Bancorp of New Jersey, Inc.

2015
ANNUAL REPORT

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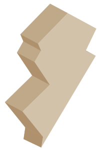


Bancorp of New Jersey, Inc.

To Our Shareholders and Friends:

Once again, it is with great pride that we announce the Company's financial results. This is our tenth annual report, and it presents the financial results for the year ended December 31, 2015. It reflects the continued growth and profitability of Bancorp of New Jersey, Inc. and its wholly owned subsidiary, Bank of New Jersey.

During this past year, we are proud to report that:

- Net Income reached its highest level and exceeded $4.8 million;
- Our record-breaking initial capital of $43.6 million grew to over $81 million;
- Assets exceeded $800 million, an increase of $59.2 million or 8% from year-end 2014;
- Total deposits exceeded $700 million, an increase of $51.8 million or 8% from year-end 2014;
- Our loan portfolio has grown to $645.1 million, an increase of $11.1 million from year-end 2014;
- Our on-going stream of quarterly and annual profits has continued uninterrupted since 2007 and our allowance for loan loss has increased to $8 million in 2015;
- We remain focused on enhancing shareholder value with the continuation of earnings in combination with a dividend policy reflective of that focus;
- Our tenth location at 750 East Palisade Avenue, Englewood Cliffs, NJ, is under construction and is expected to open during 2016;
- We continue to be proud of our achievements in today's challenging environment and remain focused on meeting these challenges through commitment, dedication, and attention to our customers.

We thank our shareholders, customers, directors and dedicated staff for our fine performance and endeavor to continue and exceed these results.

A happy, healthy and profitable 2016 to all.

Gerald A. Calabrese, Jr.	Nancy E. Graves
Chairman of the Board	President and CEO

TABLE OF CONTENTS

PAGE

Forward-Looking Statements....3
Consolidated Balance Sheets....4
Consolidated Statements of Income....5
Consolidated Statements of Comprehensive Income....6
Consolidated Statements of Stockholders' Equity....7
Consolidated Statements of Cash Flows....8
Notes to Consolidated Financial Statements....9
Report of Independent Registered Public Account Firm....42
Management's Discussion and Analysis of Financial Condition and Results of Operations....43
Business....62
Market for Registrant's Common Equity, Related Stockholder Matters
and Issuer Purchases of Equity Securities....76
Directors and Executive Officers....78

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements, in addition to historical information. Forward looking statements are typically identified by words or phrases such as “believe,” “expect,” “anticipate,” “intend,” “estimate,” “project,” and variations of such words and similar expressions, or future or conditional verbs such as “will,” “would,” “should,” “could,” “may,” or similar expressions. The U.S. Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, provide a safe harbor in regard to the inclusion of forward-looking statements in this document and documents incorporated by reference.

You should note that many factors, some of which are discussed elsewhere in this document and in the documents that are incorporated by reference, could affect the future financial results of Bancorp of New Jersey, Inc. and its subsidiaries and could cause those results to differ materially from those expressed in the forward-looking statements contained or incorporated by reference in this document. These factors include, but are not limited, to the following:

- Economic conditions affecting the financial industry;
- Changes in interest rates and shape of the yield curve;
- Credit risk associated with our lending activities;
- Risks relating to our market area, significant real estate collateral and the real estate market;
- Legislative and regulatory changes and our ability to comply with the significant laws and regulations impacting the banking and financial services industry;
- Operating, legal and regulatory compliance risk;
- Regulatory capital requirements and our ability to raise and maintain capital;
- Our ability to prevent, detect and respond to any cyberattacks in order to protect our information assets and supporting infrastructure including information of our customers;
- Our ability to attract and retain well-qualified management;
- Fiscal and monetary policy;
- Economic, political and competitive forces affecting our business;
- Risks associated with potential business combinations; and
- That management’s analysis of these risks and factors could be incorrect, and/or that the strategies developed to address them could be unsuccessful.

Bancorp of New Jersey, Inc., referred to as “we” or the “Company,” cautions that these forward-looking statements are subject to numerous assumptions, risks and uncertainties, all of which change over time, and we assume no duty to update forward-looking statements, except as may be required by applicable law or regulation, and except as required by applicable law or regulation, we do not undertake, and specifically disclaim any obligation, to publicly release any revisions to any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements. We caution readers not to place undue reliance on any forward-looking statements. These statements speak only as of the date made, and we advise readers that various factors, including those described above, could affect our financial performance and could cause actual results or circumstances for future periods to differ materially from those anticipated or projected.

