

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**FORM 8-K
CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of report (Date of earliest event reported): July 28, 2011

CENTER BANCORP, INC.

(Exact Name of Registrant as Specified in its Charter)

| | | |
|---|-----------------------|--------------------------------------|
| New Jersey | 2-81353 | 52-1273725 |
| (State or other jurisdiction of incorporation) | (Commission File No.) | (IRS Employer Identification No.) |

| | |
|--|------------|
| 2455 Morris Avenue, Union, New Jersey | 07083 |
| (Address of principal executive offices) | (Zip Code) |

Registrant's telephone number, including area code (800) 862-3683

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition.

On July 28, 2011, the Registrant issued a press release regarding results for the period ended June 30, 2011. A copy of this press release is included as Exhibit 99.1 to this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits.

(d) *Exhibits*

Exhibit 99.1 – Press release of the Registrant, dated July 28, 2011, regarding results for the period ended June 30, 2011.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CENTER BANCORP, INC.

By: /s/ Anthony C. Weagley

Name: Anthony C. Weagley

Title: President and Chief Executive Officer

Dated: August 2, 2011

EXHIBIT INDEX

Exhibit 99.1 – Press release of the Registrant, dated July 28, 2011, regarding results for the period ended June 30, 2011.

Center Bancorp, Inc. Reports Increase in Second Quarter 2011 Earnings

UNION, N.J., July 28, 2011 (GLOBE NEWSWIRE) -- Center Bancorp, Inc. (Nasdaq:CNBC) (the "Corporation", or "Center"), parent company of Union Center National Bank ("UCNB"), today reported operating results for the second quarter ended June 30, 2011. Net income available to common stockholders amounted to \$3.4 million, or \$0.21 per fully diluted common share, for the quarter ended June 30, 2011, as compared with net income available to common stockholders of \$1.9 million, or \$0.13 per fully diluted common share, for the quarter ended June 30, 2010.

For the six months ended June 30, 2011, net income available to common stockholders amounted to \$6.3 million, or \$0.39 per fully diluted common share, compared to \$2.0 million, or \$0.14 per fully diluted common share, for the same period in 2010.

Highlights for the quarter include:

- Net interest income increased to \$9.8 million, compared to \$8.7 million for the second quarter 2010. Net interest margin on a fully taxable equivalent annualized basis increased 16 basis points to 3.53%, compared to 3.37% for the second quarter of 2010, driven by a lower cost of funds on the deposits mix and lower rates and volume on borrowings.
 - Focus on internal processes and expense controls further improved operating efficiency. The efficiency ratio for the second quarter of 2011 on an annualized basis was 52.8% as compared to 54.8% in the first quarter of 2011 and 65.9% in the second quarter of 2010.
 - Deposits increased by \$31.1 million at June 30, 2011, or 3.33%, to \$965.7 million from \$934.6 million at March 31, 2011 and increased \$163.2 million from the balance reported at June 30, 2010. Growth occurred throughout all segments of the deposit mix: noninterest-bearing checking deposits, savings and money market deposit accounts.
 - At June 30, 2011, total loans amounted to \$698.1 million, a decrease of \$17.9 million, compared to total loans at March 31, 2011. The decrease occurred primarily in the real estate and commercial loan portfolios.
 - Credit quality in the loan portfolio remained strong during the quarter. Non-performing assets, consisting of non-accrual loans, accruing loans past due 90 days or more, other real estate owned ("OREO") and other nonperforming assets, amounted to 0.88% of total assets at June 30, 2011, compared to 1.04% at March 31, 2011 and 0.98% at December 31, 2010. At June 30, 2011, the allowance for loan losses amounted to approximately \$9.8 million, or 1.41% of total loans compared to \$9.6 million, or 1.34% of total loans at March 31, 2011, and \$8.9 million, or 1.25% of total loans at December 31, 2010. The allowance for loan losses as a percentage of total non-performing loans was 88.2% at June 30, 2011 compared to 73.6% at March 31, 2011 and 74.6% at December 31, 2010.
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- The Corporation successfully grew its capital base by \$5.5 million in the second quarter as a result of its successful operations in the second quarter and first half of 2011. The Tier 1 leverage capital ratio was 9.50% at June 30, 2011, compared to 9.83% at March 31, 2011, and 8.57% at June 30, 2010, exceeding regulatory guidelines in all periods.

"The results for the second quarter announced today are reflective of the continued strength in core earnings, despite the large cash position held during the period. Center continues to demonstrate sustained momentum in gathering core deposits and generating asset deployment opportunities, while successfully managing credit issues. We saw improvement in our net interest income this quarter, as a result of managing the balance sheet. Our net interest margin remained stable during the quarter, and the near-term outlook for the margin is stable with opportunities to expand the margin with asset deployment. While outstanding loan balances declined slightly during the quarter, we continue to see lending opportunities, although we are somewhat constrained by the uncertain economic environment. We believe that we have healthy pipelines to fuel expansion of the loan portfolio in the third quarter," remarked Anthony C. Weagley, President and CEO. "At June 30, 2011, the Corporation had \$169.2 million in overall undisbursed loan commitments, which includes largely unused commercial lines of credit, home equity lines of credit and available usage from active construction facilities. Included in the overall undisbursed commitments are the Corporation's "Approved, Accepted but Unfunded" pipeline, which includes \$32.9 million in commercial and commercial real estate loans and \$7.2 million in residential mortgages is expected to fund over the next 90 days."

Mr. Weagley noted: "Center continues to strengthen its balance sheet, ending the second quarter with a strong Tier 1 risk-based capital ratio of 13.32%. Our efforts to continue to improve credit quality coupled with our aggressive actions in resolving existing problem credits continue to produce significant results. Book value per common share rose to \$7.39 at June 30, 2011, compared to \$6.83 at December 31, 2010 and \$6.71 at June 30, 2010. Tangible book value per common share also increased to \$6.35 at June 30, 2011, compared to \$5.79 at December 31, 2010 and \$5.54 at June 30, 2010."

Mr. Weagley indicated, "Given our cash flow from the investment portfolio, we expect to benefit from utilizing cash flows from this lower-yielding portfolio to fund our higher-yielding commercial and residential loan production. In doing so, however, we will remain committed to our conservative underwriting philosophy."

"The decrease in the second quarter's loan loss provision was primarily related to a reduction in net charge-offs in the construction loan portfolio. At June 30, 2011, our non-performing loans, excluding performing troubled debt restructurings, were 1.60% of total loans, up from 1.06% a year ago. Net charge-offs for the second quarter was an annualized 0.003% of average loans, which is well below industry peer levels," added Mr. Weagley.

