



Community Partners Bancorp



C O R E V A L U E S

Service • Employee Satisfaction • Shareholder Value • Integrity • Community

Dear Fellow Shareholder,

Focus and Discipline. Two words that are synonymous with your community bank, as we recorded exceptionally strong operating results despite the difficult economic environment. As we were buffeted by the headwinds of high unemployment, a struggling housing market and low consumer confidence, we remained steadfast in our dedication and commitment to our mission as a Community Bank, as well as to our shareholders, customers and employees. As a result, we are pleased to report that Community Partners Bancorp showed significant growth in its financial performance.

For 2010, our reported net income to common shareholders of \$3.0 million, or \$0.40 per diluted share, represented an \$8.7 million improvement over our 2009 results. Even after adjusting for the \$6.7 million goodwill impairment charge taken in 2009, our net income to common shareholders increased \$2.0 million, or 183%. This improvement in core performance can be characterized by strong growth in our net interest income and non-interest income, and continued containment of our operating expenses. Our net interest margin reached an impressive 4.27% in the fourth quarter, bringing our full year to 4.15%, one of the highest margins in our peer group. Non-interest income, adjusting for net securities gains and impairment charges, was up 16.5%, as we continue to focus on building upon this valuable source of revenue. Non-interest expense, excluding the goodwill impairment charge in 2009, was essentially flat, up only 0.1%, a testament to our disciplined efforts in managing our operating costs.

One of our most notable achievements during 2010 was the success we had with the improvement in our asset quality. Our non-accrual loans declined by 60% as we took ownership of a number of these problem assets, and as such, transferred them into OREO status. Having ultimate control helps position our management team in liquidating these properties in an expedient yet orderly manner. On the deposit front, our focus has been on growing relationships, and 2010 was no exception. Our core checking deposits grew by 13.3% during 2010, resulting not only from increased balances from existing customers but also from increased business and consumer relationships as we continue to remain focused and disciplined on expanding our customer base.

We continue to strengthen our team and are pleased to welcome James M. Bollerman to the Boards of Community Partners Bancorp and Two River Community Bank. Mr. Bollerman is the founder of Bollerman Real Estate Services, a firm that provides consulting, brokerage, master planning, asset management and construction management services to select corporate and institutional entities.

Executive Vice President and Chief Financial Officer A. Richard Abrahamian and Executive Vice President and Chief Operating Officer Robert C. Werner joined the Company during the year. Both bring extensive and critical banking skills to the Company and complete our senior management team.

We also would like to acknowledge the retirement of Frederick H. Kurtz, Director, welcome him to Director Emeritus status and thank him for his sage advice and contributions to the Company.

We continue to review our programs and products in order to remain competitive. Thus, 2010 was also a year in which the Bank introduced a Small Business Administration (SBA) lending division to supplement our already robust lending activities. Since its introduction, the division has grown steadily due to market demand in this economic climate. For 2011, we have begun the process of upgrading our website and our online banking capabilities and will be launching mobile banking and online account opening; all of which will give our customers state of the art functionality and service.

We look forward to meeting all of the challenges the future has to bring, taking advantage of new business opportunities, and successfully meeting the goals we have established for ourselves. As always, we deeply appreciate the continued loyalty and support of our three most important constituencies: our shareholders, our customers and our employees.



A handwritten signature in black ink, appearing to read 'Charles T. Parton'.

Charles T. Parton
Chairman of the Board

A handwritten signature in black ink, appearing to read 'William D. Moss'.