CONSOLIDATED BALANCE SHEETS

December 31, 2015 and 2014
(Dollars in thousands, except share data)

	2015	2014
Assets		
Cash and due from banks	$ 2,238	$ 1,218
Interest bearing deposits	71,497	20,386
Federal funds sold	454	456
Total cash and cash equivalents	74,189	22,060
Interest bearing time deposits	1,000	1,000
Securities available for sale	64,750	58,451
Securities held to maturity (fair value $5,829 and $15,921 at December 31, 2015 and 2014, respectively)	5,829	15,923
Restricted investment in bank stock, at cost	2,020	2,162
Loans:	645,062	633,958
Deferred loan fees and costs, net	(381)	(414)
Allowance for loan losses	(8,020)	(7,192)
Net loans	636,661	626,352
Premises and equipment, net	10,500	10,136
Accrued interest receivable	2,305	2,441
Other real estate owned	512	897
Other assets	5,154	4,266
Total assets	$ 802,920	$ 743,688
Liabilities and Stockholders' Equity		
Deposits:		
Noninterest-bearing demand deposits	$ 117,919	$ 89,510
Savings and interest bearing transaction accounts	232,456	200,585
Time deposits under $250K	192,560	175,250
Time deposits $250K and over	157,804	183,629
Total deposits	700,739	648,974
Borrowed funds	26,529	32,950
Accrued expenses and other liabilities	2,499	1,870
Total liabilities	729,767	683,794
Commitments and Contingencies	-	-
Stockholders' equity:		
Common stock, no par value, authorized 20,000,000 shares; issued and outstanding 6,240,241 and 5,369,984 December 31, 2015 and 2014, respectively	60,509	50,998
Retained earnings	12,940	9,635
Accumulated other comprehensive loss	(296)	(739)
Total stockholders' equity	73,153	59,894
Total liabilities and stockholders' equity	$ 802,920	$ 743,688

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF INCOME

Years ended December 31, 2015 and 2014
(Dollars in thousands, except per share data)

	2015	2014
Interest income:		
Loans, including fees	$ 30,451	$ 26,879
Securities	887	927
Interest-earning deposits in banks	182	48
Federal funds sold	6	5
Total interest income	31,526	27,859
Interest expense:		
Savings and money markets	1,244	999
Time deposits	6,332	5,397
Borrowed funds	465	215
Total interest expense	8,041	6,611
Net interest income	23,485	21,248
Provision for loan losses	924	3,075
Net interest income after provision for loan losses	22,561	18,173
Non interest income		
Fees and service charges on deposit accounts	324	207
Losses on sale of securities	(15)	(16)
Total non interest income	309	191
Non interest expense		
Salaries and employee benefits	7,634	6,503
Occupancy and equipment expense	2,805	2,608
FDIC and state assessments	911	399
Legal fees	287	217
Other real estate owned related expenses	226	54
Professional fees	774	444
Data processing	974	817
Other operating expenses	1,916	1,411
Total non interest expenses	15,527	12,453
Income before income taxes	7,343	5,911
Income tax expense	2,535	2,121
Net income	$ 4,808	$ 3,790
Earnings per share:		
Basic	$ 0.79	$ 0.71
Diluted	$ 0.79	$ 0.70

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years ended December 31, 2015 and 2014

(Dollars in Thousands)

	2015	2014
Net income	$ 4,808	$ 3,790
Other comprehensive income:		
Net unrealized holding gains on securities available for sale arising during the period, net of income tax expense of $253 and $600, respectively	452	928
Reclassification adjustment for losses on sales of securities, net of income tax benefit of $6 and $6, respectively	(9)	(10)
Other comprehensive income	443	918
Comprehensive income	$ 5,251	$ 4,708

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Years ended December 31, 2015 and 2014

(Dollars in Thousands)

	Common Stock	Retained Earnings	Accumulated Other Comprehensive (Loss)	Total
Balance at January 1, 2014	50,475	7,132	(1,657)	55,950
Exercise of stock options (26,000 shares)	273	-	-	273
Stock based compensation	250	-	-	250
Dividends on common stock ($0.24 per share)	-	(1,287)	-	(1,287)
Net income	-	3,790	-	3,790
Total other comprehensive income	-	-	918	918
Balance at December 31, 2014	50,998	9,635	(739)	59,894
Exercise of stock options (2,200 shares)	20	-	-	20
Stock based compensation	211	-	-	211
Dividends on common stock ($0.24 per share)	-	(1,503)	-	(1,503)
Net income	-	4,808	-	4,808
Sale of common stock through a private placement (868,057 shares issued)	9,280			9,280
Total other comprehensive income	-	-	443	443
Balance at December 31, 2015	$ 60,509	$ 12,940	$ (296)	$ 73,153

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2015 and 2014

(In Thousands)