Mr. Weagley noted, "Looking to the balance of 2011, as previously discussed, we continue to see evidence of sustained broad-based improvements in underlying trends that point to continued strength in operations. While we are cautious as to the overall sustainability of these improvements given continued market volatility. We feel confident that there are bright opportunities for CNBC and am confident that Center is positioned to continue to grow and build shareholder value."

Selected Financial Ratios
(unaudited; annualized where applicable)

| As of or for the quarter ended: | 6/30/11 | 3/31/11 | 12/31/10 | 9/30/10 | 6/30/10 |
|--|----------------|----------------|-----------------|----------------|----------------|
| Return on average assets | 1.10% | 0.98% | 0.86% | 0.72% | 0.69% |
| Return on average equity | 11.17% | 9.86% | 8.34% | 7.74% | 7.60% |
| Net interest margin (tax equivalent basis) | 3.53% | 3.55% | 3.18% | 3.30% | 3.37% |
| Loans / deposits ratio | 72.30% | 76.62% | 82.35% | 83.87% | 90.04% |
| Stockholders' equity / total assets | 9.95% | 9.67% | 10.02% | 10.00% | 8.98% |
| Efficiency ratio (1) | 52.8% | 54.8% | 63.9% | 57.3% | 65.9% |
| Book value per common share | \$ 7.39 | \$ 7.05 | \$ 6.83 | \$ 6.90 | \$ 6.71 |
| Return on average tangible stockholders' equity (1) | 12.86% | 11.44% | 9.68% | 9.14% | 9.06% |
| Tangible common stockholders' equity / tangible assets (1) | 8.02% | 7.70% | 7.92% | 7.93% | 6.87% |
| Tangible book value per common share (1) | \$ 6.35 | \$ 6.01 | \$ 5.79 | \$ 5.86 | \$ 5.54 |

(1) Information reconciling non-GAAP measures to GAAP measures is presented elsewhere in this press release.

Net Interest Income

For the three months ended June 30, 2011, total interest income on a fully taxable equivalent basis increased \$542,000 or 4.34%, to \$13.1 million, compared to the three months ended June 30, 2010. Total interest expense decreased by \$746,000, or 19.5%, to \$3.1 million, for the three months ended June 30, 2011, compared to the same period last year. Net interest income on a fully taxable equivalent basis was \$10.0 million for the three months ended June 30, 2011, increasing \$1.3 million, or 14.8%, from \$8.7 million for the comparable period in 2010. Compared to 2010, for the three months ended June 30, 2011, average interest earning assets increased \$98.4 million while net interest spread and margin, on a tax-equivalent basis, increased on an annualized basis by 22 basis points and 16 basis points, respectively. The Corporation's net interest income and margin were favorably impacted primarily by lower interest rates on deposits and borrowings and changes in volume mix.

The decrease in interest expense reflects the impact of the sustained low levels in short-term interest rates coupled with a favorable shift in the deposit mix in spite of higher volumes of time deposits. The combined positive effect was a decrease in the average cost of funds, which declined 45 basis points to 1.22% from 1.67% for the quarter ended June 30, 2010 and on a linked sequential quarter decreased 1 basis point compared to the first quarter of 2011.

For the quarter ended June 30, 2011, the Corporation's net interest spread increased 22 basis points to 3.40% as compared to 3.18% for the same three month period in 2010, while the Corporation's net interest margin (net interest income as a percentage of interest-earning assets) increased by 16 basis points from 3.37% to 3.53%, in all cases on an annualized tax-equivalent basis.

For the six months ended June 30, 2011, net interest income on a fully taxable equivalent basis amounted to \$20.0 million, compared to \$17.2 million for the same period in 2010. For the six month period ended June 30, 2011, interest income increased by \$722,000 while interest expense decreased by \$2.0 million from the same period last year. Compared to the same period in 2010, for the six months ended June 30, 2011, average interest earning assets increased \$103.4 million while net interest spread and margin increased on an annualized tax-equivalent basis by 17 basis points and 17 basis points, respectively. The Corporation's net interest income and margin were favorably impacted primarily by lower interest rates on deposits and borrowings and changes in volume mix.

Earnings Summary for the Period Ended June 30, 2011

The following presents condensed consolidated statement of income data for the periods indicated.

Condensed Consolidated Statements of Income (unaudited)

(dollars in thousands, except per share data)

For the quarter ended:

| | 6/30/11 | 3/31/11 | 12/31/10 | 9/30/10 | 6/30/10 |
|---|------------|------------|------------|------------|------------|
| Net interest income | \$ 9,793 | \$ 9,945 | \$ 8,381 | \$ 8,382 | \$ 8,657 |
| Provision for loan losses | 250 | 878 | 2,048 | 1,307 | 781 |
| Net interest income after provision for loan losses | 9,543 | 9,067 | 6,333 | 7,075 | 7,876 |
| Other income (loss) | 1,732 | 1,597 | 1,304 | 2,135 | 1,482 |
| Other expense | 5,757 | 5,935 | 5,997 | 5,442 | 6,268 |
| Income (loss) before income tax expense (benefit) | 5,518 | 4,729 | 1,640 | 3,768 | 3,090 |
| Income tax expense (benefit) | 1,934 | 1,711 | (930) | 1,629 | 1,076 |
| Net income | \$ 3,584 | \$ 3,018 | \$ 2,570 | \$ 2,139 | \$ 2,014 |
| Net income available to common stockholders | \$ 3,439 | \$ 2,872 | \$ 2,426 | \$ 1,993 | \$ 1,868 |
| Earnings per common share: | | | | | |
| Basic | \$ 0.21 | \$ 0.18 | \$ 0.15 | \$ 0.14 | \$ 0.13 |
| Diluted | \$ 0.21 | \$ 0.18 | \$ 0.15 | \$ 0.14 | \$ 0.13 |
| Weighted average common shares outstanding: | | | | | |
| Basic | 16,290,700 | 16,290,391 | 16,289,832 | 14,649,397 | 14,574,832 |
| Diluted | 16,315,667 | 16,300,604 | 16,290,071 | 14,649,397 | 14,576,223 |

Other Income

The following presents the components of other income for the periods indicated.

