control, and on its financial performance. Accordingly, the Corporation cannot assure you of its ability to raise additional capital if needed or on terms acceptable to the Corporation. If the Corporation cannot raise additional capital when needed, the ability to further expand its operations could be materially impaired.

Our exposure to credit risk could adversely affect our earnings and financial condition.

There are certain risks inherent in making loans. These risks include interest rate changes over the time period in which loans may be repaid, risks resulting from changes in the economy, risks inherent in dealing with borrowers and, in the case of a loan backed by collateral, risks resulting from uncertainties about the future value of the collateral.

Adverse economic and business conditions in our market area may have an adverse effect on our earnings.

Substantially all of our business is with customers located within Morris, Somerset and Hunterdon Counties and contiguous counties. Generally, we make loans to small to mid-sized businesses, most of whose success depends on the regional economy. These businesses generally have fewer financial resources in terms of capital or borrowing capacity than larger entities. Adverse economic and business conditions in our market area could reduce our growth rate, affect our borrowers' ability to repay their loans and, consequently, adversely affect our financial condition and performance. Further, we place substantial reliance on real estate as collateral for our loan portfolio. A sharp downturn in real estate values in our market area could leave many of our loans under secured. If we are required to liquidate the collateral to satisfy the debt securing a loan during a period of reduced real estate values, our earnings could be adversely affected.

If our allowance for loan losses were not sufficient to cover actual loan losses, our earnings would decrease.

We maintain an allowance for loan losses based on, among other things, national and regional economic conditions, and historical loss experience and delinquency trends among loan types. However, we cannot predict loan losses with certainty and we cannot assure you that charge-offs in future periods will not exceed the allowance for loan losses. In addition, regulatory agencies, as an integral part of their examination process, review our allowance for loan losses and may require additions to the allowance based on their judgment about information available to them at the time of their examination. Factors that require an increase in our allowance for loan losses could reduce our earnings.

Competition from other financial institutions in originating loans and attracting deposits may adversely affect our profitability.

We face substantial competition in originating loans. This competition comes principally from other banks, savings institutions, mortgage banking companies and other lenders. Many of our competitors enjoy advantages, including greater financial resources and higher lending limits, a wider geographic presence, and more accessible branch office locations.

In attracting deposits, we face substantial competition from other insured depository institutions such as banks, savings institutions and credit unions, as well as institutions offering uninsured investment alternatives, including money market funds. Many of our competitors enjoy advantages, including greater financial resources, more aggressive marketing campaigns, better brand recognition and more branch locations. These competitors may offer higher interest rates than we do, which could decrease the deposits that we attract or require us to increase our rates to retain existing deposits or attract new deposits. Increased deposit competition could adversely affect our ability to generate the funds necessary for lending operations and increase our cost of funds.

We also compete with non-bank providers of financial services, such as brokerage firms, consumer finance companies, insurance companies and governmental organizations, which may offer more favorable terms. Some of our non-bank competitors are not subject to the same extensive regulations that govern our operations. As a result, such non-bank competitors may have advantages over us in providing certain products and services. This competition may reduce or limit our margins on banking services, reduce our market share and adversely affect our earnings and financial condition.

Government regulation significantly affects our business.

The banking industry is extensively regulated. Banking regulations are intended primarily to protect depositors, and the FDIC deposit insurance funds, not the shareholders of the Corporation. We are subject to regulation and supervision by the New Jersey Department of Banking and Insurance and the Federal Reserve Bank. Regulatory requirements affect our lending practices, capital structure, investment practices, dividend policy and growth. The bank regulatory agencies possess broad authority to prevent or remedy unsafe or unsound practices or violations of law. We are subject to various regulatory capital requirements, which involve both quantitative measures of our assets and liabilities and qualitative judgments by regulators regarding risks and other factors. Failure to meet minimum capital requirements or comply with other regulations could result in actions by regulators that could adversely affect our ability to pay dividends or otherwise adversely impact operations. In addition, changes in laws, regulations and regulatory practices affecting the banking industry may limit the manner in which we conduct our business. Such changes may adversely affect us, including our ability to offer new products and services, obtain financing, attract deposits, make loans and achieve satisfactory spreads and impose additional costs on us.

The Bank is also subject to a number of Federal laws, which, among other things, require it to lend to various sectors of the economy and population, and establish and maintain comprehensive programs relating to anti-money laundering and customer identification. The Bank's compliance with these laws will be considered by the Federal banking regulators when reviewing bank merger and bank holding company acquisitions or commence new activities or make new investment in reliance on the Gramm-Leach-Bliley Act. As a public company, we are also subject to the corporate governance standards set forth in the Sarbanes-Oxley Act of 2002, as well as any rules or regulations promulgated by the SEC or the American Stock Exchange.

Item 1B. UNRESOLVED STAFF COMMENTS

None.

Item 2. PROPERTIES

The Corporation owns ten branches and leases 11 branches. The Corporation also owns one property adjacent to the Main Office in Peapack-Gladstone. The Corporation leases an administrative and operations office building in Peapack-Gladstone and a data center in Bedminster Township.

Item 3. LEGAL PROCEEDINGS

In the normal course of its business, lawsuits and claims may be brought against the Corporation and its subsidiaries. There is no currently pending or threatened litigation or proceedings against the Corporation or its subsidiaries, which assert claims that if adversely decided, would have a material adverse effect on the Corporation.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY RELATED STOCKHOLDER
MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The Common Stock of Peapack-Gladstone Financial Corporation is traded on the American Stock Exchange under the symbol of PGC. The following table sets forth, for the periods indicated, the reported high and low sale prices on known trades and cash dividends declared per share by the Corporation.

2007	HIGH	LOW	DIVIDEND PER SHARE
	-----	-----	-----
1st QUARTER	\$ 31.03	\$ 25.62	\$ 0.15
2nd QUARTER	32.47	26.78	0.15
3rd QUARTER	27.80	24.80	0.16
4th QUARTER	26.35	24.45	0.16

2006	HIGH	LOW	DIVIDEND PER SHARE
	-----	-----	-----
1st QUARTER	\$ 29.50	\$ 24.45	\$ 0.14
2nd QUARTER	26.26	23.52	0.14
3rd QUARTER	27.40	24.15	0.15
4th QUARTER	28.10	24.00	0.15

Future dividends payable by the Corporation will be determined by the Board of Directors after consideration of earnings and financial condition of the Corporation, need for capital and such other matters as the Board of Directors deems appropriate. The payment of dividends is subject to certain restrictions, see Part I, Item 1, "Description of Business - Restrictions on the Payment of Dividends."

Performance Graph

The following graph compares the cumulative total return on a hypothetical \$100 investment made on December 31, 2002 in (a) the Corporation's common stock; (b) the Russell 3000 Stock Index, and (c) the Keefe, Bruyette & Woods KBW 50 Index (top 50 U.S. banks). The graph is calculated assuming that all dividends are reinvested during the relevant periods. The graph shows how a \$100 investment would increase or decrease in value over time, based on dividends (stock or cash) and increases or decreases in the market price of the stock.

Performance Graph

[THE FOLLOWING TABLE WAS REPRESENTED BY A LINE GRAPH IN THE PRINTED MATERIAL.]

Index	Period Ending					
	12/31/02	12/31/03	12/31/04	12/31/05	12/31/06	12/31/07
Peapack-Gladstone Financial Corporation	100.00	100.80	114.35	102.96	106.04	94.26
Russell 3000	100.00	131.06	146.71	155.69	180.16	189.42
KBW 50	100.00	133.99	147.51	147.07	172.09	134.56

On December 31, 2007, the last reported sale price of the Common Stock was \$24.57. Also, on February 29, 2008, there were approximately 809 shareholders of record.

Issuer Purchases of Equity Securities

The following table sets forth information for the three months ended December 31, 2007, with respect to repurchases of the Corporation's outstanding common shares:

Issuer Purchases of Equity Securities

Period	Total Number Of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchases as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that may yet Be Purchased Under the Plans or Programs
October 1-31, 2007	700	\$ 25.62	700	76,400
November 1-30, 2007	5,050	25.19	5,050	71,350
December 1-31, 2007	3,750	24.91	3,750	67,600
Total	9,500	\$ 25.11	9,500	

On April 15, 2005, the Board of Directors of Peapack-Gladstone Financial Corporation announced the authorization of a stock repurchase plan. The Board authorized the purchase of up to 150,000 shares of outstanding common stock, to be made from time to time, in the open market or in privately negotiated transactions, at prices not exceeding prevailing market prices. On April 19, 2007, the Board of Directors authorized another extension of the stock buyback program for an additional twelve months to April 19, 2008.

Item 6. SELECTED FINANCIAL DATA

The information set forth in the 2007 Annual Report under the heading "Selected Consolidated Financial Data" is incorporated herein by reference.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS

The information set forth in the 2007 Annual Report under the heading
"Management's Discussion and Analysis" is incorporated herein by reference.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

The information set forth in the 2007 Annual Report under the heading "Market Risk Sensitive Instruments" is incorporated herein by reference.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Consolidated Financial Statements set forth in the 2007 Annual Report, together with the reports thereon by Crowe Chizek and Company LLC and KPMG LLP and the Notes to the Consolidated Financial Statements, are incorporated herein by reference.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND
FINANCIAL DISCLOSURE

None.

Item 9A. CONTROLS AND PROCEDURES

Management's Evaluation of Disclosure Controls and Procedures

The Corporation maintains "disclosure controls and procedures" which, consistent with Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended, is defined to mean controls and other procedures that are designed to ensure that information required to be disclosed in the reports that the Corporation files or submits under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and to ensure that such information is accumulated and communicated to the Corporation's management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

The Corporation's management, with the participation of its Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Corporation's disclosure controls and procedures. Based on such evaluation, the Corporation's Chief Executive Officer and Chief Financial Officer have concluded that the Corporation's disclosure controls and procedures are effective as of the end of the period covered by this Annual Report on Form 10-K.

The Corporation's Chief Executive Officer and Chief Financial Officer have also concluded that there have not been any changes in the Corporation's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Corporation's internal control over financial reporting during the fourth quarter of 2007.

The Corporation's management, including the CEO and CFO, does not expect that our disclosure controls and procedures or our internal controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, provides reasonable, not absolute, assurance that the objectives of the control system are met. The design of a control system reflects resource constraints; the benefits of controls must be considered relative to their costs. Because there are inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Corporation have been or will be detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns occur because of simple error or mistake. Controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events. There can be no assurance that any design will succeed in achieving its stated goals under all future conditions; over time, control may become inadequate because of changes in conditions or deterioration in the degree of compliance with the policies or procedures. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Changes in Internal Control Over Financial Reporting

There have been no changes in the Corporation's internal control over financial reporting during the quarter ended December 31, 2007, that have materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting is included in the 2007 Annual Report and is incorporated herein by reference.

Item 9B. OTHER INFORMATION

None.

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information set forth under the captions "Director Information," "Corporate Governance" and "Section 16(a) Beneficial Ownership Reporting Compliance" in the 2008 Proxy Statement is incorporated herein by reference.

Item 11. EXECUTIVE COMPENSATION

The information set forth under the captions "Executive Compensation," "Director Compensation" and "Compensation Committee Interlocks and Insider Participation" in the 2008 Proxy Statement is incorporated herein by reference.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND
RELATED STOCKHOLDER MATTERS

The following table shows information at December 31, 2007 for all equity compensation plans under which shares of our common stock may be issued:

PLAN CATEGORY	NUMBER OF SECURITIES TO BE ISSUED UPON EXERCISE OF		WEIGHTED-AVERAGE EXERCISE PRICE OF		NUMBER OF SECURITIES REMAINING AVAILABLE FOR FUTURE ISSUANCE UNDER EQUITY COMPENSATION PLANS (EXCLUDING SECURITIES REFLECTED IN COLUMN (a) (c)	
	OUTSTANDING OPTIONS (a)		OUTSTANDING OPTIONS (b)			
EQUITY COMPENSATION PLANS APPROVED BY SECURITY HOLDERS	583,812		\$ 24.77		435,286	
EQUITY COMPENSATION PLANS NOT APPROVED BY SECURITY HOLDERS	N/A		N/A		N/A	
TOTAL	583,812		\$ 24.77		435,286	

The information set forth under the captions "Beneficial Ownership of Common Stock" and "Stock Ownership of Directors and Executive Officers" in the 2008 Proxy Statement is incorporated herein by reference.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information set forth under the captions "Certain Relationships and Related Transactions" and "Corporate Governance" in the 2008 Proxy Statement is incorporated herein by reference.

Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information set forth under the captions "Independent Registered Public Accounting Firm" and "Audit Committee Pre-approval Procedures" in the 2008 Proxy Statement is incorporated herein by reference.

(a) Financial Statements and Schedules:

Those portions of the 2007 Annual Report attached hereto as Exhibit 13 contain the financial statements incorporated herein by reference.

All financial statement schedules are omitted because they are either inapplicable or not required, or because the required information is included in the Consolidated Financial Statements or notes thereto contained in the 2007 Annual Report.

(10) Exhibits

(3) Articles of Incorporation and By-Laws:

- A. Restated Certificate of Incorporation as in effect on the date of this filing is incorporated herein by reference to Exhibit 3.1 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2003.
- B. By-Laws of the Registrant as in effect on the date of this filing are incorporated herein by reference to Exhibit 3.2 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003.

(10) Material Contracts:

- A. "Change in Control Agreements" dated as of December 20, 2007 by and among the Corporation, the Bank and Frank A. Kissel, Craig C. Spengeman, Robert M. Rogers, Arthur F. Birmingham, Garrett P. Bromley and Finn M. W. Caspersen, Jr. are incorporated by reference. +
- B. "Split Dollar Plan for Senior Management" dated as of September 7, 2001 for Frank A. Kissel, Robert M. Rogers, Craig C. Spengeman, Arthur F. Birmingham and Garrett P. Bromley is incorporated by reference to Exhibit 10 (I) of the Registrant's Form 10-K Annual Report for the year ended December 31, 2003. +
- C. "Directors' Retirement Plan" dated as of March 31, 2001 is incorporated by reference to Exhibit 10 (J) of the Registrant's Form 10-K Annual Report for the year ended December 31, 2003.
- D. "Directors' Deferral Plan" dated as of March 31, 2001 is incorporated by reference to Exhibit 10 (K) of the Registrant's Form 10-K Annual Report for the year ended December 31, 2003.
- E. Bonuses paid to executive officers under employment agreements, incorporated herein by reference to the Registrant's Report on Form 8-K/A filed on January 11, 2008.
- F. "Employment Agreements" dated as of January 1, 2008 by and among the Corporation, the Bank and Frank A. Kissel, Craig C. Spengeman, Robert M. Rogers, Arthur F. Birmingham, Garrett P. Bromley and Finn M. W. Caspersen, Jr. are incorporated by reference. +
- G. Peapack-Gladstone Financial Corporation Amended and Restated 1998 Stock Option Plan and Peapack-Gladstone Financial Corporation Amended and Restated 2002 Stock Option Plan are incorporated by reference to Exhibit 10.1 and Exhibit 10.2 of the Registrant's Form 8-K Current Report filed on January 13, 2006.
- H. Peapack-Gladstone Financial Corporation 2006 Long-Term Stock Incentive Plan is incorporated by reference to Exhibit 10 of the Registrant's Form 10-Q Quarterly Report filed on May 10, 2006.

(13) Annual Report to Shareholders

+ Management contract and compensatory plan or arrangement.

(21) List of Subsidiaries:

(a) Subsidiaries of the Corporation:

Name	Jurisdiction of Incorporation	Percentage of Voting Securities Owned by the Parent
Peapack-Gladstone Bank	New Jersey	100%

(b) Subsidiaries of the Bank:

Name		
Peapack-Gladstone Investment Company, Inc.	New Jersey	100%
Peapack-Gladstone Financial Services, Inc. (Inactive)	New Jersey	100%

(c) Subsidiaries of Peapack-Gladstone Investment Company, Inc.:

Name		
Peapack-Gladstone Mortgage Group, Inc.	New Jersey	100%

(23) Consents of Experts:

(23.1) Consent of Crowe Chizek and Company LLC

(23.2) Consent of KPMG LLP

(24) Power of Attorney

(31.1) Certification of Frank A. Kissel, Chief Executive Officer of Peapack-Gladstone, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

(31.2) Certification of Arthur F. Birmingham, Chief Financial Officer of Peapack-Gladstone, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

(32) Certification of Frank A. Kissel, Chief Executive Officer of Peapack-Gladstone and Arthur F. Birmingham, Chief Financial Officer of Peapack-Gladstone pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

Pursuant to the requirements of section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Peapack-Gladstone Financial Corporation

By: /s/ Frank A. Kissel

Frank A. Kissel
Chairman of the Board
and Chief Executive Officer

By: /s/ Arthur F. Birmingham

Arthur F. Birmingham
Executive Vice President
and Chief Financial Officer

Dated: March 12, 2008

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated.

Signature	Title	Date
/s/ Frank A. Kissel ----- Frank A. Kissel	Chairman of the Board, Chief Executive Officer and Director	March 12, 2008
/s/ Arthur F. Birmingham ----- Arthur F. Birmingham	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	March 12, 2008
/s/ Anthony J. Consi II ----- Anthony J. Consi II	Director	March 12, 2008
/s/ Pamela Hill ----- Pamela Hill	Director	March 12, 2008
/s/ John D. Kissel ----- John D. Kissel	Director	March 12, 2008
/s/ James R. Lamb ----- James R. Lamb	Director	March 12, 2008
/s/ Edward A. Merton ----- Edward A. Merton	Director	March 12, 2008
/s/ F. Duffield Meyercord ----- F. Duffield Meyercord	Director	March 12, 2008
/s/ John R. Mulcahy ----- John R. Mulcahy	Director	March 12, 2008
/s/ Robert M. Rogers ----- Robert M. Rogers	Director, President and Chief Operating Officer	March 12, 2008
/s/ Philip W. Smith III ----- Philip W. Smith III	Director	March 12, 2008
/s/ Craig C. Spengeman ----- Craig C. Spengeman	Director, President of PGB Trust and Investments	March 12, 2008

AMENDED AND RESTATED
CHANGE-IN-CONTROL AGREEMENT

"FRANK A. KISSEL"

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (the "Agreement"), is made as of this "JANUARY 1, 2008", among PEAPACK-GLADSTONE BANK ("Bank"), a New Jersey state banking association with its principal office at 190 Main Street, Gladstone, New Jersey 07934, PEAPACK-GLADSTONE FINANCIAL CORPORATION ("Peapack"), a New Jersey Corporation which maintains its principal office at 158 Route 206 North, Gladstone, New Jersey 07934 (Peapack and the Bank collectively are the "Company") and FRANK A. KISSEL (the "Executive").

BACKGROUND

WHEREAS, the Executive has been continuously employed by the Bank for many years;

WHEREAS, the Executive throughout his/her tenure has worked diligently in his/her position in the business of the Bank and Peapack;

WHEREAS, the Board of Directors of the Bank and Peapack believe that the future services of the Executive are of great value to the Bank and Peapack and that it is important for the growth and development of the Bank that the Executive continue in his/her position;

WHEREAS, if the Company receives any proposal from a third person concerning a possible business combination with, or acquisition of equities securities of, the Company, the Board of Directors of the Company (the "Board") believes it is imperative that the Company and the Board be able to rely upon the Executive to continue in his/her position, and that they be able to receive and rely upon his/her advice, if they request it, as to the best interests of the Company and its

shareholders, without concern that the Executive might be distracted by the personal uncertainties and risks created by such a proposal;

WHEREAS, to achieve that goal, and to retain the Executive's services prior to any such activity, the Board of Directors and the Executive have agreed to enter into this Agreement to govern the Executive's termination benefits in the event of a Change in Control of the Company, as hereinafter defined.

NOW, THEREFORE, to assure the Company that it will have the continued dedication of the Executive and the availability of his/her advice and counsel notwithstanding the possibility, threat or occurrence of a bid to take over control of the Company, and to induce the Executive to remain in the employ of the Company, and for other good and valuable consideration, the Company and the Executive, each intending to be legally bound hereby agree as follows:

1. Definitions

a. Cause. For purposes of this Agreement "Cause" with respect to the termination by the Company of Executive's employment shall mean (i) willful and continued failure by the Executive to perform his/her duties for the Company under this Agreement after at least one warning in writing from the Company's Board of Directors identifying specifically any such failure; (ii) the willful engaging by the Executive in misconduct which causes material injury to the Company as specified in a written notice to the Executive from the Board of Directors; or (iii) conviction of a crime, other than a traffic violation, habitual drunkenness, drug abuse, or excessive absenteeism other than for illness, after a warning (with respect to drunkenness or absenteeism only) in writing from the Board of Directors to refrain from such behavior. No act or failure to act on the part of the Executive shall be considered willful unless done, or omitted to be done, by the Executive not

in good faith and without reasonable belief that the action or omission was in the best interest of the Company.

b. Change in Control. "Change in Control" means any of the following events: (i) when Peapack or a Subsidiary acquires actual knowledge that any person (as such term is used in Sections 13(d) and 14(d)(2) of the Exchange Act), other than an affiliate of Peapack or a Subsidiary or an employee benefit plan established or maintained by Peapack, a Subsidiary or any of their respective affiliates, is or becomes the beneficial owner (as defined in Rule 13d-3 of the Exchange Act) directly or indirectly, of securities of Peapack representing more than twenty-five percent (25%) of the combined voting power of Peapack's then outstanding securities (a "Control Person"), (ii) upon the first purchase of Peapack's common stock pursuant to a tender or exchange offer (other than a tender or exchange offer made by Peapack, a Subsidiary or an employee benefit plan established or maintained by Peapack, a Subsidiary or any of their respective affiliates), (iii) upon the consummation of (A) a merger or consolidation of Peapack with or into another corporation (other than a merger or consolidation which is approved by at least two-thirds of the Continuing Directors (as hereinafter defined) and the definitive agreement for which provides that at least two-thirds of the directors of the surviving or resulting corporation immediately after the transaction are Continuing Directors (a "Non-Control Transaction")), (B) a sale or disposition of all or substantially all of Peapack's assets or (C) a plan of liquidation or dissolution of Peapack, (iv) if during any period of two (2) consecutive years, individuals who at the beginning of such period constitute the Board (the "Continuing Directors") cease for any reason to constitute at least two-thirds thereof or, following a Non-Control Transaction, two-thirds of the board of directors of the surviving or resulting corporation; provided that any individual whose

election or nomination for election as a member of the Board (or, following a Non-Control Transaction, the board of directors of the surviving or resulting corporation) was approved by a vote of at least two-thirds of the Continuing Directors then in office shall be considered a Continuing Director, or (v) upon a sale of (A) common stock of the Bank if after such sale any person (as such term is used in Section 13(d) and 14(d)(2) of the Exchange Act) other than Peapack, an employee benefit plan established or maintained by Peapack or a Subsidiary, or an affiliate of Peapack or a Subsidiary, owns a majority of the Bank's common stock or (B) all or substantially all of the Bank's assets (other than in the ordinary course of business). No person shall be considered a Control Person for purposes of clause (i) above if (A) such person is or becomes the beneficial owner, directly or indirectly, of more than ten percent (10%) but less than twenty-five percent (25%) of the combined voting power of Peapack's then outstanding securities if the acquisition of all voting securities in excess of ten percent (10%) was approved in advance by a majority of the Continuing Directors then in office or (B) such person acquires in excess of ten percent (10%) of the combined voting power of Peapack's then outstanding voting securities in violation of law and by order of a court of competent jurisdiction, settlement or otherwise, disposes or is required to dispose of all securities acquired in violation of law.

c. Contract Period. "Contract Period" shall mean the period commencing the day immediately preceding a Change in Control and ending on the earlier of (i) the third anniversary of the Change in Control or (ii) the death of the Executive. For the purpose of this Agreement, a Change in Control shall be deemed to have occurred at the date specified in the definition of Change-in-Control.

d. Exchange Act. "Exchange Act" means the Securities Exchange Act of 1934, as amended.

e. Good Reason. When used with reference to a voluntary termination by Executive of his/her employment with the Company, "Good Reason" shall mean any of the following, if taken without Executive's express written consent:

(1) The assignment to Executive of any duties inconsistent with, or the reduction of powers or functions associated with, Executive's position, title, duties, responsibilities and status with the Company immediately prior to a Change in Control; any removal of Executive from, or any failure to re-elect Executive to, any position(s) or office(s) Executive held immediately prior to such Change in Control. A change in title or positions resulting merely from a merger of the Company into or with another bank or company which does not downgrade in any way the Executive's powers, duties and responsibilities shall not meet the requirements of this paragraph;

(2) A reduction by the Company in Executive's annual base compensation as in effect immediately prior to a Change in Control or the failure to award Executive annual increases in accordance herewith;

(3) A failure by the Company to continue any bonus plan in which Executive participated immediately prior to the Change in Control or a failure by the Company to continue Executive as a participant in such plan on at least the same basis as Executive participated in such plan prior to the Change in Control;

(4) The Company's transfer of Executive to another geographic location outside of New Jersey or more than 25 miles from his/her present office location, except for required travel on the Company's business to an extent substantially

consistent with Executive's business travel obligations immediately prior to such Change in Control;

(5) The failure by the Company to continue in effect any employee benefit plan, program or arrangement (including, without limitation the Company's retirement plan, benefit equalization plan, life insurance plan, health and accident plan, disability plan, deferred compensation plan or long term stock incentive plan) in which Executive is participating immediately prior to a Change in Control (except that the Company may institute or continue plans, programs or arrangements providing Executive with substantially similar benefits); the taking of any action by the Company which would adversely affect Executive's participation in or materially reduce Executive's benefits under, any of such plans, programs or arrangements; the failure to continue, or the taking of any action which would deprive Executive, of any material fringe benefit enjoyed by Executive immediately prior to such Change in Control; or the failure by the Company to provide Executive with the number of paid vacation days to which Executive was entitled immediately prior to such Change in Control;

(6) The failure by the Company to obtain an assumption in writing of the obligations of the Company to perform this Agreement by any successor to the Company and to provide such assumption to the Executive prior to any Change in Control; or

(7) Any purported termination of Executive's employment by the Company during the term of this Agreement which is not effected pursuant to all of the requirements of this Agreement; and, for purposes of this Agreement, no such purported termination shall be effective.

f. Subsidiary. "Subsidiary" means any corporation in an unbroken chain of corporations, beginning with Peapack, if each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

2. Employment. The Company hereby agrees to employ the Executive, and the Executive hereby accepts employment, during the Contract Period upon the terms and conditions set forth herein.

3. Position. During the Contract Period the Executive shall be employed as Chairman and CEO of Peapack and the Bank, or such other corporate or divisional profit center as shall then be the principal successor to the business, assets and properties of the Company, with substantially the same title and the same duties and responsibilities as before the Change in Control. The Executive shall devote his/her full time and attention to the business of the Company, and shall not during the Contract Period be engaged in any other business activity. This paragraph shall not be construed as preventing the Executive from managing any investments of his/her which do not require any service on his/her part in the operation of such investments.

4. Cash Compensation. The Company shall pay to the Executive compensation for his/her services during the Contract Period as follows:

a. Base Salary. A base annual salary equal to the annual salary in effect as of the Change in Control. The annual salary shall be payable in installments in accordance with the Company's usual payroll method.

b. Annual Bonus. An annual cash bonus equal to at least the average of the bonuses paid to the Executive in the three years prior to the Change in Control.

The bonus shall be payable at the time and in the manner which the Company paid such bonuses prior to the Change in Control.

c. Annual Review. The Board of Directors of the Company during the Contract Period shall review annually, or at more frequent intervals which the Board determines is appropriate, the Executive's compensation and shall award him additional compensation to reflect the Executive's performance, the performance of the Company and competitive compensation levels, all as determined in the discretion of the Board of Directors.

5. Expenses and Fringe Benefits.

a. Expenses. During the Contract Period, the Executive shall be entitled to reimbursement for all business expenses incurred by him with respect to the business of the Company in the same manner and to the same extent as such expenses were previously reimbursed to him immediately prior to the Change in Control.

b. Supplemental Retirement Plan. During the Contract Period, if the Executive was entitled to benefits under any supplemental retirement plan prior to the Change in Control, the Executive shall be entitled to continued benefits under such plan after the Change in Control and such plan may not be modified to reduce or eliminate such benefits during the Contract Period.

c. Club Membership and Automobile. If prior to the Change in Control, the Executive was entitled to membership in a country club and/or automobile allowance, he shall be entitled to the same membership and/or automobile allowance provided to him prior to the Change in Control.

d. Other Benefits. The Executive also shall be entitled to vacations and sick days, in accordance with the practices and procedures of the Company, as such existed immediately prior to the Change in Control. During the Contract Period, the Executive also shall be entitled to hospital, health, medical and life insurance, and any other benefits enjoyed, from time to time, by senior officers of the Company, all upon terms as favorable as those enjoyed by other senior officers of the Company. Notwithstanding anything in this paragraph 5(d) to the contrary, if the Company adopts any change in the benefits provided for senior officers of the Company, and such policy is uniformly applied to all officers of the Company (and any successor or acquirer of the Company, if any), including the chief executive officer of such entities, then no such change shall be deemed to be contrary to this paragraph.

6. Termination for Cause. The Company shall have the right to terminate the Executive for Cause, upon written notice to him of the termination which notice shall specify the reasons for the termination. In the event of termination for Cause the Executive shall not be entitled to any further benefits under this Agreement.

7. Disability. During the Contract Period if the Executive becomes permanently disabled, or is unable to perform his/her duties hereunder for 4 consecutive months in any 12 month period, the Company may terminate the employment of the Executive. In such event, the Executive shall not be entitled to any further benefits under this Agreement.

8. Death Benefits. Upon the Executive's death during the Contract Period, his/her estate shall not be entitled to any further benefits under this Agreement.

9. Termination Without Cause or Resignation for Good Reason. The Company may terminate the Executive without Cause during the Contract Period by written notice to the Executive providing four weeks notice. The Executive may resign for Good Reason during the Contract Period upon four weeks' written notice to the Company specifying facts and circumstances claimed to support the Good Reason. The Executive shall be entitled to give a Notice of Termination that his/her or her employment is being terminated for Good Reason at any time during the Contract Period, not later than twelve months after any occurrence of an event stated to constitute Good Reason. If the Company terminates the Executive's employment during the Contract Period without Cause or if the Executive Resigns for Good Reason, the Company shall, subject to Section 12 hereof:

(a) Within 20 business days of the termination of employment pay the Executive a lump sum severance payment in an amount equal to three (3.0) times the highest annual cash compensation, consisting solely of salary and bonus, as well as any 401(k) deferral, paid to the Executive during any calendar year in each of the three calendar years immediately prior to the Change in Control, along with any Gross-Up Payment due under Section 12 hereof for the calendar year of the termination; and

(b) Continue to provide the Executive during the remainder of the Contract Period with health, hospitalization and medical insurance, as were provided at the time of the termination of his/her employment with the Company, at the Company's cost (subject to standard deductibles and co-pays, and the Executive's continuing payment of his/her part of the premium for family coverage, if applicable).

The Executive shall not have a duty to mitigate the damages suffered by him in connection with the termination by the Company of his/her employment without Cause or a

resignation for Good Reason during the Contract Period. If the Company fails to pay the Executive the lump sum amount due him hereunder or the Gross-Up Payment due under Section 12 hereof, or to provide him with the health, hospitalization and medical insurance benefits due under this section, the Executive, after giving 10 days' written notice to the Company identifying the Company's failure, shall be entitled to recover from the Company all of his/her reasonable legal fees and expenses incurred in connection with his/her enforcement against the Company of the terms of this Agreement. The Executive shall be denied payment of his/her legal fees and expenses only if a court finds that the Executive sought payment of such fees without reasonable cause and not in good faith.

10. Resignation Without Good Reason. The Executive shall be entitled to resign from the employment of the Company at any time during the Contract Period without Good Reason, but upon such resignation the Executive shall not be entitled to any additional compensation for the time after which he ceases to be employed by the Company, and shall not be entitled to any of the other benefits provided hereunder. No such resignation shall be effective unless in writing with four weeks' notice thereof.

11. Non-Disclosure of Confidential Information.

a. Non-Disclosure of Confidential Information. Except in the course of his/her employment with the Company and in the pursuit of the business of the Company or any of its subsidiaries or affiliates, the Executive shall not, at any time during or following the Contract Period, disclose or use, any confidential information or proprietary data of the Company or any of its subsidiaries or affiliates. The Executive agrees that, among other things, all information concerning the identity of and the Company's relations with its customers is confidential information.

b. Specific Performance. Executive agrees that the Company does not have an adequate remedy at law for the breach of this section and agrees that he shall be subject to injunctive relief and equitable remedies as a result of the breach of this section. The invalidity or unenforceability of any provision of this Agreement shall not affect the force and effect of the remaining valid portions.

c. Survival. This section shall survive the termination of the Executive's employment hereunder and the expiration of this Agreement.

12. Gross-Up for Taxes.

a. Additional Payments. If, for any taxable year, Executive shall be liable for the payment of an excise tax under Section 4999 and/or Section 409A or other substitute or similar tax assessment (the "Excise Tax") of the Internal Revenue Code of 1986, as amended (the "Code"), including the corresponding provisions of any succeeding law, with respect to any payments under this Section 12 or any payments and/or benefits under this Agreement or under any benefit plan of the Company applicable to Executive individually or generally to executives or employees of the Company, then, the Company shall pay to the Executive, subject to Section 15 hereof by paying the withholding for the Executive, an additional amount (the "Gross-Up Payment") such that the net amount retained by the Executive, after deduction of any Excise Tax on such payments and benefits and any federal, state and local income tax and Excise Tax upon payments provided for in this Section 12, shall be equal to the payments due to the Executive hereunder and the payments and/or benefits due to the Executive under any benefit plan of the Company. Each Gross-Up Payment shall be made upon the later of (i) five (5) days after the date the Executive notifies the Company or the Company receives notice from the certified public accounting firm of its need to make such Gross-Up Payment, or (ii) the date of any payment causing

the liability for such Excise Tax. The amount of any Gross-Up Payment under this section shall be computed by a nationally recognized certified public accounting firm designated jointly by the Company and the Executive. The cost of such services by the accounting firm shall be paid by the Company. If the Company and the Executive are unable to designate jointly the accounting firm, then the firm shall be the accounting firm used by the Company immediately prior to the Change in Control.

b. IRS Disputed Claims. The Executive shall notify the company in writing of any claim by the Internal Revenue Service ("IRS") that, if successful, would require the payment by the Company of a Gross-Up Payment in addition to that payment previously paid by the Company pursuant to this section. Such notification shall be given as soon as practicable but no later than fifteen (15) business days after the Executive is informed in writing of such claim and shall apprise the Company of the nature of such claim, the date on which such claim is requested to be paid, and attach a copy of the IRS notice. The Executive shall not pay such claim prior to the expiration of the thirty (30) day period following the date on which the Executive gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

(i) Give the Company any information reasonably requested by the Company relating to such claim;

(ii) Take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company;

(iii) Cooperate with the Company in good faith in order effectively to contest such claim; and

(iv) Permit the Company to participate in any proceedings relating to such claim; provided, however that the Company shall pay directly all costs and expenses (including legal and accounting fees, as well as other expenses and any additional interest and penalties) incurred by the Executive and the Company in connection with an IRS levy, contest or claim.

c. This Section shall survive the termination of Executive's employment hereunder.

13. Term and Effect Prior to Change in Control.

a. Term. Except as otherwise provided for hereunder, this Agreement shall commence on the date hereof and shall remain in effect for a period of 3 years from the date hereof (the "Initial Term") or until the end of the Contract Period, whichever is later. The Initial Term shall be automatically extended for an additional one year period on the anniversary date hereof (so that the Initial Term is always 3 years) unless, prior to a Change in Control, the Chairman of the Board of Directors of Peapack notifies the Executive in writing at any time that the Contract is not so extended, in which case the Initial Term shall end upon the later of (i) 3 years after the date hereof, or (ii) 2 years after the date of such written notice.

b. No Effect Prior to Change in Control. This Agreement shall not affect any rights of the Company to terminate the Executive prior to a Change in Control or any rights of the Executive granted in any other agreement or contract or plan with the Company. The rights, duties and benefits provided hereunder shall only become effective

upon and after a Change in Control. If the full-time employment of the Executive by the Company is ended for any reason prior to a Change in Control, this Agreement shall thereafter be of no further force and effect.

14. Severance Compensation and Benefits Not in Derogation of Other Benefits. Anything to the contrary herein contained notwithstanding, the payment or obligation to pay any monies, or granting of any benefits, rights or privileges to Executive as provided in this Agreement shall not be in lieu or derogation of the rights and privileges that the Executive now has or will have under any plans or programs of or agreements with the Company, except that if the Executive received any payment hereunder, he shall not be entitled to any payment under the Company's severance policies for officers and employees or under any employment agreement between Executive and the Company including the Employment Agreement dated January 1, 2008.

15. Payroll and Withholding Taxes. All payments to be made or benefits to be provided hereunder by the Company shall be subject to applicable federal and state payroll or withholding taxes. Any Gross-Up Payment shall be made in the form of withholding taxes and shall not be paid to the Executive, but shall be timely directed to the IRS (or any state division of taxation) on the Executive's behalf.

16. Delay in Payment. Notwithstanding anything else to the contrary in this Agreement, or any other plan, contract, program or otherwise, the Company (and its affiliates) are expressly authorized to delay any scheduled payments under this Agreement and any other plan, contract, program or otherwise, as such payments relate to the Executive, if the Company (or its affiliate) determines that such delay is necessary in order to comply with the requirements of Section 409A of the Internal Revenue Code. No such payment may

be delayed beyond the date that is six (6) months following the Executive's separation from service (as defined in Section 409A). At the end of such period of delay, the Executive will be paid the delayed payment amounts, plus interest for the period of any such delay. For purposes of the preceding sentence, interest shall be calculated using the six (6) month Treasury Bill rate in effect on the date on which the payment is delayed, and shall be compounded daily. Notwithstanding the foregoing, in the event that the conditions of the severance exception under Treasury Regulation Section 1.409A-1(b)(9)(iii) are satisfied, payment of benefit will not be delayed for six (6) months following termination from employment to the extent permitted under the severance exception.

17. Miscellaneous. This Agreement is the joint and several obligation of the Bank and Peapack. The terms of this Agreement shall be governed by, and interpreted and construed in accordance with the provisions of, the laws of New Jersey. This Agreement supersedes all prior agreements and understandings with respect to the matters covered hereby, including expressly any prior agreement with the Company concerning change-in-control benefits. The amendment or termination of this Agreement may be made only in a writing executed by the Company and the Executive, and no amendment or termination of this Agreement shall be effective unless and until made in such a writing. This Agreement shall be binding upon any successor (whether direct or indirect, by purchase, merge, consolidation, liquidation or otherwise) to all or substantially all of the assets of the Company. This Agreement is personal to the Executive and the Executive may not assign any of his/her rights or duties hereunder but this Agreement shall be enforceable by the Executive's legal representatives, executors or administrators. This Agreement may be executed in two or

more counterparts, each of which shall be deemed an original, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

(signature page to follow)

IN WITNESS WHEREOF, Peapack-Gladstone Bank and Peapack-Gladstone Financial Corporation each have caused this Agreement to be signed by their duly authorized representatives pursuant to the authority of their Boards of Directors, and the Executive has personally executed this Agreement, all as of the day and year first written above.

ATTEST

PEAPACK-GLADSTONE
FINANCIAL CORPORATION

/s/ Antoinette Rosell
Antoinette Rosell, Secretary

By: /s/ F. Duffield Meyercord
F. Duffield Meyercord, Chairman

ATTEST

PEAPACK-GLADSTONE BANK

/s/ Antoinette Rosell
Antoinette Rosell, Secretary

By: /s/ F. Duffield Meyercord
F. Duffield Meyercord, Chairman

WITNESS:

/s/ Bridget J. Walsh

By: /s/ Frank A. Kissel, Executive

AMENDED AND RESTATED
CHANGE-IN-CONTROL AGREEMENT

"CRAIG SPENGEMAN"

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (the "Agreement"), is made as of this "JANUARY 1, 2008", among PEAPACK-GLADSTONE BANK ("Bank"), a New Jersey state banking association with its principal office at 190 Main Street, Gladstone, New Jersey 07934, PEAPACK-GLADSTONE FINANCIAL CORPORATION ("Peapack"), a New Jersey Corporation which maintains its principal office at 158 Route 206 North, Gladstone, New Jersey 07934 (Peapack and the Bank collectively are the "Company") and CRAIG SPENGEMAN (the "Executive").

BACKGROUND

WHEREAS, the Executive has been continuously employed by the Bank for many years;

WHEREAS, the Executive throughout his/her tenure has worked diligently in his/her position in the business of the Bank and Peapack;

WHEREAS, the Board of Directors of the Bank and Peapack believe that the future services of the Executive are of great value to the Bank and Peapack and that it is important for the growth and development of the Bank that the Executive continue in his/her position;

WHEREAS, if the Company receives any proposal from a third person concerning a possible business combination with, or acquisition of equities securities of, the Company, the Board of Directors of the Company (the "Board") believes it is imperative that the Company and the Board be able to rely upon the Executive to continue in his/her position, and that they be able to receive

and rely upon his/her advice, if they request it, as to the best interests of the Company and its shareholders, without concern that the Executive might be distracted by the personal uncertainties and risks created by such a proposal;

WHEREAS, to achieve that goal, and to retain the Executive's services prior to any such activity, the Board of Directors and the Executive have agreed to enter into this Agreement to govern the Executive's termination benefits in the event of a Change in Control of the Company, as hereinafter defined.

NOW, THEREFORE, to assure the Company that it will have the continued dedication of the Executive and the availability of his/her advice and counsel notwithstanding the possibility, threat or occurrence of a bid to take over control of the Company, and to induce the Executive to remain in the employ of the Company, and for other good and valuable consideration, the Company and the Executive, each intending to be legally bound hereby agree as follows:

1. Definitions

a. Cause. For purposes of this Agreement "Cause" with respect to the termination by the Company of Executive's employment shall mean (i) willful and continued failure by the Executive to perform his/her duties for the Company under this Agreement after at least one warning in writing from the Company's Board of Directors identifying specifically any such failure; (ii) the willful engaging by the Executive in misconduct which causes material injury to the Company as specified in a written notice to the Executive from the Board of Directors; or (iii) conviction of a crime, other than a traffic violation, habitual drunkenness, drug abuse, or excessive absenteeism other than for illness, after a warning (with respect to drunkenness or absenteeism only) in writing from the Board of Directors to refrain from such behavior. No act or failure to act on the part of the

Executive shall be considered willful unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the action or omission was in the best interest of the Company.

b. Change in Control. "Change in Control" means any of the following events: (i) when Peapack or a Subsidiary acquires actual knowledge that any person (as such term is used in Sections 13(d) and 14(d)(2) of the Exchange Act), other than an affiliate of Peapack or a Subsidiary or an employee benefit plan established or maintained by Peapack, a Subsidiary or any of their respective affiliates, is or becomes the beneficial owner (as defined in Rule 13d-3 of the Exchange Act) directly or indirectly, of securities of Peapack representing more than twenty-five percent (25%) of the combined voting power of Peapack's then outstanding securities (a "Control Person"), (ii) upon the first purchase of Peapack's common stock pursuant to a tender or exchange offer (other than a tender or exchange offer made by Peapack, a Subsidiary or an employee benefit plan established or maintained by Peapack, a Subsidiary or any of their respective affiliates), (iii) upon the consummation of (A) a merger or consolidation of Peapack with or into another corporation (other than a merger or consolidation which is approved by at least two-thirds of the Continuing Directors (as hereinafter defined) and the definitive agreement for which provides that at least two-thirds of the directors of the surviving or resulting corporation immediately after the transaction are Continuing Directors (a "Non-Control Transaction")), (B) a sale or disposition of all or substantially all of Peapack's assets or (C) a plan of liquidation or dissolution of Peapack, (iv) if during any period of two (2) consecutive years, individuals who at the beginning of such period constitute the Board (the "Continuing Directors") cease for any reason to constitute at least two-thirds thereof or, following a Non-Control Transaction, two-thirds of the board of

directors of the surviving or resulting corporation; provided that any individual whose election or nomination for election as a member of the Board (or, following a Non-Control Transaction, the board of directors of the surviving or resulting corporation) was approved by a vote of at least two-thirds of the Continuing Directors then in office shall be considered a Continuing Director, or (v) upon a sale of (A) common stock of the Bank if after such sale any person (as such term is used in Section 13(d) and 14(d)(2) of the Exchange Act) other than Peapack, an employee benefit plan established or maintained by Peapack or a Subsidiary, or an affiliate of Peapack or a Subsidiary, owns a majority of the Bank's common stock or (B) all or substantially all of the Bank's assets (other than in the ordinary course of business). No person shall be considered a Control Person for purposes of clause (i) above if (A) such person is or becomes the beneficial owner, directly or indirectly, of more than ten percent (10%) but less than twenty-five percent (25%) of the combined voting power of Peapack's then outstanding securities if the acquisition of all voting securities in excess of ten percent (10%) was approved in advance by a majority of the Continuing Directors then in office or (B) such person acquires in excess of ten percent (10%) of the combined voting power of Peapack's then outstanding voting securities in violation of law and by order of a court of competent jurisdiction, settlement or otherwise, disposes or is required to dispose of all securities acquired in violation of law.

c. Contract Period. "Contract Period" shall mean the period commencing the day immediately preceding a Change in Control and ending on the earlier of (i) the third anniversary of the Change in Control or (ii) the death of the Executive. For the purpose of this Agreement, a Change in Control shall be deemed to have occurred at the date specified in the definition of Change-in-Control.

d. Exchange Act. "Exchange Act" means the Securities Exchange Act of 1934, as amended.

e. Good Reason. When used with reference to a voluntary termination by Executive of his/her employment with the Company, "Good Reason" shall mean any of the following, if taken without Executive's express written consent:

(1) The assignment to Executive of any duties inconsistent with, or the reduction of powers or functions associated with, Executive's position, title, duties, responsibilities and status with the Company immediately prior to a Change in Control; any removal of Executive from, or any failure to re-elect Executive to, any position(s) or office(s) Executive held immediately prior to such Change in Control. A change in title or positions resulting merely from a merger of the Company into or with another bank or company which does not downgrade in any way the Executive's powers, duties and responsibilities shall not meet the requirements of this paragraph;

(2) A reduction by the Company in Executive's annual base compensation as in effect immediately prior to a Change in Control or the failure to award Executive annual increases in accordance herewith;

(3) A failure by the Company to continue any bonus plan in which Executive participated immediately prior to the Change in Control or a failure by the Company to continue Executive as a participant in such plan on at least the same basis as Executive participated in such plan prior to the Change in Control;

(4) The Company's transfer of Executive to another geographic location outside of New Jersey or more than 25 miles from his/her present office location, except for required travel on the Company's business to an extent substantially

consistent with Executive's business travel obligations immediately prior to such Change in Control;

(5) The failure by the Company to continue in effect any employee benefit plan, program or arrangement (including, without limitation the Company's retirement plan, benefit equalization plan, life insurance plan, health and accident plan, disability plan, deferred compensation plan or long term stock incentive plan) in which Executive is participating immediately prior to a Change in Control (except that the Company may institute or continue plans, programs or arrangements providing Executive with substantially similar benefits); the taking of any action by the Company which would adversely affect Executive's participation in or materially reduce Executive's benefits under, any of such plans, programs or arrangements; the failure to continue, or the taking of any action which would deprive Executive, of any material fringe benefit enjoyed by Executive immediately prior to such Change in Control; or the failure by the Company to provide Executive with the number of paid vacation days to which Executive was entitled immediately prior to such Change in Control;

(6) The failure by the Company to obtain an assumption in writing of the obligations of the Company to perform this Agreement by any successor to the Company and to provide such assumption to the Executive prior to any Change in Control; or

(7) Any purported termination of Executive's employment by the Company during the term of this Agreement which is not effected pursuant to all of the requirements of this Agreement; and, for purposes of this Agreement, no such purported termination shall be effective.

f. Subsidiary. "Subsidiary" means any corporation in an unbroken chain of corporations, beginning with Peapack, if each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

2. Employment. The Company hereby agrees to employ the Executive, and the Executive hereby accepts employment, during the Contract Period upon the terms and conditions set forth herein.

3. Position. During the Contract Period the Executive shall be employed as President of Peapack and the Bank, or such other corporate or divisional profit center as shall then be the principal successor to the business, assets and properties of the Company, with substantially the same title and the same duties and responsibilities as before the Change in Control. The Executive shall devote his/her full time and attention to the business of the Company, and shall not during the Contract Period be engaged in any other business activity. This paragraph shall not be construed as preventing the Executive from managing any investments of his/her which do not require any service on his/her part in the operation of such investments.

4. Cash Compensation. The Company shall pay to the Executive compensation for his/her services during the Contract Period as follows:

a. Base Salary. A base annual salary equal to the annual salary in effect as of the Change in Control. The annual salary shall be payable in installments in accordance with the Company's usual payroll method.

b. Annual Bonus. An annual cash bonus equal to at least the average of the bonuses paid to the Executive in the three years prior to the Change in Control.

The bonus shall be payable at the time and in the manner which the Company paid such bonuses prior to the Change in Control.

c. Annual Review. The Board of Directors of the Company during the Contract Period shall review annually, or at more frequent intervals which the Board determines is appropriate, the Executive's compensation and shall award him additional compensation to reflect the Executive's performance, the performance of the Company and competitive compensation levels, all as determined in the discretion of the Board of Directors.

5. Expenses and Fringe Benefits.

a. Expenses. During the Contract Period, the Executive shall be entitled to reimbursement for all business expenses incurred by him with respect to the business of the Company in the same manner and to the same extent as such expenses were previously reimbursed to him immediately prior to the Change in Control.

b. Supplemental Retirement Plan. During the Contract Period, if the Executive was entitled to benefits under any supplemental retirement plan prior to the Change in Control, the Executive shall be entitled to continued benefits under such plan after the Change in Control and such plan may not be modified to reduce or eliminate such benefits during the Contract Period.

c. Club Membership and Automobile. If prior to the Change in Control, the Executive was entitled to membership in a country club and/or automobile allowance, he shall be entitled to the same membership and/or automobile allowance provided to him prior to the Change in Control.

d. Other Benefits. The Executive also shall be entitled to vacations and sick days, in accordance with the practices and procedures of the Company, as such existed immediately prior to the Change in Control. During the Contract Period, the Executive also shall be entitled to hospital, health, medical and life insurance, and any other benefits enjoyed, from time to time, by senior officers of the Company, all upon terms as favorable as those enjoyed by other senior officers of the Company. Notwithstanding anything in this paragraph 5(d) to the contrary, if the Company adopts any change in the benefits provided for senior officers of the Company, and such policy is uniformly applied to all officers of the Company (and any successor or acquirer of the Company, if any), including the chief executive officer of such entities, then no such change shall be deemed to be contrary to this paragraph.

6. Termination for Cause. The Company shall have the right to terminate the Executive for Cause, upon written notice to him of the termination which notice shall specify the reasons for the termination. In the event of termination for Cause the Executive shall not be entitled to any further benefits under this Agreement.

7. Disability. During the Contract Period if the Executive becomes permanently disabled, or is unable to perform his/her duties hereunder for 4 consecutive months in any 12 month period, the Company may terminate the employment of the Executive. In such event, the Executive shall not be entitled to any further benefits under this Agreement.

8. Death Benefits. Upon the Executive's death during the Contract Period, his/her estate shall not be entitled to any further benefits under this Agreement.

9. Termination Without Cause or Resignation for Good Reason. The Company may terminate the Executive without Cause during the Contract Period by written notice to the Executive providing four weeks notice. The Executive may resign for Good Reason during the Contract Period upon four weeks' written notice to the Company specifying facts and circumstances claimed to support the Good Reason. The Executive shall be entitled to give a Notice of Termination that his/her or her employment is being terminated for Good Reason at any time during the Contract Period, not later than twelve months after any occurrence of an event stated to constitute Good Reason. If the Company terminates the Executive's employment during the Contract Period without Cause or if the Executive Resigns for Good Reason, the Company shall, subject to Section 12 hereof:

(a) Within 20 business days of the termination of employment pay the Executive a lump sum severance payment in an amount equal to three (3.0) times the highest annual cash compensation, consisting solely of salary and bonus, as well as any 401(k) deferral, paid to the Executive during any calendar year in each of the three calendar years immediately prior to the Change in Control, along with any Gross-Up Payment due under Section 12 hereof for the calendar year of the termination; and

(b) Continue to provide the Executive during the remainder of the Contract Period with health, hospitalization and medical insurance, as were provided at the time of the termination of his/her employment with the Company, at the Company's cost (subject to standard deductibles and co-pays, and the Executive's continuing payment of his/her part of the premium for family coverage, if applicable).

