The Bank of Princeton®

Bank Wisely.

2015

Annual Report

At The Bank of Princeton...

Est. 2007

We Listen to You -

We appreciate your business, and we're committed to being a true resource for our community.

We Understand -

We show it by providing you with the highest level of friendly, helpful, and personalized banking services.

We Get It -

We know you want to be treated with respect, and we thank you, genuinely, for entrusting us with your banking.

$1 BLN

Most importantly, we believe that our own success is achieved only when yours is, when we deliver our unique banking experience to you… and everyone we meet. For you, in that way,

We Make a Difference.

Annual Report 2015

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Letter to Shareholders

Dear Fellow Shareholders,

The Bank of Princeton (the "Bank") earned $11 million in 2015, an increase of 22% percent from 2014. We were able to build on our strong results from 2014 and continued to grow loans and net income in 2015. Book value per share was $19.51 at December 31, 2015, an increase of $2.38 per share, or 14%, from December 31, 2014.

Total assets at year-end 2015 were $1 billion, an increase of 6% from $955 million at year-end 2014. The resulting increase in assets was driven by organic growth through the Bank's existing branch network. Gross loans were $808 million at year-end 2015, an increase of $75 million, or 10% from year-end 2014. Deposit balances were $789 million at year-end 2015, a decrease of $58 million, or 7%, compared to year-end 2014 deposit balances of $848 million.

The growth in our net income was a direct result of our ability to grow our balance sheet by leveraging our existing network. Despite continuing increased competition as the economy recovers, we were able to maintain our net interest margin at 3.84% in 2015 compared to 3.80% in 2014. Our cost of funds, a component of net interest margin, decreased to 0.90% in 2015, down 0.11% from 2014. The Bank remains focused on maintaining high-quality assets as evidenced by our non-performing assets to total assets ratio, which was 1.21% at year end. The collective result of all the aforementioned numbers was the continued strength of the Bank's return on equity at 12.95% for 2015. We remain committed to improving our financial performance while staying focused on high-quality asset growth in 2016 so that we may continue to increase value to our shareholders.

We are extremely pleased to report a select portion of the Bank's accomplishments for 2015. They include:

- The Bank expanded its lending team by three full time employees in 2015. This enhanced presence allowed the Bank to further acquire lending opportunities in Central and Northern New Jersey. In addition the Bank has extended its lending reach in the New York City Markets.

- Expanded The Bank of Princeton Branch Network to *thirteen* locations. The newest full-service branch located at 2999 Princeton Pike in Lawrenceville features both a Drive-Up window and ATM, on-site parking, convenient hours, friendly faces and outstanding customer service.

- May is *Customer Appreciation* time! In 2015 the Bank celebrated the event by offering customers an additional .20% APY on any new certificate of deposit.

- Informative e-mail blasts were delivered monthly to our customer base.

- Our website provided a calendar of Bank-supported non-profit and community events in our market area. Identify *your* passion and Join Us!

As a company, our commitment continues to the communities we serve, our business customers and prospects. Our dedication and focus remain on strengthening existing not-for-profit partnerships while exploring opportunities to assist additional organizations within our footprint. Motivated by the drive of our employees and the communities we serve, we understand our success is a direct result of their loyalty and resolve. We are appreciative of the support from our customers, shareholders, and community partners. Our directors, management and staff truly thank you for your efforts. Together… we listen… we understand, and *we can…* make a difference.

Edward J. Dietzler

Edward J. Dietzler, President

Richard Gillespie

Richard Gillespie, Chairman

FEDERAL DEPOSIT INSURANCE CORPORATION
Washington, D.C. 20429

FORM 10-K

(Mark One)
[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the Fiscal Year Ended December 31, 2015

- OR -

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ________________________________ to ________________________________

FDIC Certificate Number: **58513**

THE BANK OF PRINCETON
(Exact name of Registrant as specified in its Charter)

New Jersey	**68-0645074**
(State or other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
183 Bayard Lane, Princeton, NJ	**08540**
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: (609) 921-1700

Securities registered pursuant to Section 12(b) of the Act: **None**

Securities registered pursuant to Section 12(g) of the Act: **Common stock, par value $5.00 per share**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. [ ] YES [**X**] NO

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. [ ] YES [**X**] NO

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. [X] 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 during the preceding 12 months (or such shorter period that the registrant was required to submit and post such files). [ ] YES [ ] NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

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 definition of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). [ ] YES [**X**] NO

As of April 11, 2016 there were 4,697,645 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Bank's definitive proxy statement to be filed with the Federal Deposit Insurance Corporation in connection with its 2016 Annual Meeting of Stockholders to be held April 28, 2016 is incorporated by reference into Part III of this annual report on Form 10-K.

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Cautionary Note Regarding Forward-Looking Statements

The Bank of Princeton (the "Bank") may from time to time make written or oral "forward-looking statements," including statements contained in the Bank's filings with the Federal Deposit Insurance Corporation (the "FDIC") (including this Annual Report on Form 10-K and the exhibits thereto), in its reports to stockholders and in other communications by the Bank, which are made in good faith by the Bank pursuant to the "safe harbor" provisions of Section 21E of the Securities Exchange Act of 1934, as amended (referred to as the "Exchange Act").

These forward-looking statements involve risks and uncertainties, such as statements of the Bank's plans, objectives, expectations, estimates and intentions that are subject to change based on various important factors (some of which are beyond the Bank's control). The following factors, among others, could cause the Bank's financial performance to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements: the strength of the United States economy in general and the strength of the local economies in which the Bank conducts operations; the effects of, and changes in monetary and fiscal policies and laws, including interest rate policies of the Board of Governors of the Federal Reserve System, inflation, interest rate, market and monetary fluctuations; market volatility; the value of our products and services as perceived by actual and prospective customers, including the features, pricing and quality compared to competitors' products and services; loss of management and key personnel; failure of our controls and procedures; inability to close loans in our pipeline; operational risks, including the risk of fraud by employees, customers or outsiders; our borrowers' ability to repay their loans; changes in the real estate market that can affect real estate that serves as collateral for some of our loans; the adequacy of our allowance for loan losses and our methodology for determining such allowance; the willingness of customers to substitute competitors' products and services for the Bank's products and services; the impact of changes in applicable laws and regulations; changes in technology or interruptions and breaches in security of our information systems; acquisitions; changes in consumer spending and saving habits; and the success of the Bank at managing the risks involved in the foregoing.

The Bank cautions that the foregoing list of important factors is not exclusive. The Bank does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by or on behalf of the Bank, except as required by applicable law or regulation.

Throughout this document, references to "we," "us," or "our" refer to the Bank and its consolidated subsidiaries.

PART I

Item 1. Business

General

The Bank of Princeton was incorporated on March 5, 2007 under the laws of the State of New Jersey as a New Jersey state-chartered bank. We commenced operations on April 23, 2007. We are a full service bank providing personal and business lending and deposit services. As a state-chartered bank, we are regulated by the New Jersey Department of Banking and Insurance and the FDIC. Our market area, which we serve through our thirteen branches, is generally an area within an approximate 50 mile radius of Princeton, NJ, including parts of Mercer, Somerset, Hunterdon, Monmouth and Middlesex Counties in central New Jersey, and additional areas in portions of Philadelphia, Montgomery and Bucks Counties in Pennsylvania. The Bank also conducts loan origination activities in select areas of New York.

Since we commenced operations, we have grown through both de novo branching and acquisitions. In May 2010, we acquired our Montgomery Township branch from The Provident Bank and, in September 2010, we acquired three Pennsylvania branches through a merger with MoreBank. We continue to operate the former MoreBank branches as a division of The Bank of Princeton under the "MoreBank" name. In November 2015, we opened a new branch located in Lawrenceville, New Jersey.

Our headquarters and one of our branches are located at 183 Bayard Lane, Princeton, New Jersey 08540. Our telephone number is (609) 921-1700 and our website address is www.thebankofprinceton.com.

Competition

We have substantial competition in originating commercial and consumer loans in our market area. This competition comes principally from other banks, savings institutions, mortgage banking companies and other lenders. Many of our competitors enjoy advantages over us, including greater financial resources and higher lending limits, a wider geographic presence, more accessible branch office locations, the ability to offer a wider array of services or more favorable pricing alternatives, as well as lower origination and operating costs. Among other things, this competition could reduce our interest income and net income by decreasing the number and size of loans that we originate and the interest rates we may charge on these loans.

In attracting business and consumer deposits, we face substantial competition from other insured depository institutions such as banks, savings institutions and credit unions, as well as institutions offering uninsured investment alternatives, including money market funds. Many of our competitors enjoy advantages over us, including greater financial resources, more aggressive marketing campaigns, better brand recognition and more branch locations. These competitors may offer higher interest rates on deposits, which could decrease the deposits that we attract, or require us to increase the rates we pay to retain existing deposits or attract new deposits. Deposit competition could adversely affect our net interest income and net income, and our ability to generate the funds we require for our lending or other operations. As a result, we may need to seek other sources of funds that may be more expensive to obtain and could increase our cost of funds.

Lending Activities

Our loan portfolio consists of variable-rate and fixed-rate loans with a significant concentration in commercial real estate lending. While most loans and other credit facilities are appropriately collateralized, major emphasis is placed upon the financial condition of the borrower and the borrower's cash flow versus debt service requirements.

Loan growth is driven by customer demand, which in turn is influenced by individual and business indebtedness and consumer demand for goods. Loaning money will always entail some risk. Without loaning money, however, a bank cannot generate enough net interest income to be profitable. The risk involved in each loan must be carefully evaluated before the loan is made. The interest rate at which the loan is made should always reflect the risk factors involved, including the term of the loan, the value of collateral, if any, the reliability of the projected source of repayment, and the amount of the loan requested. Credit quality and repayment capacity are generally the most important factors in evaluating loan applications.

***Loan Portfolio Composition*.** The following table presents our loan portfolio by segment at December 31, 2015, 2014, 2013, 2012 and 2011:

	As of December 31,				
(in thousands)	**2015**	**2014**	**2013**	**2012**	**2011**
Commercial real estate	$ 490,298	$ 450,250	$ 372,273	$ 317,946	$ 233,504
Commercial and industrial	125,072	127,469	118,274	103,627	85,527
Construction	122,297	78,822	76,477	62,702	56,453
Residential first-lien mortgage	42,409	45,383	40,242	29,127	15,396
Home equity	29,922	30,711	28,204	25,617	19,341
Consumer	858	2,654	132	1,480	1,957
Total loans	810,856	735,289	635,602	540,499	412,178
Deferred fees and costs	(2,910)	(2,150)	(1,769)	(1,351)	(955)
Allowance for loan losses	(10,851)	(10,008)	(8,493)	(7,033)	(5,362)
Loans, net	$ 797,095	$ 723,131	$ 625,340	$ 532,115	$ 405,861

The majority our loans are to borrowers in our immediate markets. We believe that no single borrower or group of borrowers presents a credit concentration whereby the borrowers' loan default would have a material adverse effect on our financial condition or results of operations.

Commercial Real Estate, Commercial and Industrial, and Construction Loans. We originate various types of commercial loans, including construction loans, secured by collateral such as real estate, business assets and personal guarantees. The loans are solicited on a direct basis and through various professionals with whom we maintain contacts and by referral from our directors, stockholders and customers.

Construction lending represents a segment of our loan portfolio, and is driven primarily by market conditions. Local builders of one-to-four family homes have been the primary source of these types of loans.

Residential First-Lien Mortgage Loans. We offer a narrow range of prime residential first-lien mortgage loans at competitive rates. Our customers, stockholders and local real estate brokers are a significant source of these loans. We strive to process, approve and fund loans in a timeframe that meets the needs of our borrowers. Generally, we originate and retain non-conforming residential first-lien mortgage loans and refer conforming residential first-lien mortgage loans to a third party, whereby we may earn a fee.

Home Equity Loans and Lines of Credit. We generate these loans and lines of credit primarily through direct marketing at our branch locations, referrals from local real estate brokers and, to a lesser extent, by targeted direct marketing programs such as mail and electronic mail.

Consumer Loans. We solicit consumer loans on a direct basis and upon referrals from our directors, stockholders and existing customers.

Deposits

Our deposit services are generally comprised of a traditional range of deposit products, including checking accounts, savings accounts, attorney trust accounts, money market accounts, and certificates of deposit.

We offer our customers access to automated teller machines (ATMs) and other services which increase customer convenience and encourage continued and additional banking relationships.

We endeavor to maintain competitive rates on deposit accounts, and actual rates are established at the time that they are offered, and subsequently, based on contractual terms, take into consideration competitor offerings. Although from time to time we advertise in local newspapers, our primary source of deposit relationships is satisfied customers. We offer a range of direct deposit products ranging from social security and disability payments to direct deposit of payroll checks.

At December 31, 2015, we had three customers whose deposit balances individually exceeded 5 percent of total deposits. In aggregate, these deposits represented 16.3 percent of total deposits. We believe we have sufficient liquidity to fund our operations should these customers withdraw their deposits. See the liquidity discussion within Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations within this Form 10-K for more information regarding our available funds.

Other Services

To further attract and retain customer relationships, we provide a standard array of additional community banking services, which include the following:

Money orders	Direct deposit	Automated teller machines
Cashier's checks	Safe deposit boxes	On-line banking
Wire transfers	Night depository	Remote deposit capture
EE and I U.S. savings bonds redemption	Bank-by-mail	Automated telephone banking
Debit cards		

We also offer, on a limited basis, payroll-related services, credit card and merchant credit card processing through third parties whereby we do not undertake credit or fraud risk.

Internet Banking

We advertise but do not actively solicit new deposits or loans through our website, but utilize a qualified and experienced internet service provider to furnish the following types of customer account services:

Full on-line statements	Transaction histories
On-line bill payment	Transaction details
Account inquiries	Account-to-account transfers

Fee Income

Fee income is a component of our non-interest income. By charging non-customers fees for using our ATMs and charging customers for banking services such as money orders, cashier's checks, wire transfers and check orders, as well as other deposit and loan-related fees, we earn fee income. Prudent fee income opportunities are sought to supplement net interest income, but may be limited by our efforts to remain competitive and by regulatory constraints.

Bank Premises and Market Area

Our principal office and corporate headquarters is in a full-service banking facility located at 183 Bayard Lane, Princeton, New Jersey. We have twelve additional branches in New Jersey and Pennsylvania, as well as an operations center in Princeton, New Jersey.

The market area served by us through our thirteen branches is generally an area within an approximate 50 mile radius of Princeton, including parts of Mercer, Somerset, Hunterdon, Monmouth and Middlesex Counties in central New Jersey, and additional areas in portions of Philadelphia, Montgomery and Bucks Counties in Pennsylvania. Our market area is dominated by offices of large statewide, regional and interstate banking institutions. We believe that banking services provided in a friendly and courteous manner with timely response to customer needs will fill a niche that has arisen due to the loss of small, local community-focused institutions. Our Pennsylvania branches provide us with a market in the greater Philadelphia area and access to a growing Asian-American market. The Bank also conducts loan origination activities in select areas of New York.

Staffing

As of December 31, 2015, we had 138 total employees and approximately 136 full-time equivalent employees.

Supervision and Regulation

General. We are extensively regulated under both federal and state law. These laws restrict permissible activities and investments and require compliance with various consumer protection provisions applicable to lending, deposit, brokerage and fiduciary activities. They also impose capital adequacy requirements and conditions to our ability to repurchase stock or to pay dividends. We are also subject to comprehensive examination and supervision by the New Jersey Department of Banking and Insurance (the "Department") and the FDIC. The Department and the FDIC have broad discretion to impose restrictions and limitations on our operations. This supervisory framework could materially impact the conduct and profitability of our activities.

To the extent that the following information describes statutory and regulatory provisions, it is qualified in its entirety by reference to the particular statutory and regulatory provisions. Proposals to change the laws and regulations governing the banking industry are frequently raised at both the state and federal levels. The likelihood and timing of any changes in these laws and regulations, and the impact such changes may have on us, are difficult to ascertain. Changes in applicable laws and regulations, or in the manner such laws or regulations are interpreted by regulatory agencies or courts, may have a material effect on our business, financial condition and results of operations.

We are subject to various requirements and restrictions under federal and state law, including requirements to maintain reserves against deposits, restrictions on the types, amount and terms and conditions of loans that may be originated, and limits on the type of other activities in which we may engage and the investments we may make. Under the Gramm-Leach-Bliley

Act, or "GLBA," we may engage in expanded activities, such as insurance sales and securities underwriting, through the formation of a "financial subsidiary." In order to be eligible to establish or acquire a financial subsidiary, we must be "well capitalized" and "well managed" and may not have less than a "satisfactory" CRA rating. At this time, we do not engage in any activity which would require us to maintain a financial subsidiary. We are also subject to federal laws that limit the amount of transactions between us and any nonbank affiliates. Under these provisions, transactions, such as a loan or investment, by us with any nonbank affiliate are generally limited to 10 percent of our capital and surplus for all covered transactions with such affiliate or 20 percent of capital and surplus for all covered transactions with all affiliates. Any extensions of credit, with limited exceptions, must be secured by eligible collateral in specified amounts. We are also prohibited from purchasing any "low quality" assets from an affiliate. The Dodd-Frank Act significantly expands the coverage and scope of the limitations on affiliate transactions within a banking organization.

Monetary Policy. Our business, financial condition and results of operations are and will be affected by domestic economic conditions and the monetary and fiscal policies of the United States government and its agencies. The monetary policies of the Federal Reserve System, or "Federal Reserve," have a significant effect upon the operating results of commercial banks such as ours. The Federal Reserve has a major effect upon the levels of bank loans, investments and deposits through its open market operations in United States government securities transactions and through its regulation of, among other things, the discount rate on borrowings of member banks and the reserve requirements against member banks' deposits. It is not possible to predict the nature and impact of future changes in monetary and fiscal policies.

Deposit Insurance. The Bank's deposits are insured up to applicable limits by the Deposit Insurance Fund of the FDIC ("DIF"). No institution may pay a dividend if in default of the federal deposit insurance assessment.

Pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), the DIF has a minimum designated reserve ratio ("DRR") of 1.35 percent of the estimated insured deposits. The FDIC has adopted a restoration plan should the DRR fall below 1.35 percent, and dividends are required to be paid to the industry should the DRR exceed 1.50 percent. The assessment base for insured depository institutions is the average consolidated total assets during an assessment period less average tangible equity capital during that assessment period.

The Dodd-Frank Act made permanent the $250,000 limit for federal deposit insurance and increased the cash limit of Securities Investor Protection Corporation protection from $100,000 to $250,000.

In addition to the assessment for deposit insurance, institutions are required to make payments on bonds issued in the late 1980s by the Financing Corporation to recapitalize a predecessor deposit insurance fund. This payment is established quarterly and, during the four quarters ended December 31, 2015, averaged 1.06 basis points of average assets.

The FDIC has authority to increase insurance assessments. A significant increase in insurance assessments would likely have an adverse effect on our operating expenses and results of operations. Management cannot predict what insurance assessment rates will be in the future.

Deposit insurance may be terminated by the FDIC upon a finding that the institution has engaged in unsafe or unsound practices, is in an unsafe or unsound condition to continue operations or has violated any applicable law, regulation, rule, order or condition imposed by the FDIC.

Dividend Restrictions. Under the New Jersey Banking Act of 1948, as amended (the "Banking Act"), a bank may declare and pay cash dividends only if, after payment of the dividend, the capital stock of the bank will be unimpaired and either the bank will have a surplus of not less than 50 percent of its capital stock or the payment of the dividend will not reduce the bank's surplus. The FDIC prohibits payment of cash dividends if, as a result, the institution would be undercapitalized or the institution is in default with respect to any assessment due to the FDIC.

Recent Regulatory Capital Regulations. In July of 2013 the respective U.S. federal banking agencies issued final rules implementing Basel III and the Dodd-Frank Act capital requirements to be fully-phased in on a global basis on January 1, 2019. The new regulations establish a new tangible common equity capital requirement, increase the minimum requirement for the current Tier 1 risk-weighted asset ("RWA") ratio, phase out certain kinds of intangibles treated as capital and certain types of instruments and change the risk weightings of certain assets used to determine required capital ratios.

The new common equity Tier 1 capital component requires capital of the highest quality – predominantly composed of retained earnings and common stock instruments. For community banks, such as the Bank, a common equity Tier 1 capital ratio of 4.5% became effective on January 1, 2015. The new capital rules also increased the current minimum Tier 1 capital ratio from 4.0% to 6.0% beginning on January 1, 2015. In addition, in order to make capital distributions and pay discretionary bonuses to executive officers without restriction, an institution must also maintain greater than 2.5% in common equity attributable to a capital conservation buffer to be phased in from January 1, 2016 until January 1, 2019.

The new rules also increase the risk weights for several categories of assets, including an increase from 100% to 150% for certain acquisition, development and construction loans and more than 90-day past due exposures. The new capital rules maintain the general structure of the prompt corrective action rules (described below), but incorporate the new common equity Tier 1 capital requirement, the increased Tier 1 RWA requirement and the common equity Tier 1 capital conservation buffer into the prompt corrective action framework.

Regulatory Capital Requirements. Federally insured, state-chartered non-member banks are required to maintain minimum levels of regulatory capital. Current FDIC capital standards require these institutions to satisfy a common equity Tier 1 capital requirement, a leverage capital requirement and a risk-based capital requirement.

The common equity Tier 1 capital component generally consists of retained earnings and common stock instruments and must equal at least 4.5% of risk-weighted assets.

Leverage capital, also known as "core" capital, must equal at least 3.0% of adjusted total assets for the most highly rated state-chartered non-member banks. Core capital generally consists of common stockholders' equity (including retained earnings). An additional cushion of at least 100 basis points is required for all other banking associations, which effectively increases their minimum Tier 1 leverage ratio to 4.0% or more. Under the FDIC's regulations, the most highly-rated banks are those that the FDIC determines are strong banking organization and are rated composite 1 under the Uniform Financial Institutions Rating System.

Under the risk-based capital requirements, "total" capital (a combination of core and "supplementary" capital) must equal at least 8.0% of "risk-weighted" assets. The FDIC also is authorized to impose capital requirements in excess of these standards on individual institutions on a case-by-case basis.

In determining compliance with the risk-based capital requirement, a banking organization is allowed to include both core capital and supplementary capital in its total capital, provided that the amount of supplementary capital included does not exceed the bank's core capital. Supplementary capital generally consists of general allowances for loan losses up to a maximum of 1.25% of risk-weighted assets, together with certain other items. In determining the required amount of risk-based capital, total assets, including certain off-balance sheet items, are multiplied by a risk-weight based on the risks inherent in the type of assets. At December 31, 2015, the Bank exceeded all of its regulatory capital requirements.

	Actual		**For capital adequacy purposes**			**To be well capitalized under prompt corrective action provisions**		
	Amount	**Ratio**	**Amount**		**Ratio**	**Amount**		**Ratio**
December 31, 2015:								
Total capital (to risk-weighted assets)	$100,624	11.4%	$ 70,828	≥	8.0%	$ 88,535	≥	10.0%
Tier 1 capital (to risk-weighted assets)	$ 89,773	10.1%	$ 53,121	≥	6.0%	$ 70,828	≥	8.0%
Common equity tier 1 capital (to risk-weighted assets)	$ 89,773	10.1%	$ 39,841	≥	4.5%	$ 57,548	≥	6.5%
Tier 1 leverage capital (to average assets)	$ 89,773	9.0%	$ 40,131	≥	4.0%	$ 50,163	≥	5.0%
December 31, 2014:								
Total capital (to risk-weighted assets)	$ 87,610	11.2%	$ 62,632	≥	8.0%	$ 78,289	≥	10.0%
Tier 1 capital (to risk-weighted assets)	$ 77,821	9.9%	$ 31,316	≥	4.0%	$ 46,974	≥	6.0%
Tier 1 leverage capital (to average assets)	$ 77,821	8.2%	$ 37,994	≥	4.0%	$ 47,493	≥	5.0%

Any banking organization that fails any of the capital requirements is subject to possible enforcement action by the FDIC. Such action could include a capital directive, a cease and desist order, civil money penalties, the establishment of restrictions on the institution's operations, termination of federal deposit insurance and the appointment of a conservator or receiver. The FDIC's capital regulations provide that such actions, through enforcement proceedings or otherwise, could require one or more of a variety of corrective actions.

Prompt Corrective Action. In addition to the required minimum capital levels described above, federal law establishes a system of "prompt corrective actions" which federal banking agencies are required to take, and certain actions which they have discretion to take, based upon the capital category into which a federally-regulated depository institution falls. Regulations set forth detailed procedures and criteria for implementing prompt corrective action in the case of any institution which is not adequately capitalized. The following table shows the amount of capital associated with the different capital categories set forth in the prompt corrective action regulations.

Capital Category	Total Risk-Based Capital	Tier 1 Risk-Based Capital	Common Equity Tier 1 Capital	Tier 1 Leverage Capital
Well capitalized	10% or more	8% or more	6.5% or more	5% or more
Adequately capitalized	8% or more	6% or more	4.5% or more	4% or more
Undercapitalized	Less than 8%	Less than 6%	Less than 4.5%	Less than 4%
Significantly undercapitalized	Less than 6%	Less than 4%	Less than 3%	Less than 3%

In addition, a banking organization is "critically undercapitalized" if it has a ratio of tangible equity to total assets that is equal to or less than 2.0%. Under specified circumstances, a federal banking agency may reclassify a well-capitalized institution as adequately capitalized and may require an adequately capitalized institution or an undercapitalized institution to comply with supervisory actions as if it were in the next lower category (except that the FDIC may not reclassify a significantly undercapitalized institution as critically undercapitalized).

A banking organization generally must file a written capital restoration plan which meets specified requirements within 45 days of the date that the institution receives notice or is deemed to have notice that it is undercapitalized, significantly undercapitalized or critically undercapitalized. A federal banking agency must provide the institution with written notice of approval or disapproval within 60 days after receiving a capital restoration plan, subject to extensions by the agency. A banking organization which is required to submit a capital restoration plan must concurrently submit a performance guaranty by each company that controls the institution. In addition, undercapitalized organizations are subject to various regulatory restrictions, and the appropriate federal banking agency also may take any number of discretionary supervisory actions. At December 31, 2015, the Bank was not subject to the above mentioned restrictions.

