PASCACK BANCORP INC

SECOND QUARTER 2015
SHAREHOLDERS REPORT

August 10, 2015

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,

Pascack Bancorp, Inc. reached a milestone of $402,717,053 in total assets at June 30, 2015. The financial highlights for the first six months of 2015 are presented below.

- Increase in total loans by 12.9% to $333,962,774 for the period ended June 30, 2015 as compared to $295,809,952 at December 31, 2014.
- Increase in total deposits by 4.5% to 304,758,195 for the period ended June 30, 2015 as compared to $291,762,042 at December 31, 2014.
- Increase in borrowings by 132.1% to $61,500,000 for the period ended June 30, 2015 as compared to $26,500,000 at December 31, 2014. The increase in borrowings was planned to fund loan growth.
- Increase in the book value per common share by $0.29 to $8.77 at June 30, 2015, as compared to $8.48 at December 31, 2014.
- Net income attributed to common shareholders was $989,769, a decrease of $44,001 or 4.3% for the six-month period ended June 30, 2015, as compared to $1,033,770 for the same period last year.
- Earnings per share decreased by $0.16 to $0.28 for the six-month period ended June 30, 2015, as compared to $0.44 for the same period last year, as a result of an increase in the number of common shares from converting preferred stock shares to common shares.

On August 3, 2015, Pascack Bancorp, Inc. and Lakeland Bancorp, Inc. executed a definitive agreement to merge. The joint press release is attached.

On behalf of our Board of Directors and our employees, we thank you for your continued support.

Sincerely,

Jon F. Hanson
Chairman of the Board

PASCACK BANCORP INC

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SHAREHOLDERS REPORT

Financial Results

Consolidated Balance Sheets

Unaudited
(dollars in thousands)

	June 30, 2015	December 31, 2014
Assets		
Cash and due from banks	$ 13,410	$ 12,239
Federal funds sold	25,253	16,254
Cash and Cash Equivalents	38,663	28,493
Interest-bearing deposits	1,201	1,201
Securities	4,234	4,687
Restricted stock	3,097	1,523
Loans, net of allowance for loan losses of $4,398 and $4,510 respectively	329,565	291,300
Premises and equipment, net	23,673	24,105
Accrued interest receivable	1,297	1,194
Other assets	987	1,426
Total Assets	$ 402,717	$ 353,929
Liabilities & Stockholders' Equity		
Liabilities		
Deposits: non-interest bearing	$ 65,478	$ 65,132
Deposits: interest bearing	239,280	226,630
Total Deposits	304,758	291,762
Borrowings	61,500	26,500
Subordinated notes payable	1,250	1,600
Capital lease obligation	901	913
Accrued interest payable	310	263
Other liabilities	703	630
Total Liabilities	369,422	321,668
Stockholders' Equity		
Preferred stock, Series C, no par value, liquidation preference $20 per share; authorized 1,000,000 shares; issued and outstanding 86,250 shares for 2015; 86,250 shares for 2014	1,725	1,725
Common stock, no par value; authorized 10,000,000 shares; issued and outstanding 3,598,832 shares for 2015; 3,598,832 shares for 2014 (includes Surplus)	26,280	26,236
Retained earnings	5,290	4,300
Total Stockholders' Equity	33,295	32,261
Total Liabilities & Stockholders' Equity	$ 402,717	$ 353,929

Consolidated Statements of Income - Year to Date

Unaudited
(dollars in thousands)

	June 30, 2015	June 30, 2014
Interest Income		
Loans receivable, including fees	$ 8,027	$ 8,660
Securities and other	98	84
Total Interest Income	8,125	8,744
Interest Expense		
Deposits	725	713
Borrowings	715	626
Total Interest Expense	1,440	1,339
Net Interest Income	6,685	7,405
Provision for loan losses	-	-
Net Interest Income After Provision for Loan Losses	6,685	7,405
Non-Interest Income		
Service charges on deposit accounts	77	68
Other income	114	107
Total Non-Interest Income	191	175
Non-Interest Expense		
Salary and employee benefits	2,287	2,190
Occupancy	953	949
Data processing	464	468
Furniture, fixtures and equipment	282	303
FDIC insurance	114	236
Advertising and public relations	96	52
Other operating expenses	929	1,158
Total Non-Interest Expense	5,125	5,356
Income Before Income Tax Expense	1,751	2,224
Provision for income taxes	712	915
Net Income	1,039	1,309
Preferred stock dividends and accretions	(49)	(275)
Net Income Attributed to Common Stockholders	$ 990	$ 1,034
Earnings Per Share (Basic)	$ 0.28	$ 0.44

Lakeland Bancorp, Inc.

