

1ST CONSTITUTION BANCORP
Form 10-Q
May 10, 2007

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, 2007

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)

2650 Route 130, P.O. Box 634, Cranbury, NJ

(Address of Principal Executive Offices)

22-3665653

(I.R.S. Employer Identification No.)

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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

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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 9, 2007, there were 3,731,514 shares of the registrant's common stock, no par value, outstanding.

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PART I. FINANCIAL INFORMATION**Item 1. Financial Statements****1st Constitution Bancorp and Subsidiaries****Consolidated Balance Sheets**

	March 31, 2007 (unaudited)	December 31, 2006
ASSETS		
CASH AND DUE FROM BANKS	\$9,212,906	\$10,336,334
FEDERAL FUNDS SOLD / SHORT-TERM INVESTMENTS	10,928,022	25,478
Total cash and cash equivalents	20,140,928	10,361,812
INVESTMENT SECURITIES:		
Available for sale, at fair value	79,765,545	70,421,328
Held to maturity (fair value of \$26,485,649 and \$19,164,679 in 2007 and 2006, respectively)	26,577,983	19,254,476
Total investment securities	106,343,528	89,675,804
LOANS HELD FOR SALE	10,664,170	13,608,942
LOANS	270,021,017	265,142,313
Less- Allowance for loan losses	(3,348,063)	(3,328,360)
Net loans	266,672,954	261,813,953
PREMISES AND EQUIPMENT, net	3,039,206	3,033,618
ACCRUED INTEREST RECEIVABLE	2,396,829	2,235,671
BANK OWNED LIFE INSURANCE	9,269,756	9,179,408
OTHER ASSETS	2,992,749	2,668,338
Total assets	\$421,520,120	\$392,577,546
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES:		
Deposits		
Non-interest bearing	\$60,435,356	\$64,305,445
Interest bearing	280,346,289	248,418,977
Total deposits	340,781,645	312,724,422
BORROWINGS		
REDEEMABLE SUBORDINATED DEBENTURES	15,500,000	17,200,000
ACCRUED INTEREST PAYABLE	23,712,000	23,712,000
ACCRUED EXPENSES AND OTHER LIABILITIES	2,005,887	1,957,574
	2,687,296	1,886,980

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Total liabilities	384,686,828	357,480,976
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COMMITMENTS AND CONTINGENCIES

SHAREHOLDERS EQUITY:

Common stock, no par value; 30,000,000 shares authorized;
3,742,860

shares issued and 3,742,662 shares outstanding as of March 31, 2007	28,918,957	28,886,105
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and December 31, 2006, respectively

Retained earnings	8,696,416	7,290,916
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Treasury Stock, shares at cost, 198 shares at

March 31, 2007 and December 31, 2006, respectively	(3,545)	(3,545)
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Accumulated other comprehensive (loss)	(778,536)	(976,906)
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Total shareholders equity	36,833,292	35,196,570
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Total liabilities and shareholders equity	\$421,520,120	\$392,677,546
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See accompanying notes to consolidated financial statements

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

	Three Months Ended March 31,	
	2007	2006
INTEREST INCOME:		
Loans, including fees	\$6,167,725	\$5,176,816
Securities:		
Taxable	992,327	806,366
Tax-exempt	206,568	160,791
Federal funds sold and short-term investments	22,544	8,664
Total interest income	7,389,164	6,152,637
INTEREST EXPENSE:		
Deposits	2,216,085	1,350,330
Securities sold under agreements to repurchase		
	286,339	466,337
and other borrowed funds		
Redeemable subordinated debentures	429,067	101,844
Total interest expense	2,931,491	1,918,511
Net interest income	4,457,673	4,234,126
PROVISION FOR LOAN LOSSES		
Net interest income after provision for loan losses	4,417,673	4,064,126
NON-INTEREST INCOME:		
Service charges on deposit accounts	149,855	186,559
Gain on sales of loans	231,777	318,689
Income on Bank-owned life insurance	90,348	80,600
Other income	171,761	143,738
Total non-interest income	643,741	729,586
NON-INTEREST EXPENSE:		
Salaries and employee benefits	1,812,799	1,685,022
Occupancy expense	525,195	318,984
Other operating expenses	683,219	1,086,022
Total non-interest expenses	3,021,213	3,090,028
Income before income taxes	2,040,201	1,703,684
INCOME TAXES		
Net income	\$1,405,500	\$1,254,758
NET INCOME PER SHARE:		
Basic	\$0.38	\$0.34
Diluted	\$0.37	\$0.33

See accompanying notes to consolidated financial statements.

1st Constitution Bancorp and Subsidiaries**Consolidated Statements of Changes in Shareholders' Equity****For the Three Months Ended March 31, 2007 and 2006****(unaudited)**

	<u>Accumulated</u>				
	<u>Common</u>	<u>Retained</u>	<u>Treasury</u>	<u>Other</u>	<u>Total</u>
	<u>Stock</u>	<u>Earnings</u>	<u>Stock</u>	<u>Comprehensive</u>	<u>Shareholders</u>
				<u>(Loss) Income</u>	<u>Equity</u>
BALANCE, December 31, 2005	\$25,589,320	\$5,981,803	(\$1,008,998)	(\$765,258)	\$29,796,867
Exercise of stock options, net and issuance of vested shares under employee benefit programs	(108,992)		153,948		44,956
FAS 123R share-based compensation	23,042				23,042
Treasury Stock, shares purchased at cost			(30,784)		(30,784)
Adjustment to initially apply FASB Statement No. 158 (net of tax benefit Of \$257,160)				(499,194)	(499,194)