Community Reinvestment Act. The Community Reinvestment Act, or "CRA," requires that banks meet the credit needs of all of their assessment area, as established for these purposes in accordance with applicable regulations based principally on the location of branch offices, including those of low-income areas and borrowers. The CRA also requires that the FDIC assess all financial institutions that it regulates to determine whether these institutions are meeting the credit needs of the community they serve. Under the CRA, institutions are assigned a rating of "outstanding," "satisfactory," "needs to improve" or "unsatisfactory." Our record in meeting the requirements of the CRA is made publicly available and is taken into consideration in connection with any applications with federal regulators to engage in certain activities, including approval of a branch or other deposit facility, mergers and acquisitions, office relocations, or expansions into non-banking activities. As of December 31, 2015, we maintained a "satisfactory" CRA rating.

Dodd-Frank Act. The Dodd-Frank Act became law on July 21, 2010. The Dodd-Frank Act implements far-reaching changes across the financial regulatory landscape.

Among other things, the Dodd-Frank Act created the Bureau of Consumer Financial Protection (the "CFPB"), which is an independent bureau within the Federal Reserve System with broad authority to regulate the consumer finance industry, including regulated financial institutions such as us, and non-banks and others who are involved in the consumer finance industry. The CFPB has exclusive authority through rulemaking, orders, policy statements, guidance and enforcement actions to administer and enforce federal consumer finance laws, to oversee non-federally regulated entities, and to impose its own regulations and pursue enforcement actions when it determines that a practice is unfair, deceptive or abusive ("UDA"). While the CFPB has the exclusive power to interpret, administer and enforce federal consumer finance laws and UDA, the Dodd-Frank Act provides that the FDIC continues to have examination and enforcement powers over us relating to the matters within the jurisdiction of the CFPB because we have less than $10 billion in assets. The Dodd-Frank Act also gives state attorneys general the ability to enforce federal consumer protection laws.

The Dodd-Frank Act also:

- Applies the same leverage and risk-based capital requirements to most bank holding companies ("BHCs") that apply to insured depository institutions;
- Requires the FDIC to make its capital requirements for insured depository institutions countercyclical, so that capital requirements increase in times of economic expansion and decrease in times of economic contractions;
- Requires BHCs and banks to be both well-capitalized and well-managed in order to acquire banks located outside their home state and requires any BHC electing to be treated as a financial holding company to be both well-capitalized and well-managed;
- Changes the assessment base for federal deposit insurance from the amount of insured deposits held by the depository institution to the depository institution's average total consolidated assets less tangible equity; eliminates the ceiling on the size of the DIF and increases the floor on the size of the DIF;
- Makes permanent the $250,000 limit for federal deposit insurance and increases the cash limit of Securities Investor Protection Corporation protection from $100,000 to $250,000
- Eliminates all remaining restrictions on interstate banking by authorizing national and state banks to establish de novo branches in any state that would permit a bank chartered in that state to open a branch at that location;
- Repeals Regulation Q, the federal prohibitions on the payment of interest on demand deposits, thereby permitting depository institutions to pay interest on business transaction and other accounts;
- Enhances the requirements for certain transactions with affiliates under Section 23A and 23B of the Federal Reserve Act, including an expansion of the definition of "covered transactions" and increasing the amount of time for which collateral requirements regarding covered transactions must be maintained;
- Expands insider transaction limitations through the strengthening of loan restrictions to insiders and the expansion of the types of transactions subject to the various limits, including derivative transactions, repurchase agreements, reverse repurchase agreements and securities lending or borrowing transactions. Restrictions are also placed on certain asset sales to and from an insider to an institution, including requirements that such sales be on market terms and, in certain circumstances, approved by the institution's board of directors; and
- Strengthens the previous limits on a depository institution's credit exposure to one borrower which limited a depository institution's ability to extend credit to one person (or group of related persons) in an amount exceeding certain thresholds. The Dodd-Frank Act expanded the scope of these restrictions to include credit exposure arising from derivative transactions, repurchase agreements, and securities lending and borrowing transactions.

While designed primarily to reform the financial regulatory system, the Dodd Frank Act also contains a number of corporate governance provisions that will affect companies with securities registered under the Securities Exchange Act of 1934 (the "Exchange Act"). The Dodd-Frank Act requires the Securities and Exchange Commission to adopt rules which may affect our executive compensation policies and disclosure. It also exempts smaller issuers, such as us, from the requirement, originally enacted under Section 404(b) of the Sarbanes-Oxley Act of 2002, that our independent auditor also attest to and report on management's assessment of internal control over financial reporting.

Although a significant number of the rules and regulations mandated by the Dodd-Frank Act have been finalized, including rules regulating compensation of residential mortgage loan originators, residential mortgage loan servicing practices, and defining qualified mortgage loans and the ability to repay a mortgage loan, many of the new requirements called for have yet to be implemented and will likely be subject to implementing regulations over the course of several years. Given the uncertainty associated with the manner in which the provisions of the Dodd-Frank Act will be implemented by the various agencies, the full extent of the impact such requirements will have on financial institutions' operations is unclear. The Dodd-Frank Act could require us to make material expenditures, in particular personnel training costs and additional compliance expenses, or otherwise adversely affect our business, financial condition, results of operations or cash flow. It could also require us to change certain of our business practices, adversely affect our ability to pursue business opportunities that we might otherwise consider pursuing, cause business disruptions and/or have other impacts that are as of yet unknown to us. Failure to comply with these laws or regulations, even if inadvertent, could result in negative publicity, fines or additional expenses, any of which could have an adverse effect on our business, financial condition, results of operations or cash flow.

Jumpstart Our Business Startups (JOBS) Act. In April 2012, the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act") became law. The JOBS Act is aimed at facilitating capital-raising by smaller companies and banks and bank holding companies by implementing the following changes:

- Raising the threshold requiring registration under the Exchange Act for banks and bank holding companies from 500 to 2,000 holders of record;
- Raising the threshold for triggering deregistration under the Exchange Act for banks and bank holding companies from 300 to 1,200 holders of record;
- Raising the limit for Regulation A offerings from $5 million to $50 million per year and exempting some Regulation A offerings from state blue sky laws;
- Permitting advertising and general solicitation in Rule 506 and Rule 144A offerings;
- Allowing private companies to use "crowd funding" to raise up to $1 million in any 12-month period, subject to certain conditions; and,
- Creating a new category of issuer, called an "Emerging Growth Company," for companies with less than $1 billion in annual gross revenue, which will benefit from certain changes that reduce the cost and burden of carrying out an equity initial public offering and complying with public company reporting obligations for up to five years.

Federal Home Loan Bank Membership. We are a member of the Federal Home Loan Bank of New York (the "FHLB-NY"). Each member of the FHLB-NY is required to maintain a minimum investment in capital stock of the FHLB-NY. The Board of Directors of the FHLB-NY can increase the minimum investment requirements in the event it has concluded that additional capital is required to allow it to meet its own regulatory capital requirements. Any increase in the minimum investment requirements outside of specified ranges requires the approval of the Federal Housing Finance Agency. Because the extent of any obligation to increase our investment in the FHLB-NY depends entirely upon the occurrence of a future event, potential payments to the FHLB-NY are not determinable.

Additionally, in the event that we fail, the right of the FHLB-NY to seek repayment of funds loaned to us will take priority over certain other creditors.

Loans to One Borrower

New Jersey banking law limits the total loans and extensions of credit by a bank to one borrower at one time to 15% of the capital funds of the bank, or up to 25% of the capital funds of the bank if the additional 10% is fully secured by collateral having a market value (as determined by reliable and continuously available price quotations) at least equal to the amount of the loans and extensions of credit over the 15% limit. If a bank's lending limit is less than $500,000, the bank may nevertheless have total loans and extensions of credit outstanding to one borrower at one time not to exceed $500,000. At December 31, 2015, the Bank's lending limit to one borrower was $15.1 million.

Other Laws and Regulations. We are subject to a variety of laws and regulations which are not limited to banking organizations. For example, in lending to commercial and consumer borrowers, and in owning and operating our own property, we are subject to regulations and potential liabilities under state and federal environmental laws.

We are heavily regulated by regulatory agencies at the federal and state levels. As a result of events in the financial markets and the economy in recent years, we, like most of our competitors, have faced and expect to continue to face increased regulation and regulatory and political scrutiny, which creates significant uncertainty for us and the financial services industry in general.

Future Legislation and Regulation. Regulators have increased their focus on the regulation of the financial services industry in recent years. Proposals that could substantially intensify the regulation of the financial services industry have been and are expected to continue to be introduced in the U.S. Congress, in state legislatures and by applicable regulatory authorities. These proposals may change banking statutes and regulation and our operating environment in substantial and unpredictable ways. If enacted, these proposals could increase or decrease the cost of doing business, limit or expand permissible activities or affect the competitive balance among banks, savings associations, credit unions, and other financial institutions. We cannot predict whether any of these proposals will be enacted and, if enacted, the effect that it, or any implementing regulations, would have on our business, financial condition and results of operations.

Item 1A. Risk Factors

As a smaller reporting company, the Bank is not required to provide the information otherwise required by this Item.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 2. Properties

We conduct our operations from our headquarters and branch located at 183 Bayard Lane, Princeton, New Jersey, an operations center at 403 Wall Street, Princeton, New Jersey, and from twelve other branch locations in New Jersey and Pennsylvania. The following table sets forth certain information regarding the Bank's properties as of December 31, 2015:

Location	Leased or Owned	Date of Lease Expiration
Corporate Headquarters and Branch 183 Bayard Lane Princeton, NJ	Leased	October 31, 2018
Operations Center 403 Wall Street Princeton, NJ	Leased	August 11, 2021
Hamilton Branch 339 Route 33 Hamilton, NJ	Leased	October 31, 2020
Pennington Branch 2 Route 31 Pennington, NJ	Leased	April 30, 2017
Chambers Street Branch 21 Chambers Street Princeton, NJ	Leased	December 31, 2021
Monroe Branch 1 Rossmoor Drive, Suite 120 Monroe Township, NJ	Leased	July 31, 2020
Montgomery Branch 1185 Route 206 North Princeton, NJ	Leased	April 30, 2020
Lambertville Branch 10-12 Bridge Street Lambertville, NJ	Owned	N/A
Lawrenceville Branch 2999 Princeton Pike Lawrenceville, NJ	Leased	November 30, 2020

Location	Leased or Owned	Date of Lease Expiration
Nassau Street Branch 194 Nassau Street Princeton, NJ	Leased	November 30, 2021
New Brunswick Branch 1 Spring Street, Suite 102 New Brunswick, NJ	Leased	March 31, 2017
North Wales Branch (MoreBank Division) 1222 Welsh Road North Wales, PA	Leased	September 30, 2021
Cheltenham Branch (MoreBank Division) 470 West Cheltenham Avenue Philadelphia, PA	Leased	January 25, 2021
Arch Street Branch (MoreBank Division) 921 Arch Street Philadelphia, PA	Leased	November 30, 2017

Item 3. Legal Proceedings

On February 3, 2015, the FDIC terminated its Consent Order with us (the "Consent Order"). The Consent Order was issued on January 30, 2014 and required us to strengthen our BSA/AML program and internal audit function, and to address other related matters. Concurrently with the termination of the Consent Order, a related Acknowledgement and Consent between us and the NJDOBI also terminated.

From time to time, we may be a party to ordinary routine litigation incidental to our business. Except for the Consent Order and the related Acknowledgement and Consent, there were no material legal proceedings to which we were a party or of which any of our property was the subject, pending or, to our knowledge, contemplated by governmental authorities, at December 31, 2015 or the date of this report.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

There is no established public trading market for our common stock. Although shares of our common stock are transferable, our common stock is not listed on any stock exchange or quoted in any over-the-counter securities market. There can be no assurance that a trading market for our common stock will develop in the future, and stockholders wishing to sell common stock may have to seek buyers and negotiate a transaction price by themselves.

Holders

As of April 11, 2016, there were approximately 670 holders of our common stock.

Dividends

We have not declared or paid cash dividends on our common stock since we began operations. Under the New Jersey Banking Act of 1948, as amended, we may declare and pay cash dividends only if, after payment of the dividend, our capital stock will be unimpaired and either we will have a surplus of not less than 50 percent of our capital stock or the payment of the dividend will not reduce our surplus. The FDIC prohibits payment of cash dividends if, as a result, we would be undercapitalized or are in default with respect to any assessment due to the FDIC. Our board of directors intends to follow a policy of retaining earnings for the purpose of increasing our capital and therefore the Bank does not anticipate declaring or paying dividends for the foreseeable future.

Securities Authorized for Issuance under Equity Compensation Plans

The following table summarizes our equity compensation plan information as of December 31, 2015. See Note 13 to our audited financial statements included in this Annual Report on Form 10-K for a description of the material features of each plan.

Plan Category	Number of shares of common stock to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of shares of common stock remaining available for future issuance under compensation plans
Equity Compensation Plans approved by security holders:			
The Bank of Princeton 2007 Stock Option Plan	178,074	$11.95	38,503
The Bank of Princeton 2012 Stock Option Plan	422,417	$15.38	147,796
MoreBank 2004 Incentive Equity Compensation Plan	7,200	$25.00	-
Equity compensation plan not approved by security holders:			
Organizer warrants	77,250	$10.00	-
MoreBank Organizer options	46,000	$25.00	-
Total	730,941	$14.68	186,299

Item 6. Selected Financial Data

As a smaller reporting company, the Bank is not required to provide the information otherwise required by this Item.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with "Part I—Item 1. Business" and our Consolidated Financial Statements and the notes thereto included in this Form 10-K. The following discussion should also be read in conjunction with the "Cautionary Note Regarding Forward-Looking Statements."

Our Management's Discussion and Analysis of Financial Condition and Results of Operations is presented in sections as follows:

- Overview and Strategy
- Comparison of Financial Condition at December 31, 2015 and December 31, 2014
- Comparison of Operating Results for the Years Ended December 31, 2015 and December 31, 2014
- Rate/Volume Analysis
- Liquidity, Commitments and Capital Resources
- Off-Balance Sheet Arrangements
- Impact of Inflation
- Return on Equity and Assets
- Critical Accounting Policies and Estimates
- Recently Issued Accounting Standards

Overview and Strategy

We remain focused on establishing and retaining customer relationships by offering a broad range of traditional financial services and products, competitively-priced and delivered in a responsive manner to small businesses, professionals and individuals in our market area. As a locally-operated community bank, we seek to provide superior customer service that is highly personalized, efficient and responsive to local needs. To better serve our customers, we endeavor to provide state-of-the-art delivery systems with ATMs, current operating software, timely reporting, online bill pay and other similar up-to-date products and services. We seek to deliver these products and services with the care and professionalism expected of a community bank and with a special dedication to personalized customer service.

Our primary business objectives are:

- to provide local businesses, professionals and individuals with banking services responsive to and determined by their needs and local market conditions,
- to attract deposits and loans through competitive pricing, responsiveness and service, and
- to provide a reasonable return to stockholders on capital invested.

We strive to serve the financial needs of our customers while providing an appropriate return to our stockholders, consistent with safe and sound banking practices. We expect that a financial strategy that utilizes variable rates and matching assets and liabilities will enable us to increase our net interest margin, while managing interest rate risk. We also seek to generate fee income from various sources, subject to our desire to maintain competitive pricing within our market area.

Our recognition of, and commitment to, the needs of the local community, combined with highly personalized and responsive customer service, differentiate us from our competition. We continue to capitalize upon the personal contacts and relationships of our organizers, directors, stockholders and officers to establish and grow our customer base.

Comparison of Financial Condition at December 31, 2015 and December 31, 2014

General. Our total assets increased from $955.3 million at December 31, 2014 to $1.01 billion at December 31, 2015, an increase of $58.1 million, or six percent. This increase was primarily due to increases in loans receivable, net of our allowance for loan losses of $73.9 million, accrued interest receivable and other assets of $6.3 million, and bank-owned life insurance of $4.3 million, partially offset by a decrease in securities available-for-sale of $22.3 million. Total liabilities increased from $876.8 million at December 31, 2014 to $921.9 million at December 31, 2015, an increase of $45.1 million, or five percent. This increase was primarily the result of a $104.5 million increase in total borrowings, partially offset by a $58.5 million decrease in deposits. Total stockholders' equity increased from $78.5 million at December 31, 2014 to $91.4 million at December 31, 2015, an increase of $12.9 million, or 16 percent. This increase was primarily attributable to net income of $11.0 million and increases in additional paid-in capital of $1.5 million and common stock of $0.5 million. The growth of our balance sheet has been a direct result of the successful implementation of our business plan. Although we will continue to seek to grow our business through the continued implementation of our business plan, the growth experienced in the past may not be indicative of future results.

We manage our balance sheet based on a number of interrelated criteria, such as changes in interest rates, fluctuations in certain asset and liability categories whose changes are not totally controlled by us, such as swings in deposit account balances driven by depositors' needs, prepayments and issuer call options exercised on securities available for sale, early payoffs on loans, investment opportunities presented by market conditions, lending originations, capital provided by earnings, and active management of our overall liquidity positions. The management of these dynamic and interrelated elements of our balance sheet result in fluctuations in balance sheet items throughout the year.

Cash and due from banks. Cash and due from banks decreased from $31.9 million at December 31, 2014 to $28.6 million at December 31, 2015, a decrease of $3.3 million, or 10 percent. The decrease in cash was primarily attributable to the timing of cash payments and cash receipts.

Investment Securities. We hold securities that are available to fund increased loan demand or deposit withdrawals and other liquidity needs, and which provide an additional source of interest income. Securities are classified as held-to-maturity ("HTM") or available-for-sale ("AFS") at the time of purchase. Securities are classified as HTM if we have the ability and intent to hold them until maturity. HTM securities are carried at cost, adjusted for unamortized purchase premiums and discounts. Securities that are classified as AFS are carried at fair value with unrealized gains and losses, net of income taxes, reported as a component of equity within accumulated other comprehensive income.

The following table presents a summary of the amortized cost and fair value of our securities available-for-sale at December 31, 2015, 2014 and 2013.

	December 31,					
	2015		2014		2013	
(in thousands)	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
U.S. Treasury securities	$ -	$ -	$ 14,770	$ 14,551	$ 38,112	$ 35,689
Mortgage-backed Securities-U.S. Government-sponsored Enterprises (GSEs)	70,524	70,682	76,428	77,188	72,680	73,084
Obligations of state and political subdivisions	70,140	70,827	71,665	72,061	88,697	84,541
Total	$ 140,664	$ 141,509	$ 162,863	$ 163,800	$ 199,489	$ 193,314

Securities available-for-sale, which is carried at fair value, decreased $22.3 million, or 14 percent, to $141.5 million at December 31, 2015. Funds from security sales and principal repayments were utilized to supplement growth in our loan portfolio.

The following table presents a summary of the amortized cost and fair value of our HTM securities at December 31, 2015, 2014 and 2013.

	December 31,					
	2015		2014		2013	
(in thousands)	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Mortgage-backed Securities-U.S. Government-sponsored Enterprises (GSEs)	$ 381	$ 414	$ 420	$ 456	$ 423	$ 454

HTM securities decreased minimally from December 31, 2014 to December 31, 2015. The decline in HTM securities is the result of normal principal prepayments and our strategy to not purchase additional securities for the HTM portfolio as we manage our investment portfolio to allow for greater flexibility as our liquidity needs change.

The following table summarizes the maturity distribution schedule of the amortized cost of debt securities with corresponding weighted-average yields at December 31, 2015. Interest income presented in this Form 10-K for tax-advantaged obligations of state and political subdivisions has not been adjusted to reflect fully taxable-equivalent interest income. Weighted-average yields presented below have also not been computed on a fully taxable-equivalent basis. Expected maturities may differ from contractual maturities because the securities may be called without any penalties.

(in thousands)	December 31, 2015 One year or less	After one through five years	After five through ten years	After ten years	Total
Mortgage-backed Securities-U.S. Government-sponsored Enterprises (GSEs)	$ -	$ 3,094	$ 34,937	$ 32,493	$ 70,524
Obligations of state and political subdivisions	1,042	3,740	36,476	28,882	70,140
Total	$ 1,042	$ 6,834	$ 71,413	$ 61,375	$ 140,664
Weighted average yield	2.05%	2.33%	2.35%	2.56%	2.44%

At December 31, 2015, there were no holdings of any one issuer in an amount greater than ten percent of our total stockholders' equity. See Note 3 - Investment Securities in the Notes to Consolidated Financial Statements within this Form 10-K for additional information regarding debt securities.

Loans receivable, net. Loans receivable, net increased from $723.1 million at December 31, 2014 to $797.1 million at December 31, 2015, an increase of $73.9 million, or 10 percent. The increase was attributable to our efforts to grow our loan portfolio through existing relationships and new business and was funded by a combination of an increase in borrowings and a decreases in our investment securities.

The following table details our loan maturities by loan segment and interest rate type at December 31, 2015:

(in thousands)	December 31, 2015 Due in one year or less	Due after one through five years	Due after five years	Total
Commercial real estate	$ 13,851	$ 72,586	$ 403,861	$ 490,298
Commercial and industrial	29,568	37,239	58,265	125,072
Construction	62,297	60,000	-	122,297
Residential first-lien mortgage	-	-	42,409	42,409
Home equity	183	217	29,522	29,922
Consumer	414	436	8	858
Total loans	$ 106,313	$ 170,478	$ 534,065	$ 810,856
Type:				
Fixed rate loans	$ 11,570	$ 74,734	$ 47,662	$ 133,966
Floating rate loans	94,743	95,744	486,403	676,890
Total loans	$ 106,313	$ 170,478	$ 534,065	$ 810,856

The accrual of interest is discontinued when the contractual payment of principal or interest is 90 days past due or management has serious doubts about further collectability of the principal or interest, even if the loan is currently performing. A loan may remain on accrual status if it is in the process of collection and is either guaranteed or well-secured.

The following table sets forth certain information regarding our nonaccrual loans, troubled debt restructurings, accruing loans 90 days or more past-due, and other real estate owned as of December 31, 2015, 2014, 2013, 2012, and 2011.

	December 31,				
(in thousands)	2015	2014	2013	2012	2011
Nonaccrual loans:					
Commercial real estate	$ 6,530	$ 6,190	$ 2,535	$ 2,690	$ 5,229
Commercial and industrial	1,834	1,185	5,127	4,596	2,135
Construction	1,805	1,911	-	892	892
Residential first-lien mortgage	1,370	166	182	-	-
Home equity	450	419	394	359	456
Consumer	-	-	-	11	-
Total nonaccrual loans	11,989	9,871	8,238	8,548	8,712
Troubled debt restructurings (TDRs) – performing	1,171	3,797	4,858	2,412	2,332
Accrual loans 90 days or more past due	-	-	-	-	-
Total nonperforming loans and performing TDRs	13,160	13,668	13,096	10,960	11,044
Other real estate owned	300	804	927	1,550	919
Total nonperforming assets and performing TDRs	$ 13,460	$ 14,472	$ 14,023	$ 12,510	$ 11,963

See Note 4 - Loans Receivable in the Notes to Consolidated Financial Statements within this Form 10-K for additional information regarding our loans not classified as nonperforming assets as of December 31, 2015 and for other information on our loan ratings of special mention, substandard and doubtful, all of which contain varying degrees of potential credit problems that could result in the loans being classified as nonaccrual, past-due 90 or more days or troubled debt restructurings in a future period.

Analysis of Allowance for Loan Losses. Our allowance for loan losses (the "allowance") is based on a documented methodology, which includes an ongoing evaluation of the loan portfolio, and reflects management's best estimate of probable losses in the loan portfolio as of the reporting date. The determination of the allowance for loan losses involves a high degree of judgment and complexity. In evaluating the adequacy of the allowance for loan losses, management gives consideration to current economic conditions, statutory examinations of the loan portfolio by regulatory agencies, loan reviews performed periodically by independent third parties, delinquency information, management's internal review of the loan portfolio, and other relevant factors. In determining and maintaining our allowance for loan losses, we comply with the Federal Financial Institutions Examination Council (FFIEC) *Interagency Policy Statements on the Allowance for Loan and Lease Losses and on Allowance for Loan and Lease Losses Methodologies and Documentation for Banks and Savings Associations*.

Our allowance for loan losses is maintained at a level considered adequate to provide for probable losses. We perform, at least quarterly, an evaluation of the adequacy of the allowance. The allowance is based on our past loan loss experience (which is bound by our limited operating history), known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay, the estimated value of any underlying collateral, the composition of the loan portfolio, current economic conditions and other relevant factors. This evaluation is inherently subjective as it requires material estimates that may be susceptible to significant revision as more information becomes available.

The allowance consists of specific and general components. The specific component relates to loans that are classified as impaired. For loans that are classified as impaired, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component covers pools of loans by loan segment including loans not considered impaired, as well as smaller balance homogeneous loans, such as residential mortgage and other consumer loans. These pools of loans are evaluated for loss exposure based upon historical loss rates for each of these categories of loans, adjusted for qualitative factors.

The allowance for loan losses increased from $10.0 million at December 31, 2014 to $10.9 million at December 31, 2015, an increase of $0.9 million, or approximately eight percent. This increase was primarily attributable to applying our ASC 450-20 general allowance ratio of 1.14% to the $74.8 million increase in our loan portfolio as compared to the prior year.

This was offset slightly by a decrease of three basis points in the ASC 450-20 general reserve ratio as compared to December 31, 2014.

Net charge-offs increased $1.0 million as compared to the prior year. The increase in commercial and industrial charge-offs was primarily driven by two loans to separate borrowers amounting to $0.6 million. The increase in commercial real estate charge-offs was primarily driven by one $0.3 million loan.

