

Contact:

Arthur F. Birmingham
Peapack-Gladstone Financial Corporation
T: 908-719-4308

NOT FOR IMMEDIATE RELEASE

**PEAPACK-GLADSTONE FINANCIAL CORPORATION
REPORTS FOURTH QUARTER AND ANNUAL EARNINGS**

GLADSTONE, N.J.—(BUSINESS WIRE)—February 1, 2008 – Peapack-Gladstone Financial Corporation (**AMEX:PGC**) today announced fourth quarter and annual financial results for 2007. Net income for the fourth quarter was \$3.71 million, an increase of \$814 thousand or 28.1 percent, compared to the same period last year. Diluted earnings per share for the fourth quarter were \$0.44, as compared to \$0.34 reported in the fourth quarter of 2006. The annualized return on average assets was 1.11 percent and the annualized return on average equity was 13.67 percent for the fourth quarter of 2007.

Net income for the year ended December 31, 2007 was \$11.86 million compared to \$10.23 million in 2006, an increase of \$1.63 million or 16.0 percent compared to 2006. Diluted earnings per share were \$1.42 and \$1.22 for the twelve months ended December 31, 2007 and 2006, respectively. For the year ended December 31, 2007, the annualized return on average assets was 0.90 percent and the annualized return on average equity was 11.12 percent. The annual results for 2006 include a balance sheet restructuring charge of \$1.1 million, or \$0.13 per diluted share.

Frank A. Kissel, Chairman and CEO, stated, “We are very pleased with the results we produced in the fourth quarter and full year 2007, which

demonstrates the merits of our long-term business plan. Our strategy to shift our loan mix away from residential mortgages to commercial credits has started to produce higher margins. We believe that our balance sheet is uniquely structured to benefit from lower interest rates and a careful and deliberate shift in assets.” The Corporation experienced several positive developments during 2007, including:

- Total loans increased \$111.0 million or 12.8 percent from December 31, 2006, as commercial loans increased \$109.9 million or 34.6 percent.
- Net interest margin was 3.21 percent in the fourth quarter of 2007, an increase of 42 basis points as compared to the fourth quarter of 2006 and an increase of 29 basis points as compared to the third quarter of 2007.
- Total deposits increased \$35.5 million or 3.1 percent from December 31, 2006.
- We opened our 22nd branch, a full-service facility in Summit.
- PGB Trust and Investment assets surpassed \$2 billion for the first time.
- Revenues from trust income increased 14.3 percent from 2006 levels.

EARNINGS

Net Interest Income

Net interest income, on a fully tax-equivalent basis, was \$10.2 million in the fourth quarter of 2007, an increase of \$1.75 million or 20.6 percent from the same quarter last year and an increase of \$1.12 million or 12.3 percent over the third quarter of 2007. The net interest margin, on a fully tax-equivalent basis,

was 3.21 percent for the fourth quarter of 2007 as compared to 2.79 percent for the same period last year and 2.92 percent for the third quarter of 2007.

The yield on earning assets was 6.01 percent for the fourth quarter of 2007 and 5.81 percent for the same quarter of 2006, an increase of 20 basis points, while the cost of interest-bearing liabilities declined 24 basis points from 3.70 percent in the fourth quarter of 2006 to 3.46 percent in the fourth quarter of 2007.

Average loans continued to grow at a strong pace, averaging \$961.4 million in the fourth quarter of 2007, an increase of \$89.8 million or 10.3 percent over the fourth quarter of 2006. During this period, the average commercial loan portfolio grew \$85.9 million or 27.0 percent, reflecting the Corporation's commitment to changing the total loan mix toward higher yielding commercial and construction loans. Yields on loans improved by 14 basis points to 6.24 percent for the fourth quarter of 2007 when compared to the same period of 2006.