The Executive shall not have a duty to mitigate the damages suffered by him in connection with the termination by the Company of his/her employment without Cause or a

resignation for Good Reason during the Contract Period. If the Company fails to pay the Executive the lump sum amount due him hereunder or the Gross-Up Payment due under Section 12 hereof, or to provide him with the health, hospitalization and medical insurance benefits due under this section, the Executive, after giving 10 days' written notice to the Company identifying the Company's failure, shall be entitled to recover from the Company all of his/her reasonable legal fees and expenses incurred in connection with his/her enforcement against the Company of the terms of this Agreement. The Executive shall be denied payment of his/her legal fees and expenses only if a court finds that the Executive sought payment of such fees without reasonable cause and not in good faith.

10. Resignation Without Good Reason. The Executive shall be entitled to resign from the employment of the Company at any time during the Contract Period without Good Reason, but upon such resignation the Executive shall not be entitled to any additional compensation for the time after which he ceases to be employed by the Company, and shall not be entitled to any of the other benefits provided hereunder. No such resignation shall be effective unless in writing with four weeks' notice thereof.

11. Non-Disclosure of Confidential Information.

a. Non-Disclosure of Confidential Information. Except in the course of his/her employment with the Company and in the pursuit of the business of the Company or any of its subsidiaries or affiliates, the Executive shall not, at any time during or following the Contract Period, disclose or use, any confidential information or proprietary data of the Company or any of its subsidiaries or affiliates. The Executive agrees that, among other things, all information concerning the identity of and the Company's relations with its customers is confidential information.

b. Specific Performance. Executive agrees that the Company does not have an adequate remedy at law for the breach of this section and agrees that he shall be subject to injunctive relief and equitable remedies as a result of the breach of this section. The invalidity or unenforceability of any provision of this Agreement shall not affect the force and effect of the remaining valid portions.

c. Survival. This section shall survive the termination of the Executive's employment hereunder and the expiration of this Agreement.

12. Gross-Up for Taxes.

a. Additional Payments. If, for any taxable year, Executive shall be liable for the payment of an excise tax under Section 4999 and/or Section 409A or other substitute or similar tax assessment (the "Excise Tax") of the Internal Revenue Code of 1986, as amended (the "Code"), including the corresponding provisions of any succeeding law, with respect to any payments under this Section 12 or any payments and/or benefits under this Agreement or under any benefit plan of the Company applicable to Executive individually or generally to executives or employees of the Company, then, the Company shall pay to the Executive, subject to Section 15 hereof by paying the withholding for the Executive, an additional amount (the "Gross-Up Payment") such that the net amount retained by the Executive, after deduction of any Excise Tax on such payments and benefits and any federal, state and local income tax and Excise Tax upon payments provided for in this Section 12, shall be equal to the payments due to the Executive hereunder and the payments and/or benefits due to the Executive under any benefit plan of the Company. Each Gross-Up Payment shall be made upon the later of (i) five (5) days after the date the Executive notifies the Company or the Company receives notice from the certified public accounting firm of its need to make such Gross-Up Payment, or (ii) the date of any payment causing

the liability for such Excise Tax. The amount of any Gross-Up Payment under this section shall be computed by a nationally recognized certified public accounting firm designated jointly by the Company and the Executive. The cost of such services by the accounting firm shall be paid by the Company. If the Company and the Executive are unable to designate jointly the accounting firm, then the firm shall be the accounting firm used by the Company immediately prior to the Change in Control.

b. IRS Disputed Claims. The Executive shall notify the company in writing of any claim by the Internal Revenue Service ("IRS") that, if successful, would require the payment by the Company of a Gross-Up Payment in addition to that payment previously paid by the Company pursuant to this section. Such notification shall be given as soon as practicable but no later than fifteen (15) business days after the Executive is informed in writing of such claim and shall apprise the Company of the nature of such claim, the date on which such claim is requested to be paid, and attach a copy of the IRS notice. The Executive shall not pay such claim prior to the expiration of the thirty (30) day period following the date on which the Executive gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

(i) Give the Company any information reasonably requested by the Company relating to such claim;

(ii) Take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company;

(iii) Cooperate with the Company in good faith in order effectively to contest such claim; and

(iv) Permit the Company to participate in any proceedings relating to such claim; provided, however that the Company shall pay directly all costs and expenses (including legal and accounting fees, as well as other expenses and any additional interest and penalties) incurred by the Executive and the Company in connection with an IRS levy, contest or claim.

c. This Section shall survive the termination of Executive's employment hereunder.

13. Term and Effect Prior to Change in Control.

a. Term. Except as otherwise provided for hereunder, this Agreement shall commence on the date hereof and shall remain in effect for a period of 3 years from the date hereof (the "Initial Term") or until the end of the Contract Period, whichever is later. The Initial Term shall be automatically extended for an additional one year period on the anniversary date hereof (so that the Initial Term is always 3 years) unless, prior to a Change in Control, the Chairman of the Board of Directors of Peapack notifies the Executive in writing at any time that the Contract is not so extended, in which case the Initial Term shall end upon the later of (i) 3 years after the date hereof, or (ii) 2 years after the date of such written notice.

b. No Effect Prior to Change in Control. This Agreement shall not affect any rights of the Company to terminate the Executive prior to a Change in Control or any rights of the Executive granted in any other agreement or contract or plan with the Company. The rights, duties and benefits provided hereunder shall only become effective

upon and after a Change in Control. If the full-time employment of the Executive by the Company is ended for any reason prior to a Change in Control, this Agreement shall thereafter be of no further force and effect.

14. Severance Compensation and Benefits Not in Derogation of Other Benefits. Anything to the contrary herein contained notwithstanding, the payment or obligation to pay any monies, or granting of any benefits, rights or privileges to Executive as provided in this Agreement shall not be in lieu or derogation of the rights and privileges that the Executive now has or will have under any plans or programs of or agreements with the Company, except that if the Executive received any payment hereunder, he shall not be entitled to any payment under the Company's severance policies for officers and employees or under any employment agreement between Executive and the Company including the Employment Agreement dated January 1, 2008.

15. Payroll and Withholding Taxes. All payments to be made or benefits to be provided hereunder by the Company shall be subject to applicable federal and state payroll or withholding taxes. Any Gross-Up Payment shall be made in the form of withholding taxes and shall not be paid to the Executive, but shall be timely directed to the IRS (or any state division of taxation) on the Executive's behalf.

16. Delay in Payment. Notwithstanding anything else to the contrary in this Agreement, or any other plan, contract, program or otherwise, the Company (and its affiliates) are expressly authorized to delay any scheduled payments under this Agreement and any other plan, contract, program or otherwise, as such payments relate to the Executive, if the Company (or its affiliate) determines that such delay is necessary in order to comply with the requirements of Section 409A of the Internal Revenue Code. No such payment may

be delayed beyond the date that is six (6) months following the Executive's separation from service (as defined in Section 409A). At the end of such period of delay, the Executive will be paid the delayed payment amounts, plus interest for the period of any such delay. For purposes of the preceding sentence, interest shall be calculated using the six (6) month Treasury Bill rate in effect on the date on which the payment is delayed, and shall be compounded daily. Notwithstanding the foregoing, in the event that the conditions of the severance exception under Treasury Regulation Section 1.409A-1(b)(9)(iii) are satisfied, payment of benefit will not be delayed for six (6) months following termination from employment to the extent permitted under the severance exception.

17. Miscellaneous. This Agreement is the joint and several obligation of the Bank and Peapack. The terms of this Agreement shall be governed by, and interpreted and construed in accordance with the provisions of, the laws of New Jersey. This Agreement supersedes all prior agreements and understandings with respect to the matters covered hereby, including expressly any prior agreement with the Company concerning change-in-control benefits. The amendment or termination of this Agreement may be made only in a writing executed by the Company and the Executive, and no amendment or termination of this Agreement shall be effective unless and until made in such a writing. This Agreement shall be binding upon any successor (whether direct or indirect, by purchase, merge, consolidation, liquidation or otherwise) to all or substantially all of the assets of the Company. This Agreement is personal to the Executive and the Executive may not assign any of his/her rights or duties hereunder but this Agreement shall be enforceable by the Executive's legal representatives, executors or administrators. This Agreement may be executed in two or

more counterparts, each of which shall be deemed an original, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

(signature page to follow)

IN WITNESS WHEREOF, Peapack-Gladstone Bank and Peapack-Gladstone Financial Corporation each have caused this Agreement to be signed by their duly authorized representatives pursuant to the authority of their Boards of Directors, and the Executive has personally executed this Agreement, all as of the day and year first written above.

ATTEST:

PEAPACK-GLADSTONE
FINANCIAL CORPORATION

/s/ Antoinette Rosell
Antoinette Rosell, Secretary

By: /s/ Frank A. Kissel
Frank A. Kissel, Chairman

ATTEST:

PEAPACK-GLADSTONE BANK

/s/ Antoinette Rosell
Antoinette Rosell, Secretary

By: /s/ Frank A. Kissel
Frank A. Kissel, Chairman

WITNESS:

/s/ Bridget J. Walsh

/s/ Craig C. Spengeman
Craig C. Spengeman, Executive

AMENDED AND RESTATED
CHANGE-IN-CONTROL AGREEMENT

"ROBERT ROGERS"

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (the "Agreement"), is made as of this "JANUARY 1, 2008", among PEAPACK-GLADSTONE BANK ("Bank"), a New Jersey state banking association with its principal office at 190 Main Street, Gladstone, New Jersey 07934, PEAPACK-GLADSTONE FINANCIAL CORPORATION ("Peapack"), a New Jersey Corporation which maintains its principal office at 158 Route 206 North, Gladstone, New Jersey 07934 (Peapack and the Bank collectively are the "Company") and ROBERT ROGERS, JR. (the "Executive").

BACKGROUND

WHEREAS, the Executive has been continuously employed by the Bank for many years;

WHEREAS, the Executive throughout his/her tenure has worked diligently in his/her position in the business of the Bank and Peapack;

WHEREAS, the Board of Directors of the Bank and Peapack believe that the future services of the Executive are of great value to the Bank and Peapack and that it is important for the growth and development of the Bank that the Executive continue in his/her position;

WHEREAS, if the Company receives any proposal from a third person concerning a possible business combination with, or acquisition of equities securities of, the Company, the Board of Directors of the Company (the "Board") believes it is imperative that the Company and the Board be able to rely upon the Executive to continue in his/her position, and that they be able to receive

and rely upon his/her advice, if they request it, as to the best interests of the Company and its shareholders, without concern that the Executive might be distracted by the personal uncertainties and risks created by such a proposal;

WHEREAS, to achieve that goal, and to retain the Executive's services prior to any such activity, the Board of Directors and the Executive have agreed to enter into this Agreement to govern the Executive's termination benefits in the event of a Change in Control of the Company, as hereinafter defined.

NOW, THEREFORE, to assure the Company that it will have the continued dedication of the Executive and the availability of his/her advice and counsel notwithstanding the possibility, threat or occurrence of a bid to take over control of the Company, and to induce the Executive to remain in the employ of the Company, and for other good and valuable consideration, the Company and the Executive, each intending to be legally bound hereby agree as follows:

1. Definitions

a. Cause. For purposes of this Agreement "Cause" with respect to the termination by the Company of Executive's employment shall mean (i) willful and continued failure by the Executive to perform his/her duties for the Company under this Agreement after at least one warning in writing from the Company's Board of Directors identifying specifically any such failure; (ii) the willful engaging by the Executive in misconduct which causes material injury to the Company as specified in a written notice to the Executive from the Board of Directors; or (iii) conviction of a crime, other than a traffic violation, habitual drunkenness, drug abuse, or excessive absenteeism other than for illness, after a warning (with respect to drunkenness or absenteeism only) in writing from the Board of Directors to refrain from such behavior. No act or failure to act on the part of the

Executive shall be considered willful unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the action or omission was in the best interest of the Company.

b. Change in Control. "Change in Control" means any of the following events: (i) when Peapack or a Subsidiary acquires actual knowledge that any person (as such term is used in Sections 13(d) and 14(d)(2) of the Exchange Act), other than an affiliate of Peapack or a Subsidiary or an employee benefit plan established or maintained by Peapack, a Subsidiary or any of their respective affiliates, is or becomes the beneficial owner (as defined in Rule 13d-3 of the Exchange Act) directly or indirectly, of securities of Peapack representing more than twenty-five percent (25%) of the combined voting power of Peapack's then outstanding securities (a "Control Person"), (ii) upon the first purchase of Peapack's common stock pursuant to a tender or exchange offer (other than a tender or exchange offer made by Peapack, a Subsidiary or an employee benefit plan established or maintained by Peapack, a Subsidiary or any of their respective affiliates), (iii) upon the consummation of (A) a merger or consolidation of Peapack with or into another corporation (other than a merger or consolidation which is approved by at least two-thirds of the Continuing Directors (as hereinafter defined) and the definitive agreement for which provides that at least two-thirds of the directors of the surviving or resulting corporation immediately after the transaction are Continuing Directors (a "Non-Control Transaction")), (B) a sale or disposition of all or substantially all of Peapack's assets or (C) a plan of liquidation or dissolution of Peapack, (iv) if during any period of two (2) consecutive years, individuals who at the beginning of such period constitute the Board (the "Continuing Directors") cease for any reason to constitute at least two-thirds thereof or, following a Non-Control Transaction, two-thirds of the board of

directors of the surviving or resulting corporation; provided that any individual whose election or nomination for election as a member of the Board (or, following a Non-Control Transaction, the board of directors of the surviving or resulting corporation) was approved by a vote of at least two-thirds of the Continuing Directors then in office shall be considered a Continuing Director, or (v) upon a sale of (A) common stock of the Bank if after such sale any person (as such term is used in Section 13(d) and 14(d)(2) of the Exchange Act) other than Peapack, an employee benefit plan established or maintained by Peapack or a Subsidiary, or an affiliate of Peapack or a Subsidiary, owns a majority of the Bank's common stock or (B) all or substantially all of the Bank's assets (other than in the ordinary course of business). No person shall be considered a Control Person for purposes of clause (i) above if (A) such person is or becomes the beneficial owner, directly or indirectly, of more than ten percent (10%) but less than twenty-five percent (25%) of the combined voting power of Peapack's then outstanding securities if the acquisition of all voting securities in excess of ten percent (10%) was approved in advance by a majority of the Continuing Directors then in office or (B) such person acquires in excess of ten percent (10%) of the combined voting power of Peapack's then outstanding voting securities in violation of law and by order of a court of competent jurisdiction, settlement or otherwise, disposes or is required to dispose of all securities acquired in violation of law.

c. Contract Period. "Contract Period" shall mean the period commencing the day immediately preceding a Change in Control and ending on the earlier of (i) the third anniversary of the Change in Control or (ii) the death of the Executive. For the purpose of this Agreement, a Change in Control shall be deemed to have occurred at the date specified in the definition of Change-in-Control.

d. Exchange Act. "Exchange Act" means the Securities Exchange Act of 1934, as amended.

e. Good Reason. When used with reference to a voluntary termination by Executive of his/her employment with the Company, "Good Reason" shall mean any of the following, if taken without Executive's express written consent:

(1) The assignment to Executive of any duties inconsistent with, or the reduction of powers or functions associated with, Executive's position, title, duties, responsibilities and status with the Company immediately prior to a Change in Control; any removal of Executive from, or any failure to re-elect Executive to, any position(s) or office(s) Executive held immediately prior to such Change in Control. A change in title or positions resulting merely from a merger of the Company into or with another bank or company which does not downgrade in any way the Executive's powers, duties and responsibilities shall not meet the requirements of this paragraph;

(2) A reduction by the Company in Executive's annual base compensation as in effect immediately prior to a Change in Control or the failure to award Executive annual increases in accordance herewith;

(3) A failure by the Company to continue any bonus plan in which Executive participated immediately prior to the Change in Control or a failure by the Company to continue Executive as a participant in such plan on at least the same basis as Executive participated in such plan prior to the Change in Control;

(4) The Company's transfer of Executive to another geographic location outside of New Jersey or more than 25 miles from his/her present office location, except for required travel on the Company's business to an extent substantially

consistent with Executive's business travel obligations immediately prior to such Change in Control;

(5) The failure by the Company to continue in effect any employee benefit plan, program or arrangement (including, without limitation the Company's retirement plan, benefit equalization plan, life insurance plan, health and accident plan, disability plan, deferred compensation plan or long term stock incentive plan) in which Executive is participating immediately prior to a Change in Control (except that the Company may institute or continue plans, programs or arrangements providing Executive with substantially similar benefits); the taking of any action by the Company which would adversely affect Executive's participation in or materially reduce Executive's benefits under, any of such plans, programs or arrangements; the failure to continue, or the taking of any action which would deprive Executive, of any material fringe benefit enjoyed by Executive immediately prior to such Change in Control; or the failure by the Company to provide Executive with the number of paid vacation days to which Executive was entitled immediately prior to such Change in Control;

(6) The failure by the Company to obtain an assumption in writing of the obligations of the Company to perform this Agreement by any successor to the Company and to provide such assumption to the Executive prior to any Change in Control; or

(7) Any purported termination of Executive's employment by the Company during the term of this Agreement which is not effected pursuant to all of the requirements of this Agreement; and, for purposes of this Agreement, no such purported termination shall be effective.

f. Subsidiary. "Subsidiary" means any corporation in an unbroken chain of corporations, beginning with Peapack, if each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

2. Employment. The Company hereby agrees to employ the Executive, and the Executive hereby accepts employment, during the Contract Period upon the terms and conditions set forth herein.

3. Position. During the Contract Period the Executive shall be employed as President of Peapack and the Bank, or such other corporate or divisional profit center as shall then be the principal successor to the business, assets and properties of the Company, with substantially the same title and the same duties and responsibilities as before the Change in Control. The Executive shall devote his/her full time and attention to the business of the Company, and shall not during the Contract Period be engaged in any other business activity. This paragraph shall not be construed as preventing the Executive from managing any investments of his/her which do not require any service on his/her part in the operation of such investments.

4. Cash Compensation. The Company shall pay to the Executive compensation for his/her services during the Contract Period as follows:

a. Base Salary. A base annual salary equal to the annual salary in effect as of the Change in Control. The annual salary shall be payable in installments in accordance with the Company's usual payroll method.

b. Annual Bonus. An annual cash bonus equal to at least the average of the bonuses paid to the Executive in the three years prior to the Change in Control.

The bonus shall be payable at the time and in the manner which the Company paid such bonuses prior to the Change in Control.

c. Annual Review. The Board of Directors of the Company during the Contract Period shall review annually, or at more frequent intervals which the Board determines is appropriate, the Executive's compensation and shall award him additional compensation to reflect the Executive's performance, the performance of the Company and competitive compensation levels, all as determined in the discretion of the Board of Directors.

5. Expenses and Fringe Benefits.

a. Expenses. During the Contract Period, the Executive shall be entitled to reimbursement for all business expenses incurred by him with respect to the business of the Company in the same manner and to the same extent as such expenses were previously reimbursed to him immediately prior to the Change in Control.

b. Supplemental Retirement Plan. During the Contract Period, if the Executive was entitled to benefits under any supplemental retirement plan prior to the Change in Control, the Executive shall be entitled to continued benefits under such plan after the Change in Control and such plan may not be modified to reduce or eliminate such benefits during the Contract Period.

c. Club Membership and Automobile. If prior to the Change in Control, the Executive was entitled to membership in a country club and/or automobile allowance, he shall be entitled to the same membership and/or automobile allowance provided to him prior to the Change in Control.

d. Other Benefits. The Executive also shall be entitled to vacations and sick days, in accordance with the practices and procedures of the Company, as such existed immediately prior to the Change in Control. During the Contract Period, the Executive also shall be entitled to hospital, health, medical and life insurance, and any other benefits enjoyed, from time to time, by senior officers of the Company, all upon terms as favorable as those enjoyed by other senior officers of the Company. Notwithstanding anything in this paragraph 5(d) to the contrary, if the Company adopts any change in the benefits provided for senior officers of the Company, and such policy is uniformly applied to all officers of the Company (and any successor or acquirer of the Company, if any), including the chief executive officer of such entities, then no such change shall be deemed to be contrary to this paragraph.

6. Termination for Cause. The Company shall have the right to terminate the Executive for Cause, upon written notice to him of the termination which notice shall specify the reasons for the termination. In the event of termination for Cause the Executive shall not be entitled to any further benefits under this Agreement.

7. Disability. During the Contract Period if the Executive becomes permanently disabled, or is unable to perform his/her duties hereunder for 4 consecutive months in any 12 month period, the Company may terminate the employment of the Executive. In such event, the Executive shall not be entitled to any further benefits under this Agreement.

8. Death Benefits. Upon the Executive's death during the Contract Period, his/her estate shall not be entitled to any further benefits under this Agreement.

9. Termination Without Cause or Resignation for Good Reason. The Company may terminate the Executive without Cause during the Contract Period by written notice to the Executive providing four weeks notice. The Executive may resign for Good Reason during the Contract Period upon four weeks' written notice to the Company specifying facts and circumstances claimed to support the Good Reason. The Executive shall be entitled to give a Notice of Termination that his/her or her employment is being terminated for Good Reason at any time during the Contract Period, not later than twelve months after any occurrence of an event stated to constitute Good Reason. If the Company terminates the Executive's employment during the Contract Period without Cause or if the Executive Resigns for Good Reason, the Company shall, subject to Section 12 hereof:

(a) Within 20 business days of the termination of employment pay the Executive a lump sum severance payment in an amount equal to three (3.0) times the highest annual cash compensation, consisting solely of salary and bonus, as well as any 401(k) deferral, paid to the Executive during any calendar year in each of the three calendar years immediately prior to the Change in Control, along with any Gross-Up Payment due under Section 12 hereof for the calendar year of the termination; and

(b) Continue to provide the Executive during the remainder of the Contract Period with health, hospitalization and medical insurance, as were provided at the time of the termination of his/her employment with the Company, at the Company's cost (subject to standard deductibles and co-pays, and the Executive's continuing payment of his/her part of the premium for family coverage, if applicable).

The Executive shall not have a duty to mitigate the damages suffered by him in connection with the termination by the Company of his/her employment without Cause or a

resignation for Good Reason during the Contract Period. If the Company fails to pay the Executive the lump sum amount due him hereunder or the Gross-Up Payment due under Section 12 hereof, or to provide him with the health, hospitalization and medical insurance benefits due under this section, the Executive, after giving 10 days' written notice to the Company identifying the Company's failure, shall be entitled to recover from the Company all of his/her reasonable legal fees and expenses incurred in connection with his/her enforcement against the Company of the terms of this Agreement. The Executive shall be denied payment of his/her legal fees and expenses only if a court finds that the Executive sought payment of such fees without reasonable cause and not in good faith.

10. Resignation Without Good Reason. The Executive shall be entitled to resign from the employment of the Company at any time during the Contract Period without Good Reason, but upon such resignation the Executive shall not be entitled to any additional compensation for the time after which he ceases to be employed by the Company, and shall not be entitled to any of the other benefits provided hereunder. No such resignation shall be effective unless in writing with four weeks' notice thereof.

11. Non-Disclosure of Confidential Information.

a. Non-Disclosure of Confidential Information. Except in the course of his/her employment with the Company and in the pursuit of the business of the Company or any of its subsidiaries or affiliates, the Executive shall not, at any time during or following the Contract Period, disclose or use, any confidential information or proprietary data of the Company or any of its subsidiaries or affiliates. The Executive agrees that, among other things, all information concerning the identity of and the Company's relations with its customers is confidential information.

b. Specific Performance. Executive agrees that the Company does not have an adequate remedy at law for the breach of this section and agrees that he shall be subject to injunctive relief and equitable remedies as a result of the breach of this section. The invalidity or unenforceability of any provision of this Agreement shall not affect the force and effect of the remaining valid portions.

c. Survival. This section shall survive the termination of the Executive's employment hereunder and the expiration of this Agreement.

12. Gross-Up for Taxes.

a. Additional Payments. If, for any taxable year, Executive shall be liable for the payment of an excise tax under Section 4999 and/or Section 409A or other substitute or similar tax assessment (the "Excise Tax") of the Internal Revenue Code of 1986, as amended (the "Code"), including the corresponding provisions of any succeeding law, with respect to any payments under this Section 12 or any payments and/or benefits under this Agreement or under any benefit plan of the Company applicable to Executive individually or generally to executives or employees of the Company, then, the Company shall pay to the Executive, subject to Section 15 hereof by paying the withholding for the Executive, an additional amount (the "Gross-Up Payment") such that the net amount retained by the Executive, after deduction of any Excise Tax on such payments and benefits and any federal, state and local income tax and Excise Tax upon payments provided for in this Section 12, shall be equal to the payments due to the Executive hereunder and the payments and/or benefits due to the Executive under any benefit plan of the Company. Each Gross-Up Payment shall be made upon the later of (i) five (5) days after the date the Executive notifies the Company or the Company receives notice from the certified public accounting firm of its need to make such Gross-Up Payment, or (ii) the date of any payment causing

the liability for such Excise Tax. The amount of any Gross-Up Payment under this section shall be computed by a nationally recognized certified public accounting firm designated jointly by the Company and the Executive. The cost of such services by the accounting firm shall be paid by the Company. If the Company and the Executive are unable to designate jointly the accounting firm, then the firm shall be the accounting firm used by the Company immediately prior to the Change in Control.

b. IRS Disputed Claims. The Executive shall notify the company in writing of any claim by the Internal Revenue Service ("IRS") that, if successful, would require the payment by the Company of a Gross-Up Payment in addition to that payment previously paid by the Company pursuant to this section. Such notification shall be given as soon as practicable but no later than fifteen (15) business days after the Executive is informed in writing of such claim and shall apprise the Company of the nature of such claim, the date on which such claim is requested to be paid, and attach a copy of the IRS notice. The Executive shall not pay such claim prior to the expiration of the thirty (30) day period following the date on which the Executive gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

(i) Give the Company any information reasonably requested by the Company relating to such claim;

(ii) Take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company;

(iii) Cooperate with the Company in good faith in order effectively to contest such claim; and

(iv) Permit the Company to participate in any proceedings relating to such claim; provided, however that the Company shall pay directly all costs and expenses (including legal and accounting fees, as well as other expenses and any additional interest and penalties) incurred by the Executive and the Company in connection with an IRS levy, contest or claim.

c. This Section shall survive the termination of Executive's employment hereunder.

13. Term and Effect Prior to Change in Control.

a. Term. Except as otherwise provided for hereunder, this Agreement shall commence on the date hereof and shall remain in effect for a period of 3 years from the date hereof (the "Initial Term") or until the end of the Contract Period, whichever is later. The Initial Term shall be automatically extended for an additional one year period on the anniversary date hereof (so that the Initial Term is always 3 years) unless, prior to a Change in Control, the Chairman of the Board of Directors of Peapack notifies the Executive in writing at any time that the Contract is not so extended, in which case the Initial Term shall end upon the later of (i) 3 years after the date hereof, or (ii) 2 years after the date of such written notice.

b. No Effect Prior to Change in Control. This Agreement shall not affect any rights of the Company to terminate the Executive prior to a Change in Control or any rights of the Executive granted in any other agreement or contract or plan with the Company. The rights, duties and benefits provided hereunder shall only become effective

upon and after a Change in Control. If the full-time employment of the Executive by the Company is ended for any reason prior to a Change in Control, this Agreement shall thereafter be of no further force and effect.

14. Severance Compensation and Benefits Not in Derogation of Other Benefits. Anything to the contrary herein contained notwithstanding, the payment or obligation to pay any monies, or granting of any benefits, rights or privileges to Executive as provided in this Agreement shall not be in lieu or derogation of the rights and privileges that the Executive now has or will have under any plans or programs of or agreements with the Company, except that if the Executive received any payment hereunder, he shall not be entitled to any payment under the Company's severance policies for officers and employees or under any employment agreement between Executive and the Company including the Employment Agreement dated January 1, 2008.

15. Payroll and Withholding Taxes. All payments to be made or benefits to be provided hereunder by the Company shall be subject to applicable federal and state payroll or withholding taxes. Any Gross-Up Payment shall be made in the form of withholding taxes and shall not be paid to the Executive, but shall be timely directed to the IRS (or any state division of taxation) on the Executive's behalf.

16. Delay in Payment. Notwithstanding anything else to the contrary in this Agreement, or any other plan, contract, program or otherwise, the Company (and its affiliates) are expressly authorized to delay any scheduled payments under this Agreement and any other plan, contract, program or otherwise, as such payments relate to the Executive, if the Company (or its affiliate) determines that such delay is necessary in order to comply with the requirements of Section 409A of the Internal Revenue Code. No such payment may

be delayed beyond the date that is six (6) months following the Executive's separation from service (as defined in Section 409A). At the end of such period of delay, the Executive will be paid the delayed payment amounts, plus interest for the period of any such delay. For purposes of the preceding sentence, interest shall be calculated using the six (6) month Treasury Bill rate in effect on the date on which the payment is delayed, and shall be compounded daily. Notwithstanding the foregoing, in the event that the conditions of the severance exception under Treasury Regulation Section 1.409A-1(b)(9)(iii) are satisfied, payment of benefit will not be delayed for six (6) months following termination from employment to the extent permitted under the severance exception.

17. Miscellaneous. This Agreement is the joint and several obligation of the Bank and Peapack. The terms of this Agreement shall be governed by, and interpreted and construed in accordance with the provisions of, the laws of New Jersey. This Agreement supersedes all prior agreements and understandings with respect to the matters covered hereby, including expressly any prior agreement with the Company concerning change-in-control benefits. The amendment or termination of this Agreement may be made only in a writing executed by the Company and the Executive, and no amendment or termination of this Agreement shall be effective unless and until made in such a writing. This Agreement shall be binding upon any successor (whether direct or indirect, by purchase, merge, consolidation, liquidation or otherwise) to all or substantially all of the assets of the Company. This Agreement is personal to the Executive and the Executive may not assign any of his/her rights or duties hereunder but this Agreement shall be enforceable by the Executive's legal representatives, executors or administrators. This Agreement may be executed in two or

more counterparts, each of which shall be deemed an original, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

(signature page to follow)

IN WITNESS WHEREOF, Peapack-Gladstone Bank and Peapack-Gladstone Financial Corporation each have caused this Agreement to be signed by their duly authorized representatives pursuant to the authority of their Boards of Directors, and the Executive has personally executed this Agreement, all as of the day and year first written above.

ATTEST:

PEAPACK-GLADSTONE
FINANCIAL CORPORATION

/s/ Antoinette Rosell
Antoinette Rosell, Secretary

By: /s/ Frank A. Kissel
Frank A. Kissel, Chairman

ATTEST:

PEAPACK-GLADSTONE BANK

/s/ Antoinette Rosell
Antoinette Rosell, Secretary

By: /s/ Frank A. Kissel
Frank A. Kissel, Chairman

WITNESS:

/s/ Bridget J. Walsh

/s/ Robert M. Rogers
Robert M. Rogers, Executive

AMENDED AND RESTATED
CHANGE-IN-CONTROL AGREEMENT

"ARTHUR BIRMINGHAM"

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (the "Agreement"), is made as of this "JANUARY 1, 2008", among PEAPACK-GLADSTONE BANK ("Bank"), a New Jersey state banking association with its principal office at 190 Main Street, Gladstone, New Jersey 07934, PEAPACK-GLADSTONE FINANCIAL CORPORATION ("Peapack"), a New Jersey Corporation which maintains its principal office at 158 Route 206 North, Gladstone, New Jersey 07934 (Peapack and the Bank collectively are the "Company") and ARTHUR BIRMINGHAM, JR. (the "Executive").

BACKGROUND

WHEREAS, the Executive has been continuously employed by the Bank for many years;

WHEREAS, the Executive throughout his/her tenure has worked diligently in his/her position in the business of the Bank and Peapack;

WHEREAS, the Board of Directors of the Bank and Peapack believe that the future services of the Executive are of great value to the Bank and Peapack and that it is important for the growth and development of the Bank that the Executive continue in his/her position;

WHEREAS, if the Company receives any proposal from a third person concerning a possible business combination with, or acquisition of equities securities of, the Company, the Board of Directors of the Company (the "Board") believes it is imperative that the Company and the Board be able to rely upon the Executive to continue in his/her position, and that they be able to receive

and rely upon his/her advice, if they request it, as to the best interests of the Company and its shareholders, without concern that the Executive might be distracted by the personal uncertainties and risks created by such a proposal;

WHEREAS, to achieve that goal, and to retain the Executive's services prior to any such activity, the Board of Directors and the Executive have agreed to enter into this Agreement to govern the Executive's termination benefits in the event of a Change in Control of the Company, as hereinafter defined.

NOW, THEREFORE, to assure the Company that it will have the continued dedication of the Executive and the availability of his/her advice and counsel notwithstanding the possibility, threat or occurrence of a bid to take over control of the Company, and to induce the Executive to remain in the employ of the Company, and for other good and valuable consideration, the Company and the Executive, each intending to be legally bound hereby agree as follows:

1. Definitions

a. Cause. For purposes of this Agreement "Cause" with respect to the termination by the Company of Executive's employment shall mean (i) willful and continued failure by the Executive to perform his/her duties for the Company under this Agreement after at least one warning in writing from the Company's Board of Directors identifying specifically any such failure; (ii) the willful engaging by the Executive in misconduct which causes material injury to the Company as specified in a written notice to the Executive from the Board of Directors; or (iii) conviction of a crime, other than a traffic violation, habitual drunkenness, drug abuse, or excessive absenteeism other than for illness, after a warning (with respect to drunkenness or absenteeism only) in writing from the Board of Directors to refrain from such behavior. No act or failure to act on the part of the

Executive shall be considered willful unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the action or omission was in the best interest of the Company.

b. Change in Control. "Change in Control" means any of the following events: (i) when Peapack or a Subsidiary acquires actual knowledge that any person (as such term is used in Sections 13(d) and 14(d)(2) of the Exchange Act), other than an affiliate of Peapack or a Subsidiary or an employee benefit plan established or maintained by Peapack, a Subsidiary or any of their respective affiliates, is or becomes the beneficial owner (as defined in Rule 13d-3 of the Exchange Act) directly or indirectly, of securities of Peapack representing more than twenty-five percent (25%) of the combined voting power of Peapack's then outstanding securities (a "Control Person"), (ii) upon the first purchase of Peapack's common stock pursuant to a tender or exchange offer (other than a tender or exchange offer made by Peapack, a Subsidiary or an employee benefit plan established or maintained by Peapack, a Subsidiary or any of their respective affiliates), (iii) upon the consummation of (A) a merger or consolidation of Peapack with or into another corporation (other than a merger or consolidation which is approved by at least two-thirds of the Continuing Directors (as hereinafter defined) and the definitive agreement for which provides that at least two-thirds of the directors of the surviving or resulting corporation immediately after the transaction are Continuing Directors (a "Non-Control Transaction")), (B) a sale or disposition of all or substantially all of Peapack's assets or (C) a plan of liquidation or dissolution of Peapack, (iv) if during any period of two (2) consecutive years, individuals who at the beginning of such period constitute the Board (the "Continuing Directors") cease for any reason to constitute at least two-thirds thereof or, following a Non-Control Transaction, two-thirds of the board of

directors of the surviving or resulting corporation; provided that any individual whose election or nomination for election as a member of the Board (or, following a Non-Control Transaction, the board of directors of the surviving or resulting corporation) was approved by a vote of at least two-thirds of the Continuing Directors then in office shall be considered a Continuing Director, or (v) upon a sale of (A) common stock of the Bank if after such sale any person (as such term is used in Section 13(d) and 14(d)(2) of the Exchange Act) other than Peapack, an employee benefit plan established or maintained by Peapack or a Subsidiary, or an affiliate of Peapack or a Subsidiary, owns a majority of the Bank's common stock or (B) all or substantially all of the Bank's assets (other than in the ordinary course of business). No person shall be considered a Control Person for purposes of clause (i) above if (A) such person is or becomes the beneficial owner, directly or indirectly, of more than ten percent (10%) but less than twenty-five percent (25%) of the combined voting power of Peapack's then outstanding securities if the acquisition of all voting securities in excess of ten percent (10%) was approved in advance by a majority of the Continuing Directors then in office or (B) such person acquires in excess of ten percent (10%) of the combined voting power of Peapack's then outstanding voting securities in violation of law and by order of a court of competent jurisdiction, settlement or otherwise, disposes or is required to dispose of all securities acquired in violation of law.

c. Contract Period. "Contract Period" shall mean the period commencing the day immediately preceding a Change in Control and ending on the earlier of (i) the third anniversary of the Change in Control or (ii) the death of the Executive. For the purpose of this Agreement, a Change in Control shall be deemed to have occurred at the date specified in the definition of Change-in-Control.

d. Exchange Act. "Exchange Act" means the Securities Exchange Act of 1934, as amended.

e. Good Reason. When used with reference to a voluntary termination by Executive of his/her employment with the Company, "Good Reason" shall mean any of the following, if taken without Executive's express written consent:

(1) The assignment to Executive of any duties inconsistent with, or the reduction of powers or functions associated with, Executive's position, title, duties, responsibilities and status with the Company immediately prior to a Change in Control; any removal of Executive from, or any failure to re-elect Executive to, any position(s) or office(s) Executive held immediately prior to such Change in Control. A change in title or positions resulting merely from a merger of the Company into or with another bank or company which does not downgrade in any way the Executive's powers, duties and responsibilities shall not meet the requirements of this paragraph;

(2) A reduction by the Company in Executive's annual base compensation as in effect immediately prior to a Change in Control or the failure to award Executive annual increases in accordance herewith;

(3) A failure by the Company to continue any bonus plan in which Executive participated immediately prior to the Change in Control or a failure by the Company to continue Executive as a participant in such plan on at least the same basis as Executive participated in such plan prior to the Change in Control;

(4) The Company's transfer of Executive to another geographic location outside of New Jersey or more than 25 miles from his/her present office location, except for required travel on the Company's business to an extent substantially

consistent with Executive's business travel obligations immediately prior to such Change in Control;

(5) The failure by the Company to continue in effect any employee benefit plan, program or arrangement (including, without limitation the Company's retirement plan, benefit equalization plan, life insurance plan, health and accident plan, disability plan, deferred compensation plan or long term stock incentive plan) in which Executive is participating immediately prior to a Change in Control (except that the Company may institute or continue plans, programs or arrangements providing Executive with substantially similar benefits); the taking of any action by the Company which would adversely affect Executive's participation in or materially reduce Executive's benefits under, any of such plans, programs or arrangements; the failure to continue, or the taking of any action which would deprive Executive, of any material fringe benefit enjoyed by Executive immediately prior to such Change in Control; or the failure by the Company to provide Executive with the number of paid vacation days to which Executive was entitled immediately prior to such Change in Control;

(6) The failure by the Company to obtain an assumption in writing of the obligations of the Company to perform this Agreement by any successor to the Company and to provide such assumption to the Executive prior to any Change in Control; or

(7) Any purported termination of Executive's employment by the Company during the term of this Agreement which is not effected pursuant to all of the requirements of this Agreement; and, for purposes of this Agreement, no such purported termination shall be effective.

f. Subsidiary. "Subsidiary" means any corporation in an unbroken chain of corporations, beginning with Peapack, if each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

2. Employment. The Company hereby agrees to employ the Executive, and the Executive hereby accepts employment, during the Contract Period upon the terms and conditions set forth herein.

3. Position. During the Contract Period the Executive shall be employed as Executive Vice President/Chief Financial Officer of Peapack and the Bank, or such other corporate or divisional profit center as shall then be the principal successor to the business, assets and properties of the Company, with substantially the same title and the same duties and responsibilities as before the Change in Control. The Executive shall devote his/her full time and attention to the business of the Company, and shall not during the Contract Period be engaged in any other business activity. This paragraph shall not be construed as preventing the Executive from managing any investments of his/her which do not require any service on his/her part in the operation of such investments.

4. Cash Compensation. The Company shall pay to the Executive compensation for his/her services during the Contract Period as follows:

a. Base Salary. A base annual salary equal to the annual salary in effect as of the Change in Control. The annual salary shall be payable in installments in accordance with the Company's usual payroll method.

b. Annual Bonus. An annual cash bonus equal to at least the average of the bonuses paid to the Executive in the three years prior to the Change in Control.

The bonus shall be payable at the time and in the manner which the Company paid such bonuses prior to the Change in Control.

c. Annual Review. The Board of Directors of the Company during the Contract Period shall review annually, or at more frequent intervals which the Board determines is appropriate, the Executive's compensation and shall award him additional compensation to reflect the Executive's performance, the performance of the Company and competitive compensation levels, all as determined in the discretion of the Board of Directors.

5. Expenses and Fringe Benefits.

a. Expenses. During the Contract Period, the Executive shall be entitled to reimbursement for all business expenses incurred by him with respect to the business of the Company in the same manner and to the same extent as such expenses were previously reimbursed to him immediately prior to the Change in Control.

b. Supplemental Retirement Plan. During the Contract Period, if the Executive was entitled to benefits under any supplemental retirement plan prior to the Change in Control, the Executive shall be entitled to continued benefits under such plan after the Change in Control and such plan may not be modified to reduce or eliminate such benefits during the Contract Period.

c. Club Membership and Automobile. If prior to the Change in Control, the Executive was entitled to membership in a country club and/or automobile allowance, he shall be entitled to the same membership and/or automobile allowance provided to him prior to the Change in Control.

d. Other Benefits. The Executive also shall be entitled to vacations and sick days, in accordance with the practices and procedures of the Company, as such existed immediately prior to the Change in Control. During the Contract Period, the Executive also shall be entitled to hospital, health, medical and life insurance, and any other benefits enjoyed, from time to time, by senior officers of the Company, all upon terms as favorable as those enjoyed by other senior officers of the Company. Notwithstanding anything in this paragraph 5(d) to the contrary, if the Company adopts any change in the benefits provided for senior officers of the Company, and such policy is uniformly applied to all officers of the Company (and any successor or acquirer of the Company, if any), including the chief executive officer of such entities, then no such change shall be deemed to be contrary to this paragraph.

6. Termination for Cause. The Company shall have the right to terminate the Executive for Cause, upon written notice to him of the termination which notice shall specify the reasons for the termination. In the event of termination for Cause the Executive shall not be entitled to any further benefits under this Agreement.

7. Disability. During the Contract Period if the Executive becomes permanently disabled, or is unable to perform his/her duties hereunder for 4 consecutive months in any 12 month period, the Company may terminate the employment of the Executive. In such event, the Executive shall not be entitled to any further benefits under this Agreement.

8. Death Benefits. Upon the Executive's death during the Contract Period, his/her estate shall not be entitled to any further benefits under this Agreement.

9. Termination Without Cause or Resignation for Good Reason. The Company may terminate the Executive without Cause during the Contract Period by written notice to the Executive providing four weeks notice. The Executive may resign for Good Reason during the Contract Period upon four weeks' written notice to the Company specifying facts and circumstances claimed to support the Good Reason. The Executive shall be entitled to give a Notice of Termination that his/her or her employment is being terminated for Good Reason at any time during the Contract Period, not later than twelve months after any occurrence of an event stated to constitute Good Reason. If the Company terminates the Executive's employment during the Contract Period without Cause or if the Executive Resigns for Good Reason, the Company shall, subject to Section 12 hereof:

(a) Within 20 business days of the termination of employment pay the Executive a lump sum severance payment in an amount equal to three (3.0) times the highest annual cash compensation, consisting solely of salary and bonus, as well as any 401(k) deferral, paid to the Executive during any calendar year in each of the three calendar years immediately prior to the Change in Control, along with any Gross-Up Payment due under Section 12 hereof for the calendar year of the termination; and

(b) Continue to provide the Executive during the remainder of the Contract Period with health, hospitalization and medical insurance, as were provided at the time of the termination of his/her employment with the Company, at the Company's cost (subject to standard deductibles and co-pays, and the Executive's continuing payment of his/her part of the premium for family coverage, if applicable).

The Executive shall not have a duty to mitigate the damages suffered by him in connection with the termination by the Company of his/her employment without Cause or a

resignation for Good Reason during the Contract Period. If the Company fails to pay the Executive the lump sum amount due him hereunder or the Gross-Up Payment due under Section 12 hereof, or to provide him with the health, hospitalization and medical insurance benefits due under this section, the Executive, after giving 10 days' written notice to the Company identifying the Company's failure, shall be entitled to recover from the Company all of his/her reasonable legal fees and expenses incurred in connection with his/her enforcement against the Company of the terms of this Agreement. The Executive shall be denied payment of his/her legal fees and expenses only if a court finds that the Executive sought payment of such fees without reasonable cause and not in good faith.

10. Resignation Without Good Reason. The Executive shall be entitled to resign from the employment of the Company at any time during the Contract Period without Good Reason, but upon such resignation the Executive shall not be entitled to any additional compensation for the time after which he ceases to be employed by the Company, and shall not be entitled to any of the other benefits provided hereunder. No such resignation shall be effective unless in writing with four weeks' notice thereof.

11. Non-Disclosure of Confidential Information.

a. Non-Disclosure of Confidential Information. Except in the course of his/her employment with the Company and in the pursuit of the business of the Company or any of its subsidiaries or affiliates, the Executive shall not, at any time during or following the Contract Period, disclose or use, any confidential information or proprietary data of the Company or any of its subsidiaries or affiliates. The Executive agrees that, among other things, all information concerning the identity of and the Company's relations with its customers is confidential information.

b. Specific Performance. Executive agrees that the Company does not have an adequate remedy at law for the breach of this section and agrees that he shall be subject to injunctive relief and equitable remedies as a result of the breach of this section. The invalidity or unenforceability of any provision of this Agreement shall not affect the force and effect of the remaining valid portions.

c. Survival. This section shall survive the termination of the Executive's employment hereunder and the expiration of this Agreement.

12. Gross-Up for Taxes.

a. Additional Payments. If, for any taxable year, Executive shall be liable for the payment of an excise tax under Section 4999 and/or Section 409A or other substitute or similar tax assessment (the "Excise Tax") of the Internal Revenue Code of 1986, as amended (the "Code"), including the corresponding provisions of any succeeding law, with respect to any payments under this Section 12 or any payments and/or benefits under this Agreement or under any benefit plan of the Company applicable to Executive individually or generally to executives or employees of the Company, then, the Company shall pay to the Executive, subject to Section 15 hereof by paying the withholding for the Executive, an additional amount (the "Gross-Up Payment") such that the net amount retained by the Executive, after deduction of any Excise Tax on such payments and benefits and any federal, state and local income tax and Excise Tax upon payments provided for in this Section 12, shall be equal to the payments due to the Executive hereunder and the payments and/or benefits due to the Executive under any benefit plan of the Company. Each Gross-Up Payment shall be made upon the later of (i) five (5) days after the date the Executive notifies the Company or the Company receives notice from the certified public accounting firm of its need to make such Gross-Up Payment, or (ii) the date of any payment causing

the liability for such Excise Tax. The amount of any Gross-Up Payment under this section shall be computed by a nationally recognized certified public accounting firm designated jointly by the Company and the Executive. The cost of such services by the accounting firm shall be paid by the Company. If the Company and the Executive are unable to designate jointly the accounting firm, then the firm shall be the accounting firm used by the Company immediately prior to the Change in Control.

b. IRS Disputed Claims. The Executive shall notify the company in writing of any claim by the Internal Revenue Service ("IRS") that, if successful, would require the payment by the Company of a Gross-Up Payment in addition to that payment previously paid by the Company pursuant to this section. Such notification shall be given as soon as practicable but no later than fifteen (15) business days after the Executive is informed in writing of such claim and shall apprise the Company of the nature of such claim, the date on which such claim is requested to be paid, and attach a copy of the IRS notice. The Executive shall not pay such claim prior to the expiration of the thirty (30) day period following the date on which the Executive gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

(i) Give the Company any information reasonably requested by the Company relating to such claim;

(ii) Take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company;

(iii) Cooperate with the Company in good faith in order effectively to contest such claim; and

(iv) Permit the Company to participate in any proceedings relating to such claim; provided, however that the Company shall pay directly all costs and expenses (including legal and accounting fees, as well as other expenses and any additional interest and penalties) incurred by the Executive and the Company in connection with an IRS levy, contest or claim.

c. This Section shall survive the termination of Executive's employment hereunder.

13. Term and Effect Prior to Change in Control.

a. Term. Except as otherwise provided for hereunder, this Agreement shall commence on the date hereof and shall remain in effect for a period of 3 years from the date hereof (the "Initial Term") or until the end of the Contract Period, whichever is later. The Initial Term shall be automatically extended for an additional one year period on the anniversary date hereof (so that the Initial Term is always 3 years) unless, prior to a Change in Control, the Chairman of the Board of Directors of Peapack notifies the Executive in writing at any time that the Contract is not so extended, in which case the Initial Term shall end upon the later of (i) 3 years after the date hereof, or (ii) 2 years after the date of such written notice.

b. No Effect Prior to Change in Control. This Agreement shall not affect any rights of the Company to terminate the Executive prior to a Change in Control or any rights of the Executive granted in any other agreement or contract or plan with the Company. The rights, duties and benefits provided hereunder shall only become effective

upon and after a Change in Control. If the full-time employment of the Executive by the Company is ended for any reason prior to a Change in Control, this Agreement shall thereafter be of no further force and effect.

14. Severance Compensation and Benefits Not in Derogation of Other Benefits. Anything to the contrary herein contained notwithstanding, the payment or obligation to pay any monies, or granting of any benefits, rights or privileges to Executive as provided in this Agreement shall not be in lieu or derogation of the rights and privileges that the Executive now has or will have under any plans or programs of or agreements with the Company, except that if the Executive received any payment hereunder, he shall not be entitled to any payment under the Company's severance policies for officers and employees or under any employment agreement between Executive and the Company including the Employment Agreement dated January 1, 2008.

15. Payroll and Withholding Taxes. All payments to be made or benefits to be provided hereunder by the Company shall be subject to applicable federal and state payroll or withholding taxes. Any Gross-Up Payment shall be made in the form of withholding taxes and shall not be paid to the Executive, but shall be timely directed to the IRS (or any state division of taxation) on the Executive's behalf.

16. Delay in Payment. Notwithstanding anything else to the contrary in this Agreement, or any other plan, contract, program or otherwise, the Company (and its affiliates) are expressly authorized to delay any scheduled payments under this Agreement and any other plan, contract, program or otherwise, as such payments relate to the Executive, if the Company (or its affiliate) determines that such delay is necessary in order to comply with the requirements of Section 409A of the Internal Revenue Code. No such payment may

be delayed beyond the date that is six (6) months following the Executive's separation from service (as defined in Section 409A). At the end of such period of delay, the Executive will be paid the delayed payment amounts, plus interest for the period of any such delay. For purposes of the preceding sentence, interest shall be calculated using the six (6) month Treasury Bill rate in effect on the date on which the payment is delayed, and shall be compounded daily. Notwithstanding the foregoing, in the event that the conditions of the severance exception under Treasury Regulation Section 1.409A-1(b)(9)(iii) are satisfied, payment of benefit will not be delayed for six (6) months following termination from employment to the extent permitted under the severance exception.

17. Miscellaneous. This Agreement is the joint and several obligation of the Bank and Peapack. The terms of this Agreement shall be governed by, and interpreted and construed in accordance with the provisions of, the laws of New Jersey. This Agreement supersedes all prior agreements and understandings with respect to the matters covered hereby, including expressly any prior agreement with the Company concerning change-in-control benefits. The amendment or termination of this Agreement may be made only in a writing executed by the Company and the Executive, and no amendment or termination of this Agreement shall be effective unless and until made in such a writing. This Agreement shall be binding upon any successor (whether direct or indirect, by purchase, merge, consolidation, liquidation or otherwise) to all or substantially all of the assets of the Company. This Agreement is personal to the Executive and the Executive may not assign any of his/her rights or duties hereunder but this Agreement shall be enforceable by the Executive's legal representatives, executors or administrators. This Agreement may be executed in two or

more counterparts, each of which shall be deemed an original, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

(signature page to follow)

IN WITNESS WHEREOF, Peapack-Gladstone Bank and Peapack-Gladstone Financial Corporation each have caused this Agreement to be signed by their duly authorized representatives pursuant to the authority of their Boards of Directors, and the Executive has personally executed this Agreement, all as of the day and year first written above.