	2015	2014
Cash flows from operating activities:		
Net income	$ 4,808	$ 3,790
Adjustments to reconcile net income to net cash provided by Operating activities:		
Provision for loan losses	924	3,075
Amortization of securities premiums	112	109
Deferred tax benefit	(542)	(406)
Depreciation and amortization	615	570
Stock based compensation	211	250
Accretion of net loan origination fees	(33)	75
Loss on sale of securities	15	16
Loss on sale of other real estate owned	6	54
Write down of other real estate owned	217	-
Changes in operating assets and liabilities:		
Decrease (increase) in accrued interest receivable	136	(985)
Decrease (increase) in other assets	(594)	1,545
(Increase) in other liabilities	629	349
Net cash provided by operating activities	6,504	8,442
Cash flows from investing activities:		
Purchases of securities available for sale	(23,720)	-
Purchases of securities held to maturity	(5,829)	(11,923)
Proceeds from maturities of securities held to maturity	15,923	14,014
Proceeds from called or matured securities available for sale	11,000	-
Proceeds from sales of securities available for sale	6,985	10,984
Purchase of restricted investment in bank stock	(170)	(1,370)
Proceeds from calls of restricted investment of bank stock	312	-
Proceeds from sale of other real estate owned	162	1,090
Net increase in loans	(11,200)	(164,229)
Purchases of premises and equipment	(979)	(279)
Net cash used in investing activities	(7,516)	(151,713)
Cash flows from financing activities:		
Net increase in deposits	51,765	95,654
Net (decrease) increase in borrowed funds	(6,421)	32,950
Dividends paid	(1,503)	(1,287)
Proceeds from the sale of common stock through the private placement	9,280	-
Proceeds from exercise of options	20	273
Net cash provided by financing activities	53,141	127,590
Increase (decrease) in cash and cash equivalents	52,129	(15,681)
Cash and cash equivalents at beginning of year	22,060	37,741
Cash and cash equivalents at end of year	**$ 74,189**	**$ 22,060**
Supplemental information:		
Cash paid during the year for:		
Interest	$ 8,083	$ 6,488
Taxes	$ 3,173	$ 2,464
Supplemental disclosure of non-cash investing and financing transactions:		
Loans transferred to other real estate owned	$ -	$ 1,077

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. Summary of Significant Accounting Policies

Basis of Financial Statement Presentation

The accompanying consolidated financial statements include the accounts of Bancorp of New Jersey, Inc. (together with its consolidated subsidiary, the "Company"), and its direct wholly-owned subsidiary, Bank of New Jersey (the "Bank") and the Bank's wholly-owned subsidiaries, BONJ-New York Corp., BONJ-New Jersey Investment Company, BONJ- Delaware Investment Company, and BONJ REIT, Inc. All significant inter-company accounts and transactions have been eliminated in consolidation.

The Company was incorporated under the laws of the State of New Jersey to serve as a holding company for the Bank and to acquire all the capital stock of the Bank (referred to herein as the "holding company reorganization").

Nature of Operations

The Company's primary business is ownership and supervision of the Bank. The Bank commenced operations as of May 10, 2006. The Company, through the Bank, conducts a traditional commercial banking business, accepting deposits from the general public, including individuals, businesses, non-profit organizations, and governmental units. The Bank makes commercial loans, consumer loans, and both residential and commercial real estate loans. In addition, the Bank provides other customer services and makes investments in securities, as permitted by law.

Since opening in May, 2006, the Bank has established eight branch offices in addition to its main office. The Bank expects to continue to seek additional strategically located branch locations within Bergen County. Particular emphasis will be placed on presenting an alternative banking culture in communities which are dominated by non-local competitors and where no community banking approach exists or in locations which the Company perceives to be economically emerging.

During the second quarter of 2009, the Bank formed BONJ-New York Corporation. The New York subsidiary is engaged in the business of acquiring, managing and administering portions of Bank of New Jersey's investment and loan portofolios. During 2014, the Bank formed BONJ-Delaware Investment Company and BONJ-New Jersey Investment Company to use to acquire, manage and administer portions of the Bank of New Jersey's investments and loans. Also in 2014, the Bank formed BONJ-REIT, Inc. This company was formed to acquire, manage and administer portions of the Bank's loans. BONJ-Reit, Inc. is owned by BONJ-Delaware Investment Company.

On March 2, 2015, the Company closed on a private placement of approximately $9.5 million, or 868,057 shares of its common stock at a price of $10.95 per share. The shares of common stock were offered and were sold in a private placement pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended. The shares have not been registered under the Securities Act, or the securities laws of any other jurisdiction, and may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements. Each of the investors in the private placement is a member of the Company's board of directors or related party. The Company has contributed the proceeds, net of costs associated with the private placement, to its banking subsidiary, Bank of New Jersey, to enhance its capital, fund future growth and for general working capital.

Use of 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 valuation of the deferred tax asset, the determination of other-than-temporary impairment on securities, and the potential impairment of restricted stock.

While management uses available information to recognize estimated losses on loans, future additions may be necessary based on changes in economic conditions. In addition, various regulatory agencies, as an integral part of their examination process, periodically review the Company's allowance for loan losses. These agencies may require the Company to recognize additions to the allowance based on their judgements of information available to them at the time of their examination.

The financial statements have been prepared in conformity with U.S. GAAP. In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and revenues and expenses for the period indicated. Actual results could differ significantly from those estimates.

Significant Group of Concentration of Credit Risk
The Company's activities are, primarily, with customers located within Bergen County, New Jersey. The Company does not have any significant concentration to any one industry or customers within its primary service area. Note 3 describes the types of lending in which the Company engages. Although the Company actively manages the diversification of the loan portfolio, a substantial portion of the debtors' ability to honor their contracts is dependent on the strength of the local economy.

Cash and Cash Equivalents
Cash and cash equivalents include cash and due from banks, interest-bearing deposits in banks, and federal funds sold, which are generally sold for one-day periods.