Average investments for the fourth quarter of 2007 declined \$31.9 million when compared to the fourth quarter of 2006 and yields on investments increased 24 basis points to 5.31 percent over the same period. In 2007, the Corporation followed a strategy of investing the proceeds of maturing and sold securities into higher yielding loans.

For the fourth quarter of 2007, average deposits totaled \$1.18 billion, an increase of \$62.4 million or 5.6 percent over the average for the fourth quarter of 2006, while average rates paid on interest-bearing deposits were 3.43 percent as compared to 3.66 percent for the same quarter of 2006, a decline of 23 basis.

While the Federal Reserve Board reduced the fed funds target rate 100 basis points in the later months of 2007, deposit gathering remained highly competitive and deposit interest rates experienced only a modest decline. The Federal Reserve has already reduced rates in January 2008 and further interest rate reductions are possible. We expect that these rate cuts will further lower the cost of funds. Money markets and certificates of deposit continued to be the deposit products experiencing the fastest growth, with yields averaging 3.42 percent and 4.81 percent, respectively, for the fourth quarter of 2007.

Average borrowings decreased by \$9.2 million from \$48.6 million in the fourth quarter of 2006 to \$39.4 million for the same quarter of 2007. Average non-interest bearing demand deposits increased \$10.0 million or 5.6 percent in the fourth quarter of 2007 from the year ago period.

Other Income

For the fourth quarter of 2007, other income totaled \$1.4 million, as compared to \$1.0 million for the same quarter of 2006, an increase of \$418 thousand, or 41.7 percent. Net losses on sales of investment securities were \$128 thousand in the fourth quarter of 2007. No securities gains or losses were recognized in the fourth quarter of 2006. This increase was partially due to a pre-tax gain of \$486 thousand recorded in the fourth quarter of 2007 as the result of the sale of non-banking related property.

PGB Trust and Investments

PGB Trust and Investments generated \$2.7 million in fee income in the fourth quarter of 2007, an increase of \$538 thousand or 24.8 percent over the same quarter of 2006. The market value of trust assets under management was

in excess of \$2.02 billion at December 31, 2007, an increase of \$103.3 million or 5.4 percent over the market value at December 31, 2006.

Other Expenses

Other expense for the fourth quarter of 2007 was \$8.4 million compared to \$7.2 million reported for the fourth quarter of 2006. Salary and benefit expense increased by \$497 thousand to \$4.5 million, primarily due to additions to professional staff, new branch personnel and higher group health insurance. For the fourth quarter of 2007, premises and equipment expense was \$2.2 million, increasing \$480 thousand or 28.3 percent for the year ago period, primarily due to the addition of the Summit Branch. During the fourth quarter of 2007, other expenses increased \$265 thousand, or 18.0 percent to 1.7 million, when compared to the same period in 2006.

ASSET QUALITY

At December 31, 2007, non-performing loans totaled \$2.1 million or 0.22 percent of total loans as compared to \$2.1 million or 0.24 percent of total loans at December 31, 2006 and \$5.6 million at September 30, 2007. The decline in non-performing assets in the fourth quarter as compared to the third quarter was the result of a payoff of all principal and interest on a \$3.5 million commercial loan.

Peapack-Gladstone Bank has no sub-prime loans or other high-interest rate loans to consumers with impaired or non-existent credit histories in its loan portfolios.

The allowance for loan losses was \$7.5 million or 0.76 percent of total loans at December 31, 2007 as compared to \$6.8 million or 0.78 percent of total

loans at December 31, 2006. There were net charge-offs of \$11 thousand in both fourth quarters of 2007 and 2006.

CAPITAL

At December 31, 2007, shareholders' equity totaled \$107.4 million as compared with \$103.8 million at December 31, 2006, an increase of \$3.7 million, or 3.5 percent. The Corporation's leverage ratio, tier 1 and total risk based capital ratios at December 31, 2007 were 8.59 percent, 14.92 percent and 15.91 percent, respectively.

