



Town Bank Reports September 30, 2005 Results

Letter To Shareholders

For Immediate Release

WESTFIELD, N.J./EWORLDWIRE/Oct. 21, 2005 ---

To Our Shareholders:

We are pleased to advise you that the Bank has filed applications with the Federal Deposit Insurance Corporation and the New Jersey Department of Banking and Insurance to establish our fourth branch office at 328 South Avenue Fanwood, N.J. Also, we are working diligently on preparing the legal and regulatory filings to conduct a stockholders meeting to vote on the proposed business combination with Two River Community Bank. Before the stockholder's meeting, the Bank will mail to stockholders of record a proxy statement describing the transaction in detail. Stockholders are urged to review it carefully before voting their shares. We will keep you informed of our progress on both of these exciting projects.

For the quarter ended September 30, 2005 your Bank recorded pre-tax income of \$529,000 compared to \$414,000 for the same period one year ago, an increase of \$115,000 or 27.8 percent. As previously reported, your Bank has fully utilized net operating loss carry forwards from the early years of its existence. For the quarter ended September 30, 2005, an income tax expense of \$180,000 was provided for compared to \$24,000 one year ago. During the 2005 quarter, expenses related to the proposed business combination with Two River Community Bank totaled \$132,000 and are included in the quarterly results. Net income for the three months ended was \$349,000 or \$0.19 per basic share, \$0.18 per diluted share, compared to net income of \$390,000 or \$0.21 per basic share, \$0.20 per diluted share for the 2004 period.

For the nine months ended September 30, 2005 income before income taxes totaled \$1,601,000 compared to \$986,000 for the 2004 period, an increase of \$615,000 or 62.4 percent. Income taxes for the nine month periods were \$425,000 for 2005 compared to \$59,000 for 2004. Net income for year to date September 30, 2005 amounted to \$1,176,000 or \$0.63 per basic share, \$0.60 per diluted share compared to \$927,000 or \$0.50 per basic share, \$0.49 per diluted share for year to date September 30, 2004.

The Bank has also restated its income statements for each of the two quarters ended March 31, 2005 and ended June 30, 2005, to record an additional \$125,000 in income tax expense, \$101,000 in the first quarter and \$24,000 in the second quarter. The impact of this additional tax expense is reflected in net income for the nine months ended September 30, 2005.

At September 30, 2005 total assets amounted to \$157,538,000 compared to \$126,203,000 at September 30, 2004, a growth of \$31,335,000 or 24.8 percent. Total deposits grew to \$140,883,000 at September 30, 2005 from \$111,575,000 recorded one year ago, reflecting a growth of \$29,308,000 or 26.3 percent. Loans outstanding rose from \$106,954,000 to \$133,979,000 over the period representing an increase of \$27,025,000 or 25.3 percent.

We are excited to advise you that your Bank has been approved as a participant in the SBAExpress lender program of the US Small Business Administration. The program is intended to meet the needs of new and startup small businesses and will offer incentives to lenders to increase the availability of smaller loans, especially loans of \$50,000 or less. The SBA will raise the maximum limit of a SBAExpress loan to \$250,000

from \$150,000 to allow more small business borrowers to take advantage of the program's expedited loan process. We welcome this opportunity to be able to service more small businesses in our marketplace.

On behalf of the directors, officers and staff we thank you for your continued confidence and support.

Sincerely yours,

Joseph F.X. O'Sullivan
Chairman of the Board

Robert W. Dowens, Sr.
President & Chief Executive Officer

Balance Sheets
(in thousands, except share amounts)
(unaudited)

	September 30, 2005	2004
ASSETS		
Cash and due from banks	\$ 2,349	\$ 1,756
Federal funds sold and other short term investments	5,835	1,735
Investment securities available for sale	12,921	13,945
Loans held for sale, net of fees	355	-
Loans, net of unearned fees/costs	133,979	106,954
less: Allowance for loan losses	(1,474)	(1,081)
	-----	-----
Net loans	132,505	105,873
Premises and equipment, net	1,842	1,937
Other assets	1,731	957
	-----	-----
Total Assets	\$ 157,538	\$ 126,203
	-----	-----
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Deposits:		
Non-interest bearing	\$ 20,837	\$ 19,505
Interest bearing	120,046	92,070
	-----	-----
Total deposits	140,883	111,575
Short term borrowings	250	220
Accrued expenses and other liabilities	636	517
	-----	-----
Total Liabilities	141,769	112,312
	-----	-----
Shareholders' Equity		
Common stock (\$5.00 par value per share, authorized 3,000,000 shares at September 30, 2005 and 2004; 1,878,233 shares issued and outstanding at September 30, 2005 and 1,852,012 issued and outstanding at September 30, 2004)	9,391	9,261
Additional paid-in capital	5,556	5,430
Retained earnings (accumulated deficit)	868	(745)
Accumulated other comprehensive loss	(46)	(55)
	-----	-----
Total Shareholders' Equity	15,769	13,891
	-----	-----
Total Liabilities And Shareholders' Equity	\$ 157,538	\$ 126,203
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Income Statements
(in thousands, except share amounts)
(unaudited)

For the nine months ended
September 30,

	2005	2004	
Interest income	\$ 6,529	\$ 4,521	
Interest expense	2,265	1,314	
Net interest income	----- 4,264	----- 3,207	
Provision for loan losses	----- 288	----- 280	
Net interest income after provision for loan losses	----- 3,976	----- 2,927	
Non interest income	111	99	
Non interest expense	2,486	2,040	
Income before income taxes	1,601	986	
Income taxes	----- 425	----- 59	
Net income	----- \$ 1,176	----- \$ 927	
Net income per share - basic	----- \$ 0.63	----- \$ 0.50	
Net income per share - diluted	----- \$ 0.60	----- \$ 0.49	
Average shares outstanding - basic	----- 1,876,000	----- 1,851,000	
Average shares outstanding - diluted	----- 1,955,000	----- 1,897,000	

The above share figures have been restated for the 5% stock dividend distributed on June 1, 2004

The Town Bank
Restated Net Income
(dollars in thousands)

For the three months ended March 31, 2005

	As Reported	Restated
Net income	----- \$ 515	----- \$ 414
Net income per share - basic	----- \$ 0.27	----- \$ 0.22

Net income per share - diluted \$ 0.26 \$ 0.21

For the three months ended June 30, 2005

	As Reported	Restated
Net income	\$ 437	\$ 413
Net income per share - basic	\$ 0.24	\$ 0.22
Net income per share - diluted	\$ 0.23	\$ 0.21

For the six months ended June 30, 2005

	As Reported	Restated
Net income	\$ 952	\$ 827
Net income per share - basic	\$ 0.51	\$ 0.44
Net income per share - diluted	\$ 0.49	\$ 0.42

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