(in thousands, unaudited)

| For the quarter ended: | 6/30/11 | 3/31/11 | 12/31/10 | 9/30/10 | 6/30/10 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Service charges on deposit accounts | \$ 328 | \$ 328 | \$ 427 | \$ 413 | \$ 337 |
| Loan related fees | 145 | 87 | 132 | 104 | 40 |
| Annuities and Insurance commissions | 33 | 6 | 4 | 3 | 23 |
| Debit card and ATM fees | 133 | 121 | 124 | 122 | 122 |
| Bank-owned life insurance | 261 | 260 | 269 | 429 | 264 |
| Net investment securities gains (losses) | 801 | 766 | 315 | 1,033 | 657 |
| Other service charges and fees | 31 | 29 | 33 | 31 | 39 |
| Total other income (loss) | <u>\$ 1,732</u> | <u>\$ 1,597</u> | <u>\$ 1,304</u> | <u>\$ 2,135</u> | <u>\$ 1,482</u> |

Other income increased \$250,000 for the second quarter of 2011 compared with the same period in 2010. During the second quarter of 2011, the Corporation recorded net investment securities gains of \$801,000 compared to \$657,000 in net investment securities gains for the same period last year. Excluding net securities gains, the Corporation recorded other income of \$931,000 for the three months ended June 30, 2011 compared to other income, excluding net securities gains, of \$831,000 for the first quarter of 2011 and \$825,000 for the three months ended June 30, 2010. The increase in other income in the second quarter 2011 when compared to the second quarter 2010 (excluding securities gains and losses) was primarily from an increase of \$105,000 in fees from loan related fees.

For the six months ended June 30, 2011, total other income increased \$4.3 million compared to the same period in 2010, primarily as a result of net securities losses including impairment charges taken on investment securities in 2010. Excluding net securities gains and losses, the Corporation recorded other income of \$1.76 million for the six months ended June 30, 2011 compared to net income, excluding net securities losses, of \$1.72 million for the comparable period in 2010, an increase of \$42,000 or 2.5%.

Other Expense

The following presents the components of other expense for the periods indicated.

(in thousands, unaudited)

| For the quarter ended: | 6/30/11 | 3/31/11 | 12/31/10 | 9/30/10 | 6/30/10 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Salaries | \$ 2,253 | \$ 2,208 | \$ 2,132 | \$ 2,178 | \$ 2,103 |
| Employee benefits | 650 | 659 | 527 | 543 | 624 |
| Occupancy and equipment | 667 | 866 | 804 | 754 | 734 |
| Professional and consulting | 245 | 241 | 272 | 153 | 422 |
| Stationery and printing | 99 | 101 | 74 | 68 | 90 |
| FDIC Insurance | 528 | 528 | 540 | 510 | 458 |
| Marketing and advertising | 65 | 21 | 34 | 36 | 105 |
| Computer expense | 350 | 339 | 366 | 320 | 340 |
| Bank regulatory related expenses | 100 | 98 | 97 | 97 | 97 |
| Postage and delivery | 51 | 76 | 69 | 65 | 74 |
| ATM related expenses | 57 | 58 | 55 | 59 | 66 |
| Other real estate owned expense | - | (1) | 221 | 20 | 43 |
| Amortization of core deposit intangible | 16 | 16 | 16 | 16 | 19 |
| Loss on fixed assets | - | - | - | - | 437 |
| All other expenses | 676 | 725 | 790 | 623 | 656 |
| Total other expense | <u>\$ 5,757</u> | <u>\$ 5,935</u> | <u>\$ 5,997</u> | <u>\$ 5,442</u> | <u>\$ 6,268</u> |

Other expense for the second quarter of 2011 amounted to \$5.8 million, which was approximately \$178,000 or 3.05 percent lower than other expense for the three months ended March 31, 2011. Employee salaries and benefits increased by \$37,000 or 1.29 percent, primarily driven by additions to staff coupled with merit increases as compared to the March 31, 2011. Occupancy and Equipment decreased by \$199,000, primarily driven by weather related expense incurred in the first quarter 2011.

The decrease in other expense for the three months ended June 30, 2011, when compared to the quarter ended June 30, 2010 was approximately \$511,000 and was primarily associated with decreases of \$437,000 from a one time loss recorded in the second quarter of 2010 on fixed assets due to a lease/sale transaction including the Corporation's former operations facility and \$177,000 in lower Professional and Consulting expense.

For the six months ended June 30, 2011, total other expense decreased \$968,000, or 7.65%, compared to the same period in 2010. Decreases primarily included \$427,000 in one-time charges incurred with the lease/sale of the Corporation's former operations facility, \$210,000 in Professional and Consulting fees, \$111,000 in Marketing and \$594,000 from the early termination of a structure repurchase agreement in the 2010 period. These decreases were partially offset by an increase in Salaries and employee benefits of \$386,000.

The efficiency ratio for the second quarter of 2011 on an annualized basis was 52.8% as compared to 54.8% in the first quarter of 2011 and 65.9% in the second quarter of 2010. The Corporation continues to pursue efficient operations.

Statement of Condition Highlights at June 30, 2011

- Total assets amounted to \$1.3 billion at June 30, 2011.
- Total loans were \$698.1 million at June 30, 2011, decreasing \$24.4 million, or 3.37%, from June 30, 2010. Total real estate loans declined \$33.3 million or 6.24%, from the comparable period in 2010. Commercial loans increased \$9.4 million, or 5.00%, year over year.
- Investment securities totaled \$419.0 million at June 30, 2011, increasing \$8.6 million compared to March 31, 2011, and reflecting an increase from June 30, 2010 of \$124.7 million. During the second quarter, the Corporation bifurcated its investment portfolio into available for sale and held to maturity by transferring approximately \$35.6 million into held to maturity.
- Deposits totaled \$965.7 million at June 30, 2011, increasing \$163.2 million, or 20.3%, since June 30, 2010. Total Demand, Savings, Money Market, and Cd's < \$100,000 deposits increased \$104.2 million or 15.0% from June 30, 2010. Time certificates of deposit of \$100,000 or more also increased by \$59.0 million or 53.7% from June 30, 2010. These increases were attributable to continued core deposit growth in overall segments of the deposits base and in niche areas, such as municipal government, private schools and universities.
- Total deposit funding sources, including overnight repurchase agreements (which agreements are considered part of the demand deposit base), amounted to \$998.1 million at June 30, 2011, an increase of \$152.9 million or 18.1% from June 30, 2010. Increases of \$115.6 million or 18.4% in the Demand, Savings and Money Market deposit portfolios were supplemented by net inflows of \$47.6 million, or 27.5%, in Certificates of Deposit time deposits. The Corporation's core deposit gathering efforts remain strong.
- Borrowings totaled \$198.5 million at June 30, 2011, decreasing \$50.4 million from June 30, 2010, primarily due to repayment of Federal Home Loan Bank advances and a structured repurchase agreement in 2010, coupled with a reduction in overnight repurchase agreement activity.

Condensed Statements of Condition

The following tables present condensed statements of condition as of the dates indicated.