The following table presents a summary of changes in our allowance for loan losses and includes information regarding charge-offs, recoveries, and selected coverage ratios for the years ended December 31, 2015, 2014, 2013, 2012 and 2011:

	Year Ended December 31,				
(in thousands)	**2015**	**2014**	**2013**	**2012**	**2011**
Balance at beginning of year	$ 10,008	$ 8,493	$ 7,033	$ 5,362	$ 3,693
Charge offs:					
Commercial real estate	(435)	(116)	(73)	-	(286)
Commercial and industrial	(626)	-	(156)	(388)	(217)
Construction	-	-	(370)	-	(143)
Residential first-lien mortgage	-	-	-	-	-
Home equity	(39)	-	-	-	(80)
Consumer	-	(29)	-	(5)	-
Total charge offs	(1,100)	(145)	(599)	(393)	(726)
Recoveries:					
Commercial real estate	-	5	12	-	-
Commercial and industrial	13	70	15	95	18
Construction	-	-	-	-	-
Residential first-lien mortgage	-	-	-	-	-
Home equity	6	-	-	1	-
Consumer	20	5	-	-	-
Total recoveries	39	80	27	96	18
Net charge-offs	(1,061)	(65)	(572)	(297)	(708)
Additions charged to operations (provision for loan losses)	1,904	1,580	2,032	1,968	2,377
Balance at end of year	$ 10,851	$ 10,008	$ 8,493	$ 7,033	$ 5,362
Net charge offs to average loans outstanding	0.14 %	0.01 %	0.10%	0.06%	0.21%

Our allowance for loan losses is allocated to the various segments of our portfolio identified above. The unallocated component of the allowance for loan losses is maintained to cover uncertainties that could affect our estimate of probable losses. The unallocated component reflects the margin of imprecision inherent in the underlying assumptions used in the methodologies for estimating specific and general losses in the portfolio. Additions to the allowance charged to operations are the result of applying our allowance methodology to the existing loan portfolio. Increases in the additions charged to operations were primarily the result of increases in the loan portfolio, combined with adjustments to qualitative factors impacting the allowance as discussed above.

The following table presents the allocation of the allowance for loan losses by portfolio segment for the years ended December 31, 2015, 2014, 2013, 2012 and 2011. The allocation of a portion of the allowance for loan losses to one category of loans does not preclude its availability to absorb losses in other categories.

	December 31,							
	2015		2014		2013		2012	
	Amount	% of Loans to Total Loans	Amount	% of Loans to Total Loans	Amount	% of Loans to Total Loans	Amount	% of Loans to Total Loans
Commercial real estate	$ 4,703	60.5 %	$ 3,621	61.2 %	$ 2,994	58.6 %	$ 2,557	58.8 %
Commercial and industrial	2,246	15.4	1,530	17.3	1,419	18.6	1,244	19.2
Construction	2,615	15.1	2,719	10.7	2,638	12.0	2,163	11.6
Residential first-lien mortgage	292	5.2	318	6.2	282	6.3	204	5.4
Home equity	225	3.7	307	4.2	282	4.5	256	4.7
Consumer	3	0.1	17	0.4	1	-	10	0.3
Unallocated	767	-	1,496	-	877	-	599	-
Total	$ 10,851	100.0 %	$ 10,008	100.0 %	$ 8,493	100.0 %	$ 7,033	100.0 %

	2011	
	Amount	% of Loans to Total Loans
Commercial real estate	$ 2,082	56.6 %
Commercial and industrial	1,011	20.8
Construction	1,965	13.7
Residential first-lien mortgage	101	3.7
Home equity	179	4.7
Consumer	12	0.5
Unallocated	12	-
Total	$ 5,362	100.0 %

See Note 4 Loans Receivable in the Notes to Consolidated Financial Statements within this Form 10-K for additional information regarding our allowance for loan losses.

Premises and equipment. Premises and equipment, net decreased $0.4 million from December 31, 2014 to December 31, 2015. Additions to premises and equipment resulting from leasehold improvements in the new Lawrenceville branch and purchases of upgraded equipment were offset by depreciation expense.

Accrued interest receivable and other assets. Accrued interest receivable and other assets increased $6.3 million, or 54 percent, from December 31, 2014 to December 31, 2015, primarily due to increases of $4.8 million in restricted investments in bank stocks. The increase in restricted investments in bank stocks was primarily the result of a $104.5 million increase in FHLB-NY borrowings from December 31, 2014 to December 31, 2015. We are required to own stock of the FHLB-NY based in part by the amount of our FHLB-NY borrowings outstanding. The remaining $1.5 million increase was primarily comprised of $1.3 million in income taxes receivable at December 31, 2015.

Deposits. Total deposits decreased from $847.9 million at December 31, 2014 to $789.4 million at December 31, 2015, a decrease of $58.5 million, or seven percent. Non-interest-bearing deposits decreased $32.3 million, or 24 percent, to $102.9 million at December 31, 2015, compared to $135.2 million at December 31, 2014. Interest-bearing deposits decreased

$26.2 million, or four percent, to $686.5 million at December 31, 2015, compared to $712.7 million in the prior year. Of the $32.3 million decrease in noninterest bearing deposits, one institutional customer's balance decreased $27.8 million at December 31, 2015 as compared to December 31, 2014. Certificates of deposits decreased $37.4 million during 2015 due to attrition from 12 and 15 month promotion rates offered in 2014. This decrease was partially offset by an increase in interest bearing checking and savings of $11.2 million over the prior year.

The following table presents our time deposit maturities as of December 31, 2015.

	December 31, 2015				
(in thousands)	Three months or less	Over three through six months	Over six through twelve months	Over twelve months	Total
Time deposits of $100,000 or more	$ 9,536	$ 15,197	$ 58,438	$ 71,847	$ 155,018
Time deposits of less than $100,000	7,570	9,270	30,225	55,196	102,261
Total	$ 17,106	$ 24,467	$ 88,663	$ 127,043	$ 257,279

The following table presents the average balance of our deposit accounts for the years ended December 31, 2015, 2014 and 2013, and the average cost of funds for each category of our deposits.

	2015			2014			2013		
(in thousands)	Average Amount	Avg. Rate Paid	% of Average Total Deposits	Average Amount	Avg. Rate Paid	% of Average Total Deposits	Average Amount	Avg. Rate Paid	% of Average Total Deposits
Demand, non-interest-bearing checking	$ 133,970	0.00%	16.2%	$ 125,472	0.00%	15.9%	$ 99,650	0.00%	13.6%
Demand Interest-bearing	202,124	0.59	24.4	151,917	0.75	19.2	148,969	0.78	20.3
Money market	140,973	0.59	17.0	148,462	0.62	18.8	155,438	0.60	21.2
Savings deposits	76,553	0.71	9.2	89,647	0.91	11.3	89,044	0.86	12.1
Time deposits of $100,000 or more	162,744	1.45	19.6	153,039	1.48	19.3	120,504	1.71	16.3
Other time deposits	112,545	1.45	13.6	122,406	1.51	15.5	119,464	1.70	16.5
Total	$ 828,909	0.79%	100.0%	$ 790,943	0.88%	100.0%	$ 733,069	0.95%	100.0%

Borrowings. Borrowings increased from $24.3 million at December 31, 2014 to $128.8 million at December 31, 2015, an increase of $104.5 million. The Bank utilizes its available capacity with FHLB-NY as an additional source of liquidity to fund increases in asset classes not funded by our deposits. Increased borrowings, supplemented with amounts from the sales and principal repayments of securities, available-for-sale, compensated for deposit decreases during the year ended December 31, 2015.

Accrued interest payable and other liabilities. Accrued interest payable and other liabilities decreased from $4.6 million at December 31, 2014 to $3.6 million at December 31, 2015, a decrease of $1.0 million, or 21 percent. This decrease was primarily attributable to a decrease in accrued expenses of $0.5 million, primarily due to decreases in FDIC assessments payable, accrued salaries expense, and other miscellaneous accrued expenses. The $0.1 million decrease in FDIC assessments payable is the result of a decreased assessment rate during 2015 due to the termination of our Consent Order with the FDIC in February 2015. The decrease in salaries payable was attributable to a $0.3 million decrease in the normal year end salary accrual at December 31, 2015 as compared to the prior year. Other miscellaneous accruals decreased $0.1 million over the prior year primarily due to decreased legal fees also due to the termination of our Consent Order with the FDIC in February 2015. Accrued interest payable on deposits decreased $0.2 million from the prior year resulting from a decrease in the average cost of funds on interest-bearing deposits of ten basis points at December 31, 2015 as compared to 2014 as well as the timing of interest payments.

Stockholders' equity. Stockholders' equity increased from $78.5 million at December 31, 2014 to $91.4 million at December 31, 2015, an increase of $12.9 million, or 16 percent. The increase in stockholders' equity was due to an $11.0 million increase in retained earnings from current year net income, combined with a $1.5 million increase in paid-in-capital and a $0.5 million increase in common stock due to stock option exercises during 2015.

Comparison of Operating Results for the Years Ended December 31, 2015 and December 31, 2014

General. Net income for the year ended December 31, 2015 was $11.0 million, an increase of approximately $2.0 million, or 22 percent, from $9.0 million for the year ended December 31, 2014. This increase was primarily attributable to an increase in net interest income and decreases in non-interest expense partially offset by an increase in provision for loan losses, a decrease in non-interest income and an increase in income tax expense.

Net interest income. Net interest income increased $3.0 million, or nine percent, to $36.4 million for the year ended December 31, 2015, compared to $33.4 million for the year ended December 31, 2014. Our interest rate spread increased from 3.61 percent for the year ended December 31, 2014 to 3.66 percent for the year ended December 31, 2015, an increase of five basis points. Our average interest-earning assets increased $68.3 million, or eight percent, while the average yield on those assets decreased six basis points. The increase in average interest-earning assets was primarily the result of our ability to continue to increase the size of our loan portfolio. Our average interest-bearing liabilities increased $49.1 million, or seven percent, while the average cost of those liabilities decreased 11 basis points.

Total interest and dividend income. Total interest and dividend income increased $2.6 million, or seven percent, to $43.2 million for the year ended December 31, 2015, compared to $40.6 million for the prior year. The improvement in interest income resulted from an increase in the average balance of interest-earning assets.

Interest income and fees on loans increased $3.4 million, or nine percent, to $39.6 million for the year ended December 31, 2015, compared to $36.2 million for the prior year. The increase was attributable to an increase in the average balance of loans receivable of $88.7 million from $678.1 million in 2014 to $766.8 million in 2015. This increase was partially offset by a 17 basis point decrease in the year-over-year average yield on loans. The decrease in the average yield on loans was due to lower interest rates on new loan production caused primarily by increasing competition throughout the year ending December 31, 2015.

Interest income on securities decreased approximately $0.8 million, or nineteen percent, for the year ended December 31, 2015 compared to the prior year. This decrease was primarily attributable to a $25.8 million decrease in average balances and a 13 basis point decrease in the average yield. Average balances decreased due to principal repayments and sales of securities that provided cash to fund the increase in our loan portfolio.

Interest Expense. Total interest expense decreased $0.3 million, or four percent for the year ended December 31, 2015, compared to the prior year period. This decrease was the result of an 11 basis point decrease in the cost of interest-bearing liabilities, partially offset by a $49.1 million increase in average interest-bearing liabilities.

Interest expense on deposits decreased $0.4 million for the year ended December 31, 2015 compared to the prior year due to a decrease in the cost of interest-bearing deposits of 10 basis points during 2015 as compared to 2014, partially offset by an increase in average interest-bearing deposits of $29.5 million.

Interest expense on borrowings increased approximately $90,000, or 51 percent, for the year ended December 31, 2015 compared to the prior year. This increase was primarily attributable to a $19.6 million increase in average balances as borrowings were utilized to partially fund the increase in our loan portfolio.

Provision for Loan Losses. The provision for loan losses increased $0.3 million over the prior year to $1.9 million for the year ended December 31, 2015. The increase in the 2015 provision for loan losses reflected, among other things, the $73.9 million increase in our loan portfolio year-over-year, and the increase in loan charge-offs, net of recoveries ("net charge-offs") during the year ended December 31, 2015 compared to the prior period. Net charge-offs were $1.1 million during 2015, compared to $65,000 in 2014. See the section above titled "Financial Condition —Allowance for Loan Losses" for a discussion of our allowance for loan losses methodology, including additional information regarding the determination of the provision for loan losses.

Non-Interest Income. Non-interest income decreased $0.5 million for the year ended December 31, 2015 compared to the prior year. Gain on sales of securities available-for-sale decreased $0.8 million to $0.2 million for the year ended December 31, 2015. Partially offsetting this decrease, income from bank owned life insurance and gain on sale of other real estate owned each increased $0.1 million as compared to the prior year period.

Non-Interest Expense. Non-interest expense decreased approximately $0.3 million, or two percent, to $22.1 million in 2015, compared to $22.4 million in the prior year.

Professional fees decreased $0.7 million, or 34 percent, to approximately $1.3 million in 2015 compared to $2.0 million in 2014. The decrease was primarily attributable to decreases in 2014 consulting fees paid in relation our FDIC Consent Order, which the FDIC terminated on February 3, 2015. Federal deposit insurance assessments also decreased $0.4 million during the year ended 2015 to $0.8 million, compared to $1.2 million in the prior year. The termination of our Consent Order caused our assessment rate to decrease significantly.

OREO, net expense decreased $0.2 million in during the year ended 2015 compared to the prior year. The decrease was primarily attributable to the write-down of two properties to their net realizable values in 2014.

Other non-interest expense decreased $0.4 million, or 18 percent, to $1.6 million in 2015, compared to $1.9 million in the prior year. Decreases were noted in several miscellaneous non-interest expense accounting including employee travel and entertainment, correspondent bank charges, and core deposit intangible expense.

Partially offsetting these decreases in non-interest expense, salaries and employee benefits increased approximately $1.0 million, or eight percent, to $12.3 million in 2015, compared to $11.3 million in the prior year. The increase was related to eight additional full time equivalent employees in 2015, as well as increases in bonus expense, medical insurance premiums, and stock option compensation expense. Salary deferrals resulting from ASC 310-20 related loan origination costs also decreased as loan volume was lower in 2015 as compared to 2014.

Occupancy and equipment expenses increased slightly to $3.6 million in 2015 compared to $3.5 million in the prior year. The increase was primarily attributable to the impact of a rent increase due to the expansion for our operations center in September 2014.

Data processing and communications expense increased slightly to $1.8 million in 2015 compared to $1.7 million in 2014. The increase was primarily attributable to an increase is fees paid to our core processing servicer as we added a new branch in November 2015.

Income Tax Expense. The provision for income taxes increased $0.5 million, or 17 percent, to $3.7 million in 2015 compared to $3.2 million in the prior year. The increase was due to a 21 percent increase in pre-tax income offset by a slight decrease in our effective tax rate from 26.0 percent in 2014 to 25.2 percent in 2015 resulting from increases in tax-exempt interest income on qualifying loans over the prior year.

Average Balance Sheets. The average yields and costs of funds shown in the following table are derived by dividing income or expense by the daily average balance of assets or liabilities, respectively, for the periods presented. Nonaccrual loans are included in the average balance of loans receivable, net for all periods presented. No tax-equivalent adjustments have been made.

	For the Year Ended December 31,					
	2015			2014		
(in thousands)	Average Balance	Interest	Average Yield/Cost	Average Balance	Interest	Average Yield/Cost
Interest-earning assets:						
Loans receivable, net	$ 766,776	$ 39,579	5.16%	$ 678,058	$ 36,170	5.33%
Investment securities:						
Available-for-sale	151,291	3,406	2.25	177,073	4,206	2.38
Held-to-maturity	399	20	5.02	421	21	4.98
Other interest-earning assets	28,381	216	0.76	22,953	170	0.74
Total interest-earning assets	946,847	43,221	4.56	878,505	40,567	4.62
Non-interest-earning assets	33,757			32,167		
Total assets	$ 980,604			$ 910,672		
Interest-bearing liabilities:						
Demand, interest-bearing and savings deposits	$ 278,677	1,741	0.62	$ 241,564	1,953	0.81
Money market	140,973	837	0.59	148,462	918	0.62
Time deposits	275,289	3,992	1.45	275,445	4,109	1.49
Total interest-bearing deposits	694,939	6,570	0.95	665,471	6,980	1.05
Federal Home Loan Bank borrowings	62,465	267	0.43	42,839	177	0.41
Total interest-bearing liabilities	757,404	6,837	0.90%	708,310	7,157	1.01%
Non-interest-bearing liabilities	138,211			130,498		
Total liabilities	895,615			838,808		
Stockholders' equity	84,989			71,864		
Total liabilities and stockholders' equity	$ 980,604			$ 910,672		
Interest rate spread[1]			3.66%			3.61%
Net interest income		$ 36,384			$ 33,410	
Net yield on interest-earning assets[2]			3.84%			3.80%
Ratio of average interest-earning assets to average interest-bearing liabilities			1.25x			1.24x

(1) Interest rate spread represents the difference between the average yield on interest-earning assets and the average cost of interest-bearing liabilities.
(2) Net yield on interest-earning assets represents net interest income as a percentage of average interest-earning assets.

(in thousands)	For the Year Ended December 31, 2013 Average Balance	Interest	Average Yield/Cost
Interest-earning assets:			
Loans receivable, net	$ 570,720	$ 32,285	5.66%
Investment securities:			
Available-for-sale	207,227	4,670	2.25
Held-to-maturity	497	23	4.70
Other interest-earning assets	22,341	135	0.60
Total interest-earning assets	800,785	37,113	4.63
Non-interest-earning assets	27,017		
Total assets	$ 827,802		
Interest-bearing liabilities:			
Demand, interest-bearing and savings deposits	$ 238,012	1,925	0.81
Money market	155,438	936	0.60
Time deposits	239,968	4,091	1.71
Total interest-bearing deposits	633,418	6,952	1.10
Federal Home Loan Bank borrowings	25,903	163	0.63
Total interest-bearing liabilities	659,321	7,115	1.08%
Non-interest-bearing liabilities	105,558		
Total liabilities	764,879		
Stockholders' equity	62,923		
Total liabilities and stockholders' equity	$ 827,802		
Interest rate spread[1]			3.55%
Net interest income		$ 29,998	
Net yield on interest-earning assets[2]			3.75%
Ratio of average interest-earning assets to average interest-bearing liabilities			1.21x

(1) Interest rate spread represents the difference between the average yield on interest-earning assets and the average cost of interest-bearing liabilities.
(2) Net yield on interest-earning assets represents net interest income as a percentage of average interest-earning assets.

Rate/Volume Analysis

The following table reflects the sensitivity of our interest income and interest expense to changes in volume and in yields on interest-earning assets and costs of interest-bearing liabilities during the periods indicated.

(in thousands)	Year Ended December 31, 2015 vs. 2014 Increase (Decrease) Due to			Year Ended December 31, 2014 vs. 2013 Increase (Decrease) Due to		
	Volume	Rate	Net	Volume	Rate	Net
Interest and dividend income:						
Loans receivable	$ 4,579	$ (1,170)	$ 3,409	$ 5,726	$ (1,841)	$ 3,885
Investment securities:						
Available-for-sale	(529)	(271)	(800)	(665)	201	(464)
Held-to-maturity	(1)	-	(1)	(3)	1	(2)
Other interest-earnings assets	42	4	46	4	31	35
Total interest-earning assets	$ 4,091	$ (1,437)	$ 2,654	$ 5,062	$ (1,608)	$ 3,454
Interest expense:						
Demand, interest-bearing and savings	$ 232	$ (444)	$ (212)	$ 29	$ (1)	$ 28
Money market	(44)	(36)	(80)	(44)	26	(18)
Time deposits	(2)	(116)	(118)	530	(512)	18
Federal Home Loan Bank borrowings	84	6	90	70	(56)	14
Total interest-bearing liabilities	$ 270	$ (590)	$ (320)	$ 585	$ (543)	$ 42
Change in net interest income	$ 3,821	$ (847)	$ 2,974	$ 4,477	$ (1,065)	$ 3,412

Liquidity, Commitments and Capital Resources

Liquidity. Our liquidity, represented by cash and due from banks, is a product of our operating, investing and financing activities. Our primary sources of funds are deposits, principal repayments of securities and outstanding loans, and funds provided from operations. In addition, we invest excess funds in short-term interest-earnings assets such as overnight deposits or U.S. agency securities, which provide liquidity to meet lending requirements. While scheduled payments from the amortization of loans and securities and short-term investments are relatively predictable sources of funds, general interest rates, economic conditions and competition greatly influence deposit flows and repayments on loans and mortgage-backed securities.

We strive to maintain sufficient liquidity to fund operations, loan demand and to satisfy fluctuations in deposit levels. We are required to have enough investments that qualify as liquid assets in order to maintain sufficient liquidity to ensure safe and sound banking operations. Liquidity may increase or decrease depending upon the availability of funds and comparative yields on investments in relation to the return on loans. We attempt to maintain adequate but not excessive liquidity, and liquidity management is both a daily and long-term function of our business management. We manage our liquidity in accordance with a board of directors-approved asset-liability policy, which is administered by our asset-liability committee (ALCO). ALCO reports interest rate sensitivity, liquidity, capital and investment-related matters on a quarterly basis to our board of directors.

We review cash flow projections regularly and update them in order to maintain liquid assets at levels believed to meet the requirements of normal operations, including loan commitments and potential deposit outflows from maturing certificates of deposit and savings withdrawals.

While deposits are our primary source of funds, we are also able to generate cash through borrowings from the FHLB-NY. At December 31, 2015, we had $128.8 million of overnight and short-term advances outstanding from the FHLB-NY. At December 31, 2015, we had remaining available capacity with FHLB-NY, subject to certain collateral restrictions, of $377.9 million.

Additionally, we are a shareholder of Atlantic Community Bancshares, Inc., and as such, as of December 31, 2015, we had available capacity with its subsidiary, Atlantic Community Bankers Bank ("ACBB") of $10.0 million to provide short-term liquidity generally for a period of not more than fourteen days.

Contractual Obligations. We have non-cancelable operating leases for branch offices and our operations center. The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year at December 31, 2015:

Years Ended December 31:	(in thousands)
2016	$ 1,510
2017	1,441
2018	1,321
2019	1,080
2020	1,011
Thereafter	646
Total minimum payments required	$ 7,009

Capital Resources. Consistent with our goals to operate as a sound and profitable financial institution, we actively seek to maintain our status as a well-capitalized institution in accordance with regulatory standards. As of December 31, 2015, we met the capital requirements to be considered "well capitalized". See Note 14 - Regulatory Matters in the Notes to Consolidated Financial Statements included within this Form 10-K for more information regarding our capital resources.

Off-Balance Sheet Arrangements

We are a party to financial instruments with off-balance sheet risk in the normal course of our business of investing in loans and securities as well as in the normal course of maintaining and improving our facilities. These financial instruments include significant purchase commitments, such as commitments related to capital expenditure plans and commitments to purchase investment securities or mortgage-backed securities, and commitments to extend credit to meet the financial needs of our customers.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the loan contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee by our customers. Our exposure to credit loss in the event of non-performance by the counterparty to the financial instrument for commitments to extend credit is represented by the contractual notional amount of those instruments. We use the same credit policies in making commitments and conditional obligations as we do for on-balance-sheet instruments. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

We had the following off-balance sheet financial instruments whose contract amounts represent credit risk at December 31:

(in thousands)	2015	2014
Performance and standby letters of credit	$ 9,015	$ 8,843
Commitments to fund loans	121,015	91,228
Unfunded commitments under lines of credit	11,611	11,320
Total	$ 141,641	$ 111,391

For additional information regarding our outstanding lending commitments at December 31, 2015, see Note 10 – Commitments and Contingencies in the Notes to Consolidated Financial Statements contained in this Annual Report on Form 10-K.

Impact of Inflation

The financial statements included in this document have been prepared in accordance with accounting principles generally accepted in the United States of America. These principles require the measurement of financial position and results of operations in terms of historical dollars, without considering changes in the relative purchasing power of money, over time, due to inflation. Our primary assets and liabilities are monetary in nature. As a result, interest rates have a more significant impact on our performance than the effects of general levels of inflation. Interest rates, however, do not necessarily move in the same direction or with the same magnitude as the price of goods and services, since such prices are affected by inflation.

Return on Equity and Assets

The following table presents certain performance ratios for the years ended December 31, 2015, 2014 and 2013.

	2015	2014	2013
Return on Average Assets (ROA)	1.12%	0.99%	1.06%
Return on Average Equity (ROE)	12.95%	12.53%	13.99%
Average Equity to Average Assets	8.67%	7.89%	7.60%

Our dividend payout ratio was zero for all periods presented above as we did not declare or pay dividends during any of the years ended December 31, 2015, 2014 and 2013.

Critical Accounting Policies and Estimates

In the preparation of our financial statements, we have adopted various accounting policies that govern the application of accounting principles generally accepted in the United States and in accordance with general practices within the banking industry. Our significant accounting policies are described in our financial statements under Note 1- Summary of Significant Accounting Policies. While all of these policies are important to understanding the financial statements, certain accounting policies described below involve significant judgment and assumptions by management that have a material impact on the carrying value of certain assets and liabilities. We consider these accounting estimates to be critical accounting policies. The judgments and assumptions we use are based on historical experience and other factors, which we believe to be reasonable under the circumstances. Because of the nature of the judgments and assumptions we make, actual results could differ from these judgments and assumptions that could have a material impact on the carrying values of our assets and liabilities and our results of operations.

Allowance for Credit Losses. The allowance for credit losses consists of the allowance for loan losses and the reserve for unfunded lending commitments. The allowance for loan losses represents our estimate of losses inherent in the loan portfolio as of the balance sheet date and is recorded as a reduction to loans. The reserve for unfunded lending commitments represents our estimate of losses inherent in our unfunded loan commitments and is recorded in other liabilities on the balance sheet. The allowance for loan losses is increased by the provision for loan losses, and decreased by charge-offs, net of recoveries. Generally, loans deemed to be uncollectible are charged-off against the allowance for loan losses, and subsequent recoveries, if any, are credited to the allowance for loan losses. All, or part, of the principal balance of loans receivable are charged-off to the allowance for loan losses when it is determined that the repayment of all, or part, of the principal balance is highly unlikely. For a more detailed discussion of our allowance for loan loss methodology and the allowance for loan losses see the section titled "Analysis of the Allowance for Loan Losses" in this "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Other Than Temporary Impairment. Management evaluates securities for other-than-temporary-impairment ("OTTI") quarterly, and more frequently when economic or market conditions warrant such an evaluation. In determining OTTI under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 320, *Investments – Debt and Equity Securities,* management considers many factors, including: (1) the length of time and the extent to which the fair value has been less than amortized cost; (2) the financial condition and near term prospects of the issuer; (3) whether the market decline was affected by macroeconomic conditions, and (4) whether the entity has the intent to sell the debt security or more likely than not will be required to sell the debt security before its anticipated recovery. The assessment of whether an OTTI decline exists involves a high degree of subjectivity and judgment and is based on information available to management at a point in time. OTTI is deemed to have occurred if there has been an adverse change in the remaining expected future cash flows.