ATTEST: PEAPACK-GLADSTONE
FINANCIAL CORPORATION

/s/ Antoinette Rosell By: /s/ Frank A. Kissel
Antoinette Rosell, Secretary Frank A. Kissel, Chairman

ATTEST: PEAPACK-GLADSTONE BANK
/s/ Antoinette Rosell By: /s/ Frank A. Kissel
Antoinette Rosell, Secretary Frank A. Kissel, Chairman

WITNESS:
/s/ Bridget J. Walsh By: /s/ Arthur F. Birmingham
Arthur F. Birmingham, Executive

AMENDED AND RESTATED
CHANGE-IN-CONTROL AGREEMENT

"GARRETT BROMLEY"

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (the "Agreement"), is made as of this "JANUARY 1, 2008", among PEAPACK-GLADSTONE BANK ("Bank"), a New Jersey state banking association with its principal office at 190 Main Street, Gladstone, New Jersey 07934, PEAPACK-GLADSTONE FINANCIAL CORPORATION ("Peapack"), a New Jersey Corporation which maintains its principal office at 158 Route 206 North, Gladstone, New Jersey 07934 (Peapack and the Bank collectively are the "Company") and GARRETT BROMLEY, JR. (the "Executive").

BACKGROUND

WHEREAS, the Executive has been continuously employed by the Bank for many years;

WHEREAS, the Executive throughout his/her tenure has worked diligently in his/her position in the business of the Bank and Peapack;

WHEREAS, the Board of Directors of the Bank and Peapack believe that the future services of the Executive are of great value to the Bank and Peapack and that it is important for the growth and development of the Bank that the Executive continue in his/her position;

WHEREAS, if the Company receives any proposal from a third person concerning a possible business combination with, or acquisition of equities securities of, the Company, the Board of Directors of the Company (the "Board") believes it is imperative that the Company and the Board be able to rely upon the Executive to continue in his/her position, and that they be able to receive

and rely upon his/her advice, if they request it, as to the best interests of the Company and its shareholders, without concern that the Executive might be distracted by the personal uncertainties and risks created by such a proposal;

WHEREAS, to achieve that goal, and to retain the Executive's services prior to any such activity, the Board of Directors and the Executive have agreed to enter into this Agreement to govern the Executive's termination benefits in the event of a Change in Control of the Company, as hereinafter defined.

NOW, THEREFORE, to assure the Company that it will have the continued dedication of the Executive and the availability of his/her advice and counsel notwithstanding the possibility, threat or occurrence of a bid to take over control of the Company, and to induce the Executive to remain in the employ of the Company, and for other good and valuable consideration, the Company and the Executive, each intending to be legally bound hereby agree as follows:

1. Definitions

a. Cause. For purposes of this Agreement "Cause" with respect to the termination by the Company of Executive's employment shall mean (i) willful and continued failure by the Executive to perform his/her duties for the Company under this Agreement after at least one warning in writing from the Company's Board of Directors identifying specifically any such failure; (ii) the willful engaging by the Executive in misconduct which causes material injury to the Company as specified in a written notice to the Executive from the Board of Directors; or (iii) conviction of a crime, other than a traffic violation, habitual drunkenness, drug abuse, or excessive absenteeism other than for illness, after a warning (with respect to drunkenness or absenteeism only) in writing from the Board of Directors to refrain from such behavior. No act or failure to act on the part of the

Executive shall be considered willful unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the action or omission was in the best interest of the Company.

b. Change in Control. "Change in Control" means any of the following events: (i) when Peapack or a Subsidiary acquires actual knowledge that any person (as such term is used in Sections 13(d) and 14(d)(2) of the Exchange Act), other than an affiliate of Peapack or a Subsidiary or an employee benefit plan established or maintained by Peapack, a Subsidiary or any of their respective affiliates, is or becomes the beneficial owner (as defined in Rule 13d-3 of the Exchange Act) directly or indirectly, of securities of Peapack representing more than twenty-five percent (25%) of the combined voting power of Peapack's then outstanding securities (a "Control Person"), (ii) upon the first purchase of Peapack's common stock pursuant to a tender or exchange offer (other than a tender or exchange offer made by Peapack, a Subsidiary or an employee benefit plan established or maintained by Peapack, a Subsidiary or any of their respective affiliates), (iii) upon the consummation of (A) a merger or consolidation of Peapack with or into another corporation (other than a merger or consolidation which is approved by at least two-thirds of the Continuing Directors (as hereinafter defined) and the definitive agreement for which provides that at least two-thirds of the directors of the surviving or resulting corporation immediately after the transaction are Continuing Directors (a "Non-Control Transaction")), (B) a sale or disposition of all or substantially all of Peapack's assets or (C) a plan of liquidation or dissolution of Peapack, (iv) if during any period of two (2) consecutive years, individuals who at the beginning of such period constitute the Board (the "Continuing Directors") cease for any reason to constitute at least two-thirds thereof or, following a Non-Control Transaction, two-thirds of the board of

directors of the surviving or resulting corporation; provided that any individual whose election or nomination for election as a member of the Board (or, following a Non-Control Transaction, the board of directors of the surviving or resulting corporation) was approved by a vote of at least two-thirds of the Continuing Directors then in office shall be considered a Continuing Director, or (v) upon a sale of (A) common stock of the Bank if after such sale any person (as such term is used in Section 13(d) and 14(d)(2) of the Exchange Act) other than Peapack, an employee benefit plan established or maintained by Peapack or a Subsidiary, or an affiliate of Peapack or a Subsidiary, owns a majority of the Bank's common stock or (B) all or substantially all of the Bank's assets (other than in the ordinary course of business). No person shall be considered a Control Person for purposes of clause (i) above if (A) such person is or becomes the beneficial owner, directly or indirectly, of more than ten percent (10%) but less than twenty-five percent (25%) of the combined voting power of Peapack's then outstanding securities if the acquisition of all voting securities in excess of ten percent (10%) was approved in advance by a majority of the Continuing Directors then in office or (B) such person acquires in excess of ten percent (10%) of the combined voting power of Peapack's then outstanding voting securities in violation of law and by order of a court of competent jurisdiction, settlement or otherwise, disposes or is required to dispose of all securities acquired in violation of law.

c. Contract Period. "Contract Period" shall mean the period commencing the day immediately preceding a Change in Control and ending on the earlier of (i) the third anniversary of the Change in Control or (ii) the death of the Executive. For the purpose of this Agreement, a Change in Control shall be deemed to have occurred at the date specified in the definition of Change-in-Control.

d. Exchange Act. "Exchange Act" means the Securities Exchange Act of 1934, as amended.

e. Good Reason. When used with reference to a voluntary termination by Executive of his/her employment with the Company, "Good Reason" shall mean any of the following, if taken without Executive's express written consent:

(1) The assignment to Executive of any duties inconsistent with, or the reduction of powers or functions associated with, Executive's position, title, duties, responsibilities and status with the Company immediately prior to a Change in Control; any removal of Executive from, or any failure to re-elect Executive to, any position(s) or office(s) Executive held immediately prior to such Change in Control. A change in title or positions resulting merely from a merger of the Company into or with another bank or company which does not downgrade in any way the Executive's powers, duties and responsibilities shall not meet the requirements of this paragraph;

(2) A reduction by the Company in Executive's annual base compensation as in effect immediately prior to a Change in Control or the failure to award Executive annual increases in accordance herewith;

(3) A failure by the Company to continue any bonus plan in which Executive participated immediately prior to the Change in Control or a failure by the Company to continue Executive as a participant in such plan on at least the same basis as Executive participated in such plan prior to the Change in Control;

(4) The Company's transfer of Executive to another geographic location outside of New Jersey or more than 25 miles from his/her present office location, except for required travel on the Company's business to an extent substantially

consistent with Executive's business travel obligations immediately prior to such Change in Control;

(5) The failure by the Company to continue in effect any employee benefit plan, program or arrangement (including, without limitation the Company's retirement plan, benefit equalization plan, life insurance plan, health and accident plan, disability plan, deferred compensation plan or long term stock incentive plan) in which Executive is participating immediately prior to a Change in Control (except that the Company may institute or continue plans, programs or arrangements providing Executive with substantially similar benefits); the taking of any action by the Company which would adversely affect Executive's participation in or materially reduce Executive's benefits under, any of such plans, programs or arrangements; the failure to continue, or the taking of any action which would deprive Executive, of any material fringe benefit enjoyed by Executive immediately prior to such Change in Control; or the failure by the Company to provide Executive with the number of paid vacation days to which Executive was entitled immediately prior to such Change in Control;

(6) The failure by the Company to obtain an assumption in writing of the obligations of the Company to perform this Agreement by any successor to the Company and to provide such assumption to the Executive prior to any Change in Control; or

(7) Any purported termination of Executive's employment by the Company during the term of this Agreement which is not effected pursuant to all of the requirements of this Agreement; and, for purposes of this Agreement, no such purported termination shall be effective.

f. Subsidiary. "Subsidiary" means any corporation in an unbroken chain of corporations, beginning with Peapack, if each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

2. Employment. The Company hereby agrees to employ the Executive, and the Executive hereby accepts employment, during the Contract Period upon the terms and conditions set forth herein.

3. Position. During the Contract Period the Executive shall be employed as Executive Vice President/Chief Lending Officer of Peapack and the Bank, or such other corporate or divisional profit center as shall then be the principal successor to the business, assets and properties of the Company, with substantially the same title and the same duties and responsibilities as before the Change in Control. The Executive shall devote his/her full time and attention to the business of the Company, and shall not during the Contract Period be engaged in any other business activity. This paragraph shall not be construed as preventing the Executive from managing any investments of his/her which do not require any service on his/her part in the operation of such investments.

4. Cash Compensation. The Company shall pay to the Executive compensation for his/her services during the Contract Period as follows:

a. Base Salary. A base annual salary equal to the annual salary in effect as of the Change in Control. The annual salary shall be payable in installments in accordance with the Company's usual payroll method.

b. Annual Bonus. An annual cash bonus equal to at least the average of the bonuses paid to the Executive in the three years prior to the Change in Control.

The bonus shall be payable at the time and in the manner which the Company paid such bonuses prior to the Change in Control.

c. Annual Review. The Board of Directors of the Company during the Contract Period shall review annually, or at more frequent intervals which the Board determines is appropriate, the Executive's compensation and shall award him additional compensation to reflect the Executive's performance, the performance of the Company and competitive compensation levels, all as determined in the discretion of the Board of Directors.

5. Expenses and Fringe Benefits.

a. Expenses. During the Contract Period, the Executive shall be entitled to reimbursement for all business expenses incurred by him with respect to the business of the Company in the same manner and to the same extent as such expenses were previously reimbursed to him immediately prior to the Change in Control.

b. Supplemental Retirement Plan. During the Contract Period, if the Executive was entitled to benefits under any supplemental retirement plan prior to the Change in Control, the Executive shall be entitled to continued benefits under such plan after the Change in Control and such plan may not be modified to reduce or eliminate such benefits during the Contract Period.

c. Club Membership and Automobile. If prior to the Change in Control, the Executive was entitled to membership in a country club and/or automobile allowance, he shall be entitled to the same membership and/or automobile allowance provided to him prior to the Change in Control.

d. Other Benefits. The Executive also shall be entitled to vacations and sick days, in accordance with the practices and procedures of the Company, as such existed immediately prior to the Change in Control. During the Contract Period, the Executive also shall be entitled to hospital, health, medical and life insurance, and any other benefits enjoyed, from time to time, by senior officers of the Company, all upon terms as favorable as those enjoyed by other senior officers of the Company. Notwithstanding anything in this paragraph 5(d) to the contrary, if the Company adopts any change in the benefits provided for senior officers of the Company, and such policy is uniformly applied to all officers of the Company (and any successor or acquirer of the Company, if any), including the chief executive officer of such entities, then no such change shall be deemed to be contrary to this paragraph.

6. Termination for Cause. The Company shall have the right to terminate the Executive for Cause, upon written notice to him of the termination which notice shall specify the reasons for the termination. In the event of termination for Cause the Executive shall not be entitled to any further benefits under this Agreement.

7. Disability. During the Contract Period if the Executive becomes permanently disabled, or is unable to perform his/her duties hereunder for 4 consecutive months in any 12 month period, the Company may terminate the employment of the Executive. In such event, the Executive shall not be entitled to any further benefits under this Agreement.

8. Death Benefits. Upon the Executive's death during the Contract Period, his/her estate shall not be entitled to any further benefits under this Agreement.

9. Termination Without Cause or Resignation for Good Reason. The Company may terminate the Executive without Cause during the Contract Period by written notice to the Executive providing four weeks notice. The Executive may resign for Good Reason during the Contract Period upon four weeks' written notice to the Company specifying facts and circumstances claimed to support the Good Reason. The Executive shall be entitled to give a Notice of Termination that his/her or her employment is being terminated for Good Reason at any time during the Contract Period, not later than twelve months after any occurrence of an event stated to constitute Good Reason. If the Company terminates the Executive's employment during the Contract Period without Cause or if the Executive Resigns for Good Reason, the Company shall, subject to Section 12 hereof:

(a) Within 20 business days of the termination of employment pay the Executive a lump sum severance payment in an amount equal to three (3.0) times the highest annual cash compensation, consisting solely of salary and bonus, as well as any 401(k) deferral, paid to the Executive during any calendar year in each of the three calendar years immediately prior to the Change in Control, along with any Gross-Up Payment due under Section 12 hereof for the calendar year of the termination; and

(b) Continue to provide the Executive during the remainder of the Contract Period with health, hospitalization and medical insurance, as were provided at the time of the termination of his/her employment with the Company, at the Company's cost (subject to standard deductibles and co-pays, and the Executive's continuing payment of his/her part of the premium for family coverage, if applicable).

The Executive shall not have a duty to mitigate the damages suffered by him in connection with the termination by the Company of his/her employment without Cause or a

resignation for Good Reason during the Contract Period. If the Company fails to pay the Executive the lump sum amount due him hereunder or the Gross-Up Payment due under Section 12 hereof, or to provide him with the health, hospitalization and medical insurance benefits due under this section, the Executive, after giving 10 days' written notice to the Company identifying the Company's failure, shall be entitled to recover from the Company all of his/her reasonable legal fees and expenses incurred in connection with his/her enforcement against the Company of the terms of this Agreement. The Executive shall be denied payment of his/her legal fees and expenses only if a court finds that the Executive sought payment of such fees without reasonable cause and not in good faith.

10. Resignation Without Good Reason. The Executive shall be entitled to resign from the employment of the Company at any time during the Contract Period without Good Reason, but upon such resignation the Executive shall not be entitled to any additional compensation for the time after which he ceases to be employed by the Company, and shall not be entitled to any of the other benefits provided hereunder. No such resignation shall be effective unless in writing with four weeks' notice thereof.

11. Non-Disclosure of Confidential Information.

a. Non-Disclosure of Confidential Information. Except in the course of his/her employment with the Company and in the pursuit of the business of the Company or any of its subsidiaries or affiliates, the Executive shall not, at any time during or following the Contract Period, disclose or use, any confidential information or proprietary data of the Company or any of its subsidiaries or affiliates. The Executive agrees that, among other things, all information concerning the identity of and the Company's relations with its customers is confidential information.

b. Specific Performance. Executive agrees that the Company does not have an adequate remedy at law for the breach of this section and agrees that he shall be subject to injunctive relief and equitable remedies as a result of the breach of this section. The invalidity or unenforceability of any provision of this Agreement shall not affect the force and effect of the remaining valid portions.

c. Survival. This section shall survive the termination of the Executive's employment hereunder and the expiration of this Agreement.

12. Gross-Up for Taxes.

a. Additional Payments. If, for any taxable year, Executive shall be liable for the payment of an excise tax under Section 4999 and/or Section 409A or other substitute or similar tax assessment (the "Excise Tax") of the Internal Revenue Code of 1986, as amended (the "Code"), including the corresponding provisions of any succeeding law, with respect to any payments under this Section 12 or any payments and/or benefits under this Agreement or under any benefit plan of the Company applicable to Executive individually or generally to executives or employees of the Company, then, the Company shall pay to the Executive, subject to Section 15 hereof by paying the withholding for the Executive, an additional amount (the "Gross-Up Payment") such that the net amount retained by the Executive, after deduction of any Excise Tax on such payments and benefits and any federal, state and local income tax and Excise Tax upon payments provided for in this Section 12, shall be equal to the payments due to the Executive hereunder and the payments and/or benefits due to the Executive under any benefit plan of the Company. Each Gross-Up Payment shall be made upon the later of (i) five (5) days after the date the Executive notifies the Company or the Company receives notice from the certified public accounting firm of its need to make such Gross-Up Payment, or (ii) the date of any payment causing

the liability for such Excise Tax. The amount of any Gross-Up Payment under this section shall be computed by a nationally recognized certified public accounting firm designated jointly by the Company and the Executive. The cost of such services by the accounting firm shall be paid by the Company. If the Company and the Executive are unable to designate jointly the accounting firm, then the firm shall be the accounting firm used by the Company immediately prior to the Change in Control.

b. IRS Disputed Claims. The Executive shall notify the company in writing of any claim by the Internal Revenue Service ("IRS") that, if successful, would require the payment by the Company of a Gross-Up Payment in addition to that payment previously paid by the Company pursuant to this section. Such notification shall be given as soon as practicable but no later than fifteen (15) business days after the Executive is informed in writing of such claim and shall apprise the Company of the nature of such claim, the date on which such claim is requested to be paid, and attach a copy of the IRS notice. The Executive shall not pay such claim prior to the expiration of the thirty (30) day period following the date on which the Executive gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

(i) Give the Company any information reasonably requested by the Company relating to such claim;

(ii) Take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company;

(iii) Cooperate with the Company in good faith in order effectively to contest such claim; and

(iv) Permit the Company to participate in any proceedings relating to such claim; provided, however that the Company shall pay directly all costs and expenses (including legal and accounting fees, as well as other expenses and any additional interest and penalties) incurred by the Executive and the Company in connection with an IRS levy, contest or claim.

c. This Section shall survive the termination of Executive's employment hereunder.

13. Term and Effect Prior to Change in Control.

a. Term. Except as otherwise provided for hereunder, this Agreement shall commence on the date hereof and shall remain in effect for a period of 3 years from the date hereof (the "Initial Term") or until the end of the Contract Period, whichever is later. The Initial Term shall be automatically extended for an additional one year period on the anniversary date hereof (so that the Initial Term is always 3 years) unless, prior to a Change in Control, the Chairman of the Board of Directors of Peapack notifies the Executive in writing at any time that the Contract is not so extended, in which case the Initial Term shall end upon the later of (i) 3 years after the date hereof, or (ii) 2 years after the date of such written notice.

b. No Effect Prior to Change in Control. This Agreement shall not affect any rights of the Company to terminate the Executive prior to a Change in Control or any rights of the Executive granted in any other agreement or contract or plan with the Company. The rights, duties and benefits provided hereunder shall only become effective

upon and after a Change in Control. If the full-time employment of the Executive by the Company is ended for any reason prior to a Change in Control, this Agreement shall thereafter be of no further force and effect.

14. Severance Compensation and Benefits Not in Derogation of Other Benefits. Anything to the contrary herein contained notwithstanding, the payment or obligation to pay any monies, or granting of any benefits, rights or privileges to Executive as provided in this Agreement shall not be in lieu or derogation of the rights and privileges that the Executive now has or will have under any plans or programs of or agreements with the Company, except that if the Executive received any payment hereunder, he shall not be entitled to any payment under the Company's severance policies for officers and employees or under any employment agreement between Executive and the Company including the Employment Agreement dated January 1, 2008.

15. Payroll and Withholding Taxes. All payments to be made or benefits to be provided hereunder by the Company shall be subject to applicable federal and state payroll or withholding taxes. Any Gross-Up Payment shall be made in the form of withholding taxes and shall not be paid to the Executive, but shall be timely directed to the IRS (or any state division of taxation) on the Executive's behalf.

16. Delay in Payment. Notwithstanding anything else to the contrary in this Agreement, or any other plan, contract, program or otherwise, the Company (and its affiliates) are expressly authorized to delay any scheduled payments under this Agreement and any other plan, contract, program or otherwise, as such payments relate to the Executive, if the Company (or its affiliate) determines that such delay is necessary in order to comply with the requirements of Section 409A of the Internal Revenue Code. No such payment may

be delayed beyond the date that is six (6) months following the Executive's separation from service (as defined in Section 409A). At the end of such period of delay, the Executive will be paid the delayed payment amounts, plus interest for the period of any such delay. For purposes of the preceding sentence, interest shall be calculated using the six (6) month Treasury Bill rate in effect on the date on which the payment is delayed, and shall be compounded daily. Notwithstanding the foregoing, in the event that the conditions of the severance exception under Treasury Regulation Section 1.409A-1(b)(9)(iii) are satisfied, payment of benefit will not be delayed for six (6) months following termination from employment to the extent permitted under the severance exception.

17. Miscellaneous. This Agreement is the joint and several obligation of the Bank and Peapack. The terms of this Agreement shall be governed by, and interpreted and construed in accordance with the provisions of, the laws of New Jersey. This Agreement supersedes all prior agreements and understandings with respect to the matters covered hereby, including expressly any prior agreement with the Company concerning change-in-control benefits. The amendment or termination of this Agreement may be made only in a writing executed by the Company and the Executive, and no amendment or termination of this Agreement shall be effective unless and until made in such a writing. This Agreement shall be binding upon any successor (whether direct or indirect, by purchase, merge, consolidation, liquidation or otherwise) to all or substantially all of the assets of the Company. This Agreement is personal to the Executive and the Executive may not assign any of his/her rights or duties hereunder but this Agreement shall be enforceable by the Executive's legal representatives, executors or administrators. This Agreement may be executed in two or

more counterparts, each of which shall be deemed an original, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

(signature page to follow)

IN WITNESS WHEREOF, Peapack-Gladstone Bank and Peapack-Gladstone Financial Corporation each have caused this Agreement to be signed by their duly authorized representatives pursuant to the authority of their Boards of Directors, and the Executive has personally executed this Agreement, all as of the day and year first written above.

ATTEST: PEAPACK-GLADSTONE
FINANCIAL CORPORATION

/s/ Antoinette Rosell By: /s/ Frank A. Kissel
Antoinette Rosell, Secretary Frank A. Kissel, Chairman

ATTEST: PEAPACK-GLADSTONE BANK

/s/ Antoinette Rosell By: /s/ Frank A. Kissel
Antoinette Rosell, Secretary Frank A. Kissel, Chairman

WITNESS:

/s/ Bridget J. Walsh By: /s/ Garrett P. Bromley
Garrett P. Bromley, Executive

AMENDED AND RESTATED
CHANGE-IN-CONTROL AGREEMENT

"FINN M.W. CASPERSEN, JR."

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (the "Agreement"), is made as of this "JANUARY 1, 2008", among PEAPACK-GLADSTONE BANK ("Bank"), a New Jersey state banking association with its principal office at 190 Main Street, Gladstone, New Jersey 07934, PEAPACK-GLADSTONE FINANCIAL CORPORATION ("Peapack"), a New Jersey Corporation which maintains its principal office at 158 Route 206 North, Gladstone, New Jersey 07934 (Peapack and the Bank collectively are the "Company") and FINN M.W. CASPERSEN, JR. (the "Executive").

BACKGROUND

WHEREAS, the Executive has been continuously employed by the Bank for many years;

WHEREAS, the Executive throughout his/her tenure has worked diligently in his/her position in the business of the Bank and Peapack;

WHEREAS, the Board of Directors of the Bank and Peapack believe that the future services of the Executive are of great value to the Bank and Peapack and that it is important for the growth and development of the Bank that the Executive continue in his/her position;

WHEREAS, if the Company receives any proposal from a third person concerning a possible business combination with, or acquisition of equities securities of, the Company, the Board of Directors of the Company (the "Board") believes it is imperative that the Company and the Board be able to rely upon the Executive to continue in his/her position, and that they be able to receive

and rely upon his/her advice, if they request it, as to the best interests of the Company and its shareholders, without concern that the Executive might be distracted by the personal uncertainties and risks created by such a proposal;

WHEREAS, to achieve that goal, and to retain the Executive's services prior to any such activity, the Board of Directors and the Executive have agreed to enter into this Agreement to govern the Executive's termination benefits in the event of a Change in Control of the Company, as hereinafter defined.

NOW, THEREFORE, to assure the Company that it will have the continued dedication of the Executive and the availability of his/her advice and counsel notwithstanding the possibility, threat or occurrence of a bid to take over control of the Company, and to induce the Executive to remain in the employ of the Company, and for other good and valuable consideration, the Company and the Executive, each intending to be legally bound hereby agree as follows:

1. Definitions

a. Cause. For purposes of this Agreement "Cause" with respect to the termination by the Company of Executive's employment shall mean (i) willful and continued failure by the Executive to perform his/her duties for the Company under this Agreement after at least one warning in writing from the Company's Board of Directors identifying specifically any such failure; (ii) the willful engaging by the Executive in misconduct which causes material injury to the Company as specified in a written notice to the Executive from the Board of Directors; or (iii) conviction of a crime, other than a traffic violation, habitual drunkenness, drug abuse, or excessive absenteeism other than for illness, after a warning (with respect to drunkenness or absenteeism only) in writing from the Board of Directors to refrain from such behavior. No act or failure to act on the part of the Executive shall be considered willful unless done, or omitted to be done, by the

Executive not in good faith and without reasonable belief that the action or omission was in the best interest of the Company.

b. Change in Control. "Change in Control" means any of the following events: (i) when Peapack or a Subsidiary acquires actual knowledge that any person (as such term is used in Sections 13(d) and 14(d)(2) of the Exchange Act), other than an affiliate of Peapack or a Subsidiary or an employee benefit plan established or maintained by Peapack, a Subsidiary or any of their respective affiliates, is or becomes the beneficial owner (as defined in Rule 13d-3 of the Exchange Act) directly or indirectly, of securities of Peapack representing more than twenty-five percent (25%) of the combined voting power of Peapack's then outstanding securities (a "Control Person"), (ii) upon the first purchase of Peapack's common stock pursuant to a tender or exchange offer (other than a tender or exchange offer made by Peapack, a Subsidiary or an employee benefit plan established or maintained by Peapack, a Subsidiary or any of their respective affiliates), (iii) upon the consummation of (A) a merger or consolidation of Peapack with or into another corporation (other than a merger or consolidation which is approved by at least two-thirds of the Continuing Directors (as hereinafter defined) and the definitive agreement for which provides that at least two-thirds of the directors of the surviving or resulting corporation immediately after the transaction are Continuing Directors (a "Non-Control Transaction")), (B) a sale or disposition of all or substantially all of Peapack's assets or (C) a plan of liquidation or dissolution of Peapack, (iv) if during any period of two (2) consecutive years, individuals who at the beginning of such period constitute the Board (the "Continuing Directors") cease for any reason to constitute at least two-thirds thereof or, following a Non-Control Transaction, two-thirds of the board of directors of the surviving or resulting corporation; provided that any individual whose election or nomination for election as a member of the Board (or, following a Non-Control Transaction, the board of

directors of the surviving or resulting corporation) was approved by a vote of at least two-thirds of the Continuing Directors then in office shall be considered a Continuing Director, or (v) upon a sale of (A) common stock of the Bank if after such sale any person (as such term is used in Section 13(d) and 14(d)(2) of the Exchange Act) other than Peapack, an employee benefit plan established or maintained by Peapack or a Subsidiary, or an affiliate of Peapack or a Subsidiary, owns a majority of the Bank's common stock or (B) all or substantially all of the Bank's assets (other than in the ordinary course of business). No person shall be considered a Control Person for purposes of clause (i) above if (A) such person is or becomes the beneficial owner, directly or indirectly, of more than ten percent (10%) but less than twenty-five percent (25%) of the combined voting power of Peapack's then outstanding securities if the acquisition of all voting securities in excess of ten percent (10%) was approved in advance by a majority of the Continuing Directors then in office or (B) such person acquires in excess of ten percent (10%) of the combined voting power of Peapack's then outstanding voting securities in violation of law and by order of a court of competent jurisdiction, settlement or otherwise, disposes or is required to dispose of all securities acquired in violation of law.

c. Contract Period. "Contract Period" shall mean the period commencing the day immediately preceding a Change in Control and ending on the earlier of (i) the third anniversary of the Change in Control or (ii) the death of the Executive. For the purpose of this Agreement, a Change in Control shall be deemed to have occurred at the date specified in the definition of Change-in-Control.

d. Exchange Act. "Exchange Act" means the Securities Exchange Act of 1934, as amended.

e. Good Reason. When used with reference to a voluntary termination by Executive of his/her employment with the Company, "Good Reason" shall mean any of the following, if taken without Executive's express written consent:

(1) The assignment to Executive of any duties inconsistent with, or the reduction of powers or functions associated with, Executive's position, title, duties, responsibilities and status with the Company immediately prior to a Change in Control; any removal of Executive from, or any failure to re-elect Executive to, any position(s) or office(s) Executive held immediately prior to such Change in Control. A change in title or positions resulting merely from a merger of the Company into or with another bank or company which does not downgrade in any way the Executive's powers, duties and responsibilities shall not meet the requirements of this paragraph;

(2) A reduction by the Company in Executive's annual base compensation as in effect immediately prior to a Change in Control or the failure to award Executive annual increases in accordance herewith;

(3) A failure by the Company to continue any bonus plan in which Executive participated immediately prior to the Change in Control or a failure by the Company to continue Executive as a participant in such plan on at least the same basis as Executive participated in such plan prior to the Change in Control;

(4) The Company's transfer of Executive to another geographic location outside of New Jersey or more than 25 miles from his/her present office location, except for required travel on the Company's business to an extent substantially consistent with Executive's business travel obligations immediately prior to such Change in Control;

(5) The failure by the Company to continue in effect any employee benefit plan, program or arrangement (including, without limitation the Company's retirement plan, benefit equalization plan, life insurance plan, health and accident plan, disability plan, deferred compensation plan or long term stock incentive plan) in which Executive is participating immediately prior to a Change in Control (except that the Company may institute or continue plans, programs or arrangements providing Executive with substantially similar benefits); the taking of any action by the Company which would adversely affect Executive's participation in or materially reduce Executive's benefits under, any of such plans, programs or arrangements; the failure to continue, or the taking of any action which would deprive Executive, of any material fringe benefit enjoyed by Executive immediately prior to such Change in Control; or the failure by the Company to provide Executive with the number of paid vacation days to which Executive was entitled immediately prior to such Change in Control;

(6) The failure by the Company to obtain an assumption in writing of the obligations of the Company to perform this Agreement by any successor to the Company and to provide such assumption to the Executive prior to any Change in Control; or

(7) Any purported termination of Executive's employment by the Company during the term of this Agreement which is not effected pursuant to all of the requirements of this Agreement; and, for purposes of this Agreement, no such purported termination shall be effective.

f. Subsidiary. "Subsidiary" means any corporation in an unbroken chain of corporations, beginning with Peapack, if each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

2. Employment. The Company hereby agrees to employ the Executive, and the Executive hereby accepts employment, during the Contract Period upon the terms and conditions set forth herein.

3. Position. During the Contract Period the Executive shall be employed as Executive Vice President of Peapack and the Bank, or such other corporate or divisional profit center as shall then be the principal successor to the business, assets and properties of the Company, with substantially the same title and the same duties and responsibilities as before the Change in Control. The Executive shall devote his/her full time and attention to the business of the Company, and shall not during the Contract Period be engaged in any other business activity. This paragraph shall not be construed as preventing the Executive from managing any investments of his/her which do not require any service on his/her part in the operation of such investments.

4. Cash Compensation. The Company shall pay to the Executive compensation for his/her services during the Contract Period as follows:

a. Base Salary. A base annual salary equal to the annual salary in effect as of the Change in Control. The annual salary shall be payable in installments in accordance with the Company's usual payroll method.

b. Annual Bonus. An annual cash bonus equal to at least the average of the bonuses paid to the Executive in the three years prior to the Change in Control. The bonus shall be payable at the time and in the manner which the Company paid such bonuses prior to the Change in Control.

c. Annual Review. The Board of Directors of the Company during the Contract Period shall review annually, or at more frequent intervals which the Board determines is appropriate, the Executive's compensation and shall award him additional compensation to reflect

the Executive's performance, the performance of the Company and competitive compensation levels, all as determined in the discretion of the Board of Directors.

5. Expenses and Fringe Benefits.

a. Expenses. During the Contract Period, the Executive shall be entitled to reimbursement for all business expenses incurred by him with respect to the business of the Company in the same manner and to the same extent as such expenses were previously reimbursed to him immediately prior to the Change in Control.

b. Supplemental Retirement Plan. During the Contract Period, if the Executive was entitled to benefits under any supplemental retirement plan prior to the Change in Control, the Executive shall be entitled to continued benefits under such plan after the Change in Control and such plan may not be modified to reduce or eliminate such benefits during the Contract Period.

c. Club Membership and Automobile. If prior to the Change in Control, the Executive was entitled to membership in a country club and/or automobile allowance, he shall be entitled to the same membership and/or automobile allowance provided to him prior to the Change in Control.

d. Other Benefits. The Executive also shall be entitled to vacations and sick days, in accordance with the practices and procedures of the Company, as such existed immediately prior to the Change in Control. During the Contract Period, the Executive also shall be entitled to hospital, health, medical and life insurance, and any other benefits enjoyed, from time to time, by senior officers of the Company, all upon terms as favorable as those enjoyed by other senior officers of the Company. Notwithstanding anything in this paragraph 5(d) to the contrary, if the Company adopts any change in the benefits provided for senior officers of the Company, and

such policy is uniformly applied to all officers of the Company (and any successor or acquirer of the Company, if any), including the chief executive officer of such entities, then no such change shall be deemed to be contrary to this paragraph.

6. Termination for Cause. The Company shall have the right to terminate the Executive for Cause, upon written notice to him of the termination which notice shall specify the reasons for the termination. In the event of termination for Cause the Executive shall not be entitled to any further benefits under this Agreement.

7. Disability. During the Contract Period if the Executive becomes permanently disabled, or is unable to perform his/her duties hereunder for 4 consecutive months in any 12 month period, the Company may terminate the employment of the Executive. In such event, the Executive shall not be entitled to any further benefits under this Agreement.

8. Death Benefits. Upon the Executive's death during the Contract Period, his/her estate shall not be entitled to any further benefits under this Agreement.

9. Termination Without Cause or Resignation for Good Reason. The Company may terminate the Executive without Cause during the Contract Period by written notice to the Executive providing four weeks notice. The Executive may resign for Good Reason during the Contract Period upon four weeks' written notice to the Company specifying facts and circumstances claimed to support the Good Reason. The Executive shall be entitled to give a Notice of Termination that his/her or her employment is being terminated for Good Reason at any time during the Contract Period, not later than twelve months after any occurrence of an event stated to constitute Good Reason. If the Company terminates the Executive's employment during the Contract Period without Cause or if the Executive Resigns for Good Reason, the Company shall, subject to Section 12 hereof:

(a) Within 20 business days of the termination of employment pay the Executive a lump sum severance payment in an amount equal to three (3.0) times the highest annual cash compensation, consisting solely of salary and bonus, as well as any 401(k) deferral, paid to the Executive during any calendar year in each of the three calendar years immediately prior to the Change in Control, along with any Gross-Up Payment due under Section 12 hereof for the calendar year of the termination; and

(b) Continue to provide the Executive during the remainder of the Contract Period with health, hospitalization and medical insurance, as were provided at the time of the termination of his/her employment with the Company, at the Company's cost (subject to standard deductibles and co-pays, and the Executive's continuing payment of his/her part of the premium for family coverage, if applicable).

The Executive shall not have a duty to mitigate the damages suffered by him in connection with the termination by the Company of his/her employment without Cause or a resignation for Good Reason during the Contract Period. If the Company fails to pay the Executive the lump sum amount due him hereunder or the Gross-Up Payment due under Section 12 hereof, or to provide him with the health, hospitalization and medical insurance benefits due under this section, the Executive, after giving 10 days' written notice to the Company identifying the Company's failure, shall be entitled to recover from the Company all of his/her reasonable legal fees and expenses incurred in connection with his/her enforcement against the Company of the terms of this Agreement. The Executive shall be denied payment of his/her legal fees and expenses only if a court finds that the Executive sought payment of such fees without reasonable cause and not in good faith.

10. Resignation Without Good Reason. The Executive shall be entitled to resign from the employment of the Company at any time during the Contract Period without Good Reason, but upon such resignation the Executive shall not be entitled to any additional compensation for the time after which he ceases to be employed by the Company, and shall not be entitled to any of the other benefits provided hereunder. No such resignation shall be effective unless in writing with four weeks' notice thereof.

11. Non-Disclosure of Confidential Information.

a. Non-Disclosure of Confidential Information. Except in the course of his/her employment with the Company and in the pursuit of the business of the Company or any of its subsidiaries or affiliates, the Executive shall not, at any time during or following the Contract Period, disclose or use, any confidential information or proprietary data of the Company or any of its subsidiaries or affiliates. The Executive agrees that, among other things, all information concerning the identity of and the Company's relations with its customers is confidential information.

b. Specific Performance. Executive agrees that the Company does not have an adequate remedy at law for the breach of this section and agrees that he shall be subject to injunctive relief and equitable remedies as a result of the breach of this section. The invalidity or unenforceability of any provision of this Agreement shall not affect the force and effect of the remaining valid portions.

c. Survival. This section shall survive the termination of the Executive's employment hereunder and the expiration of this Agreement.

12. Gross-Up for Taxes.

a. Additional Payments. If, for any taxable year, Executive shall be liable for the payment of an excise tax under Section 4999 and/or Section 409A or other substitute or similar tax assessment (the "Excise Tax") of the Internal Revenue Code of 1986, as amended (the "Code"), including the corresponding provisions of any succeeding law, with respect to any payments under this Section 12 or any payments and/or benefits under this Agreement or under any benefit plan of the Company applicable to Executive individually or generally to executives or employees of the Company, then, the Company shall pay to the Executive, subject to Section 15 hereof by paying the withholding for the Executive, an additional amount (the "Gross-Up Payment") such that the net amount retained by the Executive, after deduction of any Excise Tax on such payments and benefits and any federal, state and local income tax and Excise Tax upon payments provided for in this Section 12, shall be equal to the payments due to the Executive hereunder and the payments and/or benefits due to the Executive under any benefit plan of the Company. Each Gross-Up Payment shall be made upon the later of (i) five (5) days after the date the Executive notifies the Company or the Company receives notice from the certified public accounting firm of its need to make such Gross-Up Payment, or (ii) the date of any payment causing the liability for such Excise Tax. The amount of any Gross-Up Payment under this section shall be computed by a nationally recognized certified public accounting firm designated jointly by the Company and the Executive. The cost of such services by the accounting firm shall be paid by the Company. If the Company and the Executive are unable to designate jointly the accounting firm, then the firm shall be the accounting firm used by the Company immediately prior to the Change in Control.

b. IRS Disputed Claims. The Executive shall notify the company in writing of any claim by the Internal Revenue Service ("IRS") that, if successful, would require the

payment by the Company of a Gross-Up Payment in addition to that payment previously paid by the Company pursuant to this section. Such notification shall be given as soon as practicable but no later than fifteen (15) business days after the Executive is informed in writing of such claim and shall apprise the Company of the nature of such claim, the date on which such claim is requested to be paid, and attach a copy of the IRS notice. The Executive shall not pay such claim prior to the expiration of the thirty (30) day period following the date on which the Executive gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

(i) Give the Company any information reasonably requested by the Company relating to such claim;

(ii) Take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company;

(iii) Cooperate with the Company in good faith in order effectively to contest such claim; and

(iv) Permit the Company to participate in any proceedings relating to such claim; provided, however that the Company shall pay directly all costs and expenses (including legal and accounting fees, as well as other expenses and any additional interest and penalties) incurred by the Executive and the Company in connection with an IRS levy, contest or claim.

c. This Section shall survive the termination of Executive's employment hereunder.

13. Term and Effect Prior to Change in Control.

a. Term. Except as otherwise provided for hereunder, this Agreement shall commence on the date hereof and shall remain in effect for a period of 3 years from the date hereof (the "Initial Term") or until the end of the Contract Period, whichever is later. The Initial Term shall be automatically extended for an additional one year period on the anniversary date hereof (so that the Initial Term is always 3 years) unless, prior to a Change in Control, the Chairman of the Board of Directors of Peapack notifies the Executive in writing at any time that the Contract is not so extended, in which case the Initial Term shall end upon the later of (i) 3 years after the date hereof, or (ii) 2 years after the date of such written notice.

b. No Effect Prior to Change in Control. This Agreement shall not affect any rights of the Company to terminate the Executive prior to a Change in Control or any rights of the Executive granted in any other agreement or contract or plan with the Company. The rights, duties and benefits provided hereunder shall only become effective upon and after a Change in Control. If the full-time employment of the Executive by the Company is ended for any reason prior to a Change in Control, this Agreement shall thereafter be of no further force and effect.

14. Severance Compensation and Benefits Not in Derogation of Other Benefits. Anything to the contrary herein contained notwithstanding, the payment or obligation to pay any monies, or granting of any benefits, rights or privileges to Executive as provided in this Agreement shall not be in lieu or derogation of the rights and privileges that the Executive now has or will have under any plans or programs of or agreements with the Company, except that if the Executive received any payment hereunder, he shall not be entitled to any payment under the Company's

severance policies for officers and employees or under any employment agreement between Executive and the Company including the Employment Agreement dated [DATE].

15. Payroll and Withholding Taxes. All payments to be made or benefits to be provided hereunder by the Company shall be subject to applicable federal and state payroll or withholding taxes. Any Gross-Up Payment shall be made in the form of withholding taxes and shall not be paid to the Executive, but shall be timely directed to the IRS (or any state division of taxation) on the Executive's behalf.

16. Delay in Payment. Notwithstanding anything else to the contrary in this Agreement, or any other plan, contract, program or otherwise, the Company (and its affiliates) are expressly authorized to delay any scheduled payments under this Agreement and any other plan, contract, program or otherwise, as such payments relate to the Executive, if the Company (or its affiliate) determines that such delay is necessary in order to comply with the requirements of Section 409A of the Internal Revenue Code. No such payment may be delayed beyond the date that is six (6) months following the Executive's separation from service (as defined in Section 409A). At the end of such period of delay, the Executive will be paid the delayed payment amounts, plus interest for the period of any such delay. For purposes of the preceding sentence, interest shall be calculated using the six (6) month Treasury Bill rate in effect on the date on which the payment is delayed, and shall be compounded daily. Notwithstanding the foregoing, in the event that the conditions of the severance exception under Treasury Regulation Section 1.409A-1(b)(9)(iii) are satisfied, payment of benefit will not be delayed for six (6) months following termination from employment to the extent permitted under the severance exception.

17. Miscellaneous. This Agreement is the joint and several obligation of the Bank and Peapack. The terms of this Agreement shall be governed by, and interpreted and

construed in accordance with the provisions of, the laws of New Jersey. This Agreement supersedes all prior agreements and understandings with respect to the matters covered hereby, including expressly any prior agreement with the Company concerning change-in-control benefits. The amendment or termination of this Agreement may be made only in a writing executed by the Company and the Executive, and no amendment or termination of this Agreement shall be effective unless and until made in such a writing. This Agreement shall be binding upon any successor (whether direct or indirect, by purchase, merge, consolidation, liquidation or otherwise) to all or substantially all of the assets of the Company. This Agreement is personal to the Executive and the Executive may not assign any of his/her rights or duties hereunder but this Agreement shall be enforceable by the Executive's legal representatives, executors or administrators. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

(signature page to follow)

IN WITNESS WHEREOF, Peapack-Gladstone Bank and Peapack-Gladstone Financial Corporation each have caused this Agreement to be signed by their duly authorized representatives pursuant to the authority of their Boards of Directors, and the Executive has personally executed this Agreement, all as of the day and year first written above.

ATTEST: PEAPACK-GLADSTONE
FINANCIAL CORPORATION

/s/ Antoinette Rosell By: /s/ Frank A. Kissel
Antoinette Rosell, Secretary Frank A. Kissel, Chairman

ATTEST: PEAPACK-GLADSTONE BANK

/s/ Antoinette Rosell By: /s/ Frank A. Kissel
Antoinette Rosell, Secretary Frank A. Kissel, Chairman

WITNESS:

/s/ Bridget J. Walsh By: /s/ Finn M.W. Caspersen, Jr.
Finn M.W. Caspersen, Jr., Executive

PEAPACK-GLADSTONE EMPLOYMENT AGREEMENT
OF FRANK A. KISSEL

This EMPLOYMENT AGREEMENT is as of January 1, 2008, by and between Peapack-Gladstone Financial Corporation ("PGFC") and Peapack-Gladstone Bank (the "Bank") (PGFC and the Bank are collectively referred to herein as the "Company"), and EXECUTIVE FRANK A. KISSEL ("Executive"), whose home address is P.O. Box #841, Far Hills, NJ 07931.

WITNESSETH:

WHEREAS, the Company desires to employ Executive pursuant to an agreement embodying the terms of such employment (this "Agreement") and Executive desires to enter into this Agreement and to accept such employment, subject to the terms and provisions of this Agreement; and

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties agree as follows:

Section 1. Term of Employment.

(a) The term of Executive's employment under this Agreement shall commence on January 1, 2008 (the "Effective Date") and end on December 31, 2009 (the "Original Term of Employment"), unless terminated earlier in accordance herewith.

(b) The Original Term of Employment shall be automatically renewed for successive one-year terms (the "Renewal Terms") so long as the Company does not, prior to 60 days before such expiration date, deliver a notification of non-renewal to Executive stating that the Company is electing to terminate this Agreement at the expiration of the then current Term of Employment. "Term of Employment" shall mean the Original Term of Employment and all Renewal Terms. In the event that this Agreement is not renewed because the Company has given the 60-day notice prescribed in the preceding paragraph on or before the expiration of the Original Term of Employment or any Renewal Term, such non-renewal shall be treated as a "Termination Without Cause" pursuant to Section 5.

Section 2. Position and Duties. During the Term of Employment, the Executive shall serve as the "CHAIRMAN AND CEO" of the Company. The Executive shall have such powers and duties as are commensurate with such position and as may be conferred upon him by the Board of Directors of the Company (the "Board"). During the Term of Employment, the Executive shall devote all of his/her business time, attention, skill and efforts exclusively to the business and affairs of the Company and its subsidiaries. Notwithstanding the foregoing, the Executive may engage in charitable, educational, religious, civic and similar types of activities, speaking engagements, membership on the board of directors of other organizations, and similar activities to the extent that such activities do not inhibit the performance of his/her duties hereunder or conflict in any material way with the business of the Company and its subsidiaries.

Section 3. Compensation. For all services rendered by the Executive in any capacity required hereunder during the Term of Employment, including, without limitation, services as an executive officer, director, or member of any committee of the Company or any of its subsidiaries, the Executive shall be compensated as follows:

(a) The Company shall pay the Executive a fixed salary at a rate per annum equal to \$350,000("Base Salary"). Base Salary shall be payable bi-weekly.

(b) The Executive shall be eligible to receive a bonus with respect to the Term of Employment. The amount, terms and conditions of such bonus shall be determined in due course by the Board.

(c) The Executive shall be entitled to five weeks of vacation in each calendar year during the Term of Employment. The Executive shall not be entitled to carryover vacation from one year to another or to any payment in respect of any unused vacation.

(d) The Executive shall be entitled to participate in all compensation and employee benefit plans for which any salaried employees of the Company are eligible. Notwithstanding the foregoing, nothing in this Agreement shall preclude the amendment or termination of any such plan or program. Executive will not be entitled to severance under any severance plan of the Company other than pursuant to this Agreement.

Section 4. Business Expenses. The Company shall pay or reimburse the Executive for all reasonable entertainment, travel or other expenses incurred by the Executive in connection with the performance of his/her duties under this Agreement, subject to the Executive's presentation of appropriate documentation in accordance with such procedures as the Company may from time to time establish.

Section 5. Termination of Employment.

(a) The Company shall have the right, upon delivery of written notice to the Executive, to terminate the Executive's employment hereunder prior to the expiration of the Term of Employment:

- (i) pursuant to a Termination for Cause, or
- (ii) upon the Executive's Permanent Disability, or
- (iii) pursuant to a Termination Without Cause.

(b) The Executive shall have the right, upon delivery of written notice to the Company 30 days in advance of the proposed termination date, to terminate the Executive's employment hereunder prior to the expiration of the Term of Employment in the Executive's sole discretion.

(c) The Executive's employment hereunder shall terminate automatically without action by any party hereto upon the Executive's death.

(d) For purposes of this Agreement, the following terms have the following meanings:

"Termination for Cause" means a termination of the Executive's employment by the Company because the Executive has (a) materially failed to perform the duties assigned to him hereunder or imposed upon him by applicable law, and such failure to perform constitutes self-dealing, willful misconduct or recklessness, (b) committed an act of dishonesty in the performance of his/her duties hereunder or engaged in conduct materially detrimental to the business of the Company, (c) been convicted of a felony or a misdemeanor involving moral turpitude, (d) materially failed to perform his/her duties hereunder, which breach or failure the Executive shall fail to remedy within 30 days after written demand from the Company, (e) knowingly failed to follow lawful, written directives of the Board, or (f) engaged in any material employment act or practice, including but not limited to sexual harassment, forbidden by the Company in its employment manual as revised from time to time.

"Termination Without Cause" means a termination of the Executive's employment by the Company other than due to Permanent Disability, retirement or expiration of the Term of Employment and other than a Termination for Cause.

"Permanent Disability" means permanently disabled so as to qualify for full benefits under the Company's then-existing disability insurance policy. If the Company does not maintain any such policy on the date of termination, "Permanent Disability" shall mean the inability of the Executive to work for a period of four full calendar months during any eight consecutive calendar months due to illness or injury of a physical or mental nature, supported by the completion by the Executive's attending physician of a medical certification form outlining the disability and treatment.

Section 6. Benefits Upon Termination.

(a) In lieu of any severance that may otherwise be payable to the Executive pursuant to any policies of the Company, whether existing on the date hereof or in effect from time to time hereafter, in the event that the Company terminates the Executive's employment pursuant to a Termination Without Cause, the Company shall continue to pay the Executive's Base Salary for a period (the "Severance Period") equal two years from the effective date of such termination. The Executive also shall be entitled to any earned but unpaid Base Salary as of the effective date of termination of employment. No other payments shall be made, or benefits provided, by the Company under this Agreement except as otherwise required by law or the Company's benefit plans.

(b) In the event that the Company terminates the Executive's employment pursuant to a Permanent Disability, the Company shall pay the Executive any earned but unpaid Base Salary as of the date of termination of employment. No other payments shall be made, or benefits provided, by the Company under this Agreement except as otherwise required by law or the Company's benefit plans.

(c) In the event that the Company terminates the Executive's employment pursuant to a Termination for Cause or the Executive terminates his/her employment with the Company for any reason (including, without limitation, pursuant to any retirement), the Company shall pay the Executive any earned but unpaid Base Salary as of the date of termination of

employment. No other payments shall be made, or benefits provided, by the Company under this Agreement or otherwise except to the extent required by law or the Company's benefit plans.

(d) In the event that the Executive's employment hereunder is terminated due to the Executive's death, the Company shall pay the Executive's executor or other legal representative (the "Representative") any earned but unpaid Base Salary as of the date of termination of employment. No other payments shall be made, or benefits provided, by the Company whether under this Agreement or otherwise except to the extent required by law or the Company's benefit plans.

(e) Any payments to be made or benefits to be provided by the Company pursuant to this Section 6 (other than in the event of the Executive's death or Permanent Disability) are subject to the receipt by the Company of an effective general release and agreement not to sue, in form and substance reasonably satisfactory to the Company (the "Release") pursuant to which the Executive agrees (i) to release all claims against the Company and certain related parties (excluding claims for (x) indemnification under the Company's Certificate of Incorporation or by-laws or (y) any severance benefits arising out of this Agreement or otherwise), (ii) not to maintain any action, suit, claim or proceeding against the Company, its subsidiaries and affiliates and certain related parties, and (iii) to be bound by certain confidentiality and mutual non-disparagement covenants specified therein. Notwithstanding the due date of any post-employment payment, the Company shall not be obligated to make any payments under this Section 6 until after the expiration of any revocation period applicable to the Release.

(f) The Executive shall not be required to mitigate the severance payments to be made to him hereunder and if the Executive obtains other employment while receiving severance payments hereunder he shall continue to be entitled to the benefits of this Agreement.