The Corporation repurchased 9,500 shares during the fourth quarter of 2007 under its stock buy back program. A total of 82,400 shares have been repurchased since the program was originally announced in April 2005 and 67,600 shares are eligible to be repurchased under the program in the future.

Peapack-Gladstone Financial Corporation is a bank holding company with total assets of \$1.35 billion as of December 31, 2007. Peapack-Gladstone Bank, its wholly owned community bank, was established in 1921, and has 22 branches in Somerset, Hunterdon, Morris and Union Counties. Its Trust Division, PGB Trust and Investments, operates at the Bank's main office located at 190 Main Street in Gladstone and at its Morristown office located at 233 South Street. To learn more about Peapack-Gladstone Financial Corporation and its services please visit our web site at www.pgbank.com or call 908-234-0700.

The foregoing contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are not historical facts and include expressions about management's view of future interest income and net loans, management's confidence and strategies and management's expectations about new and existing programs and products, relationships, opportunities and market conditions. These statements may be

identified by such forward-looking terminology as “expect”, “look”, “believe”, “anticipate”, “may”, or similar statements or variations of such terms. Actual results may differ materially from such forward-looking statements. Factors that may cause results to differ materially from such forward-looking statements include, but are not limited to, the ability of management to effectively execute its balance sheet restructuring initiative, unanticipated costs in connection with new branch openings, an unexpected decline in the direction of the economy in New Jersey, unexpected changes in interest rates, unexpected loan prepayment volume, a decline in levels of loan quality, development of new tax strategies or the disallowance of prior tax strategies and origination volume and a decline in the volume of increase in trust assets or deposits. Peapack-Gladstone assumes no obligation for updating any such forward-looking statements at any time.

(Tables to Follow)

PEAPACK-GLADSTONE FINANCIAL CORPORATION
SELECTED CONSOLIDATED FINANCIAL DATA
UNAUDITED
(Dollars in Thousands, Except Per Share Amounts)

	At or For The Three Months Ended December 31,		At or For The Twelve Months Ended December 31,	
	2007	2006	2007	2006
Income Statement Data:				
Interest Income	\$ 18,907	\$ 17,368	\$ 72,352	\$ 67,267
Interest Expense	<u>8,919</u>	<u>9,152</u>	<u>36,483</u>	<u>34,444</u>
Net Interest Income	9,988	8,216	35,869	32,823
Provision For Loan Losses	<u>400</u>	<u>150</u>	<u>750</u>	<u>414</u>
Net Interest Income After Provision For Loan Losses	9,588	8,066	35,119	32,409
Trust Fees	2,710	2,172	9,563	8,367
Other Income	1,549	1,003	4,226	3,681
Securities (Losses)/Gains	(128)	0	254	(1,781)
Other Expenses	<u>8,412</u>	<u>7,230</u>	<u>32,087</u>	<u>28,945</u>
Income Before Income Taxes	5,307	4,011	17,075	13,731
Income Tax Expense	<u>1,599</u>	<u>1,117</u>	<u>5,213</u>	<u>3,505</u>
Net Income	<u>\$ 3,708</u>	<u>\$ 2,894</u>	<u>\$ 11,862</u>	<u>\$ 10,226</u>
Balance Sheet Data:				
Total Assets			\$ 1,346,976	\$ 1,288,376
Federal Funds Sold and Short-Term Investments			2,744	7,068
Securities Held To Maturity			45,139	55,165
Securities Available For Sale			241,237	286,186
Loans			981,180	870,153
Allowance For Loan Losses			7,500	6,768
Deposits			1,180,267	1,144,736
Borrowings			44,819	23,964
Shareholders' Equity			107,429	103,763
Trust Division Assets under Management (Market Value, Not Included Above)			\$ 2,028,232	\$ 1,924,954
Performance Ratios:				
Return on Average Assets	1.11 %	0.90 %	0.90 %	0.79 %
Return on Average Equity	13.67	11.05	11.12	10.10