Interest-bearing deposits in banks
Interest-bearing deposits in banks are carried at cost.

Regulators
The Bank is subject to federal and New Jersey statutes applicable to banks chartered under the New Jersey banking laws. The Bank's deposits are insured by the Federal Deposit Insurance Corporation ("FDIC"). Accordingly, the Bank is subject to regulation, supervision, and examination by the New Jersey State Department of Banking and Insurance and the FDIC. The Company is subject to regulation, supervision and examination by the Board of Governors of the Federal Reserve System.

Securities
The Company reports investment securities in one of the following categories: (i) held to maturity (management has the intent and ability to hold to maturity), which are reported at amortized cost; (ii) trading (held for current resale), which are reported at fair value, with unrealized gains and losses included in earnings; and (iii) available for sale, which are reported at fair value, with unrealized gains and losses excluded from earnings and reported as a separate component of stockholders' equity. The Company has classified all of its holdings of investment securities as either held to maturity or available for sale. At the time a security is purchased, a determination is made as to the appropriate classification.

Premiums and discounts on investment securities are amortized as expense and accreted as income over the estimated life of the respective security using a method that generally approximates the level-yield method. Gains and losses on the sales of investment securities are recognized upon realization, using the specific identification method and shown separately in the consolidated statements of operations.

Management evaluates securities for Other Than Temporary Impairment (OTTI) on at least a quarterly basis, and more frequently when economic or market conditions warrant such an evaluation. For securities in an unrealized loss position, management considers the extent and duration of the unrealized loss and the financial condition and near-term prospects of the issuer. Management also assesses

whether it intends to sell, or it is more likely than not that it will be required to sell, a security in an unrealized loss position before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the entire difference between amortized cost and fair value is recognized as impairment through earnings. For debt securities that do not meet the aforementioned criteria, the amount of impairment is split into two components as follows: 1) OTTI related to credit loss, which must be recognized in the statement of income and 2) OTTI related to other factors, which is recognized in other comprehensive income (loss). The credit loss is defined as the difference between the present value of the cash flows expected to be collected and the amortized cost basis. For equity securities, the entire amount of impairment is recognized through earnings.

Premises and Equipment
Premises and equipment are stated at historical cost, less accumulated depreciation and amortization. Depreciation of fixed assets is accumulated on a straight-line basis over the estimated useful lives of the related assets. Leasehold improvements are amortized on a straight-line basis over the shorter of their estimated useful lives or the term of the related lease. The estimated lives of our premises and equipment range from 3 years for certain computer related equipment to 30 years for building costs associated with newly constructed buildings. Maintenance and repairs are charged to expense in the year incurred.

Loans and Allowance for Loan Losses
Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are stated at their outstanding unpaid principal balances, net of an allowance for loan losses and any deferred fees or 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 (interest income) of the related loans. The Company is generally amortizing these amounts over the contractual life of the loan. Premiums and discounts on purchased loans are amortized as adjustments to interest income using the effective yield method.

The loans receivable portfolio is segmented into commercial and consumer loans. Commercial loans consist of the following classes: commercial and industrial ("commercial") and commercial real estate which includes commercial construction loans. Consumer loans consist of residential mortgage loans, home equity loans and other consumer loans.

For all classes of loans receivable, the accrual of interest is discontinued when the contractual payment of principal or interest has become 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 classes of loans receivable is determined based on contractual due dates for loan payments.

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 balance sheets. 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. Non-residential consumer loans are generally charged off no later than 180 days past due on a contractual basis, earlier in the event of bankruptcy, or if there is an amount deemed uncollectible. Because all identified losses are immediately charged off, no portion of the allowance for loan losses is restricted to any individual loan or groups of loans, and the entire allowance is available to absorb any and all loan losses.

The allowance for credit losses is maintained at a level considered adequate to provide for losses that are probable and reasonable to estimate. Management performs a quarterly evaluation of the adequacy of the allowance. The allowance is based on the Company's past loan loss experience, known and inherent risks in the loan portfolio and unfunded commitments, adverse situations that may affect the borrower's ability to repay, the estimated value of any underlying collateral, 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 for loan losses 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 class including commercial loans not considered impaired, as well as smaller balance homogeneous loans, such as residential real estate, home equity 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. 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 and other loan modifications.
6. Quality of the Company's loan review system, and the degree of oversight by the Company's board of directors.
7. Existence and effect of any concentrations of credit and changes in the level of such concentrations.
8. Effect of external factors, such as competition and legal and regulatory requirements.

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.

An unallocated component 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 Company 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. 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 by either the present value of expected future cash flows discounted at the loan's effective interest rate or the fair value of the collateral if the loan is collateral dependent. Loans for which the terms have been modified resulting in a concession, and for which the borrower is experiencing financial difficulties, are considered troubled debt restructurings ("TDR") and classified as impaired.

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 Company's impaired loans are measured based on the estimated fair value of the loan's collateral.