(g) Notwithstanding anything else herein to the contrary in this Section 5 or otherwise, distributions to be made to Executive may be delayed for up to 6 months in order to avoid adverse tax implications to Executive, the Company or other similarly situated employees under Section 409A of the Internal Revenue Code of 1986 (the "Code"). At the end of such period of delay, you will be paid the delayed payment amounts, plus interest for the period of any such delay. For purposes of the preceding sentence, interest shall be calculated using the six (6) month Treasury Bill rate in effect on the date on which the payment is delayed, and shall be compounded daily.

Section 7. Confidential Information. The Executive and the Company agree that all information pertaining to the affairs, business, clients, or customers of the Company or any of its subsidiaries, other than information that the Company has previously made publicly available, is confidential information belonging to the Company and is a unique and valuable asset of the Company. Both during the Term of Employment hereof and thereafter, the Executive shall not, except to the extent reasonably necessary in the performance of his/her duties for the Company during the Term of Employment, disclose any information concerning the affairs, businesses, clients, or customers of the Company or its subsidiaries, or make use of any such information for his/her own purposes or for the benefit of any other person, firm, or corporation. All records, memoranda, letters, books, papers, reports, or other data, and other records and documents relating to the Company or its subsidiaries, whether made by the Executive or otherwise coming into his/her

possession, shall remain the property of the Company, no copies thereof shall be made which are not retained by the Company, and the Executive agrees, on termination of his/her employment not to retain any copies and deliver all such confidential information in his/her possession to the Company.

Section 8. Non-Compete; Non-Solicitation.

(a) During the period (the "Restricted Period") commencing on the termination of his/her employment for any reason whatsoever, except in the event of Change in Control, during the Term of Employment and ending one year thereafter, the Executive shall not, without express prior written consent of the Company, directly or indirectly, own or hold any proprietary interest in, or be employed by or receive remuneration from, any corporation, partnership, sole proprietorship or other entity (collectively, an "entity") "engaged in competition" (as defined below) with the Company or any of its subsidiaries (a "Competitor"). For purposes of the preceding sentence, (i) the term "proprietary interest" means direct or indirect ownership of an equity interest in an entity other than ownership of less than 2 percent of any class stock in a publicly-held entity, and (ii) an entity shall be considered to be "engaged in competition" if such entity is, or is a holding company for or a subsidiary of an entity which is engaged in the business of (A) providing banking, trust services, asset management advice, or similar financial services to consumers, businesses individuals or other entities, and (B) the entity, holding company or subsidiary maintains any physical offices for the transaction of such business located within 50 miles of the main office of the Company.

(b) During the Restricted Period, and for a period of one year thereafter, the Executive shall not, either directly or indirectly, for himself or on behalf of or in conjunction with any other person, company, partnership, corporation or business of whatever nature, (i) call upon any person or entity which is or has been within 24 months prior to the termination or other cessation of Executive's employment for any reason, a customer of the Company or any subsidiary (each a "Customer") for the direct or indirect purpose of soliciting or selling deposit, loan or trust products or services or (ii) induce any Customer to curtail, cancel, not renew, or not continue their business with the Company or any subsidiary.

(c) During the Restricted Period, and for a period of one year thereafter, the Executive shall not, without the express prior written consent of the Company, directly or indirectly, (i) solicit or assist any third party in soliciting for employment any person employed by the Company or any of its subsidiaries at the time of the termination of the Executive's employment (collectively, "Employees"), (ii) employ, attempt to employ or materially assist any third party in employing or attempting to employ any Employee, or (iii) otherwise act on behalf of any Competitor to interfere with the relationship between the Company or any of its subsidiaries and their respective Employees.

(d) The Executive acknowledges that the restrictions contained in this Section 8 are reasonable and necessary to protect the legitimate interests of the Company and that any breach by the Executive of any provision contained in this Section 8 will result in irreparable injury to the Company for which a remedy at law would be inadequate. Accordingly, the Executive acknowledges that the Company shall be entitled to temporary, preliminary and permanent injunctive relief against the Executive in the event of any breach or threatened breach by the Executive of the provisions of this Section 8, in addition to any other remedy that may be available

to the Company whether at law or in equity. With respect to any provision of this Section 8 finally determined by a court of competent jurisdiction to be unenforceable, such court shall be authorized to reform this Agreement or any provision hereof so that it is enforceable to the maximum extent permitted by law. If the covenants of Section 8 are determined to be wholly or partially unenforceable in any jurisdiction, such determination shall not be a bar to or in any way diminish the Company's right to enforce such covenants in any other jurisdiction and shall not bar or limit the enforceability of any other provisions.

(e) The provisions of this Section 8 shall survive the termination of the Executive's employment with the Company for any reason whatsoever so long as the termination of employment occurs during the Term of Employment. If there is no termination of Executive's employment during the Term of Employment, the provisions of this Section 8 shall expire and be of no further force and effect after the Term of Employment. The Company shall not be required to post any bond or other security in connection with any proceeding to enforce the provisions of this Section 8.

Section 9. Withholdings. The Company may directly or indirectly withhold from any payments made under this Agreement all Federal, State, City or other taxes and all other deductions as shall be required pursuant to any law or regulation or pursuant to any contributory benefit plan maintained by or on behalf of the Company.

Section 10. Notices. All notices, requests, demands and other communications required or permitted hereunder shall be given in writing and shall be deemed to have been duly given if delivered or mailed, postage prepaid, by same day or overnight mail (i) if to the Executive, at the address set forth above, or (ii) if to the Company, as follows:

The Board Of Directors
Peapack-Gladstone Bank
158 Route 206 North
Gladstone, NJ 07934

or to such other address as either party shall have previously specified in writing to the other.

Section 11. Binding Agreement; Assignment. This Agreement shall be binding upon and shall inure to the benefit of, the Executive and the Company and its successors and permitted assigns. This Agreement is personal to the Executive and may not be assigned by him. The Company may assign its rights and obligations under this Agreement in connection with a sale of all or substantially all of the business of PGFC or the Bank. Any successor to the Company by merger or consolidation shall be entitled to the benefits of this Agreement.

Section 12. Governing Law. This Agreement shall be governed by, and construed in accordance with, the internal laws of the State of New Jersey, without reference to the choice of law principles thereof.

Section 13. Dispute Resolution. At the option of either the Company or the Executive, any dispute, controversy or question arising under, out of or relating to this Agreement, the Executive's employment or termination of employment, including but not limited to any and all

statutory claims involving workplace discrimination or wrongful discharge, but excluding claims pursuant to Sections 7 or 8 hereof, shall be referred for decision by arbitration in the State of New Jersey by a neutral arbitrator mutually selected by the parties hereto. Any arbitration proceeding shall be governed by the Rules of the American Arbitration Association then in effect or such last in effect (in the event such Association is no longer in existence). If the parties are unable to agree upon such a neutral arbitrator within 21 days after either party has given the other written notice of the desire to submit the dispute, controversy or question for decision as aforesaid, then either party may apply to the American Arbitration Association for a final and binding appointment of a neutral arbitrator; however, if such Association is not then in existence or does not act in the matter within 45 days of any such application, either party may apply to a judge of the local court where the Bank is headquartered for an appointment of a neutral arbitrator to hear the parties and such judge is hereby authorized to make such appointment. In the event that either party exercises the right to submit a dispute, controversy or question arising hereunder to arbitration, the decision of the neutral arbitrator shall be final, conclusive and binding on all interested persons and no action at law or in equity shall be instituted or, if instituted, further prosecuted by either party other than to enforce the award of the neutral arbitrator. The award of the neutral arbitrator may be entered in any court that has jurisdiction. The Executive and the Company shall each bear all their own costs (including the fees and disbursements of counsel) incurred in connection with any such arbitration and shall each pay one-half of the costs of any arbitrator.

Section 14. Entire Agreement. This Agreement shall constitute the entire agreement among the parties with respect to the matters covered hereby and shall supersede all previous written, oral or implied understandings among them with respect to such matters.

Section 15. Amendments. This Agreement may only be amended or otherwise modified, and compliance with any provision hereof may only be waived, by a writing executed by all of the parties hereto. The provisions of this Section 15 may only be amended or otherwise modified by such a writing.

Section 16. Effect on Change-in-Control Agreement. Notwithstanding anything else to the contrary in this Agreement, if the Change-in-Control Agreement between the Company and the Executive, dated as of January 1, 2008 becomes effective due to a Change-in-Control of the Company (as defined therein), while the Executive remains employed by the Company, this Agreement, including, without limitation, Sections 7 and 8 hereof, shall no longer be effective in any respect but instead the relationship between the Executive and the Company shall be governed by the Change-in-Control Agreement. If the Executive is terminated prior to a Change-in-Control of the Company, then Sections 7 and 8 hereof shall survive any Change-in-Control.

Section 17. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which shall together be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF, PGFC and the Bank have caused this Agreement to be duly executed by the undersigned, thereunto duly authorized, and the Executive has signed this Agreement, all as of the date first written above.

WITNESS

PEAPACK-GLADSTONE
FINANCIAL CORPORATION

/s/ Antoinette Rosell
Antoinette Rosell, Secretary

By: /s/ F. Duffield Meyercord
F. Duffield Meyercord, Chairman

PEAPACK-GLADSTONE BANK

/s/ Antoinette Rosell
Antoinette Rosell, Secretary

By: /s/ F. Duffield Meyercord
F. Duffield Meyercord, Chairman

/s/ Bridget J. Walsh

By: /s/ Frank A. Kissel

PEAPACK-GLADSTONE EMPLOYMENT AGREEMENT
OF CRAIG SPENGEMAN

This EMPLOYMENT AGREEMENT is as of January 1, 2008, by and between Peapack-Gladstone Financial Corporation ("PGFC") and Peapack-Gladstone Bank (the "Bank") (PGFC and the Bank are collectively referred to herein as the "Company"), and EXECUTIVE CRAIG SPENGEMAN ("Executive"), whose home address is 117 Apgar Way, Asbury NJ 08802,

WITNESSETH:

WHEREAS, the Company desires to employ Executive pursuant to an agreement embodying the terms of such employment (this "Agreement") and Executive desires to enter into this Agreement and to accept such employment, subject to the terms and provisions of this Agreement; and

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties agree as follows:

Section 1. Term of Employment.

(a) The term of Executive's employment under this Agreement shall commence on January 1, 2008 (the "Effective Date") and end on December 31, 2009 (the "Original Term of Employment"), unless terminated earlier in accordance herewith.

(b) The Original Term of Employment shall be automatically renewed for successive one-year terms (the "Renewal Terms") so long as the Company does not, prior to 60 days before such expiration date, deliver a notification of non-renewal to Executive stating that the Company is electing to terminate this Agreement at the expiration of the then current Term of Employment. "Term of Employment" shall mean the Original Term of Employment and all Renewal Terms. In the event that this Agreement is not renewed because the Company has given the 60-day notice prescribed in the preceding paragraph on or before the expiration of the Original Term of Employment or any Renewal Term, such non-renewal shall be treated as a "Termination Without Cause" pursuant to Section 5.

Section 2. Position and Duties. During the Term of Employment, the Executive shall serve as the "PRESIDENT" of the Company. The Executive shall have such powers and duties as are commensurate with such position and as may be conferred upon him by the Board of Directors of the Company (the "Board"). During the Term of Employment, the Executive shall devote all of his/her business time, attention, skill and efforts exclusively to the business and affairs of the Company and its subsidiaries. Notwithstanding the foregoing, the Executive may engage in charitable, educational, religious, civic and similar types of activities, speaking engagements, membership on the board of directors of other organizations, and similar activities to the extent that such activities do not inhibit the performance of his/her duties hereunder or conflict in any material way with the business of the Company and its subsidiaries.

Section 3. Compensation. For all services rendered by the Executive in any capacity required hereunder during the Term of Employment, including, without limitation, services as an executive officer, director, or member of any committee of the Company or any of its subsidiaries, the Executive shall be compensated as follows:

(a) The Company shall pay the Executive a fixed salary at a rate per annum equal to \$250,000("Base Salary"). Base Salary shall be payable bi-weekly.

(b) The Executive shall be eligible to receive a bonus with respect to the Term of Employment. The amount, terms and conditions of such bonus shall be determined in due course by the Board.

(c) The Executive shall be entitled to five weeks of vacation in each calendar year during the Term of Employment. The Executive shall not be entitled to carryover vacation from one year to another or to any payment in respect of any unused vacation.

(d) The Executive shall be entitled to participate in all compensation and employee benefit plans for which any salaried employees of the Company are eligible. Notwithstanding the foregoing, nothing in this Agreement shall preclude the amendment or termination of any such plan or program. Executive will not be entitled to severance under any severance plan of the Company other than pursuant to this Agreement.

Section 4. Business Expenses. The Company shall pay or reimburse the Executive for all reasonable entertainment, travel or other expenses incurred by the Executive in connection with the performance of his/her duties under this Agreement, subject to the Executive's presentation of appropriate documentation in accordance with such procedures as the Company may from time to time establish.

Section 5. Termination of Employment.

(a) The Company shall have the right, upon delivery of written notice to the Executive, to terminate the Executive's employment hereunder prior to the expiration of the Term of Employment:

- (i) pursuant to a Termination for Cause, or
- (ii) upon the Executive's Permanent Disability, or
- (iii) pursuant to a Termination Without Cause.

(b) The Executive shall have the right, upon delivery of written notice to the Company 30 days in advance of the proposed termination date, to terminate the Executive's employment hereunder prior to the expiration of the Term of Employment in the Executive's sole discretion.

(c) The Executive's employment hereunder shall terminate automatically without action by any party hereto upon the Executive's death.

(d) For purposes of this Agreement, the following terms have the following meanings:

"Termination for Cause" means a termination of the Executive's employment by the Company because the Executive has (a) materially failed to perform the duties assigned to him hereunder or imposed upon him by applicable law, and such failure to perform constitutes self-dealing, willful misconduct or recklessness, (b) committed an act of dishonesty in the performance of his/her duties hereunder or engaged in conduct materially detrimental to the business of the Company, (c) been convicted of a felony or a misdemeanor involving moral turpitude, (d) materially failed to perform his/her duties hereunder, which breach or failure the Executive shall fail to remedy within 30 days after written demand from the Company, (e) knowingly failed to follow lawful, written directives of the Board, or (f) engaged in any material employment act or practice, including but not limited to sexual harassment, forbidden by the Company in its employment manual as revised from time to time.

"Termination Without Cause" means a termination of the Executive's employment by the Company other than due to Permanent Disability, retirement or expiration of the Term of Employment and other than a Termination for Cause.

"Permanent Disability" means permanently disabled so as to qualify for full benefits under the Company's then-existing disability insurance policy. If the Company does not maintain any such policy on the date of termination, "Permanent Disability" shall mean the inability of the Executive to work for a period of four full calendar months during any eight consecutive calendar months due to illness or injury of a physical or mental nature, supported by the completion by the Executive's attending physician of a medical certification form outlining the disability and treatment.

Section 6. Benefits Upon Termination.

(a) In lieu of any severance that may otherwise be payable to the Executive pursuant to any policies of the Company, whether existing on the date hereof or in effect from time to time hereafter, in the event that the Company terminates the Executive's employment pursuant to a Termination Without Cause, the Company shall continue to pay the Executive's Base Salary for a period (the "Severance Period") equal two years from the effective date of such termination. The Executive also shall be entitled to any earned but unpaid Base Salary as of the effective date of termination of employment. No other payments shall be made, or benefits provided, by the Company under this Agreement except as otherwise required by law or the Company's benefit plans.

(b) In the event that the Company terminates the Executive's employment pursuant to a Permanent Disability, the Company shall pay the Executive any earned but unpaid Base Salary as of the date of termination of employment. No other payments shall be made, or benefits provided, by the Company under this Agreement except as otherwise required by law or the Company's benefit plans.

(c) In the event that the Company terminates the Executive's employment pursuant to a Termination for Cause or the Executive terminates his/her employment with the Company for any reason (including, without limitation, pursuant to any retirement), the Company shall pay the Executive any earned but unpaid Base Salary as of the date of termination of

employment. No other payments shall be made, or benefits provided, by the Company under this Agreement or otherwise except to the extent required by law or the Company's benefit plans.

(d) In the event that the Executive's employment hereunder is terminated due to the Executive's death, the Company shall pay the Executive's executor or other legal representative (the "Representative") any earned but unpaid Base Salary as of the date of termination of employment. No other payments shall be made, or benefits provided, by the Company whether under this Agreement or otherwise except to the extent required by law or the Company's benefit plans.

(e) Any payments to be made or benefits to be provided by the Company pursuant to this Section 6 (other than in the event of the Executive's death or Permanent Disability) are subject to the receipt by the Company of an effective general release and agreement not to sue, in form and substance reasonably satisfactory to the Company (the "Release") pursuant to which the Executive agrees (i) to release all claims against the Company and certain related parties (excluding claims for (x) indemnification under the Company's Certificate of Incorporation or by-laws or (y) any severance benefits arising out of this Agreement or otherwise), (ii) not to maintain any action, suit, claim or proceeding against the Company, its subsidiaries and affiliates and certain related parties, and (iii) to be bound by certain confidentiality and mutual non-disparagement covenants specified therein. Notwithstanding the due date of any post-employment payment, the Company shall not be obligated to make any payments under this Section 6 until after the expiration of any revocation period applicable to the Release.

(f) The Executive shall not be required to mitigate the severance payments to be made to him hereunder and if the Executive obtains other employment while receiving severance payments hereunder he shall continue to be entitled to the benefits of this Agreement.

(g) Notwithstanding anything else herein to the contrary in this Section 5 or otherwise, distributions to be made to Executive may be delayed for up to 6 months in order to avoid adverse tax implications to Executive, the Company or other similarly situated employees under Section 409A of the Internal Revenue Code of 1986 (the "Code"). At the end of such period of delay, you will be paid the delayed payment amounts, plus interest for the period of any such delay. For purposes of the preceding sentence, interest shall be calculated using the six (6) month Treasury Bill rate in effect on the date on which the payment is delayed, and shall be compounded daily.

Section 7. Confidential Information. The Executive and the Company agree that all information pertaining to the affairs, business, clients, or customers of the Company or any of its subsidiaries, other than information that the Company has previously made publicly available, is confidential information belonging to the Company and is a unique and valuable asset of the Company. Both during the Term of Employment hereof and thereafter, the Executive shall not, except to the extent reasonably necessary in the performance of his/her duties for the Company during the Term of Employment, disclose any information concerning the affairs, businesses, clients, or customers of the Company or its subsidiaries, or make use of any such information for his/her own purposes or for the benefit of any other person, firm, or corporation. All records, memoranda, letters, books, papers, reports, or other data, and other records and documents relating to the Company or its subsidiaries, whether made by the Executive or otherwise coming into his/her

possession, shall remain the property of the Company, no copies thereof shall be made which are not retained by the Company, and the Executive agrees, on termination of his/her employment not to retain any copies and deliver all such confidential information in his/her possession to the Company.

Section 8. Non-Compete; Non-Solicitation.

(a) During the period (the "Restricted Period") commencing on the termination of his/her employment for any reason whatsoever, except in the event of Change in Control, during the Term of Employment and ending one year thereafter, the Executive shall not, without express prior written consent of the Company, directly or indirectly, own or hold any proprietary interest in, or be employed by or receive remuneration from, any corporation, partnership, sole proprietorship or other entity (collectively, an "entity") "engaged in competition" (as defined below) with the Company or any of its subsidiaries (a "Competitor"). For purposes of the preceding sentence, (i) the term "proprietary interest" means direct or indirect ownership of an equity interest in an entity other than ownership of less than 2 percent of any class stock in a publicly-held entity, and (ii) an entity shall be considered to be "engaged in competition" if such entity is, or is a holding company for or a subsidiary of an entity which is engaged in the business of (A) providing banking, trust services, asset management advice, or similar financial services to consumers, businesses individuals or other entities, and (B) the entity, holding company or subsidiary maintains any physical offices for the transaction of such business located within 50 miles of the main office of the Company.

(b) During the Restricted Period, and for a period of one year thereafter, the Executive shall not, either directly or indirectly, for himself or on behalf of or in conjunction with any other person, company, partnership, corporation or business of whatever nature, (i) call upon any person or entity which is or has been within 24 months prior to the termination or other cessation of Executive's employment for any reason, a customer of the Company or any subsidiary (each a "Customer") for the direct or indirect purpose of soliciting or selling deposit, loan or trust products or services or (ii) induce any Customer to curtail, cancel, not renew, or not continue their business with the Company or any subsidiary.

(c) During the Restricted Period, and for a period of one year thereafter, the Executive shall not, without the express prior written consent of the Company, directly or indirectly, (i) solicit or assist any third party in soliciting for employment any person employed by the Company or any of its subsidiaries at the time of the termination of the Executive's employment (collectively, "Employees"), (ii) employ, attempt to employ or materially assist any third party in employing or attempting to employ any Employee, or (iii) otherwise act on behalf of any Competitor to interfere with the relationship between the Company or any of its subsidiaries and their respective Employees.

(d) The Executive acknowledges that the restrictions contained in this Section 8 are reasonable and necessary to protect the legitimate interests of the Company and that any breach by the Executive of any provision contained in this Section 8 will result in irreparable injury to the Company for which a remedy at law would be inadequate. Accordingly, the Executive acknowledges that the Company shall be entitled to temporary, preliminary and permanent injunctive relief against the Executive in the event of any breach or threatened breach by the Executive of the provisions of this Section 8, in addition to any other remedy that may be available

to the Company whether at law or in equity. With respect to any provision of this Section 8 finally determined by a court of competent jurisdiction to be unenforceable, such court shall be authorized to reform this Agreement or any provision hereof so that it is enforceable to the maximum extent permitted by law. If the covenants of Section 8 are determined to be wholly or partially unenforceable in any jurisdiction, such determination shall not be a bar to or in any way diminish the Company's right to enforce such covenants in any other jurisdiction and shall not bar or limit the enforceability of any other provisions.

(e) The provisions of this Section 8 shall survive the termination of the Executive's employment with the Company for any reason whatsoever so long as the termination of employment occurs during the Term of Employment. If there is no termination of Executive's employment during the Term of Employment, the provisions of this Section 8 shall expire and be of no further force and effect after the Term of Employment. The Company shall not be required to post any bond or other security in connection with any proceeding to enforce the provisions of this Section 8.

Section 9. Withholdings. The Company may directly or indirectly withhold from any payments made under this Agreement all Federal, State, City or other taxes and all other deductions as shall be required pursuant to any law or regulation or pursuant to any contributory benefit plan maintained by or on behalf of the Company.

Section 10. Notices. All notices, requests, demands and other communications required or permitted hereunder shall be given in writing and shall be deemed to have been duly given if delivered or mailed, postage prepaid, by same day or overnight mail (i) if to the Executive, at the address set forth above, or (ii) if to the Company, as follows:

The Board Of Directors
Peapack-Gladstone Bank
158 Route 206 North
Gladstone, NJ 07934

or to such other address as either party shall have previously specified in writing to the other.

Section 11. Binding Agreement; Assignment. This Agreement shall be binding upon and shall inure to the benefit of, the Executive and the Company and its successors and permitted assigns. This Agreement is personal to the Executive and may not be assigned by him. The Company may assign its rights and obligations under this Agreement in connection with a sale of all or substantially all of the business of PGFC or the Bank. Any successor to the Company by merger or consolidation shall be entitled to the benefits of this Agreement.

Section 12. Governing Law. This Agreement shall be governed by, and construed in accordance with, the internal laws of the State of New Jersey, without reference to the choice of law principles thereof.

Section 13. Dispute Resolution. At the option of either the Company or the Executive, any dispute, controversy or question arising under, out of or relating to this Agreement, the Executive's employment or termination of employment, including but not limited to any and all

statutory claims involving workplace discrimination or wrongful discharge, but excluding claims pursuant to Sections 7 or 8 hereof, shall be referred for decision by arbitration in the State of New Jersey by a neutral arbitrator mutually selected by the parties hereto. Any arbitration proceeding shall be governed by the Rules of the American Arbitration Association then in effect or such last in effect (in the event such Association is no longer in existence). If the parties are unable to agree upon such a neutral arbitrator within 21 days after either party has given the other written notice of the desire to submit the dispute, controversy or question for decision as aforesaid, then either party may apply to the American Arbitration Association for a final and binding appointment of a neutral arbitrator; however, if such Association is not then in existence or does not act in the matter within 45 days of any such application, either party may apply to a judge of the local court where the Bank is headquartered for an appointment of a neutral arbitrator to hear the parties and such judge is hereby authorized to make such appointment. In the event that either party exercises the right to submit a dispute, controversy or question arising hereunder to arbitration, the decision of the neutral arbitrator shall be final, conclusive and binding on all interested persons and no action at law or in equity shall be instituted or, if instituted, further prosecuted by either party other than to enforce the award of the neutral arbitrator. The award of the neutral arbitrator may be entered in any court that has jurisdiction. The Executive and the Company shall each bear all their own costs (including the fees and disbursements of counsel) incurred in connection with any such arbitration and shall each pay one-half of the costs of any arbitrator.

Section 14. Entire Agreement. This Agreement shall constitute the entire agreement among the parties with respect to the matters covered hereby and shall supersede all previous written, oral or implied understandings among them with respect to such matters.

Section 15. Amendments. This Agreement may only be amended or otherwise modified, and compliance with any provision hereof may only be waived, by a writing executed by all of the parties hereto. The provisions of this Section 15 may only be amended or otherwise modified by such a writing.

Section 16. Effect on Change-in-Control Agreement. Notwithstanding anything else to the contrary in this Agreement, if the Change-in-Control Agreement between the Company and the Executive, dated as of January 1, 2008 becomes effective due to a Change-in-Control of the Company (as defined therein), while the Executive remains employed by the Company, this Agreement, including, without limitation, Sections 7 and 8 hereof, shall no longer be effective in any respect but instead the relationship between the Executive and the Company shall be governed by the Change-in-Control Agreement. If the Executive is terminated prior to a Change-in-Control of the Company, then Sections 7 and 8 hereof shall survive any Change-in-Control.

Section 17. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which shall together be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF, PGFC and the Bank have caused this Agreement to be duly executed by the undersigned, thereunto duly authorized, and the Executive has signed this Agreement, all as of the date first written above.

WITNESS

/s/ Antoinette Rosell
Antoinette Rosell, Secretary

ATTEST:

/s/ Antoinette Rosell
Antoinette Rosell, Secretary

/s/ Bridget J. Walsh

PEAPACK-GLADSTONE
FINANCIAL CORPORATION

By: /s/ Frank A. Kissel
Frank A. Kissel, Chairman

PEAPACK-GLADSTONE BANK

By: /s/ Frank A. Kissel
Frank A. Kissel, Chairman

By: /s/ Craig C. Spengeman

PEAPACK-GLADSTONE EMPLOYMENT AGREEMENT
OF ROBERT ROGERS

This EMPLOYMENT AGREEMENT is as of January 1, 2008, by and between Peapack-Gladstone Financial Corporation ("PGFC") and Peapack-Gladstone Bank (the "Bank") (PGFC and the Bank are collectively referred to herein as the "Company"), and EXECUTIVE ROBERT ROGERS ("Executive"), whose home address is 14 Zellers Road, Long Valley, NJ 07853.

WITNESSETH:

WHEREAS, the Company desires to employ Executive pursuant to an agreement embodying the terms of such employment (this "Agreement") and Executive desires to enter into this Agreement and to accept such employment, subject to the terms and provisions of this Agreement; and

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties agree as follows:

Section 1. Term of Employment.

(a) The term of Executive's employment under this Agreement shall commence on January 1, 2008 (the "Effective Date") and end on December 31, 2009 (the "Original Term of Employment"), unless terminated earlier in accordance herewith.

(b) The Original Term of Employment shall be automatically renewed for successive one-year terms (the "Renewal Terms") so long as the Company does not, prior to 60 days before such expiration date, deliver a notification of non-renewal to Executive stating that the Company is electing to terminate this Agreement at the expiration of the then current Term of Employment. "Term of Employment" shall mean the Original Term of Employment and all Renewal Terms. In the event that this Agreement is not renewed because the Company has given the 60-day notice prescribed in the preceding paragraph on or before the expiration of the Original Term of Employment or any Renewal Term, such non-renewal shall be treated as a "Termination Without Cause" pursuant to Section 5.

Section 2. Position and Duties. During the Term of Employment, the Executive shall serve as the "PRESIDENT" of the Company. The Executive shall have such powers and duties as are commensurate with such position and as may be conferred upon him by the Board of Directors of the Company (the "Board"). During the Term of Employment, the Executive shall devote all of his/her business time, attention, skill and efforts exclusively to the business and affairs of the Company and its subsidiaries. Notwithstanding the foregoing, the Executive may engage in charitable, educational, religious, civic and similar types of activities, speaking engagements, membership on the board of directors of other organizations, and similar activities to the extent that

such activities do not inhibit the performance of his/her duties hereunder or conflict in any material way with the business of the Company and its subsidiaries.

Section 3. Compensation. For all services rendered by the Executive in any capacity required hereunder during the Term of Employment, including, without limitation, services as an executive officer, director, or member of any committee of the Company or any of its subsidiaries, the Executive shall be compensated as follows:

(a) The Company shall pay the Executive a fixed salary at a rate per annum equal to \$225,000 ("Base Salary"). Base Salary shall be payable bi-weekly.

(b) The Executive shall be eligible to receive a bonus with respect to the Term of Employment. The amount, terms and conditions of such bonus shall be determined in due course by the Board.

(c) The Executive shall be entitled to five weeks of vacation in each calendar year during the Term of Employment. The Executive shall not be entitled to carryover vacation from one year to another or to any payment in respect of any unused vacation.

(d) The Executive shall be entitled to participate in all compensation and employee benefit plans for which any salaried employees of the Company are eligible. Notwithstanding the foregoing, nothing in this Agreement shall preclude the amendment or termination of any such plan or program. Executive will not be entitled to severance under any severance plan of the Company other than pursuant to this Agreement.

Section 4. Business Expenses. The Company shall pay or reimburse the Executive for all reasonable entertainment, travel or other expenses incurred by the Executive in connection with the performance of his/her duties under this Agreement, subject to the Executive's presentation of appropriate documentation in accordance with such procedures as the Company may from time to time establish.

Section 5. Termination of Employment.

(a) The Company shall have the right, upon delivery of written notice to the Executive, to terminate the Executive's employment hereunder prior to the expiration of the Term of Employment:

- (i) pursuant to a Termination for Cause, or
- (ii) upon the Executive's Permanent Disability, or
- (iii) pursuant to a Termination Without Cause.

(b) The Executive shall have the right, upon delivery of written notice to the Company 30 days in advance of the proposed termination date, to terminate the Executive's employment hereunder prior to the expiration of the Term of Employment in the Executive's sole discretion.

(c) The Executive's employment hereunder shall terminate automatically without action by any party hereto upon the Executive's death.

(d) For purposes of this Agreement, the following terms have the following meanings:

"Termination for Cause" means a termination of the Executive's employment by the Company because the Executive has (a) materially failed to perform the duties assigned to him hereunder or imposed upon him by applicable law, and such failure to perform constitutes self-dealing, willful misconduct or recklessness, (b) committed an act of dishonesty in the performance of his/her duties hereunder or engaged in conduct materially detrimental to the business of the Company, (c) been convicted of a felony or a misdemeanor involving moral turpitude, (d) materially failed to perform his/her duties hereunder, which breach or failure the Executive shall fail to remedy within 30 days after written demand from the Company, (e) knowingly failed to follow lawful, written directives of the Board, or (f) engaged in any material employment act or practice, including but not limited to sexual harassment, forbidden by the Company in its employment manual as revised from time to time.

"Termination Without Cause" means a termination of the Executive's employment by the Company other than due to Permanent Disability, retirement or expiration of the Term of Employment and other than a Termination for Cause.

"Permanent Disability" means permanently disabled so as to qualify for full benefits under the Company's then-existing disability insurance policy. If the Company does not maintain any such policy on the date of termination, "Permanent Disability" shall mean the inability of the Executive to work for a period of four full calendar months during any eight consecutive calendar months due to illness or injury of a physical or mental nature, supported by the completion by the Executive's attending physician of a medical certification form outlining the disability and treatment.

Section 6. Benefits Upon Termination.

(a) In lieu of any severance that may otherwise be payable to the Executive pursuant to any policies of the Company, whether existing on the date hereof or in effect from time to time hereafter, in the event that the Company terminates the Executive's employment pursuant to a Termination Without Cause, the Company shall continue to pay the Executive's Base Salary for a period (the "Severance Period") equal two years from the effective date of such termination. The Executive also shall be entitled to any earned but unpaid Base Salary as of the effective date of termination of employment. No other payments shall be made, or benefits provided, by the Company under this Agreement except as otherwise required by law or the Company's benefit plans.

(b) In the event that the Company terminates the Executive's employment pursuant to a Permanent Disability, the Company shall pay the Executive any earned but unpaid Base Salary as of the date of termination of employment. No other payments shall be made, or benefits provided, by the Company under this Agreement except as otherwise required by law or the Company's benefit plans.

(c) In the event that the Company terminates the Executive's employment pursuant to a Termination for Cause or the Executive terminates his/her employment with the Company for any reason (including, without limitation, pursuant to any retirement), the Company shall pay the Executive any earned but unpaid Base Salary as of the date of termination of employment. No other payments shall be made, or benefits provided, by the Company under this Agreement or otherwise except to the extent required by law or the Company's benefit plans.

(d) In the event that the Executive's employment hereunder is terminated due to the Executive's death, the Company shall pay the Executive's executor or other legal representative (the "Representative") any earned but unpaid Base Salary as of the date of termination of employment. No other payments shall be made, or benefits provided, by the Company whether under this Agreement or otherwise except to the extent required by law or the Company's benefit plans.

(e) Any payments to be made or benefits to be provided by the Company pursuant to this Section 6 (other than in the event of the Executive's death or Permanent Disability) are subject to the receipt by the Company of an effective general release and agreement not to sue, in form and substance reasonably satisfactory to the Company (the "Release") pursuant to which the Executive agrees (i) to release all claims against the Company and certain related parties (excluding claims for (x) indemnification under the Company's Certificate of Incorporation or by-laws or (y) any severance benefits arising out of this Agreement or otherwise), (ii) not to maintain any action, suit, claim or proceeding against the Company, its subsidiaries and affiliates and certain related parties, and (iii) to be bound by certain confidentiality and mutual non-disparagement covenants specified therein. Notwithstanding the due date of any post-employment payment, the Company shall not be obligated to make any payments under this Section 6 until after the expiration of any revocation period applicable to the Release.

(f) The Executive shall not be required to mitigate the severance payments to be made to him hereunder and if the Executive obtains other employment while receiving severance payments hereunder he shall continue to be entitled to the benefits of this Agreement.

(g) Notwithstanding anything else herein to the contrary in this Section 5 or otherwise, distributions to be made to Executive may be delayed for up to 6 months in order to avoid adverse tax implications to Executive, the Company or other similarly situated employees under Section 409A of the Internal Revenue Code of 1986 (the "Code"). At the end of such period of delay, you will be paid the delayed payment amounts, plus interest for the period of any such delay. For purposes of the preceding sentence, interest shall be calculated using the six (6) month Treasury Bill rate in effect on the date on which the payment is delayed, and shall be compounded daily.

Section 7. Confidential Information. The Executive and the Company agree that all information pertaining to the affairs, business, clients, or customers of the Company or any of its subsidiaries, other than information that the Company has previously made publicly available, is confidential information belonging to the Company and is a unique and valuable asset of the Company. Both during the Term of Employment hereof and thereafter, the Executive shall not, except to the extent reasonably necessary in the performance of his/her duties for the Company during the Term of Employment, disclose any information concerning the affairs, businesses,

clients, or customers of the Company or its subsidiaries, or make use of any such information for his/her own purposes or for the benefit of any other person, firm, or corporation. All records, memoranda, letters, books, papers, reports, or other data, and other records and documents relating to the Company or its subsidiaries, whether made by the Executive or otherwise coming into his/her possession, shall remain the property of the Company, no copies thereof shall be made which are not retained by the Company, and the Executive agrees, on termination of his/her employment not to retain any copies and deliver all such confidential information in his/her possession to the Company.

Section 8. Non-Compete; Non-Solicitation.

(a) During the period (the "Restricted Period") commencing on the termination of his/her employment for any reason whatsoever, except in the event of Change in Control, during the Term of Employment and ending one year thereafter, the Executive shall not, without express prior written consent of the Company, directly or indirectly, own or hold any proprietary interest in, or be employed by or receive remuneration from, any corporation, partnership, sole proprietorship or other entity (collectively, an "entity") "engaged in competition" (as defined below) with the Company or any of its subsidiaries (a "Competitor"). For purposes of the preceding sentence, (i) the term "proprietary interest" means direct or indirect ownership of an equity interest in an entity other than ownership of less than 2 percent of any class stock in a publicly-held entity, and (ii) an entity shall be considered to be "engaged in competition" if such entity is, or is a holding company for or a subsidiary of an entity which is engaged in the business of (A) providing banking, trust services, asset management advice, or similar financial services to consumers, businesses individuals or other entities, and (B) the entity, holding company or subsidiary maintains any physical offices for the transaction of such business located within 50 miles of the main office of the Company.

(b) During the Restricted Period, and for a period of one year thereafter, the Executive shall not, either directly or indirectly, for himself or on behalf of or in conjunction with any other person, company, partnership, corporation or business of whatever nature, (i) call upon any person or entity which is or has been within 24 months prior to the termination or other cessation of Executive's employment for any reason, a customer of the Company or any subsidiary (each a "Customer") for the direct or indirect purpose of soliciting or selling deposit, loan or trust products or services or (ii) induce any Customer to curtail, cancel, not renew, or not continue their business with the Company or any subsidiary.

(c) During the Restricted Period, and for a period of one year thereafter, the Executive shall not, without the express prior written consent of the Company, directly or indirectly, (i) solicit or assist any third party in soliciting for employment any person employed by the Company or any of its subsidiaries at the time of the termination of the Executive's employment (collectively, "Employees"), (ii) employ, attempt to employ or materially assist any third party in employing or attempting to employ any Employee, or (iii) otherwise act on behalf of any Competitor to interfere with the relationship between the Company or any of its subsidiaries and their respective Employees.

(d) The Executive acknowledges that the restrictions contained in this Section 8 are reasonable and necessary to protect the legitimate interests of the Company and that any breach by the Executive of any provision contained in this Section 8 will result in irreparable injury to the

Company for which a remedy at law would be inadequate. Accordingly, the Executive acknowledges that the Company shall be entitled to temporary, preliminary and permanent injunctive relief against the Executive in the event of any breach or threatened breach by the Executive of the provisions of this Section 8, in addition to any other remedy that may be available to the Company whether at law or in equity. With respect to any provision of this Section 8 finally determined by a court of competent jurisdiction to be unenforceable, such court shall be authorized to reform this Agreement or any provision hereof so that it is enforceable to the maximum extent permitted by law. If the covenants of Section 8 are determined to be wholly or partially unenforceable in any jurisdiction, such determination shall not be a bar to or in any way diminish the Company's right to enforce such covenants in any other jurisdiction and shall not bar or limit the enforceability of any other provisions.

(e) The provisions of this Section 8 shall survive the termination of the Executive's employment with the Company for any reason whatsoever so long as the termination of employment occurs during the Term of Employment. If there is no termination of Executive's employment during the Term of Employment, the provisions of this Section 8 shall expire and be of no further force and effect after the Term of Employment. The Company shall not be required to post any bond or other security in connection with any proceeding to enforce the provisions of this Section 8.

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Section 10. Notices. All notices, requests, demands and other communications required or permitted hereunder shall be given in writing and shall be deemed to have been duly given if delivered or mailed, postage prepaid, by same day or overnight mail (i) if to the Executive, at the address set forth above, or (ii) if to the Company, as follows:

The Board Of Directors
Peapack-Gladstone Bank
158 Route 206 North
Gladstone, NJ 07934

or to such other address as either party shall have previously specified in writing to the other.

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Section 12. Governing Law. This Agreement shall be governed by, and construed in accordance with, the internal laws of the State of New Jersey, without reference to the choice of law principles thereof.

Section 13. Dispute Resolution. At the option of either the Company or the Executive, any dispute, controversy or question arising under, out of or relating to this Agreement, the Executive's employment or termination of employment, including but not limited to any and all statutory claims involving workplace discrimination or wrongful discharge, but excluding claims pursuant to Sections 7 or 8 hereof, shall be referred for decision by arbitration in the State of New Jersey by a neutral arbitrator mutually selected by the parties hereto. Any arbitration proceeding shall be governed by the Rules of the American Arbitration Association then in effect or such last in effect (in the event such Association is no longer in existence). If the parties are unable to agree upon such a neutral arbitrator within 21 days after either party has given the other written notice of the desire to submit the dispute, controversy or question for decision as aforesaid, then either party may apply to the American Arbitration Association for a final and binding appointment of a neutral arbitrator; however, if such Association is not then in existence or does not act in the matter within 45 days of any such application, either party may apply to a judge of the local court where the Bank is headquartered for an appointment of a neutral arbitrator to hear the parties and such judge is hereby authorized to make such appointment. In the event that either party exercises the right to submit a dispute, controversy or question arising hereunder to arbitration, the decision of the neutral arbitrator shall be final, conclusive and binding on all interested persons and no action at law or in equity shall be instituted or, if instituted, further prosecuted by either party other than to enforce the award of the neutral arbitrator. The award of the neutral arbitrator may be entered in any court that has jurisdiction. The Executive and the Company shall each bear all their own costs (including the fees and disbursements of counsel) incurred in connection with any such arbitration and shall each pay one-half of the costs of any arbitrator.

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Section 15. Amendments. This Agreement may only be amended or otherwise modified, and compliance with any provision hereof may only be waived, by a writing executed by all of the parties hereto. The provisions of this Section 15 may only be amended or otherwise modified by such a writing.

Section 16. Effect on Change-in-Control Agreement. Notwithstanding anything else to the contrary in this Agreement, if the Change-in-Control Agreement between the Company and the Executive, dated as of January 1, 2008 becomes effective due to a Change-in-Control of the Company (as defined therein), while the Executive remains employed by the Company, this Agreement, including, without limitation, Sections 7 and 8 hereof, shall no longer be effective in any respect but instead the relationship between the Executive and the Company shall be governed by the Change-in-Control Agreement. If the Executive is terminated prior to a Change-in-Control of the Company, then Sections 7 and 8 hereof shall survive any Change-in-Control.

Section 17. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which shall together be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF, PGFC and the Bank have caused this Agreement to be duly executed by the undersigned, thereunto duly authorized, and the Executive has signed this Agreement, all as of the date first written above.

ATTEST:	PEAPACK-GLADSTONE FINANCIAL CORPORATION
/s/ Antoinette Rosell Antoinette Rosell, Secretary	By: /s/ Frank A. Kissel Frank A. Kissel, Chairman
ATTEST:	PEAPACK-GLADSTONE BANK
/s/ Antoinette Rosell Antoinette Rosell, Secretary	By: /s/ Frank A. Kissel Frank A. Kissel, Chairman
/s/ Bridget J. Walsh	By: /s/ Robert M. Rogers

PEAPACK-GLADSTONE EMPLOYMENT AGREEMENT
OF ARTHUR BIRMINGHAM

This EMPLOYMENT AGREEMENT is as of January 1, 2008, by and between Peapack-Gladstone Financial Corporation ("PGFC") and Peapack-Gladstone Bank (the "Bank") (PGFC and the Bank are collectively referred to herein as the "Company"), and EXECUTIVE ARTHUR BIRMINGHAM ("Executive"), whose home address is 14 Apgar Avenue, Gladstone, NJ 07934.

WITNESSETH:

WHEREAS, the Company desires to employ Executive pursuant to an agreement embodying the terms of such employment (this "Agreement") and Executive desires to enter into this Agreement and to accept such employment, subject to the terms and provisions of this Agreement; and

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties agree as follows:

Section 1. Term of Employment.

(a) The term of Executive's employment under this Agreement shall commence on January 1, 2008 (the "Effective Date") and end on December 31, 2009 (the "Original Term of Employment"), unless terminated earlier in accordance herewith.

(b) The Original Term of Employment shall be automatically renewed for successive one-year terms (the "Renewal Terms") so long as the Company does not, prior to 60 days before such expiration date, deliver a notification of non-renewal to Executive stating that the Company is electing to terminate this Agreement at the expiration of the then current Term of Employment. "Term of Employment" shall mean the Original Term of Employment and all Renewal Terms. In the event that this Agreement is not renewed because the Company has given the 60-day notice prescribed in the preceding paragraph on or before the expiration of the Original Term of Employment or any Renewal Term, such non-renewal shall be treated as a "Termination Without Cause" pursuant to Section 5.

Section 2. Position and Duties. During the Term of Employment, the Executive shall serve as the "EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER" of the Company. The Executive shall have such powers and duties as are commensurate with such position and as may be conferred upon him by the Board of Directors of the Company (the "Board"). During the Term of Employment, the Executive shall devote all of his/her business time, attention, skill and efforts exclusively to the business and affairs of the Company and its subsidiaries. Notwithstanding the foregoing, the Executive may engage in charitable, educational, religious, civic and similar types of activities, speaking engagements, membership on the board of directors of other organizations, and similar activities to the extent that such activities do not inhibit

the performance of his/her duties hereunder or conflict in any material way with the business of the Company and its subsidiaries.

Section 3. Compensation. For all services rendered by the Executive in any capacity required hereunder during the Term of Employment, including, without limitation, services as an executive officer, director, or member of any committee of the Company or any of its subsidiaries, the Executive shall be compensated as follows:

(a) The Company shall pay the Executive a fixed salary at a rate per annum equal to \$185,000("Base Salary"). Base Salary shall be payable bi-weekly.

(b) The Executive shall be eligible to receive a bonus with respect to the Term of Employment. The amount, terms and conditions of such bonus shall be determined in due course by the Board.

(c) The Executive shall be entitled to five weeks of vacation in each calendar year during the Term of Employment. The Executive shall not be entitled to carryover vacation from one year to another or to any payment in respect of any unused vacation.

(d) The Executive shall be entitled to participate in all compensation and employee benefit plans for which any salaried employees of the Company are eligible. Notwithstanding the foregoing, nothing in this Agreement shall preclude the amendment or termination of any such plan or program. Executive will not be entitled to severance under any severance plan of the Company other than pursuant to this Agreement.

Section 4. Business Expenses. The Company shall pay or reimburse the Executive for all reasonable entertainment, travel or other expenses incurred by the Executive in connection with the performance of his/her duties under this Agreement, subject to the Executive's presentation of appropriate documentation in accordance with such procedures as the Company may from time to time establish.

Section 5. Termination of Employment.

(a) The Company shall have the right, upon delivery of written notice to the Executive, to terminate the Executive's employment hereunder prior to the expiration of the Term of Employment:

- (i) pursuant to a Termination for Cause, or
- (ii) upon the Executive's Permanent Disability, or
- (iii) pursuant to a Termination Without Cause.

(b) The Executive shall have the right, upon delivery of written notice to the Company 30 days in advance of the proposed termination date, to terminate the Executive's employment hereunder prior to the expiration of the Term of Employment in the Executive's sole discretion.

(c) The Executive's employment hereunder shall terminate automatically without action by any party hereto upon the Executive's death.

(d) For purposes of this Agreement, the following terms have the following meanings:

"Termination for Cause" means a termination of the Executive's employment by the Company because the Executive has (a) materially failed to perform the duties assigned to him hereunder or imposed upon him by applicable law, and such failure to perform constitutes self-dealing, willful misconduct or recklessness, (b) committed an act of dishonesty in the performance of his/her duties hereunder or engaged in conduct materially detrimental to the business of the Company, (c) been convicted of a felony or a misdemeanor involving moral turpitude, (d) materially failed to perform his/her duties hereunder, which breach or failure the Executive shall fail to remedy within 30 days after written demand from the Company, (e) knowingly failed to follow lawful, written directives of the Board, or (f) engaged in any material employment act or practice, including but not limited to sexual harassment, forbidden by the Company in its employment manual as revised from time to time.

"Termination Without Cause" means a termination of the Executive's employment by the Company other than due to Permanent Disability, retirement or expiration of the Term of Employment and other than a Termination for Cause.

"Permanent Disability" means permanently disabled so as to qualify for full benefits under the Company's then-existing disability insurance policy. If the Company does not maintain any such policy on the date of termination, "Permanent Disability" shall mean the inability of the Executive to work for a period of four full calendar months during any eight consecutive calendar months due to illness or injury of a physical or mental nature, supported by the completion by the Executive's attending physician of a medical certification form outlining the disability and treatment.

Section 6. Benefits Upon Termination.

(a) In lieu of any severance that may otherwise be payable to the Executive pursuant to any policies of the Company, whether existing on the date hereof or in effect from time to time hereafter, in the event that the Company terminates the Executive's employment pursuant to a Termination Without Cause, the Company shall continue to pay the Executive's Base Salary for a period (the "Severance Period") equal two years from the effective date of such termination. The Executive also shall be entitled to any earned but unpaid Base Salary as of the effective date of termination of employment. No other payments shall be made, or benefits provided, by the Company under this Agreement except as otherwise required by law or the Company's benefit plans.

(b) In the event that the Company terminates the Executive's employment pursuant to a Permanent Disability, the Company shall pay the Executive any earned but unpaid Base Salary as of the date of termination of employment. No other payments shall be made, or benefits provided, by the Company under this Agreement except as otherwise required by law or the Company's benefit plans.

(c) In the event that the Company terminates the Executive's employment pursuant to a Termination for Cause or the Executive terminates his/her employment with the Company for any reason (including, without limitation, pursuant to any retirement), the Company shall pay the Executive any earned but unpaid Base Salary as of the date of termination of employment. No other payments shall be made, or benefits provided, by the Company under this Agreement or otherwise except to the extent required by law or the Company's benefit plans.

(d) In the event that the Executive's employment hereunder is terminated due to the Executive's death, the Company shall pay the Executive's executor or other legal representative (the "Representative") any earned but unpaid Base Salary as of the date of termination of employment. No other payments shall be made, or benefits provided, by the Company whether under this Agreement or otherwise except to the extent required by law or the Company's benefit plans.

(e) Any payments to be made or benefits to be provided by the Company pursuant to this Section 6 (other than in the event of the Executive's death or Permanent Disability) are subject to the receipt by the Company of an effective general release and agreement not to sue, in form and substance reasonably satisfactory to the Company (the "Release") pursuant to which the Executive agrees (i) to release all claims against the Company and certain related parties (excluding claims for (x) indemnification under the Company's Certificate of Incorporation or by-laws or (y) any severance benefits arising out of this Agreement or otherwise), (ii) not to maintain any action, suit, claim or proceeding against the Company, its subsidiaries and affiliates and certain related parties, and (iii) to be bound by certain confidentiality and mutual non-disparagement covenants specified therein. Notwithstanding the due date of any post-employment payment, the Company shall not be obligated to make any payments under this Section 6 until after the expiration of any revocation period applicable to the Release.

(f) The Executive shall not be required to mitigate the severance payments to be made to him hereunder and if the Executive obtains other employment while receiving severance payments hereunder he shall continue to be entitled to the benefits of this Agreement.

(g) Notwithstanding anything else herein to the contrary in this Section 5 or otherwise, distributions to be made to Executive may be delayed for up to 6 months in order to avoid adverse tax implications to Executive, the Company or other similarly situated employees under Section 409A of the Internal Revenue Code of 1986 (the "Code"). At the end of such period of delay, you will be paid the delayed payment amounts, plus interest for the period of any such delay. For purposes of the preceding sentence, interest shall be calculated using the six (6) month Treasury Bill rate in effect on the date on which the payment is delayed, and shall be compounded daily.

Section 7. Confidential Information. The Executive and the Company agree that all information pertaining to the affairs, business, clients, or customers of the Company or any of its subsidiaries, other than information that the Company has previously made publicly available, is confidential information belonging to the Company and is a unique and valuable asset of the Company. Both during the Term of Employment hereof and thereafter, the Executive shall not, except to the extent reasonably necessary in the performance of his/her duties for the Company during the Term of Employment, disclose any information concerning the affairs, businesses,

clients, or customers of the Company or its subsidiaries, or make use of any such information for his/her own purposes or for the benefit of any other person, firm, or corporation. All records, memoranda, letters, books, papers, reports, or other data, and other records and documents relating to the Company or its subsidiaries, whether made by the Executive or otherwise coming into his/her possession, shall remain the property of the Company, no copies thereof shall be made which are not retained by the Company, and the Executive agrees, on termination of his/her employment not to retain any copies and deliver all such confidential information in his/her possession to the Company.