Condensed Consolidated Statements of Condition (unaudited)

(in thousands)

| At quarter ended: | 6/30/11 | 3/31/11 | 12/31/10 | 9/30/10 | 6/30/10 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Cash and due from banks | \$ 109,467 | \$ 80,129 | \$ 37,497 | \$ 75,478 | \$ 97,651 |
| Investment securities | | | | | |
| Available for sale | 377,214 | 410,376 | 378,080 | 362,683 | 294,277 |
| Held to maturity (fair value \$42,122) | 41,804 | — | — | — | — |
| Loans | 698,148 | 716,096 | 708,444 | 701,936 | 722,527 |
| Allowance for loan losses | (9,836) | (9,591) | (8,867) | (8,770) | (8,595) |
| Restricted investment in bank stocks, at cost | 9,194 | 9,146 | 9,596 | 10,255 | 10,707 |
| Premises and equipment, net | 12,578 | 12,747 | 12,937 | 13,178 | 13,349 |
| Goodwill | 16,804 | 16,804 | 16,804 | 16,804 | 16,804 |
| Core deposit intangible | 123 | 138 | 155 | 170 | 186 |
| Bank-owned life insurance | 28,426 | 28,165 | 27,905 | 27,636 | 26,832 |
| Other real estate owned | 0 | 0 | 0 | 1,927 | 1,780 |
| Other assets | 23,516 | 24,636 | 24,834 | 19,981 | 20,301 |
| Total assets | <u>\$ 1,307,438</u> | <u>\$ 1,288,646</u> | <u>\$ 1,207,385</u> | <u>\$ 1,221,278</u> | <u>\$ 1,195,819</u> |
| Deposits | \$ 965,676 | \$ 934,646 | \$ 860,332 | \$ 836,902 | \$ 802,459 |
| Borrowings | 198,529 | 202,072 | 218,010 | 232,568 | 248,883 |
| Other liabilities | 13,129 | 27,344 | 8,086 | 29,651 | 37,058 |

| | | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Stockholders' equity | <u>130,104</u> | <u>124,584</u> | <u>120,957</u> | <u>122,157</u> | <u>107,419</u> |
| Total liabilities and stockholders' equity | <u>\$ 1,307,438</u> | <u>\$ 1,288,646</u> | <u>\$ 1,207,385</u> | <u>\$ 1,221,278</u> | <u>\$ 1,195,819</u> |

The following reflects the composition of the Corporation's deposits as of the dates indicated.

Deposits (unaudited)

(in thousands)

| At quarter ended: | 6/30/11 | 3/31/11 | 12/31/10 | 9/30/10 | 6/30/10 |
|--------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Demand: | | | | | |
| Non interest-bearing | \$ 158,689 | \$ 154,910 | \$ 144,210 | \$ 147,213 | \$ 138,152 |
| Interest-bearing | 190,994 | 179,990 | 186,509 | 176,728 | 176,284 |
| Savings | 204,051 | 200,195 | 196,291 | 202,242 | 189,920 |
| Money market | 191,277 | 178,956 | 159,200 | 139,440 | 125,055 |
| Time | 220,665 | 220,595 | 174,122 | 171,279 | 173,048 |
| Total deposits | <u>\$ 965,676</u> | <u>\$ 934,646</u> | <u>\$ 860,332</u> | <u>\$ 836,902</u> | <u>\$ 802,459</u> |

Loans

While outstanding loan balances decreased during the second quarter, lending opportunities continued to be steady and continued to fuel pipelines. Lending activity has been somewhat constrained by the uncertain economic environment. The Corporation continues to see economic instability and has moved cautiously in the process. Overall, the Corporation's credit trends have improved. Nevertheless, the Corporation expects credit trends to be inconsistent over the next few quarters.

The Corporation experienced growth of \$ 50.5 million in new loans and advances during the second quarter but this was outpaced during the second quarter by prepayments of \$30.3 million coupled with scheduled payments and payoffs of \$ 38.1 million.

Average loans during the second quarter totaled \$701.1 million as compared to \$718.1 million during the second quarter of 2010, representing a 2.4 percent decrease.

The Corporation's net loans in the second quarter of 2011 decreased \$18.2 million, to \$688.3 million at June 30, 2011, from \$706.5 million at March 31, 2011. The loan volume decreased by \$18.6 million in commercial and multi-family mortgage loans, and \$1.9 million in residential mortgage loans, were partially offset by an increase of \$2.5 million in consumer loans. Commercial real estate, commercial and construction loans represented 78.4% of the loan portfolio at June 30, 2011, compared to 78.0% at December 31, 2010.

At June 30, 2011, the Corporation's unfunded loan commitments totaled \$169.2 million, primarily in the following categories \$87.5 million in commercial loan commitments, \$14.1 million in construction loan commitments, and \$10.4 million in commercial mortgage commitments and \$50.3 million in residential loan commitments.

The following reflects the composition of the Corporation's loan portfolio as of the dates indicated.

Loans (unaudited)

(in thousands)

| At quarter ended: | 6/30/11 | 3/31/11 | 12/31/10 | 9/30/10 | 6/30/10 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Real estate loans: | | | | | |
| Residential | \$ 150,271 | \$ 147,833 | \$ 154,909 | \$ 165,535 | \$ 176,697 |
| Commercial | 310,475 | 321,367 | 301,284 | 295,003 | 299,694 |
| Construction | 40,421 | 46,310 | 49,752 | 52,518 | 58,118 |
| Total real estate loans | 501,167 | 515,510 | 505,945 | 513,056 | 534,509 |
| Commercial loans | 196,464 | 200,018 | 201,663 | 188,052 | 187,104 |
| Consumer and other loans | 434 | 361 | 577 | 445 | 467 |
| Total loans before deferred fees and costs | 698,065 | 715,889 | 708,185 | 701,553 | 722,080 |
| Deferred costs, net | 83 | 207 | 259 | 383 | 447 |
| Total loans | <u>\$ 698,148</u> | <u>\$ 716,096</u> | <u>\$ 708,444</u> | <u>\$ 701,936</u> | <u>\$ 722,527</u> |

Asset Quality

The following presents the components of non-performing assets and other asset quality data for the periods indicated.

(dollars in thousands, unaudited)