For commercial loans secured by real estate, estimated fair values are determined primarily through third-party appraisals. When a real estate secured loan becomes impaired, a decision is made regarding whether an updated certified 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 loans secured by non-real estate collateral, such as accounts receivable, 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 Company does not separately identify individual residential mortgage loans, home equity loans and other consumer loans for impairment disclosures, unless such loans are the subject of a troubled debt restructuring agreement.

Loans whose terms are modified are classified as troubled debt restructurings if the Company grants such borrowers 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. Loans classified as TDRs are designated as impaired and evaluated for impairment until they are ultimately repaid in full or foreclosed and sold. 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.

The Company's methodology for the determination of the allowance for loan losses includes further segregation of loan classes 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 criticized special mentions 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 as a loss are considered uncollectible and are charged to the allowance for loan losses. Loans not classified are rated pass.

In addition to the Company's methodology, Federal regulatory agencies, as an integral part of their examination process, periodically review the Company's allowance for loan losses and may require the Company to recognize additions to the allowance based on their judgments about information available to them at the time of their examination, which may not be currently available to management. Based on management's comprehensive analysis of the loan portfolio, management believes the current level of the allowance for loan losses was adequate.

Other Real Estate Owned

Other real estate owned consists of real estate acquired by foreclosure and is initially recorded at fair value, less estimated selling costs. Subsequent to foreclosure, revenues are included in non-interest income and expenses from operations and lower of cost or market changes in the valuation are included in non-interest expenses.

Stock-Based Compensation

ASC Topic 718 *Compensation-Stock Compensation* addresses the accounting for share-based payment transactions in which an enterprise receives employee service in exchange for (a) equity instruments of the enterprise or (b) liabilities that are based on the fair value of the enterprise's equity instruments or that may be settled by the issuance of such equity instruments. Guidance requires an entity to recognize the grant-date fair value of stock options and other equity-based compensation issued to employees within the income statement using a fair-value-based method. The Company accounts for stock options under these recognition and measurement principles.

The Company recorded stock-based compensation expense of $211 thousand and $250 thousand during 2015 and 2014, respectively. At December 31, 2015, the Company had no unrecognized compensation expense related to stock options. At December 31, 2015, the Company had $451,000 of unrecognized compensation expense related to unvested restricted stock granted in 2015.

Stockholders' Equity and Related Transactions

On March 2, 2015, the Company closed on a private placement of approximately $9.5 million (net of expenses, approximatley $9.3 million) or 868,057 shares of its common stock at a price of $10.95 per share. The shares of common stock were offered and were sold in a private placement pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended. The shares have not been registered under the Securities Act, or the securities laws of any other jurisdiction, and may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements. Each of the investors in the private placement was a member of the Company's board of directors or related party. The Company contributed the proceeds of the private placement to the Bank.

Income Taxes
The Company uses the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized 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 in effect for the year 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 income in the period that includes the enactment date.

As required by ASC Topic 740, *Income Taxes*, the Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. The Bank applied ASC Topic 740 to all tax positions for which the statute of limitations remained open. There was no material effect on the Company's consolidated financial position or results of operations and no adjustment to retained earnings.

The Company recognizes interest and penalties on income taxes as a component of income tax.

Earnings Per Share
Basic earnings per share excludes dilution and represents the effect of earnings upon the weighted average number of shares outstanding for the period. Diluted earnings per share reflects the effect of earnings upon weighted average shares including the potential dilution that could occur if securities or contracts to issue common stock were converted or exercised, utilizing the treasury stock method.

Comprehensive Income
Comprehensive income consists of net income for the current period and income, expenses, or gains and losses not included in the income statement and which are reported directly as a separate component of equity. The Company includes the required disclosures in the statements of comprehensive income.

Advertising
The Company expenses advertising costs as incurred. Advertising expenses totaled $289 thousand and $245 thousand for 2015 and 2014, respectively.

Transfer 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, or the ability to unilaterally cause the holder to return specific assets.

Restricted Investment in Bank Stock
Restricted investment in bank stocks which represent required investments in the common stock of correspondent banks, is carried at cost and consists of the common stock of the Federal Home Loan Bank of New York (the "FHLB") of $1.9 million and $2.1 million and Atlantic Community Bankers Bank, formerly Atlantic Central Bankers Bank (the "ACBB") of $100 thousand and $100 thousand, as of December 31, 2015 and 2014, respectively. Federal law requires a member institution of the Federal

Home Loan Bank to hold stock according to a predetermined formula. All restricted stock is recorded at cost as of December 31, 2015 and 2014.

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

Restrictions on Cash and Amounts Due From Banks

The Bank is required to maintain average balances on hand or with the Federal Reserve Bank of New York ("FRB"). At December 31, 2015 and 2014, these reserve balances amounted to $3.4 million and $1.2 million, respectively, and are reflected in interest bearing deposits in banks.