Section 8. Non-Compete; Non-Solicitation.

(a) During the period (the "Restricted Period") commencing on the termination of his/her employment for any reason whatsoever, except in the event of Change in Control, during the Term of Employment and ending one year thereafter, the Executive shall not, without express prior written consent of the Company, directly or indirectly, own or hold any proprietary interest in, or be employed by or receive remuneration from, any corporation, partnership, sole proprietorship or other entity (collectively, an "entity") "engaged in competition" (as defined below) with the Company or any of its subsidiaries (a "Competitor"). For purposes of the preceding sentence, (i) the term "proprietary interest" means direct or indirect ownership of an equity interest in an entity other than ownership of less than 2 percent of any class stock in a publicly-held entity, and (ii) an entity shall be considered to be "engaged in competition" if such entity is, or is a holding company for or a subsidiary of an entity which is engaged in the business of (A) providing banking, trust services, asset management advice, or similar financial services to consumers, businesses individuals or other entities, and (B) the entity, holding company or subsidiary maintains any physical offices for the transaction of such business located within 50 miles of the main office of the Company.

(b) During the Restricted Period, and for a period of one year thereafter, the Executive shall not, either directly or indirectly, for himself or on behalf of or in conjunction with any other person, company, partnership, corporation or business of whatever nature, (i) call upon any person or entity which is or has been within 24 months prior to the termination or other cessation of Executive's employment for any reason, a customer of the Company or any subsidiary (each a "Customer") for the direct or indirect purpose of soliciting or selling deposit, loan or trust products or services or (ii) induce any Customer to curtail, cancel, not renew, or not continue their business with the Company or any subsidiary.

(c) During the Restricted Period, and for a period of one year thereafter, the Executive shall not, without the express prior written consent of the Company, directly or indirectly, (i) solicit or assist any third party in soliciting for employment any person employed by the Company or any of its subsidiaries at the time of the termination of the Executive's employment (collectively, "Employees"), (ii) employ, attempt to employ or materially assist any third party in employing or attempting to employ any Employee, or (iii) otherwise act on behalf of any Competitor to interfere with the relationship between the Company or any of its subsidiaries and their respective Employees.

(d) The Executive acknowledges that the restrictions contained in this Section 8 are reasonable and necessary to protect the legitimate interests of the Company and that any breach by the Executive of any provision contained in this Section 8 will result in irreparable injury to the

Company for which a remedy at law would be inadequate. Accordingly, the Executive acknowledges that the Company shall be entitled to temporary, preliminary and permanent injunctive relief against the Executive in the event of any breach or threatened breach by the Executive of the provisions of this Section 8, in addition to any other remedy that may be available to the Company whether at law or in equity. With respect to any provision of this Section 8 finally determined by a court of competent jurisdiction to be unenforceable, such court shall be authorized to reform this Agreement or any provision hereof so that it is enforceable to the maximum extent permitted by law. If the covenants of Section 8 are determined to be wholly or partially unenforceable in any jurisdiction, such determination shall not be a bar to or in any way diminish the Company's right to enforce such covenants in any other jurisdiction and shall not bar or limit the enforceability of any other provisions.

(e) The provisions of this Section 8 shall survive the termination of the Executive's employment with the Company for any reason whatsoever so long as the termination of employment occurs during the Term of Employment. If there is no termination of Executive's employment during the Term of Employment, the provisions of this Section 8 shall expire and be of no further force and effect after the Term of Employment. The Company shall not be required to post any bond or other security in connection with any proceeding to enforce the provisions of this Section 8.

Section 9. Withholdings. The Company may directly or indirectly withhold from any payments made under this Agreement all Federal, State, City or other taxes and all other deductions as shall be required pursuant to any law or regulation or pursuant to any contributory benefit plan maintained by or on behalf of the Company.

Section 10. Notices. All notices, requests, demands and other communications required or permitted hereunder shall be given in writing and shall be deemed to have been duly given if delivered or mailed, postage prepaid, by same day or overnight mail (i) if to the Executive, at the address set forth above, or (ii) if to the Company, as follows:

The Board Of Directors
Peapack-Gladstone Bank
158 Route 206 North
Gladstone, NJ 07934

or to such other address as either party shall have previously specified in writing to the other.

Section 11. Binding Agreement; Assignment. This Agreement shall be binding upon and shall inure to the benefit of, the Executive and the Company and its successors and permitted assigns. This Agreement is personal to the Executive and may not be assigned by him. The Company may assign its rights and obligations under this Agreement in connection with a sale of all or substantially all of the business of PGFC or the Bank. Any successor to the Company by merger or consolidation shall be entitled to the benefits of this Agreement.

Section 12. Governing Law. This Agreement shall be governed by, and construed in accordance with, the internal laws of the State of New Jersey, without reference to the choice of law principles thereof.

Section 13. Dispute Resolution. At the option of either the Company or the Executive, any dispute, controversy or question arising under, out of or relating to this Agreement, the Executive's employment or termination of employment, including but not limited to any and all statutory claims involving workplace discrimination or wrongful discharge, but excluding claims pursuant to Sections 7 or 8 hereof, shall be referred for decision by arbitration in the State of New Jersey by a neutral arbitrator mutually selected by the parties hereto. Any arbitration proceeding shall be governed by the Rules of the American Arbitration Association then in effect or such last in effect (in the event such Association is no longer in existence). If the parties are unable to agree upon such a neutral arbitrator within 21 days after either party has given the other written notice of the desire to submit the dispute, controversy or question for decision as aforesaid, then either party may apply to the American Arbitration Association for a final and binding appointment of a neutral arbitrator; however, if such Association is not then in existence or does not act in the matter within 45 days of any such application, either party may apply to a judge of the local court where the Bank is headquartered for an appointment of a neutral arbitrator to hear the parties and such judge is hereby authorized to make such appointment. In the event that either party exercises the right to submit a dispute, controversy or question arising hereunder to arbitration, the decision of the neutral arbitrator shall be final, conclusive and binding on all interested persons and no action at law or in equity shall be instituted or, if instituted, further prosecuted by either party other than to enforce the award of the neutral arbitrator. The award of the neutral arbitrator may be entered in any court that has jurisdiction. The Executive and the Company shall each bear all their own costs (including the fees and disbursements of counsel) incurred in connection with any such arbitration and shall each pay one-half of the costs of any arbitrator.

Section 14. Entire Agreement. This Agreement shall constitute the entire agreement among the parties with respect to the matters covered hereby and shall supersede all previous written, oral or implied understandings among them with respect to such matters.

Section 15. Amendments. This Agreement may only be amended or otherwise modified, and compliance with any provision hereof may only be waived, by a writing executed by all of the parties hereto. The provisions of this Section 15 may only be amended or otherwise modified by such a writing.

Section 16. Effect on Change-in-Control Agreement. Notwithstanding anything else to the contrary in this Agreement, if the Change-in-Control Agreement between the Company and the Executive, dated as of January 1, 2008 becomes effective due to a Change-in-Control of the Company (as defined therein), while the Executive remains employed by the Company, this Agreement, including, without limitation, Sections 7 and 8 hereof, shall no longer be effective in any respect but instead the relationship between the Executive and the Company shall be governed by the Change-in-Control Agreement. If the Executive is terminated prior to a Change-in-Control of the Company, then Sections 7 and 8 hereof shall survive any Change-in-Control.

Section 17. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which shall together be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF, PGFC and the Bank have caused this Agreement to be duly executed by the undersigned, thereunto duly authorized, and the Executive has signed this Agreement, all as of the date first written above.

ATTEST:

PEAPACK-GLADSTONE
FINANCIAL CORPORATION

/s/ Antoinette Rosell
Antoinette Rosell, Secretary

By: /s/ Frank A. Kissel
Frank A. Kissel, Chairman

ATTEST:

PEAPACK-GLADSTONE BANK

/s/ Antoinette Rosell
Antoinette Rosell, Secretary

By: /s/ Frank A. Kissel
Frank A. Kissel, Chairman

/s/ Bridget J. Walsh

By: /s/ Arthur F. Birmingham

PEAPACK-GLADSTONE EMPLOYMENT AGREEMENT
OF GARRETT BROMLEY

This EMPLOYMENT AGREEMENT is as of January 1, 2008, by and between Peapack-Gladstone Financial Corporation ("PGFC") and Peapack-Gladstone Bank (the "Bank") (PGFC and the Bank are collectively referred to herein as the "Company"), and EXECUTIVE GARRETT P. BROMLEY ("Executive"), whose home address is 54 Baptist Church Road, Hampton, NJ 08827.

WITNESSETH:

WHEREAS, the Company desires to employ Executive pursuant to an agreement embodying the terms of such employment (this "Agreement") and Executive desires to enter into this Agreement and to accept such employment, subject to the terms and provisions of this Agreement; and

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties agree as follows:

Section 1. Term of Employment.

(a) The term of Executive's employment under this Agreement shall commence on January 1, 2008 (the "Effective Date") and end on December 31, 2009 (the "Original Term of Employment"), unless terminated earlier in accordance herewith.

(b) The Original Term of Employment shall be automatically renewed for successive one-year terms (the "Renewal Terms") so long as the Company does not, prior to 60 days before such expiration date, deliver a notification of non-renewal to Executive stating that the Company is electing to terminate this Agreement at the expiration of the then current Term of Employment. "Term of Employment" shall mean the Original Term of Employment and all Renewal Terms. In the event that this Agreement is not renewed because the Company has given the 60-day notice prescribed in the preceding paragraph on or before the expiration of the Original Term of Employment or any Renewal Term, such non-renewal shall be treated as a "Termination Without Cause" pursuant to Section 5.

Section 2. Position and Duties. During the Term of Employment, the Executive shall serve as the "EXECUTIVE VICE PRESIDENT AND CHIEF LENDING OFFICER" of the Company. The Executive shall have such powers and duties as are commensurate with such position and as may be conferred upon him by the Board of Directors of the Company (the "Board"). During the Term of Employment, the Executive shall devote all of his/her business time, attention, skill and efforts exclusively to the business and affairs of the Company and its subsidiaries. Notwithstanding the foregoing, the Executive may engage in charitable, educational, religious, civic and similar types of activities, speaking engagements, membership on the board of directors of other organizations, and similar activities to the extent that such activities do not inhibit

the performance of his/her duties hereunder or conflict in any material way with the business of the Company and its subsidiaries.

Section 3. Compensation. For all services rendered by the Executive in any capacity required hereunder during the Term of Employment, including, without limitation, services as an executive officer, director, or member of any committee of the Company or any of its subsidiaries, the Executive shall be compensated as follows:

(a) The Company shall pay the Executive a fixed salary at a rate per annum equal to \$170,000("Base Salary"). Base Salary shall be payable bi-weekly.

(b) The Executive shall be eligible to receive a bonus with respect to the Term of Employment. The amount, terms and conditions of such bonus shall be determined in due course by the Board.

(c) The Executive shall be entitled to five weeks of vacation in each calendar year during the Term of Employment. The Executive shall not be entitled to carryover vacation from one year to another or to any payment in respect of any unused vacation.

(d) The Executive shall be entitled to participate in all compensation and employee benefit plans for which any salaried employees of the Company are eligible. Notwithstanding the foregoing, nothing in this Agreement shall preclude the amendment or termination of any such plan or program. Executive will not be entitled to severance under any severance plan of the Company other than pursuant to this Agreement.

Section 4. Business Expenses. The Company shall pay or reimburse the Executive for all reasonable entertainment, travel or other expenses incurred by the Executive in connection with the performance of his/her duties under this Agreement, subject to the Executive's presentation of appropriate documentation in accordance with such procedures as the Company may from time to time establish.

Section 5. Termination of Employment.

(a) The Company shall have the right, upon delivery of written notice to the Executive, to terminate the Executive's employment hereunder prior to the expiration of the Term of Employment:

- (i) pursuant to a Termination for Cause, or
- (ii) upon the Executive's Permanent Disability, or
- (iii) pursuant to a Termination Without Cause.

(b) The Executive shall have the right, upon delivery of written notice to the Company 30 days in advance of the proposed termination date, to terminate the Executive's employment hereunder prior to the expiration of the Term of Employment in the Executive's sole discretion.

(c) The Executive's employment hereunder shall terminate automatically without action by any party hereto upon the Executive's death.

(d) For purposes of this Agreement, the following terms have the following meanings:

"Termination for Cause" means a termination of the Executive's employment by the Company because the Executive has (a) materially failed to perform the duties assigned to him hereunder or imposed upon him by applicable law, and such failure to perform constitutes self-dealing, willful misconduct or recklessness, (b) committed an act of dishonesty in the performance of his/her duties hereunder or engaged in conduct materially detrimental to the business of the Company, (c) been convicted of a felony or a misdemeanor involving moral turpitude, (d) materially failed to perform his/her duties hereunder, which breach or failure the Executive shall fail to remedy within 30 days after written demand from the Company, (e) knowingly failed to follow lawful, written directives of the Board, or (f) engaged in any material employment act or practice, including but not limited to sexual harassment, forbidden by the Company in its employment manual as revised from time to time.

"Termination Without Cause" means a termination of the Executive's employment by the Company other than due to Permanent Disability, retirement or expiration of the Term of Employment and other than a Termination for Cause.

"Permanent Disability" means permanently disabled so as to qualify for full benefits under the Company's then-existing disability insurance policy. If the Company does not maintain any such policy on the date of termination, "Permanent Disability" shall mean the inability of the Executive to work for a period of four full calendar months during any eight consecutive calendar months due to illness or injury of a physical or mental nature, supported by the completion by the Executive's attending physician of a medical certification form outlining the disability and treatment.

Section 6. Benefits Upon Termination.

(a) In lieu of any severance that may otherwise be payable to the Executive pursuant to any policies of the Company, whether existing on the date hereof or in effect from time to time hereafter, in the event that the Company terminates the Executive's employment pursuant to a Termination Without Cause, the Company shall continue to pay the Executive's Base Salary for a period (the "Severance Period") equal two years from the effective date of such termination. The Executive also shall be entitled to any earned but unpaid Base Salary as of the effective date of termination of employment. No other payments shall be made, or benefits provided, by the Company under this Agreement except as otherwise required by law or the Company's benefit plans.

(b) In the event that the Company terminates the Executive's employment pursuant to a Permanent Disability, the Company shall pay the Executive any earned but unpaid Base Salary as of the date of termination of employment. No other payments shall be made, or benefits provided, by the Company under this Agreement except as otherwise required by law or the Company's benefit plans.

(c) In the event that the Company terminates the Executive's employment pursuant to a Termination for Cause or the Executive terminates his/her employment with the Company for any reason (including, without limitation, pursuant to any retirement), the Company shall pay the Executive any earned but unpaid Base Salary as of the date of termination of employment. No other payments shall be made, or benefits provided, by the Company under this Agreement or otherwise except to the extent required by law or the Company's benefit plans.

(d) In the event that the Executive's employment hereunder is terminated due to the Executive's death, the Company shall pay the Executive's executor or other legal representative (the "Representative") any earned but unpaid Base Salary as of the date of termination of employment. No other payments shall be made, or benefits provided, by the Company whether under this Agreement or otherwise except to the extent required by law or the Company's benefit plans.

(e) Any payments to be made or benefits to be provided by the Company pursuant to this Section 6 (other than in the event of the Executive's death or Permanent Disability) are subject to the receipt by the Company of an effective general release and agreement not to sue, in form and substance reasonably satisfactory to the Company (the "Release") pursuant to which the Executive agrees (i) to release all claims against the Company and certain related parties (excluding claims for (x) indemnification under the Company's Certificate of Incorporation or by-laws or (y) any severance benefits arising out of this Agreement or otherwise), (ii) not to maintain any action, suit, claim or proceeding against the Company, its subsidiaries and affiliates and certain related parties, and (iii) to be bound by certain confidentiality and mutual non-disparagement covenants specified therein. Notwithstanding the due date of any post-employment payment, the Company shall not be obligated to make any payments under this Section 6 until after the expiration of any revocation period applicable to the Release.

(f) The Executive shall not be required to mitigate the severance payments to be made to him hereunder and if the Executive obtains other employment while receiving severance payments hereunder he shall continue to be entitled to the benefits of this Agreement.

(g) Notwithstanding anything else herein to the contrary in this Section 5 or otherwise, distributions to be made to Executive may be delayed for up to 6 months in order to avoid adverse tax implications to Executive, the Company or other similarly situated employees under Section 409A of the Internal Revenue Code of 1986 (the "Code"). At the end of such period of delay, you will be paid the delayed payment amounts, plus interest for the period of any such delay. For purposes of the preceding sentence, interest shall be calculated using the six (6) month Treasury Bill rate in effect on the date on which the payment is delayed, and shall be compounded daily.

Section 7. Confidential Information. The Executive and the Company agree that all information pertaining to the affairs, business, clients, or customers of the Company or any of its subsidiaries, other than information that the Company has previously made publicly available, is confidential information belonging to the Company and is a unique and valuable asset of the Company. Both during the Term of Employment hereof and thereafter, the Executive shall not, except to the extent reasonably necessary in the performance of his/her duties for the Company during the Term of Employment, disclose any information concerning the affairs, businesses,

clients, or customers of the Company or its subsidiaries, or make use of any such information for his/her own purposes or for the benefit of any other person, firm, or corporation. All records, memoranda, letters, books, papers, reports, or other data, and other records and documents relating to the Company or its subsidiaries, whether made by the Executive or otherwise coming into his/her possession, shall remain the property of the Company, no copies thereof shall be made which are not retained by the Company, and the Executive agrees, on termination of his/her employment not to retain any copies and deliver all such confidential information in his/her possession to the Company.

Section 8. Non-Compete; Non-Solicitation.

(a) During the period (the "Restricted Period") commencing on the termination of his/her employment for any reason whatsoever, except in the event of Change in Control, during the Term of Employment and ending one year thereafter, the Executive shall not, without express prior written consent of the Company, directly or indirectly, own or hold any proprietary interest in, or be employed by or receive remuneration from, any corporation, partnership, sole proprietorship or other entity (collectively, an "entity") "engaged in competition" (as defined below) with the Company or any of its subsidiaries (a "Competitor"). For purposes of the preceding sentence, (i) the term "proprietary interest" means direct or indirect ownership of an equity interest in an entity other than ownership of less than 2 percent of any class stock in a publicly-held entity, and (ii) an entity shall be considered to be "engaged in competition" if such entity is, or is a holding company for or a subsidiary of an entity which is engaged in the business of (A) providing banking, trust services, asset management advice, or similar financial services to consumers, businesses individuals or other entities, and (B) the entity, holding company or subsidiary maintains any physical offices for the transaction of such business located within 50 miles of the main office of the Company.

(b) During the Restricted Period, and for a period of one year thereafter, the Executive shall not, either directly or indirectly, for himself or on behalf of or in conjunction with any other person, company, partnership, corporation or business of whatever nature, (i) call upon any person or entity which is or has been within 24 months prior to the termination or other cessation of Executive's employment for any reason, a customer of the Company or any subsidiary (each a "Customer") for the direct or indirect purpose of soliciting or selling deposit, loan or trust products or services or (ii) induce any Customer to curtail, cancel, not renew, or not continue their business with the Company or any subsidiary.

(c) During the Restricted Period, and for a period of one year thereafter, the Executive shall not, without the express prior written consent of the Company, directly or indirectly, (i) solicit or assist any third party in soliciting for employment any person employed by the Company or any of its subsidiaries at the time of the termination of the Executive's employment (collectively, "Employees"), (ii) employ, attempt to employ or materially assist any third party in employing or attempting to employ any Employee, or (iii) otherwise act on behalf of any Competitor to interfere with the relationship between the Company or any of its subsidiaries and their respective Employees.

(d) The Executive acknowledges that the restrictions contained in this Section 8 are reasonable and necessary to protect the legitimate interests of the Company and that any breach by the Executive of any provision contained in this Section 8 will result in irreparable injury to the

Company for which a remedy at law would be inadequate. Accordingly, the Executive acknowledges that the Company shall be entitled to temporary, preliminary and permanent injunctive relief against the Executive in the event of any breach or threatened breach by the Executive of the provisions of this Section 8, in addition to any other remedy that may be available to the Company whether at law or in equity. With respect to any provision of this Section 8 finally determined by a court of competent jurisdiction to be unenforceable, such court shall be authorized to reform this Agreement or any provision hereof so that it is enforceable to the maximum extent permitted by law. If the covenants of Section 8 are determined to be wholly or partially unenforceable in any jurisdiction, such determination shall not be a bar to or in any way diminish the Company's right to enforce such covenants in any other jurisdiction and shall not bar or limit the enforceability of any other provisions.

(e) The provisions of this Section 8 shall survive the termination of the Executive's employment with the Company for any reason whatsoever so long as the termination of employment occurs during the Term of Employment. If there is no termination of Executive's employment during the Term of Employment, the provisions of this Section 8 shall expire and be of no further force and effect after the Term of Employment. The Company shall not be required to post any bond or other security in connection with any proceeding to enforce the provisions of this Section 8.

Section 9. Withholdings. The Company may directly or indirectly withhold from any payments made under this Agreement all Federal, State, City or other taxes and all other deductions as shall be required pursuant to any law or regulation or pursuant to any contributory benefit plan maintained by or on behalf of the Company.

Section 10. Notices. All notices, requests, demands and other communications required or permitted hereunder shall be given in writing and shall be deemed to have been duly given if delivered or mailed, postage prepaid, by same day or overnight mail (i) if to the Executive, at the address set forth above, or (ii) if to the Company, as follows:

The Board Of Directors
Peapack-Gladstone Bank
158 Route 206 North
Gladstone, NJ 07934

or to such other address as either party shall have previously specified in writing to the other.

Section 11. Binding Agreement; Assignment. This Agreement shall be binding upon and shall inure to the benefit of, the Executive and the Company and its successors and permitted assigns. This Agreement is personal to the Executive and may not be assigned by him. The Company may assign its rights and obligations under this Agreement in connection with a sale of all or substantially all of the business of PGFC or the Bank. Any successor to the Company by merger or consolidation shall be entitled to the benefits of this Agreement.

Section 12. Governing Law. This Agreement shall be governed by, and construed in accordance with, the internal laws of the State of New Jersey, without reference to the choice of law principles thereof.

Section 13. Dispute Resolution. At the option of either the Company or the Executive, any dispute, controversy or question arising under, out of or relating to this Agreement, the Executive's employment or termination of employment, including but not limited to any and all statutory claims involving workplace discrimination or wrongful discharge, but excluding claims pursuant to Sections 7 or 8 hereof, shall be referred for decision by arbitration in the State of New Jersey by a neutral arbitrator mutually selected by the parties hereto. Any arbitration proceeding shall be governed by the Rules of the American Arbitration Association then in effect or such last in effect (in the event such Association is no longer in existence). If the parties are unable to agree upon such a neutral arbitrator within 21 days after either party has given the other written notice of the desire to submit the dispute, controversy or question for decision as aforesaid, then either party may apply to the American Arbitration Association for a final and binding appointment of a neutral arbitrator; however, if such Association is not then in existence or does not act in the matter within 45 days of any such application, either party may apply to a judge of the local court where the Bank is headquartered for an appointment of a neutral arbitrator to hear the parties and such judge is hereby authorized to make such appointment. In the event that either party exercises the right to submit a dispute, controversy or question arising hereunder to arbitration, the decision of the neutral arbitrator shall be final, conclusive and binding on all interested persons and no action at law or in equity shall be instituted or, if instituted, further prosecuted by either party other than to enforce the award of the neutral arbitrator. The award of the neutral arbitrator may be entered in any court that has jurisdiction. The Executive and the Company shall each bear all their own costs (including the fees and disbursements of counsel) incurred in connection with any such arbitration and shall each pay one-half of the costs of any arbitrator.

Section 14. Entire Agreement. This Agreement shall constitute the entire agreement among the parties with respect to the matters covered hereby and shall supersede all previous written, oral or implied understandings among them with respect to such matters.

Section 15. Amendments. This Agreement may only be amended or otherwise modified, and compliance with any provision hereof may only be waived, by a writing executed by all of the parties hereto. The provisions of this Section 15 may only be amended or otherwise modified by such a writing.

Section 16. Effect on Change-in-Control Agreement. Notwithstanding anything else to the contrary in this Agreement, if the Change-in-Control Agreement between the Company and the Executive, dated as of January 1, 2008 becomes effective due to a Change-in-Control of the Company (as defined therein), while the Executive remains employed by the Company, this Agreement, including, without limitation, Sections 7 and 8 hereof, shall no longer be effective in any respect but instead the relationship between the Executive and the Company shall be governed by the Change-in-Control Agreement. If the Executive is terminated prior to a Change-in-Control of the Company, then Sections 7 and 8 hereof shall survive any Change-in-Control.

Section 17. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which shall together be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF, PGFC and the Bank have caused this Agreement to be duly executed by the undersigned, thereunto duly authorized, and the Executive has signed this Agreement, all as of the date first written above.

WITNESS

PEAPACK-GLADSTONE
FINANCIAL CORPORATION

/s/ Antoinette Rosell
Antoinette Rosell, Secretary

By: /s/ Frank A. Kissel
Frank A. Kissel, Chairman

PEAPACK-GLADSTONE BANK

/s/ Antoinette Rosell
Antoinette Rosell, Secretary

By: /s/ Frank A. Kissel
Frank A. Kissel, Chairman

/s/ Bridget J. Walsh

By: /s/ Garrett P. Bromley

PEAPACK-GLADSTONE EMPLOYMENT AGREEMENT
OF FINN M.W. CASPERSEN, JR

This EMPLOYMENT AGREEMENT is as of January 1, 2008, by and between Peapack-Gladstone Financial Corporation ("PGFC") and Peapack-Gladstone Bank (the "Bank") (PGFC and the Bank are collectively referred to herein as the "Company"), and EXECUTIVE FINN M. W. CASPERSEN, JR ("Executive"), whose home address is 9 Old Farm Road, Bedminster, NJ 07921.

WITNESSETH:

WHEREAS, the Company desires to employ Executive pursuant to an agreement embodying the terms of such employment (this "Agreement") and Executive desires to enter into this Agreement and to accept such employment, subject to the terms and provisions of this Agreement; and

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties agree as follows:

Section 1. Term of Employment.

(a) The term of Executive's employment under this Agreement shall commence on January 1, 2008 (the "Effective Date") and end on December 31, 2009 (the "Original Term of Employment"), unless terminated earlier in accordance herewith.

(b) The Original Term of Employment shall be automatically renewed for successive one-year terms (the "Renewal Terms") so long as the Company does not, prior to 60 days before such expiration date, deliver a notification of non-renewal to Executive stating that the Company is electing to terminate this Agreement at the expiration of the then current Term of Employment. "Term of Employment" shall mean the Original Term of Employment and all Renewal Terms. In the event that this Agreement is not renewed because the Company has given the 60-day notice prescribed in the preceding paragraph on or before the expiration of the Original Term of Employment or any Renewal Term, such non-renewal shall be treated as a "Termination Without Cause" pursuant to Section 5.

Section 2. Position and Duties. During the Term of Employment, the Executive shall serve as the "EXECUTIVE VICE PRESIDENT AND GENERAL COUNSEL" of the Company. The Executive shall have such powers and duties as are commensurate with such position and as may be conferred upon him by the Board of Directors of the Company (the "Board"). During the Term of Employment, the Executive shall devote all of his/her business time, attention, skill and efforts exclusively to the business and affairs of the Company and its subsidiaries. Notwithstanding the foregoing, the Executive may engage in charitable, educational, religious, civic and similar types of activities, speaking engagements, membership on the board of directors of other organizations, and similar activities to the extent that such activities do not inhibit

the performance of his/her duties hereunder or conflict in any material way with the business of the Company and its subsidiaries.

Section 3. Compensation. For all services rendered by the Executive in any capacity required hereunder during the Term of Employment, including, without limitation, services as an executive officer, director, or member of any committee of the Company or any of its subsidiaries, the Executive shall be compensated as follows:

(a) The Company shall pay the Executive a fixed salary at a rate per annum equal to \$170,000("Base Salary"). Base Salary shall be payable bi-weekly.

(b) The Executive shall be eligible to receive a bonus with respect to the Term of Employment. The amount, terms and conditions of such bonus shall be determined in due course by the Board.

(c) The Executive shall be entitled to five weeks of vacation in each calendar year during the Term of Employment. The Executive shall not be entitled to carryover vacation from one year to another or to any payment in respect of any unused vacation.

(d) The Executive shall be entitled to participate in all compensation and employee benefit plans for which any salaried employees of the Company are eligible. Notwithstanding the foregoing, nothing in this Agreement shall preclude the amendment or termination of any such plan or program. Executive will not be entitled to severance under any severance plan of the Company other than pursuant to this Agreement.

Section 4. Business Expenses. The Company shall pay or reimburse the Executive for all reasonable entertainment, travel or other expenses incurred by the Executive in connection with the performance of his/her duties under this Agreement, subject to the Executive's presentation of appropriate documentation in accordance with such procedures as the Company may from time to time establish.

Section 5. Termination of Employment.

(a) The Company shall have the right, upon delivery of written notice to the Executive, to terminate the Executive's employment hereunder prior to the expiration of the Term of Employment:

- (i) pursuant to a Termination for Cause, or
- (ii) upon the Executive's Permanent Disability, or
- (iii) pursuant to a Termination Without Cause.

(b) The Executive shall have the right, upon delivery of written notice to the Company 30 days in advance of the proposed termination date, to terminate the Executive's employment hereunder prior to the expiration of the Term of Employment in the Executive's sole discretion.

(c) The Executive's employment hereunder shall terminate automatically without action by any party hereto upon the Executive's death.

(d) For purposes of this Agreement, the following terms have the following meanings:

"Termination for Cause" means a termination of the Executive's employment by the Company because the Executive has (a) materially failed to perform the duties assigned to him hereunder or imposed upon him by applicable law, and such failure to perform constitutes self-dealing, willful misconduct or recklessness, (b) committed an act of dishonesty in the performance of his/her duties hereunder or engaged in conduct materially detrimental to the business of the Company, (c) been convicted of a felony or a misdemeanor involving moral turpitude, (d) materially failed to perform his/her duties hereunder, which breach or failure the Executive shall fail to remedy within 30 days after written demand from the Company, (e) knowingly failed to follow lawful, written directives of the Board, or (f) engaged in any material employment act or practice, including but not limited to sexual harassment, forbidden by the Company in its employment manual as revised from time to time.

"Termination Without Cause" means a termination of the Executive's employment by the Company other than due to Permanent Disability, retirement or expiration of the Term of Employment and other than a Termination for Cause.

"Permanent Disability" means permanently disabled so as to qualify for full benefits under the Company's then-existing disability insurance policy. If the Company does not maintain any such policy on the date of termination, "Permanent Disability" shall mean the inability of the Executive to work for a period of four full calendar months during any eight consecutive calendar months due to illness or injury of a physical or mental nature, supported by the completion by the Executive's attending physician of a medical certification form outlining the disability and treatment.

Section 6. Benefits Upon Termination.

(a) In lieu of any severance that may otherwise be payable to the Executive pursuant to any policies of the Company, whether existing on the date hereof or in effect from time to time hereafter, in the event that the Company terminates the Executive's employment pursuant to a Termination Without Cause, the Company shall continue to pay the Executive's Base Salary for a period (the "Severance Period") equal two years from the effective date of such termination. The Executive also shall be entitled to any earned but unpaid Base Salary as of the effective date of termination of employment. No other payments shall be made, or benefits provided, by the Company under this Agreement except as otherwise required by law or the Company's benefit plans.

(b) In the event that the Company terminates the Executive's employment pursuant to a Permanent Disability, the Company shall pay the Executive any earned but unpaid Base Salary as of the date of termination of employment. No other payments shall be made, or benefits provided, by the Company under this Agreement except as otherwise required by law or the Company's benefit plans.

(c) In the event that the Company terminates the Executive's employment pursuant to a Termination for Cause or the Executive terminates his/her employment with the Company for any reason (including, without limitation, pursuant to any retirement), the Company shall pay the Executive any earned but unpaid Base Salary as of the date of termination of employment. No other payments shall be made, or benefits provided, by the Company under this Agreement or otherwise except to the extent required by law or the Company's benefit plans.

(d) In the event that the Executive's employment hereunder is terminated due to the Executive's death, the Company shall pay the Executive's executor or other legal representative (the "Representative") any earned but unpaid Base Salary as of the date of termination of employment. No other payments shall be made, or benefits provided, by the Company whether under this Agreement or otherwise except to the extent required by law or the Company's benefit plans.

(e) Any payments to be made or benefits to be provided by the Company pursuant to this Section 6 (other than in the event of the Executive's death or Permanent Disability) are subject to the receipt by the Company of an effective general release and agreement not to sue, in form and substance reasonably satisfactory to the Company (the "Release") pursuant to which the Executive agrees (i) to release all claims against the Company and certain related parties (excluding claims for (x) indemnification under the Company's Certificate of Incorporation or by-laws or (y) any severance benefits arising out of this Agreement or otherwise), (ii) not to maintain any action, suit, claim or proceeding against the Company, its subsidiaries and affiliates and certain related parties, and (iii) to be bound by certain confidentiality and mutual non-disparagement covenants specified therein. Notwithstanding the due date of any post-employment payment, the Company shall not be obligated to make any payments under this Section 6 until after the expiration of any revocation period applicable to the Release.

(f) The Executive shall not be required to mitigate the severance payments to be made to him hereunder and if the Executive obtains other employment while receiving severance payments hereunder he shall continue to be entitled to the benefits of this Agreement.

(g) Notwithstanding anything else herein to the contrary in this Section 5 or otherwise, distributions to be made to Executive may be delayed for up to 6 months in order to avoid adverse tax implications to Executive, the Company or other similarly situated employees under Section 409A of the Internal Revenue Code of 1986 (the "Code"). At the end of such period of delay, you will be paid the delayed payment amounts, plus interest for the period of any such delay. For purposes of the preceding sentence, interest shall be calculated using the six (6) month Treasury Bill rate in effect on the date on which the payment is delayed, and shall be compounded daily.

Section 7. Confidential Information. The Executive and the Company agree that all information pertaining to the affairs, business, clients, or customers of the Company or any of its subsidiaries, other than information that the Company has previously made publicly available, is confidential information belonging to the Company and is a unique and valuable asset of the Company. Both during the Term of Employment hereof and thereafter, the Executive shall not, except to the extent reasonably necessary in the performance of his/her duties for the Company during the Term of Employment, disclose any information concerning the affairs, businesses,

clients, or customers of the Company or its subsidiaries, or make use of any such information for his/her own purposes or for the benefit of any other person, firm, or corporation. All records, memoranda, letters, books, papers, reports, or other data, and other records and documents relating to the Company or its subsidiaries, whether made by the Executive or otherwise coming into his/her possession, shall remain the property of the Company, no copies thereof shall be made which are not retained by the Company, and the Executive agrees, on termination of his/her employment not to retain any copies and deliver all such confidential information in his/her possession to the Company.

Section 8. Non-Compete; Non-Solicitation.

(a) During the period (the "Restricted Period") commencing on the termination of his/her employment for any reason whatsoever, except in the event of Change in Control, during the Term of Employment and ending one year thereafter, the Executive shall not, without express prior written consent of the Company, directly or indirectly, own or hold any proprietary interest in, or be employed by or receive remuneration from, any corporation, partnership, sole proprietorship or other entity (collectively, an "entity") "engaged in competition" (as defined below) with the Company or any of its subsidiaries (a "Competitor"). For purposes of the preceding sentence, (i) the term "proprietary interest" means direct or indirect ownership of an equity interest in an entity other than ownership of less than 2 percent of any class stock in a publicly-held entity, and (ii) an entity shall be considered to be "engaged in competition" if such entity is, or is a holding company for or a subsidiary of an entity which is engaged in the business of (A) providing banking, trust services, asset management advice, or similar financial services to consumers, businesses individuals or other entities, and (B) the entity, holding company or subsidiary maintains any physical offices for the transaction of such business located within 50 miles of the main office of the Company.

(b) During the Restricted Period, and for a period of one year thereafter, the Executive shall not, either directly or indirectly, for himself or on behalf of or in conjunction with any other person, company, partnership, corporation or business of whatever nature, (i) call upon any person or entity which is or has been within 24 months prior to the termination or other cessation of Executive's employment for any reason, a customer of the Company or any subsidiary (each a "Customer") for the direct or indirect purpose of soliciting or selling deposit, loan or trust products or services or (ii) induce any Customer to curtail, cancel, not renew, or not continue their business with the Company or any subsidiary.

(c) During the Restricted Period, and for a period of one year thereafter, the Executive shall not, without the express prior written consent of the Company, directly or indirectly, (i) solicit or assist any third party in soliciting for employment any person employed by the Company or any of its subsidiaries at the time of the termination of the Executive's employment (collectively, "Employees"), (ii) employ, attempt to employ or materially assist any third party in employing or attempting to employ any Employee, or (iii) otherwise act on behalf of any Competitor to interfere with the relationship between the Company or any of its subsidiaries and their respective Employees.

(d) The Executive acknowledges that the restrictions contained in this Section 8 are reasonable and necessary to protect the legitimate interests of the Company and that any breach by the Executive of any provision contained in this Section 8 will result in irreparable injury to the

Company for which a remedy at law would be inadequate. Accordingly, the Executive acknowledges that the Company shall be entitled to temporary, preliminary and permanent injunctive relief against the Executive in the event of any breach or threatened breach by the Executive of the provisions of this Section 8, in addition to any other remedy that may be available to the Company whether at law or in equity. With respect to any provision of this Section 8 finally determined by a court of competent jurisdiction to be unenforceable, such court shall be authorized to reform this Agreement or any provision hereof so that it is enforceable to the maximum extent permitted by law. If the covenants of Section 8 are determined to be wholly or partially unenforceable in any jurisdiction, such determination shall not be a bar to or in any way diminish the Company's right to enforce such covenants in any other jurisdiction and shall not bar or limit the enforceability of any other provisions.

(e) The provisions of this Section 8 shall survive the termination of the Executive's employment with the Company for any reason whatsoever so long as the termination of employment occurs during the Term of Employment. If there is no termination of Executive's employment during the Term of Employment, the provisions of this Section 8 shall expire and be of no further force and effect after the Term of Employment. The Company shall not be required to post any bond or other security in connection with any proceeding to enforce the provisions of this Section 8.

Section 9. Withholdings. The Company may directly or indirectly withhold from any payments made under this Agreement all Federal, State, City or other taxes and all other deductions as shall be required pursuant to any law or regulation or pursuant to any contributory benefit plan maintained by or on behalf of the Company.

Section 10. Notices. All notices, requests, demands and other communications required or permitted hereunder shall be given in writing and shall be deemed to have been duly given if delivered or mailed, postage prepaid, by same day or overnight mail (i) if to the Executive, at the address set forth above, or (ii) if to the Company, as follows:

The Board Of Directors
Peapack-Gladstone Bank
158 Route 206 North
Gladstone, NJ 07934

or to such other address as either party shall have previously specified in writing to the other.

Section 11. Binding Agreement; Assignment. This Agreement shall be binding upon and shall inure to the benefit of, the Executive and the Company and its successors and permitted assigns. This Agreement is personal to the Executive and may not be assigned by him. The Company may assign its rights and obligations under this Agreement in connection with a sale of all or substantially all of the business of PGFC or the Bank. Any successor to the Company by merger or consolidation shall be entitled to the benefits of this Agreement.

Section 12. Governing Law. This Agreement shall be governed by, and construed in accordance with, the internal laws of the State of New Jersey, without reference to the choice of law principles thereof.

Section 13. Dispute Resolution. At the option of either the Company or the Executive, any dispute, controversy or question arising under, out of or relating to this Agreement, the Executive's employment or termination of employment, including but not limited to any and all statutory claims involving workplace discrimination or wrongful discharge, but excluding claims pursuant to Sections 7 or 8 hereof, shall be referred for decision by arbitration in the State of New Jersey by a neutral arbitrator mutually selected by the parties hereto. Any arbitration proceeding shall be governed by the Rules of the American Arbitration Association then in effect or such last in effect (in the event such Association is no longer in existence). If the parties are unable to agree upon such a neutral arbitrator within 21 days after either party has given the other written notice of the desire to submit the dispute, controversy or question for decision as aforesaid, then either party may apply to the American Arbitration Association for a final and binding appointment of a neutral arbitrator; however, if such Association is not then in existence or does not act in the matter within 45 days of any such application, either party may apply to a judge of the local court where the Bank is headquartered for an appointment of a neutral arbitrator to hear the parties and such judge is hereby authorized to make such appointment. In the event that either party exercises the right to submit a dispute, controversy or question arising hereunder to arbitration, the decision of the neutral arbitrator shall be final, conclusive and binding on all interested persons and no action at law or in equity shall be instituted or, if instituted, further prosecuted by either party other than to enforce the award of the neutral arbitrator. The award of the neutral arbitrator may be entered in any court that has jurisdiction. The Executive and the Company shall each bear all their own costs (including the fees and disbursements of counsel) incurred in connection with any such arbitration and shall each pay one-half of the costs of any arbitrator.

Section 14. Entire Agreement. This Agreement shall constitute the entire agreement among the parties with respect to the matters covered hereby and shall supersede all previous written, oral or implied understandings among them with respect to such matters.

Section 15. Amendments. This Agreement may only be amended or otherwise modified, and compliance with any provision hereof may only be waived, by a writing executed by all of the parties hereto. The provisions of this Section 15 may only be amended or otherwise modified by such a writing.

Section 16. Effect on Change-in-Control Agreement. Notwithstanding anything else to the contrary in this Agreement, if the Change-in-Control Agreement between the Company and the Executive, dated as of January 1, 2008 becomes effective due to a Change-in-Control of the Company (as defined therein), while the Executive remains employed by the Company, this Agreement, including, without limitation, Sections 7 and 8 hereof, shall no longer be effective in any respect but instead the relationship between the Executive and the Company shall be governed by the Change-in-Control Agreement. If the Executive is terminated prior to a Change-in-Control of the Company, then Sections 7 and 8 hereof shall survive any Change-in-Control.

Section 17. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which shall together be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF, PGFC and the Bank have caused this Agreement to be duly executed by the undersigned, thereunto duly authorized, and the Executive has signed this Agreement, all as of the date first written above.

WITNESS

/s/ Antoinette Rosell
Antoinette Rosell, Secretary

/s/ Antoinette Rosell
Antoinette Rosell, Secretary

/s/ Bridget J. Walsh

PEAPACK-GLADSTONE
FINANCIAL CORPORATION

By: /s/ Frank A. Kissel
Frank A. Kissel, Chairman

PEAPACK-GLADSTONE BANK

By: /s/ Frank A. Kissel
Frank A. Kissel, Chairman

By: /s/ Finn M.W. Caspersen, Jr.

FINANCIAL HIGHLIGHTS
(IN THOUSANDS, EXCEPT PER SHARE DATA)

SELECTED YEAR-END DATA:	2007	2006	2005
NET INCOME	\$ 11,862	\$ 10,226	\$ 13,130
TOTAL ASSETS	1,346,976	1,288,376	1,255,383
TOTAL DEPOSITS	1,180,267	1,144,736	1,041,996
TOTAL SECURITIES	282,083	338,043	412,946
TOTAL LOANS	981,180	870,153	768,473
SHAREHOLDERS' EQUITY	107,429	103,763	99,155
TRUST DEPARTMENT ASSETS (MARKET VALUE)	2,028,232	1,924,954	1,761,846

PER SHARE:

EARNINGS-BASIC	\$ 1.43	\$ 1.24	\$ 1.58
EARNINGS-DILUTED	1.42	1.22	1.56
BOOK VALUE	12.94	12.55	11.97

FINANCIAL RATIOS:

RETURN ON AVERAGE ASSETS	0.90%	0.79%	1.12%
RETURN ON AVERAGE EQUITY	11.12	10.10	13.49
CAPITAL LEVERAGE RATIO	8.59	8.20	8.66
RISK BASED CAPITAL:			
TIER 1	14.92	15.33	16.71
TOTAL	15.91	16.31	17.78

NET INCOME
IN MILLIONS

[THE FOLLOWING TABLE WAS REPRESENTED BY A BAR CHART IN THE PRINTED MATERIAL.]

'03	'04	'05	'06	'07
\$12.30	\$13.11	\$13.13	\$10.23	\$11.86

TOTAL ASSETS
IN MILLIONS

[THE FOLLOWING TABLE WAS REPRESENTED BY A BAR CHART IN THE PRINTED MATERIAL.]

'03	'04	'05	'06	'07
\$968	\$1,067	\$1,255	\$1,288	\$1,347

DEPOSITS
IN MILLIONS

[THE FOLLOWING TABLE WAS REPRESENTED BY A BAR CHART IN THE PRINTED MATERIAL.]

'03	'04	'05	'06	'07
\$846	\$936	\$1,042	\$1,145	\$1,180

EQUITY CAPITAL
IN MILLIONS

[THE FOLLOWING TABLE WAS REPRESENTED BY A BAR CHART IN THE PRINTED MATERIAL.]

'03	'04	'05	'06	'07
\$85.1	\$94.7	\$99.2	\$103.8	\$107.4

[PEAPACK GLADSTONE BANK LOGO]

DEAR SHAREHOLDERS AND FRIENDS,

We are delighted to report a 16% increase in earnings for the year 2007 and a 28% increase in the fourth quarter of 2007 vs. the same period in 2006. We have waited patiently for the flat or inverted interest rate yield curve to correct itself. The Federal Reserve Bank began lowering interest rates in September and has continued with recent substantial cuts. A real yield curve is very beneficial to the earnings of our Bank and adds value to the work being done within our balance sheet.

You will recall previous letters and press releases where we have talked about the slow and deliberate restructuring currently underway within our balance sheet. We anticipate growing our commercial lending at a faster rate than our retail business. We look to grow these portfolios in real terms and as a percentage of our total loan portfolios.

We believe that our balance sheet is positioned to make the changes necessary to be successful in this environment. We believe that as we move in this direction, carefully and deliberately, we will be able to deliver substantially better results for our shareholders. It is important that we all understand that a rebalance like this takes time. It does not happen in a few months or quarters. However, it is very exciting that we are beginning to see results as we work into our plan. You will find much more detail in Management's Discussion and Analysis beginning on page 6.

PGB TRUST AND INVESTMENTS

We would also like to write about the great progress in PGB Trust and Investments. They ended the year with more than \$2 billion in assets under administration and generated in excess of \$9,560,000 in fees for the year.

A second business like this in a Bank our size is an extremely rare asset. The ability to generate substantial non-interest income adds to the quality of our earnings year after year.

Our clients know the value of straight-forward, no-nonsense investment management in these volatile times. They expect service levels not available elsewhere and clear, honest advice to important issues in their lives. Most combine asset management, tax planning and preparation, banking services and borrowing all through their primary contact in PGB Trust and Investments.

We specialize in managing money today to ensure that your goals are met in the future. Goals are established through good planning and they are met with hard work and good execution. It all begins with a phone call to Craig Spengeman or John Bonk.

BRANCHING

Our beautiful new branch in Summit opened this past April and has exceeded our growth expectations. Hundreds of new customers have entrusted us with more than \$30,000,000 in new deposits. We are very pleased to be part of this vibrant community.

We have just opened our new branch on Green Village Road in Chatham Township. This branch replaces our small, old office with a full service building, conveniently located just opposite the entrance to Hickory Tree Mall. Access is easy for drive-up windows, drive-up ATM, safe deposit boxes and much, much more. Existing and new customers love the upgrade.

Two other branches are expected to open this year. The first is in the Kings Shopping Center at the intersection of Routes 22 and 523 in Whitehouse and the second will be on Stelton Road in Piscataway. We believe that both are great investments for the future.

PGC STOCK

We know that shareholder value is our most important priority. We have been frustrated by an extremely difficult banking environment and you have been patient. The good news is that Management and the Board is firmly focused on a plan that we believe will reward your patience and create value in the years to come.

The Board increased the quarterly cash dividend in November by \$0.01 to \$0.16 per share, per quarter. Over the past six years, your cash dividend has increased by 114%. It is our hope that our improvement in earnings and our strong dividend history will motivate current and new shareholders to look favorably on Peapack-Gladstone Financial Corporation. We think we have a great story.

OUTLOOK

As we write this letter at the beginning of February, there are many forces at work in the financial markets. The exact strengths and weaknesses of the overall economy are currently being debated. Circumstances are changing so quickly that we do not believe anyone is certain about where we are in this cycle.

We are sure that sub-prime lending has provided inappropriate, and sometimes irresponsible, credit to some individuals buying homes. As these loans reprice, some of the borrowers are not able to afford the debt service. Most of these loans were packaged together into new securities that have been sold around the world. The distress to the individuals, the overall real estate market and the holders of these securities is playing out now. We are sure that there have been excesses and that they will have to work themselves through the system before real improvement can begin.

We can also reassure shareholders and customers that we did not produce sub-prime mortgages, nor did we purchase any securities collateralized with sub-prime mortgages. We say this directly, not to gloat, but to confirm that sub-prime debt would not have met our longstanding credit standards. The distinction must always be made between lending to low or moderate income individuals and sub-prime debt. Lending to low or moderate income individuals using prudent underwriting standards is great business and we continue to seek it out.

We have been through many cycles and market adjustments before and we will not try to predict the extent of this one. We will continue to be careful as we grow into the future. We are working hard to always exceed your expectations.

Thank you for your continuing support.

/s/ Craig C. Spengeman

/s/ Frank A. Kissel

/s/ Robert M. Rogers

Craig C. Spengeman
PRESIDENT & CIO
PGB TRUST & INVESTMENTS

Frank A. Kissel
CHAIRMAN & CEO

Robert M. Rogers
PRESIDENT & COO

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW: The following discussion and analysis is intended to provide information about the financial condition and results of operations of Peapack-Gladstone Financial Corporation and its subsidiaries on a consolidated basis and should be read in conjunction with the consolidated financial statements and the related notes and supplemental financial information appearing elsewhere in this report.

Peapack-Gladstone Financial Corporation (the "Corporation"), formed in 1997, is the parent holding company for Peapack-Gladstone Bank (the "Bank"), formed in 1921, a commercial bank operating 22 branches in Somerset, Hunterdon, Morris and Union counties.

On November 1, 2007, the quarterly cash dividend rate was increased to \$0.16 per share or a 7 percent increase over the previous rate of \$0.15 per share. The cash dividend rate has increased 114 percent in the past six years.

In 2007, the Corporation experienced increasing margins as a result of the increase in the commercial loan portfolios and the balance sheet restructuring completed in the third quarter of 2006. The Federal Reserve decreased the federal funds target rate during the last two quarters of 2007. Loan growth was strong, increasing more than \$111.0 million, while deposits increased \$35.5 million and securities declined \$55.0 million. Net interest income on a tax-equivalent basis rose \$2.9 million during the year, which is attributable in large part to increases in interest-earning assets and interest-bearing liabilities. Highly competitive loan and deposit pricing continue to put pressure on the net interest margin. Yields on interest-earning assets increased 32 basis points, while yields on interest-bearing liabilities increased 18 basis points. The net interest margin increased 19 basis points or 7 percent over 2006 levels. As discussed in this Management's Discussion and Analysis section, some of the highlights include:

- o Total average loans increased \$82.1 million or 10 percent from 2006, as average commercial loans increased \$60.6 million or 20 percent.
- o Net interest margin was 2.95 percent in 2007, an increase of 19 basis points as compared to 2006.
- o Total average deposits increased \$94.6 million or 9 percent from 2006.
- o The Bank opened its 22nd branch, a full-service facility in Summit.
- o PGB Trust and Investment assets surpassed \$2 billion for the first time.
- o Revenues from trust income increased 14 percent from 2006 levels.

Peapack-Gladstone Financial Corporation's common stock trades on the American Stock Exchange under the symbol "PGC".

CRITICAL ACCOUNTING POLICIES AND ESTIMATES: Management's Discussion and Analysis of Financial Condition and Results of Operation is based upon the Corporation's consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires the Corporation to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Note 1 to the Corporation's Audited Consolidated Financial Statements for the year ended December 31, 2007, contains a summary of the Corporation's significant accounting policies.

Management believes that the Corporation's policy with respect to the methodology for the determination of the allowance for loan losses involves a higher degree of complexity and requires management to make difficult and subjective judgments, which often require assumptions or estimates about highly uncertain matters. Changes in these judgments, assumptions or estimates could materially impact results of operations. This critical policy and its application are periodically reviewed with the Audit Committee and the Board of Directors.