| As of or for the quarter ended: | 6/30/11 | 3/31/11 | 12/31/10 | 9/30/10 | 6/30/10 |
|---|--------------|--------------|--------------|--------------|--------------|
| Non-accrual loans | \$ 10,137 | \$ 12,336 | \$ 11,174 | \$ 8,339 | \$ 7,312 |
| Loans 90 days or more past due and still accruing | 1,013 | 687 | 714 | 3,402 | 336 |
| Total non-performing loans | 11,150 | 13,023 | 11,888 | 11,741 | 7,648 |
| Other non-performing assets | 327 | 327 | - | - | - |
| Other real estate owned | 0 | 0 | 0 | 1,927 | 1,780 |
| Total non-performing assets | \$ 11,477 | \$ 13,350 | \$ 11,888 | \$ 13,668 | \$ 9,428 |
| Performing troubled debt restructured loans | \$ 8,223 | \$ 7,035 | \$ 7,035 | \$ 10,417 | \$ 9,388 |
| Non-performing assets / total assets | 0.88% | 1.04% | 0.98% | 1.12% | 0.79% |
| Non-performing loans / total loans | 1.60% | 1.82% | 1.68% | 1.67% | 1.06% |
| Net charge-offs | \$ 5 | \$ 154 | \$ 1,950 | \$ 1,133 | \$ 325 |
| Net charge-offs / average loans (1) | 0.003% | 0.09% | 1.13% | 0.63% | 0.18% |
| Allowance for loan losses / total loans | 1.41% | 1.34% | 1.25% | 1.25% | 1.19% |
| Allowance for loan losses / non-performing loans | 88.2% | 73.6% | 74.6% | 74.7% | 112.4% |
| Total assets | \$ 1,307,438 | \$ 1,288,646 | \$ 1,207,385 | \$ 1,221,278 | \$ 1,195,819 |
| Total loans | 698,148 | 716,096 | 708,444 | 701,936 | 722,527 |
| Average loans | 701,056 | 716,568 | 692,166 | 715,849 | 718,078 |
| Allowance for loan losses | 9,836 | 9,591 | 8,867 | 8,770 | 8,595 |

(1) Annualized.

Mr. Weagley noted that “We continued to take aggressive action to resolve problem assets and succeeded in reducing the level of non-performing assets. During the second quarter of 2011, \$3.1 million of problem loans were paid off or sold. Further, \$1.3 million of non-accrual loans were returned to accrual status under “trouble debt restructurings”.

Non-accrual loans decreased from \$12.3 million at March 31, 2011 to \$10.1 million at June 30, 2011. Loans past due 90 days or more and still accruing increased from \$687,000 at March 31, 2011 to \$1,013,000 at June 30, 2011. Other real estate owned (OREO) at June 30, 2011 was \$0. Troubled debt restructured loans, which are performing loans, increased from \$7.0 million at March 31, 2011 to \$8.2 million at June 30, 2011. Interest income reversed on loans placed into non-accrual during the three and six months ended June 30, 2011 amounted to \$109,000 and \$324,000, respectively.

At June 30, 2011, non-performing assets totaled \$11.5 million, or 0.88% of total assets, as compared with \$11.9 million, or 0.98%, at December 31, 2010 and \$9.4 million, or 0.79%, at June 30, 2010. The decrease from December 31, 2010 was accomplished notwithstanding the addition of several new residential loans (totaling approximately \$1.9 million) and commercial loans (totaling approximately \$1.6 million) into non-performing status. This was more than offset by decreases from pay-downs of \$2.4 million, and minor net charge-offs of \$159,000 of existing loans and the transfer to performing troubled debt restructured from non-accrual status of a commercial mortgage of \$1.3 million. The other non-performing asset represents a pending tax lien assignment related to the Highlands participation loan.

The allowance for loan losses at June 30, 2011 amounted to approximately \$9.8 million, or 1.41% of total loans, compared to 1.19% of total loans at June 30, 2010. The allowance for loan losses as a percentage of total non-performing loans was 88.22% at June 30, 2011 compared to 112.4% at June 30, 2010.

A discussion of the significant components of non-performing assets at June 30, 2011 is outlined below.

- Two non-accrual relationships secured by senior residential liens totaling \$714,000 and \$614,000, respectively, located in Morris and Somerset counties in New Jersey are currently in foreclosure; no loss to the Corporation is anticipated, although no assurance can be made with respect to the outcome at this time.
- A \$2.3 million nonaccrual loan, secured by a commercial property located in Essex County, New Jersey, represents an expired participation with Highlands State Bank. The Corporation continues to aggressively pursue litigation in this matter.
- A \$3.6 million non-accrual participation loan secured by an operating oceanfront property in Nassau County, NY, is currently being marketed for sale by the lead bank. There have been multiple prospective purchasers interested in purchasing this note. An agreement is currently being negotiated by the lead bank; however, no assurance can be made with respect to the outcome at this time.

Capital

Anthony C. Weagley, President and CEO, stated, "Despite the challenging economic climate, we have continued to increase capital levels through sustained improved core earnings growth. In keeping with our commitment to build long-term stockholder value, we are positioned to build our capital internally and commence repayment of the Treasury's Capital Purchase Program ("CPP") investment in partial payments of 25% of the total amount received under the program. We expect a payment to be made in the third quarter reducing the total amount outstanding to \$7.5 million."

At June 30, 2011, total stockholders' equity amounted to \$130.1 million, or 9.95% of total assets. Tangible common stockholders' equity was \$103.4 million, or 8.02% of tangible assets, compared to 6.85% at June 30, 2010. Book value per common share was \$7.39 at June 30, 2011, compared to \$6.71 at June 30, 2010. Tangible book value per common share was \$6.35 at June 30, 2011 compared to \$5.54 at June 30, 2010.

At June 30, 2011, the Corporation's Tier 1 leverage capital ratio was 9.50%, the Tier 1 risk-based capital ratio was 13.33% and the total risk-based capital ratio was 14.40%. Tier 1 capital increased to approximately \$122.1 million at June 30, 2011 from \$99.0 million at June 30, 2010, reflecting the proceeds from the Corporation's common stock offerings in September 2010 and increases in retained earnings.

At June 30, 2011, the Corporation's capital ratios continued to exceed the minimum Federal requirements for a bank holding company, and Union Center National Bank's capital ratios continued to exceed each of the minimum levels required for classification as a "well capitalized institution" under the Federal Deposit Insurance Corporation Improvement Act ("FDICIA").

Non-GAAP Financial Measures

Reported amounts are presented in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Corporation's management believes that the supplemental non-GAAP information provided in this press release is utilized by market analysts and others to evaluate a company's financial condition and, therefore, that such information is useful to investors. These disclosures should not be viewed as a substitute for financial results determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures which may be presented by other companies.

"Return on average tangible stockholders' equity" is a non-GAAP financial measure and is defined as net income as a percentage of tangible stockholders' equity. Tangible stockholders' equity is defined as common stockholders' equity less goodwill and other intangible assets. The return on average tangible stockholders' equity measure may be important to investors that are interested in analyzing the Corporation's return on equity excluding the effect of changes in intangible assets on equity.

The following presents a reconciliation of average tangible stockholders' equity and a reconciliation of return on average tangible stockholders' equity for the periods presented.

