

1ST CONSTITUTION BANCORP  
Form 10-Q  
November 14, 2011

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2011

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file Number: 000-32891

1ST CONSTITUTION BANCORP  
(Exact Name of Registrant as Specified in Its  
Charter)

New Jersey  
(State of Other Jurisdiction  
of Incorporation or Organization)

22-3665653  
(I.R.S. Employer Identification  
No.)

2650 Route 130, P.O. Box 634, Cranbury, NJ  
(Address of Principal Executive Offices)

08512  
(Zip Code)

(609) 655-4500  
(Issuer's Telephone Number, Including Area Code)

(Former name, former address and former fiscal year, if changed since  
last report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required

to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
(Do not check if a smaller reporting company)			

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of November 12, 2011, there were 4,804,707 shares of the registrant's common stock, no par value, outstanding.

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1ST CONSTITUTION BANCORP

FORM 10-Q

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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements.

1st Constitution Bancorp and Subsidiaries  
Consolidated Balance Sheets  
(Unaudited)

	September 30, 2011	December 31, 2010
<b>ASSETS</b>		
CASH AND DUE FROM BANKS	\$ 14,432,669	\$ 17,699,103
FEDERAL FUNDS SOLD / SHORT-TERM INVESTMENTS	11,404	11,398
Total cash and cash equivalents	14,444,073	17,710,501
<b>INVESTMENT SECURITIES:</b>		
Available for sale, at fair value	96,309,859	85,470,993
Held to maturity (fair value of \$158,148,341 and \$81,712,004 at September 30, 2011 and December 31, 2010, respectively)	152,474,688	81,889,895
Total securities	248,784,547	167,360,888
LOANS HELD FOR SALE	9,848,248	21,219,230
LOANS	426,435,830	411,987,339
Less- Allowance for loan losses	(5,508,337 )	(5,762,712 )
Net loans	420,927,493	406,224,627
PREMISES AND EQUIPMENT, net	10,590,834	6,148,626
ACCRUED INTEREST RECEIVABLE	2,464,715	2,405,741
BANK-OWNED LIFE INSURANCE	11,774,282	11,474,643
OTHER REAL ESTATE OWNED	10,999,359	4,850,818
OTHER ASSETS	12,627,013	7,000,155
Total assets	\$ 742,460,564	\$ 644,395,229
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>LIABILITIES:</b>		
Deposits		
Non-interest bearing	\$ 156,822,951	\$ 92,023,123
Interest bearing	488,581,902	451,712,026
Total deposits	645,404,853	543,735,149
<b>BORROWINGS</b>		
REDEEMABLE SUBORDINATED DEBENTURES	19,000,000	25,900,000
ACCRUED INTEREST PAYABLE	18,557,000	18,557,000
	1,100,956	1,434,338

ACCRUED EXPENSES AND OTHER LIABILITIES	4,146,305	5,087,586
Total liabilities	688,209,114	594,714,073
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY:		
Common stock, no par value; 30,000,000 shares authorized; 4,814,635 and 4,811,294 shares issued and 4,804,807 and 4,803,459 shares outstanding as of September 30, 2011 and December 31, 2010, respectively	39,194,613	38,899,855
Retained earnings	13,573,839	10,741,779
Treasury Stock, at cost, 9,828 shares at September 30, 2011 and 8,885 shares at December 31, 2010, respectively	(69,814 )	(58,652 )
Accumulated other comprehensive income	1,552,812	98,174
Total shareholders' equity	54,251,450	49,681,156
Total liabilities and shareholders' equity	\$742,460,564	\$644,395,229

See accompanying notes to consolidated financial statements.

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1st Constitution Bancorp and Subsidiaries  
Consolidated Statements of Income  
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
<b>INTEREST INCOME</b>				
Loans, including fees	\$ 5,632,351	\$ 6,349,180	\$ 16,153,997	\$ 17,414,422
Securities				
Taxable	1,366,274	1,229,394	4,154,352	3,843,035
Tax-exempt	433,497	106,841	1,070,297	321,012
Federal funds sold and short-term investments	43,524	4,659	115,634	37,278
Total interest income	7,475,646	7,690,074	21,494,280	21,615,747
<b>INTEREST EXPENSE</b>				
Deposits	1,437,263	1,567,786	4,365,667	5,129,799
Borrowings	104,849	309,476	315,481	853,898
Redeemable subordinated debentures	88,063	269,565	589,497	801,255
Total interest expense	1,630,175	2,146,827	5,270,645	6,784,952
Net interest income	5,845,471	5,543,247	16,223,635	14,830,795
Provision for loan losses	608,332	875,000	1,283,330	1,725,000
Net interest income after provision for loan losses	5,237,139	4,668,247	14,940,305	13,105,795
<b>NON-INTEREST INCOME</b>				
Service charges on deposit accounts	237,716	185,242	648,456	550,270
Gain on sales of loans	508,359	416,754	1,356,741	1,129,875
Income on bank-owned life insurance	100,980	102,791	299,639	304,486
Other income	382,209	291,910	1,089,488	967,932
Total non-interest income	1,229,264	996,697	3,394,324	2,952,563
<b>NON-INTEREST EXPENSE</b>				
Salaries and employee benefits	2,892,901	2,532,427	8,313,513	7,326,361
Occupancy expense	628,652	499,745	1,776,359	1,398,510
Data processing expenses	295,739	284,554	912,988	815,752
FDIC insurance expenses	29,805	94,034	503,810	589,285
Other operating expenses	909,370	961,537	3,068,414	2,655,425
Total non-interest expenses	4,756,467	4,372,297	14,575,084	12,785,333
Income before income taxes	1,709,936	1,292,647	3,759,545	3,273,025
<b>INCOME TAXES</b>				
Net income	1,213,278	881,599	2,832,060	2,376,416
Dividends on preferred stock and accretion	0	176,984	0	530,952
Net income available to common shareholders	\$ 1,213,278	\$ 704,615	\$ 2,832,060	\$ 1,845,464
<b>NET INCOME PER COMMON SHARE</b>				
Basic	\$ 0.25	\$ 0.15	\$ 0.59	\$ 0.39
Diluted	\$ 0.25	\$ 0.15	\$ 0.58	\$ 0.38

See accompanying notes to consolidated financial statements.





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1st Constitution Bancorp and Subsidiaries  
Consolidated Statements of Changes in Shareholders' Equity  
For the Nine Months Ended September 30, 2011 and 2010  
(Unaudited)

Preferred Stock	Common Stock	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)
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