News Release

Joint Press Release

LAKELAND BANCORP TO ACQUIRE PASCACK BANCORP

Oak Ridge, NJ and Waldwick, NJ—August 4, 2015. The Boards of Directors of Lakeland Bancorp, Inc. (NASDAQ: LBAI) ("Lakeland Bancorp"), the parent company of Lakeland Bank, and Pascack Bancorp, Inc. (OTCQX: PSBR) ("Pascack Bancorp"), the parent company of Pascack Community Bank, announced today that the companies have entered into a definitive Agreement and Plan of Merger (the "Merger Agreement"), pursuant to which Pascack Bancorp will be merged with and into Lakeland Bancorp, with Lakeland Bancorp as the surviving bank holding company, and Pascack Community Bank will merge with and into Lakeland Bank, with Lakeland Bank as the surviving bank. The Merger Agreement provides that shareholders of Pascack Bancorp will receive, at their election, for each outstanding share of Pascack Bancorp common stock that they own at the effective time of the merger or would own upon conversion of preferred stock immediately prior to such effective time, either 0.9576 shares of Lakeland Bancorp common stock or $11.35 in cash, subject to proration as described in the Merger Agreement so that 90% of the aggregate merger consideration will be shares of Lakeland Bancorp common stock and 10% will be cash.

Lakeland Bancorp expects to issue an aggregate of approximately 3.3 million shares of its common stock in the merger, and will cash out outstanding Pascack Bancorp options. The transaction is valued at approximately $43.8 million on a fully diluted basis, or $11.35 per share, which represents a 53.4% premium over the closing sale price per share of Pascack Bancorp common stock on July 30, 2015. The transaction is expected to be approximately 4.5% accretive to Lakeland Bancorp's earnings per share in 2016 and approximately 2.7% dilutive to tangible book value with an estimated earn back in approximately 3.5 years.

Thomas J. Shara, Lakeland Bancorp's President and Chief Executive Officer, remarked: "We are delighted to be combining with Pascack, and expanding Lakeland's presence in Bergen and Essex counties. Both banks share a focus on community banking and providing the highest level of service to our customers. We look forward to working with the Pascack team in delivering to all of our customers and shareholders the benefits that we expect from this transaction."

Jon F. Hanson, Pascack Bancorp's Chairman, stated: "We are very excited to be partnering with such a strong, well managed organization as Lakeland. Together, our franchises create a great presence in one of the most attractive banking markets in the country."

Nancy E. Graves, Pascack Bancorp's President and Chief Executive Officer, added: "In addition to sharing a commitment to providing first class customer service, we each bring complimentary products and services to the combined company that we believe will be well received by our customers, and ultimately benefit our shareholders."

Lakeland Bank has 48 New Jersey branch offices in Bergen, Essex, Morris, Passaic, Somerset, Sussex, Union and Warren counties, five New Jersey regional commercial lending centers in Bernardsville, Montville, Newton, Teaneck and Wyckoff and two commercial loan production offices serving Middlesex and Monmouth counties in New Jersey and the Hudson Valley region of New York. Lakeland Bank offers an extensive array of consumer and commercial products and services, including online and mobile banking, localized commercial lending teams, and 24-hour or less turnaround time on consumer loan applications. As of June 30, 2015, Lakeland Bancorp had consolidated total assets, total loans, total deposits and total stockholders' equity of $3.70 billion, $2.76 billion, $2.84 billion and $390.9 million, respectively.

Pascack, a state-chartered commercial bank that focuses on serving consumers and small-to-medium-size businesses in Bergen and northern Essex counties, has offices in Waldwick, Westwood, Hillsdale, Rochelle Park, Lodi and Nutley, as well as in Hackensack, where it has two branches. As of June 30, 2015, Pascack Bancorp had consolidated total assets, total loans, total deposits and total stockholders' equity of $402.7 million, $334.0 million, $304.8 million and $33.3 million, respectively.