(dollars in thousands)

For the quarter ended:

| | <u>6/30/11</u> | <u>3/31/11</u> | <u>12/31/10</u> | <u>9/30/10</u> | <u>6/30/10</u> |
|---|----------------|----------------|-----------------|----------------|----------------|
| Net income | \$ 3,584 | \$ 3,018 | \$ 2,570 | \$ 2,139 | \$ 2,014 |
| Average stockholders' equity | \$ 128,391 | \$ 122,492 | \$ 123,218 | \$ 110,544 | \$ 105,947 |
| Less: | | | | | |
| Average goodwill and other intangible assets | 16,936 | 16,952 | 16,968 | 16,984 | 17,001 |
| Average tangible stockholders' equity | \$ 111,455 | \$ 105,540 | \$ 106,250 | \$ 93,560 | \$ 88,946 |
| Return on average stockholders' equity | 11.17% | 9.86% | 8.34% | 7.74% | 7.60% |
| Add: | | | | | |
| Average goodwill and other intangible assets | 1.70% | 1.58% | 1.34% | 1.40% | 1.46% |
| Return on average tangible stockholders' equity | 12.86% | 11.44% | 9.68% | 9.14% | 9.06% |

"Tangible book value per common share" is a non-GAAP financial measure and represents tangible stockholders' equity (or tangible book value) calculated on a per common share basis. The disclosure of tangible book value per common share may be helpful to those investors who seek to evaluate the Corporation's book value per common share without giving effect to goodwill and other intangible assets.

The following presents a reconciliation of book value per common share to tangible book value per common share as of the dates presented.

(dollars in thousands, except per share data)

At quarter ended:

| | <u>6/30/11</u> | <u>3/31/11</u> | <u>12/31/10</u> | <u>9/30/10</u> | <u>6/30/10</u> |
|--|----------------|----------------|-----------------|----------------|----------------|
| Common shares outstanding | 16,290,700 | 16,290,700 | 16,289,832 | 16,289,832 | 14,574,832 |
| Stockholders' equity | \$ 130,104 | \$ 124,584 | \$ 120,957 | \$ 122,157 | \$ 107,419 |
| Less: Preferred stock | 9,741 | 9,721 | 9,700 | 9,680 | 9,660 |
| Less: Goodwill and other intangible assets | 16,927 | 16,942 | 16,958 | 16,974 | 16,990 |
| Tangible common stockholders' equity | \$ 103,436 | \$ 97,921 | \$ 94,299 | \$ 95,503 | \$ 80,769 |
| Book value per common share | \$ 7.39 | \$ 7.05 | \$ 6.83 | \$ 6.90 | \$ 6.71 |
| Less: Goodwill and other intangible assets | 1.04 | 1.04 | 1.04 | 1.04 | 1.17 |
| Tangible book value per common share | \$ 6.35 | \$ 6.01 | \$ 5.79 | \$ 5.86 | \$ 5.54 |

"Tangible common stockholders' equity/tangible assets" is a non-GAAP financial measure and is defined as tangible common stockholders' equity as a percentage of total assets minus goodwill and other intangible assets. This measure may be important to investors that are interested in analyzing the financial condition of the Corporation without consideration of intangible assets, inasmuch as tangible common stockholders' equity and tangible assets both exclude goodwill and other intangible assets.

The following presents a reconciliation of total assets to tangible assets and a reconciliation of total stockholders' equity/total assets to tangible common stockholders' equity/tangible assets as of the dates presented.

(dollars in thousands)

At quarter ended:

| | <u>6/30/11</u> | <u>3/31/11</u> | <u>12/31/10</u> | <u>9/30/10</u> | <u>6/30/10</u> |
|--|----------------|----------------|-----------------|----------------|----------------|
| Total assets | \$ 1,307,438 | \$ 1,288,646 | \$ 1,207,385 | \$ 1,221,278 | \$ 1,195,819 |
| Less: Goodwill and other intangible assets | 16,927 | 16,942 | 16,958 | 16,974 | 16,990 |
| Tangible assets | \$ 1,290,511 | \$ 1,271,704 | \$ 1,190,427 | \$ 1,204,304 | \$ 1,178,829 |
| Total stockholders' equity / total assets | 9.95% | 9.67% | 10.02% | 10.00% | 8.98% |
| Tangible common stockholders' equity / tangible assets | 8.02% | 7.70% | 7.92% | 7.93% | 6.85% |

Other income is presented in the table below including and excluding net securities gains (losses). We believe that many investors desire to evaluate other income without regard for securities gains (losses).

(in thousands)

For the quarter ended:

| | <u>6/30/11</u> | <u>3/31/11</u> | <u>12/31/10</u> | <u>9/30/10</u> | <u>6/30/10</u> |
|---|----------------|----------------|-----------------|----------------|----------------|
| Other income (loss) | \$ 1,732 | \$ 1,597 | \$ 1,304 | \$ 2,135 | \$ 1,482 |
| Less: Net investment securities gains (losses) | 801 | 766 | 315 | 1,033 | 657 |
| Other income, excluding net investment securities gains | \$ 931 | \$ 831 | \$ 989 | \$ 1,102 | \$ 825 |

“Efficiency ratio” is a non-GAAP financial measure and is defined as other expense as a percentage of net interest income on a tax equivalent basis plus other income, excluding net securities gains (losses), calculated as follows:

(dollars in thousands)

| For the quarter ended: | 6/30/11 | 3/31/11 | 12/31/10 | 9/30/10 | 6/30/10 |
|--|-----------|-----------|----------|----------|----------|
| Other expense | \$ 5,757 | \$ 5,935 | \$ 5,997 | \$ 5,442 | \$ 6,268 |
| Net interest income (tax equivalent basis) | \$ 9,974 | \$ 9,990 | \$ 8,394 | \$ 8,393 | \$ 8,686 |
| Other income, excluding net investment securities gains (losses) | 932 | 831 | 989 | 1,102 | 825 |
| Total | \$ 10,906 | \$ 10,821 | \$ 9,383 | \$ 9,495 | \$ 9,511 |
| Efficiency ratio | 52.8% | 54.8% | 63.9% | 57.3% | 65.9% |

Condensed Consolidated Average Statements of Condition (unaudited)

(in thousands)

| For the quarter ended: | 6/30/11 | 3/31/11 | 12/31/10 | 9/30/10 | 6/30/10 |
|--|--------------|--------------|--------------|--------------|--------------|
| Investment securities | | | | | |
| Available for sale | \$ 390,391 | \$ 410,014 | \$ 362,312 | \$ 301,316 | \$ 313,905 |
| Held to maturity | 38,985 | — | — | — | — |
| Loans | 701,056 | 716,568 | 692,166 | 715,849 | 718,078 |
| Allowance for loan losses | (9,601) | (9,139) | (8,843) | (8,738) | (8,362) |
| All other assets | 180,753 | 111,688 | 149,377 | 180,974 | 150,842 |
| Total assets | \$ 1,301,584 | \$ 1,229,131 | \$ 1,195,012 | \$ 1,189,401 | \$ 1,174,463 |
| Non interest-bearing deposits | \$ 157,002 | \$ 152,074 | \$ 151,038 | \$ 142,829 | \$ 139,759 |
| Interest-bearing deposits | 805,752 | 737,196 | 697,619 | 685,830 | 659,608 |
| Borrowings | 202,902 | 213,664 | 216,483 | 238,266 | 256,854 |
| Other liabilities | 7,537 | 3,705 | 6,654 | 11,932 | 12,295 |
| Stockholders' equity | 128,391 | 122,492 | 123,218 | 110,544 | 105,947 |
| Total liabilities and stockholders' equity | \$ 1,301,584 | \$ 1,229,131 | \$ 1,195,012 | \$ 1,189,401 | \$ 1,174,463 |

About Center Bancorp

Center Bancorp, Inc. is a bank holding company, which operates Union Center National Bank, its main subsidiary. Chartered in 1923, Union Center National Bank is one of the oldest national banks headquartered in the state of New Jersey and now ranks as the third largest national bank in the state and is currently the largest commercial bank headquartered in Union County. Its primary market niche is its commercial banking business. The Bank focuses its lending activities on commercial lending to small and medium-sized businesses, real estate developers and high worth individuals.

