

## CPP ANNUAL USE OF CAPITAL SURVEY - 2010



## NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Community Partners Bancorp

Person to be contacted regarding this report:	A. Richard Abrahamian	RSSD: (For Bank Holding Companies)	3395668
UST Sequence Number:	392	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	9,000,000	FDIC Certificate Number: (For Depository Institutions)	35426
CPP/CDCI Funds Repaid to Date:	0	Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	Jan 30, 2009	City:	Middletown
Date Repaid <sup>1</sup> :	N/A	State:	New Jersey

<sup>1</sup>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).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	With the \$9 million in the CPP, Community Partners Bancorp was able to continue to lend to individuals and small businesses in our marketplace and grow our overall loan portfolio while continuing to maintain "well capitalized" capital ratios.
<input checked="" type="checkbox"/>	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.).	During 2010, the growth in our loan portfolio centered on residential loans for our consumer customers and commercial and industrial and commercial real estate loans for our small business customers. Average loans increased by \$31 million, or 6.4%.
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	

<input type="checkbox"/>	Make other investments	
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	Our loan loss reserve during 2010 increased slightly from \$6.184 million at 12/31/09 to \$6.246 million at 12/31/10. Our charge-offs represented 0.59% of average loans for 2010, unchanged from 2009.
<input type="checkbox"/>	Reduce borrowings	
<input checked="" type="checkbox"/>	Increase charge-offs	Our net charge-offs were \$3.0 million in 2010 and represented 0.59% of average loans for 2010, a slight increase when compared to the \$2.8 million or 0.50% of average loans in 2009.
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input type="checkbox"/>	Held as non-leveraged increase to total capital	

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

The infusion of CPP funds allowed the company to grow organically. We were able to avoid imposing growth restrictions on our lending efforts due to the uncertain economic times.

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

The infusion of CPP funds allowed the company to grow organically. We were able to avoid imposing growth restrictions on our lending efforts due to the uncertain economic times.

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

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.