When an OTTI of debt securities occurs, the amount of the OTTI recognized in earnings depends on whether the Bank intends to sell the security or more likely than not will be required to sell the security before recovery of its amortized cost basis. If the Bank intends to sell or more likely than not will be required to sell the security before recovery of its amortized cost basis, the OTTI shall be recognized in earnings at an amount equal to the difference between the security's amortized cost basis and its fair value at the balance sheet date. If the Bank does not intend to sell the security and it is not more likely than not that the Bank will be required to sell the security before recovery of its amortized cost basis, the OTTI shall be separated into the amount representing the credit loss and the amount related to all other factors. The amount of the total OTTI related to the credit loss is determined based on the present value of cash flows expected to be collected and is recognized in earnings. The amount of the total OTTI related to other factors shall be recognized in other comprehensive income, net of applicable tax benefit. The previous amortized cost basis less the OTTI recognized in earnings shall become the new amortized cost basis of the investment.

For held-to-maturity debt securities, the amount of an other-than-temporary impairment recorded in other comprehensive income for the noncredit portion of a previous other-than-temporary impairment will be amortized prospectively over the remaining life of the security on the basis of the timing of future estimated cash flows of the security.

For equity securities, when the Bank decides to sell an impaired available-for-sale security and the entity does not expect the fair value of the security to fully recover before the expected time of sale, the security is deemed other-than-temporarily impaired in the period in which the decision to sell is made. The Bank recognizes an impairment loss when the impairment is deemed other than temporary even if a decision to sell has not been made.

Income Taxes. We account for income taxes in accordance with income tax accounting guidance contained in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*. This includes guidance related to accounting for uncertainties in income taxes, which sets out a consistent framework to determine the appropriate level of tax reserves to maintain for uncertain tax positions. We had no material unrecognized tax benefits or accrued interest and penalties as of December 31, 2015 and 2014. Our policy is to account for interest and penalties as a component of other expense.

We have provided for federal and state income taxes on the basis of reported income. The amounts reflected on our tax returns differ from these provisions due principally to temporary differences in the reporting of certain items for financial reporting and income tax reporting purposes. The tax effect of these temporary differences is accounted for as deferred taxes applicable to future periods.

Deferred income tax expense or benefit is determined by recognizing deferred tax liabilities and assets, respectively, for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred assets and liabilities of a change in tax rates is recognized in earnings in the period that includes the enactment date. The realization of deferred tax assets is assessed and a valuation allowance provided for the full amount which is not more-likely-than-not to be realized.

Recently Issued Accounting Standards

See Note 1 to the Consolidated Financial Statements contained in this Annual Report on Form 10-K for a discussion of recently issued accounting standards.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

As a smaller reporting company, we are not required to provide the information otherwise required by this Item.

Item 8. Financial Statements and Supplementary Data

The following audited financial statements are set forth in this Annual Report on Form 10-K on the pages listed in the Index to Consolidated Financial Statements below.

THE BANK OF PRINCETON

INDEX TO
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
The Bank of Princeton
Princeton, New Jersey

We have audited the accompanying consolidated statements of financial condition of The Bank of Princeton and subsidiaries (the "Company") as of December 31, 2015 and 2014 and the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Bank of Princeton and subsidiaries at December 31, 2015 and 2014, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

BDO USA, LLP

Philadelphia, Pennsylvania
April 14, 2016

THE BANK OF PRINCETON
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(Dollars in thousands, except per share data)

	December 31, 2015	2014
ASSETS		
Cash and due from banks	$ 28,589	$ 31,872
Securities available-for-sale	141,509	163,800
Securities held-to-maturity (fair value of $414 and $456, respectively)	381	420
Loans receivable, net of allowance for loan losses of $10,851 and $10,008 at December 31, 2015 and 2014, respectively	797,095	723,131
Bank-owned life insurance	22,258	17,929
Other real estate owned (OREO)	300	804
Premises and equipment, net	5,450	5,816
Accrued interest receivable and other assets	17,740	11,490
TOTAL ASSETS	$ 1,013,322	$ 955,262
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Deposits:		
Non-interest-bearing	$ 102,944	$ 135,157
Interest-bearing	686,489	712,700
Total deposits	789,433	847,857
Borrowings	128,800	24,300
Accrued interest payable and other liabilities	3,645	4,603
TOTAL LIABILITIES	921,878	876,760
STOCKHOLDERS' EQUITY:		
Common stock, $5.00 par value, 10,000,000 authorized, 4,687,457 and 4,582,315 shares issued and outstanding at December 31, 2015 and 2014, respectively	23,437	22,912
Paid-in capital	31,223	29,755
Retained earnings	36,265	25,259
Accumulated other comprehensive income	519	576
TOTAL STOCKHOLDERS' EQUITY	91,444	78,502
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,013,322	$ 955,262

See notes to consolidated financial statements.

THE BANK OF PRINCETON
CONSOLIDATED STATEMENTS OF INCOME
(Dollars in thousands, except per share data)

	For the Years Ended December 31, 2015	2014
INTEREST AND DIVIDEND INCOME		
Loans receivable, including fees	$ 39,579	$ 36,170
Securities available-for-sale:		
Taxable	1,465	2,055
Tax-exempt	1,941	2,151
Securities held-to-maturity	20	21
Other interest and dividend income	216	170
TOTAL INTEREST AND DIVIDEND INCOME	43,221	40,567
INTEREST EXPENSE		
Deposits	6,570	6,980
Borrowings	267	177
TOTAL INTEREST EXPENSE	6,837	7,157
NET INTEREST INCOME	36,384	33,410
Provision for loan losses	1,904	1,580
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	34,480	31,830
NON-INTEREST INCOME		
Gain on sale of securities available-for-sale, net	226	1,006
Income from bank-owned life insurance	579	430
Fees and service charges	1,248	1,193
Gain on sale of other real estate owned	125	15
Other	109	102
TOTAL NON-INTEREST INCOME	2,287	2,746
NON-INTEREST EXPENSE		
Salaries and employee benefits	12,246	11,288
Occupancy and equipment	3,647	3,479
Professional fees	1,295	1,975
Data processing and communications	1,844	1,665
Federal deposit insurance assessment	795	1,223
Advertising and promotion	197	208
Office expense	290	311
Other real estate owned, net	160	316
Other	1,585	1,942
TOTAL NON-INTEREST EXPENSE	22,059	22,407
INCOME BEFORE INCOME TAX EXPENSE	14,708	12,169
INCOME TAX EXPENSE	3,702	3,168
NET INCOME	$ 11,006	$ 9,001
Earnings per common share-basic	$ 2.38	$ 1.97
Earnings per common share-diluted	$ 2.30	$ 1.92

See notes to consolidated financial statements.

THE BANK OF PRINCETON
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)

	For the Years ended December 31, 2015	2014
NET INCOME	$ 11,006	$ 9,001
Other comprehensive (loss) income		
Unrealized holding gains arising during period on securities available-for-sale	134	8,118
Income tax effect on unrealized holding gains	(52)	(2,948)
Less: reclassification adjustment for gains on sales of securities available-for-sale[1]	(226)	(1,006)
Income tax effect on reclassification adjustment for gains on sales of securities available-for-sale[2]	87	342
Total other comprehensive (loss) income	(57)	4,506
COMPREHENSIVE INCOME	$ 10,949	$ 13,507

[1] Amounts are included in Gain on sale of securities available-for-sale, net on the Consolidated Statements of Income as a separate element within total non-interest income.

[2] Amounts are included in Income Tax Expense on the Consolidated Statements of Income.

See notes to consolidated financial statements.

THE BANK OF PRINCETON
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the Years Ended December 31, 2015 and 2014
(in thousands, except share and per share data)

	Common stock	Paid-in capital	Retained earnings	Accumulated other comprehensive income	Total
Balance, January 1, 2014	$ 22,893	29,011	16,258	(3,930)	64,232
Net income	-	-	9,001	-	9,001
Other comprehensive income	-	-	-	4,506	4,506
Stock options exercised (66 shares)	19	22	-	-	41
Stock-based compensation expense	-	722	-	-	722
Balance, December 31, 2014	$ 22,912	$ 29,755	$ 25,259	$ 576	$ 78,502
Net income	-	-	11,006	-	11,006
Other comprehensive loss	-	-	-	(57)	(57)
Stock options and warrants exercised (105,142 shares)	525	703	-	-	1,228
Non-qualified stock options exercised		76			76
Stock-based compensation expense	-	689	-	-	689
Balance, December 31, 2015	$ 23,437	$ 31,223	$ 36,265	$ 519	$ 91,444

See notes to consolidated financial statements.

THE BANK OF PRINCETON
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	For the Years Ended December 31, 2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 11,006	$ 9,001
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	1,904	1,580
Depreciation and amortization	1,003	959
Stock-based compensation	765	722
Amortization of premiums and accretion of discounts on securities	688	687
Accretion of net deferred loan fees and costs	(1,297)	(763)
Amortization of premiums and accretion of discounts on deposits	-	158
Amortization of premiums on borrowings	-	(11)
Net realized gains on sale of securities available-for-sale	(226)	(1,006)
Increase in cash surrender value of bank-owned life insurance	(579)	(430)
Loss on disposition of premises and equipment	-	57
Deferred income tax expense (benefit)	12	(452)
Net (gain) loss on other real estate owned	(125)	(15)
Amortization of core deposit intangible	65	126
Increase in accrued interest receivable and other assets	(1,452)	82
(Decrease) increase in accrued interest payable and other liabilities	(958)	829
NET CASH PROVIDED BY OPERATING ACTIVITIES	10,806	11,524
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of securities available-for-sale	(17,516)	(30,121)
Proceeds from sale of securities available-for-sale	21,742	46,256
Maturities, calls and principal repayments of securities available for-sale	17,511	20,809
Maturities, calls and principal repayments of securities held-to-maturity	39	4
Net increase in loans	(74,871)	(99,102)
Purchases of bank-owned life insurance	(3,750)	(8,700)
Proceeds on sale of other real estate owned	929	420
Purchases of premises and equipment	(637)	(1,060)
(Purchases) redemptions of restricted bank stock	(4,840)	1,788
NET CASH USED IN INVESTING ACTIVITIES	(61,393)	(69,706)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (decrease) increase in deposits	(58,424)	98,689
Net proceeds (repayments) of borrowings	104,500	(33,800)
Repayments of term borrowings	-	(2,301)
Proceeds from exercise of stock options	1,228	41
NET CASH PROVIDED BY FINANCING ACTIVITIES	47,304	62,629
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(3,283)	4,447
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	31,872	27,425
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 28,589	$ 31,872

See notes to consolidated financial statements.

THE BANK OF PRINCETON
CONSOLIDATED STATEMENTS OF CASH FLOWS – (Continued)
(in thousands)

	For the Years Ended December 31, 2015	2014
SUPPLEMENTARY CASH FLOWS INFORMATION:		
Interest paid	$ 7,000	$ 7,259
Income taxes paid	$ 5,102	$ 3,198
SUPPLEMENTARY SCHEDULE OF NONCASH ACTIVITIES:		
Transfers from loans receivable, net to other real estate owned (OREO)	$ 300	$ 494

See notes to consolidated financial statements.

THE BANK OF PRINCETON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

Organization and Nature of Operations

The Bank of Princeton (the "Bank") was incorporated on March 5, 2007 under the laws of the State of New Jersey and is a New Jersey state-chartered banking institution. The Bank was granted its bank charter on April 17, 2007, commenced operations on April 23, 2007 and is a full-service bank providing personal and business lending and deposit services. As a state-chartered bank, the Bank is subject to regulation by the New Jersey Department of Banking and Insurance and the Federal Deposit Insurance Corporation ("FDIC"). The area served by the Bank, through its thirteen branches, is generally an area within an approximate 50 mile radius of Princeton, NJ, including parts of Mercer, Somerset, Hunterdon, Monmouth and Middlesex Counties in central New Jersey, and additional areas in portions of Philadelphia, Montgomery and Bucks Counties in Pennsylvania. The Bank also conducts loan origination activities in select areas of New York.

The Bank offers traditional retail banking services, one-to-four-family residential mortgage loans, multi-family and commercial mortgage loans, construction loans, commercial business loans and consumer loans, including home equity loans and lines of credit. As of December 31, 2015, the Bank had 138 total employees and 136 full-time equivalent employees. The Bank maintains a website at www.thebankofprinceton.com.

Basis of Financial Statement Presentation

The consolidated financial statements include the accounts of the Bank and its wholly-owned subsidiaries: Bayard Lane, LLC, Bayard Properties, LLC, 112 Fifth Avenue, LLC, TBOP Delaware Investment Company and TBOP REIT, Inc. All significant inter-company accounts and transactions have been eliminated in consolidation.

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Because of uncertainties associated with estimating the amounts, timing and likelihood of possible outcomes, actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses, the determination of other-than-temporary impairment of securities and the valuation of deferred tax assets.

Management believes that the allowance for loan losses is adequate as of December 31, 2015 and 2014. While management uses current information to recognize losses on loans, future additions to the allowance for loan losses may be necessary based on changes in economic conditions in the market area or other factors.

In addition, various regulatory agencies, as an integral part of their examination process, periodically review the Bank's allowance for loan losses. Such agencies may require the Bank to effect certain changes that result in additions to the allowance based on their judgments about information available to them at the time of their examinations.

Subsequent Events

Management evaluated subsequent events until the date of issuance of this report and concluded that no events occurred that were of a material nature.

THE BANK OF PRINCETON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies (Continued)

Significant group concentrations of credit risk

Most of the Bank's activities are with customers located within the Mercer County, New Jersey, and surrounding areas as well as select areas in New York and certain Philadelphia, Pennsylvania metropolitan areas. The Bank does not have any portion of its business dependent on a single or limited number of customers or industries, the loss of which would have a material adverse effect on its business. No substantial portion of loans is concentrated within a single industry or group of related industries, except that a significant majority of commercial loans are secured by real estate. There are numerous risks associated with commercial and consumer lending that could impact the borrowers' ability to repay on a timely basis. They include, but are not limited to: the owner's business expertise, changes in local, national, and in some cases international economies, competition, governmental regulation, and the general financial stability of the borrowing entity.

Transfers of financial assets

Transfers of financial assets, including loan and loan participation sales, are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Bank, (2) the transferee obtains the right, free of conditions that constrain it from taking advantage of that right, to pledge or exchange the transferred assets, and (3) the Bank does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Cash and due from banks

Cash and due from banks include cash on hand, on deposit at other financial institutions and federal funds sold with original maturities of 90 days or less. Generally, federal funds are purchased for one-day periods.

Securities

The Bank's investment portfolio includes both held-to-maturity and available-for-sale securities:

Held-to-Maturity - Investment securities that management has the positive intent and ability to hold until maturity are classified as held-to-maturity and carried at their remaining unpaid principal balance, net of unamortized premiums or unaccreted discounts. Premiums are amortized and discounts are accreted using the interest method over the estimated remaining term of the underlying security.

Available-for-Sale - Investment securities that will be held for indefinite periods of time, including securities that may be sold in response to changes in market interest or prepayment rates, needs for liquidity, and changes in the availability and the yield of alternative investments, are classified as available-for-sale. These assets are carried at their estimated fair value. Fair values are based on quoted prices for identical assets in active markets, quoted prices for similar assets in markets that are either actively or not actively traded, or in some cases where there is limited activity or less transparency around inputs, internally developed discounted cash flow models. Unrealized gains and losses are excluded from earnings and are reported net of tax in accumulated other comprehensive income (loss) on the consolidated statements of financial condition until realized, including those recognized through the non-credit component of an OTTI charge.

In accordance with FASB ASC 325-40, *Beneficial Interests in Securitized Financial Assets* (FASB ASC 325-40), and FASB ASC 320, *Investment - Debt and Equity Securities* (FASB ASC 320), the Bank evaluates its securities portfolio for OTTI throughout the year. Each investment, which has a fair value less than the book value, is reviewed on a quarterly basis by management. Management considers, at a minimum, whether the following factors exist that, both individually or in combination, could indicate that the decline is other-than-temporary: (a) the Bank has the intent to sell the security; (b) it is more likely than not that it will be required to sell the security before recovery; and (c) the Bank does not expect to recover the entire amortized cost basis of the security. Among the factors that are considered in determining the Bank's intent is a review of capital adequacy, interest rate risk profile and liquidity at the Bank. An impairment charge is recorded against individual securities if the review described above concludes that the decline in value is other-than-temporary. During 2015 and 2014, it was determined that there were no other-than-temporarily impaired investments. As a result, the Bank did not record credit related OTTI charges through earnings during the years ended December 31, 2015 and 2014.

THE BANK OF PRINCETON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Loans Receivable

Loans receivable that management has the intent and ability to hold until maturity or payoff are reported at their outstanding unpaid principal balances, net of an allowance for loan losses, and deferred fees and costs. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the yield on the related loans. Premiums and discounts on purchased loans are amortized as adjustments to interest income using the level-yield method.

The loan receivable portfolio is segmented into commercial real estate, commercial and industrial, construction, residential first-lien mortgage, home equity and consumer loan segments.

For all segments of loans receivable, the accrual of interest is discontinued when the contractual payment of principal or interest is 90 days past due or management has serious doubts about further collectability of principal or interest, even though the loan is currently performing. A loan may remain on accrual status if it is in the process of collection and is either guaranteed or well-secured. When a loan is placed on nonaccrual status, unpaid interest credited to income in the current year is reversed and unpaid interest accrued in prior years is charged against the allowance for loan losses. Interest received on nonaccrual loans, including impaired loans, generally is either applied against principal or reported as interest income, according to management's judgment as to the collectability of principal. Generally, loans are restored to accrual status when the obligation is brought current, has performed in accordance with the contractual terms for a reasonable period of time (generally six months) and the ultimate collectability of the total contractual principal and interest is no longer in doubt. The past due status of all segments of loans receivable is determined on contractual due dates for loan payments.

Allowance for credit losses

The allowance for credit losses consists of the allowance for loan losses and the reserve for unfunded lending commitments. The allowance for loan losses represents management's estimate of losses inherent in the loan portfolio as of the balance sheet date and is recorded as a reduction to loans. The reserve for unfunded lending commitments represents management's estimate of losses inherent in its unfunded loan commitments and is recorded in other liabilities on the Consolidated Statements of Financial Condition. The allowance for loan losses is increased by the provision for loan losses, and decreased by charge-offs, net of recoveries. Loans deemed to be uncollectible are charged against the allowance for loan losses, and subsequent recoveries, if any, are credited to the allowance. All, or part, of the principal balance of loans receivable are charged off to the allowance as soon as it is determined that the repayment of all, or part, of the principal balance is highly unlikely.

THE BANK OF PRINCETON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies (Continued)

The allowance for loan losses is maintained at a level considered adequate to provide for probable losses. The Bank performs, at least quarterly, an evaluation of the adequacy of the allowance. The allowance is based on past loan loss experience (which is bound by the Bank's limited operating history), known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay, the estimated value of any underlying collateral, the composition of the loan portfolio, current economic conditions and other relevant factors. This evaluation is inherently subjective as it requires material estimates that may be susceptible to significant revision as more information becomes available.

The allowance consists of specific, general and unallocated components. The specific component relates to loans that are classified as impaired. For loans that are classified as impaired, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component covers pools of loans by loan segment, including loans not considered impaired, as well as smaller balance homogeneous loans, such as residential mortgage, home equity and consumer loans. These pools of loans are evaluated for loss exposure based upon historical loss rates for each of these loan segments, adjusted for qualitative factors. These qualitative risk factors include:

1. Lending policies and procedures, including underwriting standards and collection, charge-off, and recovery practices;

2. National, regional, and local economic and business conditions, as well as the condition of various market segments, including the value of underlying collateral for collateral-dependent loans;

3. Nature and volume of the portfolio and terms of loans;

4. Experience, ability, and depth of lending management and staff;

5. Volume and severity of past due, classified and nonaccrual loans, as well as other loan modifications;

6. Quality of the Bank's loan review system, and the degree of oversight by the Bank's board of directors;

7. Existence and effect of any concentrations of credit and changes in the level of such concentrations;

8. Changes in the value of underlying collateral for collateral-dependent loans; and

9. Effect of external factors, such as competition and legal and regulatory requirements.

The Bank determines the allowance for loan losses by portfolio segment, which consists of commercial real estate loans, commercial and industrial loans, construction loans, residential first-lien mortgage loans, home equity and consumer loans. The Bank estimates the inherent risk of loss on all loans by portfolio segment, based primarily on the risk factors identified above and by applying a weight factor to each element for each portfolio segment.

Each factor is assigned a value to reflect improving, stable or declining conditions based on management's best judgment using relevant information available at the time of the evaluation. Adjustments to the factors are supported through documentation of changes in conditions in a narrative accompanying the allowance for loan loss calculation.

Residential first-lien mortgage loans and home equity loans involve certain risks such as interest rate risk and risk of non-repayment. Adjustable-rate loans decrease the interest rate risk to the Bank that is associated with changes in interest rates but involve other risks, primarily because as interest rates rise, the payment by the borrower rises to the extent permitted by the terms of the loan, thereby increasing the potential for default. At the same time, the marketability of the underlying property may be adversely affected by higher interest rates. Repayment risk can be affected by job loss, divorce, illness and personal bankruptcy of the borrower.

THE BANK OF PRINCETON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies (Continued)

Construction lending is generally considered to involve a high degree of risk due to the concentration of principal in a limited number of loans and borrowers and the effects of general economic conditions on developers and builders. Moreover, a construction loan can involve additional risks because of the inherent difficulty in estimating both a property's value at completion of the project and the estimated cost, including interest, of the project. The nature of these loans is such that they are generally difficult to evaluate and monitor. In addition, speculative construction loans to a builder are not necessarily for projects which are pre-sold or leased, and thus pose a greater potential risk to the Bank than construction loans to individuals on their personal residences.

Commercial real estate lending entails significant additional risks as compared with single-family residential real estate lending. Such loans typically involve large loan balances to single borrowers or groups of related borrowers. The payment experience on such loans is typically dependent on the successful operation of the real estate project. The success of such projects is sensitive to changes in supply and demand conditions in the market for commercial real estate as well as economic conditions generally.

Commercial and industrial lending is generally considered higher risk due to the concentration of principal in a limited number of loans and borrowers and the effects of general economic conditions on the business. Commercial business loans are primarily secured by inventories and other business assets. In most cases, any repossessed collateral for a defaulted commercial business loan will not provide an adequate source of repayment of the outstanding loan balance.

Consumer loans generally have shorter terms and higher interest rates than other lending but generally involve more credit risk because of the type and nature of the collateral and, in certain cases, the absence of collateral. In addition, consumer lending collections are dependent on the borrower's continuing financial stability, and thus are more likely to be adversely effected by job loss, divorce, illness and personal bankruptcy. In most cases, any repossessed collateral for a defaulted consumer loan will not provide an adequate source of repayment of the outstanding loan balance.

An unallocated component of the allowance for loan losses is maintained to cover uncertainties that could affect management's estimate of probable losses. The unallocated component of the allowance reflects the margin of imprecision inherent in the underlying assumptions used in the methodologies for estimating specific and general losses in the portfolio.

A loan is considered impaired when, based on current information and events, it is probable that the Bank will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired loans. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower’s prior payment record and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan-by-loan basis for commercial real estate loans, commercial and industrial loans and construction loans by either the present value of expected future cash flows discounted at the loan’s effective interest rate or the fair value of the loan collateral if the loan is collateral-dependent. An allowance for loan losses is established for an impaired loan if its carrying value exceeds its estimated fair value. The estimated fair values of substantially all of the Bank’s impaired loans are measured based on the estimated fair value of the loan’s collateral, less costs to sell the property.

THE BANK OF PRINCETON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies (Continued)

For commercial real estate loans, estimated fair values of the real estate collateral are determined primarily through third-party appraisals. When a real estate-secured loan becomes impaired, a decision is made regarding whether an updated appraisal of the real estate is necessary. This decision is based on various considerations, including the age of the most recent appraisal, the loan-to-value ratio based on the original appraisal and the condition of the property. Appraised values are discounted to arrive at the estimated selling price of the collateral, which is considered to be the estimated fair value. The discounts also include estimated costs to sell the property.

For commercial and industrial loans secured by non-real estate collateral, such as accounts receivable and inventory and equipment, estimated fair values are determined based on the borrower's financial statements, inventory reports, accounts receivable aging or equipment appraisals or invoices. Indications of value from these sources are generally discounted based on the age of the financial information or the quality of the assets.

Large groups of smaller balance homogeneous loans are collectively evaluated for impairment. Accordingly, the Bank does not separately identify individual residential first-lien mortgage loans, home equity loans and consumer loans for impairment disclosures, unless such loans are a troubled debt restructuring.

Loans whose terms are modified are classified as troubled debt restructurings if the Bank grants borrower concessions and it is deemed that those borrowers are experiencing financial difficulty. Concessions granted under a troubled debt restructuring generally involve a temporary reduction in interest rate or an extension of a loan's stated maturity date. Nonaccrual troubled debt restructurings are restored to accrual status if principal and interest payments, under the modified terms, are current for six consecutive months after modification. Loans classified as troubled debt restructurings are designated as impaired.

The allowance calculation methodology includes further segregation of loan segments into risk-rating categories. The borrower's overall financial condition, repayment sources, guarantors and value of collateral, if appropriate, are evaluated annually for commercial loans or when credit deficiencies arise, such as delinquent loan payments, for commercial and consumer loans.

Credit quality risk ratings include regulatory classifications of special mention, substandard, doubtful and loss. Loans classified special mention have potential weaknesses that deserve management's close attention. If uncorrected, the potential weaknesses may result in deterioration of the repayment prospects. Loans classified substandard have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They include loans that are inadequately protected by the current sound net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans classified doubtful have all the weaknesses inherent in loans classified substandard with the added characteristic that collection or liquidation in full, on the basis of current conditions and facts, is highly improbable. Loans classified loss are considered uncollectible and are charged-off to the allowance for loan losses. Loans not classified are rated pass.