William D. Moss
President and CEO

FINANCIAL HIGHLIGHTS

Performance Trends

(in thousands, except per share data)
At or for the year ended December 31,

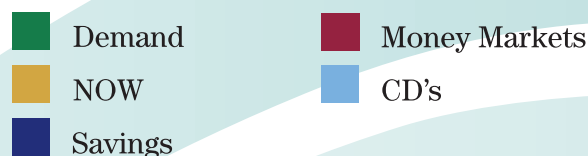
	2010	2009 (2)	2008	2007
Balance Sheet Data:				
Total assets	\$ 636,843	\$ 640,028	\$ 570,240	\$ 525,101
Loans	512,994	513,399	448,780	416,967
Investments	47,328	49,308	64,666	63,102
Deposits	524,471	535,412	474,839	426,959
Stockholders' equity	80,188	76,837	73,312	72,457
Income Statement Data:				
Net interest income	\$ 25,085	\$ 21,325	\$ 18,833	\$ 19,970
Provision for loan losses	3,100	2,205	2,301	108
Non-interest income	1,911	2,249	1,666	1,598
Non-interest expense	18,432	25,137	17,170	15,529
Income (loss) before income taxes	5,464	(3,768)	1,028	5,931
Net income (loss)	3,615	(5,121)	798	3,652
Net income (loss) available to common shareholders	3,039	(5,651)	798	3,652
Common Share Data (1):				
Net income (loss) per common share				
- basic	\$ 0.40	\$ (0.75)	\$ 0.10	\$ 0.49
- diluted	0.40	(0.75)	0.10	0.49
Tangible book value per common share	6.93	6.54	6.29	6.16
Weighted average common shares outstanding				
- basic	7,568	7,529	7,511	7,265
- diluted	7,658	7,547	7,631	7,447
Selected Ratios:				
Return on average tangible assets	0.57%	-0.85%	0.15%	0.72%
Return on average tangible equity	6.05%	-8.95%	1.69%	8.30%
Net interest margin	4.15%	3.69%	3.73%	4.07%
Non-performing assets to total assets	2.16%	2.21%	2.27%	0.17%
Allowance for loan losses to total loans	1.22%	1.20%	1.52%	1.12%
Tangible common equity to total tangible assets	8.67%	8.06%	8.70%	9.25%
Tier 1 capital to average assets	9.75%	9.28%	8.53%	9.15%

(1) Common share and per common share data have been retroactively adjusted to reflect all stock dividends.
(2) 2009 results includes a \$6.7 million goodwill impairment charge.