The Bank, through its Private Wealth Management Division, which includes its wholly-owned subsidiary, Center Financial Group LLC, provide financial services including brokerage services, insurance and annuities, mutual funds, financial planning, estate and tax planning, trust, elder care and benefit plan administration.

The Bank currently operates 13 banking locations in Union and Morris Counties in New Jersey. Banking centers are located in Union Township (locations), Berkeley Heights, Boonton/Mountain Lakes, Madison, Millburn/Vauxhall, Morristown, Springfield, and Summit, New Jersey. The Bank also operates remote ATM locations in the Chatham and Madison New Jersey Transit train stations, and the Boys and Girls Club of Union County.

While the Bank's primary market area is comprised of Union and Morris Counties, New Jersey, the Corporation has expanded to northern and central New Jersey. At June 30, 2011, the Corporation had total assets of \$1.3 billion, total deposit funding sources, which includes overnight repurchase agreements, of \$998 million and stockholders' equity of \$130 million. For further information regarding Center Bancorp, Inc., please visit our web site at <http://www.centerbancorp.com> or call (800) 862-3683. For information regarding Union Center National Bank, please visit our web site at <http://www.ucnb.com>.

Forward-Looking Statements

All non-historical statements in this press release (including statements regarding performance goals, loan volume goals, earning assets mix goals, potential growth in loan volume, increased activity in the commercial sector of the loan portfolio, the funding of Approved, Accepted but Unfunded loans, the use of cash flows from investment securities to fund higher-yielding commercial and residential loan production, general economic recovery, expectations regarding the resolution of non-performing assets and plans for TARP repayment) constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements may use forward-looking terminology such as "expect," "look," "believe," "plan," "anticipate," "may," "will" or similar statements or variations of such terms or otherwise express views concerning trends and the future. Such forward-looking statements involve certain risks and uncertainties. These include, but are not limited to, the direction of interest rates, continued levels of loan quality and origination volume, continued

relationships with major customers including sources for loans, as well as the effects of international, national, regional and local economic conditions and legal and regulatory barriers and structure, including those relating to economic recovery and the deregulation of the financial services industry, and other risks cited in the Corporation's most recent Annual Report on Form 10-K and other reports filed by the Corporation with the Securities and Exchange Commission. Actual results may differ materially from such forward-looking statements. Center Bancorp, Inc. assumes no obligation for updating any such forward-looking statement at any time.

CENTER BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CONDITION
(Unaudited)

| (in thousands, except for share data) | <u>June 30, 2011</u> | <u>December 31, 2010</u> |
|--|----------------------------|----------------------------------|
| ASSETS | | |
| Cash and due from banks | \$ 109,467 | \$ 37,497 |
| Investment securities | | |
| Available for sale | 377,214 | 378,080 |
| Held to maturity (fair value of \$42,122 in 2011 and \$0 in 2010) | 41,804 | — |
| Loans | 698,148 | 708,444 |
| Less: Allowance for loan losses | 9,836 | 8,867 |
| Net loans | <u>688,312</u> | <u>699,577</u> |
| Restricted investment in bank stocks, at cost | 9,194 | 9,596 |
| Premises and equipment, net | 12,578 | 12,937 |
| Accrued interest receivable | 5,229 | 4,134 |
| Bank-owned life insurance | 28,426 | 27,905 |
| Goodwill | 16,804 | 16,804 |
| Prepaid FDIC assessments | 2,521 | 3,582 |
| Other assets | 15,889 | 17,273 |
| Total assets | <u><u>\$ 1,307,438</u></u> | <u><u>\$ 1,207,385</u></u> |
| LIABILITIES | | |
| Deposits: | | |
| Non-interest bearing | \$ 158,689 | \$ 144,210 |
| Interest-bearing: | | |
| Time deposits \$100 and over | 168,925 | 119,651 |
| Interest-bearing transaction, savings and time deposits \$100 and less | <u>638,062</u> | <u>596,471</u> |
| Total deposits | 965,676 | 860,332 |
| Short-term borrowings | 32,374 | 41,855 |
| Long-term borrowings | 161,000 | 171,000 |
| Subordinated debentures | 5,155 | 5,155 |
| Accounts payable and accrued liabilities | 9,321 | 8,086 |
| Due to brokers for investment securities | 3,808 | - |
| Total liabilities | <u>1,177,334</u> | <u>1,086,428</u> |
| STOCKHOLDERS' EQUITY | | |
| Preferred stock, \$1,000 liquidation value per share, authorized 5,000,000 shares; issued 10,000 shares | 9,741 | 9,700 |
| Common stock, no par value, authorized 25,000,000 shares; issued 18,477,412 shares at June 30, 2011 and December 31, 2010; outstanding 16,290,700 shares at June 30, 2011 and 16,289,832 shares at December 31, 2010 | 110,056 | 110,056 |
| Additional paid in capital | 4,960 | 4,941 |
| Retained earnings | 26,963 | 21,633 |
| Treasury stock, at cost (2,186,712 common shares at June 30, 2011 and 2,187,580 common shares at December 31, 2010) | (17,691) | (17,698) |
| Accumulated other comprehensive loss | <u>(3,925)</u> | <u>(7,675)</u> |
| Total stockholders' equity | <u>130,104</u> | <u>120,957</u> |
| Total liabilities and stockholders' equity | <u><u>\$ 1,307,438</u></u> | <u><u>\$ 1,207,385</u></u> |