PEAPACK-GLADSTONE FINANCIAL CORPORATION
SELECTED CONSOLIDATED FINANCIAL DATA
UNAUDITED
(Dollars in Thousands, Except Per Share Amounts)

	At or For The Three Months Ended December 31,				At or For The Twelve Months Ended December 31,			
	<u>2007</u>		<u>2006</u>		<u>2007</u>		<u>2006</u>	
Net Interest Margin (Taxable Equivalent Basis)	3.21	%	2.79	%	2.95	%	2.76	%
Asset Quality:								
Loans past due over 90 days And Still Accruing					\$ 0	\$	197	
Non-Accrual Loans					2,131		1,880	
Net (Charge-Offs)	\$ (11)		\$ (11)		(18)		(24)	
Asset Quality Ratios:								
Allowance to Total Loans					0.76	%	0.78	%
Non-Performing Loans to Total Loans					0.22		0.24	
Allowance to Non-Performing Loans					3.5	X	3.3	X
Per Share Data:								
Earnings Per Share (Basic)	\$ 0.45		\$ 0.35		\$ 1.43		\$ 1.24	
Earnings Per Share (Diluted)	0.44		0.34		1.42		1.22	
Book Value Per Share					12.94		12.55	
Dividends Per Share					0.62		0.58	
Capital Adequacy:								
Tier I Leverage					8.59	%	8.20	%
Tier I Capital to Risk- Weighted Assets					14.92		15.33	
Tier I & II Capital to Risk-Weighted Assets					15.91		16.31	

PEAPACK-GLADSTONE FINANCIAL CORPORATION
AVERAGE BALANCE SHEET

UNAUDITED

QUARTERS ENDED

(Tax-Equivalent Basis, Dollars in Thousands)

	December 31, 2007			December 31, 2006		
	Average	Income/	Yield	Average	Income/	Yield
	<u>Balance</u>	<u>Expense</u>		<u>Balance</u>	<u>Expense</u>	
ASSETS:						
Interest-Earning Assets:						
Investments:						
Taxable (1)	\$ 251,018	\$ 3,332	5.31%	\$ 290,532	\$ 3,634	5.00%
Tax-Exempt (1) (2)	55,263	733	5.31	47,617	653	5.49
Loans (2) (3)	961,424	15,008	6.24	871,664	13,291	6.10
Federal Funds Sold	6,102	71	4.63	3,282	43	5.29
Interest-Earning Deposits	<u>897</u>	<u>9</u>	<u>4.03</u>	<u>1,548</u>	<u>18</u>	<u>4.70</u>
Total Interest-Earning Assets	<u>1,274,704</u>	<u>\$ 19,153</u>	<u>6.01%</u>	<u>1,214,643</u>	<u>\$ 17,639</u>	<u>5.81%</u>
Noninterest-Earning Assets:						
Cash and Due from Banks	22,203			23,068		
Allowance for Loan Losses	(7,114)			(6,632)		
Premises and Equipment	26,145			23,649		
Other Assets	<u>26,574</u>			<u>25,465</u>		
Total Noninterest-Earning Assets	<u>67,803</u>			<u>65,550</u>		
Total Assets	<u>\$ 1,342,512</u>			<u>\$ 1,280,193</u>		
LIABILITIES:						
Interest-Bearing Deposits						
Checking	\$ 132,446	\$ 238	0.72%	\$ 132,834	301	0.91%
Money Markets	399,177	3,417	3.42	357,379	3,705	4.15
Savings	65,470	101	0.62	75,773	132	0.70
Certificates of Deposit	<u>395,784</u>	<u>4,757</u>	<u>4.81</u>	<u>374,529</u>	<u>4,476</u>	<u>4.78</u>
Total Interest-Bearing Deposits	992,877	8,513	3.43	940,515	8,614	3.66
Borrowings	<u>39,369</u>	<u>406</u>	<u>4.13</u>	<u>48,638</u>	<u>538</u>	<u>4.42</u>
Total Interest-Bearing Liabilities	<u>1,032,246</u>	<u>8,919</u>	<u>3.46</u>	<u>989,153</u>	<u>9,152</u>	<u>3.70</u>
Noninterest Bearing Liabilities						
Demand Deposits	189,384			179,338		
Accrued Expenses and Other Liabilities	<u>12,357</u>			<u>6,962</u>		
Total Noninterest-Bearing Liabilities	201,736			186,300		
Shareholders' Equity	<u>108,525</u>			<u>104,740</u>		
Total Liabilities and Shareholders' Equity	<u>\$ 1,342,512</u>			<u>\$ 1,280,193</u>		
Net Interest Income		<u>\$ 10,234</u>			<u>8,487</u>	
Net Interest Spread			<u>2.55%</u>			<u>2.11%</u>
Net Interest Margin (4)			<u>3.21%</u>			<u>2.79%</u>