Loan Composition



Deposit Composition

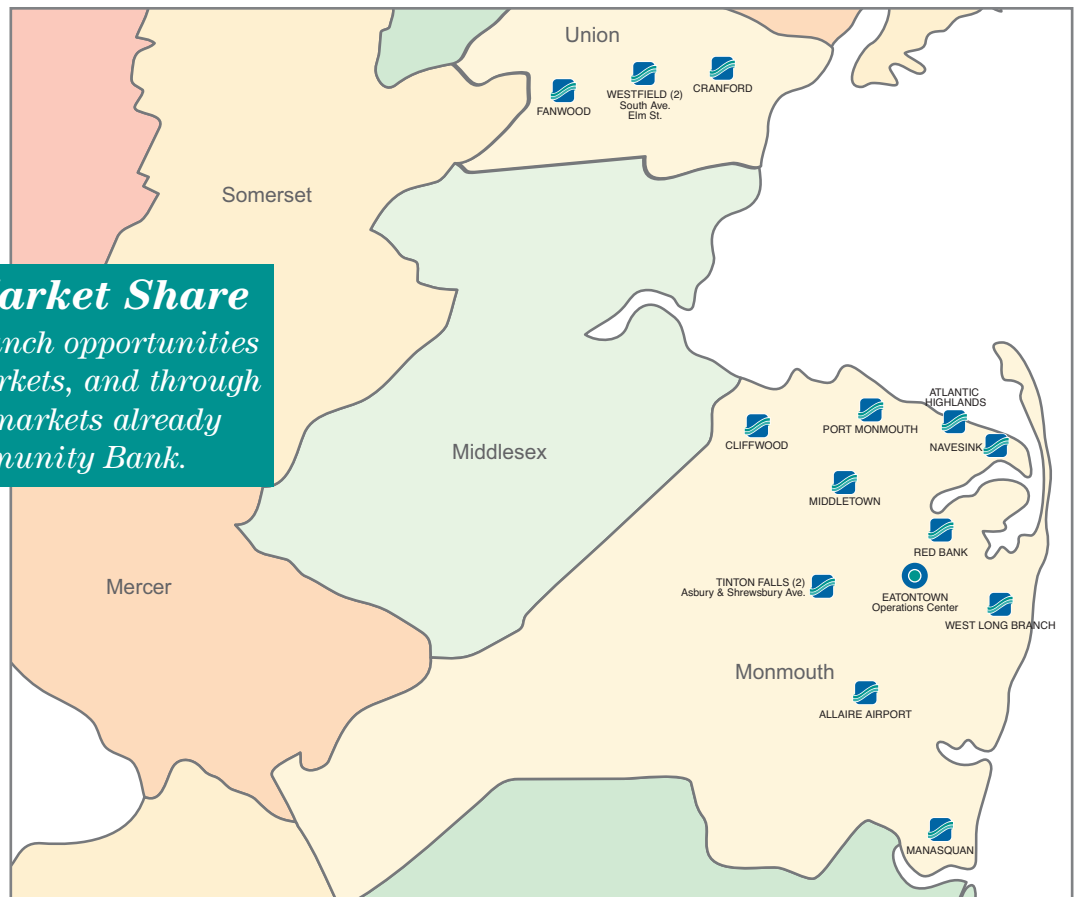


INVESTING IN THE FUTURE OF OUR COMMUNITY AND OUR BANK

As a true community bank, we demonstrate our commitment to improving the quality of life in our local area through donations and volunteer hours of our dedicated employees and Directors to many great organizations. During 2010, the people of Two River Community Bank served as either Board Members or volunteers for over 75 organizations in our community. Our ongoing level of commitment to being actively involved in our local communities is woven into how we define “community banking.”



Expanding Our Market Share
We continue to explore branch opportunities in new, high potential markets, and through an expanded presence in markets already served by Two River Community Bank.



New and Improved Online Banking, The Easiest Way to Manage Your Finances

Simple, convenient, secure and all in one place! Online Banking saves you time and money, gives you 24/7 access to all of your accounts and helps you keep better track of your money. And with free online bill pay, you can pay anyone, at anytime, from anywhere.

Check your balance, pay a bill, cancel a payment that has not yet been processed, inquire about a payment and transfer funds between your Two River accounts

and your outside accounts... and above all, have confidence knowing that your payments have been made safely and securely.

With our new and improved online banking and bill pay, you remain in complete control of your accounts and banking activity.

C O M I N G S O O N !

Online Account Opening

It will now be easier than ever to do your banking at home. With Two River Community Bank's new Online Account Opening option, you won't sacrifice time, money, or security when you open accounts online. The sign up process is fast and easy, and you will enjoy instant access to your new accounts via Online Banking. Funding is simple. Transfer funds directly from a pre-existing account, a credit card, an account at another institution or fund by check.

New Website

Two River Community Bank is dedicated to providing the highest level of service to our customers and, to that end, we will launch a completely redesigned website that will not only provide visitors with a new look and feel, but also with enhanced capabilities and added convenience.

The new website will provide up-to-date product information, new product features, online account opening, mobile application, community information, investor relations, and much more. Visit us at www.tworiverbank.com

Mobile Banking

Put Two River Community Bank in your pocket with our new Mobile Banking application!

Our new mobile application holds the promise to put your financial life on an even more manageable path than our online capabilities have managed to do.... wherever you go, you'll have direct access to your accounts for balances, transfers and more!



Option12 Certificate of Deposit

With unlimited deposits and a one-time penalty-free withdrawal during each 12 month term, our NEW Option12 CD gives you the freedom you need to invest and earn money, while at the same time giving you the option to access your money if you need it.

Board of Directors



Seated (left to right): Michael W. Kostelnik, Jr., *Secretary of the Board & Director*, William D. Moss, *President, CEO & Director*; Robin Zager, *Director*; Joseph F.X. O'Sullivan, *Vice Chairman & Director*
Standing (left to right): Frank J. Patoek, Jr., *Vice Chairman & Director*, Charles T. Parton, *Chairman*, John Perri, Jr., *CPA, Director*; John Holobinko, Esq., *Director*; James M. Bollerman, *Director*; William Statter, *Director*; Robert Grossman, MD, *Director*; William F. LaMorte, *Director*; Robert E. Gregory, *Director*

Executive Team



Left to right: William D. Moss, *President & CEO*, A. Richard Abrahamian, *CFO*, Alan B. Turner, *Senior Loan Officer*, Robert C. Werner, *COO*



Officers

President & CEO

William D. Moss

Executive Vice Presidents

A. Richard Abrahamian, *CFO*
Alan B. Turner, *Senior Loan Officer*
Robert C. Werner, *COO*

Senior Vice Presidents

Roseann Mango, *Branch Administrator*
Antha J. Stephens, *Operations Officer*
Ross Zimmerman, *Private Banking Group*

Regional Vice Presidents

Peter W. Davis, *Commercial Lending*
Thomas J. Garrity, *Commercial Lending*

Vice Presidents

Maria Cianci, *Private Banking Group*
Kathleen A. Daly, *Branch Manager*
Stephen DeMatteo, *Information Services*

Robert Dowdy, *Commercial Lending*
Marie England, *CRCM, Compliance Officer*
Robin Fitzmaurice, *Commercial Lending*
Renee S. Green, *Branch Manager*
Donna Hamilton, *Residential Mortgage Manager*
Peter Johnson, *Risk Management*
Bernice E. Kotza, *Loan Operations Manager*
Donna Marra, *Branch Manager*
Eugene S. Matics, *Branch Manager*
Nicole Nielsen, *Human Resource Manager*
Paul Orzechowski, *SBA Lending*
Jodi A. Richardelli, *Branch Manager*
Kim Rise Somerville, *Branch Manager*
Edward M. Wurzel, *Lending*