NOTE 2. Securities

A summary of securities held to maturity and securities available for sale at December 31, 2015 and 2014 is as follows (in thousands):

2015	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities Held to Maturity:				
Obligations of states and political subdivisions	$ 5,829	$ -	$ -	$ 5,829
Total securities held to maturity	5,829	-	-	5,829
Securities Available for Sale:				
U.S. Treasury obligations	6,512	-	(159)	6,353
Government sponsored enterprise obligations	58,720	-	(323)	58,397
Total securities available for sale	65,232	-	(482)	64,750
	$ 71,061	$ -	$ (482)	$ 70,579

2014	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities Held to Maturity:				
Obligations of states and political subdivisions	$ 11,923	$ -	$ -	$ 11,923
U.S. Treasury obligations	4,000	-	(2)	3,998
Total securities held to maturity	15,923	-	(2)	15,921
Securities Available for Sale:				
U.S. Treasury obligations	6,623	-	(221)	6,402
Government sponsored enterprise obligations	53,000	-	(951)	52,049
Total securities available for sale	59,623	-	(1,172)	58,451
	$ 75,546	$ -	$ (1,174)	$ 74,372

Securities with an amortized cost of $31.3 million and a fair value of $31.0 million, respectively, were pledged to secure public funds on deposit at December 31, 2015. In addition, securities with an amortized cost of $11.2 million and a fair value of $11.1 million were pledged to secure borrowings with the ("FHLB") as of December 31, 2015. Securities with an amortized cost of $10.4 million and a fair value of $10.1 million, respectively, were pledged to secure public funds on deposit at December 31, 2014. Securities with an amortized cost of $17.2 million and a fair value of $16.9 million were pledged to secure borrowings with the FHLB as of December 31, 2014.

For the year ended December 31, 2015, the Company sold three securities from its available for sale portfolio. The Company recognized a loss of approximately $15 thousand from the sale of these securities. For the year ended December 31, 2014, the Company sold five securities from its available for sale portfolio. The Company recognized a loss of approximately $16 thousand from the sale of those securities. The Company did not sell any securities from its held to maturity portfolio in 2015 or 2014.

The unrealized losses, categorized by the length of time of continuous loss position, and the fair value of related securities available for sale at December 31, 2015 and 2014 are as follows (in thousands):

2015	Less than 12 Months		More than 12 Months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Securities Available for Sale:						
U.S. Treasury obligation	-	-	6,354	(159)	6,354	(159)
Government Sponsored						
Enterprise obligations	15,707	(12)	42,689	(311)	58,396	(323)
Total securities available for sale	15,707	(12)	49,043	(470)	64,750	(482)
	$ 15,707	$ (12)	$ 49,043	$ (470)	$ 64,750	$ (482)

2014	Less than 12 Months		More than 12 Months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Securities Held to Maturity:						
U.S. Treasury obligations	$ -	$ -	$ 3,998	$ (2)	$ 3,998	$ (2)
Securities Available for Sale:						
U.S. Treasury obligation	-	-	6,402	(221)	6,402	(221)
Government Sponsored						
Enterprise obligations	2,994	(6)	49,055	(945)	52,049	(951)
Total securities available for sale	2,994	(6)	55,457	(1,166)	58,451	(1,172)
	$ 2,994	$ (6)	$ 59,455	$ (1,168)	$ 62,449	$ (1,174)

Unrealized losses at December 31, 2015 consisted of losses on sixteen investments in government sponsored enterprise obligations, and two in U. S. Treasury securities, all of which were caused by interest rate increases. Thirteen of the investments with unrealized losses at December 31, 2015 were in a loss position for more than twelve months. The contractual terms of those investments do not permit the issuer to settle the securities at a price less than the amortized cost basis of the investments. Because the Company does not intend to sell the investments and it is not more likely than not that the Company will be required to sell the investments before recovery of their amortized cost basis, which may be maturity, the Company does not consider those investments to be other-than-temporarily impaired at December 31, 2015.

The following table sets forth as of December 31, 2015, the maturity distribution of the Company's held to maturity and available for sale portfolios (in thousands):

	2015			
	Securities Held to Maturity		Securities Available for Sale	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
1 year or less	$ 5,829	$ 5,829	$ 15,720	$ 15,708
After 1 year to 5 years	-	-	49,512	49,042
	$ 5,829	$ 5,829	$ 65,232	$ 64,750

NOTE 3. Loans and Allowance for Loan Losses

Loans at December 31, 2015 and 2014, are summarized as follows (in thousands):

	2015	2014
Commercial real estate	$ 460,396	$ 431,727
Residential mortgages	48,698	56,079
Commercial	69,855	75,174
Home equity	63,308	69,631
Consumer	2,805	1,347
	$ 645,062	$ 633,958

The Company grants loans primarily to New Jersey residents and businesses within its local market area. Its borrowers' abilities to repay their obligations are dependent upon various factors, including the borrowers' income and net worth, cash flows generated by the underlying collateral, value of the underlying collateral and priority of the Company's lien on the property. Such factors are dependent upon various economic conditions and individual circumstances beyond the Company's control; the Company is therefore subject to risk of loss. The Company designs its lending policies and procedures to manage the exposure to such risks and that the allowance for loan losses is maintained at a level which is believed to be adequate to provide for losses known and inherent in our loan portfolio that are both probable and reasonable to estimate.