RETURN ON AVERAGE EQUITY
IN PERCENT

[THE FOLLOWING TABLE WAS REPRESENTED BY A BAR CHART IN THE PRINTED MATERIAL.]

'03	'04	'05	'06	'07
15.14	14.72	13.49	10.10	11.12

RETURN ON AVERAGE ASSETS
IN PERCENT

[THE FOLLOWING TABLE WAS REPRESENTED BY A BAR CHART IN THE PRINTED MATERIAL.]

'03	'04	'05	'06	'07
1.34	1.30	1.12	0.79	0.90

The provision for loan losses is based upon management's evaluation of the adequacy of the allowance, including an assessment of known and inherent risks in the portfolio, giving consideration to the size and composition of the loan portfolio, actual loan loss experience, level of delinquencies, detailed analysis of individual loans for which full collectibility may not be assured, the existence and estimated net realizable value of any underlying collateral and guarantees securing the loans, and current economic and market conditions. Although management uses the best information available, the level of the allowance for loan losses remains an estimate, which is subject to significant judgment and short-term change. Various regulatory agencies, as an integral part of their examination process, periodically review the Corporation's provision for loan losses. Such agencies may require the Corporation to make additional provisions for loan losses based upon information available to them at the time of their examination. Furthermore, the majority of the Corporation's loans are secured by real estate in the State of New Jersey. Accordingly, the collectibility of a substantial portion of the carrying value of the Corporation's loan portfolio is susceptible to changes in local market conditions and may be adversely affected should real estate values decline or New Jersey experience an adverse economic shock. Future adjustments to the provision for loan losses may be necessary due to economic, operating, regulatory and other conditions beyond the Corporation's control.

EARNINGS SUMMARY: For the year ended December 31, 2007, the Corporation's net income was \$11.9 million, an increase of \$1.7 million or 16 percent, as compared to \$10.2 million for the year ended December 31, 2006. Earnings per diluted share were \$1.42 and \$1.22 for the years 2007 and 2006, respectively.

In 2007, these results produced a return on average assets of 0.90 percent as compared to 0.79 percent in 2006 and a return on average shareholders' equity of 11.12 percent as compared to 10.10 percent in 2006.

The Corporation implemented a long-term business plan in 2007, which calls for a shift in the asset mix to place more emphasis on commercial loans and commercial mortgages. The balance sheet is uniquely suited to accommodate a gradual and significant change. Despite the growth in the commercial business, the Corporation's conservative underwriting requirements remain unchanged.

NET INTEREST INCOME: Net interest income is the primary source of the Corporation's operating income. Net interest income is the difference between interest and dividends earned on earning assets and fees earned on loans, and interest paid on interest-bearing liabilities. Earning assets include loans to individuals and businesses, investment securities, interest-earning deposits and federal funds sold. Interest-bearing liabilities include interest-bearing checking, savings and time deposits, Federal Home Loan Bank advances and other borrowings. Net interest income is determined by the difference between the yields earned on earning assets and the rates paid on interest-bearing liabilities ("Net Interest Spread") and the relative amounts of earning assets and interest-bearing liabilities. The Corporation's net interest spread is affected by regulatory, economic and competitive factors that influence interest rates, loan demand and deposit flows and general levels of non-performing assets. Credit quality remained excellent in 2007 as loan delinquencies remained at low levels.

NET INTEREST INCOME
IN MILLIONS

[THE FOLLOWING TABLE WAS REPRESENTED BY A BAR CHART IN THE PRINTED MATERIAL.]

'03	'04	'05	'06	'07
-----	-----	-----	-----	-----
\$31.2	\$35.1	\$35.3	\$32.8	\$35.9

Net interest income, on a fully tax-equivalent basis, rose to \$36.8 million from \$34.0 million in 2006. Average earning assets increased \$16.8 million or one percent from the average balances in 2006 and rates earned on earning assets increased 32 basis points in 2007. Interest expense increased 6 percent over the levels recorded in 2006 on average balances of interest-bearing liabilities that increased \$4.7 million. Rates paid in 2007 on interest-bearing liabilities rose 18 basis points over those paid in 2006. Although competition remains strong, interest rates were also influenced by decreases in the federal funds target rates during the last two quarters of 2007. The net interest margin rose to 2.95 percent in 2007 from 2.76 percent in 2006.

On a fully tax-equivalent basis, interest income on earning assets was \$73.3 million, an increase of \$4.9 million, or 7 percent, over 2006 levels. This increase was primarily due to higher average loans, which rose \$82.1 million, offset in part by a decline of \$74.4 million in average investments. Rates increased 45 basis points on investments due in part to the maturities of lower yielding bonds. Rates earned on loans increased 17 basis points, reflecting the Corporation's increased emphasis on commercial and construction lending, which yields higher rates.

During the year, interest expense rose \$2.0 million due to higher rates paid on interest-bearing deposits. Interest expense on borrowings declined due to volume, but was offset by increases to interest expense due to increased volume of interest-bearing deposits. The overall rate paid on interest-bearing deposits increased 33 basis points to 3.60 percent in 2007 as compared to 3.27 percent in 2006. Rates paid on borrowings declined 74 basis points to 3.92 percent as overall borrowings declined.

On average, our High Yield money market account increased \$176.4 million; offsetting the discontinued Fed Tracker money market accounts, which declined by \$105.2 million. Certificates of deposit grew \$39.8 million on average or 11 percent. The traditional money market and savings products declined, on average \$21.6 million and \$12.8 million, respectively. Average interest-bearing checking accounts declined \$4.5 million or 3 percent over the comparable period in 2006. Average noninterest-bearing demand deposits increased \$6.3 million or 4 percent during 2007 as compared to 2006.

Average overnight borrowings decreased \$19.5 million during 2007 to \$5.4 million. The Corporation decreased short-term borrowings to zero during 2006 as a result of the restructuring initiative and they remained at zero during 2007. Average Federal Home Loan Bank advances declined \$3.6 million as the result of maturities and normal principal payments.

The Corporation completed a balance sheet restructuring in the third quarter of 2006, selling \$61.6 million of available-for-sale securities that were yielding 4.14 percent. The sale resulted in a before tax charge of approximately \$1.9 million and an after tax charge of \$1.1 million, or \$0.13 per diluted share. The Corporation used a majority of the proceeds from the sale to redeem high cost, short-term borrowings and used approximately \$20 million to purchase floating-rate securities. The Corporation continues to experience an improvement in net interest income and net interest margin following the implementation of the restructuring strategy.

THE FOLLOWING TABLE COMPARES THE AVERAGE BALANCE SHEETS, NET INTEREST SPREADS
AND NET INTEREST MARGINS FOR THE YEARS ENDED DECEMBER 31, 2007, 2006 AND 2005
(FULLY TAX-EQUIVALENT-FTE):

YEAR ENDED DECEMBER 31, 2007

(IN THOUSANDS, EXCEPT YIELD INFORMATION)	AVERAGE BALANCE	INCOME/ EXPENSE (FTE)	YIELD (FTE)
ASSETS:			
INTEREST-EARNING ASSETS:			
INVESTMENTS:			
TAXABLE (1)	\$ 266,977	\$ 13,707	5.13%
TAX-EXEMPT (1) (2)	55,845	2,930	5.25
LOANS (2) (3)	910,485	55,970	6.15
FEDERAL FUNDS SOLD	12,506	656	5.24
INTEREST-EARNING DEPOSITS	804	39	4.91
TOTAL INTEREST-EARNING ASSETS	1,246,617	\$ 73,302	5.88%
NONINTEREST-EARNING ASSETS:			
CASH AND DUE FROM BANKS	22,135		
ALLOWANCE FOR LOAN LOSSES	(6,945)		
PREMISES AND EQUIPMENT	25,321		
OTHER ASSETS	26,519		
TOTAL NONINTEREST-EARNING ASSETS	67,030		
TOTAL ASSETS	\$ 1,313,647		
=====			
LIABILITIES AND SHAREHOLDERS' EQUITY:			
INTEREST-BEARING DEPOSITS:			
CHECKING	\$ 133,574	\$ 1,076	0.81%
MONEY MARKETS	383,279	14,700	3.84
SAVINGS	69,247	466	0.67
CERTIFICATES OF DEPOSIT	391,922	19,004	4.85
TOTAL INTEREST-BEARING DEPOSITS	978,022	35,246	3.60
BORROWED FUNDS	31,568	1,237	3.92
TOTAL INTEREST-BEARING LIABILITIES	1,009,590	36,483	3.61
NONINTEREST-BEARING LIABILITIES:			
DEMAND DEPOSITS	185,909		
ACCRUED EXPENSES AND OTHER LIABILITIES	11,485		
TOTAL NONINTEREST-BEARING LIABILITIES	197,394		
SHAREHOLDERS' EQUITY	106,663		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 1,313,647		
=====			
NET INTEREST INCOME		\$ 36,819	
=====			
NET INTEREST SPREAD			2.27
=====			
NET INTEREST MARGIN (4)			2.95%
=====			

1. AVERAGE BALANCES FOR AVAILABLE-FOR-SALE SECURITIES ARE BASED ON AMORTIZED COST.
2. INTEREST INCOME IS PRESENTED ON A TAX-EQUIVALENT BASIS USING A 35 PERCENT FEDERAL TAX RATE.
3. LOANS ARE STATED NET OF UNEARNED INCOME AND INCLUDE NON-ACCRUAL LOANS.
4. NET INTEREST INCOME ON A TAX-EQUIVALENT BASIS AS A PERCENTAGE OF TOTAL AVERAGE INTEREST-EARNING ASSETS.

10

YEAR ENDED DECEMBER 31, 2006

(IN THOUSANDS, EXCEPT YIELD INFORMATION)	AVERAGE BALANCE	INCOME/ EXPENSE (FTE)	YIELD (FTE)
ASSETS:			
INTEREST-EARNING ASSETS:			
INVESTMENTS:			
TAXABLE (1)	\$ 345,190	\$ 15,857	4.59%
TAX-EXEMPT (1) (2)	52,040	2,793	5.37
LOANS (2) (3)	828,337	49,555	5.98
FEDERAL FUNDS SOLD	2,939	146	4.96
INTEREST-EARNING DEPOSITS	1,284	61	4.72
TOTAL INTEREST-EARNING ASSETS	1,229,790	\$ 68,412	5.56%
NONINTEREST-EARNING ASSETS:			
CASH AND DUE FROM BANKS	22,475		
ALLOWANCE FOR LOAN LOSSES	(6,516)		
PREMISES AND EQUIPMENT	23,038		
OTHER ASSETS	22,564		
TOTAL NONINTEREST-EARNING ASSETS	61,561		
TOTAL ASSETS	\$ 1,291,351		
LIABILITIES AND SHAREHOLDERS' EQUITY:			
INTEREST-BEARING DEPOSITS:			
CHECKING	\$ 138,045	\$ 1,044	0.76%
MONEY MARKETS	317,524	11,955	3.77
SAVINGS	82,016	567	0.69
CERTIFICATES OF DEPOSIT	352,114	15,505	4.40
TOTAL INTEREST-BEARING DEPOSITS	889,699	29,071	3.27
BORROWED FUNDS	115,181	5,373	4.66
TOTAL INTEREST-BEARING LIABILITIES	1,004,880	34,444	3.43
NONINTEREST-BEARING LIABILITIES:			
DEMAND DEPOSITS	179,597		
ACCRUED EXPENSES AND OTHER LIABILITIES	5,659		
TOTAL NONINTEREST-BEARING LIABILITIES	185,256		
SHAREHOLDERS' EQUITY	101,215		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 1,291,351		
NET INTEREST INCOME		\$ 33,968	
NET INTEREST SPREAD			2.13
NET INTEREST MARGIN (4)			2.76%

YEAR ENDED DECEMBER 31, 2005

(IN THOUSANDS, EXCEPT YIELD INFORMATION)	AVERAGE BALANCE	INCOME/ EXPENSE (FTE)	YIELD (FTE)
ASSETS:			
INTEREST-EARNING ASSETS:			
INVESTMENTS:			
TAXABLE (1)	\$ 373,618	\$ 15,210	4.07%
TAX-EXEMPT (1) (2)	52,732	2,550	4.84
LOANS (2) (3)	682,648	38,593	5.65
FEDERAL FUNDS SOLD	2,253	73	3.26
INTEREST-EARNING DEPOSITS	807	26	3.17
TOTAL INTEREST-EARNING ASSETS	1,112,058	\$ 56,452	5.08%
NONINTEREST-EARNING ASSETS:			

Source: PEAPACK GLADSTONE FI, 10-K, March 12, 2008

CASH AND DUE FROM BANKS	21,411		
ALLOWANCE FOR LOAN LOSSES	(6,271)		
PREMISES AND EQUIPMENT	21,124		
OTHER ASSETS	24,154		
TOTAL NONINTEREST-EARNING ASSETS	60,418		
TOTAL ASSETS	\$ 1,172,476		
=====			
LIABILITIES AND SHAREHOLDERS' EQUITY:			
INTEREST-BEARING DEPOSITS:			
CHECKING	\$ 191,305	\$ 2,192	1.15%
MONEY MARKETS	249,096	5,613	2.25
SAVINGS	99,594	691	0.69
CERTIFICATES OF DEPOSIT	273,140	8,609	3.15
TOTAL INTEREST-BEARING DEPOSITS	813,135	17,105	2.10
BORROWED FUNDS	84,490	3,018	3.57
TOTAL INTEREST-BEARING LIABILITIES	897,625	20,123	2.24
NONINTEREST-BEARING LIABILITIES:			
DEMAND DEPOSITS	172,692		
ACCRUED EXPENSES AND OTHER LIABILITIES	4,827		
TOTAL NONINTEREST-BEARING LIABILITIES	177,519		
SHAREHOLDERS' EQUITY	97,332		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 1,172,476		
=====			
NET INTEREST INCOME		\$ 36,329	
=====			
NET INTEREST SPREAD			2.84
NET INTEREST MARGIN (4)			3.27%
=====			

RATE/VOLUME ANALYSIS:

THE EFFECT OF VOLUME AND RATE CHANGES ON NET INTEREST INCOME (ON A
TAX-EQUIVALENT BASIS) FOR THE PERIODS INDICATED ARE SHOWN BELOW:

	YEAR ENDED 2007 COMPARED WITH 2006			YEAR ENDED 2006 COMPARED WITH 2005		
(IN THOUSANDS)	DIFFERENCE DUE TO CHANGE IN: VOLUME	DIFFERENCE DUE TO CHANGE IN: RATE	NET CHANGE IN INCOME/ EXPENSE	DIFFERENCE DUE TO CHANGE IN: VOLUME	DIFFERENCE DUE TO CHANGE IN: RATE	NET CHANGE IN INCOME/ EXPENSE
ASSETS						
INVESTMENTS	\$ (2,886)	\$ 873	\$ (2,013)	\$ (900)	\$ 1,790	\$ 890
LOANS	5,947	468	6,415	10,225	737	10,962
FEDERAL FUNDS SOLD	502	8	510	27	46	73
INTEREST-EARNING DEPOSITS	(24)	2	(22)	19	16	35
TOTAL INTEREST INCOME	\$ 3,539	\$ 1,351	\$ 4,890	\$ 9,371	\$ 2,589	\$ 11,960
LIABILITIES						
CHECKING	\$ (41)	\$ 73	\$ 32	\$ (1,521)	\$ 373	\$ (1,148)
MONEY MARKET	2,481	264	2,745	2,384	3,958	6,342
SAVINGS	(85)	(16)	(101)	(124)	--	(124)
CERTIFICATES OF DEPOSIT	1,837	1,662	3,499	2,907	3,989	6,896
BORROWED FUNDS	(4,145)	9	(4,136)	1,667	688	2,355
TOTAL INTEREST EXPENSE	\$ 47	\$ 1,992	\$ 2,039	\$ 5,313	\$ 9,008	\$ 14,321
NET INTEREST INCOME	\$ 3,492	\$ (641)	\$ 2,851	\$ 4,058	\$ (6,419)	\$ (2,361)

LOANS: The loan portfolio represents the largest portion of the Corporation's earning assets and is an important source of interest and fee income. Loans are primarily originated in the State of New Jersey.

Total loans at December 31, 2007, were \$981.2 million as compared to \$870.2 million at December 31, 2006, an increase of \$111.0 million or 13 percent. The growth in the portfolios is primarily the result of new business initiatives and our entry into new market areas. Construction loans totaled \$60.6 million, an increase of \$15.8 million, or 35 percent. In 2007, commercial mortgage loans rose \$71.7 million or 43 percent to \$237.3 million, while residential loans secured by first liens on 1-4 family homes declined slightly by \$1.1 million from 2006 levels. Commercial loans also grew by \$22.4 million or 21 percent during 2007. The Corporation's long-term strategy calls for an increased emphasis on construction and commercial lending, which yields higher returns.

The yield on total loans increased 17 basis points to 6.15 percent for 2007 from the 5.98 percent average yield earned in 2006. The average yield on the mortgage portfolio rose in 2007 to 5.23 percent from 5.17 percent in 2006. The average yield on commercial mortgage loans increased 10 basis points to 6.53 percent. In 2007, average yields on commercial loans and commercial construction loans increased 14 basis points and 31 basis points, respectively. Although short-term interest rates continued to rise during the year, it did not have a significant impact on loan yields, as long-term rates remained relatively flat. More significant to the increased income was the increased volume of loans.

THE FOLLOWING TABLE PRESENTS AN ANALYSIS OF OUTSTANDING LOANS AS OF DECEMBER 31,

(IN THOUSANDS)	2007	2006	2005	2004	2003
RESIDENTIAL MORTGAGE	\$ 497,016	\$ 498,079	\$ 453,635	\$ 315,711	\$ 218,309
COMMERCIAL MORTGAGE	237,316	165,652	157,672	129,922	109,435
COMMERCIAL LOANS	129,747	107,357	100,787	69,947	56,216
COMMERCIAL-CONSTRUCTION	60,589	44,764	12,703	17,703	9,799
CONSUMER LOANS	37,264	35,836	23,468	19,597	15,218
OTHER LOANS	19,248	18,465	20,208	19,284	18,024
TOTAL LOANS	\$ 981,180	\$ 870,153	\$ 768,473	\$ 572,164	\$ 427,001

INVESTMENT SECURITIES HELD TO MATURITY: Investment securities are those securities that the Corporation has both the ability and intent to hold to maturity. These securities are carried at amortized cost. The portfolio consists primarily of U.S. treasury securities, mortgage-backed securities and municipal obligations. The Corporation's investment securities held to maturity at amortized cost amounted to \$45.1 million at December 31, 2007, compared with \$55.2 million at December 31, 2006.

THE FOLLOWING TABLE PRESENTS THE CONTRACTUAL MATURITIES AND RATES OF INVESTMENT SECURITIES HELD TO MATURITY AT AMORTIZED COST, AS OF DECEMBER 31, 2007:

(IN THOUSANDS)	AFTER 1 BUT WITHIN 1 YEAR		AFTER 5 BUT WITHIN 10 YEARS		AFTER 10 YEARS		TOTAL
U.S. TREASURIES	\$ --	\$ 500	\$ --	\$ --	\$ --	\$ 500	
	--%	4.89%	--%	--%	--%	4.89%	
MORTGAGE-BACKED SECURITIES (1)	\$ --	\$ 2,183	\$ 2,985	\$ 8,028	\$ 13,196		
	--%	4.76%	5.58%	5.31%	5.28%		
STATE AND POLITICAL SUBDIVISIONS (2)	\$ 10,648	\$ 19,445	\$ 1,350	\$ --	\$ 31,443		
	4.14%	4.54%	7.10%	--%	4.51%		
TOTAL	\$ 10,648	\$ 22,128	\$ 4,335	\$ 8,028	\$ 45,139		
	4.14%	4.57%	6.05%	5.31%	4.74%		

(1) MORTGAGE-BACKED SECURITIES ARE SHOWN USING STATED FINAL MATURITY.

(2) YIELDS PRESENTED ON A FULLY TAX-EQUIVALENT BASIS.

SECURITIES AVAILABLE FOR SALE: Securities available for sale are used as a part of the Corporation's interest rate risk management strategy, and they may be sold in response to changes in interest rates, liquidity needs, and other factors. These securities are carried at estimated fair value, and unrealized changes in fair value are recognized as a separate component of shareholders' equity, net of income taxes. Realized gains and losses are recognized in income at the time the securities are sold.

At December 31, 2007, the Corporation had securities available for sale with a fair value of \$236.9 million, compared with \$282.9 million at December 31, 2006. A \$4.6 million net unrealized loss (net of income tax) and a \$1.4 million net unrealized loss (net of income tax) was included in shareholders' equity at December 31, 2007 and December 31, 2006, respectively.

THE FOLLOWING TABLE PRESENTS THE CONTRACTUAL MATURITIES AND RATES OF SECURITIES
AVAILABLE FOR SALE, STATED AT FAIR VALUE, AS OF DECEMBER 31, 2007:

(IN THOUSANDS)	WITHIN 1 YEAR	AFTER 1 BUT WITHIN 5 YEARS	AFTER 5 BUT WITHIN 10 YEARS	AFTER 10 YEARS	TOTAL
U.S. GOVERNMENT SPONSORED AGENCIES	\$ 10,503 5.05%	\$ 13,549 4.60%	\$ -- --%	\$ -- --%	\$ 24,052 4.79%
MORTGAGE-BACKED SECURITIES (1)	\$ 59 5.44%	\$ 8,306 4.14%	\$ 22,739 4.32%	\$ 87,389 5.01%	\$ 118,493 4.82%
STATE AND POLITICAL SUBDIVISIONS (2)	\$ -- --%	\$ 5,064 5.90%	\$ 2,900 6.20%	\$ 16,659 6.45%	\$ 24,623 6.31%
OTHER SECURITIES	\$ -- --%	\$ 893 5.61%	\$ -- --%	\$ 64,852 6.40%	\$ 65,745 6.27%
	\$ 10,562 5.05%	\$ 27,812 4.73%	\$ 25,639 4.53%	\$ 168,900 5.71%	\$ 232,913 5.44%
MARKETABLE EQUITY SECURITIES	\$ 4,031 4.21%	\$ -- --%	\$ -- --%	\$ -- --%	\$ 4,031 4.21%
TOTAL	\$ 14,593 4.81%	\$ 27,812 4.73%	\$ 25,639 4.53%	\$ 168,900 5.71%	\$ 236,944 5.42%

- (1) MORTGAGE-BACKED SECURITIES ARE SHOWN USING STATED FINAL MATURITY.
- (2) YIELDS PRESENTED ON A FULLY TAX-EQUIVALENT BASIS.

Federal funds sold and interest-earning deposits are an additional part of the Corporation's investment and liquidity strategies. The combined average balance of these investments during 2007 was \$13.3 million as compared to \$4.2 million in 2006.

DEPOSITS: Total deposits at December 31, 2007 were \$1.18 billion, an increase of \$35.5 million or 3 percent from \$1.14 billion at December 31, 2006. Our strategy is to fund earning asset growth with core deposits, which is an important factor in the generation of net interest income. Marketing, sales efforts and a new branch location all contributed to the growth in deposits. Total average deposits increased \$94.6 million, or 9 percent in 2007, over 2006 levels.

THE FOLLOWING TABLE SETS FORTH INFORMATION CONCERNING THE COMPOSITION OF THE CORPORATION'S AVERAGE DEPOSIT BASE AND AVERAGE INTEREST RATES PAID FOR THE FOLLOWING YEARS:

(IN THOUSANDS)	2007		2006		2005	
NONINTEREST-BEARING DEMAND	\$	185,909	--%	\$	172,692	--%
CHECKING		133,574	0.81		191,305	1.15
SAVINGS		69,247	0.67		99,594	0.69
MONEY MARKETS		383,279	3.84		249,096	2.25
CERTIFICATES OF DEPOSIT		391,922	4.85		273,140	3.15
TOTAL DEPOSITS	\$	1,163,931		\$	985,827	

Certificates of deposit over \$100,000 are generally purchased by local municipal governments or individuals for periods of one year or less. These factors translate into a stable customer oriented, cost-effective funding source.

THE FOLLOWING TABLE SHOWS REMAINING MATURITY FOR CERTIFICATES OF DEPOSIT OVER \$100,000 AS OF DECEMBER 31, 2007 (IN THOUSANDS):

THREE MONTHS OR LESS	\$ 67,633
OVER THREE MONTHS THROUGH TWELVE MONTHS	79,567
OVER TWELVE MONTHS	8,210
TOTAL	\$ 155,410

FEDERAL HOME LOAN BANK ADVANCES: At December 31, 2007 and 2006, Federal Home Loan Bank (FHLB) advances totaled \$29.2 million and \$24.0 million, respectively, with a weighted average interest rate of 3.69 percent and 3.59 percent, respectively. The Corporation considers FHLB advances an added source of funding, and accordingly, executes transactions from time to time to meet its funding requirements. The FHLB advances outstanding at December 31, 2007 have varying terms and interest rates.

At December 31, 2007, overnight borrowings totaled \$15.7 million. There were no overnight borrowings at December 31, 2006

ALLOWANCE FOR LOAN LOSSES AND RELATED PROVISION: The allowance for loan losses was \$7.5 million at December 31, 2007 as compared to \$6.8 million at December 31, 2006. At December 31, 2007, the allowance for loan losses as a percentage of total loans outstanding was 0.76 percent compared to 0.78 percent at December 31, 2006 and 0.83 percent at December 31, 2005. The provision for loan losses was \$750 thousand for 2007 and \$414 thousand for 2006. The allowance as a percentage of total loans declined in 2007 as compared to 2006, while the provision increased over the prior year due to loan growth and increases in commercial-related loans.

The provision was based upon management's review and evaluation of the size and composition of the loan portfolio, actual loan loss experience, level of delinquencies, general market and economic conditions, detailed analysis of individual loans for which full collectibility may not be assured, and the existence and net realizable value of the collateral and guarantees securing the loans. Although management used the best information available, the level of the allowance for loan losses remains an estimate, which is subject to significant judgment and short-term change. Various regulatory agencies, as an integral part of their examination process, periodically review the Corporation's allowance for loan losses. Such agencies may require the Corporation to make additional provisions for loan losses based upon information available to them at the time of their examination. Furthermore, the majority of the Corporation's loans are secured by real estate in the State of New Jersey. Accordingly, the collectibility of a substantial portion of the carrying value of the Corporation's loan portfolio is susceptible to changes in market conditions in the state and may be adversely affected should real estate values decline or should New Jersey experience an adverse economic downturn. Future adjustments to the allowance may be necessary due to economic, operating, regulatory and other conditions beyond the Corporation's control.

THE FOLLOWING TABLE PRESENTS THE LOAN LOSS EXPERIENCE DURING THE PERIODS ENDED
DECEMBER 31,

(IN THOUSANDS)	2007	2006	2005	2004	2003
ALLOWANCE FOR LOAN LOSSES AT BEGINNING OF YEAR	\$ 6,768	\$ 6,378	\$ 5,989	\$ 5,439	\$ 4,778
LOANS CHARGED-OFF DURING THE PERIOD					
MORTGAGE	--	--	--	--	--
CONSUMER	23	13	14	16	42
COMMERCIAL AND OTHER	--	13	2	62	--
TOTAL LOANS CHARGED-OFF	23	26	16	78	42
RECOVERIES DURING THE PERIOD					
MORTGAGE	--	--	--	--	37
CONSUMER	2	1	2	6	40
COMMERCIAL AND OTHER	3	1	12	9	34
TOTAL RECOVERIES	5	2	14	15	111
NET CHARGE-OFFS/ (RECOVERIES)	18	24	2	63	(69)
PROVISION CHARGED TO EXPENSE	750	414	391	613	592
ALLOWANCE FOR LOAN LOSSES AT END OF YEAR	\$ 7,500	\$ 6,768	\$ 6,378	\$ 5,989	\$ 5,439

THE FOLLOWING TABLE SHOWS THE ALLOCATION OF THE ALLOWANCE FOR LOAN LOSSES AND THE PERCENTAGE OF EACH LOAN CATEGORY TO TOTAL LOANS AS OF DECEMBER 31,

(IN THOUSANDS)	2007	% OF LOAN CATEGORY TO TOTAL LOANS	2006	% OF LOAN CATEGORY TO TOTAL LOANS	2005	% OF LOAN CATEGORY TO TOTAL LOANS	2004	% OF LOAN CATEGORY TO TOTAL LOANS	2003	% OF LOAN CATEGORY TO TOTAL LOANS
RESIDENTIAL	\$ 2,333	52.5	\$ 2,910	59.1	\$ 2,888	61.5	\$ 2,647	58.4	\$ 2,623	55.1
COMMERCIAL AND OTHER	4,885	43.7	3,591	36.8	3,327	35.4	3,145	38.2	2,603	41.3
CONSUMER	282	3.8	267	4.1	163	3.1	197	3.4	213	3.6
TOTAL	\$ 7,500	100.0	\$ 6,768	100.0	\$ 6,378	100.0	\$ 5,989	100.0	\$ 5,439	100.0

NON-PERFORMING ASSETS:

THE FOLLOWING TABLE PRESENTS FOR THE YEARS INDICATED THE COMPONENTS OF
NON-PERFORMING ASSETS:

(IN THOUSANDS)	YEARS ENDED DECEMBER 31,				
	2007	2006	2005	2004	2003
LOANS PAST DUE 90 DAYS OR MORE AND STILL ACCRUING INTEREST	\$ --	\$ 197	\$ 47	\$ --	\$ 56
NON-ACCRUAL LOANS	2,131	1,880	339	351	159
TOTAL NON-PERFORMING LOANS	2,131	2,077	386	351	215
OTHER REAL ESTATE OWNED	--	--	--	--	--
TOTAL NON-PERFORMING ASSETS	\$ 2,131	\$ 2,077	\$ 386	\$ 351	\$ 215
LOAN CHARGE-OFFS	\$ 23	\$ 26	\$ 16	\$ 78	\$ 42
LOAN RECOVERIES	(5)	(2)	(14)	(15)	(111)
NET LOAN CHARGE-OFFS/ (RECOVERIES)	\$ 18	\$ 24	\$ 2	\$ 63	\$ (69)
ALLOWANCE FOR LOAN LOSSES	\$ 7,500	\$ 6,768	\$ 6,378	\$ 5,989	\$ 5,439
RATIOS:					
TOTAL NON-PERFORMING LOANS/TOTAL LOANS	0.22%	0.24%	0.05%	0.06%	0.05%
TOTAL NON-PERFORMING LOANS/TOTAL ASSETS	0.16	0.16	0.03	0.03	0.02
TOTAL NON-PERFORMING ASSETS/TOTAL ASSETS	0.16	0.16	0.03	0.03	0.02
ALLOWANCE FOR LOAN LOSSES/TOTAL LOANS	0.76	0.78	0.83	1.05	1.27
ALLOWANCE FOR LOAN LOSSES/TOTAL NON-PERFORMING LOANS	3.5X	3.3X	16.5X	17.1X	25.3X

Interest income of \$149 thousand, \$129 thousand and \$21 thousand would have been recognized during 2007, 2006 and 2005, respectively, if non-accrual loans had been current in accordance with their original terms.

CONTRACTUAL OBLIGATIONS: The following table shows the significant contractual obligations of the Corporation by expected payment period, as of December 31, 2007. Further discussion of these commitments is included in the Footnotes to the Consolidated Financial Statements noted below:

(IN THOUSANDS)	LESS THAN ONE YEAR	1-3 YEARS	3-5 YEARS	MORE THAN 5 YEARS	TOTAL
LOAN COMMITMENTS	\$ 142,949	\$ --	\$ --	\$ --	\$ 142,949
LONG-TERM DEBT OBLIGATIONS	1,421	15,622	8,908	3,218	29,169
OPERATING LEASE OBLIGATIONS	2,467	4,582	3,372	11,278	21,699
PURCHASE OBLIGATIONS	192	--	--	--	192
OTHER LONG-TERM LIABILITIES (1)	1,000	--	--	--	1,000
TOTAL CONTRACTUAL OBLIGATIONS	\$ 148,029	\$ 20,204	\$ 12,280	\$ 14,496	\$ 195,009

(1) THE CORPORATION ANTICIPATES THAT IT WILL CONTRIBUTE APPROXIMATELY \$1.0 MILLION TO THE PENSION PLAN IN 2008, BUT IT DOES NOT HAVE AN ESTIMATE OF THE ACTUAL PENSION CONTRIBUTION FOR 2009 AND BEYOND.

Long-term debt obligations include borrowings from the Federal Home Loan Bank with defined terms. The chart is based on scheduled repayments of principal.

Operating leases represent obligations entered into by the Corporation for the use of land and premises. The leases generally have escalation terms based upon certain defined indexes. Common area maintenance charges may also apply and are adjusted annually based on the terms of the lease agreements.

Purchase obligations represent legally binding and enforceable agreements to purchase goods and services from third parties and consist of contractual obligations under data processing service agreements. The Corporation also enters into various routine rental and maintenance contracts for facilities and equipment. These contracts are generally for one year and are not significant to the consolidated financial statements of the Corporation.

OFF-BALANCE SHEET ARRANGEMENTS: The following table shows the amounts and expected maturities of significant commitments, consisting primarily of letters of credit, as of December 31, 2007. Further discussion of these commitments is included in Note 13 to the Consolidated Financial Statements:

(IN THOUSANDS)	LESS THAN ONE YEAR	1-3 YEARS	MORE THAN 3-5 YEARS	5 YEARS	TOTAL
FINANCIAL LETTERS OF CREDIT	\$ 1,056	\$ 400	\$ --	\$ --	\$ 1,456
PERFORMANCE LETTERS OF CREDIT	4,754	373	--	--	5,127
COMMERCIAL LETTERS OF CREDIT	5,809	--	--	275	6,084
TOTAL LETTERS OF CREDIT	\$ 11,619	\$ 773	\$ --	\$ 275	\$ 12,667

Commitments under standby letters of credit, both financial and performance do not necessarily represent future cash requirements, in that these commitments often expire without being drawn upon.

OTHER INCOME: Other income was \$14.0 million in 2007, an increase of 37 percent over 2006 levels. The increase was attributable to increases in trust fees and other noninterest income, offset in part by a decline in other fee income. In addition, the Corporation recorded a net gain on securities sold in 2007 as compared to a net loss on securities sold in 2006.

Trust fees totaling \$9.6 million were realized in 2007, an increase of \$1.2 million, or 14 percent over the levels in 2006. This increase is attributable to higher fee schedules and an increased volume of business as the market value of assets under management increased to \$2.03 billion in 2007 compared to \$1.92 billion in 2006.

Other income of \$900 thousand was realized in 2007 on increased cash surrender value on Bank Owned Life Insurance (BOLI) policies, as compared to \$837 thousand in 2006.

In 2007, the Corporation recognized a pre-tax gain of \$548 thousand on the sale of a non-banking related property and other fixed assets as compared to \$15 thousand in 2006.

The Corporation recognized net gains on sales of securities in 2007 of \$254 thousand as compared to net losses on sales of securities in 2006 of \$1.8 million. The Corporation completed a balance sheet restructuring in 2006, selling \$61.6 million of available-for-sale securities, which resulted in a before tax charge of approximately \$1.9 million and an after tax charge of \$1.1 million, or \$0.13 per diluted share. The Corporation used a majority of the proceeds from the sale to redeem high cost, short-term borrowings and used approximately \$20 million to purchase floating-rate securities. The Corporation has experienced an improvement in net interest income and net interest margin as a result of the restructuring strategy.

THE FOLLOWING TABLE PRESENTS THE MAJOR COMPONENTS OF OTHER INCOME:

(IN THOUSANDS)	2007	2006	2005
TRUST FEES	\$ 9,563	\$ 8,367	\$ 7,640
SERVICE CHARGES ON DEPOSIT ACCOUNTS	2,021	1,960	1,877
BANK OWNED LIFE INSURANCE	900	837	802
GAINS ON SALES OF FIXED ASSETS	548	15	28
OTHER NONINTEREST INCOME	428	519	254
SECURITIES GAINS/(LOSSES), NET	254	(1,781)	551
SAFE DEPOSIT RENTAL FEES	239	233	233
OTHER FEE INCOME	90	117	110
TOTAL OTHER INCOME	\$ 14,043	\$ 10,267	\$ 11,495

OTHER EXPENSES: In 2007, other expenses totaled \$32.1 million as compared to \$28.9 million in 2006, an increase of \$3.1 million or 11 percent. This increase is commensurate with the growth in the overall level of bank and trust business activity.

Salaries and benefits expense, which accounts for the largest portion of other expenses, increased \$1.8 million, or 12 percent, in 2007 as compared to 2006. In an effort to improve the net interest margin, the Corporation's strategic plan calls for an increased emphasis on commercial and construction loans, and accordingly, we hired additional commercial lending officers and support staff in 2007. In addition to this increase in staff, salary expense rose due to normal salary increases, trust department and branch expansion and higher group health insurance. At December 31, 2007, the Corporation's full-time equivalent staff was 254 compared with 232 at December 31, 2006.

Premises and equipment expense increased to \$7.8 million in 2007 from \$6.9 million in 2006, an increase of \$852 thousand, or 12 percent. The Corporation opened its 22nd branch in Summit, New Jersey, in April 2007 and began recording additional depreciation, utility and maintenance expense as a result. The Corporation also recorded additional maintenance costs for branch upkeep and increases to expenditures such as utilities and real estate taxes.

Professional and legal fees increased \$291 thousand, or 35 percent, over levels for 2006, due in part to expenses generated by a review of our benefit plans and higher recruitment fees to fill new lending positions. Advertising expenses increased \$160 thousand, or 22 percent when compared to 2006 due to additional advertising for the Summit Branch and to promote deposit products. Excluding the above-mentioned components of other expense, all other expense categories totaled \$4.8 million, an increase of \$26 thousand, or less than one percent. The Corporation strives to operate in an efficient manner and control costs as a means of producing increased earnings and enhancing shareholder value.

THE FOLLOWING TABLE PRESENTS THE MAJOR COMPONENTS OF OTHER EXPENSES:

(IN THOUSANDS)	2007	2006	2004
SALARIES AND BENEFITS	\$ 17,511	\$ 15,698	\$ 14,682
PREMISES AND EQUIPMENT	7,761	6,909	6,705
PROFESSIONAL AND LEGAL FEES	1,124	833	565
ADVERTISING	892	732	936
TRUST DEPARTMENT	483	467	408
TELEPHONE	450	396	390
STATIONERY AND SUPPLIES	440	469	536
POSTAGE	342	339	286
OTHER EXPENSES	3,084	3,102	2,984
TOTAL OTHER EXPENSES	\$ 32,087	\$ 28,945	\$ 27,492

INCOME TAXES: Income tax expense for the years ended December 31, 2007 and 2006 was \$5.2 million and \$3.5 million, respectively. The effective tax rate for the year ended December 31, 2007 was 30.53 percent compared to 25.53 percent for the year ended December 31, 2006. Higher taxable income combined with new regulations adopted by the State of New Jersey, Division of Taxation, relating to the dividends paid deduction on the Real Estate Investment Trust (REIT) subsidiary were the primary reasons for the higher effective tax rate.

RESULTS OF OPERATIONS 2006 COMPARED TO 2005: The Corporation's net income for the year ended December 31, 2006 was \$10.2 million compared to \$13.1 million for the year ended December 31, 2005, a decline of \$2.9 million, or 22 percent. Earnings per diluted share were \$1.22 and \$1.56 for the years 2006 and 2005, respectively. These results produced a return on average assets of 0.79 percent as compared to 1.12 percent in 2005 and a return on average shareholders' equity of 10.10 percent as compared to 13.49 percent in 2005. In 2006, the Corporation experienced strong growth in loans and deposits; however, this was tempered by lower net interest margins and the resulting reduced net interest income.

Net interest income, on a fully tax-equivalent basis, declined from \$36.3 million in 2005 to \$34.0 million in 2006. Average earning assets increased \$117.7 million or 11 percent from the average balances in 2005 and rates earned on earning assets increased 48 basis points in 2006. Interest expense increased 71 percent over the levels recorded in 2005 on average balances of interest-bearing liabilities that increased \$107.3 million or 12 percent. Rates paid in 2006 on interest-bearing liabilities rose 119 basis points over those paid in 2005 as competitive pressure and the influence of rising federal funds target rates drove rates higher. In 2006, the net interest margin declined to 2.76 percent from 3.27 percent in 2005.

In 2006, other income was \$10.3 million, a decline of 11 percent over 2005 levels and was attributable to a net loss on securities sold in 2006 offset, in part, by increases in trust fees and other noninterest income.

The Corporation completed a balance sheet restructuring in 2006, selling \$61.6 million of available-for-sale securities, which resulted in a before tax charge of approximately \$1.9 million and an after tax charge of \$1.1 million, or \$0.13 per diluted share. The Corporation used a majority of the proceeds from the sale to redeem high cost, short-term borrowings and used approximately \$20 million to purchase floating-rate securities. The Corporation has experienced an improvement in net interest income and net interest margin as a result of the restructuring strategy. Net gains on sales of securities were \$551 thousand for the year ended December 31, 2005 and included a \$253 thousand gain on the non-monetary exchange of equity securities.

Trust fees increased \$727 thousand, or 10 percent, to \$8.4 million in 2006 as compared to 2005. This increase is attributable to an increased volume of business as the market value of assets under management increased to \$1.92 billion. Other income of \$837 thousand was realized in 2006 on increased cash surrender value on Bank Owned Life Insurance (BOLI) policies, as compared to \$802 thousand in 2005. In 2006, other noninterest income, including net gains on sales of fixed assets, of \$534 thousand was realized, an increase of \$252 thousand, or 89 percent and was primarily due to increased non-recurring commercial and construction loan fee income.

Other expenses totaled \$28.9 million in 2006, an increase of \$1.5 million or 5 percent compared to \$27.5 million in 2005. This increase is commensurate with the growth in the overall level of bank and trust business activity. Salaries and benefits expense increased \$1.0 million, or 7 percent, in 2006 as compared to 2005. Normal salary increases, as well as additions to staff, branch expansion and higher group health insurance accounted for the increase. These increases were offset, in part, by lower profit sharing plan contributions. In addition, the Corporation began expensing stock-based compensation as required by Financial Accounting Standards Board (FASB) Statement No. 123R, "Share-Based Payment," and recorded \$59 thousand of expense in 2006. At December 31, 2006, the Corporation's full-time equivalent staff was 232 compared with 228 at December 31, 2005.

In 2006, premises and equipment expense increased to \$6.9 million from \$6.7 million in 2005, an increase of \$204 thousand, or 3 percent, due to increases charged by outside vendors for utilities, real estate taxes and additional maintenance costs for branch upkeep.

Advertising expenses decreased \$204 thousand, or 22 percent when compared to 2005. In 2005, the Corporation had higher advertising to promote and introduce deposit products. Stationery and supplies expense declined \$67 thousand, or 13 percent. Postage expense rose \$53 thousand, or 19 percent, due to increases to postal rates and higher customer accounts. Professional and legal fees rose \$268 thousand, or 47 percent, over levels for 2005, due to increases in consulting fees to improve compliance with banking laws and regulations and higher recruitment fees to fill new lending positions.

CAPITAL RESOURCES: The solid capital base of the Corporation provides the ability for future growth and financial strength. Maintaining a strong capital position supports the Corporation's goal of providing shareholders an attractive and stable long-term return on investment. Total shareholders' equity grew \$3.7 million or 4 percent to \$107.4 million at December 31, 2007 as compared with \$103.8 million at December 31, 2006.

The Financial Accounting Standards Board (FASB) issued FASB Statement No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans," which requires the Corporation to recognize on its balance sheet the funded status of pension and other postretirement benefit plans as of December 31, 2006. As a result, the Corporation recorded an unfunded pension benefit obligation, net of taxes, of \$1.3 million at December 31, 2006.

At December 31, 2007, unrealized losses on securities, net of taxes, were \$4.6 million as compared to unrealized losses on securities, net of taxes, of \$1.4 million at December 31, 2006.

In addition, the Corporation recorded an adjustment of \$494 thousand, net of taxes, resulting from the understatement of lease expense, to beginning retained earnings for 2006. This adjustment was related to the accounting for operating leases on a cash basis rather than a GAAP basis according to the guidance issued by the Securities and Exchange Commission (SEC) Staff Accounting Bulletin No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements" (SAB 108). SAB 108 was effective as of the end of the Corporation's 2006 fiscal year, allowing a one-time transitional cumulative effect adjustment to retained earnings as of January 1, 2006 for errors that were not previously deemed material, but are material under the guidance in SAB 108.

Federal regulations require banks to meet target Tier 1 and total capital ratios of 4 percent and 8 percent, respectively. The Corporation's Tier 1 and total capital ratios are well in excess of regulatory minimums at 14.92 percent and 15.91 percent, respectively, at December 31, 2007. The Corporation's capital leverage ratio was 8.59 percent at December 31, 2007.

LIQUIDITY: Liquidity refers to an institution's ability to meet short-term requirements in the form of loan requests, deposit withdrawals and maturing obligations. Principal sources of liquidity include cash, temporary investments and securities available for sale.

Management feels the Corporation's liquidity position is sufficient to meet future needs. Cash and cash equivalents, including federal funds sold and interest-earning deposits, totaled \$28.2 million at December 31, 2007. In addition, the Corporation has \$236.9 million in securities designated as available for sale. These securities can be sold in response to liquidity concerns. As of December 31, 2007, investment securities and securities available for sale maturing within one year amounted to \$21.2 million.

Another source of liquidity is borrowing capacity. The Corporation has a variety of sources of short-term liquidity available, including short and long-term borrowings from the Federal Home Loan Bank of New York, short-term borrowings from the Federal Reserve Bank Discount Window, federal funds purchased from correspondent banks and loan participation or sales of loans. The Corporation also generates liquidity from the regular principal payments received on its loan portfolio and on its mortgage-backed security portfolio.

ASSET/LIABILITY MANAGEMENT: The Corporation's Asset/Liability Committee (ALCO) is responsible for managing the exposure to changes in market interest rates and for establishing policies that monitor and coordinate its sources, uses and pricing of funds.

We have sought to manage our interest rate risk in order to control the exposure of our earnings and capital to changes in interest rates. As part of our ongoing asset/liability management, we currently use the following strategies to manage our interest rate risk:

- o Actively market adjustable-rate residential mortgage loans
- o Actively market commercial business loans, which tend to have shorter terms and higher interest rates than residential mortgage loans, and which generate customer relationships that can result in higher non-interest bearing demand deposit accounts
- o Lengthen the weighted average maturity of our liabilities through retail deposit pricing strategies and through longer-term wholesale funding sources such as fixed-rate advances from the Federal Home Loan Bank of New York
- o Invest in shorter to medium-term securities
- o Maintain high levels of capital

The Corporation is not engaged in hedging through the use of derivatives nor does it use interest rate caps and floors.

ALCO uses a simulation model to analyze net interest income sensitivity to movements in interest rates. The simulation model projects net interest income based on various interest rate scenarios over a 12 and 24 month period. The model is based on the actual maturity and repricing characteristics of rate-sensitive assets and liabilities. The model incorporates certain assumptions, which management believes to be reasonable, regarding the impact of changing interest rates and the prepayment assumptions of certain assets and liabilities as of December 31, 2007. The model assumes changes in interest rates without any proactive change in the balance sheet by management. In the model, the forecasted shape of the yield curve remains static as of December 31, 2007.

The simulation model is based on market interest rates and prepayment speeds prevalent in the market as of December 31, 2007. New interest-earning asset and interest-bearing liability originations and rate spreads are estimated using the Corporation's budgeted originations for 2008.

THE TABLE SHOWS THE ESTIMATED CHANGES IN THE CORPORATION'S NET PORTFOLIO VALUE THAT WOULD RESULT FROM AN IMMEDIATE PARALLEL CHANGE IN THE MARKET INTEREST RATES AT DECEMBER 31, 2007:

(DOLLARS IN THOUSANDS)		ESTIMATED INCREASE/ DECREASE IN NPV		NPV AS A PERCENTAGE OF PRESENT VALUE OF ASSETS (2)	
CHANGE IN INTEREST RATES (BASIS POINTS)	ESTIMATED NPV (1)	AMOUNT	PERCENT	NPV RATIO (3)	INCREASE/ (DECREASE) (BASIS POINTS)
+ 300	\$ 162,228	\$ (14,052)	(7.97)%	13.52%	(24)
+ 200	169,315	(6,965)	(3.95)	13.79	3
+ 100	175,297	(983)	(0.56)	13.96	20
--	176,280	--	--	13.76	--
-100	169,039	(7,241)	(4.11)	13.00	(76)
-200	155,417	(20,863)	(11.84)	11.82	(194)
-300	141,833	(34,447)	(19.54)	10.65	(311)

(1) NPV IS THE DISCOUNTED PRESENT VALUE OF EXPECTED CASH FLOWS FROM ASSETS AND LIABILITIES.

(2) PRESENT VALUE OF ASSETS REPRESENTS THE DISCOUNTED PRESENT VALUE OF INCOMING CASH FLOWS ON INTEREST-EARNING ASSETS.

(3) NPV RATIO REPRESENTS NPV DIVIDED BY THE PRESENT VALUE OF ASSETS.

Certain shortcomings are inherent in the methodologies used in determining interest rate risk through changes in net portfolio value. Modeling changes in net portfolio value require making certain assumptions that may or may not reflect the manner in which actual yields and costs respond to changes in market interest rates. In this regard, the net portfolio value tables presented assume that the composition of our interest-sensitive assets and liabilities existing at the beginning of a period remains constant over the period being measured and assume that a particular change in interest rates is reflected uniformly across the yield curve regardless of the duration or repricing of specific assets and liabilities. Accordingly, although the net portfolio value tables provide an indication of our interest rate risk exposure at a particular point in time, such measurements are not intended to and do not provide a precise forecast of the effect of changes in market interest rates on our net interest income and will differ from actual results.

EFFECTS OF INFLATION AND CHANGING PRICES: The financial statements and related financial data presented herein have been prepared in terms of historical dollars without considering changes in the relative purchasing power of money over time due to inflation. Unlike most industrial companies, virtually all of the assets and liabilities of a financial institution are monetary in nature. As a result, interest rates have a more significant impact on a financial institution's performance than do general levels of inflation. Interest rates do not necessarily move in the same magnitude as the prices of goods and services.

Real estate prices have declined in the Corporation's trade area and the values of real estate collateralizing the Corporation's loans could also be adversely affected. However, the Corporation is monitoring the situation closely and its results have not been adversely affected.

RECENT ACCOUNTING PRONOUNCEMENTS: In February 2007, the Financial Accounting Standards Board (FASB) issued FASB Statement No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" (Statement No. 159). Statement No. 159 provides companies with an option to report selected financial assets and liabilities at fair value. Statement No. 159's objective is to reduce both complexity in accounting for financial instruments and the volatility in earnings caused by measuring related assets and liabilities differently. Statement No. 159 is effective as of the beginning of an entity's first fiscal year beginning after November 15, 2007. Early adoption is permitted as of the beginning of the previous fiscal year provided that the entity makes that choice in the first 120 days of that fiscal year and also elects to apply the provisions of Statement No. 157. The adoption of Statement No. 159 did not have a material impact on its financial statements.

In September 2006, the FASB issued Statement No. 157, "Fair Value Measurements" (Statement No. 157). Statement No. 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Statement No. 157 establishes a fair value hierarchy about the assumptions used to measure fair value and clarifies assumptions about risk and the effect of a restriction on the sale or use of an asset. The standard is effective for fiscal years beginning after November 15, 2007. The adoption of Statement No. 157 did not have a material impact on its financial statements.

In September 2006, the FASB Emerging Issues Task Force (EITF) finalized Issue No. 06-4, "Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements." EITF 06-4 requires that a liability be recorded during the service period when a split-dollar life insurance agreement continues after participants' employment or retirement. The required accrued liability will be based on either the post-employment benefit cost for the continuing life insurance or based on the future death benefit depending on the contractual terms of the underlying agreement. EITF 06-4 is effective for fiscal years beginning after December 15, 2007. The adoption of EITF 06-4 will result in an accrued benefit liability entry of \$449 thousand, which will be taken against retained earnings and an annual expense of approximately \$94 thousand in 2008.