Assistant Vice Presidents

Ron Belicose, *Branch Manager*
Douglas Blyth, *Branch Manager*
John V. Crisafulli, *Branch Manager*

Lauren DellaPietro, *Credit Manager*
Carrie Donzella, *Marketing Director*
Audrey F. Falzo, *Security Officer & Facilities Manager*
Adrienne Huneke, *Accounting Supervisor*
Tom Katsigiannis, *Loan Workout Officer*
Rose Kubik, *Branch Manager*
Nancy Niro, *BSA/AML Officer*
Brenda Pankey, *Assistant Loan Operations Manager*
Michael Stocko, *Assistant Controller*
Pete Thompson, *Branch Manager*

Assistant Treasurers

Kathleen Beatrice, *Branch Manager*
Joseph Cascella, *Senior Credit Analyst*
Maureen Grabowski, *Branch Manager*
Eva Mochol, *Branch Manager*
George Muha, *Senior Credit Analyst*
Jonathan L. Schultz, *Loan Officer*
W. Michael Schutsky, II, *Senior Medical Lending Officer*



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Board of Directors

Charles T. Parton, *Chairman of the Board*
Joseph F.X. O'Sullivan, *Vice Chairman of the Board*
Frank J. Patock, Jr., *Vice Chairman of the Board*
Michael W. Kostelnik, Jr., *Secretary of the Board*
William D. Moss, *President & CEO*
James M. Bollerman
Robert E. Gregory
Robert B. Grossman, MD
John E. Holobinko, Esq.
William F. LaMorte
John J. Perri, Jr., CPA
William Statter
Robin Zager

Directors Emeriti

Barry B. Davall
Vincent A. DiLascia
Frederick H. Kurtz

Officers

William D. Moss, *President & CEO*
A. Richard Abrahamian, *Executive Vice President & CFO*

Forward-Looking Statements

This document contains forward – looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are not historical facts and include expressions about management's confidence and strategies and management's expectations about new and existing programs and products, relationships, opportunities, taxation, technology and market conditions. When used in this document and in our historical and future filings with the Securities and Exchange Commission, in our press releases and in oral statements made with the approval of an authorized executive officer, the words or phrases "will," "will likely result," "could," "anticipates," "believes," "continues," "expects," "plans," "will continue," "is anticipated," "estimated," "project," or "outlook" or similar expressions (including confirmations by one of our authorized executive officers of any such expressions made by a third party with respect to us) are intended to identify forward-looking statements. We wish to caution readers not to place undue reliance on any such forward-

looking statements, each of which speaks only as of the date made, even if subsequently made available on our web site or otherwise. Such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical earnings and those presently anticipated or projected. Factors that may cause results to differ materially from such forward-looking statements include, but are not limited to, those listed under "Risk Factors" in our Annual Report on Form 10-K filed with the SEC by March 31, 2011.

Although management has taken certain steps to mitigate any negative effect of the aforementioned items, significant unfavorable changes could severely impact the assumptions used and have an adverse effect on profitability. We have no obligation to publicly release the result of any revisions which may be made to any forward-looking statements to reflect anticipated or unanticipated events or circumstances occurring after the date of such statements.

SHAREHOLDER INFORMATION

Stock Trading

Community Partners Bancorp common stock is traded on the NASDAQ® Capital Market under the symbol: **CPBC**

Annual Meeting

The Annual Meeting of Shareholders of Community Partners Bancorp will be held at the Hilton Woodbridge, located at 120 Wood Avenue South, Iselin, New Jersey on Tuesday, May 10, 2011 at 10:00 a.m.

Stock Transfer Agent

Registrar & Transfer Company
10 Commerce Drive
Cranford, NJ 07016
800.368.5948

Independent Accountant

ParenteBeard, LLC
One Liberty Place
1650 Market Street
Suite 4500
Philadelphia, PA 19103
215.972.2358

Market Makers

Monroe Securities
343 West Erie Street
Suite 410
Chicago, IL 60610
312.327.2530

Stifel Nicolaus & Company, Inc.
740 Broad Street
Suite 1
Shrewsbury, NJ 07702
732.450.9000



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NASDAQ® Capital Market Symbol: CPBC