Based on management's comprehensive analysis of the loan portfolio, management believes the allowance for loan losses is adequate at the reported dates.

Bank-owned life insurance

The Bank is the beneficiary of insurance policies on the lives of certain officers of the Bank. This life insurance investment is accounted for using the cash surrender value method and is recorded at its net realizable value. Increase in cash surrender values are recorded as non-interest income.

Other real estate owned

Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value less cost to sell at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are then recorded at the lower of carrying amount or fair value less cost to sell. Revenue and expenses from operations and changes in the valuation allowance are included in non-interest expense.

THE BANK OF PRINCETON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies (Continued)

Premises and equipment

Bank premises and equipment are stated at cost less accumulated depreciation. Depreciation is computed on the straight-line method over the shorter of the lease term or estimated useful lives of the related assets.

Accrued interest receivable and other assets

Accrued interest receivable and other assets include accrued interest receivable, deferred tax asset, net, restricted investments in bank stocks, prepaid assets and other assets.

Federal law requires a member institution of the Federal Home Loan Bank ("FHLB") system to hold restricted stock of its district Federal Home Loan Bank according to a predetermined formula. Restricted stock in the amount of $6.8 million and $1.9 million is carried at cost at December 31, 2015 and 2014, respectively.

Management's determination of whether these investments are impaired is based on an assessment of the ultimate recoverability of their cost, rather than by recognizing temporary declines in value. The determination of whether a decline affects the ultimate recoverability of cost is influenced by criteria such as (1) the significance of the decline in net assets of the FHLB as compared to the capital stock amount for the FHLB and the length of time this situation has persisted, (2) commitments by the FHLB to make payments required by law or regulation and the level of such payments in relation to the operating performance of the FHLB and (3) the impact of legislative and regulatory changes on institutions and, accordingly, on the customer base of the FHLB.

The Bank also held $100,000 of stock in Atlantic Community Bankers Bank ("ACBB") at December 31, 2015 and 2014.

Management believes no impairment charge is necessary related to the FHLB restricted stock or the ACBB restricted stock as of December 31, 2015 or 2014.

Intangible assets

The acquisition of MoreBank on September 30, 2010 and the acquisition of a branch in 2010 resulted in the Bank recording core deposit intangibles of $551,000 and $100,000, respectively. The core deposit intangible asset is amortized to expense on a straight-line basis over the expected period of benefit, which was established initially to be 5 years for the MoreBank acquisition and 10 years for the branch acquisition. The core deposit intangible, net of accumulated amortization, was approximately $39,000 and $104,000 as of December 31, 2015 and 2014, respectively. Amortization expense is anticipated to be approximately $9,000 in 2016, 2017, 2018, 2019 and 2020, respectively.

The recoverability of the carrying value of intangible assets will be evaluated whenever changes in circumstances indicate recoverability may be in doubt and there may be impairment. Permanent declines in value, if any, will be charged to expense. There were no impairment charges in the years ended December 31, 2015 and 2014.

Income taxes

The Bank accounts for income taxes in accordance with income tax accounting guidance contained in FASB ASC Topic 740, *Income Taxes*. This includes guidance related to accounting for uncertainty in income taxes, which sets out a consistent framework to determine the appropriate level of tax reserves to maintain for uncertain tax positions. The Bank had no material unrecognized tax benefits or accrued interest and penalties as of and for the year ended December 31, 2015 and 2014. The Bank's policy is to account for interest and penalties as a component of other non-interest expense. The Bank is subject to income taxes in the U. S. and various state and local jurisdictions. As of December 31, 2015, tax years after 2012 are subject to federal examination and tax years after 2011 to state examination. Tax regulations are subject to interpretation of the related tax laws and regulations and require significant judgment to apply.

THE BANK OF PRINCETON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies (Continued)

Federal and state income taxes have been provided on the basis of reported income or loss. The amounts reflected on the tax returns differ from these provisions due principally to temporary differences in the reporting of certain items for financial reporting and income tax reporting purposes. The tax effect of these temporary differences is accounted for as deferred taxes applicable to future periods.

Deferred income tax expense or benefit is determined by recognizing deferred tax liabilities and assets, respectively, for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period that includes the enactment date. The realization of deferred tax assets is assessed and a valuation allowance provided for the full amount which is not more likely than not to be realized.

Off-balance sheet financial instruments

In the ordinary course of business, the Bank has entered into off-balance sheet financial instruments consisting of commitments to extend credit and letters of credit. Such financial instruments are recorded in the statement of financial condition when they are funded.

Employee benefit plan

The Bank sponsors a 401(k) plan into which all employees are eligible to contribute the maximum allowed by the Internal Revenue Code of 1986, as amended. The Bank may make discretionary matching contributions. The Bank made matching contributions to employees of $101,000 and $77,000, respectively during the years ended December 31, 2015 and 2014.

Stock compensation plans

The stock compensation accounting guidance set forth in FASB ASC Topic 718, *Compensation - Stock Compensation*, requires that compensation costs relating to share-based payment transactions be recognized in financial statements. That cost will be measured based on the grant date fair value of the equity or liability instruments issued. The stock compensation accounting guidance covers a wide range of share-based compensation arrangements including stock options, restricted share plans, performance-based awards, share appreciation rights, and employee share purchase plans.

The stock compensation accounting guidance requires that compensation costs for all stock awards be calculated and recognized over the employees' service period, generally defined as the vesting period. For awards with graded vesting, compensation cost is recognized on a straight-line basis over the requisite service period for the entire award. A Black-Scholes model is used to estimate the fair value of stock options.

Earnings per share

Basic earnings per share amounts are calculated by dividing income available to common stockholders by the weighted average common shares outstanding during the period, and exclude any dilutive effects of stock options and warrants. Diluted earnings per share amounts include the dilutive effects of stock options and warrants whose exercise price is less than the market price of the Bank's shares. Diluted earnings per share amounts are calculated by dividing income available to common stockholders by the weighted average common shares outstanding during the period if options and warrants were exercised and converted into common stock, using the treasury stock method.

Advertising costs

The Bank charges the costs of advertising to expense as incurred.

THE BANK OF PRINCETON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies (Continued)

Comprehensive income

Accounting principles generally require that recognized revenues, expenses, gains and losses be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on available-for-sale securities, are reported as a separate component of the equity section of the consolidated statements of financial condition, such items, along with net income, are components of comprehensive income. Accumulated other comprehensive income is comprised of net unrealized holding gains and losses, net of taxes, on available-for-sale securities. Realized gains or losses are reclassified out of accumulated other comprehensive income when the underlying security is sold, based upon the specific identification method.

Reclassifications

Certain amounts as of and for the year ended December 31, 2014 have been reclassified to conform to the current year's presentation. These reclassifications did not have any impact on stockholders' equity, net income or cash flows.

Recently issued accounting standards

In February 2016, the FASB issued ASU No. 2016-02, "*Leases (Topic 842)*". This standard requires the recognition of a right of use asset and related lease liability by lessees for leases classified as operating leases under current GAAP. Topic 842, which replaces the current guidance under Topic 840, retains a distinction between finance leases and operating leases. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee also will not significantly change from current GAAP. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize right of use assets and lease liabilities. Topic 842 will be effective for reporting periods beginning January 1, 2019, with an early adoption permitted. The Bank must apply a modified retrospective transition approach for the applicable leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. The Bank is currently evaluating the impact of Topic 842 on its consolidated financial statements.

In January 2016, the FASB issued ASU 2016-01, "*Financial Instruments- Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*." This amendment supersedes the guidance to classify equity securities with readily determinable fair values into different categories, requires equity securities to be measured at fair value with changes in the fair value recognized through net income, and simplifies the impairment assessment of equity investments without readily determinable fair values. The amendment requires public business entities that are required to disclose the fair value of financial instruments measured at amortized cost on the balance sheet to measure that fair value using the exit price notion. The amendment requires an entity to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the entity has elected to measure the liability at fair value in accordance with the fair value option. The amendment requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset on the balance sheet or in the accompanying notes to the financial statements. The amendment reduces diversity in current practice by clarifying that an entity should evaluate the need for a valuation allowance on a deferred tax asset related to available for sale securities in combination with the entity's other deferred tax assets. This amendment is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Entities should apply the amendment by means of a cumulative-effect adjustment as of the beginning of the fiscal year of adoption, with the exception of the amendment related to equity securities without readily determinable fair values, which should be applied prospectively to equity investments that exist as of the date of adoption. The Bank intends to adopt the accounting standard during the first quarter of 2018, as required, and is currently evaluating the impact on its results of operations, financial position, and liquidity.

In January 2014, the FASB issued Accounting Standards Update ("ASU") 2014-04, *Receivables-Troubled Debt Restructurings by Creditors (Subtopic 310-40)*. The amendments in this update clarify that an in-substance repossession or foreclosure occurs, and a creditor is considered to have received physical possession of residential real estate property

THE BANK OF PRINCETON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies (Continued)

collateralizing a consumer mortgage loan, upon either (1) the creditor obtaining legal title to the residential real estate property upon completion of a foreclosure or (2) the borrower conveying all interest in the residential real estate property to the creditor to satisfy that loan through completion of a deed in lieu of foreclosure or through a similar legal agreement. Additionally, the amendments require interim and annual disclosure of both (1) the amount of foreclosed residential real estate property held by the creditor and (2) the recorded investment in consumer mortgage loans collateralized by residential real estate property that are in the process of foreclosure according to local requirements of the applicable jurisdiction. The amendments in this update became effective January 1, 2015. There was no material impact on the Bank's consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 660): Summary and Amendments that Create Revenue from Contracts with Customers (Topic 606) and Other Assets and Deferred Costs—Contracts with Customers (Subtopic 340-40)*. The guidance in this update supersedes the revenue recognition requirements in ASC Topic 605, *Revenue Recognition*, and most industry-specific guidance throughout the industry topics of the

Accounting Standards Codification. In August, 2015, the FASB issued ASU 2015-14, *Revenue From Contracts With Customers (Topic 606): Deferral of the Effective Date*, that defers the effective date of the new revenue standard by one year (January 1, 2018 effective date). Reporting entities have the option to adopt the standard as early as the original January 1, 2017 effective date. The Bank is currently assessing the impact that this guidance will have on its consolidated financial statements, but does not expect the guidance to have a material impact on the consolidated financial statements.

In August 2014, the FASB issued ASU 2014-14, *Receivables-Troubled Debt Restructurings by Creditors (Subtopic 310-40), Classification of Certain Government-guaranteed Mortgage Loans upon Foreclosure*. The amendments in this update require that a mortgage loan be derecognized and that a separate other receivable be recognized upon foreclosure if the following conditions are met: 1) the loan has a government guarantee that is not separable from the loan before foreclosure; 2) at the time of foreclosure, the creditor has the intent to convey the real estate property to the guarantor and make a claim on the guarantee, and the creditor has the ability to recover under that claim; and 3) at the time of foreclosure, any amount of the claim that is determined on the basis of the fair value of the real estate is fixed. Upon foreclosure, the separate other receivable should be measured based on the amount of the loan balance (principal and interest) expected to be recovered from the guarantor. The amendments in this update became effective January 1, 2015. There was no material impact on the Bank's consolidated financial statements.

Note 2 – Earnings Per Share

The following schedule presents earnings per share data for the years ended December 31, 2015 and 2014:

	Twelve months ended December 31, 2015	Twelve months ended December 31, 2014
	(in thousands, except per share data)	
Net income applicable to common stock	$ 11,006	$ 9,001
Weighted average number of common shares outstanding	4,623	4,579
Basic earnings per share	$ 2.38	$ 1.97
Net income applicable to common stock	$ 11,006	$ 9,001
Weighted average number of common shares outstanding	4,623	4,579
Dilutive effect of potential common shares	161	114
Weighted average number of diluted common shares outstanding	4,784	4,693
Diluted earnings per share	$ 2.30	$ 1.92

THE BANK OF PRINCETON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2 – Earnings Per Share (Continued)

Options and warrants to purchase 611,491 shares of common stock at a weighted average exercise price of $13.30 were included in the computation of diluted earnings per share for the year ended December 31, 2015. Options to purchase 131,200 shares of common stock at a weighted average exercise price of $20.94 were not included in the computation of diluted earnings per share because the exercise price equaled or exceeded the estimated fair value of our common stock at December 31, 2015.

Options and warrants to purchase 606,834 shares of common stock at a weighted average exercise price of $12.41 were included in the computation of diluted earnings per share for the year ended December 31, 2014. Options to purchase 75,750 shares of common stock at a weighted average exercise price of $22.22 were not included in the computation of diluted earnings per share because the exercise price equaled or exceeded the estimated fair value of our common stock at December 31, 2014.

Note 3 – Investment Securities

The following summarizes the amortized cost and estimated fair value of securities available-for-sale at December 31, 2015 and 2014 with gross unrealized gains and losses therein:

	December 31, 2015			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(in thousands)			
Available-for-sale:				
Mortgage-backed securities-U.S. Government Sponsored Enterprises (GSEs)	$ 70,524	$ 564	$ (406)	$ 70,682
Obligations of state and political subdivisions	70,140	780	(93)	70,827
Total	$ 140,664	$ 1,344	$ (499)	$ 141,509

	December 31, 2014			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(in thousands)			
Available-for-sale:				
U.S. Treasury securities	$ 14,770	$ -	$ (219)	$ 14,551
Mortgage-backed securities-U.S. Government Sponsored Enterprises (GSEs)	76,428	1,006	(246)	77,188
Obligations of state and political subdivisions	71,665	705	(309)	72,061
Total	$ 162,863	$ 1,711	$ (774)	$ 163,800

THE BANK OF PRINCETON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3 – Investment Securities (Continued)

The unrealized losses, categorized by the length of time in a continuous loss position, and the fair value of related securities available-for-sale as of December 31, 2015 are as follows:

	Less than 12 Months		More than 12 Months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
			(in thousands)			
December 31, 2015:						
Mortgage-backed securities-U.S. Government Sponsored Enterprises (GSEs	$ 30,098	$ (306)	$ 2,807	$ (100)	$ 32,905	$ (406)
Obligations of state and political subdivisions	9,974	(64)	2,631	(29)	12,605	(93)
Total	$ 40,072	$ (370)	$ 5,438	$ (129)	$ 45,510	$ (499)

The unrealized losses, categorized by the length of time in a continuous loss position, and the fair value of related securities available-for-sale as of December 31, 2014 are as follows:

	Less than 12 Months		More than 12 Months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
			(in thousands)			
December 31, 2014:						
US Treasury securities	$ -	$ -	$ 14,551	$ (219)	$ 14,551	$ (219)
Mortgage-backed securities-U.S. Government Sponsored Enterprises (GSEs)	-	-	11,822	(246)	11,822	(246)
Obligations of state and political subdivisions	-	- -	22,752	(309)	22,752	(309)
Total	$ -	$ -	$ 49,125	$ (774)	$ 49,125	$ (774)

At December 31, 2015, there were nine securities in the more-than-twelve-months category and 44 securities in the less-than twelve-month category for the securities available-for-sale portfolio. Included in the nine securities in the twelve-months-or-more category are (a) one mortgage-backed securities; (b) two collateralized mortgage obligations; and (c) six municipal debt obligations. Included in the 44 securities in the less-than twelve-month category are (a) 17 mortgage-backed securities; (b) seven collateralized mortgage obligation; and (c) 20 municipal debt obligations.

The Bank does not intend to sell these securities and it is not more likely than not that we will be required to sell these securities. Unrealized losses primarily relate to interest rate fluctuations and not credit-related criteria. No OTTI charges were recorded for the years ended December 31, 2015 and 2014.

At December 31, 2014, there were no securities in the less-than-twelve-months category and 63 securities in the twelve-months-or-more category for the securities available-for-sale portfolio. Included in the 63 securities in the twelve-months-or-more category are (a) three U. S. government securities; (b) five mortgage-backed securities; and (c) four collateralized mortgage obligations; and (d) 51 municipal debt obligations,

THE BANK OF PRINCETON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3 – Investment Securities (Continued)

The amortized cost and estimated fair value of securities available-for-sale at December 31, 2015 by contractual maturity are shown below. Expected maturities will differ from contractual maturities as borrowers may have the right to call or prepay obligations with or without call or prepayment penalties:

	Amortized Cost	Fair Value
	(in thousands)	
Due in one year or less	$ 1,042	$ 1,041
Due after one year through five years	6,834	6,910
Due after five years through ten years	71,413	71,983
Due after ten years	61,375	61,575
Total	$ 140,664	$ 141,509

The following summarizes the amortized cost and estimated fair value of securities held-to-maturity at December 31, 2015 with gross unrealized gains and losses therein:

	December 31, 2015			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(in thousands)			
Held-to-maturity:				
Mortgage-backed securities-U.S. Government Sponsored Enterprises (GSEs)	$ 381	$ 33	$ -	$ 414

All securities held-to-maturity are due after ten years.

The following summarizes the amortized cost and estimated fair value of securities held-to-maturity at December 31, 2014 with gross unrealized gains and losses therein:

	December 31, 2014			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(in thousands)			
Held-to-maturity:				
Mortgage-backed securities-U.S. Government Sponsored Enterprises (GSEs)	$ 420	$ 36	$ -	$ 456

Proceeds from the sale of securities available-for-sale amounted to $21.7 million for the year ended December 31, 2015, which included gross realized gains of approximately $0.2 million and no realized losses. Proceeds from the sale of securities available-for-sale amounted to $46.3 million for the year ended December 31, 2014, which included gross realized gains of approximately $1.0 million and gross realized losses of approximately $33,600.

Securities available-for-sale with fair values of approximately $63.8 million and securities held-to-maturity with fair values of approximately $0.4 million were pledged as collateral for NJ Governmental Unit Deposit Protection Act (“GUDPA”) deposits at December 31, 2015.

THE BANK OF PRINCETON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4 – Loans Receivable

Loans receivable, net at December 31, 2015 and 2014 were comprised of the following:

	December 31, 2015	December 31, 2014
	(in thousands)	
Commercial real estate	$ 490,298	$ 450,250
Commercial and industrial	125,072	127,469
Construction	122,297	78,822
Residential first-lien mortgage	42,409	45,383
Home equity	29,922	30,711
Consumer	858	2,654
Total loans	810,856	735,289
Deferred fees and costs	(2,910)	(2,150)
Allowance for loan losses	(10,851)	(10,008)
Loans, net	$ 797,095	$ 723,131

The following table presents nonaccrual loans by segment of the loan portfolio as of December 31, 2015 and 2014:

	December 31, 2015	December 31, 2014
	(in thousands)	
Commercial real estate	$ 6,530	$ 6,190
Commercial and industrial	1,834	1,185
Construction	1,805	1,911
Residential first-lien mortgage	1,370	166
Home equity	450	419
Consumer	-	-
Total	$ 11,989	$ 9,871

THE BANK OF PRINCETON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4 – Loans Receivable (Continued)

The following table summarizes information in regards to impaired loans by loan portfolio segment segregated by those for which a related allowance was required and those for which a related allowance was not necessary, as of December 31, 2015 and the year then ended:

	Unpaid Principal Balance	Recorded Investment	Related Allowance	Average Recorded Investment	Interest Income Recognized
			(in thousands)		
With no related allowance recorded:					
Commercial real estate	$ 2,658	2,612	$ -	$ 3,111	$ 11
Commercial and industrial	721	455	-	1,369	19
Construction	-	-	-	-	-
Residential first-lien mortgage	2,044	2,047	-	1,255	43
Home equity	830	828	-	637	31
Consumer	-	-	-	-	-
Total	6,253	5,942	-	6,372	104
With an allowance recorded:					
Commercial real estate	4,679	4,043	34	5,151	58
Commercial and industrial	3,579	3,443	798	3,499	144
Construction	2,102	2,084	201	1,943	10
Residential first-lien mortgage	-	-	-	114	-
Home equity	-	-	-	-	-
Consumer	-	-	-	-	-
Total	10,360	9,570	1,033	10,707	212
Total:					
Commercial real estate	7,337	6,655	34	8,262	69
Commercial and industrial	4,300	3,898	798	4,868	163
Construction	2,102	2,084	201	1,943	10
Residential first-lien mortgage	2,044	2,047	-	1,369	43
Home equity	830	828	-	637	31
Consumer	-	-	-	-	-
Total	$ 16,613	$ 15,512	$ 1,033	$ 17,079	$ 316

THE BANK OF PRINCETON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4 – Loans Receivable (Continued)

The following table summarizes information in regards to impaired loans by loan portfolio segment segregated by those for which a related allowance was required and those for which a related allowance was not necessary, as of December 31, 2014 and the year then ended:

	Unpaid Principal Balance	Recorded Investment	Related Allowance	Average Recorded Investment	Interest Income Recognized
			(in thousands)		
With no related allowance recorded:					
Commercial real estate	$ 2,296	2,052	$ -	$ 4,644	$ 64
Commercial and industrial	3,640	3,467	-	3,711	102
Construction	-	-	-	-	-
Residential first-lien mortgage	688	677	-	685	22
Home equity	719	719	-	889	24
Consumer	-	-	-	-	-
Total	7,343	6,915	-	9,929	212
With an allowance recorded:					
Commercial real estate	5,321	4,758	417	1,195	14
Commercial and industrial	2,495	2,479	255	957	151
Construction	1,931	1,911	200	1,953	-
Residential first-lien mortgage	-	-	-	-	-
Home equity	-	-	-	-	-
Consumer	-	-	-	-	-
Total	9,747	9,148	872	4,105	165
Total:					
Commercial real estate	7,617	6,810	417	5,839	78
Commercial and industrial	6,135	5,946	255	4,668	253
Construction	1,931	1,911	200	953	-
Residential first-lien mortgage	688	677	-	685	22
Home equity	719	719	-	889	24
Consumer	-	-	-	-	-
Total	$ 17,090	$ 16,063	$ 872	$ 14,034	$ 377

THE BANK OF PRINCETON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4 – Loans Receivable (Continued)

The performance and credit quality of the loan portfolio is also monitored by analyzing the age of the loans receivable by the length of time a recorded payment is past due. The following table presents the segments of the loan portfolio summarized by the past due status as of December 31, 2015:

	30-59 Days Past Due	60-89 Days Past Due	Greater than 90 days	Total Past Due	Current	Total Loans Receivable	Loans Receivable >90 Days and Accruing
				(in thousands)			
Commercial real estate	$ 867	$ 5,778	$ 6,530	$ 13,175	$ 477,123	$ 490,298	$ -
Commercial and industrial	-	-	1,834	1,834	123,238	125,072	-
Construction	24	-	1,805	1829	120,468	122,297	-
Residential first-lien mortgage	-	-	1,370	1,370	41,039	42,409	-
Home equity	350	-	450	800	29,122	29,922	-
Consumer	-	-	-	-	858	858	-
Total	$ 1,241	$ 5,778	$ 11,989	$ 19,008	$ 791,848	$ 810,856	$ -

The following table presents the segments of the loan portfolio summarized by the past due status as of December 31, 2014:

	30-59 Days Past Due	60-89 Days Past Due	Greater than 90 days	Total Past Due	Current	Total Loans Receivable	Loans Receivable >90 Days and Accruing
				(in thousands)			
Commercial real estate	$ 919	$ 3,948	$ 6,190	$ 11,057	$ 439,193	$ 450,250	$ -
Commercial and industrial	3,470	783	1,185	5,438	122,031	127,469	-
Construction	25	-	1,911	1,936	76,886	78,822	-
Residential first-lien mortgage	-	1,565	166	1,731	43,652	45,383	-
Home equity	-	-	419	419	30,292	30,711	-
Consumer	-	-	-	-	2,654	2,654	-
Total	$ 4,414	$ 6,296	$ 9,871	$ 20,581	$ 714,708	$ 735,289	$ -

The following table presents the segments of the loan portfolio summarized by the aggregate pass rating and the classified ratings of special mention, substandard and doubtful within the Bank's internal risk rating system as of December 31, 2015:

	Pass	Special Mention	Substandard	Doubtful	Total
			(in thousands)		
Commercial real estate	$ 477,148	$ 6,620	$ 5,975	$ 555	$ 490,298
Commercial and industrial	120,176	1,151	3,745	-	125,072
Construction	120,215	-	2,082	-	122,297
Residential first-lien mortgage	40,863	-	1,546	-	42,409
Home equity	29,222	250	450	-	29,922
Consumer	858	-	-	-	858
Total	$ 788,482	$ 8,021	$ 13,798	$ 555	$ 810,856

THE BANK OF PRINCETON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4 – Loans Receivable (Continued)

The following table presents the segments of the loan portfolio summarized by the aggregate pass rating and the classified ratings of special mention, substandard and doubtful within the Bank's internal risk rating system as of December 31, 2014:

	Pass	Special Mention	Substandard (in thousands)	Doubtful	Total
Commercial real estate	$ 437,342	$ 6,081	$ 6,804	$ 23	$ 450,250
Commercial and industrial	122,151	2,021	3,297	-	127,469
Construction	76,911	-	1,911	-	78,822
Residential first-lien mortgage	45,217	-	166	-	45,383
Home equity	30,219	73	419	-	30,711
Consumer	2,654	-	-	-	2,654
Total	$ 714,494	$ 8,175	$ 12,597	$ 23	$ 735,289

Allowance for loan losses on loans receivables at and for the year ended December 31, 2015:

	Commercial real estate	Commercial and industrial	Construction	Residential first-lien mortgage (in thousands)	Home equity	Consumer	Unallocated	Total
Allowance for loan losses:								
Beginning balance	$ 3,621	$ 1,530	$ 2,719	$ 318	$ 307	$ 17	$ 1,496	$ 10,008
Provisions	1,517	1,329	(104)	(26)	(49)	(34)	(729)	1,904
Charge-offs	(435)	(626)	-	-	(39)	-	-	(1,100)
Recoveries	-	13	-	-	6	20	-	39
Ending Balance	$ 4,703	$ 2,246	$ 2,615	$ 292	$ 225	$ 3	$ 767	$ 10,851
Ending Balance: Individually evaluated for impairment	$ 34	$ 798	$ 201	$ -	$ -	$ -	$ -	$ 1,033
Collectively evaluated for impairment	$ 4,669	$ 1,448	$ 2,414	$ 292	$ 225	$ 3	$ 767	$ 9,818

Recorded investment in loans receivables at December 31, 2015:

	Commercial real estate	Commercial and industrial	Construction	Residential first-lien mortgage	Home equity	Consumer	Unallocated	Total
Loans:								
Ending Balance: Individually evaluated for impairment	$ 6,655	$ 3,898	$ 2,084	$ 2,047	$ 828	$ -	$ -	$ 15,512
Collectively evaluated for impairment	483,643	121,174	120,213	40,362	29,094	858	-	795,344
Ending Balance	$ 490,298	$ 125,072	$ 122,297	$ 42,409	$ 29,922	$ 858	$ -	$ 810,856

THE BANK OF PRINCETON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4 – Loans Receivable (Continued)

Allowance for loan losses on loans receivables at and for the year ended December 31, 2014:

	Commercial real estate	Commercial and industrial	Construction	Residential first-lien mortgage	Home equity	Consumer	Unallocated	Total
				(in thousands)				
Allowance for loan losses:								
Beginning balance	$ 2,994	$ 1,419	$ 2,638	$ 282	$ 282	$ 1	$ 877	$ 8,493
Provisions	738	41	81	36	25	40	619	1,580
Charge-offs	(116)	-	-	-	-	(29)	-	(145)
Recoveries	5	70	-	-	-	5	-	80
Ending Balance	$ 3,621	$ 1,530	$ 2,719	$ 318	$ 307	$ 17	$ 1,496	$ 10,008
Ending Balance:								
Individually evaluated for impairment	$ 417	$ 255	$ 200	$ -	$ -	$ -	$ -	$ 872
Collectively evaluated for impairment	$ 3,204	$ 1,275	$ 2,519	$ 318	$ 307	$ 17	$ 1,496	$ 9,136

Recorded investment in loans receivables at December 31, 2014:

	Commercial real estate	Commercial and industrial	Construction	Residential first-lien mortgage	Home equity	Consumer	Unallocated	Total
Loans:								
Ending Balance:								
Individually evaluated for impairment	$ 6,810	$ 5,946	$ 1,911	$ 677	$ 719	$ -	$ -	$ 16,063
Collectively evaluated for impairment	443,440	121,523	76,911	44,706	29,992	2,654	-	719,226
Ending Balance	$ 450,250	$ 127,469	$ 78,822	$ 45,383	$ 30,711	$ 2,654	$ -	$ 735,289

At December 31, 2015, thirteen loans totaling $3.8 million were considered troubled debt restructurings and classified as impaired. Troubled debt restructurings of $1.2 million were performing in accordance with their modified terms at December 31, 2015. The remaining $2.6 million of troubled debt restructurings were on non-accrual status at December 31, 2015.

