

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

	<u>September 30, 2013</u>	<u>December 31, 2012</u>
<b>ASSETS</b>		
CASH AND DUE FROM BANKS	\$ 123,803,713	\$ 14,033,501
FEDERAL FUNDS SOLD / SHORT-TERM INVESTMENTS	11,425	11,420
Total cash and cash equivalents	123,815,138	14,044,921
INVESTMENT SECURITIES:		
Available for sale, at fair value	101,557,211	109,840,965
Held to maturity (fair value of \$152,186,281 and \$121,839,363 at September 30, 2013, and December 31, 2012, respectively)	150,572,922	116,027,900
Total securities	252,130,133	225,868,865
LOANS HELD FOR SALE	14,535,681	35,960,262
LOANS	362,549,473	521,814,110
Less- Allowance for loan losses	(6,820,180)	(7,151,212)
Net loans	355,729,293	514,662,898
PREMISES AND EQUIPMENT, net	10,172,487	10,630,295
ACCRUED INTEREST RECEIVABLE	2,143,535	2,872,099
BANK-OWNED LIFE INSURANCE	15,374,712	15,026,506
OTHER REAL ESTATE OWNED	2,808,554	8,332,601
OTHER ASSETS	13,459,319	13,569,935
Total assets	\$ 790,168,852	\$ 840,968,382
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
LIABILITIES:		
Deposits		
Non-interest bearing	\$ 147,179,144	\$ 152,334,759
Interest bearing	539,764,810	555,354,716
Total deposits	686,943,954	707,689,475
BORROWINGS	10,000,000	42,400,000
REDEEMABLE SUBORDINATED DEBENTURES	18,557,000	18,557,000
ACCRUED INTEREST PAYABLE	787,927	1,057,779
ACCRUED EXPENSES AND OTHER LIABILITIES	6,727,851	6,210,596
Total liabilities	723,016,732	775,914,850
COMMITMENTS AND CONTINGENCIES		
TY:		
d stock, no par value; 5,000,000 shares authorized; none issued		
Common stock, no par value, 30,000,000 shares authorized; 6,008,223 and 5,985,275 shares issued and 5,988,867 and 5,977,924 shares outstanding as of September 30, 2013 and December 31, 2012 respectively	49,395,322	48,716,032
l earnings	19,999,881	15,594,293
Treasury Stock, at cost, 19,356 shares 7,351 shares at September 30, 2013 and er 31, 2012, respectively	(177,537)	(61,086)
culated other comprehensive (loss) income	(2,065,546)	804,293
Total shareholders' equity	67,152,120	65,053,532
liabilities and shareholders' equity	\$ 790,168,852	\$ 840,968,382

See accompanying notes to consolidated financial statements.

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

Three months ended September 30,      Nine months ended September 30,

INTEREST INCOME	2013	2012	2013	2012
Loans, including fees	\$ 5,701,804	\$ 6,966,886	\$ 17,319,258	\$ 19,700,449
Securities				
Taxable	980,004	1,103,011	2,818,800	3,430,770
Tax-exempt	575,301	409,774	1,633,799	1,241,568
Federal funds sold and short-term investments	81,745	6,975	221,087	55,315
Total interest income	7,338,854	8,486,646	21,992,944	24,428,102
<b>INTEREST EXPENSE</b>				
Deposits	842,372	1,026,154	2,668,306	3,291,676
Borrowings	103,122	119,223	310,649	340,784
Redeemable subordinated debentures	88,338	96,867	263,982	292,759
Total interest expense	1,033,832	1,242,244	3,242,937	3,925,219
Net interest income	6,305,022	7,244,402	18,750,007	20,502,883
<b>PROVISION FOR LOAN LOSSES</b>	539,998	499,998	776,664	1,649,994
Net interest income after provision for loan losses	5,765,024	6,744,404	17,973,343	18,852,889
<b>NON-INTEREST INCOME</b>				
Service charges on deposit accounts	231,169	243,443	675,839	702,671
Gain on sales of loans	641,966	509,138	1,852,821	1,472,502
Income on bank-owned life insurance	115,840	112,276	348,206	337,374
Other income	627,573	451,870	1,796,104	1,157,311

Total non-interest income	1,616,548	1,316,727	4,672,970	3,669,858
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**NON-INTEREST EXPENSE**

Salaries and employee benefits	3,060,143	3,061,065	9,458,247	9,156,318
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Occupancy expense	629,922	523,126	1,930,227	1,860,446
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Data processing expenses	273,272	257,990	868,960	774,110
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FDIC insurance expenses	111,562	139,694	146,249	426,960
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Other operating expenses	1,178,584	2,201,299	4,095,068	4,951,831
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Total non-interest expenses	5,253,483	6,183,174	16,498,751	17,169,665
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Income before income taxes	2,128,089	1,877,957	6,147,562	5,353,082
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INCOME TAXES	604,851	523,038	1,741,974	1,533,323
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Net income	\$ 1,523,238	\$ 1,354,919	\$ 4,405,588	\$ 3,819,759
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**NET INCOME PER SHARE**

Basic	\$ 0.25	\$ 0.25	\$ 0.74	\$ 0.71
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Diluted	\$ 0.25	\$ 0.25	\$ 0.72	\$ 0.70
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