The Boards of Directors of both companies have unanimously approved the mergers. Closing is subject to receipt of approvals from regulators, approval of the holding company merger by Pascack Bancorp's shareholders and other customary conditions. No approval is required from Lakeland Bancorp's shareholders. The closing is expected to occur in the fourth quarter of 2015.

Pascack Bancorp's directors, owning in the aggregate approximately 40% of Pascack Bancorp's outstanding shares on July 30, 2015, have signed voting agreements pursuant to which they have agreed to vote their shares in favor of the holding company merger.

Keefe, Bruyette & Woods is acting as financial advisor to Lakeland Bancorp. Sandler O'Neill & Partners, L.P. and FinPro Capital Advisors, Inc. are acting as financial advisor to Pascack Bancorp. Lowenstein Sandler LLP is acting as Lakeland Bancorp's legal advisor. Windels Marx Lane & Mittendorf, LLP is acting as Pascack Bancorp's legal advisor.

Additional Information and Where to Find It

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval. In connection with the proposed mergers, Lakeland Bancorp intends to file a registration statement that will include a proxy statement to be distributed to Pascack Bancorp's shareholders as a prospectus, with the Securities and Exchange Commission. INVESTORS AND SECURITY HOLDERS ARE ADVISED TO READ THE PROXY STATEMENT/PROSPECTUS WHEN IT BECOMES AVAILABLE, BECAUSE IT WILL CONTAIN IMPORTANT INFORMATION. Investors and security holders may obtain a free copy of the registration statement (when available) and other documents filed by Lakeland Bancorp with the Commission at the Commission's web site at www.sec.gov. These documents may be accessed and downloaded for free at Lakeland Bancorp's website at www.lakelandbank.com or by directing a request to Investor Relations, Lakeland Bancorp, Inc., 250 Oak Ridge Road, Oak Ridge, NJ 07438 (973-697-2000). Requests for the Proxy Statement/Prospectus may also be made to Investor Relations, Pascack Bancorp, Inc., 64 Crescent Avenue, Waldwick New Jersey 07463 (201-345-9348).

Participants in the Solicitation

This communication is not a solicitation of a proxy from any security holder of Lakeland Bancorp or Pascack Bancorp. However, Lakeland Bancorp, Pascack Bancorp and their respective directors and executive officers may be deemed to be participants in the solicitation of proxies from Lakeland Bancorp's and Pascack Bancorp's shareholders in respect of the proposed transaction. Information regarding the directors and executive officers of Lakeland Bancorp may be found in its definitive proxy statement relating to its 2015 Annual Meeting of Shareholders, which was filed with the Commission on April 10, 2015, and can be obtained free of charge from Lakeland Bancorp's website. Information regarding the directors and executive officers of Pascack Bancorp may be found in its definitive proxy statement relating to its 2015 Annual Meeting of Shareholders, and can be obtained free of charge from Pascack Bancorp's website. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interest, by security holdings or otherwise, will be contained in the proxy statement/prospectus and other relevant materials to be filed with the Commission when they become available.

Forward Looking Statements

This communication contains forward-looking statements with respect to the proposed mergers and the timing of consummation of the mergers that are made in reliance upon the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The words "anticipates", "projects", "intends", "estimates", "expects", "believes", "plans", "may", "will", "should", "could" and other similar expressions are intended to identify such forward looking statements. Statements concerning the transaction being accretive to Lakeland Bancorp's earnings and dilutive to tangible book value with an estimated earn back in 3.5 years are also forward looking statements. These forward-looking statements are necessarily speculative and speak only as of the date made, and are subject to numerous assumptions, risks and uncertainties, all of which may change over time. Actual results could differ materially from such forward-looking statements. The following factors, among others, could cause actual results to differ materially and adversely from such forward-looking statements: failure to obtain Pascack Bancorp shareholder or regulatory approval for the merger of Pascack Bancorp

into Lakeland Bancorp, and the merger of Pascack Community Bank into Lakeland Bank; failure to realize anticipated efficiencies and synergies if the mergers are consummated; material adverse changes in Lakeland Bancorp's or Pascack Bancorp's operations or earnings; decline in the economy in Lakeland Bancorp's and Pascack Bancorp's primary market areas; as well as the risk factors set forth in the periodic reports filed by Lakeland Bancorp with the Commission. Neither Lakeland Bancorp nor Pascack Bancorp assumes any obligation for updating any such forward-looking statements at any time.

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