At December 31, 2014, thirteen loans totaling $7.9 million were considered troubled debt restructurings and classified as impaired. Troubled debt restructurings of $3.8 million were performing in accordance with their modified terms at December 31, 2014. The remaining $4.1 million of troubled debt restructurings were on non-accrual status at December 31, 2014.

The following table summarizes information in regards to new troubled debt restructurings for the year ended December 31, 2015 (dollars in thousands):

	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
Troubled debt restructurings:			
Commercial real estate	3	$ 154	$ 154
Commercial and industrial	2	$ 187	$ 187

As indicated above, the Bank modified five loans during the year ended December 31, 2015 that were categorized as a troubled debt restructuring In modifying the commercial real estate loans, the Bank entered into modification agreements with the borrowers that lowered the interest rate on the loans, provided for an interim interest-only period, and extended the maturity

THE BANK OF PRINCETON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4 – Loans Receivable (Continued)

date of the loans. In modifying the commercial and industrial loans, the Bank entered into modification agreements with the borrowers that lowered the interest rate on the loans and extended the maturity date. Troubled debt restructurings are impaired loans and are individually evaluated for impairment in accordance with the Bank's policy. There was a $1,094 allowance related to the modified commercial real estate loans at December 31, 2015.

There were four loans classified as troubled debt restructurings with a payment default occurring during 2015 whereby the default occurred within 12 months of the restructure.

	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
Troubled debt restructurings:			
Commercial real estate	3	$ 154	$ 154
Commercial and industrial	1	$ 98	$ 98

The following table summarizes information in regards to new troubled debt restructurings for the year ended December 31, 2014 (dollars in thousands):

	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
Troubled debt restructurings:			
Commercial and industrial	1	$ 579	$ 579

As indicated above, the Bank modified one loan during the year ended December 31, 2014 that was categorized as a troubled debt restructuring. In modifying this commercial and industrial loan, the Bank extended the maturity date and reduced the interest rate on the original loan. Troubled debt restructurings are impaired loans and are individually evaluated for impairment in accordance with the Bank's policy. There was a $13,125 allowance related to this modified commercial and industrial loan at December 31, 2014.

There were no loans classified as troubled debt restructurings with a payment default occurring during 2014 whereby the default occurred within 12 months of the restructure.

Loans to Related Party. Included in total loans are loans due from directors and other related parties of $5.7 million and $3.8 million at December 31, 2015 and 2014. All loans made to directors have substantially the same terms and interest rates as other bank borrowers at their origination date. The Board of Directors approves loans to individual directors to confirm that collateral requirements, terms and rates are comparable to other borrowers and are in compliance with underwriting policies. The following presents the activity in amount due from directors and other related parties for the years ended December 31, 2015 and 2014.

(in thousands)	2015	2014
Outstanding related party loans at January 1,	$ 3,820	$ 4,982
New loans	3,845	-
Repayments	(2,012)	(1,162)
Outstanding related party loans at December 31,	$ 5,653	$ 3,820

No loans to related parties were nonaccrual, past due, restructured or potential problems at December 31, 2015 and 2014.

THE BANK OF PRINCETON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 5 – Premises and Equipment

The components of premises and equipment at December 31 were as follows (in thousands):

	Estimated useful lives	2015	2014
Land	N/A	$ 410	$ 410
Buildings	40 Yrs.	1,741	1,741
Leasehold improvements	10 Yrs.	5,480	4,993
Furniture, fixtures and equipment	3-7 Yrs.	4,014	3,791
Construction in progress		-	73
Total before accumulated depreciation and amortization		11,645	11,008
Accumulated depreciation and amortization		(6,195)	(5,192)
Total		$ 5,450	$ 5,816

Note 6 – Accrued Interest Receivable and Other Assets

The components of accrued interest receivable and other assets at December 31 were as follows (in thousands):

	2015	2014
Accrued interest receivable	$ 3,084	$ 3,198
Deferred tax asset, net	5,282	5,259
Restricted investments in bank stocks	6,863	2,023
Prepaid assets and other assets	2,511	1,010
Total	$ 17,740	$ 11,490

Note 7 – Deposits

The components of deposits at December 31 were as follows (in thousands):

	2015	2014
Demand, non-interest-bearing checking	$ 102,944	$ 135,157
Demand, interest-bearing and savings	277,603	273,380
Money market	151,607	144,648
Time deposits, $100,000 and over	155,018	172,652
Time deposits, other	102,261	122,020
Total	$ 789,433	$ 847,857

As of December 31, 2015, three customer's deposits with the Bank represented 16.26 percent of total deposits.

THE BANK OF PRINCETON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 7 – Deposits (Continued)

At December 31, 2015, the scheduled maturities of certificates of deposit were as follows (in thousands):

	Amounts
2016	$ 130,236
2017	57,210
2018	27,395
2019	22,264
2020	20,174
Total	$ 257,279

Note 8 – Borrowings

The Bank's borrowings consist of FHLB-NY overnight and short-term advances. The Bank utilizes federal funds purchased to meet short-term liquidity needs. All of the Bank's borrowings are collateralized by securities and/or loans pledged to the FHLB-NY. The terms of the security agreement with the FHLB-NY include a specific assignment of collateral that requires the maintenance of qualifying collateral in excess of the FHLB advances when discounted at certain pre-established rates.

The following table presents the Bank's borrowings at December 31 (in thousands):

	2015	2014
FHLB-NY overnight advances	$ 38,800	$ 24,300
FHLB-NY short-term advances (weighted avg. rate of 0.5%)	90,000	-
Total borrowings	$ 128,800	$ 24,300

At December 31, 2015, the Bank has a total borrowing capacity with the FHLB-NY, subject to certain collateral restrictions, of $506.7 million. The Bank is also a member of the Atlantic Community Bankers Bank ("ACBB"). As of December 31, 2015, the Bank has available borrowing capacity with ACBB of $10.0 million to provide short-term liquidity generally for a period of not more than fourteen days. No amounts are outstanding with the ACBB at December 31, 2015.

Note 9 – Accrued Interest Payable and Other Liabilities

The components of accrued interest payable and other liabilities at December 31 were as follows (in thousands):

	2015	2014
Accrued interest payable	$ 1,410	$ 1,573
Accrued salary expense	214	501
Accrued expenses and other liabilities	2,021	2,529
Total	$ 3,645	$ 4,603

THE BANK OF PRINCETON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 10 – Commitments and Contingencies

Operating leases

The Bank has operating leases for twelve of its branch locations, as well as its operations center. Future minimum lease payments by year under the non-cancellable lease agreements for the Bank's facilities were as follows (in thousands):

2016	$ 1,510
2017	1,441
2018	1,321
2019	1,080
2020	1,011
Thereafter	646
Total	$ 7,009

Rental expense for of the years ended December 31, 2015 and 2014 was $1.6 million and $1.4 million, respectively.

The Bank has an operating lease agreement with a member of the Bank's board of directors for a building containing the Bank's corporate headquarters and branch, which is included in the above lease schedule. At the lease initiation date, the lease terms were comparable to similarly outfitted office space in the Bank's market. The Bank is also required to pay a monthly fee for certain operating expenses, including real estate taxes, insurance, utilities, maintenance and repairs, in addition to the base rent. Rental payments of $284,000 were made to this related party in each of the years ended December 31, 2015 and 2014.

Commitments to extend credit

The Bank is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized on the balance sheet. The contract, or notional, amounts of these instruments reflect the extent of involvement the Bank has in particular classes of financial instruments.

The Bank's exposure to credit loss in the event of nonperformance by the counterparty to the financial instrument for commitments to extend credit and standby letters of credit written is represented by the contractual notional amount of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as they do for on-balance-sheet instruments.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee by the counterparty. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

The Bank evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Bank upon extension of credit, is based on management's credit evaluation of the counterparty. Collateral held varies, but primarily includes residential and income-producing real estate.

Standby letters of credit written are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. The majority of these standby letters of credit expire within the next twelve months. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending other loan commitments. The Bank requires collateral supporting these letters of credit as deemed necessary. Management believes that the proceeds obtained through a liquidation of such collateral should be sufficient to cover the maximum potential amount under the corresponding guarantees. The current amount of the liability as of December 31, 2015 and 2014 for guarantees under standby letters of credit issued is not material.

THE BANK OF PRINCETON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 10 – Commitments and Contingencies (Continued)

The Bank had the following off-balance sheet financial instruments whose contract amounts represent credit risk at December 31 (in thousands):

	2015	2014
Performance and standby letters of credit	$ 9,015	$ 8,843
Commitments to fund loans	121,015	91,228
Unfunded commitments under lines of credit	11,611	11,320
Total	$ 141,641	$ 111,391

Litigation

The Bank, in the normal course of business, may be subject to potential liability under laws and government regulation and various claims and legal actions that are pending or may be asserted against it. Liabilities are established for legal claims when payments associated with the claims become probable and the costs can be reasonably estimated. The actual costs of resolving legal claims may be substantially higher or lower than the amounts established for those claims. Based on information currently available, advice of counsel, available insurance coverage and established liabilities, the Bank has determined that there are no eventual outcomes that will have a material adverse effect on the Bank's financial position or results of operations.

Note 11 – Income Taxes

Income tax expense for the years ended December 31 is as follows:

	2015	2014
	(in thousands)	
Current tax expense:		
Federal	$ 3,686	$ 3,390
State	4	230
Total current	3,690	3,620
Deferred income tax benefit:		
Federal	71	(201)
State	(59)	(251)
Total deferred	12	(452)
Total income tax expense	$ 3,702	$ 3,168

THE BANK OF PRINCETON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 11 – Income Taxes (Continued)

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities as of December 31 are as follows:

	2015	2014
	(in thousands)	
Deferred tax assets:		
Allowance for loan losses	$ 4,225	$ 3,901
Net operating loss carry-forwards	1,146	1,212
Organizational costs	262	307
Other	637	777
Total deferred tax assets	6,270	6,197
Deferred tax liabilities:		
Deferred loan costs	(376)	(390)
Unrealized gains on securities	(326)	(361)
Premises and equipment	(258)	(97)
Acquisition accounting adjustments	(28)	(90)
Total deferred tax liabilities	(988)	(938)
Net deferred tax asset	$ 5,282	$ 5,259

Total income taxes differed from the amount computed by applying the statutory federal income tax rate to pre-tax income as follows:

	2015	2014
	(in thousands)	
Federal income tax expense at statutory rate	$ 5,000	$ 4,137
Increases (reductions) in taxes resulting from:		
State income taxes, net of federal benefit	(36)	(14)
Tax-exempt income, net	(1,418)	(882)
Non-deductible expenses	18	15
Other	138	(88)
Total income taxes applicable to pre-tax income	$ 3,702	$ 3,168

At December 31, 2015, the Bank had available federal net operating loss carry-forwards of approximately $3.3 million, which expire between 2028 and 2030. The federal net operating loss carry-forwards are amounts that were generated by MoreBank, which the Bank acquired on September 30, 2010. These net operating losses are subject to an annual Internal Revenue Code Section 382 limitation of approximately $222,000. There are currently $180,000 of state net operating loss carry-forwards available that will expire in 2035.

Based on projections of future taxable income over periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Bank will realize the benefits of these deductible differences.

THE BANK OF PRINCETON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 12 – Fair Value Measurements and Disclosure

The Bank follows the guidance on fair value measurements now codified as FASB ASC Topic 820, *Fair Value Measurement* ("Topic 820"). Fair value measurements are not adjusted for transaction costs. Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

Management uses its best judgment in estimating the fair value of the Bank's financial instruments, however, there are inherent weaknesses in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates herein are not necessarily indicative of the amounts the Bank could have realized in sales transactions on the dates indicated. The estimated fair value amounts have been measured as of their respective period-end and have not been re-evaluated or updated for purposes of these consolidated financial statements subsequent to those respective dates. As such, the estimated fair values of these financial instruments subsequent to the respective reporting dates may be different than the amounts reported at each period-end.

The fair value measurement hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2: Quoted prices in markets that are not active, or inputs that are observable either directly or indirectly, for substantially the full term of the asset or liability.

Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported with little or no market activity).

An asset's or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

For financial assets measured at fair value on a recurring basis, the fair value measurements by level within the fair value hierarchy used at December 31, 2015 were as follows:

Description	(Level 1) Quoted Prices in Active Markets for Identical Assets	(Level 2) Significant Other Observable Inputs	(Level 3) Significant Unobservable Inputs	Total Fair Value December 31, 2015
	(in thousands)			
Mortgage-backed securities-U.S. Government Sponsored Enterprises (GSE's)	$ -	$ 70,682	$ -	$ 70,682
Obligations of state and political subdivisions	-	70,827	-	70,827
Securities available-for-sale at fair value	$ -	$ 141,509	$ -	$ 141,509

THE BANK OF PRINCETON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 12 – Fair Value Measurements and Disclosure (Continued)

For financial assets measured at fair value on a recurring basis, the fair value measurements by level within the fair value hierarchy used at December 31, 2014 were as follows:

Description	(Level 1) Quoted Prices in Active Markets for Identical Assets	(Level 2) Significant Other Observable Inputs	(Level 3) Significant Unobservable Inputs	Total Fair Value December 31, 2014
	(in thousands)			
U.S. Treasury securities	$ 14,551	$ -	$ -	$ 14,551
Mortgage-backed securities-U.S. Government Sponsored Enterprises (GSE's)	-	77,188	-	77,188
Obligations of state and political subdivisions	-	72,061	-	72,061
Securities available-for-sale at fair value	$ 14,551	$ 149,249	$ -	$ 163,800

For assets measured at fair value on a nonrecurring basis, the fair value measurements by level within the fair value hierarchy used at December 31, 2015, were as follows:

Description	(Level 1) Quoted Prices in Active Markets for Identical Assets	(Level 2) Significant Other Observable Inputs	(Level 3) Significant Unobservable Inputs	Total Fair Value December 31, 2015
	(in thousands)			
Impaired loans	$ -	$ -	$ 8,740	$ 8,740
Other real estate owned	-	-	300	300
	$ -	$ -	$ 9,040	$ 9,040

For assets measured at fair value on a nonrecurring basis, the fair value measurements by level within the fair value hierarchy used at December 31, 2014, were as follows:

Description	(Level 1) Quoted Prices in Active Markets for Identical Assets	(Level 2) Significant Other Observable Inputs	(Level 3) Significant Unobservable Inputs	Total Fair Value December 31, 2014
	(in thousands)			
Impaired loans	$ -	$ -	$ 8,387	$ 8,387
Other real estate owned	-	-	193	193
	$ -	$ -	$ 8,580	$ 8,580

THE BANK OF PRINCETON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 12 – Fair Value Measurements and Disclosure (Continued)

The following table presents quantitative information with regards to Level 3 fair value measurements at December 31, 2015.

Description	Fair Value at December 31, 2014 (in thousands)	Valuation Technique	Unobservable Input	Range (Weighted Average)
Impaired loans	$ 8,740	Appraisal of collateral[1]	Discount adjustment[2]	7.0%-13.39% (8.5%)
Other real estate owned	$ 300	Agreement of sale	Estimated selling costs[3]	0.5%

[1] Fair value is generally determined through independent appraisal of the underlying collateral, primarily using comparable sales.

[2] Appraisals may be adjusted by management for qualitative factors, such as economic conditions and estimated liquidation expense.

[3] Selling costs include realty transfer fees.

The following table presents quantitative information with regards to Level 3 fair value measurements at December 31, 2014.

Description	Fair Value at December 31, 2014 (in thousands)	Valuation Technique	Unobservable Input	Range (Weighted Average)
Impaired loans	$ 8,387	Appraisal of collateral[1]	Discount adjustment[2]	0.0%-5.0% (3.4%)
Other real estate owned	$ 193	Agreement of sale	Estimated selling costs[3]	10.5% (10.5%)

[1] Fair value is generally determined through independent appraisal of the underlying collateral, primarily using comparable sales.

[2] Appraisals may be adjusted by management for qualitative factors, such as economic conditions and estimated liquidation expense.

[3] Selling costs include sales commissions and other costs incidental to the sale.

The following methods and assumptions were used by the Bank in estimating fair value disclosures:

Cash and due from banks (carried at cost)

The carrying amounts reported in the statement of financial condition for cash and short-term instruments approximate those assets' fair values.

Investment Securities

The fair value of securities available-for-sale (carried at fair value) and held-to-maturity (carried at amortized cost) are determined by obtaining quoted market prices on nationally recognized securities exchanges (Level 1), or matrix pricing (Level 2), which is a mathematical technique used widely in the industry to value debt securities without relying exclusively on quoted market prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted prices. Level 2 debt securities are valued by a third-party pricing service commonly used in the banking industry. Level 2 fair value

THE BANK OF PRINCETON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 12 – Fair Value Measurements and Disclosure (Continued)

measurements consider observable data that may include dealer quotes, market spreads, cash flows, the U.S. treasury yield curve, live trading levels, trade execution date, market consensus prepayment speeds, credit information and the security's terms and conditions, among other things.

Loans receivable (carried at cost)

The fair value of loans receivable are estimated using discounted cash flow analyses, using market rates at the balance sheet date that reflect the credit and interest rate-risk inherent in the loans, which is characterized as Level 3 in the fair value hierarchy. Projected future cash flows are calculated based upon contractual maturity or call dates, projected repayments and prepayments of principal. Generally, for variable rate loans that reprice frequently and with no significant change in credit risk, fair values are based on carrying values.

Impaired loans (generally carried at fair value)

Impaired loans carried at fair value are those impaired loans in which the Bank has measured impairment generally based on the fair value of the related loan's collateral. Fair value is generally determined based upon independent third-party appraisals of the properties, or discounted cash flows based upon the expected proceeds, discounted for estimated selling costs or other factors the Bank determines will impact collection of proceeds. These assets are included as Level 3 fair values, based upon the lowest level of input that is significant to the fair value measurements.

Other real estate and other assets owned (carried at fair value)

Other real estate owned is adjusted to fair value, less estimated selling costs, upon transfer of loans to other real estate owned. Subsequently, other real estate owned is carried at the lower of carrying value or fair value less cost to sell. Fair value is based upon independent market prices, appraised values of the collateral or management's estimation of the value of the collateral. The discount adjustment from the appraised value is a significant unobservable input in the determination of the fair value for other real estate owned. These assets are included as Level 3 fair values.

Federal Home Loan Bank stock and ACBB stock (carried at cost)

The carrying amount of restricted investments in bank stock approximates fair value, and considers the limited marketability of such securities.

Accrued interest receivable and payable (carried at cost)

The carrying amount of accrued interest receivable and accrued interest payable approximates its fair value.

THE BANK OF PRINCETON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 12 – Fair Value Measurements and Disclosure (Continued)

Deposit liabilities (carried at cost)

The fair value disclosed for demand deposits (e.g., interest and noninterest checking, passbook savings and money market accounts) are, by definition, equal to the amount payable on demand at the reporting date (i.e., their carrying amounts). Fair value for fixed-rate certificates of deposit are estimated using a discounted cash flow calculation that applies interest rates currently being offered in the market on certificates of deposit to a schedule of aggregated expected monthly maturities on time deposits.

Borrowings (carried at cost)

Fair value of FHLB advances are determined by discounting the anticipated future cash payments by using the rates currently available to the Bank for debt with similar terms and remaining maturities, which is characterized as Level 3 in the fair value hierarchy.

Off-Balance sheet financial instruments (disclosed at cost)

Fair value for the Bank's off-balance sheet financial instruments (lending commitments and letters of credit) are based on fees currently charged in the market to enter into similar agreements, taking into account the remaining terms of the agreements and the counterparties' credit standing. The fair values of these off-balance sheet financial instruments are not considered material as of December 31, 2015 and December 31, 2014.

The carrying amounts and estimated fair value of financial instruments at December 31, 2015, are as follows:

	December 31, 2015				
	Carrying Amount	**Estimated Fair Value**	**Level 1**	**Level 2**	**Level 3**
	(in thousands)				
Financial assets:					
Cash and cash equivalents	$ 28,589	$ 28,589	$ 28,589	$ -	$ -
Securities available-for-sale at fair value	141,509	141,509	-	141,509	-
Securities held-to-maturity	381	414	-	414	-
Loans receivable, net	797,095	820,282	-	-	820,282
Restricted investments in bank stocks	6,863	6,863	-	6,863	-
Accrued interest receivable	3,084	3,084	-	3,084	-
Financial liabilities:					
Deposits	789,433	786,527	-	786,527	-
Borrowings	128,800	128,800	-	-	128,800
Accrued interest payable	1,410	1,410	-	1,410	-

The carrying amounts and estimated fair value of financial instruments at December 31, 2014, are as follows:

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 12 – Fair Value Measurements and Disclosure (Continued)

	December 31, 2014				
	Carrying Amount	Estimated Fair Value	Level 1	Level 2	Level 3
	(in thousands)				
Financial assets:					
Cash and cash equivalents	$ 31,872	$ 31,872	$ 31,872	$ -	$ -
Securities available-for-sale at fair value	163,800	163,800	14,551	149,249	-
Securities held-to-maturity	420	456	-	456	-
Loans receivable, net	723,131	743,720	-	-	743,720
Restricted investments in bank stocks	2,023	2,023	-	2,023	-
Accrued interest receivable	3,198	3,198	-	3,198	-
Financial liabilities:					
Deposits	847,857	846,654	-	846,654	-
Borrowings	23,400	23,400	-	-	23,400
Accrued interest payable	1,573	1,573	-	1,573	-

Limitations

The fair value estimates are made at a discrete point in time based on relevant market information and information about the financial instruments. Fair value estimates are based on judgments regarding future expected loss experience, current economic conditions, risk characteristics of various financial instruments, and other factors.

These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates. Further, the foregoing estimates may not reflect the actual amount that could be realized if all or substantially all of the financial instruments were offered for sale. This is due to the fact that no market exists for a sizable portion of the loan, deposit and off-balance sheet instruments.

In addition, the fair value estimates are based on existing on and off-balance sheet financial instruments without attempting to value anticipated future business and the value of assets and liabilities that are not considered financial instruments. Other significant assets that are not considered financial assets include premises and equipment. In addition, the tax ramifications related to the realization of unrealized gains and losses can have a significant effect on fair value estimates and have not been considered in any of the estimates.

Finally, reasonable comparability between financial institutions may not be likely due to the wide range of permitted valuation techniques and numerous estimates which must be made given the absence of active secondary markets for many of the financial instruments. This lack of uniform valuation methodologies introduces a greater degree of subjectivity to these estimated fair values.

Note 13 – Stock-Based Compensation

Organizers of the Bank were issued a total of 97,500 Organizer warrants for their efforts during the organization and start-up of the Bank. These warrants are immediately exercisable, expire 10 years after the grant date and will enable the warrant holder to purchase one (1) share of common stock at $10.00 per share for each warrant exercised. At December 31, 2015, 77,250 Organizer warrants were outstanding. All Organizer warrants will expire in 2017.

In 2007, the Bank adopted The Bank of Princeton 2007 Stock Option Plan (the "2007 Plan"), which was approved by our board of directors in August 2007 and by our stockholders in October 2007. The 2007 Plan enables the board of directors to grant stock options to employees, directors, consultants and other individuals who provide services to the Bank. The shares subject to or related to options under the 2007 Plan are authorized and unissued shares of the Bank. The maximum number of shares that may be subject to options under the 2007 Plan is 300,000, all of which may be issued as Incentive Stock

THE BANK OF PRINCETON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 13 – Stock-Based Compensation (Continued)

Options and not more than 100,000 of which may be issued as Non-Qualified Stock Options. Vesting periods range from immediate to four years from the date of grant. At December 31, 2015 there were 38,503 shares remaining available for future issuance under the 2007 plan. No incentive stock options may be granted under the 2007 Plan after October 2, 2017.

