

1ST CONSTITUTION BANCORP
Form 10-Q
May 14, 2010

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 March 31, 2010

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="radio"/> | Accelerated filer | <input type="radio"/> |
| Non-accelerated filer | <input type="radio"/> | Smaller reporting company | <input checked="" type="radio"/> |
| (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 May 12, 2010, there were 4,526,107 shares of the registrant’s common stock, no par value, outstanding.

1ST CONSTITUTION BANCORP

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	March 31, 2010	December 31, 2009
ASSETS		
CASH AND DUE FROM BANKS	\$ 21,025,740	\$ 25,842,901
FEDERAL FUNDS SOLD / SHORT-TERM INVESTMENTS	11,386	11,384
Total cash and cash equivalents	21,037,126	25,854,285
INVESTMENT SECURITIES:		
Available for sale, at fair value	195,401,251	204,118,850
Held to maturity (fair value of \$22,771,783 and \$24,215,530 at March 31, 2010 and December 31, 2009, respectively)	22,118,590	23,608,980
Total investment securities	217,519,841	227,727,830
LOANS HELD FOR SALE	16,325,840	21,514,785
LOANS	361,448,384	379,945,735
Less- Allowance for loan losses	(4,791,297)	(4,505,387)
Net loans	356,657,087	375,440,348
PREMISES AND EQUIPMENT, net	5,335,690	4,899,091
ACCRUED INTEREST RECEIVABLE	2,454,004	2,274,087
BANK-OWNED LIFE INSURANCE	11,165,694	10,319,055
OTHER REAL ESTATE OWNED	1,340,613	1,362,621
OTHER ASSETS	8,060,583	8,604,378
Total assets	\$ 639,896,478	\$ 677,996,480
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES:		
Deposits		
Non-interest bearing	\$ 88,057,439	\$ 82,473,328
Interest bearing	445,643,577	489,682,026
Total deposits	533,701,016	572,155,354
BORROWINGS		
REDEEMABLE SUBORDINATED DEBENTURES	22,500,000	22,500,000
ACCRUED INTEREST PAYABLE	18,557,000	18,557,000
ACCRUED INTEREST PAYABLE	1,536,505	1,757,151
ACCRUED EXPENSES AND OTHER LIABILITIES	4,955,992	5,625,922

Total liabilities	581,250,513	620,595,427
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY:		
Preferred Stock, no par value; 5,000,000 shares authorized, of which 12,000 shares of Series B, \$1,000 liquidation preference, 5% cumulative increasing to 9% cumulative on February 15, 2014, were issued and outstanding at March 31, 2010 and December 31, 2009	11,500,246	11,473,262
Common stock, no par value; 30,000,000 shares authorized; 4,537,010 and 4,526,827 shares issued and 4,526,107 and 4,515,924 shares outstanding at March 31, 2010 and December 31, 2009, respectively	36,845,074	36,774,621
Retained earnings	10,829,605	10,307,331
Treasury Stock, at cost, 10,903 shares at March 31, 2010 and December 31, 2009	(73,492)	(73,492)
Accumulated other comprehensive loss	(455,468)	(1,080,669)
Total shareholders' equity	58,645,965	57,401,053
Total liabilities and shareholders' equity	\$ 639,896,478	\$ 677,996,480

See accompanying notes to consolidated financial statements.

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

	Three Months Ended March 31,	
	2010	2009
INTEREST INCOME:		
Loans, including fees	\$5,328,865	\$6,039,601
Securities:		
Taxable	1,393,886	1,237,655
Tax-exempt	107,930	128,555
Federal funds sold and short-term investments	19,709	8,594
Total interest income	6,850,390	7,414,405
INTEREST EXPENSE:		
Deposits	1,880,668	2,584,951
Borrowings	266,415	363,230
Redeemable subordinated debentures	264,150	266,235
Total interest expense	2,411,233	3,214,416
Net interest income	4,439,157	4,199,989
PROVISION FOR LOAN LOSSES	300,000	463,000
Net interest income after provision for loan losses	4,139,157	3,736,989
NON-INTEREST INCOME:		
Service charges on deposit accounts	176,356	238,519
Gain on sales of loans	320,544	272,193
Income on Bank-owned life insurance	96,639	91,022
Other income	355,307	245,318
Total non-interest income	948,846	847,052
NON-INTEREST EXPENSE:		
Salaries and employee benefits	2,376,700	2,227,329
Occupancy expense	445,927	452,665
FDIC insurance expense	247,683	99,758
Data processing expenses	258,807	259,683
Other operating expenses	804,829	981,178
Total non-interest expenses	4,133,946	4,020,613
Income before income taxes	954,057	563,428
Income taxes	254,799	86,738
Net income	699,258	476,690
Dividends on preferred stock and accretion	176,984	188,650
Net income available to common shareholders	\$522,274	\$288,040
NET INCOME PER COMMON SHARE:		

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Basic	\$0.12	\$0.07
Diluted	\$0.12	\$0.06

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 Three Months Ended March 31, 2010 and 2009
(unaudited)

	Preferred Stock	Common Stock	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
BALANCE, January 1, 2009	\$11,387,828	\$35,180,433	\$9,653,923	\$(53,331)	\$ (549,201)	\$55,619,652
Share-based compensation		19,445				19,445
Treasury stock purchased (5,935 shares)				(36,382)		(36,382)
Exercise of stock options (7,283 shares)		(24,513)		58,305		33,792
Dividends on preferred stock			(161,666)			(161,666)
Preferred stock issuance costs	(22,500)					(22,500)
Accretion of discount on preferred stock	26,984					