PEAPACK-GLADSTONE FINANCIAL CORPORATION
AVERAGE BALANCE SHEET

UNAUDITED

QUARTERS ENDED

(Tax-Equivalent Basis, Dollars in Thousands)

	December 31, 2007			September 30, 2007		
	Average	Income/	Yield	Average	Income/	Yield
	<u>Balance</u>	<u>Expense</u>		<u>Balance</u>	<u>Expense</u>	
ASSETS:						
Interest-Earning Assets:						
Investments:						
Taxable (1)	\$ 251,018	\$ 3,332	5.31%	\$ 263,636	\$ 3,431	5.21%
Tax-Exempt (1) (2)	55,263	733	5.31	55,041	717	5.21
Loans (2) (3)	961,424	15,008	6.24	917,599	14,179	6.18
Federal Funds Sold	6,102	71	4.63	11,116	149	5.36
Interest-Earning Deposits	<u>897</u>	<u>9</u>	<u>4.03</u>	<u>706</u>	<u>9</u>	<u>4.99</u>
Total Interest-Earning Assets	<u>1,274,704</u>	<u>\$ 19,153</u>	<u>6.01%</u>	<u>1,248,098</u>	<u>\$ 18,485</u>	<u>5.92%</u>
Noninterest-Earning Assets:						
Cash and Due from Banks	22,203			20,510		
Allowance for Loan Losses	(7,114)			(6,996)		
Premises and Equipment	26,145			25,591		
Other Assets	<u>26,574</u>			<u>26,015</u>		
Total Noninterest-Earning Assets	<u>67,803</u>			<u>65,120</u>		
Total Assets	<u>\$ 1,342,512</u>			<u>\$ 1,313,218</u>		
LIABILITIES:						
Interest-Bearing Deposits						
Checking	\$ 132,446	\$ 238	0.72%	\$ 126,506	\$ 254	0.80%
Money Markets	399,177	3,417	3.42	384,013	3,778	3.94
Savings	65,470	101	0.62	68,796	118	0.69
Certificates of Deposit	<u>395,784</u>	<u>4,757</u>	<u>4.81</u>	<u>396,529</u>	<u>4,855</u>	<u>4.90</u>
Total Interest-Bearing Deposits	<u>992,877</u>	<u>8,513</u>	<u>3.43</u>	<u>975,844</u>	<u>9,005</u>	<u>3.69</u>
Borrowings	<u>39,369</u>	<u>406</u>	<u>4.13</u>	<u>35,578</u>	<u>364</u>	<u>4.09</u>
Total Interest-Bearing Liabilities	<u>1,032,246</u>	<u>8,919</u>	<u>3.46</u>	<u>1,011,422</u>	<u>9,369</u>	<u>3.71</u>
Noninterest Bearing Liabilities						
Demand Deposits	189,384			183,500		
Accrued Expenses and Other Liabilities	<u>12,357</u>			<u>11,365</u>		
Total Noninterest-Bearing Liabilities	<u>201,736</u>			<u>194,865</u>		
Shareholders' Equity	<u>108,525</u>			<u>106,931</u>		
Total Liabilities and Shareholders' Equity	<u>\$ 1,342,512</u>			<u>\$ 1,313,218</u>		
Net Interest Income		<u>\$ 10,234</u>			<u>\$ 9,116</u>	
Net Interest Spread			<u>2.55%</u>			<u>2.21%</u>
Net Interest Margin (4)			<u>3.21%</u>			<u>2.92%</u>