In connection with the Bank's acquisition of MoreBank on September 30, 2010, all outstanding and unexercised options to acquire shares of MoreBank common stock became fully vested and exercisable and converted into fully vested and exercisable options to purchase shares of common stock of the Bank in an amount and at an exercise price based on the merger exchange ratio. These options remain subject to all of the other terms and conditions to which they were subject immediately prior to the effective time of the merger. At December 31, 2015 and 2014, 46,000 MoreBank Organizer options remained outstanding. These options were granted to organizers of MoreBank for their efforts during the organization and start-up of MoreBank. These options are immediately exercisable, expire in February 2016, and enable the option holder to purchase one (1) share of the Bank's common stock at $25.00 per share. Under the MoreBank 2004 Incentive Equity Compensation Plan (the "MoreBank Plan"), 7,200 options remained outstanding at December 31, 2015 and 2014. These options are immediately exercisable, expire in December 2017, and enable the option holder to purchase one (1) share of the Bank's common stock at $25.00 per share. The MoreBank Plan was adopted by MoreBank to provide stock options and stock awards to MoreBank's directors and employees.

In 2012, the Bank adopted The Bank of Princeton 2012 Equity Incentive Plan (the "2012 Plan"), which was approved by our board of directors in February 2012 and by our stockholders in May 2012. The 2012 Plan enabled the board of directors to grant stock options or restricted shares of common stock to employees, directors, consultants and other individuals who provide services to the Bank. The shares subject to or related to options under the 2012 Plan are authorized and unissued shares of the Bank. In 2013, the Bank's board of directors and stockholders approved an amendment to the 2012 Plan that increased the maximum number of shares that may be subject to options under the 2012 Plan from 100,000 to 600,000, all of which may be issued as Incentive Stock Options or as Non-Qualified Stock Options. Vesting periods range from immediate to four years from the date of grant. At December 31, 2015 there were 147,796 shares remaining available for future issuance under the 2012 plan. No incentive stock options may be granted under the 2012 Plan after April 30, 2023.

In 2014, the Bank adopted an amendment to each of the 2007 Plan and to the 2012 Plan, which amendments were approved by our board of directors, to provide that all outstanding options under the 2007 Plan and the 2012 Plan will become fully vested and exercisable upon a change in control of the Bank and to further specify the consideration that may be exchanged with respect to outstanding awards upon any such change in control.

The following is a summary of the status of the Bank's stock option and warrant activity and related information for the year ended December 31, 2015:

	Number of Stock Options / Warrants	Weighted Avg. Exercise Price	Weighted Avg. Remaining Contractual Life	Aggregate Intrinsic Value
Balance at January 1, 2015	674,234	$ 13.51		
Granted	168,700	$ 17.66		
Exercised	(105,142)	$ 11.68		
Forfeited	(3,766)	$ 15.00		
Expired	(3,085)	$ 13.32		
Balance at December 31, 2015	730,941	$ 14.68	6.1 years	$ 3,532,445
Exercisable at December 31, 2015	553,738	$ 14.16	5.2 years	$ 2,774,016

THE BANK OF PRINCETON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 13 – Stock-Based Compensation (Continued)

The fair value of the 2015 option grants were estimated on the date of the grants using the Black-Scholes option-pricing model with the following weighted-average assumptions:

Expected life	5.84 years
Expected volatility	38.72%
Forfeiture rate	1.56%
Dividend yield	0.00%
Risk-free interest rate	1.70%
Fair value	$ 6.93

The following is a summary of the status of the Bank's stock option and warrant activity and related information for the year ended December 31, 2014:

	Number of Stock Options / Warrants	Weighted Avg. Exercise Price	Weighted Avg. Remaining Contractual Life	Aggregate Intrinsic Value
Balance at January 1, 2014	572,517	$ 13.16		
Granted	110,100	$ 14.94		
Exercised	(3,636)	$ 11.11		
Forfeited	(2,763)	$ 13.40		
Expired	(1,984)	$ 12.60		
Balance at December 31, 2014	674,234	$ 13.51	6.1 years	$ 2,882,477
Exercisable at December 31, 2014	571,665	$ 13.52	5.7 years	$ 2,473,825

The fair value of the 2014 option grants was estimated on the date of the grants using the Black-Scholes option-pricing model with the following weighted-average assumptions:

Expected life	5.34 years
Expected volatility	43.66%
Forfeiture rate	1.59%
Dividend yield	0.00%
Risk-free interest rate	1.75 %
Fair value	$ 6.15

Stock option expenses included in salaries and employee benefits expense in the consolidated statements of income were $481,000 and $437,000 for the years ended December 31, 2015 and 2014, respectively. Stock option expenses recorded within other expenses were $207,000 and $285,000 for the years ended December 31, 2015 and 2014, respectively. At December 31, 2015, there was approximately $880,000 of unrecognized expense related to outstanding stock options, which will be recognized over a period of approximately 1.4 years.

Note 14 – Regulatory Matters

Regulatory Capital

Current FDIC capital standards require these institutions to satisfy a common equity Tier 1 capital requirement, a leverage capital requirement and a risk-based capital requirement. The common equity Tier 1 capital component generally consists of retained earnings and common stock instruments and must equal at least 4.5% of risk-weighted assets. Leverage capital, also known as "core" capital, must equal at least 3.0% of adjusted total assets for the most highly rated state-chartered non-member banks. Core capital generally consists of common stockholders' equity (including retained earnings). An additional cushion of

THE BANK OF PRINCETON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 14 – Regulatory Matters (Continued)

at least 100 basis points is required for all other banking associations, which effectively increases their minimum Tier 1 leverage ratio to 4.0% or more. Under the FDIC's regulations, the most highly-rated banks are those that the FDIC determines are strong banking organization and are rated composite 1 under the Uniform Financial Institutions Rating System. Under the risk-based capital requirements, as of January 1, 2015, Tier 1 Capital to risk-weighted assets ratio must equal at least 6.0%, increased from 4.0% (and increased from 6.0% to 8.0% for the Bank to be considered "well capitalized") and total capital to risk-weighted assets ratio must equal at least 8.0% (10.0% to be considered "well capitalized"). The FDIC also is authorized to impose capital requirements in excess of these standards on individual institutions on a case-by-case basis.

Any banking organization that fails any of the capital requirements is subject to possible enforcement action by the FDIC. Such action could include a capital directive, a cease and desist order, civil money penalties, the establishment of restrictions on the institution's operations, termination of federal deposit insurance and the appointment of a conservator or receiver. The FDIC's capital regulations provide that such actions, through enforcement proceedings or otherwise, could require one or more of a variety of corrective actions. Management believes, as of December 31, 2015, that the Bank meets all capital adequacy requirements to which it is subject.

The Bank's actual capital amounts and ratios at December 31, 2015 and 2014 are presented below:

	Actual		For capital adequacy purposes			To be well capitalized under prompt corrective action provisions		
	Amount	Ratio	Amount	Ratio		Amount	Ratio	
December 31, 2015:								
Total capital (to risk-weighted assets)	$100,624	11.4%	$ 70,828	≥	8.0%	$ 88,535	≥	10.0%
Tier 1 capital (to risk-weighted assets)	$ 89,773	10.1%	$ 53,121	≥	6.0%	$ 70,828	≥	8.0%
Common equity tier 1 capital (to risk-weighted assets)	$ 89,773	10.1%	$ 39,841	≥	4.5%	$ 57,548	≥	6.5%
Tier 1 leverage capital (to average assets)	$ 89,773	9.0%	$ 40,131	≥	4.0%	$ 50,163	≥	5.0%
December 31, 2014:								
Total capital (to risk-weighted assets)	$ 87,610	11.2%	$ 62,632	≥	8.0%	$ 78,289	≥	10.0%
Tier 1 capital (to risk-weighted assets)	$ 77,821	9.9%	$ 31,316	≥	4.0%	$ 46,974	≥	6.0%
Tier 1 leverage capital (to average assets)	$ 77,821	8.2%	$ 37,994	≥	4.0%	$ 47,493	≥	5.0%

The Bank is subject to certain restrictions on the amount of dividends that it may declare due to regulatory considerations.

THE BANK OF PRINCETON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 15 – Quarterly Financial Data (unaudited)

	Year Ended December 31, 2015			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(In thousands, except per share data)			
Interest and dividend income	$ 10,532	$ 10,614	$ 10,857	$ 11,218
Interest expense	1,742	1,712	1,685	1,698
Net Interest Income	8,790	8,902	9,172	9,520
Provision for loan losses	233	502	298	871
Net Interest Income after Provision for Loan Losses	8,557	8,400	8,874	8,649
Non-interest income	476	590	482	739
Non-interest expense	5,649	5,359	5,336	5,715
Income before Income Tax Expense	3,384	3,631	4,020	3,673
Income tax expense	880	866	1,018	938
Net Income	$ 2,504	$ 2,765	$ 3,002	$ 2,735
Earnings per common share				
Basic	$ 0.55	$ 0.60	$ 0.65	$ 0.58
Diluted	$ 0.53	$ 0.58	$ 0.63	$ 0.56

	Year Ended December 31, 2014			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(In thousands, except for share and per share data)			
Interest and dividend income	$ 9,694	$ 10,042	$ 10,241	$ 10,590
Interest expense	1,760	1,755	1,828	1,814
Net Interest Income	7,934	8,287	8,413	8,776
Provision for loan losses	252	371	360	597
Net Interest Income after Provision for Loan Losses	7,682	7,916	8,053	8,179
Non-interest income	552	633	708	853
Non-interest expenses	5,458	5,784	5,512	5,653
Income before Income Tax Expense	2,776	2,765	3,249	3,379
Income tax expense	766	762	896	744
Net Income	$ 2,010	$ 2,003	$ 2,353	$ 2,635
Earnings per common share				
Basic	$ 0.44	$ 0.44	$ 0.51	$ 0.58
Diluted	$ 0.43	$ 0.39	$ 0.46	$ 0.56

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures

Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with accounting principles generally accepted in the United States, which is commonly referred to as GAAP. The effectiveness of any system of internal control over financial reporting is subject to inherent limitations, including the exercise of judgment in designing, implementing, operating and evaluating the Bank's internal control over financial reporting. Because of these inherent limitations, internal control over financial reporting cannot provide absolute assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with GAAP and may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that our internal control over financial reporting may become inadequate because of changes in conditions or other factors, or that the degree of compliance with the policies or procedures may deteriorate.

Management, with the participation of the Bank's President and Chief Financial Officer, evaluated the effectiveness of the Bank's internal control over financial reporting as of December 31, 2015 using the criteria in "Internal Control—Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO 2013"). Management has identified a material weakness in the design and operation of our internal controls and procedures as of December 31, 2015. A sequence of events occurred in January, 2016 whereby management failed to consistently maintain an effective control environment, specifically as it relates to the tone at the top of the organization. We believe that certain actions of Bank officers did not demonstrate the appropriate level of control consciousness. Bank officers circumvented established internal controls regarding the proper reporting and authorization of two Bank officer expense reports. The Bank's mitigating controls within its accounts payable procedures were effective in detecting the internal control breakdown. No loss to the Bank was incurred.

When deficiencies in the control environment are determined, management must assess if the Bank has pervasive weaknesses in internal controls. The deficiencies identified in the control environment necessitated an elevated consideration and assessment of the other COSO 2013 internal control components to ascertain whether deficiencies existing in them may be of greater significance if not remediated on a timely basis. All internal control components were evaluated to support management's assertion that the Bank has not experienced a pervasive weakness in internal controls.

To date, the Bank has taken the following steps to remediate the internal control weakness:

- Changed the Whistleblower Hotline to limit the recipients of any complaints submitted to the Hotline to include only the members of the Audit Committee.
- Changed the Code of Conduct to require all allegations of violations of the Code of Conduct to be directed to the Audit Committee.
- Prepared a draft of an Expense Reimbursement Policy, which is scheduled to be presented to the Board for approval at its next meeting in April, 2016.
- Planning training sessions with all employees on the changes to the existing Whistleblower process and Code of Conduct, as well as the new Expense Reimbursement Policy, as soon as the latter policy is approved by the Board.

The Board and management are still evaluating further remedial measures, and management has not yet completed its testing of these remediation efforts in connection with its internal control over financial reporting.

In light of the material weakness in internal control over financial reporting, we completed substantive procedures, including validating the completeness and accuracy of the underlying data used for this Form 10-K. These additional procedures have allowed us to conclude that, notwithstanding the material weakness in our internal control over financial reporting, the consolidated financial statements included in this report present fairly, in all material respects, the Company's financial position, results of operations and cash flows for the periods presented in conformity with accounting principles generally accepted in the United States of America.

Disclosure Controls and Procedures

Management, with the participation of the Bank's President and Chief Financial Officer, evaluated the effectiveness of the design and operation of the Bank's disclosure controls and procedures (as defined in Rule l3a-l5(e) promulgated under the Exchange Act) as of December 31, 2015. Based on this evaluation, the Bank's President and Chief Financial Officer have concluded that the Bank's disclosure controls and procedures are effective as of December 31, 2015 to ensure that the information required to be disclosed by the Bank in the reports that the Bank files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in FDIC rules and forms.

There may be deemed to be an inconsistency between the conclusion as to a material weakness in the Bank's internal control over reporting and the view as to the Bank's disclosure controls. However, based on their evaluation of the Bank's disclosure controls and procedures, the President and Chief Financial Officer concluded as of December 31, 2015 that the Bank's disclosure controls and procedures were effective such that the information relating to the Bank and its consolidated subsidiaries required to be disclosed in filings with the FDIC pursuant to the Exchange Act is recorded, processed, summarized and reported within the time periods specified in such rules and forms, and is accumulated and communicated to the Bank's management, including the President and Chief Financial Officer, as appropriate to allow timely decisions regarding this disclosure.

The President and Chief Financial Officer reached this conclusion notwithstanding the existence of a material weakness in the Bank's internal control over financial reporting because they believe that the processes and procedures mitigated the potential effect of the identified material weakness in internal control over financial reporting on the Bank's disclosure controls and procedures. Management notes that the scope of, and interrelation between, disclosure controls and internal control over financial reporting is not yet well defined by law, regulation or interpretation.

Management believes, however, that there are significant differences between disclosure controls and procedures and internal control over financial reporting. If, on the other hand, disclosure controls and procedures and internal control over financial reporting are ultimately determined to effect substantially the same standard under these circumstances, then in such case, the Bank's disclosure controls and procedures also would have been ineffective as of December 31, 2015 for precisely the same reasons that management has concluded that the Bank's system of internal control over financial reporting was ineffective.

Changes in Internal Control Over Financial Reporting

Except as disclosed above, there was no change in the Bank's internal control over financial reporting identified during the quarter ended December 31, 2015 that has materially affected, or is reasonably likely to materially affect, the Bank's internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The Bank responds to this Item by incorporating by reference the material responsive to this Item in the Bank's definitive proxy statement to be filed with the Federal Deposit Insurance Corporation in connection with its 2016 Annual Meeting of Stockholders to be held April 28, 2016.

Item 11. Executive Compensation

The Bank responds to this Item by incorporating by reference the material responsive to this Item in the Bank's definitive proxy statement to be filed with the Federal Deposit Insurance Corporation in connection with its 2016 Annual Meeting of Stockholders to be held April 28, 2016.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The Bank responds to this Item by incorporating by reference the material responsive to this Item in the Bank's definitive proxy statement to be filed with the Federal Deposit Insurance Corporation in connection with its 2016 Annual Meeting of Stockholders to be held April 28, 2016.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The Bank responds to this Item by incorporating by reference the material responsive to this Item in the Bank's definitive proxy statement to be filed with the Federal Deposit Insurance Corporation in connection with its 2016 Annual Meeting of Stockholders to be held April 28, 2016.

Item 14. Principal Accounting Fees and Services

The Bank responds to this Item by incorporating by reference the material responsive to this Item in the Bank's definitive proxy statement to be filed with the Federal Deposit Insurance Corporation in connection with its 2016 Annual Meeting of Stockholders to be held April 28, 2016.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) The following portions of the Bank's consolidated financial statements are set forth in Item 8 of this Annual Report:

i. Consolidated Statements of Financial Condition as of December 31, 2015 and 2014

ii. Consolidated Statements of Income for the years ended December 31, 2015 and 2014

iii. Consolidated Statements of Comprehensive Income for the years ended December 31, 2015 and 2014

iv. Consolidated Statements of Changes in Stockholders' Equity for the years ended December 31, 2015 and 2014

v. Consolidated Statements of Cash Flows for the years ended December 31, 2015 and 2014

vi. Notes to Consolidated Financial Statements

(b) Financial Statement Schedules

All financial statement schedules are omitted as the information, if applicable, is presented in the consolidated financial statements or notes thereto.

(c) Exhibits

Exhibit No.		Description
2.1	(A)	Agreement and Plan of Merger dated as of May 5, 2010 by and between The Bank of Princeton and MoreBank.
3.1	(A)	Certificate of Incorporation, as amended.
3.2	(C)	Amended and Restated Bylaws
4.1	(A)	Specimen form of stock certificate.
4.2		The Bank will furnish to the FDIC upon request copies of the instruments defining the rights of the Federal Home Loan Bank of New York with respect to the Bank's long-term debt.
10.1	(B)	The Bank of Princeton Amended and Restated 2007 Stock Option Plan*
10.2	(B)	The Bank of Princeton Amended and Restated 2012 Equity Incentive Plan*
10.3	(A)	Form of Incentive Stock Option Agreement*
10.4		Form of Incentive Stock Option Agreement*
10.5	(A)	Form of Nonqualified Stock Option Agreement*
10.6		Form of Nonqualified Stock Option Agreement*
10.7	(A)	Warrant Agreement for Organizers*
10.8	(A)	Form of Warrant Certificate*
10.9	(A)	MoreBank 2004 Incentive Equity Compensation Plan*
10.10	(A)	Form of Incentive Stock Option Agreement*
10.11	(A)	Form of Nonqualified Stock Option*
10.12	(A)	Form of Option for the Purchase of Shares of the Par Value of $1.00 Per Share of MoreBank*
21.1		Subsidiaries of the Registrant
31.1		Rule 13a-14(a) Certification of the Principal Executive Officer
31.2		Rule 13a-14(a) Certification of the Principal Financial Officer
32.1		Section 1350 Certifications

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* Management contract or compensatory plan, contract or arrangement.

(A) Incorporated by reference to the exhibit to registrant's Form 10, General Form For Registration Of Securities, filed with the Federal Deposit Insurance Corporation on May 2, 2011.

(B) Incorporated by reference to Exhibits 10.1 or 10.2, as applicable, of registrant's Current Report on Form 8-K, filed with the Federal Deposit Insurance Corporation on October 20, 2014.

(C) Incorporated by reference to the exhibit to registrant's Current Report on Form 8-K, filed with the Federal Deposit Insurance Corporation on January 25, 2016.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized as of April 14, 2016.

The Bank of Princeton

/s/Edward Dietzler

By: Edward Dietzler
President
(Principal Executive Officer)

The Bank of Princeton

/s/Michael J. Sanwald

By: Michael J. Sanwald
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Pursuant to the requirement of the Securities Exchange Act of 1934, this Report has been signed below on April 14, 2016 by the following persons on behalf of the Registrant and in the capacities indicated.

/s/Edward Dietzler
Edward Dietzler
President
(Principal Executive Officer)

/s/Michael J. Sanwald
Michael J. Sanwald
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Richard Gillespie
Director, Chairman

/s/Stephen Shueh
Stephen Shueh
Director

/s/Stephen Distler
Stephen Distler
Director, Vice Chairman

/s/Robert N. Ridolfi, Esq
Robert N. Ridolfi, Esq
Director

/s/Judith A. Giacin
Judith A. Giacin
Director

/s/Ross Wishnick
Ross Wishnick
Director, Vice Chairman

EXHIBIT INDEX

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4.1	(A)	Specimen form of stock certificate.
4.2		The Bank will furnish to the FDIC upon request copies of the instruments defining the rights of the Federal Home Loan Bank of New York with respect to the Bank's long-term debt.
10.1	(B)	The Bank of Princeton Amended and Restated 2007 Stock Option Plan*
10.2	(B)	The Bank of Princeton Amended and Restated 2012 Equity Incentive Plan*
10.3	(A)	Form of Incentive Stock Option Agreement*
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10.10	(A)	Form of Incentive Stock Option Agreement*
10.11	(A)	Form of Nonqualified Stock Option*
10.12	(A)	Form of Option for the Purchase of Shares of the Par Value of $1.00 Per Share of MoreBank*
10.13	(C)	Stipulation and Consent to the Issuance of a Consent Order
10.14	(C)	Consent Order
21.1		Subsidiaries of the Registrant
31.1		Rule 13a-14(a) Certification of the Principal Executive Officer
31.2		Rule 13a-14(a) Certification of the Principal Financial Officer
32.1		Section 1350 Certifications

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* Management contract or compensatory plan, contract or arrangement.

(A) Incorporated by reference to the exhibit to registrant's Form 10, General Form For Registration Of Securities, filed with the Federal Deposit Insurance Corporation on May 2, 2011.

(B) Incorporated by reference to Exhibits 10.1 or 10.2, as applicable, of registrant's Current Report on Form 8-K, filed with the Federal Deposit Insurance Corporation on October 20, 2014.

(C) Incorporated by reference to the exhibit to registrant's Current Report on Form 8-K, filed with the Federal Deposit Insurance Corporation on February 5, 2014.

Exhibit 10.4

Form of Incentive Stock Option Agreement

INCENTIVE STOCK OPTION AGREEMENT
UNDER
THE BANK OF PRINCETON 2012 EQUITY INCENTIVE PLAN

THIS INCENTIVE STOCK OPTION AGREEMENT (this "Agreement") is made between THE BANK OF PRINCETON (the "Bank") and ________________________________ (the "Optionee").

WHEREAS, the Bank maintains The Bank of Princeton 2012 Equity Incentive Plan (the "Plan") for the benefit of the key employees, directors and advisors of the Bank and its Affiliates; and

WHEREAS, the Plan permits the award of Incentive Stock Options to purchase Shares, subject to the terms of the Plan; and

WHEREAS, the Bank desires to grant the Optionee Incentive Stock Options under the Plan to further align the Optionee's personal financial interests with those of the Bank's stockholders.

NOW, THEREFORE, in consideration of these premises and the agreements set forth herein and intending to be legally bound hereby, the parties agree as follows:

Award of Option. This Agreement evidences the grant to the Optionee of an option (the "Option") to purchase ________________ (______) Shares (the "Option Shares"). The Option is subject to the terms set forth herein, and in all respects is subject to the terms and provisions of the Plan applicable to Incentive Stock Options, which terms and provisions are incorporated herein by this reference. Except as otherwise specified herein or unless the context herein requires otherwise, the terms defined in the Plan will have the same meanings herein.

Nature of the Option. Subject to the limitation contained in Section 422(d) of the Internal Revenue Code, the Option is intended to be an incentive stock option as described by Section 422 of the Code.

Date of Grant; Term of Option. The Option was granted on ___________, ____ (the "Effective Date") and may not be exercised later than the date that is ten (10) years after that date, subject to earlier termination in accordance with the Plan.

Option Exercise Price. The per share exercise price of the Option is ____________________________ ($__.__) (the "Exercise Price"), which is the Fair Market Value per Share on the Effective Date.

Exercise of Option. The Option will become exercisable only in accordance with the terms and provisions of the Plan and this Agreement, as follows:

Right to Exercise. Option Shares will become exercisable if the Optionee remains in continuous service to the Bank through the applicable vesting date as follows:

___% of the Options will vest on the Effective Date
___% of the Options will vest __________________________
___% of the Options will vest __________________________
___% of the Options will vest __________________________
___% of the Options will vest __________________________

Upon a termination of the Optionee's service with the Bank, the Option will be exercisable only to the extent specified in Section 6 of the Plan. Solely for purposes of this Option, service with the Bank will be deemed to include service with an Affiliate of the Bank for so long as that entity remains an Affiliate of the Bank.

Notwithstanding the foregoing, this Option (to the extent then outstanding) will become fully vested and immediately exercisable upon a Change in Control.

Method of Exercise. The Optionee may exercise the Option by providing written notice to the Bank stating the election to exercise the Option. Such written notice shall be signed by the Optionee and shall be delivered in person or by certified mail to the Secretary of the Bank or such other person as may be designated by the Bank, and shall be accompanied by payment of the Exercise Price and an amount equal to any required tax withholding. Payment of the Exercise Price and any required tax withholding will be made in cash or such other form as may be accepted by the Board in accordance with the Plan.

Share Legends. Any certificate evidencing an Option Share will contain such legends as may be required or appropriate under applicable law, the Plan or otherwise.

Partial Exercise. The Option may be exercised in whole or in part; *provided, however*, that any exercise may apply only with respect to a whole number of Option Shares.

Restrictions on Exercise. The Option may not be exercised, and any purported exercise will be void, if the issuance of the Option Shares upon such exercise would constitute a violation of any applicable federal or state securities laws or other laws or regulations.

Non-Transferability of Option. The Option may not be sold, pledged, assigned, hypothecated, gifted, transferred or disposed of in any manner either voluntarily or involuntarily by operation of law, other than by will or by the laws of descent or distribution. During the Optionee's lifetime, the Option is exercisable only by the Optionee. Subject to the foregoing and the terms of the Plan, the terms of the Option will be binding upon the executors, administrators and heirs of the Optionee.

Tax Consequences. The Optionee has reviewed with the Optionee's own tax advisors the federal, state, local and foreign tax consequences of the Option. The Optionee is relying solely on such advisors and not on any statements or representations of the Bank or any of its agents or affiliates. The Optionee understands that he or she (and not the Bank) will be responsible for his or her own tax liabilities arising in connection with this award or the transactions contemplated by this Agreement. The Bank does not warrant that the Option is an incentive stock option as described by Section 422 of the Code or otherwise subject to any other particular tax treatment.

No Continuation of Service. Neither the Plan nor this Option will confer upon the Optionee any right to continue in the service of the Bank or any of its Affiliates, or limit in any respect the right of the Bank or its Affiliates to discharge the Optionee at any time, with or without Cause and with or without notice.