In September 2006, the FASB EITF finalized Issue No. 06-5, "Accounting for Purchases of Life Insurance - Determining the Amount That Could Be Realized in Accordance with FASB Technical Bulletin No. 85-4" (Accounting for Purchases of Life Insurance). EITF 06-5 requires that a policyholder consider contractual terms of a life insurance policy in determining the amount that could be realized under the insurance contract. EITF 06-5 also requires that if the contract provides for a greater surrender value if all individual policies in a group are surrendered at the same time, that the surrender value be determined based on the assumption that policies will be surrendered on an individual basis. Lastly, EITF 06-5 discusses whether the cash surrender value should be discounted when the policyholder is contractually limited in its ability to surrender a policy. EITF 06-5 is effective for fiscal years beginning after December 15, 2006. The adoption of EITF 06-5 did not have a material impact on the financial statements.

In March 2006, the FASB issued Statement No. 156, "Accounting for Servicing of Financial Assets - an amendment of FASB Statement No. 140" (Statement No. 156). Statement No. 156 provides the following: 1) revised guidance on when a servicing asset and servicing liability should be recognized; 2) requires all separately recognized servicing assets and servicing liabilities to be initially measured at fair value, if practicable; 3) permits an entity to elect to measure servicing assets and servicing liabilities at fair value each reporting date and report changes in fair value in earnings in the period in which the changes occur; 4) upon initial adoption, permits a one-time reclassification of available-for-sale securities to trading securities for securities which are identified as offsetting the entity's exposure to changes in the fair value of servicing assets or liabilities that a servicer elects to subsequently measure at fair value; and 5) requires separate presentation of servicing assets and servicing liabilities subsequently measured at fair value in the statement of financial position and additional footnote disclosures. Statement No. 156 is effective as of the beginning of an entity's first fiscal year that begins after September 15, 2006 with the effects of initial adoption being reported as a cumulative-effect adjustment to retained earnings. The adoption of Statement No. 156 did not have a material impact on the Corporation's consolidated financial statements.

On November 5, 2007, the SEC issued Staff Accounting Bulletin No. 109, "Written Loan Commitments Recorded at Fair Value through Earnings" (SAB 109). Previously, SAB 105, "Application of Accounting Principles to Loan Commitments," stated that in measuring the fair value of a derivative loan commitment, a company should not incorporate the expected net future cash flows related to the associated servicing of the loan. SAB 109 supersedes SAB 105 and indicates that the expected net future cash flows related to the associated servicing of the loan should be included in measuring fair value for all written loan commitments that are accounted for at fair value through earnings. SAB 105 also indicated that internally-developed intangible assets should not be recorded as part of the fair value of a derivative loan commitment, and SAB 109 retains that view. SAB 109 is effective for derivative loan commitments issued or modified in fiscal quarters beginning after December 15, 2007. The adoption of SAB 109 did not have a material impact on the Corporation's consolidated financial statements.

PGB TRUST AND INVESTMENTS: PGB Trust and Investments, a division of the Bank, since its inception in 1972 has served in the roles of executor and trustee while providing investment management, custodial, tax, retirement and financial services to its growing client base. Officers from PGB Trust and Investments are available to provide investment services at the Bank's Gladstone, Morristown and Summit Branches.

The market value of assets under management at December 31, 2007 was in excess of \$2.03 billion. Fee income generated by PGB Trust and Investments was \$9.6 million, \$8.4 million and \$7.6 million in 2007, 2006 and 2005, respectively.

TRUST ASSETS
MARKET VALUE IN BILLIONS

[THE FOLLOWING TABLE WAS REPRESENTED BY A BAR CHART IN THE PRINTED MATERIAL.]

'03	'04	'05	'06	'07
\$1.42	\$1.69	\$1.76	\$1.92	\$2.03

FORWARD LOOKING STATEMENTS: The foregoing contains certain forward-looking statements with respect to the financial condition, results of operations and business of the Corporation. Such statements are not historical facts and include expressions about the Corporation's confidence, strategies and expectations about earnings, new and existing programs and products, relationships, opportunities, technology and market conditions. These statements may be identified by forward-looking terminology such as "expect," "believe," or "anticipate," or expressions of confidence like "strong," or "on-going," or similar statements or variations of such terms. Factors that may cause actual results to differ materially from those contemplated by such forward-looking statements include, among others, the following possibilities:

- o Effectiveness of the Corporation's balance sheet restructuring initiative.
- o Unexpected decline in the direction of the economy in New Jersey.
- o Unexpected changes in interest rates.
- o Failure to grow business.
- o Inability to manage growth in commercial loans.
- o Unexpected loan prepayment volume.
- o Unanticipated exposure to credit risks.
- o Insufficient allowance for loan losses.
- o Competition from other financial institutions.
- o Adverse effects of government regulation or different than anticipated effects from existing regulations.
- o Decline in the levels of loan quality and origination volume.
- o Decline in trust assets or deposits.
- o Unexpected classification of securities to other-than-temporary impaired status.

The Corporation assumes no responsibility to update such forward-looking statements in the future.

SELECTED CONSOLIDATED FINANCIAL DATA: The following is selected consolidated financial data for the Corporation and its subsidiaries for the years indicated. This information is derived from the historical consolidated financial statements and should be read in conjunction with the Consolidated Financial Statements and Notes.

(IN THOUSANDS EXCEPT PER SHARE DATA)	YEARS ENDED DECEMBER 31,				
	2007	2006	2005	2004	2003

SUMMARY EARNINGS:					
INTEREST INCOME	\$ 72,352	\$ 67,267	\$ 55,414	\$ 44,917	\$ 41,426

INTEREST EXPENSE	36,483	34,444	20,123	9,860	10,262

NET INTEREST INCOME	35,869	32,823	35,291	35,057	31,164

PROVISION FOR LOAN LOSSES	750	414	391	613	592

NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	35,119	32,409	34,900	34,444	30,572

OTHER INCOME, EXCLUSIVE OF SECURITIES GAINS/(LOSSES), NET	13,789	12,048	10,944	9,777	8,788

OTHER EXPENSES	32,087	28,945	27,492	25,178	22,557

SECURITIES GAINS/(LOSSES), NET	254	(1,781)	551	150	1,284

INCOME BEFORE INCOME TAX EXPENSE	17,075	13,731	18,903	19,193	18,087

INCOME TAX EXPENSE	5,213	3,505	5,773	6,084	5,787

NET INCOME	\$ 11,862	\$ 10,226	\$ 13,130	\$ 13,109	\$ 12,300
=====					
PER SHARE DATA:					

EARNINGS PER SHARE-BASIC	\$ 1.43	\$ 1.24	\$ 1.58	\$ 1.60	\$ 1.51

EARNINGS PER SHARE-DILUTED	1.42	1.22	1.56	1.56	1.47

GASH DIVIDENDS DECLARED	0.62	0.58	0.50	0.42	0.38

BOOK VALUE END-OF-PERIOD	12.94	12.55	11.97	11.48	10.43

WEIGHTED AVERAGE SHARES OUTSTANDING	8,299,271	8,268,226	8,286,926	8,200,681	8,122,433

COMMON STOCK EQUIVALENTS (DILUTIVE)	69,754	102,095	116,348	177,412	231,062

BALANCE SHEET DATA (AT PERIOD END):					

TOTAL ASSETS	\$1,346,976	\$1,288,376	\$1,255,383	\$1,067,410	\$ 968,154

INVESTMENT SECURITIES	45,139	55,165	78,084	87,128	97,701

SECURITIES AVAILABLE FOR SALE	236,944	282,878	334,862	349,656	351,870

LOANS	981,180	870,153	768,473	572,164	427,001

ALLOWANCE FOR LOAN LOSSES	7,500	6,768	6,378	5,989	5,439

TOTAL DEPOSITS	1,180,267	1,144,736	1,041,996	935,666	845,771

TOTAL SHAREHOLDERS' EQUITY	107,429	103,763	99,155	94,669	85,054

TRUST ASSETS (MARKET VALUE)	2,028,232	1,924,954	1,761,846	1,691,860	1,414,591

CASH DIVIDENDS DECLARED	5,150	4,794	4,143	3,226	2,760

SELECTED PERFORMANCE RATIOS:	2007	2006	2005	2004	2003
RETURN ON AVERAGE TOTAL ASSETS	0.90%	0.79%	1.12%	1.30%	1.34%
RETURN ON AVERAGE TOTAL SHAREHOLDERS' EQUITY	11.12	10.10	13.49	14.72	15.14
DIVIDEND PAYOUT RATIO	43.42	46.88	31.56	24.61	22.44
AVERAGE TOTAL SHAREHOLDERS' EQUITY TO AVERAGE ASSETS	8.12	7.84	8.30	8.82	8.84
NON-INTEREST EXPENSES TO AVERAGE ASSETS	2.44	2.24	2.34	2.49	2.45
NON-INTEREST INCOME TO AVERAGE ASSETS	1.07	0.80	0.98	0.98	1.10
ASSET QUALITY RATIOS (AT PERIOD END):					
NON-ACCRUAL LOANS TO TOTAL LOANS	0.22%	0.22%	0.04%	0.06%	0.04%
NON-PERFORMING ASSETS TO TOTAL ASSETS	0.16	0.16	0.03	0.03	0.02
ALLOWANCE FOR LOAN LOSSES TO NON-PERFORMING LOANS	3.5X	3.3X	16.5X	17.1X	25.3X
ALLOWANCE FOR LOAN LOSSES TO TOTAL LOANS	0.76%	0.78%	0.83%	1.05%	1.27%
NET CHARGE-OFFS/ (RECOVERIES) TO AVERAGE LOANS PLUS OTHER REAL ESTATE OWNED	0.00	0.00	0.00	0.01	(0.02)
LIQUIDITY AND CAPITAL RATIOS:					
AVERAGE LOANS TO AVERAGE DEPOSITS	78.22%	77.47%	69.25%	55.94%	51.23%
TOTAL SHAREHOLDERS' EQUITY TO TOTAL ASSETS	7.98	8.05	7.90	8.87	8.79
TIER 1 CAPITAL TO RISK WEIGHTED ASSETS	14.92	15.33	16.71	19.02	20.38
TOTAL CAPITAL TO RISK WEIGHTED ASSETS	15.91	16.31	17.78	20.25	21.74
TIER 1 LEVERAGE RATIO	8.59	8.20	8.66	9.18	8.91

DIVIDENDS PER SHARE
IN DOLLARS

[THE FOLLOWING TABLE WAS REPRESENTED BY A BAR CHART IN THE PRINTED MATERIAL.]

'03	'04	'05	'06	'07

\$0.38	\$0.42	\$0.50	\$0.58	\$0.62

BOOK VALUE PER SHARE
IN DOLLARS

[THE FOLLOWING TABLE WAS REPRESENTED BY A BAR CHART IN THE PRINTED MATERIAL.]

'03	'04	'05	'06	'07

\$10.43	\$11.48	\$11.97	\$12.55	\$12.94

THE FOLLOWING TABLE SETS FORTH CERTAIN UNAUDITED QUARTERLY FINANCIAL DATA FOR
THE PERIODS INDICATED:

SELECTED 2007 QUARTERLY DATA:

(IN THOUSANDS EXCEPT PER SHARE DATA)	MARCH 31	JUNE 30	SEPTEMBER 30	DECEMBER 31
INTEREST INCOME	\$ 17,294	\$ 17,895	\$ 18,256	\$ 18,907
INTEREST EXPENSE	8,970	9,225	9,369	8,919
NET INTEREST INCOME	8,324	8,670	8,887	9,988
PROVISION FOR LOAN LOSSES	125	100	125	400
TRUST FEES	2,142	2,459	2,252	2,710
SECURITIES GAINS/(LOSSES), NET	162	220	--	(128)
OTHER INCOME	884	881	912	1,549
OTHER EXPENSES	7,558	8,019	8,098	8,412
INCOME BEFORE INCOME TAX EXPENSE	3,829	4,111	3,828	5,307
INCOME TAX EXPENSE	1,137	1,298	1,179	1,599
NET INCOME	\$ 2,692	\$ 2,813	\$ 2,649	\$ 3,708
EARNINGS PER SHARE-BASIC	\$ 0.33	\$ 0.34	\$ 0.32	\$ 0.45
EARNINGS PER SHARE-DILUTED	0.32	0.33	0.32	0.44

SELECTED 2006 QUARTERLY DATA:

(IN THOUSANDS EXCEPT PER SHARE DATA)	MARCH 31	JUNE 30	SEPTEMBER 30	DECEMBER 31
INTEREST INCOME	\$ 15,794	\$ 16,581	\$ 17,524	\$ 17,368
INTEREST EXPENSE	7,218	8,405	9,669	9,152
NET INTEREST INCOME	8,576	8,176	7,855	8,216
PROVISION FOR LOAN LOSSES	39	100	125	150
TRUST FEES	2,245	2,078	1,872	2,172
SECURITIES GAINS/(LOSSES), NET	51	5	(1,837)	--
OTHER INCOME	890	908	880	1,003
OTHER EXPENSES	7,118	7,386	7,210	7,231
INCOME BEFORE INCOME TAX EXPENSE	4,605	3,681	1,435	4,010
INCOME TAX EXPENSE	1,359	986	44	1,116
NET INCOME	\$ 3,246	\$ 2,695	\$ 1,391	\$ 2,894
EARNINGS PER SHARE-BASIC	\$ 0.39	\$ 0.33	\$ 0.17	\$ 0.35
EARNINGS PER SHARE-DILUTED	0.39	0.32	0.17	0.34

MANAGEMENT REPORT
INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of the Corporation is responsible for establishing and maintaining adequate internal control over financial reporting. The Corporation's internal control system was designed to provide reasonable assurance to the Corporation's management and board of directors regarding the preparation and fair presentation of published financial statements. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management assessed the effectiveness of the Corporation's internal control over financial reporting as of December 31, 2007. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework. Based upon our assessment we believe that, as of December 31, 2007, the Corporation's internal control over financial reporting is effective based upon those criteria. The Corporation's independent auditors have issued an audit report on our assessment of, and the effective operation of, the Corporation's internal control over financial reporting. This report begins on the next page.

/s/ Frank A. Kissel

/s/ Arthur F. Birmingham

Frank A. Kissel
Chairman of the Board and
Chief Executive Officer

Arthur F. Birmingham
Executive Vice President,
Chief Financial Officer and
Chief Accounting Officer

February 29, 2008

REPORT OF INDEPENDENT REGISTERED PUBLIC
ACCOUNTING FIRM

We have audited Peapack-Gladstone Financial Corporation's (the Company) internal control over financial reporting as of December 31, 2007, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management Report of Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Peapack-Gladstone Financial Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, based on criteria established in Internal Control -- Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the statement of condition at December 31, 2007 and the related statements of income, changes in shareholders' equity, and cash flows for the year then ended of Peapack-Gladstone Financial Corporation and our report dated February 29, 2008 expressed an unqualified opinion on those financial statements.

/s/ Crowe Chizek and Company LLC

Crowe Chizek and Company LLC

Livingston, New Jersey
February 29, 2008

REPORT OF INDEPENDENT REGISTERED PUBLIC
ACCOUNTING FIRM

THE BOARD OF DIRECTORS AND SHAREHOLDERS
PEAPACK-GLADSTONE FINANCIAL CORPORATION:

We have audited the accompanying statement of condition of Peapack-Gladstone Financial Corporation as of December 31, 2007, and the related statements of income, changes in shareholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2007, and the results of its operations and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Peapack-Gladstone Financial Corporation's internal control over financial reporting as of December 31, 2007, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 29, 2008 expressed an unqualified opinion thereon.

/s/ Crowe Chizek and Company LLC

Crowe Chizek and Company LLC

Livingston, New Jersey
February 29, 2008

REPORT OF INDEPENDENT REGISTERED PUBLIC
ACCOUNTING FIRM

THE BOARD OF DIRECTORS AND SHAREHOLDERS
PEAPACK-GLADSTONE FINANCIAL CORPORATION:

We have audited the accompanying consolidated statement of condition of Peapack-Gladstone Financial Corporation and subsidiary (the Corporation) as of December 31, 2006, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for each of the years in the two-year period ended December 31, 2006. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Peapack-Gladstone Financial Corporation and subsidiary as of December 31, 2006, and the results of their operations and their cash flows for each of the years in the two-year period ended December 31, 2006, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 14 to the consolidated financial statements, effective January 1, 2006, the Corporation adopted SEC Staff Accounting Bulletin No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements."

/s/ KPMG LLP

Short Hills, New Jersey
February 27, 2007

(IN THOUSANDS EXCEPT PER SHARE DATA)	DECEMBER 31,	
	2007	2006
<hr/>		
ASSETS		
CASH AND DUE FROM BANKS	\$ 25,443	\$ 23,190
FEDERAL FUNDS SOLD	1,771	103
INTEREST-EARNING DEPOSITS	973	6,965
TOTAL CASH AND CASH EQUIVALENTS	28,187	30,258
INVESTMENT SECURITIES HELD TO MATURITY (APPROXIMATE MARKET VALUE \$45,070 IN 2007 AND \$54,523 IN 2006)	45,139	55,165
SECURITIES AVAILABLE FOR SALE	236,944	282,878
FHLB AND FRB STOCK, AT COST	4,293	3,308
LOANS	981,180	870,153
LESS: ALLOWANCE FOR LOAN LOSSES	7,500	6,768
NET LOANS	973,680	863,385
PREMISES AND EQUIPMENT	26,236	24,059
ACCRUED INTEREST RECEIVABLE	5,122	5,181
CASH SURRENDER VALUE OF LIFE INSURANCE	19,474	18,689
OTHER ASSETS	7,901	5,453
TOTAL ASSETS	\$ 1,346,976	\$ 1,288,376
<hr/>		
LIABILITIES		
DEPOSITS:		
NONINTEREST-BEARING DEMAND DEPOSITS	\$ 199,266	\$ 196,519
INTEREST-BEARING DEPOSITS:		
CHECKING	145,490	142,676
SAVINGS	64,772	73,998
MONEY MARKET ACCOUNTS	377,544	366,874
CERTIFICATES OF DEPOSIT OVER \$100,000	155,410	126,014
CERTIFICATES OF DEPOSIT LESS THAN \$100,000	237,785	238,655
TOTAL DEPOSITS	1,180,267	1,144,736
OVERNIGHT BORROWINGS	15,650	--
FEDERAL HOME LOAN BANK ADVANCES	29,169	23,964
ACCRUED EXPENSES AND OTHER LIABILITIES	14,461	15,913
TOTAL LIABILITIES	1,239,547	1,184,613
SHAREHOLDERS' EQUITY		
COMMON STOCK (NO PAR VALUE; STATED VALUE \$0.83 PER SHARE; AUTHORIZED 20,000,000 SHARES; ISSUED SHARES, 8,577,446 AT DECEMBER 31, 2007 AND 8,497,463 AT DECEMBER 31, 2006; OUTSTANDING SHARES, 8,304,486 AT DECEMBER 31, 2007 AND 8,270,973 AT DECEMBER 31, 2006)	7,148	7,081
SURPLUS	90,677	89,372
TREASURY STOCK AT COST, 272,960 SHARES IN 2007 AND 226,490 SHARES IN 2006	(6,255)	(4,999)

Source: PEAPACK GLADSTONE FI, 10-K, March 12, 2008

RETAINED EARNINGS	21,750	15,038
ACCUMULATED OTHER COMPREHENSIVE Loss, NET OF INCOME TAX BENEFIT	(5,891)	(2,729)
TOTAL SHAREHOLDERS' EQUITY	107,429	103,763
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 1,346,976	\$ 1,288,376

CONSOLIDATED STATEMENTS OF INCOME

	YEARS ENDED DECEMBER 31,		
(IN THOUSANDS, EXCEPT PER SHARE DATA)	2007	2006	2005
INTEREST INCOME			
INTEREST AND FEES ON LOANS	\$ 55,906	\$ 49,510	\$ 38,559
INTEREST ON INVESTMENT SECURITIES			
HELD TO MATURITY:			
TAXABLE	848	1,068	1,591
TAX-EXEMPT	1,062	1,344	1,188
INTEREST AND DIVIDENDS ON SECURITIES			
AVAILABLE FOR SALE:			
TAXABLE	12,859	14,789	13,619
TAX-EXEMPT	982	349	358
INTEREST ON FEDERAL FUNDS SOLD	656	146	73
INTEREST-EARNING DEPOSITS	39	61	26
TOTAL INTEREST INCOME	72,352	67,267	55,414
INTEREST EXPENSE			
INTEREST ON CHECKING ACCOUNTS	1,076	1,044	2,192
INTEREST ON SAVINGS AND MONEY MARKET ACCOUNTS	15,166	12,522	6,304
INTEREST ON CERTIFICATES OF DEPOSIT OVER \$100,000	7,134	5,406	2,678
INTEREST ON OTHER CERTIFICATES OF DEPOSIT	11,870	10,099	5,931
INTEREST ON OVERNIGHT AND SHORT-TERM BORROWINGS	272	4,305	1,879
INTEREST ON FEDERAL HOME LOAN BANK ADVANCES	965	1,068	1,139
TOTAL INTEREST EXPENSE	36,483	34,444	20,123
NET INTEREST INCOME BEFORE PROVISION FOR LOAN LOSSES	35,869	32,823	35,291
PROVISION FOR LOAN LOSSES	750	414	391
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	35,119	32,409	34,900
OTHER INCOME			
TRUST FEES	9,563	8,367	7,640
SERVICE CHARGES AND FEES	2,350	2,310	2,220
BANK OWNED LIFE INSURANCE	900	837	802
OTHER INCOME	976	534	282
SECURITIES GAINS/(LOSSES), NET	254	(1,781)	551
TOTAL OTHER INCOME	14,043	10,267	11,495
OTHER EXPENSES			
SALARIES AND EMPLOYEE BENEFITS	17,511	15,698	14,682
PREMISES AND EQUIPMENT	7,761	6,909	6,705
PROFESSIONAL AND LEGAL FEES	1,124	833	565
ADVERTISING	892	732	936
OTHER EXPENSES	4,799	4,773	4,604

Source: PEAPACK GLADSTONE FI, 10-K, March 12, 2008

TOTAL OTHER EXPENSES	32,087	28,945	27,492
INCOME BEFORE INCOME TAX EXPENSE	17,075	13,731	18,903
INCOME TAX EXPENSE	5,213	3,505	5,773
NET INCOME	\$ 11,862	\$ 10,226	\$ 13,130
EARNINGS PER SHARE			
BASIC	\$ 1.43	\$ 1.24	\$ 1.58
DILUTED	1.42	1.22	1.56
=====	=====	=====	=====

CONSOLIDATED STATEMENTS OF CHANGES
IN SHAREHOLDERS' EQUITY

(IN THOUSANDS, EXCEPT PER SHARE DATA)	COMMON STOCK	SURPLUS	TREASURY STOCK	RETAINED EARNINGS	ACCUMULATED OTHER	TOTAL
					COMPREHENSIVE INCOME	
BALANCE AT DECEMBER 31, 2004						
8,246,042 SHARES OUTSTANDING	\$ 6,994	\$ 87,991	\$ (2,867)	\$ 1,113	\$ 1,438	\$ 94,669
COMPREHENSIVE INCOME:						
NET INCOME 2005				13,130		13,130
UNREALIZED HOLDING LOSSES ON SECURITIES ARISING DURING THE PERIOD (NET OF INCOME TAX BENEFIT OF \$2,504)					(4,037)	
LESS: RECLASSIFICATION ADJUSTMENT FOR GAINS INCLUDED IN NET INCOME (NET OF INCOME TAX OF \$193)					358	
NET UNREALIZED HOLDING LOSSES ON SECURITIES ARISING DURING THE PERIOD (NET OF INCOME TAX BENEFIT OF \$2,697)					(4,395)	(4,395)
TOTAL COMPREHENSIVE INCOME						8,735
DIVIDENDS DECLARED (\$0.50 PER SHARE)				(4,143)		(4,143)
COMMON STOCK OPTIONS EXERCISED AND RELATED TAX BENEFITS, 68,673 SHARES	67	982				1,049
TREASURY STOCK TRANSACTIONS, 41,420 SHARES			(1,155)			(1,155)
BALANCE AT DECEMBER 31, 2005						
8,284,715 SHARES OUTSTANDING	\$ 7,061	\$ 88,973	\$ (4,022)	\$ 10,100	\$ (2,957)	\$ 99,155
CUMULATIVE EFFECT ADJUSTMENT RESULTING FROM THE ADOPTION OF SAB No. 108 (NET OF INCOME TAX BENEFIT OF \$341)				(494)		(494)
BALANCE AT JANUARY 1, 2006, AS ADJUSTED	\$ 7,061	\$ 88,973	\$ (4,022)	\$ 9,606	\$ (2,957)	\$ 98,661

(IN THOUSANDS, EXCEPT PER SHARE DATA)	ACCUMULATED OTHER					
	COMMON STOCK	SURPLUS	TREASURY STOCK	RETAINED EARNINGS	COMPREHENSIVE INCOME	TOTAL
COMPREHENSIVE INCOME:						
NET INCOME 2006				10,226		10,226
UNREALIZED HOLDING GAINS ON SECURITIES ARISING DURING THE PERIOD (NET OF INCOME TAX BENEFIT OF \$398)					416	
LESS: RECLASSIFICATION ADJUSTMENT FOR LOSSES INCLUDED IN NET INCOME (NET OF INCOME TAX OF \$623)					(1,158)	
NET UNREALIZED HOLDING GAINS ON SECURITIES ARISING DURING THE PERIOD (NET OF INCOME TAX BENEFIT OF \$1,021)					1,574	1,574
TOTAL COMPREHENSIVE INCOME						11,800
ADJUSTMENT TO INITIALLY APPLY FAS STATEMENT 158 (NET OF TAX BENEFIT OF \$929)					(1,346)	(1,346)
DIVIDENDS DECLARED (\$0.58 PER SHARE)				(4,794)		(4,794)
COMMON STOCK OPTION EXPENSE		59				59
EXERCISED AND RELATED TAX BENEFITS, 13,742 SHARES	20	340				360
TREASURY STOCK TRANSACTIONS 37,484 SHARES			(977)			(977)
BALANCE AT DECEMBER 31, 2006 8,270,973 SHARES OUTSTANDING	\$ 7,081	\$ 89,372	\$ (4,999)	\$ 15,038	\$ (2,729)	\$ 103,763
COMPREHENSIVE INCOME:						
NET INCOME 2007				11,862		11,862
UNREALIZED HOLDING LOSSES ON SECURITIES ARISING DURING THE PERIOD (NET OF INCOME TAX BENEFIT OF \$2,110)					(3,076)	
LESS: RECLASSIFICATION ADJUSTMENT FOR GAINS INCLUDED IN NET INCOME (NET OF INCOME TAX OF \$89)					165	
NET UNREALIZED HOLDING LOSSES ON SECURITIES ARISING DURING THE PERIOD (NET OF INCOME TAX BENEFIT OF \$2,199)					(3,241)	(3,241)
PENSION COSTS (NET OF TAX OF \$54)					79	79
TOTAL COMPREHENSIVE INCOME						8,700
DIVIDENDS DECLARED (\$0.62 PER SHARE)				(5,150)		(5,150)
COMMON STOCK OPTION EXPENSE		203				203
EXERCISED AND RELATED TAX BENEFITS, 79,983 SHARES	67	1,102				1,169
TREASURY STOCK TRANSACTIONS, 46,470 SHARES			(1,256)			(1,256)
BALANCE AT DECEMBER 31, 2007 8,304,486 SHARES OUTSTANDING	\$ 7,148	\$ 90,677	\$ (6,255)	\$ 21,750	\$ (5,891)	\$ 107,429

CONSOLIDATED STATEMENTS OF CASH FLOWS

(IN THOUSANDS)	YEARS ENDED DECEMBER 31,		
	2007	2006	2005
OPERATING ACTIVITIES:			
NET INCOME	\$ 11,862	\$ 10,226	\$ 13,130
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
DEPRECIATION	2,254	2,068	1,991
AMORTIZATION OF PREMIUM AND ACCRETION OF DISCOUNT ON SECURITIES, NET	313	498	1,009
PROVISION FOR LOAN LOSSES	750	414	391
STOCK-BASED COMPENSATION	203	59	--
DEFERRED TAX EXPENSE/(BENEFIT)	256	(1,786)	(2,008)
(GAIN)/LOSS ON SALE OF SECURITIES, NET	(254)	1,781	(298)
GAIN ON LOANS SOLD	(3)	(3)	(13)
GAIN ON DISPOSAL OF PREMISES AND EQUIPMENT	(548)	(15)	(28)
INCREASE IN CASH SURRENDER VALUE OF LIFE INSURANCE	(785)	(732)	(704)
DECREASE/(INCREASE) IN ACCRUED INTEREST RECEIVABLE	59	(353)	(453)
(INCREASE)/DECREASE IN OTHER ASSETS	(559)	2,434	(2,305)
(DECREASE)/INCREASE IN ACCRUED EXPENSES AND OTHER LIABILITIES	(1,407)	7,767	3,792
NET CASH PROVIDED BY OPERATING ACTIVITIES	12,141	22,358	14,504
INVESTING ACTIVITIES:			
PROCEEDS FROM MATURITIES OF INVESTMENT SECURITIES HELD TO MATURITY	16,435	32,505	35,119
PROCEEDS FROM MATURITIES OF SECURITIES AVAILABLE FOR SALE	60,804	66,093	51,383
PROCEEDS FROM CALLS OF INVESTMENT SECURITIES HELD TO MATURITY	150	11,996	5,685
PROCEEDS FROM SALES AND CALLS OF SECURITIES AVAILABLE FOR SALE	16,086	60,330	42,225
PURCHASE OF INVESTMENT SECURITIES HELD TO MATURITY	(6,654)	(9,722)	(32,000)
PURCHASE OF SECURITIES AVAILABLE FOR SALE, INCLUDING FHLB AND FRB STOCK	(37,345)	(82,569)	(88,569)
PROCEEDS FROM SALES OF LOANS	3,701	622	2,316
PURCHASE OF LOANS	--	(26,774)	(191,842)
NET INCREASE IN LOANS	(114,743)	(75,549)	(6,772)
PURCHASES OF PREMISES AND EQUIPMENT	(4,544)	(4,715)	(3,259)
PROCEEDS FROM DISPOSAL OF PREMISES AND EQUIPMENT	661	15	47
NET CASH USED IN INVESTING ACTIVITIES	(65,449)	(27,768)	(185,667)
FINANCING ACTIVITIES:			
NET INCREASE IN DEPOSITS	35,531	102,740	106,330
NET INCREASE IN OVERNIGHT BORROWINGS	15,650	--	--
NET (DECREASE)/INCREASE IN SHORT-TERM BORROWINGS	--	(77,500)	77,500
PROCEEDS FROM FHLB ADVANCES	11,000	--	--
REPAYMENTS OF FHLB ADVANCES	(5,795)	(7,741)	(1,689)
DIVIDENDS PAID	(5,062)	(4,713)	(3,891)
TAX BENEFIT ON STOCK OPTION EXERCISES	93	29	347
EXERCISE OF STOCK OPTIONS	1,076	331	702

Source: PEAPACK GLADSTONE FI, 10-K, March 12, 2008

PURCHASE OF TREASURY STOCK	(1,256)	(977)	(1,155)
NET CASH PROVIDED BY FINANCING ACTIVITIES	51,237	12,169	178,144
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(2,071)	6,759	6,981
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	30,258	23,499	16,518
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 28,187	\$ 30,258	\$ 23,499
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
CASH PAID DURING THE YEAR FOR:			
INTEREST	\$ 34,578	\$ 32,857	\$ 18,399
INCOME TAXES	4,527	2 222	8,307

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION AND ORGANIZATION: The consolidated financial statements of Peapack-Gladstone Financial Corporation (the "Corporation") are prepared on the accrual basis and include the accounts of the Corporation and its wholly-owned subsidiary, Peapack-Gladstone Bank. The consolidated statements also include the Bank's wholly-owned subsidiary, Peapack-Gladstone Investment Company and its wholly-owned subsidiary, Peapack-Gladstone Mortgage Group, Inc. While the following footnotes include the collective results of Peapack-Gladstone Financial Corporation and Peapack-Gladstone Bank, these footnotes primarily reflect the Bank's and its subsidiaries' activities. All significant intercompany balances and transactions have been eliminated from the accompanying consolidated financial statements.

BUSINESS: Peapack-Gladstone Bank, the subsidiary of the Corporation, provides a full range of banking services to individual and corporate customers through its branch operations in central New Jersey. The Bank is subject to competition from other financial institutions, is regulated by certain federal and state agencies and undergoes periodic examinations by those regulatory authorities.

BASIS OF FINANCIAL STATEMENT PRESENTATION: The consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles. In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the statement of condition and revenues and expenses for that period. Actual results could differ from those estimates.

SEGMENT INFORMATION: Substantially all of the Corporation's business is conducted through its banking subsidiary and involves the delivery of loan and deposit products and trust services to customers. The Corporation makes operating decisions and assesses performance based on an ongoing review of these banking operations, which constitute the only operating segment for financial reporting.

CASH AND CASH EQUIVALENTS: For purposes of the statements of cash flows, cash and cash equivalents include cash and due from banks, interest-earning deposits and federal funds sold. Generally, federal funds are sold for one-day periods. Net cash flows are reported for customer loan and deposit transactions and federal funds purchased and overnight funds.

SECURITIES: Debt securities are classified as held to maturity and carried at amortized cost when management has the positive intent and ability to hold them to maturity. Debt securities are classified as available for sale when they might be sold before maturity. Equity securities with readily determinable fair values are classified as available for sale. Securities available for sale are carried at fair value, with unrealized holding gains and losses reported in other comprehensive income, net of tax.

Interest income includes amortization of purchase premium or discount. Premiums and discounts on securities are amortized on the level-yield method without anticipating prepayments, except for mortgage-backed securities where prepayments are anticipated. Gains and losses on sales are recorded on the trade date and determined using the specific identification method.

Declines in the fair value of securities below their cost that are other than temporary are reflected as realized losses and results in a new cost basis being established. In estimating other-than-temporary losses, management considers the length of time and

extent that fair value has been less than cost; the financial condition and near-term prospects of the issuer; and the Corporation's ability and intent to hold the security for a period sufficient to allow for any anticipated recovery in fair value.

FEDERAL HOME LOAN BANK (FHLB) AND FEDERAL RESERVE BANK (FRB) STOCK: The Bank is a member of the FHLB system. Members are required to own a certain amount of stock, based on the level of borrowings and other factors, and may invest in additional amounts. FHLB stock is carried at cost, classified as a restricted security and periodically evaluated for impairment based on ultimate recovery of par value. Cash dividends are reported as income.

The Bank is also a member of the Federal Reserve Bank and required to own a certain amount of stock. FRB stock is carried at cost and classified as a restricted security. Cash dividends are reported as income.

LOANS: Loans are stated at the principal amount outstanding. Interest on loans is recognized based upon the principal amount outstanding. Loans are stated at face value, less unearned income and net deferred fees. Loan origination fees and certain direct loan origination costs are deferred and recognized over the life of the loan as an adjustment, on a level-yield method, to the loan's yield.

Loans are considered past due when they are not paid in accordance with contractual terms. The accrual of income on loans, including impaired loans, is discontinued if certain factors indicate reasonable doubt as to the timely collectibility of such interest, generally when the loan becomes over 90 days delinquent. A non-accrual loan is not returned to an accrual status until factors indicating doubtful collection no longer exist. Commercial loans are generally charged off after an analysis is completed which indicates that collectibility of the full principal balance is in doubt. Consumer loans are generally charged off after they become 120 days past due. Mortgage loans are not generally placed on a nonaccrual status unless the value of the real estate has deteriorated to the point that a potential loss of principal or interest exists. Subsequent payments are credited to income only if collection of principal is not in doubt. If principal and interest payments are brought contractually current and future collectibility is reasonably assured, loans are returned to accrual status. Mortgage loans are generally charged off when the value of the underlying collateral does not cover the outstanding principal balance. The majority of the Corporation's loans are secured by real estate in the State of New Jersey.

ALLOWANCE FOR LOAN LOSSES: The allowance for loan losses is maintained at a level considered adequate to provide for probable loan losses inherent in the portfolio. The allowance is based on management's evaluation of the loan portfolio considering economic conditions, the volume and nature of the loan portfolio, historical loan loss experience and individual credit situations. The allowance is increased by provisions charged to expense and reduced by charge-offs net of recoveries.

Management, considering current information and events regarding the borrowers' ability to repay their obligations, considers a loan to be impaired when it is probable that the Corporation will be unable to collect all amounts due according to the contractual terms of the loan agreement. When a loan is considered to be impaired, the amount of impairment is measured based on the fair value of the collateral. Impairment losses are included in the allowance for loan losses through provisions charged to operations.

PREMISES AND EQUIPMENT: Premises and equipment are stated at cost, less accumulated depreciation. Depreciation charges are computed using the straight-line method. Equipment and other fixed assets are depreciated over the estimated useful lives, which

range from three to ten years. Premises are depreciated over the estimated useful life of 40 years, while leasehold improvements are amortized on a straight-line basis over the shorter of their estimated useful lives or the term of the lease. Expenditures for maintenance and repairs are expensed as incurred. The cost of major renewals and improvements are capitalized. Gains or losses realized on routine dispositions are recorded as other income or other expense.

BANK OWNED LIFE INSURANCE (BOLI): The Bank has purchased life insurance policies on certain key executives. BOLI is recorded at its cash surrender value, which is the amount that can be realized.

The FASB Emerging Issues Task Force (EITF) finalized Issue No. 06-4, "Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements" (EITF 06-4) in September 2006. EITF 06-4 requires that a liability be recorded during the service period when a split-dollar life insurance agreement continues after participants' employment or retirement. The required accrued liability will be based on either the post-employment benefit cost for the continuing life insurance or based on the future death benefit depending on the contractual terms of the underlying agreement. EITF 06-4 is effective for fiscal years beginning after December 15, 2007. The Corporation adopted EITF 06-4 on January 1, 2008, which resulted in a cumulative-effect adjustment decreasing retained earnings and increasing liabilities by \$449 thousand as of January 1, 2008.

In September 2006, the FASB EITF finalized Issue No. 06-5, "Accounting for Purchases of Life Insurance - Determining the Amount That Could Be Realized in Accordance with FASB Technical Bulletin No. 85-4 (Accounting for Purchases of Life Insurance)" (EITF 06-5). EITF 06-5 requires that a policyholder consider contractual terms of a life insurance policy in determining the amount that could be realized under the insurance contract. EITF 06-5 also requires that if the contract provides for a greater surrender value if all individual policies in a group are surrendered at the same time, that the surrender value be determined based on the assumption that policies will be surrendered on an individual basis. Lastly, EITF 06-5 discusses whether the cash surrender value should be discounted when the policyholder is contractually limited in its ability to surrender a policy. EITF 06-5 is effective for fiscal years beginning after December 15, 2006. The adoption of EITF 06-5 did not have a material impact on the financial statements.

OTHER REAL ESTATE OWNED: Other real estate owned is carried at fair value minus estimated costs to sell, based on an independent appraisal. When a property is acquired, the excess of the loan balance over the estimated fair value is charged to the allowance for loan losses. Any subsequent write-downs that may be required to the carrying value of the properties or losses on the sale of properties are charged to the valuation allowance on other real estate owned or to other expense. The Corporation had no other real estate owned as of December 31, 2007 and 2006.

INCOME TAXES: The Corporation files a consolidated Federal income tax return. Separate State income tax returns are filed for each subsidiary based on current laws and regulations.

The Corporation recognizes deferred tax assets and liabilities for the expected future tax consequences of events that have been included in its financial statements or tax returns. The measurement of deferred tax assets and liabilities is based on the enacted tax rates applicable to taxable income for the years in which these temporary differences are expected to be recovered or settled. Such tax assets and liabilities are adjusted for the effect of a change in tax rates in the period of enactment.

The Corporation adopted FASB Interpretation 48, "Accounting for Uncertainty in Income Taxes," (FIN 48), as of January 1, 2007. A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50 percent likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. The adoption had no effect on the Corporation's financial statements.

The Corporation is no longer subject to examination by the U.S. federal tax authorities for years prior to 2004 or by New Jersey tax authorities for years prior to 2003.

The Corporation recognizes interest and/or penalties related to income tax matters in income tax expense.

In February 2006, the State of New Jersey Division of Taxation adopted new regulations relating to the dividends paid by Real Estate Investment Trusts (REIT). Dividends received from a REIT are now ineligible for inclusion in the dividends received deduction for corporations. This regulation applies to dividends paid on or after February 6, 2006. This new regulation did not have a material impact on the Corporation's financial condition or results of operations during 2006; however, tax expense increased in 2007 as a result of this regulation.

BENEFIT PLANS: The Corporation has a defined benefit pension plan covering substantially all of its salaried employees, which is more fully described in Note 11. The benefits are based on an employee's compensation during the five years before retirement, age at retirement and years of service. The Corporation makes annual contributions to the plan equal to the maximum amount that can be deducted for income tax purposes.

Effective December 31, 2006, the Corporation adopted FASB Statement No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans" (Statement No. 158), which requires employers to recognize on their balance sheets the funded status of pension and other postretirement benefit plans. Statement 158 will also require fiscal-year-end measurements of plan assets and benefit obligations, eliminating the use of earlier measurement dates currently permissible. The new measurement-date requirement will not be effective until fiscal years ending after December 15, 2008 and the Corporation will comply with this requirement at that time. Statement 158 amends Statements 87, 88, 106 and 132R, but retains most of their measurement and disclosure guidance and will not change the amounts recognized in the income statement as net periodic benefit cost. The Corporation recorded \$2.3 million as unfunded pension benefit obligation at December 31, 2006. Provisions related to changes in funded status were adopted in 2007 and provisions related to the measurement date will be adopted in 2008.

STOCK OPTION PLANS: The Corporation has incentive and non-qualified stock option plans that allow the granting of shares of the Corporation's common stock to employees and non-employee directors, which are more fully described in Note 12. The options granted under these plans are exercisable at a price equal to the fair market value of common stock on the date of grant and expire not more than ten years after the date of grant. Stock options may vest during a period of up to five years after the date of grant.

Effective January 1, 2006, the Corporation adopted FASB Statement No. 123R, "Share-based Payment," (Statement 123R), using the modified prospective transition method. Accordingly, the Corporation has recorded stock-based employee compensation cost using the fair value method starting in 2006. In 2007 and 2006, the Corporation recorded stock-based compensation expense of \$203 thousand and \$59 thousand, respectively.

Prior to January 1, 2006, the Corporation reported employee compensation expense for its stock option plans using the intrinsic value method; therefore, no stock-based compensation cost is reflected in net income for the year ended December 31, 2005, as all options granted had an exercise price equal to the market value of their underlying common stock on the date of grant. Stock-based compensation cost, net of related tax effects, would have been \$1.6 million under Statement 123R for the year ended December 31, 2005.

The following table illustrates the effect on net income and earnings per share for the years ended December 31, 2005 as if the Corporation had applied the fair value recognition provisions of Statement 123R, to stock-based employee compensation in that year.

(IN THOUSANDS EXCEPT PER SHARE DATA)		2005

NET INCOME:		
AS REPORTED		\$ 13,130

LESS: TOTAL STOCK-BASED COMPENSATION		
EXPENSE DETERMINED UNDER THE FAIR VALUE BASED		
METHOD ON ALL STOCK OPTIONS, NET OF RELATED		
TAX EFFECTS		1,603

PRO FORMA		\$ 11,527
=====		
EARNINGS PER SHARE:		
As REPORTED:		
BASIC		\$ 1.58

DILUTED		1.56

PRO FORMA:		
BASIC		\$ 1.39

DILUTED		1.37

EARNINGS PER SHARE: In calculating earnings per share, there are no adjustments to net income, which is the numerator of both the Basic and Diluted EPS. The weighted average number of shares outstanding used in the denominator for Diluted EPS is increased over the denominator used for Basic EPS by the effect of potentially dilutive common stock equivalents utilizing the treasury stock method. Common stock equivalents are common stock options outstanding.

The following table shows the calculation of both Basic and Diluted earnings per share for the years ended December 31, 2007, 2006 and 2005:

(IN THOUSANDS EXCEPT PER SHARE DATA)	2007	2006	2005
NET INCOME	\$ 11,862	\$ 10,226	\$ 13,130
BASIC WEIGHTED AVERAGE SHARES OUTSTANDING	8,299,271	8,268,226	8,286,926
PLUS: COMMON STOCK EQUIVALENTS	69,754	102,095	116,348
DILUTED WEIGHTED AVERAGE SHARES OUTSTANDING	8,369,026	8,370,321	8,403,274
EARNINGS PER SHARE:			
BASIC	\$ 1.43	\$ 1.24	\$ 1.58
DILUTED	1.42	1.22	1.56

Stock options for 375,638, 317,209 and 325,814 were not considered in computing diluted earnings per share for 2007, 2006 and 2005, respectively, because they were antidilutive.

TREASURY STOCK: Treasury stock is recorded using the cost method and is presented as an unallocated reduction of shareholders' equity.

COMPREHENSIVE INCOME: Comprehensive income consists of net income and the change during the period in net unrealized gains (losses) on securities available for sale, net of tax, and is presented in the consolidated statements of changes in shareholders' equity.

NEW ACCOUNTING POLICIES: In February 2007, the Financial Accounting Standards Board (FASB) issued FASB Statement No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" (Statement No. 159). Statement No. 159 provides companies with an option to report selected financial assets and liabilities at fair value. Statement No. 159's objective is to reduce both complexity in accounting for financial instruments and the volatility in earnings caused by measuring related assets and liabilities differently. Statement No. 159 is effective as of the beginning of an entity's first fiscal year beginning after November 15, 2007. Early adoption is permitted as of the beginning of the previous fiscal year provided that the entity makes that choice in the first 120 days of that fiscal year and also elects to apply the provisions of Statement No. 157. The adoption of Statement No. 159 did not have a material impact on its financial statements.

In September 2006, the FASB issued Statement No. 157, "Fair Value Measurements" (Statement No. 157). Statement No. 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Statement No. 157 establishes a fair value hierarchy about the assumptions used to measure fair value and clarifies assumptions about risk and the effect of a restriction on the sale or use of an asset. The standard is effective for fiscal years beginning after November 15, 2007. The adoption of Statement No. 157 did not have a material impact on its financial statements.

RECLASSIFICATION: Certain reclassifications have been made in the prior periods' financial statements in order to conform to the 2007 presentation.

2. INVESTMENT SECURITIES HELD TO MATURITY

A summary of amortized cost and approximate market value of investment securities held to maturity included in the consolidated statements of condition as of December 31, 2007 and 2006 follows:

(IN THOUSANDS)	AMORTIZED COST	2007 GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	APPROXIMATE FAIR VALUE
U.S. TREASURY	\$ 500	\$ 14	\$ --	\$ 514
MORTGAGE-BACKED SECURITIES	13,196	84	(88)	13,192
STATE AND POLITICAL SUBDIVISIONS	31,443	58	(137)	31,364
TOTAL	\$ 45,139	\$ 156	\$ (225)	\$ 45,070

(IN THOUSANDS)	AMORTIZED COST	2006	GROSS UNREALIZED LOSSES	APPROXIMATE FAIR VALUE
		GROSS UNREALIZED GAINS		
U.S. TREASURY	\$ 1,000	\$ 2	\$ (1)	\$ 1,001
MORTGAGE-BACKED SECURITIES	17,350	60	(245)	17,165
STATE AND POLITICAL SUBDIVISIONS	36,815	29	(487)	36,357
TOTAL	\$ 55,165	\$ 91	\$ (733)	\$ 54,523

The amortized cost and approximate fair value of investment securities held to maturity as of December 31, 2007, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or repay obligations with or without call or prepayment penalties. Securities not due at a single maturity, mortgage-backed securities, are shown separately.

MATURING IN: (IN THOUSANDS)	AMORTIZED COST	APPROXIMATE FAIR VALUE
ONE YEAR OR LESS	\$ 10,648	\$ 10,604
AFTER ONE YEAR THROUGH FIVE YEARS	19,945	19,897
AFTER FIVE YEARS THROUGH TEN YEARS	1,350	1,377
	31,943	31,878
MORTGAGE-BACKED SECURITIES	13,196	13,192
TOTAL	\$ 45,139	\$ 45,070

Securities having an approximate carrying value of \$300 thousand as of December 31, 2007 and 2006 were pledged to secure public funds and for other purposes required or permitted by law.

The following table presents the Corporation's investment securities held to maturity with continuous unrealized losses and the approximate fair value of these investments as of December 31, 2007 and 2006.

(IN THOUSANDS)	2007					
	LESS THAN 12 MONTHS		DURATION OF UNREALIZED LOSS 12 MONTHS OR LONGER		TOTAL	
	APPROXIMATE FAIR VALUE	UNREALIZED LOSSES	APPROXIMATE FAIR VALUE	UNREALIZED LOSSES	APPROXIMATE FAIR VALUE	UNREALIZED LOSSES
MORTGAGE-BACKED SECURITIES	\$ 1,235	\$ (2)	\$ 6,025	\$ (86)	\$ 7,260	\$ (88)
STATE AND POLITICAL SUBDIVISIONS	5,449	(30)	15,634	(107)	21,083	(137)
TOTAL	\$ 6,684	\$ (32)	\$ 21,659	\$ (193)	\$ 28,343	\$ (225)

(IN THOUSANDS)	2006					
	LESS THAN 12 MONTHS		DURATION OF UNREALIZED LOSS 12 MONTHS OR LONGER		TOTAL	
	APPROXIMATE FAIR VALUE	UNREALIZED LOSSES	APPROXIMATE FAIR VALUE	UNREALIZED LOSSES	APPROXIMATE FAIR VALUE	UNREALIZED LOSSES
U.S. TREASURY	\$ --	\$ --	\$ 499	\$ (1)	\$ 499	\$ (1)
MORTGAGE-BACKED SECURITIES	1,298	(14)	9,202	(231)	10,500	(245)
STATE AND POLITICAL SUBDIVISIONS	7,753	(30)	24,850	(457)	32,603	(487)
TOTAL	\$ 9,051	\$ (44)	\$ 34,551	\$ (689)	\$ 43,602	\$ (733)

Management has determined that these unrealized losses on debt securities are temporary and due to interest rate fluctuations rather than the credit ratings of the issuers. The Corporation has a policy to purchase only from issuers with an investment grade credit rating and monitors credit ratings periodically.

The unrealized losses on investments in mortgage-backed securities were caused by interest rate increases and recent volatile market conditions in the mortgage-backed securities market. These securities are all rated AAA. The Corporation has the ability and intent to hold these securities for a period of time sufficient to recover all gross unrealized losses.

3. SECURITIES AVAILABLE FOR SALE

A summary of amortized cost and approximate fair value of securities available for sale included in the consolidated statements of condition as of December 31, 2007 and 2006 follows:

(IN THOUSANDS)	AMORTIZED COST	2007		APPROXIMATE FAIR VALUE
		GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	
U.S. GOVERNMENT-SPONSORED AGENCIES	\$ 23,999	\$ 60	\$ (7)	\$ 24,052
MORTGAGE-BACKED SECURITIES	119,073	204	(784)	118,493
STATE AND POLITICAL SUBDIVISIONS	24,926	192	(495)	24,623
OTHER SECURITIES	76,631	349	(7,204)	69,776
TOTAL	\$ 244,629	\$805	\$ (8,490)	\$236,944

(IN THOUSANDS)	2006			APPROXIMATE FAIR VALUE
	GROSS AMORTIZED COST	GROSS UNREALIZED GAINS	UNREALIZED LOSSES	
U.S. GOVERNMENT-SPONSORED AGENCIES	\$ 57,265	\$ 46	\$ (489)	\$ 56,822
MORTGAGE-BACKED SECURITIES	143,680	25	(2,969)	140,736
STATE AND POLITICAL SUBDIVISIONS	22,998	99	(10)	23,087
OTHER SECURITIES	61,179	1,293	(239)	62,233
TOTAL	\$285,122	\$1,463	\$ (3,707)	\$282,878

The amortized cost and approximate fair value of securities available for sale as of December 31, 2007, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or repay obligations with or without call or prepayment penalties.

MATURING IN: (IN THOUSANDS)	AMORTIZED COST	APPROXIMATE FAIR VALUE
ONE YEAR OR LESS	\$ 10,499	\$ 10,503
AFTER ONE YEAR THROUGH FIVE YEARS	19,509	19,506
AFTER FIVE YEARS THROUGH TEN YEARS	2,768	2,900
AFTER TEN YEARS	88,673	81,511
	121,449	114,420
MORTGAGE-BACKED SECURITIES	119,073	118,493
MARKETABLE EQUITY SECURITIES	4,107	4,031
TOTAL	\$244,629	\$236,944

Securities having an approximate carrying value of \$17.5 million and \$9.5 million as of December 31, 2007 and December 31, 2006, respectively, were pledged to secure public funds and for other purposes required or permitted by law.

