



Town Bank Announces Mid-Year Results

Expanding Branch Network to Cranford, N.J.

For Immediate Release

WESTFIELD, N.J./EWORLDWIRE/July 22, 2004 --- Town Bank (OTCBB: TBWN) ;

To Our Shareholders, from Joseph O'Sullivan, Chariman and Robert Dowens, President.

We are pleased to advise you that we have applied to the Federal Deposit Insurance Corporation and the New Jersey Department of Banking to establish a branch office to be located at 245 North Avenue, Cranford, New Jersey. Subject to the approval of various state, federal and local agencies, we intend to construct a new full service bank branch at this highly visible corner location. We are particularly excited about this opportunity to offer the residents and small businesses in this dynamic market of Cranford and Garwood the accessibility to The Town Bank community banking concept. We will keep you informed of our progress.

For the six months ended June 30, 2004, your Bank reported net income of \$537,000 or \$0.29 per basic share, \$0.28 per diluted share, compared to net income of \$355,000 or \$0.33 per basic share, \$0.32 per diluted share, for the same 2003 period. For the quarter ended June 30, 2004, net income amounted to \$267,000 or \$0.14 per basic and diluted share compared to \$211,000 or \$0.19 per basic and diluted share recorded for the three months ended June 30, 2003. The change in earnings per share for both periods is the result of the private placement of common stock completed during the third quarter of 2003. The growth in net income is primarily the result of a higher level of net interest income, due to the growth of the institution.

At June 30, 2004 total assets amounted to \$122,900,000 compared to \$93,455,000 at June 30, 2003, a growth of \$29,445,000 or 31.5%. Total deposits grew to \$105,917,000 at June 30, 2004 from \$83,278,000 recorded one year ago, reflecting a growth of \$22,639,000 or 27.2%. Loans outstanding rose from \$67,978,000 to \$93,347,000 over the period, representing an increase of \$25,369,000 or 37.3%

We thank you for your ongoing support of The Town Bank, and we look forward to the future with enthusiasm and confidence.

The Town Bank
Balance Sheet
(in thousands, except share amounts)
(unaudited)

	2004	June 30, 2003
ASSETS		
Cash and due from banks		\$ 2,287
Federal funds sold and other short term investments		6,653
Investment securities available for sale	18,906	10,046
Loans, net of unearned fees/costs	93,347	67,978
less: Allowance for loan losses	(941)	(690)

Net loans	92,406	67,288
Premises and equipment, net	1,967	1,374
Other assets	681	507
Total Assets	\$ 122,900	\$ 93,455

LIABILITIES AND SHAREHOLDERS' EQUITY

Liabilities

Deposits:

Non-interest bearing	\$ 18,184	\$ 15,795
Interest bearing	87,733	67,483
Total deposits	105,917	83,278
Short term borrowings	217	250
Accrued expenses and other liabilities	3,324	3,354
Total Liabilities	109,458	86,882

Shareholders' Equity

Common stock (\$5.00 par value per share, authorized 3,000,000 shares at June 30, 2004 and 2003; 1,851,012 shares issued and outstanding at June 30, 2004 and 1,085,613 issued and outstanding at June 30, 2003)	9,255	5,428
Additional paid-in capital	5,415	3,123
Accumulated deficit	(1,135)	(2,016)
Accumulated other comprehensive income (loss)		(93)
Total Shareholders' Equity	13,442	6,573
Total Liabilities And Shareholders' Equity	\$ 122,900	\$ 93,455

Income Statements
(in thousands, except share amounts)
(unaudited)

	For the six months ended June 30 ,	
	2004	2003
Interest income	\$ 2,827	\$ 2,297
Interest expense	827	784
Net interest income	2,000	1,513
Provision for loan losses	140	80

Net interest income after provision for loan losses	1,860	1,433
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Non interest income	62	125
Non interest expense	1,350	1,165
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Income before income taxes	572	393
Income taxes	35	38
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Net income	\$ 537	\$ 355
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Net income per share - basic	\$ 0.29	\$ 0.33
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Net income per share - diluted	\$ 0.28	\$ 0.32
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Average shares outstanding - basic	1,851,012	1,085,613
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Average shares outstanding - diluted	1,893,842	1,108,866
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The above share figures have been restated for the 5% stock dividend distributed on June 1, 2004

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