The Plan. The Optionee has received a copy of the Plan, has read the Plan and is familiar with its terms, and hereby accepts the Option subject to the terms and provisions of the Plan, as amended from time to time. Pursuant to the Plan, the Board is authorized to interpret the Plan and to adopt rules and regulations not inconsistent with the Plan as it deems appropriate. The Optionee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Board with respect to questions arising under the Plan or this Agreement.

Early Disposition of Stock. Subject to the fulfillment by the Optionee of any conditions limiting the disposition of the Option Shares, the Optionee agrees that if the Optionee disposes of any Option Shares before the later of (i) the first anniversary of the date on which the Option Shares are transferred to the Optionee or (ii) the second anniversary of the Effective Date, then the Optionee will notify the Bank in writing within 30 days after the date of such disposition.

Entire Agreement. This Agreement, together with the Plan, represents the entire agreement between the parties and supersedes any and all prior or contemporaneous discussions, understandings or any agreements of any nature, written or otherwise, relating to the subject matter hereof.

Governing Law. This Agreement will be construed in accordance with the laws of the State of New Jersey, without regard to the application of the principles of conflicts of laws.

Execution. This Agreement may be executed, including execution by facsimile signature, in one or more counterparts, each of which will be deemed an original, and all of which together shall be deemed to be one and the same instrument.

This space intentionally left blank; signature page follows.

IN WITNESS WHEREOF, this Agreement has been executed by the parties on the ___ day of _________, 20__.

THE BANK OF PRINCETON

By: ____
Name:
Title:

OPTIONEE:

____
Signature

____
Print Name

Address:

____

____

____

Exhibit 10.6

Form of Nonqualified Stock Option Agreement

NON-QUALIFIED STOCK OPTION AGREEMENT
UNDER
THE BANK OF PRINCETON 2012 EQUITY INCENTIVE PLAN

THIS NON-QUALIFIED STOCK OPTION AGREEMENT (this "Agreement") is made between THE BANK OF PRINCETON (the "Bank") and ___________________________________ (the "Optionee").

WHEREAS, the Bank maintains The Bank of Princeton 2012 Equity Incentive Plan (the "Plan") for the benefit of the key employees, directors and advisors of the Bank and its Affiliates; and

WHEREAS, the Plan permits the award of Non-Qualified Stock Options to purchase Shares, subject to the terms of the Plan; and

WHEREAS, the Bank desires to grant the Optionee Non-Qualified Stock Options under the Plan to further align the Optionee's personal financial interests with those of the Bank's stockholders.

NOW, THEREFORE, in consideration of these premises and the agreements set forth herein and intending to be legally bound hereby, the parties agree as follows:

Award of Option. This Agreement evidences the grant to the Optionee of an option (the "Option") to purchase _________________________ (______) Shares (the "Option Shares"). The Option is subject to the terms set forth herein, and in all respects is subject to the terms and provisions of the Plan applicable to Non-Qualified Stock Options, which terms and provisions are incorporated herein by this reference. Except as otherwise specified herein or unless the context herein requires otherwise, the terms defined in the Plan will have the same meanings herein.

Nature of the Option. The Option is intended to be a nonstatutory stock option and is not intended to be an incentive stock option as described by Section 422 of the Code, or to otherwise qualify for any special tax benefits to the Optionee.

Date of Grant; Term of Option. The Option was granted on ___________, _____ (the "Effective Date") and may not be exercised later than the date that is ten (10) years after that date, subject to earlier termination in accordance with the Plan.

Option Exercise Price. The per share exercise price of the Option is _____________________ ($__.__) (the "Exercise Price"), which is the Fair Market Value per Share on the Effective Date.

Exercise of Option. The Option will become exercisable only in accordance with the terms and provisions of the Plan and this Agreement, as follows:

Right to Exercise. Option Shares will become exercisable if the Optionee remains in continuous service to the Bank through the applicable vesting date as follows:

____ of the Options will vest on the Effective Date
____ of the Options will vest __________________________
____ of the Options will vest __________________________

Upon a termination of the Optionee's service with the Bank, the Option will be exercisable only to the extent specified in Section 6 of the Plan. Solely for purposes of this Option, service with the Bank will be deemed to include service with an Affiliate of the Bank for so long as that entity remains an Affiliate of the Bank. Notwithstanding the foregoing, this Option (to the extent then outstanding) will become fully vested and immediately exercisable upon a Change in Control.

Method of Exercise. The Optionee may exercise the Option by providing written notice to the Bank stating the election to exercise the Option. Such written notice shall be signed by the Optionee and shall be delivered in person or by certified mail to the Secretary of the Bank or such other person as may be designated by the Bank, and shall be accompanied by payment of the Exercise Price and an amount equal to any required tax withholding. Payment of the Exercise Price and any required tax withholding will be made in cash or such other form as may be accepted by the Board in accordance with the Plan.

Share Legends. Any certificate evidencing an Option Share will contain such legends as may be required or appropriate under applicable law, the Plan or otherwise.

Partial Exercise. The Option may be exercised in whole or in part; *provided, however*, that any exercise may apply only with respect to a whole number of Option Shares.

Restrictions on Exercise. The Option may not be exercised, and any purported exercise will be void, if the issuance of the Option Shares upon such exercise would constitute a violation of any applicable federal or state securities laws or other laws or regulations.

Non-Transferability of Option. The Option may not be sold, pledged, assigned, hypothecated, gifted, transferred or disposed of in any manner either voluntarily or involuntarily by operation of law, other than by will or by the laws of descent or distribution. During the Optionee's lifetime, the Option is exercisable only by the Optionee. Subject to the foregoing and the terms of the Plan, the terms of the Option will be binding upon the executors, administrators and heirs of the Optionee.

Tax Consequences. The Optionee has reviewed with the Optionee's own tax advisors the federal, state, local and foreign tax consequences of the Option. The Optionee is relying solely on such advisors and not on any statements or representations of the Bank or any of its agents or affiliates. The Optionee understands that he or she (and not the Bank) will be responsible for his or her own tax liabilities arising in connection with this award or the transactions contemplated by this Agreement.

No Continuation of Service. Neither the Plan nor this Option will confer upon the Optionee any right to continue in the service of the Bank or any of its Affiliates, or limit in any respect the right of the Bank or its Affiliates to discharge the Optionee at any time, with or without Cause and with or without notice.

The Plan. The Optionee has received a copy of the Plan, has read the Plan and is familiar with its terms, and hereby accepts the Option subject to the terms and provisions of the Plan, as amended from time to time. Pursuant to the Plan, the Board is authorized to interpret the Plan and to adopt rules and regulations not inconsistent with the Plan as it deems appropriate. The Optionee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Board with respect to questions arising under the Plan or this Agreement.

Entire Agreement. This Agreement, together with the Plan, represents the entire agreement between the parties and supersedes any and all prior or contemporaneous discussions, understandings or any agreements of any nature, written or otherwise, relating to the subject matter hereof.

Governing Law. This Agreement will be construed in accordance with the laws of the State of New Jersey, without regard to the application of the principles of conflicts of laws.

Execution. This Agreement may be executed, including execution by facsimile signature, in one or more counterparts, each of which will be deemed an original, and all of which together shall be deemed to be one and the same instrument.

This space intentionally left blank; signature page follows.

IN WITNESS WHEREOF, this Agreement has been executed by the parties on the ___ day of _________, 20__.

THE BANK OF PRINCETON

By: ____
Name:
Title:

OPTIONEE:

____
Signature

____
Print Name

Address:

____

____

____

Exhibit 21.1

SUBSIDIARIES OF REGISTRANT

Name of Subsidiary	Jurisdiction of Incorporation or Formation
Bayard Lane, LLC	NJ
112 Fifth Avenue, LLC	NJ
Bayard Properties, LLC	NJ
TBOP REIT, Inc.	NJ
TBOP Delaware Investment Company	DE

Exhibit 31.1

RULE 13A-14(A)/15D-14(A) CERTIFICATIONS OF THE CHIEF EXECUTIVE OFFICER

I, Edward Dietzler, certify that:

1. I have reviewed this annual report on Form 10-K of The Bank of Princeton:

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of circumstances under which such statements were made, not misleading with respect to the period covered by this report.

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting

Date: April 14, 2016

/s/Edward Dietzler
Edward Dietzler
President
(Principal Executive Officer)

Exhibit 31.2

RULE 13A-14(A)/15D-14(A) CERTIFICATIONS OF THE CHIEF FINANCIAL OFFICER

I, Michael J. Sanwald, certify that:

1. I have reviewed this annual report on Form 10-K of The Bank of Princeton:

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of circumstances under which such statements were made, not misleading with respect to the period covered by this report.

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting

Date: April 14, 2016

/s/Michael J. Sanwald
Michael J. Sanwald
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

SECTION 1350 CERTIFICATIONS

In connection with the Annual Report of The Bank of Princeton (the “Bank”) on Form 10-K for the period ending December 31, 2015 as filed with the Federal Deposit and Insurance Corporation on the date hereof (the “Report”), the undersigned certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities and Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Bank.

/s/Edward Dietzler
Edward Dietzler
President
(Principal Executive Officer)

/s/Michael J. Sanwald
Michael J. Sanwald
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

April 14, 2016

NOTES:

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A special community deserves a special bank.

Who We Are

Board of Directors

Richard Gillespie, *Chairman*
Stephen Distler, *Vice Chairman*
Ross E. Wishnick, *Vice Chairman*
Edward J. Dietzler, *President*
Judith Giacin
Robert N. Ridolfi, Esq.
Stephen K. Shueh

Incorporators

Gregg E. Chaplin
Andrew M. Chon
Peter M. Crowley
Stephen Distler
Richard Gillespie
Bumsung K. Han
John A. Horvath
Kevin R. Kenyon
W. Andrew Krusen, Jr.
Janet M. Lasley
Emmett J. Lescroart
Dennis M. Machulsky
Casey K. Min
J. Scott Needham
Henry S. Opatut
Robert N. Ridolfi, Esq.
James M. Riley
Jeffrey H. Sands
Eric L. Steinfeldt
Ross E. Wishnick

Advisory Board, Princeton

J. Scott Needham, *Chairman*
George L. Bustin
Barbara Cuneo
Peter J. Dawson
Robert Dunn
Paul Gerard
Michael Goodman, Esq.
Yongkuen Joh
Martin Kahn
Emmett J. Lescroart
Lance Liverman
Jerry MacLean
Nelson Obus
Joseph Ridolfi
Chetan Shah
Scott Sipprelle

Advisory Board, New Brunswick

Thea Berkhout
Sam Boraie
James Decker
Glynn Dwyer
Jonathan Glick
Ninfa Mueller
Ros Neal
Beverly A. Poelstra
Mark Sherman
Pam Stefanek
H. Edward Wilkin, III

2007
The Bank of Princeton opened its doors for business.

Relationship Management

Commercial Lenders

Stephanie M. Williams, *Chambers*
Michele Lewis-Fleming, *Chambers*
Kris Muse, *Nassau*
Richard T. Livingston, *Montgomery*
William McDowell, *Pennington/ Lambertville*
Paul M. Bencivengo, *Hamilton*
William Wu, *Monroe*
William McCoy, *New Brunswick*
Paul Lombard, *Lawrenceville*
Jennifer Yoo, *Cheltenham*
Hiwon Kim, *Cheltenham*

Market Managers

Rose Russo, *Bayard*
Darshana Jadav, *Chambers*
Paul Sabol, *Nassau*
Roseanne Maresma, *Montgomery*
Rhoda Sundhar, *Pennington*
Trinace Johnson, *Hamilton*
Connie Inverso, *Monroe*
Amy Lavery, *Lambertville*
Miriam Colón, *New Brunswick*
Karin Broadway, *Lawrenceville*
Esther Youngsoon Sim, *Cheltenham*
Hae Ran Hwangbo, *North Wales*
Sokha Eng, *Arch Street*

Management & Support

Executive Management

Edward J. Dietzler
Carol R. Coles
Douglas V. Conover
Paul Y. Hyon
Daniel J. O'Donnell
Michael J. Sanwald

Marketing

Barbara A. Cromwell

Human Resources

Anna Maria Miller

Operations & Compliance

Stacy Miano
Karen D. Pfeifer
Kelly Tarity

Loan Administration

Karen A. Collier, *Loan Compliance*
Mary Beth Gorecki, *Consumer Credit*
Christopher Tonkovich, *Commercial Credit*

Finance

Michael LaPlante
Edward P. Hassenkamp

2015

The Bank has grown to include fourteen locations and one hundred forty employees.

Listening....

Executive Management
Pictured left

(Center)
Edward J. Dietzler
President of The Bank of Princeton

(Left to Right)
Carol R. Coles
EVP Chief Credit Officer

Michael J. Sanwald
EVP Chief Financial Officer

Daniel J. O'Donnell
EVP General Counsel
Chief Risk Officer

Douglas V. Conover
EVP Chief Lending Officer

Paul Y. Hyon
Regional President of MoreBank

Understanding...

Board of Directors
Pictured right (left to right)

Stephen K. Shueh

Robert N. Ridolfi, Esq.

Ross E. Wishnick
Vice Chairman

Andrew M. Chon
Chairman
(2007 - 2015)

Edward J. Dietzler

Judith Giacin

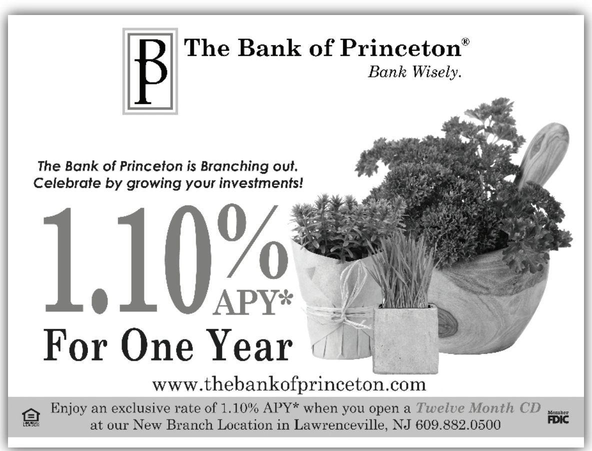
Richard Gillespie
Chairman
(appointed January 1, 2016)

Stephen Distler
Vice Chairman

Making a Difference.

Lawrenceville, our thirteenth Branch, opened its doors for business on November 9, 2015. Staffed by an outstanding team, comprised of both new and familiar faces, the Branch's deposit base grew substantially during the final months of 2015. The Lawrenceville Branch is conveniently located at 2999 Princeton Pike at the intersection of Franklin Corner Road. We invite you to visit the Branch and see why we say...

We Listen... We Understand... We Make a Difference!



We're branching out!
Exclusive 1.10%APY
Certificate of Deposit
&
Money Market Account
Offered at Lawrenceville
in 2015

Our Website Can Work for You!

The Bank of Princeton and MoreBank offer many valuable resources on our websites to assist with planning and managing finances. Review Personal and Business product information including interest rates. Find a number of practical forms available for download and print. Explore fraud prevention information as well as local weather updates.

Resources

Community Partners

Directors, Management, and Staff continued their support in partnership with over 215 organizations in 2015. Discover a current list located on the Community Page under the Resources tab.

Upcoming Events

View our Events Page and Calendar for Dates and Details!

We believe in supporting our community in unique ways. Visit the Art Gallery in our Lambertville Branch. On a nice day, spend time on the front porch, watching the activity on the river, while experiencing the local culture.

Find your passion, select an event or events and join us as we continue to support the markets we serve.

Experience firsthand how together we can make a difference!

Calculators

Discover over 20 essential calculators to facilitate budgets, plan for college savings, decide if you should refinance, or show you how much you could save by bringing your lunch to work!

Spotlight on Business

The Bank of Princeton and MoreBank maintain a focus on the business community. Each quarter, a business customer is selected and featured at the branch location specific to their market.

All thirteen Spotlights on Business are highlighted for one quarter and then archived on our website.

Investor Relations

Visit the Investor Relations area of our website to stay up to date on financial information and to view our press releases.

Have you downloaded the App?

Our personal Banking Apps, developed for both smart phones and the iPad, make life more convenient. Uncover links to the Apps on our website, in iTunes or Google Play for Android.
thebankofprinceton.com/personal/mobile-banking

History Timeline

2007
- $30 Million in Capital is Raised
- April 23rd - The Bank of Princeton Opens for Business on Chambers Street
- December - Pennington Opens as the 2nd Branch Location
- $66 Million in Total Year-End Assets

2008
- April - Hamilton Opens as the 3rd Branch Location
- November - Bayard Lane Opens as the 4th Branch Location & Corporate Headquarters
- $194 Million in Total Year-End Assets

2009
- Residential Mortgage is Introduced to Product Line
- Established Healthcare Financing Program
- The Operations Center Opens at Wall Street
- $265 Million in Total Year-End Assets

2010
- The Bank of Princeton Extends its Footprint to Pennsylvania with the Acquisition of MoreBank
- May - The Montgomery Branch Location is Purchased from Provident Bank
- December - The Monroe Branch Opens as the 9th Branch Location
- $488 Million in Total Year-End Assets

2011
- July - The Lambertville Branch Opens as the 10th Branch Location
- The North Wales Branch of MoreBank is relocated to a Newly Renovated Location
- $8.6 Million in Additional Capital is Raised
- December - Nassau Street Opens as the 11th Branch Location
- Ranked #15 by NJBiz as One of the 50 Fastest Growing Companies in New Jersey
- $665 Million in Total Year-End Assets

2012
- The Bank of Princeton Celebrates its Fifth Anniversary
- August - New Brunswick Opens as the 12th Branch Location
- December - The Arch Street Branch of MoreBank Opens in Chinatown
- Recognized by NJBiz as One of the 50 Fastest Growing Companies in New Jersey, Moving Up to 3rd Position
- $769 Million in Total Year-End Assets

2013
- Bayard Lane, Chambers Street and Hamilton each exceed $100 Million in Deposits
- Recognized by NJBiz as One of the 50 Fastest Growing Companies in New Jersey for the Third Consecutive Year
- $877 Million in Total Year-End Assets

2014
- The Lending Team, Consisting of 13 Individuals, Closes 250 Million in Commercial Loans
- The Bank of Princeton Loan Portfolio grows to $733 Million
- $955 Million in Total Year-End Assets

2015
- November - Lawrenceville Opens as the 13th Branch Location
- *The Bank of Princeton Reaches $1 Billion in Assets*

The Bank of Princeton®

Bank Wisely.

ACME Screening Room
Allies, Inc.
Alzheimer's Association
Alzheimer's New Jersey
American Cancer Society
American Heart Association
American Red Cross
American Repertory Ballet
Animal Alliance of New Jersey
Anchor House
Arc of Hunterdon County, The
Arts Council of Princeton
Autism Speaks
Bear Tavern Elementary School
Ben Franklin Elementary School
Big Brothers Big Sisters of Mercer County
Boy Scout Troop 29
Bridge Academy of New Jersey, The
Bucks County Playhouse
Building One New Jersey
Capital Health Auxiliary
Capital Health Foundation
Capital Region Minority Chamber of Commerce
Carrier Clinic
Catholic Charities Diocese of Trenton
Center for Child and Family Achievement
Center for Educational Advancement
Center for Family, Community & Social Justice, Inc., The
Center for Literacy
Chambers Street Holiday Stroll
Children's Home Society of New Jersey, The
Christine's Hope for Kids Foundation
Civic League of Greater New Brunswick
Community League of St. Mary's Medical Center, The
Community Options, Inc.
Communiversity
Corner House
Crossroads of the American Revolution
Crossroads Theatre Company
Crisis Ministry of Mercer County, The
Cub Scout Pack 185
Dance Stop Studio
Daytop New Jersey at Crawford House
D&R Greenway Land Trust
Delaware Township Schools, Partners in Education
Dress for Success
Eden Autism Services Foundation
Edison Chamber of Commerce
Elijah's Promise
Family Guidance Center
Financial Managers Society
Food Cupboard of the Inter-Faith Housing Alliance, The
Friendly Sons & Daughters of St. Patrick of Mercer County
Friends of Ely Park
Good Grief
Greater Lambertville-New Hope Chamber of Commerce
Greater Philadelphia Asian Social Services Center
Greater Philadelphia Korean American Association of 5 Northern Provinces
Greener New Jersey Productions
Greenwood House
Habitat for Humanity, Raritan Valley
Hamilton Area YMCA
Hamilton Education Foundation
Hamilton Post 31
Harrington Realty Charity Golf Tournament
Hibernia Fire Company
HiTOPS, Inc.
HomeFront
HomeSharing, Inc.
Hopewell Elementary School
Hopewell Harvest Fair
Hopewell Valley Arts Council
Hopewell Valley Education Foundation
Hopewell Valley Historical Society
Hopewell Valley Veterans Association
Hopewell Valley YMCA
Howell Living History Farm
Hunterdon County Chamber of Commerce
Hunterdon County YMCA
Hyacinth AIDS Foundation
Isles, Inc.
Jewish Family & Children Services
John Warms Montgomery High School Alumni Association
John Witherspoon Middle School
Joint Effort - Princeton Safe Streets Weekend
Kalmia Club, The
Korean American Association of Greater Philadelphia
Korean American Association of Southern New Jersey
Korean American Broadcasting Company
Korean American Institute of Princeton
Korean American Soccer Association of Greater Philadelphia
Korean Community Center of Greater Princeton
Lambertville/New Hope Winter Festival
Lambertville Area Education Foundation
Lambertville Historical Society
Lambertville Shad Fest
Lambertville-West Amwell Youth Baseball & Softball Association
Lamb Foundation, The
Langtree PTA
Lawrence Historical Society
Lawrence Township Education Foundation
Lawrenceville School Camps, The
Learning Center for Exceptional Children, The
Leukemia & Lymphoma Society
Lewis School of Princeton
LifeTies, Inc.
March of Dimes
Mary Jacobs Library Foundation

"It is every man's obligation to put back into the world at least the equivalent of what he takes out of it."

~ Albert Einstein

The Bank of Princeton®
Bank Wisely.

Meals on Wheels of Trenton/Ewing
Mercer County Bar Association
Mercer County Community College Foundation
Mercer County Park's Fall Food Truck Fiesta!
Mercer County Turkey Trot
Mercer Street Friends Food Bank
Mercerville Fire Company
Middlesex County Regional Chamber of Commerce
MidJersey Chamber of Commerce
Mid-Summer Marketing Showcase
Mil Al Mission
Montgomery Baseball League
Montgomery Basketball Association
Montgomery Business Association
Montgomery High School Cougar Football Club
Montgomery / Rocky Hill Rotary Club
Montgomery Rodeo
Montgomery Township Education Foundation
Montgomery Township Environmental Commission
Montgomery Township Fireworks Committee
Montgomery Township Volunteer Fire Company No. 1 & No. 2
Montgomery Woman's Club
Morven Museum & Garden
NAMI Mercer New Jersey
Nassau Hockey League
National Kidney Foundation
New Brunswick City Market
New Brunswick Community Food Alliance
New Brunswick Little League
New Brunswick Recreation
New Hope Automobile Show
New Hope Film Festival
New Hope Historical Society
New Hope Solebury Spirit Run
New Jersey Association of Community Providers
New Jersey Bankers Association
New Jersey Business & Industry Association
New Jersey Foundation for Aging
New Vision Youth Community Center
Notre Dame High School
One Simple Wish
Parkinson Alliance, The
Paul Robeson House, The
Penn Asian Senior Services
Pennington Business & Professional Association
Pennington Day, Inc.
Pennington Montessori
Pennington Volunteer Fire Company
People & Stories
Philadelphia Chinatown Development Corporation
Philadelphia Holy Redeemer Chinese Catholic Church & School
Philadelphia Korean Senior Golf Association
PlanSmart NJ
Princeton Academy of the Sacred Heart
Princeton Area Alumni Association
Princeton Education Foundation
Princeton Family YMCA
Princeton Historical Society
Princeton in Africa
PrincetonKIDS
Princeton Merchants Association
Princeton Prize in Race Relationships, The
Princeton Pro Musica
Princeton Public Library
Princeton Recreation Department
Princeton Regional Chamber of Commerce
Princeton Senior Resource Center
Princeton Symphony Orchestra
Princeton University Summer Chamber Concerts
Princeton Youth Baseball Association
Rapter Trust, The
Recreation Foundation of Hopewell Valley, Inc.
Riverside Symphonia
Rocky Hill Fire Department
Ronald McDonald House
Rotary Club of Princeton
Rutgers Dance Marathon
Robert Wood Johnson Hamilton Foundation
Ryan's Quest
St. Francis Medical Center Foundation
St. Peter the Apostle Church
SAVE, A Friend to Homeless Animals
Science Mentors 1 to 1
Send Hunger Packing Princeton
SERV Behavioral Health Systems
Shalom Heritage Center
Sixth Man Club
Solebury Township Historical Society
Special Olympics NJ
Special Strides
Steamboat Floating Classroom
Steinert DECA Student Fund
Students Change Hunger
Thomas Edison State College Foundation
Trenton Area Soup Kitchen
Trenton Catholic Academy
Trenton Public Education Foundation
Trinity Church
UIH Family Partners
United Way of Hunterdon County
Unity Square / New Brunswick 4-H Trunk or Treat
VolunteerConnect
Waldorf School of Princeton
West Amwell Township
Womanspace
Wounded Warriors Project
Yeshivas Ohr Hatorah
Yeshivat Keter Torah
YMCA Camp Mason
YWCA of Trenton
YWCA Princeton

CORPORATE HEADQUARTERS
183 Bayard Lane
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21 Chambers Street
Princeton, NJ 08542

NASSAU
194 Nassau Street
Princeton, NJ 08542

MONTGOMERY
1185 Route 206 North
Princeton, NJ 08540

PENNINGTON
2 Route 31 South
Pennington, NJ 08534

HAMILTON
339 Route 33
Hamilton, NJ 08619

MONROE
1 Rossmoor Drive, Ste 120
Monroe Twp, NJ 08831

LAMBERTVILLE
10 Bridge Street
Lambertville, NJ 08530

NEW BRUNSWICK
1 Spring Street, Ste 102
New Brunswick, NJ 08901

LAWRENCEVILLE
2999 Princeton Pike
Lawrenceville, NJ 08648

OPERATIONS CENTER
403 Wall Street
Princeton, NJ 08540

CHELTENHAM
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Philadelphia, PA 19126

NORTH WALES
1222 Welsh Road
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