Gross gains on sales of securities of \$498 thousand, \$83 thousand and \$443 thousand and gross losses on sales of securities of \$272 thousand, \$1.9 million and \$145 thousand were realized in 2007, 2006 and 2005, respectively. In 2007, the Corporation recognized \$28 thousand in gains on the non-monetary exchange of equity securities. Also, the Corporation recognized \$253 thousand in gains on the non-monetary exchange of equity securities in 2005.

The following table presents the Corporation's available for sale securities with continuous unrealized losses and the approximate fair value of these investments.

(IN THOUSANDS)	2007					
	LESS THAN 12 MONTHS		DURATION OF UNREALIZED LOSS 12 MONTHS OR LONGER		TOTAL	
	APPROXIMATE FAIR VALUE	UNREALIZED LOSSES	APPROXIMATE FAIR VALUE	UNREALIZED LOSSES	APPROXIMATE FAIR VALUE	UNREALIZED LOSSES
U.S. GOVERNMENT-SPONSORED AGENCIES	\$ --	\$ --	\$ 1,491	\$ (7)	\$ 1,491	\$ (7)
MORTGAGE-BACKED SECURITIES	14,492	(57)	59,266	(727)	73,758	(784)
STATE AND POLITICAL SUBDIVISIONS	16,363	(491)	328	(4)	16,691	(495)
OTHER SECURITIES	53,297	(6,310)	3,459	(538)	56,756	(6,848)
MARKETABLE EQUITY SECURITIES	2,350	(309)	176	(47)	2,526	(356)
TOTAL	\$86,502	\$ (7,167)	\$64,720	\$ (1,323)	\$151,222	\$ (8,490)

(IN THOUSANDS)	2006					
	LESS THAN 12 MONTHS		DURATION OF UNREALIZED LOSS 12 MONTHS OR LONGER		TOTAL	
	APPROXIMATE FAIR VALUE	UNREALIZED LOSSES	APPROXIMATE FAIR VALUE	UNREALIZED LOSSES	APPROXIMATE FAIR VALUE	UNREALIZED LOSSES
U.S. GOVERNMENT-SPONSORED AGENCIES	\$ 2,985	\$ (14)	\$ 41,775	\$ (475)	\$ 44,760	\$ (489)
MORTGAGE-BACKED SECURITIES	18,905	(123)	113,178	(2,846)	132,083	(2,969)
STATE AND POLITICAL SUBDIVISIONS	--	--	328	(10)	328	(10)
OTHER SECURITIES	11,128	(78)	3,401	(99)	14,529	(177)
MARKETABLE EQUITY SECURITIES	437	(40)	174	(22)	611	(62)
TOTAL	\$33,455	\$ (255)	\$ 158,856	\$ (3,452)	\$192,311	\$ (3,707)

Management has determined that these unrealized losses on debt securities are temporary and due to interest rate fluctuations and volatility rather than the credit ratings of the issuers. The Corporation has a policy to purchase debt securities only from issuers with an investment grade credit rating and monitors credit ratings periodically.

The unrealized losses on investments in mortgage-backed securities were caused by interest rate increases and recent volatile market conditions in the mortgage-backed securities market. These securities are all rated AAA. The Corporation has the ability and intent to hold these securities for a period of time sufficient to recover all gross unrealized losses.

The investments in the other securities category consist primarily of pools of trust preferred securities. Most of these securities are adjustable with the rate resetting on a quarterly basis. These securities were investment grade at the time of purchase and remain investment grade at this time. The securities continue to perform according to their contractual terms and all interest payments are current. The Corporation has the ability and intent to hold these investments until a market recovery or maturity. Accordingly, the Corporation has not recognized any other-than-temporary impairment on these securities.

The sale of investment securities at a loss during the restructuring initiative undertaken in 2006 does not change management's assertion that the Bank has the ability and intent to hold temporarily impaired securities to recovery. The Bank's Asset/Liability Committee decided to execute a restructuring of the investment portfolio as a result of the unusual interest rate environment, an inverted yield curve. The transaction was executed in reaction to changes in market conditions to improve performance, reduce leverage and reduce interest rate risk. Management's decision on the total amount of the program was driven by the goal of reducing the overnight borrowings position substantially.

4. LOANS

Loans outstanding as of December 31, consisted of the following:

(IN THOUSANDS)	2007	2006
RESIDENTIAL MORTGAGE	\$497,016	\$498,079
COMMERCIAL MORTGAGE	237,316	165,652
COMMERCIAL LOANS	129,747	107,357
CONSTRUCTION LOANS	60,589	44,764
CONSUMER LOANS	37,264	35,836
OTHER LOANS	19,248	18,465
TOTAL	\$981,180	\$870,153

Included in the totals above for December 31, 2007 is \$3.4 million of unamortized discount and \$2.8 million of deferred origination costs net of deferred origination fees as compared to \$3.3 million of unamortized discount and \$3.1 million of deferred origination costs net of deferred origination fees for December 31, 2006.

Non-accrual loans totaled \$2.1 million and \$1.9 million at December 31, 2007 and 2006, respectively. At December 31, 2007 there were no loans past due 90 days or more and still accruing interest. At December 31, 2006 there were \$197 thousand of loans past due 90 days or more and still accruing interest.

At December 31, 2007, the impaired loan portfolio consisted of four commercial loans for \$1.8 million for which there was \$111 thousand of specific allocation in the allowance for loan losses. At December 31, 2006, the impaired loan portfolio consisted of two commercial loans for \$1.5 million for which there was \$378 thousand of specific allocation in the allowance for loan losses. At December 31, 2005 there were no impaired loans. At December 31, 2007, there were no commitments to lend additional funds to borrowers whose loans are classified as nonperforming.

(IN THOUSANDS)	2007	2006	2005
AVERAGE OF INDIVIDUALLY IMPAIRED LOANS DURING YEAR	\$4,686	\$12	\$ --
INTEREST INCOME RECOGNIZED DURING IMPAIRMENT	341	--	--
CASH-BASIS INTEREST INCOME RECOGNIZED	341	--	--

In the ordinary course of business, the Corporation, through the Bank, may extend credit to officers, directors or their associates. These loans are subject to the Corporation's normal lending policy and Federal Reserve Bank Regulation O. All loans are currently performing.

The following table shows the changes in loans to officers, directors or their associates:

(IN THOUSANDS)	2007	2006
BALANCE BEGINNING OF YEAR	\$ 2,907	\$ 1,949
NEW LOANS	2,706	2,182
REPAYMENTS	(1,240)	(1,224)
BALANCE AT END OF YEAR	\$ 4,373	\$ 2,907

5. ALLOWANCE FOR LOAN LOSSES

A summary of changes in the allowance for loan losses for the years indicated follows:

(IN THOUSANDS)	YEARS ENDED DECEMBER 31,		
	2007	2006	2005
BALANCE, BEGINNING OF YEAR	\$6,768	\$ 6,378	\$ 5,989
PROVISION CHARGED TO EXPENSE	750	414	391
LOANS CHARGED-OFF	(23)	(26)	(16)
RECOVERIES	5	2	14
BALANCE, END OF YEAR	\$7,500	\$ 6,768	\$ 6,378

6. PREMISES AND EQUIPMENT

Premises and equipment as of December 31, follows:

(IN THOUSANDS)	2007	2006
LAND	\$ 6,027	\$ 5,154
BUILDINGS	11,316	8,612
FURNITURE AND EQUIPMENT	16,268	15,545
LEASEHOLD IMPROVEMENTS	8,284	8,246
PROJECTS IN PROGRESS	2,586	3,276
	44,481	40,833
LESS: ACCUMULATED DEPRECIATION	18,245	16,774
TOTAL	\$26,236	\$ 24,059

Depreciation expense amounted to \$2.3 million, \$2.1 million and \$2.0 million for the years ended December 31, 2007, 2006 and 2005, respectively.

7. DEPOSITS

The scheduled maturities of time deposits are as follows:

(IN THOUSANDS)	
2008	\$364,307
2009	15,058
2010	5,678
2011	4,668
2012	3,484
TOTAL	\$393,195

8. FEDERAL HOME LOAN BANK ADVANCES AND OTHER BORROWINGS

Advances from the Federal Home Loan Bank of New York (FHLB) totaled \$29.2 million and \$24.0 million at December 31, 2007 and 2006, respectively, with a weighted average interest rate of 3.69 percent and 3.59 percent, respectively.

Advances totaling \$13.0 million at December 31, 2007, have fixed maturity dates, while advances totaling \$5.2 million were amortizing advances with monthly payments of principal and interest. These advances are secured by blanket pledges of certain 1-4 family residential mortgages totaling \$237.2 million at December 31, 2007 and \$279.0 million at December 31, 2006.

At December 31, 2007, the Corporation had \$11 million in fixed rate advances that are noncallable for one or two years and then callable quarterly with final maturities of three, five or ten years. These advances are secured by pledges of investment securities totaling \$13.1 million at December 31, 2007.

The scheduled repayments of advances are as follows:

(In Thousands)	
2008	\$ 1,421
2009	3,249
2010	12,373
2011	3,446
2012	5,462
Over 5 Years	3,218
Total	\$29,169

At December 31, 2007, overnight borrowings with FHLB totaled \$15.7 million at a rate of 4.11 percent as compared to no overnight borrowings at December 31, 2006. At December 31, 2007, unused short-term or overnight borrowings commitments totaled \$184.4 million from FHLB and \$58.0 million from correspondent banks.

9. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of significant financial instruments:

The carrying amount of cash, cash equivalents, interest-bearing deposits, Federal Home Loan Bank and Federal Reserve Bank stock and overnight borrowings is considered to be fair value. The carrying amount of deposits with no stated maturity, such as demand deposits, checking accounts, savings and money market accounts, is equal to fair value.

The fair value of securities is based upon market prices or dealer quotes. If no such information is available, fair value is based on the rate and term of the security and information about the issuer.

The fair value of loans is estimated by discounting the future cash flows using the buildup approach consisting of four components: the risk-free rate, credit quality, operating expense and prepayment option price.

The fair value of certificates of deposit is based on the discounted value of the contractual cash flows.

The fair value of FHLB advances is based on current rates for similar financing.

The following table summarizes carrying amounts and fair values for financial instruments at December 31:

	2007		2006	
(IN THOUSANDS)	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
FINANCIAL ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 28,187	\$ 28,187	\$ 30,258	\$ 30,258
INVESTMENT SECURITIES	45,139	45,070	55,165	54,523
SECURITIES AVAILABLE FOR SALE	236,944	236,944	282,878	282,878
FHLB AND FRB STOCK	4,293	4,293	3,308	3,308
LOANS, NET OF ALLOWANCE FOR LOAN LOSSES	973,680	980,126	863,385	854,585
FINANCIAL LIABILITIES:				
DEPOSITS	1,180,267	1,180,724	1,144,736	1,143,170
OVERNIGHT BORROWINGS	15,650	15,650	--	--
FEDERAL HOME LOAN BANK ADVANCES	29,169	28,675	23,964	22,909

10. INCOME TAXES

The income tax expense included in the consolidated financial statements for the years ended December 31, is allocated as follows:

(IN THOUSANDS)	2007	2006	2005

FEDERAL:			
CURRENT EXPENSE	\$ 3,986	\$ 4,963	\$ 7,570

DEFERRED EXPENSE/(BENEFIT)	878	(645)	(1,637)

STATE:			
CURRENT EXPENSE	971	328	211

DEFERRED BENEFIT	(622)	(1,141)	(371)

TOTAL INCOME TAX EXPENSE	\$ 5,213	\$ 3,505	\$ 5,773
=====			
SHAREHOLDERS' EQUITY:			
DEFERRED EXPENSE/(BENEFIT) ON			
UNREALIZED (LOSS)/GAIN ON AVAILABLE FOR SALE	\$ (3,060)	\$ 1,021	\$ (2,697)

LEASE ADJUSTMENT	--	(341)	--

UNFUNDED PENSION BENEFIT	(875)	(929)	--

TOTAL DEFERRED BENEFIT	\$ (3,935)	\$ (249)	\$ (2,697)
=====			

Total income tax expense differed from the amounts computed by applying the U.S. Federal income tax rate of 35 percent to income before taxes as a result of the following:

(IN THOUSANDS)	2007	2006	2005
COMPUTED "EXPECTED" TAX EXPENSE	\$ 5,976	\$ 4,806	\$ 6,616
INCREASE/(DECREASE) IN TAXES RESULTING FROM:			
TAX-EXEMPT INCOME	(746)	(509)	(492)
STATE INCOME TAXES	225	(529)	(104)
BANK OWNED LIFE INSURANCE INCOME	(270)	(254)	(244)
OTHER	28	(9)	(3)
TOTAL INCOME TAX EXPENSE	\$ 5,213	\$ 3,505	\$ 5,773

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities as of December 31 are as follows:

(IN THOUSANDS)	2007	2006
DEFERRED TAX ASSETS:		
ALLOWANCE FOR LOAN LOSSES	\$ 3,006	\$ 2,707
UNFUNDED PENSION BENEFIT	875	929
UNREALIZED LOSS ON SECURITIES AVAILABLE FOR SALE	3,060	861
STATE NET OPERATING LOSS CARRY FORWARD	1,131	569
LEASE ADJUSTMENT	267	312
POST RETIREMENT BENEFITS	483	294
PREPAID ALTERNATIVE MINIMUM ASSESSMENT	283	283
CONTRIBUTION LIMITATION	34	37
CAPITAL LOSS CARRYOVER	--	23
OTHER	7	--
TOTAL GROSS DEFERRED TAX ASSETS	\$ 9,146	\$ 6,015
DEFERRED TAX LIABILITIES:		
BANK PREMISES AND EQUIPMENT, PRINCIPALLY DUE TO DIFFERENCE IN DEPRECIATION	\$ 1,751	\$ 681
DEFERRED LOAN ORIGINATION COSTS AND FEES	702	633
NONMONETARY GAIN	84	95
DEFERRED INCOME	133	--
INVESTMENT SECURITIES, PRINCIPALLY DUE TO THE ACCRETION OF BOND DISCOUNT	89	81
DEFERRED REIT DIVIDEND	--	28
TOTAL GROSS DEFERRED TAX LIABILITIES	2,759	1,518
NET DEFERRED TAX ASSET	\$ 6,387	\$ 4,497

Based upon taxes paid and projected future taxable income, management believes that it is more likely than not that the gross deferred tax assets will be realized.

11. BENEFIT PLANS

PENSION PLAN

The Corporation has a defined benefit pension plan covering substantially all of its salaried employees. The benefits are based on an employee's compensation during the five years before retirement, age at retirement, and years of service. The Corporation used a December 14 measurement date for its pension plans.

The following table shows the change in benefit obligation and plan assets of the defined benefit pension plan at December 31:

(IN THOUSANDS)	2007	2006
CHANGE IN BENEFIT OBLIGATION		
BENEFIT OBLIGATION AT BEGINNING OF YEAR	\$ 13,942	\$ 12,383
SERVICE COST	1,753	1,670
INTEREST COST	779	659
ACTUARIAL GAIN	(295)	(659)
BENEFITS PAID	(140)	(111)
BENEFIT OBLIGATION AT END OF YEAR	\$ 16,039	\$ 13,942
CHANGE IN PLAN ASSETS		
FAIR VALUE OF PLAN ASSETS AT BEGINNING OF YEAR	\$ 11,377	\$ 9,450
ACTUAL RETURN ON PLAN ASSETS	817	794
EMPLOYER CONTRIBUTION	1,100	1,244
BENEFITS PAID	(140)	(111)
FAIR VALUE OF PLAN ASSETS AT END OF YEAR	\$ 13,154	\$ 11,377
FUNDED STATUS AT END OF YEAR	\$ (2,885)	\$ (2,565)

Amounts recognized in other comprehensive income at December 31 consist of:

(IN THOUSANDS)	2007	2006
UNRECOGNIZED NET ACTUARIAL LOSS	\$ 2,157	\$ 2,296
UNRECOGNIZED TRANSITION ASSET	(13)	(19)
UNRECOGNIZED PRIOR SERVICE COST	(2)	(2)
TOTAL ACCUMULATED OTHER COMPREHENSIVE LOSS	\$ 2,142	\$ 2,275

The accumulated benefit obligation was \$12.4 million and \$10.5 million at December 31, 2007 and 2006.

Net periodic expense for the years ended December 31, included the following components:

	2007	2006	2005
SERVICE COST	\$ 1,753	\$ 1,670	\$ 1,404
INTEREST COST	779	659	586
EXPECTED RETURN ON PLAN ASSETS	(1,008)	(897)	(534)
NET PERIODIC BENEFIT COST	1,524	1,432	1,456
AMORTIZATION OF:			
NET LOSS	35	75	68
TRANSITION ASSET	(7)	(7)	(7)
TOTAL RECOGNIZED IN OTHER COMPREHENSIVE INCOME	28	68	61
TOTAL RECOGNIZED IN NET PERIODIC BENEFIT COST AND OTHER COMPREHENSIVE INCOME	\$ 1,552	\$ 1,500	\$ 1,517

The estimated net actuarial gain and prior service costs that will be recognized as components of net periodic benefit cost over in 2008 are \$33 thousand and \$7 thousand, respectively.

The following table shows the actuarial assumptions applied for the valuation of plan obligations at December 31:

	2007	2006	2005
DISCOUNT RATE	5.75%	5.75%	5.50%
RATE OF INCREASE ON FUTURE COMPENSATION	3.00	3.00	3.00

The Discount Rate was obtained using a high-quality (AA rated), corporate bond rate at year end.

The following table shows the actuarial assumptions applied for the net periodic expense at December 31:

	2007	2006	2005
DISCOUNT RATE	5.75%	5.50%	5.75%
RATE OF INCREASE ON FUTURE COMPENSATION	3.00	3.00	3.0
EXPECTED LONG-TERM RATE OF RETURN ON PLAN ASSETS	8.50	8.50	5.75

The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual assets categories.

The asset allocation of the Corporation's pension benefits plan assets at December 31, were as follows:

	2007	2006
EQUITY SECURITIES	58.3%	59.7%
DEBT SECURITIES	36.8	37.3
CASH AND CASH EQUIVALENTS	4.9	3.0
TOTAL	100.0%	100.0%

The Plan's Trustees are granted full discretion to buy, sell, invest and reinvest in accordance with the pension plan's investment policy. The Trustees establish target asset allocations for equity and debt securities at their regular committee meetings. Cash equivalents are invested in money market funds or in other high quality investments approved by the Trustees of the Plan.

The Corporation expects to contribute \$1.0 million to its pension plan in 2008.

The following table shows the estimated future pension benefit payments.

(IN THOUSANDS)

2008	\$ 246
2009	270
2010	432
2011	493
2012	629
2013-2017	5,346

SAVINGS AND PROFIT SHARING PLANS

In addition to the retirement plan, the Corporation sponsors a profit sharing plan and a savings plan under Section 401(k) of the Internal Revenue Code, covering substantially all salaried employees over the age of 21 with at least 12 months service. Under the savings portion of the plan, employee contributions are partially matched by the Corporation. Expense for the savings plan was approximately \$51 thousand, \$45 thousand and \$42 thousand in 2007, 2006 and 2005, respectively. Contributions to the profit sharing plan are made at the discretion of the Board of Directors and all funds are invested solely in Peapack-Gladstone Corporation common stock. The contribution to the profit sharing plan was \$100 thousand in 2007, \$100 thousand in 2006 and \$225 thousand in 2005.

12. STOCK OPTION PLANS

The Corporation's stock option plans allow the granting of shares of the Corporation's common stock as incentive stock options, nonqualified stock options, restricted stock awards and stock appreciation rights to directors, officers, employees and independent contractors of the Corporation and its Subsidiaries. The total number available to grant in active plans was 1,046,961 shares. There are no shares remaining for issuance with respect to stock option plans approved in 1995; however, shares granted under those plans are still included in the numbers below.

Options granted under these plans are, in general, exercisable not earlier than one year after the date of grant, at a price equal to the fair market value of the common stock on the date of grant, and expire not more than ten years after the date of grant. Stock options may vest during a period of up to five years after the date of grant. Some options granted to officers at or above the senior vice president level were immediately exercisable at the date of grant. As noted in Footnote 1, the Board of Directors accelerated the vesting of 79,200 of the unvested stock options awarded to outside directors under the Corporation's 1998 and 2002 Stock Option Plans for Outside Directors on December 8, 2005.

Changes in options outstanding during 2007 were as follows:

	NUMBER OF SHARES	EXERCISE PRICE PER SHARE	WEIGHTED AVERAGE EXERCISE PRICE	AGGREGATE INTRINSIC VALUE (IN THOUSANDS)
BALANCE, DECEMBER 31, 2006	603,469	\$11.85-\$32.14	\$22.91	
GRANTED DURING 2007	66,045	25.10-31.01	28.12	
EXERCISED DURING 2007	(79,983)	11.85-26.65	13.54	
FORFEITED DURING 2007	(5,719)	16.86-31.01	23.70	
BALANCE, DECEMBER 31, 2007	583,812	\$13.62-\$32.14	\$24.77	\$1,476

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the difference between the Corporation's closing stock price on the last trading day of 2007 and the exercise price, multiplied by the number of in-the-money options).

The aggregate intrinsic value of options exercised during 2007, 2006 and 2005 was \$1.2 million, \$288 thousand and \$1.5 million, respectively.

The following table summarizes information about stock options outstanding at December 31, 2007.

EXERCISE PRICE	SHARES OUTSTANDING	REMAINING CONTRACTUAL LIFE	SHARES EXERCISABLE
< \$18.00	137,615	2.2 YEARS	137,615
18.01 - 28.00	75,369	2.3 YEARS	67,576
28.01 - 28.50	63,930	9.0 YEARS	868
28.51 - 29.00	290,438	5.9 YEARS	282,575
29.01 - 32.14	16,460	6.6 YEARS	13,536
\$24.77 *	583,812	4.9 YEARS	502,170

* Weighted average exercise price

At December 31, 2007, there were 435,286 additional shares available for grant under the Plans.

The per share weighted-average fair value of stock options granted during 2007, 2006

and 2005 was \$10.38, \$8.56 and \$9.51, respectively, on the date of grant using the Black Scholes option-pricing model with the following weighted average assumptions:

	2007	2006	2005
DIVIDEND YIELD	2.00%	2.19%	1.69%
EXPECTED VOLATILITY	43%	37%	40%
EXPECTED LIFE	5 YEARS	5 YEARS	5 YEARS
RISK-FREE INTEREST RATE	4.56%	4.76%	3.79%

The expected life of the option is the typical vesting period of the Corporation's options. The risk-free interest rate is the rate on a five year treasury bond. The volatility, or beta, is the performance the stock has experienced in the last five years.

As of December 31, 2007, there was approximately \$629 thousand of unrecognized compensation cost related to non-vested share-based compensation arrangements granted under the Corporation's stock incentive plans. That cost is expected to be recognized over a weighted average period of 2.0 years.

13. COMMITMENTS

The Corporation, in the ordinary course of business, is a party to litigation arising from the conduct of its business. Management does not consider that these actions depart from routine legal proceedings and believes that such actions will not affect its financial position or results of its operations in any material manner. There are various outstanding commitments and contingencies, such as guarantees and credit extensions, including mostly variable-rate loan commitments of \$142.9 million and \$124.4 million at December 31, 2007 and 2006, respectively, which are not included in the accompanying consolidated financial statements. These commitments include unused commercial and home equity lines of credit.

The Corporation issues financial standby letters of credit that are within the scope of FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." These are irrevocable undertakings by the Corporation to guarantee payment of a specified financial obligation. Most of the Corporation's financial standby letters of credit arise in connection with lending relationships and have terms of one year or less. The maximum potential future payments the Corporation could be required to make equals the contract amount of the standby letters of credit and amounted to \$12.7 million and \$9.3 million at December 31, 2007 and 2006, respectively. The Corporation's recognized liability for financial standby letters of credit was insignificant at December 31, 2007.

For commitments to originate loans, the Corporation's maximum exposure to credit risk is represented by the contractual amount of those instruments. Those commitments represent ultimate exposure to credit risk only to the extent that they are subsequently drawn upon by customers. The Corporation uses the same credit policies and underwriting standards in making loan commitments as it does for on-balance-sheet instruments. For loan commitments, the Corporation would generally be exposed to interest rate risk from the time a commitment is issued with a defined contractual interest rate.

At December 31, 2007, the Corporation was obligated under non-cancelable operating leases for certain premises. Rental expense aggregated \$2.5 million, \$2.3 million and \$2.1 million for the years ended December 31, 2007, 2006 and 2005, respectively, which is included in premises and equipment expense in the consolidated statements of income.

The minimum annual lease payments under the terms of the lease agreements, as of December 31, 2007, were as follows:

(IN THOUSANDS)	
2008	\$ 2,467
2009	2,352
2010	2,230
2011	1,684
2012	1,688
THEREAFTER	11,278
TOTAL	\$21,699

The Corporation is also obligated under legally binding and enforceable agreements to purchase goods and services from third parties, including data processing service agreements.

14. SEC STAFF ACCOUNTING BULLETIN NO. 108

In September 2006, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements" (SAB 108), to address diversity in practice in quantifying financial statement misstatements. SAB 108 requires that the Corporation quantify misstatements based on their impact on each of its financial statements and related disclosures. SAB 108 was effective as of the end of the Corporation's 2006 fiscal year, allowing a one-time transitional cumulative effect adjustment to retained earnings as of January 1, 2006 for errors that were not previously deemed material, but are material under the guidance in SAB 108.

The Corporation has several operating leases that have been previously accounted for on a cash basis, which is not in accordance with the straight-line basis requirements of FASB Statement No. 13, "Accounting for Leases." In prior years, the Corporation had evaluated the impact of this error on an annual basis and determined that the difference was not material in each of the respective years. Upon the adoption of SAB 108, which requires that the impact of the error be evaluated on a cumulative basis, the Corporation determined that the error was material and therefore, recorded a correction to the rent liability of \$835 thousand and a cumulative effect adjustment, net of tax, of \$494 thousand to Shareholders' Equity at the beginning of 2006.

15. REGULATORY CAPITAL

The Corporation and the Bank are subject to various regulatory capital requirements administered by the Federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Corporation and the Bank's consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Corporation and the Bank must meet specific capital guidelines that involve quantitative measures of the Corporation's and the Bank's assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. The Corporation's and the Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weighting and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Corporation and the Bank to maintain minimum amounts and ratios of total and Tier I capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier I capital (as defined) to average assets (as defined). Management believes, as of December 31, 2007, that the Corporation and the Bank meet all capital adequacy requirements to which they are subject.

As of December 31, 2007, the Corporation and the Bank met all requirements to be considered well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Corporation and the Bank must maintain minimum total risk-based, Tier I risk-based and Tier I leverage ratios as set forth in the table.

The Corporation's actual capital amounts and ratios are presented in the following table.

(IN THOUSANDS)	ACTUAL		TO BE WELL CAPITALIZED UNDER PROMPT CORRECTIVE ACTION PROVISIONS		FOR CAPITAL ADEQUACY PURPOSES	
	AMOUNT	RATIO	AMOUNT	RATIO	AMOUNT	RATIO
As OF DECEMBER 31, 2007:						
TOTAL CAPITAL (TO RISK-WEIGHTED ASSETS)	\$ 120,229	15.91%	\$ 75,570	10.00%	\$ 60,456	8.00%
TIER I CAPITAL (TO RISK-WEIGHTED ASSETS)	112,729	14.92	45,342	6.00	30,228	4.00
TIER I CAPITAL (TO AVERAGE ASSETS)	112,729	8.59	65,654	5.00	39,393	3.00
As OF DECEMBER 31, 2006:						
TOTAL CAPITAL (TO RISK-WEIGHTED ASSETS)	\$ 112,663	16.31%	\$ 69,071	10.00%	\$ 55,257	8.00%
TIER I CAPITAL (TO RISK-WEIGHTED ASSETS)	105,895	15.33	41,443	6.00	27,629	4.00
TIER I CAPITAL (TO AVERAGE ASSETS)	105,895	8.20	64,539	5.00	38,724	3.00

The Bank's actual capital amounts and ratios are presented in the following table.

(IN THOUSANDS)	ACTUAL		TO BE WELL CAPITALIZED UNDER PROMPT CORRECTIVE ACTION PROVISIONS		FOR CAPITAL ADEQUACY PURPOSES	
	AMOUNT	RATIO	AMOUNT	RATIO	AMOUNT	RATIO
As OF DECEMBER 31, 2007:						
TOTAL CAPITAL						
(TO RISK-WEIGHTED ASSETS)	\$ 99,254	10.53%	\$ 94,271	10.00%	\$ 75,417	8.00%
TIER I CAPITAL						
(TO RISK-WEIGHTED ASSETS)	91,753	9.73	56,563	6.00	37,708	4.00
TIER I CAPITAL						
(TO AVERAGE ASSETS)	91,753	6.90	66,491	5.00	39,895	3.00
As OF DECEMBER 31, 2006:						
TOTAL CAPITAL						
(TO RISK-WEIGHTED ASSETS)	\$ 92,214	13.55%	\$ 68,070	10.00%	\$ 54,456	8.00%
TIER I CAPITAL						
(TO RISK-WEIGHTED ASSETS)	85,446	12.55	40,842	6.00	27,228	4.00
TIER I CAPITAL						
(TO AVERAGE ASSETS)	85,446	6.76	63,175	5.00	37,905	3.00

16. CONDENSED FINANCIAL STATEMENTS OF PEAPACK-GLADSTONE FINANCIAL CORPORATION
(PARENT COMPANY ONLY)

The following information of the parent company only financial statements should be read in conjunction with the notes to the consolidated financial statements.

STATEMENTS OF CONDITION

(IN THOUSANDS)	DECEMBER 31,	
	2007	2006

ASSETS:		
CASH	\$ 207	\$ 147

INTEREST-EARNING DEPOSITS	11,057	7,266

TOTAL CASH AND CASH EQUIVALENTS	11,264	7,413

SECURITIES AVAILABLE FOR SALE	10,418	15,057

INVESTMENT IN SUBSIDIARY	86,543	82,728

OTHER ASSETS	779	182

TOTAL ASSETS	\$ 109,004	\$ 105,380
=====		
LIABILITIES:		
OTHER LIABILITIES	\$ 1,575	\$ 1,617

TOTAL LIABILITIES	1,575	1,617

SHAREHOLDERS' EQUITY:		
COMMON STOCK	7,148	7,081

SURPLUS	90,677	89,372

TREASURY STOCK	(6,255)	(4,999)

RETAINED EARNINGS	21,750	15,038

ACCUMULATED OTHER COMPREHENSIVE LOSS, NET OF INCOME TAX BENEFIT	(5,891)	(2,729)

TOTAL SHAREHOLDERS' EQUITY	107,429	103,763

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 109,004	\$ 105,380
=====		

STATEMENTS OF INCOME

(IN THOUSANDS)	YEARS ENDED DECEMBER 31,		
	2007	2006	2005
INCOME			
DIVIDEND FROM BANK	\$ 5,000	\$ 6,250	\$ 6,000
OTHER INCOME	978	854	627
SECURITIES GAINS, NET	233	83	395
TOTAL INCOME	6,211	7,187	7,022
EXPENSES			
OTHER EXPENSES	98	106	109
TOTAL EXPENSES	98	106	109
INCOME BEFORE INCOME TAX EXPENSE AND EQUITY IN UNDISTRIBUTED EARNINGS OF BANK	6,113	7,081	6,913
INCOME TAX EXPENSE	356	268	318
NET INCOME BEFORE EQUITY IN UNDISTRIBUTED EARNINGS OF BANK	5,757	6,813	6,595
EQUITY IN UNDISTRIBUTED EARNINGS OF BANK	6,105	3,413	6,535
NET INCOME	\$11,862	\$10,226	\$13,130

STATEMENTS OF CASH FLOWS

(IN THOUSANDS)	YEARS ENDED DECEMBER 31,		
	2007	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES:			
NET INCOME	\$ 11,862	\$ 10,226	\$ 13,130
LESS EQUITY IN UNDISTRIBUTED EARNINGS	(6,105)	(3,413)	(6,535)
AMORTIZATION AND ACCRETION ON SECURITIES	(3)	(1)	11
GAIN ON SECURITIES AVAILABLE FOR SALE	(233)	(83)	(142)
(INCREASE)/DECREASE IN OTHER ASSETS	(527)	139	(93)
INCREASE IN OTHER LIABILITIES	200	53	21
NET CASH PROVIDED BY OPERATING ACTIVITIES	5,194	6,921	6,392
CASH FLOWS FROM INVESTING ACTIVITIES:			
PROCEEDS FROM SALES AND CALLS OF SECURITIES AVAILABLE FOR SALE	4,024	1,580	4,855
PROCEEDS FROM MATURITIES OF SECURITIES AVAILABLE FOR SALE	1,002	2,001	1,500
PURCHASE OF SECURITIES AVAILABLE FOR SALE	(1,220)	(4,835)	(6,130)
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES	3,806	(1,254)	225
CASH FLOWS FROM FINANCING ACTIVITIES:			
DIVIDENDS PAID	(5,062)	(4,713)	(3,891)
TAX BENEFIT ON STOCK OPTION EXERCISES	93	29	347
EXERCISE OF STOCK OPTIONS	1,076	331	702
TREASURY STOCK TRANSACTIONS	(1,256)	(977)	(1,155)
NET CASH USED IN FINANCING ACTIVITIES	(5,149)	(5,330)	(3,997)
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,851	337	2,620
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	7,413	7,076	4,456
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 11,264	\$ 7,413	\$ 7,076

COMMON STOCK PRICES (UNAUDITED)

The following table shows the 2007 and 2006 range of prices paid on known trades of Peapack-Gladstone Financial Corporation common stock.

2007	HIGH	LOW	DIVIDEND PER SHARE
1ST QUARTER	\$31.03	\$25.62	\$0.15
2ND QUARTER	32.47	26.78	0.15
3RD QUARTER	27.80	24.80	0.16
4TH QUARTER	26.35	24.45	0.16
2006	HIGH	LOW	DIVIDEND PER SHARE
1ST QUARTER	\$29.50	\$24.45	\$0.14
2ND QUARTER	26.26	23.52	0.14
3RD QUARTER	27.40	24.15	0.15
4TH QUARTER	28.10	24.00	0.15

OFFICERS

LOAN AND
ADMINISTRATION

GLADSTONE

FRANK A. KISSEL	CHAIRMAN OF THE BOARD & CEO*
ROBERT M. ROGERS	PRESIDENT & COO*
ARTHUR F. BIRMINGHAM	EXECUTIVE VICE PRESIDENT & CFO *
GARRETT P. BROMLEY	EXECUTIVE VICE PRESIDENT & CHIEF LENDING OFFICER
FINN M.W. CASPERSEN, JR.	EXECUTIVE VICE PRESIDENT & GENERAL COUNSEL
PAUL W. BELL	SENIOR VICE PRESIDENT & FACILITIES MANAGER
ROBERT A. BUCKLEY	SENIOR VICE PRESIDENT & BRANCH ADMINISTRATOR
MICHAEL J. GIACOBELLO	SENIOR VICE PRESIDENT & SENIOR COMMERCIAL LOAN OFFICER
BRIDGET J. WALSH	SENIOR VICE PRESIDENT & HUMAN RESOURCES DIRECTOR
TODD T. BRUNGARD	VICE PRESIDENT & BANK SECRECY ACT COMPLIANCE OFFICER
ROBERT G. DI IENNO	VICE PRESIDENT
STEPHANIE M. DIXON-ADKINS	VICE PRESIDENT
KAREN M. FERRARO	VICE PRESIDENT
DIRK H. GRAHAM	VICE PRESIDENT
THOMAS N. KASPER	VICE PRESIDENT
CHARLES T. KIRK	VICE PRESIDENT
VALERIE L. KODAN	VICE PRESIDENT
KATHERINE M. KREMINS	VICE PRESIDENT & RISK MANAGEMENT ADMINISTRATOR
DOREEN A. MACCHIAROLA	VICE PRESIDENT & CORPORATE TRAINER
STEPHEN S. MILLER	VICE PRESIDENT
ELAINE MULDOWNY	VICE PRESIDENT
DENISE M. PACE	VICE PRESIDENT & MARKETING DIRECTOR
DENISE L. PARELLA	VICE PRESIDENT & BUSINESS DEVELOPMENT OFFICER
CHRISTOPHER P. POCQUAT	VICE PRESIDENT
MARY M. RUSSELL	VICE PRESIDENT & COMPTROLLER
SCOTT T. SEARLE	VICE PRESIDENT
JAMES S. STADTMUELLER	VICE PRESIDENT
VERONICA V. VALENTINE	VICE PRESIDENT & BUSINESS DEVELOPMENT OFFICER
MARGARET O. VOLK	VICE PRESIDENT & MORTGAGE OFFICER
JESSE D. WILLIAMS	VICE PRESIDENT
RANDALL J. WILLIAMS	VICE PRESIDENT
JULIE A. BURT	ASSISTANT VICE PRESIDENT

BETTY J. CARIELLO

ASSISTANT VICE PRESIDENT &
ASSISTANT COMPTROLLER

LYNDA A. CROSS

ASSISTANT VICE PRESIDENT & SECURITY
OFFICER

E. SUE GIANETTI

ASSISTANT VICE PRESIDENT

	SUSAN K. SMITH	ASSISTANT VICE PRESIDENT
	SHERYL L. CAPPA	ASSISTANT CASHIER
	MARJORIE A. DZWONCZYK	ASSISTANT CASHIER & CRA AND COMPLIANCE OFFICER
	ALEXANDRA A. GARMS	ASSISTANT CASHIER
	ANNETTE HANSON	ASSISTANT CASHIER
	LISA A. LOUGH	ASSISTANT CASHIER
	ERAM F. MIRZA	ASSISTANT CASHIER
	DAVID L. PETRY	ASSISTANT CASHIER
	MICHELE RAVO	ASSISTANT CASHIER
	ANA P. RIBEIRO	ASSISTANT CASHIER
	LAURA M. WATT	ASSISTANT CASHIER
	ANTOINETTE ROSELL	CORPORATE SECRETARY *
OPERATIONS BEDMINSTER	HUBERT P. CLARKE	SENIOR VICE PRESIDENT & CHIEF INFORMATION OFFICER
	V. SHERRI LICATA	VICE PRESIDENT
	DIANE M. RIDOLFI	VICE PRESIDENT
	FRANK C. WALDRON	VICE PRESIDENT
	GREGORY T. ADAMS	ASSISTANT VICE PRESIDENT
	KRISTIN A. ROMEO	ASSISTANT VICE PRESIDENT
	MARGARET A. TRIMMER	ASSISTANT VICE PRESIDENT
	CAROL L. BEHLER	ASSISTANT CASHIER
	NANCY A. MURPHY	ASSISTANT CASHIER
	VITA M. PARISI	ASSISTANT CASHIER
AUDIT	KAREN M. CHIARELLO	VICE PRESIDENT & AUDITOR
CHESTER	LISA S. HAGEN	ASSISTANT CASHIER
LOANS	MARC R. MAGLIARO	VICE PRESIDENT
MORRISTOWN	JOHN P. PENKRAT	VICE PRESIDENT
	JOHN A. SCERBO	VICE PRESIDENT
	NANCY J. WYNANT	VICE PRESIDENT

PGB TRUST & INVESTMENTS	CRAIG C. SPENGEMAN	PRESIDENT & CHIEF INVESTMENT OFFICER *
GLADSTONE	BRYANT K. ALFORD	FIRST VICE PRESIDENT & SENIOR TRUST OFFICER
	JOHN M. BONK	FIRST VICE PRESIDENT & DIRECTOR OF BUSINESS DEVELOPMENT
	JOHN E. CREAMER	FIRST VICE PRESIDENT & SENIOR PORTFOLIO MANAGER
	JOHN C. KAUTZ	FIRST VICE PRESIDENT & SENIOR INVESTMENT OFFICER
	MICHAEL PYLYPYSHYN	FIRST VICE PRESIDENT & SENIOR TRUST OPERATIONS OFFICER
	CATHERINE M. DENNING	VICE PRESIDENT & TRUST OFFICER
	GLENN C. GUERIN	VICE PRESIDENT & TRUST OFFICER
	MICHAEL E. HERRMANN	VICE PRESIDENT & TRUST OFFICER
	JAMES R. HOUSMAN	VICE PRESIDENT & DIRECTOR OF TAX
	PETER T. LILLARD	VICE PRESIDENT & TRUST OFFICER
	SCOTT A. MARSHMAN	VICE PRESIDENT & TRUST OFFICER
	EDWARD P. NICOLICCHIA	VICE PRESIDENT & TRUST OFFICER
	KATHERINE S. QUAY	VICE PRESIDENT & TRUST OFFICER
	ANNE M. SMITH	VICE PRESIDENT & TRUST OFFICER
	MJ SULLY	VICE PRESIDENT & TRUST OFFICER
	KURT G. TALKE	VICE PRESIDENT & TRUST OFFICER
	THOMAS S. DIEMAR	ASSISTANT VICE PRESIDENT & TRUST OFFICER
	DAVID C. O'MEARA	ASSISTANT VICE PRESIDENT & TRUST OFFICER
	CATHERINE A. MCCATHARN	TRUST OFFICER & ASSISTANT CORPORATE SECRETARY *
	PATRICIA K. SAWKA	TRUST OFFICER
MORRISTOWN	JOHN J. LEE	VICE PRESIDENT & TRUST OFFICER
	MICHAEL T. TORMEY	VICE PRESIDENT & TRUST OFFICER

BRANCHES

BERNARDSVILLE	CHARLES A. STUDDIFORD, III	VICE PRESIDENT
	CAROL E. RITZER	ASSISTANT VICE PRESIDENT
BRIDGEWATER	TODD E. YOUNG	VICE PRESIDENT
CALIFON	ANN W. KALLAM	VICE PRESIDENT
	JACQUELINE R. MILLER	ASSISTANT CASHIER
CHATHAM	MARY ANNE MALONEY	VICE PRESIDENT
	LISA A. TREICH	ASSISTANT CASHIER
CHESTER	JOAN S. WYCHULES	VICE PRESIDENT
	LOUISE TAKACS	ASSISTANT CASHIER
CHUBB CORPORATE HEADQUARTERS	AMY A. MESSLER	ASSISTANT CASHIER
CLINTON	CAROLYN I. SEPKOWSKI	VICE PRESIDENT
	HEATHER L. BEGASSE	ASSISTANT CASHIER
FAR HILLS	ROHINTON E. MADON	ASSISTANT CASHIER
FELLOWSHIP	JANET E. BATTAGLIA	ASSISTANT CASHIER
GLADSTONE	ANNETTE F. MALANGA	ASSISTANT VICE PRESIDENT
GREEN VILLAGE	DONNA I. GISONE	VICE PRESIDENT
HILLSBOROUGH	TERESA M. LAWLER	ASSISTANT VICE PRESIDENT
LONG VALLEY	AMY E. GLASER	VICE PRESIDENT
	THERESE TADOLINI	ASSISTANT CASHIER
MENDHAM	LINDA S. ZIROPOULOS	VICE PRESIDENT
	ANNA M. MENTES	ASSISTANT CASHIER
MORRISTOWN	VALERIE A. OLPP	VICE PRESIDENT
OLDWICK	DEBORAH J. KREHELY	ASSISTANT VICE PRESIDENT
PLUCKEMIN	LEE ANN HUNT	VICE PRESIDENT
POTTERSVILLE	TRACEY L. TODD	ASSISTANT CASHIER
SUMMIT - DEFOREST	M. NICOLE JEFFERYS	VICE PRESIDENT
WARREN	RONALD F. FIELD	ASSISTANT VICE PRESIDENT
	JAMES CICCONE	ASSISTANT CASHIER

DIRECTORS

ANTHONY J. CONSI, II
CHESTER, NJ

PAMELA HILL
PRESIDENT, FERRIS CORP
GLADSTONE, NJ

FRANK A. KISSEL
CHAIRMAN OF THE BOARD & CHIEF EXECUTIVE OFFICER

JOHN D. KISSEL
TURPIN REALTY, INC.
FAR HILLS, NJ

JAMES R. LAMB, ESQ.
JAMES R. LAMB, P.C.
MORRISTOWN, NJ.

EDWARD A. MERTON
PRESIDENT, MERTON EXCAVATING & PAVING CO.
CHESTER, NJ

F. DUFFIELD MEYERCORD
MANAGING DIRECTOR AND PARTNER, CARL MARKS CONSULTING GROUP, LLC
BEDMINSTER, NJ

JOHN R. MULCAHY
FAR HILLS, NJ

ROBERT M. ROGERS
PRESIDENT & CHIEF OPERATING OFFICER

PHILIP W. SMITH, III
PRESIDENT, PHILLARY MANAGEMENT, INC.
FAR HILLS, NJ

CRAIG C. SPENGEMAN
PRESIDENT, PGB TRUST AND INVESTMENTS

JACK D. STINE
DIRECTOR EMERITUS
PLUCKEMIN, NJ

OFFICES

LOAN & ADMINISTRATION BUILDING 158 Route 206 North, Gladstone, NJ 07934	(908) 234-0700
PGB TRUST & INVESTMENTS 190 Main Street, Gladstone, NJ 07934	(908) 719-4360
BERNARDSVILLE 36 Morristown Road, Bernardsville, NJ 07924	(908) 766-1711
BRIDGEWATER 619 East Main Street, Bridgewater, NJ 08807	(908) 429-9988
GALIFON 438 Route 513, Califon, NJ 07830	(908) 832-5131
CHATHAM 311 Main Street, Chatham, NJ 07928	(973) 635-8500
CHESTER 350 Main Street, Chester, NJ 07930	(908) 879-8115
CHUBB CORPORATE HEADQUARTERS 15 Mountain View Road, Warren, NJ 07059	(908) 903-2597
CLINTON 189 Center Street, Clinton, NJ 08809	(908) 238-1935
FAR HILLS 26 Dumont Road, Far Hills, NJ 07931	(908) 781-1018
FELLOWSHIP VILLAGE 8000 Fellowship Road, Basking Ridge, NJ 07920	(908) 719-4332
GLADSTONE (Main Office) 190 Main Street, Gladstone, NJ 07934	(908) 719-4360
GREEN VILLAGE 278 Green Village Road, Green Village, NJ 07935	(973) 377-0081
HILLSBOROUGH 417 Route 206 North, Hillsborough, NJ 08844	(908) 281-1031
LONG VALLEY 59 East Mill Road (Route 24), Long Valley, NJ 07853	(908) 876-3300
MENDHAM 17 East Main Street, Mendham, NJ 07945	(973) 543-6499
MORRISTOWN 233 South Street, Morristown, NJ 07960	(973) 455-1118
NEW VERNON Village Road, New Vernon, NJ 07976	(973) 540-0444
OLDWICK 169 Lamington Road, Oldwick, NJ 08858	(908) 439-2320
PLUCKEMIN 468 Route 206 North, Bedminster, NJ 07921	(908) 658-4500
POTTERSVILLE 11 Pottersville Road, Pottersville, NJ 07979	(908) 439-2265
SUMMIT - DEFOREST 48 DeForest Avenue, Summit, NJ 07901	(908) 273-2890
WARREN 58 Mountain Boulevard, Warren, NJ 07059	(908) 757-2805

SHAREHOLDER INFORMATION

CORPORATE ADDRESS

158 Route 206, North
Gladstone, New Jersey 07934
(908) 234-0700
www.pgbank.com

STOCK LISTING

Peapack-Gladstone Financial Corporation common stock is traded on the American Stock Exchange under the symbol PGC and reported in the Wall Street Journal and most major newspapers.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Crowe Chizek and Company LLC
354 Eisenhower Parkway, Plaza 1
Livingston, New Jersey 07039-1027

TRANSFER AGENT

Registrar and Transfer Company
10 Commerce Drive
Cranford, New Jersey 07016-3572

SHAREHOLDER RELATIONS

Arthur F. Birmingham, Executive Vice President and Chief Financial Officer
(908) 719-4308
birmingham@pgbank.com

ANNUAL MEETING

The annual meeting of shareholders of Peapack-Gladstone Financial Corporation will be held on April 22, 2008 at 2:00 p.m. at Fiddler's Elbow Country Club in Bedminster Township.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-133591, No. 333-86986, No. 333-51187 and No. 333-53001 on Form S-8 of Peapack-Gladstone Financial Corporation of our reports dated February 29, 2008 with respect to the consolidated financial statements of Peapack-Gladstone Financial Corporation and the effectiveness of internal control over financial reporting, which reports appear in this Annual Report on Form 10-K of Peapack-Gladstone Financial Corporation for the year ended December 31, 2007.

/s/ Crowe Chizek and Company LLC

Crowe Chizek and Company LLC

Livingston, New Jersey
March 10, 2008

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Peapack-Gladstone Financial Corporation:

We consent to incorporation by reference in the registration statements No. 333-133591, No. 333-86986, No. 333-51187 and No. 333-53001 on Form S-8 of Peapack-Gladstone Financial Corporation (the Corporation) of our report dated February 27, 2007, with respect to the consolidated statement of condition of Peapack-Gladstone Financial Corporation and subsidiary as of December 31, 2006, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for each of the years in the two-year period ended December 31, 2006, which report is incorporated by reference in the December 31, 2007 Annual Report on Form 10-K of Peapack-Gladstone Financial Corporation.

Our report referred to the Corporation's adoption of SEC Staff Accounting Bulletin No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements" on January 1, 2006.

/S/ KPMG LLP

Short Hills, New Jersey
March 10, 2008

POWER OF ATTORNEY

We, the undersigned directors and officers of Peapack-Gladstone Financial Corporation, hereby severally constitute and lawfully appoint Frank A. Kissel and Arthur F. Birmingham, and each of them singly, our true and lawful attorneys-in-fact with full power to them and each of them to sign for us, in our names in the capacities indicated below, the Annual Report on Form 10-K for the fiscal year ended December 31, 2007 of Peapack-Gladstone Financial Corporation and any and all amendments thereto, and to file the same with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as such person might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Signature	Title	Date
/s/ Frank A. Kissel ----- Frank A. Kissel	Chairman of the Board, Chief Executive Officer and Director	March 12, 2008
/s/ Arthur F. Birmingham ----- Arthur F. Birmingham	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	March 12, 2008
/s/ Anthony J. Consi II ----- Anthony J. Consi II	Director	March 12, 2008
/s/ Pamela Hill ----- Pamela Hill	Director	March 12, 2008
/s/ John D. Kissel ----- John D. Kissel	Director	March 12, 2008
/s/ James R. Lamb ----- James R. Lamb	Director	March 12, 2008
/s/ Edward A. Merton ----- Edward A. Merton	Director	March 12, 2008
/s/ F. Duffield Meyercord ----- F. Duffield Meyercord	Director	March 12, 2008
/s/ John R. Mulcahy ----- John R. Mulcahy	Director	March 12, 2008
/s/ Robert M. Rogers ----- Robert M. Rogers	Director, President and Chief Operating Officer	March 12, 2008
/s/ Philip W. Smith III ----- Philip W. Smith III	Director	March 12, 2008
/s/ Craig C. Spengeman ----- Craig C. Spengeman	Director, President of PGB Trust and Investments	March 12, 2008

CERTIFICATIONS

I, Frank A. Kissel, certify that:

1. I have reviewed this annual report on Form 10-K of Peapack-Gladstone Financial Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 12, 2008

By: /s/ Frank A. Kissel

Name: Frank A. Kissel

Title: Chairman of the Board and Chief Executive Officer

CERTIFICATIONS

I, Arthur F. Birmingham, certify that:

1. I have reviewed this annual report on Form 10-K of Peapack-Gladstone Financial Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 12, 2008

By: /s/ Arthur F. Birmingham

Name: Arthur F. Birmingham

Title: Executive Vice President and Chief Financial Officer

CERTIFICATIONS PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Peapack-Gladstone Financial Corporation, (the "Corporation") for the fiscal year ended December 31, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Frank A. Kissel, as Chief Executive Officer of the Corporation, and Arthur F. Birmingham, as Chief Financial Officer, each hereby certifies, pursuant to 18 U.S.C. (section) 1350, as adopted pursuant to (section) 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

/s/ Frank A. Kissel

Name: Frank A. Kissel
Title: Chief Executive Officer
Date: March 12, 2008

/s/ Arthur F. Birmingham

Name: Arthur F. Birmingham
Title: Chief Financial Officer
Date: March 12, 2008