CPP **ANNUAL USE OF CAPITAL SURVEY - 2010**

NAME OF INSTITUTION
(Include Holding Company Where Applicable)

Peapack-Gladstone Financial Corp (Peapack-Gladstone Bank)

Person to be contacted regarding this report:	Jeffrey J. Carfora, EVP, CFO	RSSD: (For Bank Holding Companies)	2651590
UST Sequence Number:	125	Holding Company Docket Number: (For Thrift Holding Companies)	N/A
CPP/CDCI Funds Received:	28,685,000	FDIC Certificate Number: (For Depository Institutions)	11035
CPP/CDCI Funds Repaid to Date:	14,344,000	Credit Union Charter Number: (For Credit Unions)	N/A
Date Funded (first funding):	Jan 9, 2009	City:	Bedminster (formerly Gladstone)
Date Repaid[1]:	Mar 2, 2011	State:	New Jersey

[1]If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

☒	Increase lending or reduce lending less than otherwise would have occurred.	The loan portfolio "shrunk" for 2010 as repayments, sales and charge-offs more than offset new loan originations of $235 mil. The loan portfolio may have shrunk more over the course of the year, had the company not had additional capital to enable it to lend to credit worthy borrowers.
☒	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	New loan originations of $235 mil for 2010 were made up of $145 mil for residential first mortgage loans; $46 mil for commercial loans (incl multi-family and commercial real estate loans); and $44 mil for consumer and other loans.
☒	Increase securities purchased (ABS, MBS, etc.).	The securities portfolio increased by $53 mil, net, in 2010, principally in mortgage-backed securities. The portfolio may not have grown over the course of the year, had the company not had additional capital to enable it to purchase mortgage-related securities.

☐	Make other investments	
☒	Increase reserves for non-performing assets	Although our 2010 provision for loan losses and loan charge-offs would have been the same without the benefit of the CPP funds, the additional capital provided by the CPP enabled us to maintain a stronger balance sheet and capital position after provisions, than without the CPP funds.
☐	Reduce borrowings	
☒	Increase charge-offs	Although our 2010 provision for loan losses and loan charge-offs would have been the same without the benefit of the CPP funds, the additional capital provided by the CPP enabled us to maintain a stronger balance sheet and capital position after provisions, than without the CPP funds.
☐	Purchase another financial institution or purchase assets from another financial institution	
☒	Held as non-leveraged increase to total capital	As noted above, the funds increased our capital levels and were not leveraged. Rather, they provided capital to support ongoing lending and investment.

What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

The loan portfolio may have shrunk more over the course of the year, had the company not had additional capital to enable it to lend to credit worthy borrowers.
The company would have liked to have lent more than its 2010 levels, but loan demand was weak. With the CPP, the Company's balance sheet is positioned so more loans can be made as the economy improves and loan demand increases.

What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

During 2010 we were able to maintain new loan originations at a substantial level - $235 mil for the year.
The company would have liked to have lent more than its 2010 levels, but loan demand was weak. With the CPP, the Company's balance sheet is positioned so more loans can be made as the economy improves and loan demand increases.

Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

N/A