PEAPACK-GLADSTONE FINANCIAL CORPORATION
AVERAGE BALANCE SHEET
 UNAUDITED
 YEAR-TO-DATE

(Tax-Equivalent Basis, Dollars in Thousands)

	December 31, 2007			December 31, 2006		
	Average	Income/	Yield	Average	Income/	Yield
	<u>Balance</u>	<u>Expense</u>		<u>Balance</u>	<u>Expense</u>	
ASSETS:						
Interest-Earning Assets:						
Investments:						
Taxable (1)	\$ 266,977	\$ 13,707	5.13%	\$ 345,190	\$ 15,857	4.59%
Tax-Exempt (1) (2)	55,845	2,930	5.25	52,040	2,793	5.37
Loans (2) (3)	910,485	55,970	6.15	828,337	49,555	5.98
Federal Funds Sold	12,506	656	5.24	2,939	146	4.96
Interest-Earning Deposits	<u>804</u>	<u>39</u>	<u>4.91</u>	<u>1,284</u>	<u>61</u>	<u>4.72</u>
Total Interest-Earning Assets	<u>1,246,617</u>	<u>\$ 73,302</u>	<u>5.88%</u>	<u>1,229,790</u>	<u>\$ 68,412</u>	<u>5.56%</u>
Noninterest-Earning Assets:						
Cash and Due from Banks	22,135			22,475		
Allowance for Loan Losses	(6,945)			(6,516)		
Premises and Equipment	25,321			23,038		
Other Assets	<u>26,519</u>			<u>22,564</u>		
Total Noninterest-Earning Assets	<u>67,029</u>			<u>61,561</u>		
Total Assets	<u>\$ 1,313,647</u>			<u>\$ 1,291,351</u>		
LIABILITIES:						
Interest-Bearing Deposits						
Checking	\$ 133,574	\$ 1,076	0.81%	\$ 138,045	\$ 1,044	0.76%
Money Markets	383,279	14,700	3.84	317,524	11,955	3.77
Savings	69,247	466	0.67	82,016	567	0.69
Certificates of Deposit	<u>391,922</u>	<u>19,004</u>	<u>4.85</u>	<u>352,114</u>	<u>15,505</u>	<u>4.40</u>
Total Interest-Bearing Deposits	978,022	35,246	3.60	889,699	29,071	3.27
Borrowings	<u>31,568</u>	<u>1,237</u>	<u>3.92</u>	<u>115,181</u>	<u>5,373</u>	<u>4.66</u>
Total Interest-Bearing Liabilities	<u>1,009,590</u>	<u>36,483</u>	<u>3.61</u>	<u>1,004,880</u>	<u>34,444</u>	<u>3.43</u>
Noninterest Bearing Liabilities						
Demand Deposits	185,909			179,597		
Accrued Expenses and Other Liabilities	<u>11,485</u>			<u>5,659</u>		
Total Noninterest-Bearing Liabilities	197,393			185,256		
Shareholders' Equity	<u>106,663</u>			<u>101,215</u>		
Total Liabilities and Shareholders' Equity	<u>\$ 1,313,647</u>			<u>\$ 1,291,351</u>		
Net Interest Income		<u>\$ 36,819</u>			<u>33,968</u>	
Net Interest Spread			<u>2.27%</u>			<u>2.13%</u>
Net Interest Margin (4)			<u>2.95%</u>			<u>2.76%</u>

(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.