CENTER BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

| (in thousands, except for share data) | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|--------------------------------|------------|------------------------------|------------|
| | 2011 | 2010 | 2011 | 2010 |
| Interest income | | | | |
| Interest and fees on loans | \$ 8,950 | \$ 9,419 | \$ 18,167 | \$ 18,787 |
| Interest and dividends on investment securities: | | | | |
| Taxable | 3,428 | 2,864 | 6,806 | 5,873 |
| Tax-exempt | 351 | 56 | 439 | 173 |
| Dividends | 40 | 27 | 81 | 54 |
| Dividends on restricted investment in bank stocks | 109 | 122 | 252 | 273 |
| Total interest income | 12,878 | 12,488 | 25,745 | 25,160 |
| Interest expense | | | | |
| Interest on certificates of deposit \$100 or more | 348 | 340 | 613 | 754 |
| Interest on other deposits | 1,072 | 1,235 | 2,074 | 2,499 |
| Interest on borrowings | 1,665 | 2,256 | 3,320 | 4,741 |
| Total interest expense | 3,085 | 3,831 | 6,007 | 7,994 |
| Net interest income | 9,793 | 8,657 | 19,738 | 17,166 |
| Provision for loan losses | 250 | 781 | 1,128 | 1,721 |
| Net interest income after provision for loan losses | 9,543 | 7,876 | 18,610 | 15,445 |
| Other income | | | | |
| Service charges, commissions and fees | 461 | 459 | 910 | 889 |
| Annuities and insurance commissions | 33 | 23 | 39 | 116 |
| Bank-owned life insurance | 261 | 264 | 521 | 528 |
| Other | 176 | 79 | 292 | 187 |
| Other-than-temporary impairment losses on investment securities | (142) | (706) | (237) | (8,472) |
| Portion of losses recognized in other comprehensive income, before taxes | - | — | - | 3,377 |
| Net other-than-temporary impairment losses on investment securities | (142) | (706) | (237) | (5,095) |
| Net gains on sale of investment securities | 943 | 1,363 | 1,804 | 2,408 |
| Net investment securities gains (losses) | 801 | 657 | 1,567 | (2,687) |
| Total other income (loss) | 1,732 | 1,482 | 3,329 | (967) |
| Other expense | | | | |
| Salaries and employee benefits | 2,903 | 2,727 | 5,770 | 5,384 |
| Occupancy and equipment | 667 | 734 | 1,533 | 1,623 |
| FDIC insurance | 528 | 458 | 1,056 | 1,076 |
| Professional and consulting | 245 | 422 | 486 | 696 |
| Stationery and printing | 99 | 90 | 200 | 174 |
| Marketing and advertising | 65 | 105 | 86 | 197 |
| Computer expense | 350 | 340 | 689 | 680 |
| Other real estate owned, net | - | 43 | (1) | 43 |
| Loss on fixed assets, net | - | 437 | - | 427 |
| Repurchase agreement termination fee | - | — | - | 594 |
| Other | 900 | 912 | 1,873 | 1,766 |
| Total other expense | 5,757 | 6,268 | 11,692 | 12,660 |
| Income before income tax expense (benefit) | 5,518 | 3,090 | 10,247 | 1,818 |
| Income tax expense (benefit) | 1,934 | 1,076 | 3,645 | (477) |
| Net Income | 3,584 | 2,014 | 6,602 | 2,295 |
| Preferred stock dividends and accretion | 145 | 146 | 291 | 291 |
| Net income available to common stockholders | \$3,439 | \$ 1,868 | \$ 6,311 | \$ 2,004 |
| Earnings per common share | | | | |
| Basic | \$ 0.21 | \$ 0.13 | \$ 0.39 | \$ 0.14 |
| Diluted | \$ 0.21 | \$ 0.13 | \$ 0.39 | \$ 0.14 |
| Weighted Average Common Shares Outstanding | | | | |
| Basic | 16,290,700 | 14,574,832 | 16,290,547 | 14,574,832 |
| Diluted | 16,315,667 | 14,576,223 | 16,309,026 | 14,577,897 |



CENTER BANCORP, INC. AND SUBSIDIARIES
SELECTED QUARTERLY FINANCIAL AND STATISTICAL DATA
(Unaudited)

| (in thousands, except for share data) | Three Months Ended | | |
|---|--------------------|------------|------------|
| | 6/30/2011 | 3/31/2011 | 6/30/2010 |
| Statements of Income Data | | | |
| Interest income | \$ 12,878 | \$ 12,867 | \$ 12,488 |
| Interest expense | 3,085 | 2,922 | 3,831 |
| Net interest income | 9,793 | 9,945 | 8,657 |
| Provision for loan losses | 250 | 878 | 781 |
| Net interest income after provision for loan losses | 9,543 | 9,067 | 7,876 |
| Other income | 1,732 | 1,597 | 1,482 |
| Other expense | 5,757 | 5,935 | 6,268 |
| Income before income tax expense (benefit) | 5,518 | 4,729 | 3,090 |
| Income tax expense (benefit) | 1,934 | 1,711 | 1,076 |
| Net income | \$ 3,584 | \$ 3,018 | \$ 2,014 |
| Net income available to common stockholders | \$ 3,439 | \$ 2,872 | \$ 1,868 |
| Earnings per Common Share | | | |
| Basic | \$ 0.21 | \$ 0.18 | \$ 0.13 |
| Diluted | \$ 0.21 | \$ 0.18 | \$ 0.13 |
| Statements of Condition Data (Period-End) | | | |
| Investment securities | | | |
| Available for sale | \$ 377,214 | \$ 410,376 | \$ 294,277 |
| Held for maturity(fair value \$42,122, \$0, and \$0) | 41,804 | — | — |
| Loans | 698,148 | 716,096 | 722,527 |
| Assets | 1,307,438 | 1,288,646 | 1,195,819 |
| Deposits | 965,676 | 934,646 | 802,459 |
| Borrowings | 198,529 | 202,072 | 248,883 |
| Stockholders' equity | 130,104 | 124,584 | 107,419 |
| Common Shares Dividend Data | | | |
| Cash dividends | \$ 489 | \$ 489 | \$ 437 |
| Cash dividends per share | \$ 0.03 | \$ 0.03 | \$ 0.03 |
| Dividend payout ratio | 14.22% | 17.03% | 23.39% |
| Weighted Average Common Shares Outstanding | | | |
| Basic | 16,290,700 | 16,290,391 | 14,574,832 |
| Diluted | 16,315,667 | 16,300,604 | 14,576,223 |
| Operating Ratios | | | |
| Return on average assets | 1.10% | 0.98% | 0.69% |
| Return on average equity | 11.17% | 9.86% | 7.60% |
| Return on average tangible equity | 12.86% | 11.44% | 9.06% |
| Average equity / average assets | 9.86% | 9.97% | 9.02% |
| Book value per common share (period-end) | \$ 7.39 | \$ 7.05 | \$ 6.71 |
| Tangible book value per common share (period-end) | \$ 6.35 | \$ 6.01 | \$ 5.54 |
| Non-Financial Information (Period-End) | | | |
| Common stockholders of record | 575 | 585 | 592 |
| Full-time equivalent staff | 167 | 165 | 163 |