The following table presents the activity in the allowance for loan losses and recorded investment in loan receivables as of and for the year ended December 31, 2015 (in thousands):

	Commercial Real Estate	Residential Mortgages	Commercial	Home Equity	Consumer	Unallocated	Total
Allowance for loan losses:							
Beginning Balance	$ 4,950	$ 348	$ 1,128	$ 500	$ 24	$ 242	$ 7,192
Charge-offs	(60)	-	(264)	-	-	-	(324)
Recoveries	226	-	2	-	-	-	228
Provision	450	224	200	73	15	(38)	924
Ending balance	$ 5,566	$ 572	$ 1,066	$ 573	$ 39	$ 204	$ 8,020
Ending balance: individually evaluated for impairment	$ -	$ 267	$ -	$ 80	$ -	$ -	$ 347
Ending balance: collectively evaluated for impairment	$ 5,566	$ 305	$ 1,066	$ 493	$ 39	$ 204	$ 7,673
Loan receivables:							
Ending balance	$ 460,396	$ 48,698	$ 69,855	$ 63,308	$ 2,805	$ -	$ 645,062
Ending balance: individually evaluated for impairment	$ 842	$ 4,524	$ -	$ 2,626	$ -	$ -	$ 7,992
Ending balance: collectively evaluated for impairment	$ 459,554	$ 44,174	$ 69,855	$ 60,682	$ 2,805	$ -	$ 637,070

The following table presents the activity in the allowance for loan losses and recorded investment in loan receivables as of and for the year ended December 31, 2014 (in thousands):

	Commercial Real Estate	Residential Mortgages	Commercial	Home Equity	Consumer	Unallocated	Total
Allowance for loan losses:							
Beginning Balance	$ 3,707	$ 325	$ 969	$ 593	$ 26	$ 155	$ 5,775
Charge-offs	(940)	(32)	(327)	(72)	(93)	-	(1,464)
Recoveries	-	-	4	-	-	-	4
Reclassification	-	-	-	-	-	(198)	(198)
Provision	2,183	55	482	(21)	91	285	3,075
Ending balance	$ 4,950	$ 348	$ 1,128	$ 500	$ 24	$ 242	$ 7,192
Ending balance: individually evaluated for impairment	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Ending balance: collectively evaluated for impairment	$ 4,950	$ 348	$ 1,128	$ 500	$ 24	$ 242	$ 7,192
Loan receivables:							
Ending balance	$ 431,727	$ 56,079	$ 75,174	$ 69,631	$ 1,347	$ -	$ 633,958
Ending balance: individually evaluated for impairment	$ 1,787	$ 4,455	$ -	$ 2,512	$ -	$ -	$ 8,754
Ending balance: collectively evaluated for impairment	$ 429,940	$ 51,624	$ 75,174	$ 67,119	$ 1,347	$ -	$ 625,204

The performance and credit quality of the loan portfolio is also monitored by analyzing the age of the loans receivable as determined by the length of time a recorded payment is past due. The following tables present the classes of the loan portfolio summarized by the past due status as of December 31, 2015 and 2014 (in thousands):

2015	30-59 Days Past Due	60-89 Days Past Due	Greater than 90 Days	Total Past Due	Current	Total Loans Receivables	Nonaccrual Loans
Commercial real estate	$ 402	$ -	$ 842	$ 1,244	$ 459,152	$ 460,396	$ 842
Residential mortgages	428	-	3,992	4,420	44,278	48,698	3,992
Commercial	-	-	-	-	69,855	69,855	-
Home equity	-	475	2,522	2,997	60,311	63,308	2,522
Consumer	-	-	-	-	2,805	2,805	-
	$ 830	$ 475	$ 7,356	$ 8,661	$ 636,401	$ 645,062	$ 7,356

2014	30-59 Days Past Due	60-89 Days Past Due	Greater than 90 Days	Total Past Due	Current	Total Loans Receivables	Nonaccrual Loans
Commercial real estate	$ -	$ 377	$ -	$ 377	$ 431,350	$ 431,727	$ 1,787
Residential mortgages	361	-	963	1,324	54,755	56,079	4,279
Commercial	-	-	-	-	75,174	75,174	-
Home equity	-	475	1,275	1,750	67,881	69,631	2,453
Consumer	-	-	-	-	1,347	1,347	-
	$ 361	$ 852	$ 2,238	$ 3,451	$ 630,507	$ 633,958	$ 8,519

The following tables present the classes of the loan portfolio summarized by the aggregate pass rating and the classified ratings of special mention, substandard and doubtful within the Company's internal risk rating system as of December 31, 2015 and 2014 (in thousands):

2015	Commercial Real Estate	Residential Mortgages	Commercial	Home Equity	Consumer	Total
Pass	$ 450,193	$ 48,698	$ 62,367	$ 57,910	$ 2,805	$ 621,973
Special Mention	7,644	-	3,919	4,400	-	15,963
Substandard	2,559	-	3,569	998	-	7,126
Doubtful	-	-	-	-	-	-
	$ 460,396	$ 48,698	$ 69,855	$ 63,308	$ 2,805	$ 645,062

2014	Commercial Real Estate	Residential Mortgages	Commercial	Home Equity	Consumer	Total
Pass	$ 429,940	$ 47,700	$ 73,174	$ 66,878	$ 1,347	$ 619,039
Special Mention	-	4,100	500	300	-	4,900
Substandard	1,787	4,279	1,500	2,453	-	10,019
Doubtful	-	-	-	-	-	-
	$ 431,727	$ 56,079	$ 75,174	$ 69,631	$ 1,347	$ 633,958

As of December 31, 2015 and 2014 the Company had no accruing loans greater than 90 days delinquent.

