PASCACK BANCORP INC

SECOND QUARTER 2013
SHAREHOLDERS REPORT

A Message to our Shareholders

August 9, 2013

Board of Directors:

Jon F. Hanson
Chairman of the Board

Bruce M. Meisel
Vice Chairman

Nancy E. Graves
President & CEO

Paul C. Baker

Salvatore Cocco, Jr.

Daniel J. Geltrude

Jerrold B. Grossman

Mary Jane Hekemian

Lawrence R. Inserra, Jr.

Martin J. Levine

Jerome Lombardo

James M. Piro, Esq.

Dear Shareholders:

The second quarter of 2013 brought some exciting news and significant change at Pascack Community Bank. We hired Nancy E. Graves as our President and Chief Executive Officer. For the past three years she served as Assistant Division Director for the New Jersey Department of Banking and Insurance. Prior to supervising New Jersey state chartered banks, she was a community banker for more than twenty years. With the Bank's strong growth during recent years to an institution approaching $400 million in assets and a footprint of eight branches in Bergen and Northern Essex Counties, hiring a President and CEO with Nancy's depth of experience in both regulatory affairs and community banking is the natural progression in our growth.

Our net interest income for the first six months increased by $1.663 million to $8.132 million, or 25.7%, from $6.469 million earned in the first six months of 2012. Total assets as of June 30, 2013 increased by $65.8 million, or 19.3%, to $407.8 million as compared with total assets of $342.0 million as of June 30, 2012.

Stockholder's equity increased by $2.2 million, or 8.5%, to $28.6 million as of June 30, 2013 as compared to $26.4 for the same period last year. Retained earnings increased by $725 thousand to $1.1 million versus $387 thousand as of June 30, 2012. As of June 30, 2013, the Company's net income per common share was $0.32 versus $0.33 prior year. Book value per share was $8.44 as of June 30, 2013 compared with $7.96 as of June 30, 2012.

Community banking challenges us to continuously improve our methodologies and practices to support ongoing growth. Our review of the provision for loan losses led us to conclude that we require a higher reserve. For December 31, 2012, the additional allowance on our total loans of $325.9 million and charge-offs of $402,000 resulted in an additional reserve of $1.05 million for a total allowance of $4.42 million. As a result, we have restated our 2012 financials and have recognized $1.2 million in net income versus $1.8 million originally reported.

Pascack Community Bank epitomizes the importance of community banking in New Jersey's future. We look forward to continuing to build upon our success and to supporting our customers and shareholders to do the same.

Sincerely,

Jon F. Hanson
Chairman of the Board

PASCACK BANCORP INC

SECOND QUARTER 2013
SHAREHOLDERS REPORT

Financial Results

STATEMENT OF CONDITION
Dollars in thousands
(unaudited)

	6/30/13	6/30/12
ASSETS		
Cash and due from banks	$14,678	$12,209
Interest bearing deposits at other banks	6,295	3,837
Federal funds sold	40,109	14,101
Cash and Cash Equivalents	**61,082**	**30,147**
Investment securities available for sale	-	5,633
Loans receivable	322,985	285,306
Less: allowance for loan losses	(5,069)	(3,403)
Net loans receivable	317,916	281,903
Premises and equipment, net	21,589	17,122
Accrued interest receivable	1,442	1,308
Prepaid expenses	4,090	3,373
Other assets	1,706	2,488
TOTAL ASSETS	**407,825**	**341,974**
LIABILITIES & STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits		
Non-interest bearing deposits-demand	60,573	41,295
Interest bearing deposits		
NOW, money market and savings	257,631	204,416
Certificates of deposit, under $100,000	9,888	29,805
Certificates of deposit, $100,000 and over	16,328	8,928
Total Deposits	**344,420**	**284,444**
Borrowings, FHLB	24,000	24,000
Other borrowings	7,049	4,327
Accrued interest payable	312	324
Other liabilities	3,405	2,493
Total Liabilities	**379,186**	**315,588**
STOCKHOLDERS' EQUITY		
Preferred stock, Series C, no par value, liquidation preference $20 per share; authorized 1,000,000 shares; issued and outstanding 455,500 shares for 2013; 400,000 shares for 2012	9,110	8,000
Common stock, no par value; authorized 10,000,000 shares; issued and outstanding 2,314,977 shares for 2013; 2,310,8100 shares for 2012	11,500	11,371
Surplus	6,917	6,917
Retained Earnings	1,112	387
Accumalated other comprehensive (loss)	-	(289)
Total Stockholders' Equity	**28,639**	**26,386**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$407,825**	**$341,974**
BOOK VALUE	**$8.44**	**$7.96**

INCOME STATEMENT
Dollars in thousands
(unaudited)

	6/30/13	6/30/12
INTEREST INCOME		
Loans, including fees	$9,791	$8,107
Investment securities	67	142
Federal funds sold	16	34
Interest bearing deposits at other banks	17	8
Total Interest Income	**9,891**	**8,291**
INTEREST EXPENSE		
Deposits	1,187	1,274
Borrowings	572	548
Total Interest Expense	**1,759**	**1,822**
Net interest income	**8,132**	**6,469**
Provision for loan losses	674	486
Net interest income after provision for loan losses	**7,458**	**5,983**
NON-INTEREST INCOME		
Service charges on deposit accounts	66	57
(Loss) gain on sale of investment securities	(118)	155
Other income	136	147
Total non-interest income	**84**	**359**
OTHER EXPENSES		
Salary and employee benefits	2,636	1,954
Occupancy	1,411	1,374
Advertising and business promotion	144	123
Stationery and supplies	130	125
Data processing	408	318
FDIC insurance	119	103
Other operating expenses	972	673
Total other expenses	**5,820**	**4,670**
Income before income tax expense	**1,722**	**1,672**
Provision for income taxes	**718**	**685**
NET INCOME	**1,004**	**987**
Preferred stock dividends and accretions	**(264)**	**(243)**
NET INCOME ATTRIBUTED TO COMMON STOCKHOLDERS	**$740**	**$744**
EARNINGS PER SHARE (BASIC)	**$0.32**	**$0.33**

Pascack Community Bank
Executive Office
64 Crescent Avenue, Waldwick, NJ

Pascack Community Bank
Hackensack Office
25 Main Street, Hackensack, NJ

Pascack Community Bank
Hillsdale Office
210 Broadway, Hillsdale, NJ

Pascack Community Bank
Waldwick Office
64 Crescent Avenue, Waldwick, NJ

Pascack Community Bank
Westwood Office
21 Jefferson Avenue, Westwood, NJ

Bank of Hackensack
Division of Pascack Community Bank
9 Polifly Road, Hackensack, NJ

Bank of Lodi
Division of Pascack Community Bank
2 Arnot Street, Lodi, NJ

Bank of Nutley
Division of Pascack Community Bank
356 Franklin Avenue, Nutley, NJ

Bank of Rochelle Park
Division of Pascack Community Bank
1 East Passaic St., Rochelle Park, NJ

www.pascackbank.com
Ticker Symbol: PSBR