

**1<sup>ST</sup> CONSTITUTION BANCORP**  
**CONSOLIDATED STATEMENTS OF INCOME**

**For the Years Ended December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>INTEREST INCOME:</b>		
Loans, including fees	\$24,019,866	\$24,390,271
Securities:		
Taxable	4,782,984	5,143,123
Tax- exempt	453,146	486,652
Federal funds sold and short-term investments	45,023	116,070
Total interest income	<u>29,301,019</u>	<u>30,136,116</u>
<b>INTEREST EXPENSE:</b>		
Deposits	6,647,869	9,829,032
Borrowings	1,100,354	1,353,489
Redeemable subordinated debentures	1,071,275	1,072,827
Total interest expense	<u>8,819,498</u>	<u>12,255,348</u>
Net interest income	20,481,521	17,880,768
<b>PROVISION FOR LOAN LOSSES</b>	<u>2,325,000</u>	<u>2,553,000</u>
Net interest income after provision for loan losses	<u>18,156,521</u>	<u>15,327,768</u>
<b>NON-INTEREST INCOME:</b>		
Service charges on deposit accounts	731,244	885,702
Gain on sales of loans	1,635,903	1,325,274
Gain on sales of securities available for sale	-	1,138,655
Income on Bank-owned life insurance	405,588	389,851
Other-than-temporary security impairment :		
Total	-	(864,727)
Less : Portion recognized in other comprehensive loss	-	500,944
Portion recognized in earnings	-	(363,783)
Other income	1,464,696	1,129,377
Total other income	<u>4,237,431</u>	<u>4,505,076</u>
<b>NON-INTEREST EXPENSES:</b>		
Salaries and employee benefits	10,087,569	9,352,360
Occupancy expense	1,903,702	1,783,031
Data processing expenses	1,121,519	1,085,257
FDIC insurance expense	816,125	1,193,309
Other operating expenses	3,890,208	3,701,844
Total other expenses	<u>17,819,123</u>	<u>17,115,801</u>
Income before income taxes	4,574,829	2,717,043
<b>INCOME TAXES</b>	<u>1,267,038</u>	<u>156,282</u>
Net Income	3,307,791	2,560,761
Dividends and accretion on preferred stock	1,021,738	719,601
Net income available to common shareholders	<u>\$2,286,053</u>	<u>\$1,841,160</u>
<b>NET INCOME PER COMMON SHARE</b>		
Basic	\$0.48	\$0.39
Diluted	<u>\$0.48</u>	<u>\$0.39</u>
<b>WEIGHTED AVERAGE SHARES OUTSTANDING</b>		
Basic	4,476,809	4,693,941
Diluted	<u>4,803,503</u>	<u>4,709,909</u>