



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

1st Constitution Bancorp

Person to be contacted regarding this report:	Robert F. Mangano
UST Sequence Number:	369
CPP Funds Received:	12,000,000
CPP Funds Repaid to Date:	0
Date Funded (first funding):	Dec 23, 2008
Date Repaid ¹ :	N/A

RSSD: (For Bank Holding Companies)	2784920
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	27552
City:	Cranbury
State:	New Jersey

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	
<input checked="" type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	Lending activities grew in retail mortgage originations by approx. double the dollar volume generated in 2008. Also, mortgage warehousing unit generated over 11,000 individual residential mortgage transactions. Avg. Loans outstanding increased by \$18 million.
<input checked="" type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	Securities purchases increased by approx. \$99 million, mainly in agency securities.

<input type="checkbox"/>	Make other investments	
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	Our loan loss reserve during the year increased from \$3.7 million to \$4.5 million at year end 2009, and our charge-off level was a modest .43% for the entire year 2009, which was slightly higher than experienced in 2008.
<input checked="" type="checkbox"/>	Reduce borrowings	During the period we were also able to reduce overnight borrowings as well as term borrowings by approximately \$29 million
<input checked="" type="checkbox"/>	Increase charge-offs	Charge-off level was a modest .43% for the entire year 2009, which was slightly higher than experienced in 2008.
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input type="checkbox"/>	Held as non-leveraged increase to total capital	

What actions were you able to avoid because of the capital infusion of CPP funds?

There were no other actions that our institution avoided due to having the capital infusion of CPP funds

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

There were no other actions that the institution was able to undertake because it had CPP funds.

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

There were no other actions that the institution was able to undertake because it had CPP funds.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.