The following tables provide information about the Company's impaired loans as of and for the years ended December 31, 2015 and 2014 (in thousands):

2015	Recorded Investment	Unpaid Principal Balance	Related Allowance
Impaired loans with specific reserves:			
Residential mortgages	$ 3,568	$ 250	$ 267
Home equity	278	175	80
	3,846	425	347
Impaired loans with no specific reserves:			
Commercial real estate	842	867	-
Residential mortgages	956	4,850	-
Home equity	2,348	2,723	-
	4,146	8,440	-
	$ 7,992	$ 8,865	$ 347

2014	Recorded Investment	Unpaid Principal Balance	Related Allowance
Impaired loans with no specific reserves:			
Commercial real estate	$ 1,787	$ 1,787	$ -
Residential mortgages	4,455	4,543	-
Home equity	2,512	2,613	-
	$ 8,754	$ 8,943	$ -

	Year Ended December 31, 2015		Year Ended December 31, 2014	
	Average Recorded Investment	Interest Income Received	Average Recorded Investment	Interest Income Received
Impaired loans with specific reserves:				
Commercial real estate	$ -	$ -	$ 334	$ -
Residential mortgages	3,653	7	94	-
Commercial	-	-	20	-
Home equity	208	5	182	-
	3,861	12	630	-
Impaired loans with no specific reserves:				
Commercial real estate	1,024	-	2,796	106
Residential mortgages	807	5	4,561	11
Commercial	3	-	24	5
Home equity	2,379	-	2,097	27
Consumer	-	-	19	-
	4,213	5	9,497	149
	$ 8,074	$ 17	$ 10,127	$ 149

If interest had been accrued on these non-accrual loans, the interest income recognized would have been approximately $267 thousand and $544 thousand for the years ended December 31, 2015 and 2014, respectively.

The following table presents TDR loans as of December 31, 2015 and 2014 (in thousands):

2015	Accrual Status	Number of Loans	Nonaccrual Status	Number of Loans	Total
Residential mortgages	$ 532	2	$ 3,468	4	$ 4,000
Commercial real estate	-	-	367	1	367
Home equity	104	2	859	1	963
	$ 636	4	$ 4,694	6	$ 5,330

2014	Accrual Status	Number of Loans	Nonaccrual Status	Number of Loans	Total
Residential mortgages	$ 175	1	$ 4,008	5	$ 4,183
Commercial real estate	-	-	377	1	377
Home equity	60	1	954	2	1,014
	$ 235	2	$ 5,339	8	$ 5,574

There were no new troubled debt restructuring loans that occurred during 2015. The following table summarizes information in regards to troubled debt restructurings that occurred during the year ended December 31, 2014 (in thousands):

2014	Number of Loans	Pre-Modification Outstanding Recorded Investments	Post-Modification Outstanding Recorded Investments
Residential mortgages	2	$ 731	$ 741
Home equity	1	46	44
	3	$ 777	$ 785

The following table displays the nature of modifications during the year ended December 31, 2014 (in thousands):

2014	Rate Modification	Term Modification	Interest Only Modification	Payment Modification	Combination Modification	Total Modifications
Pre-modification outstanding recorded investment:						
Residential mortgages	$ 731	$ -	$ -	$ -	$ -	$ 731
Home equity	46	-	-	-	-	46
	$ 777	$ -	$ -	$ -	$ -	$ 777

During the years ended December 31, 2015 and 2014, the Bank had no loans meeting the definition of a TDR which had a payment default.

We may obtain physical possession of real estate collateralizing a residential mortgage loan or home equity loan via foreclosure or an in-substance repossession. As of December 31, 2015, we have no foreclosed residential real estate properties as a result of obtaining physical possession. In addition, as of December 31, 2015, we had residential mortgage loans and home equity loans with a carrying value of $2.3 million collateralized by residential real estate property for which formal foreclosure proceedings were in process.

NOTE 4. Premises and Equipment

At December 31, 2015 and 2014, premises and equipment consists of the following (in thousands):

	2015	2014
Land	$ 4,828	$ 4,828
Building	6,906	6,286
Furniture and fixtures	855	787
Equipment	2,003	1,712
	14,592	13,613
Less accumulated depreciation and amortization	4,092	3,477
Total premises and equipment, net	$ 10,500	$ 10,136

Depreciation expense amounted to $615 thousand and $570 thousand for the years ended December 31, 2015 and 2014, respectively.

NOTE 5. Deposits

At December 31, 2015 and 2014, respectively, a summary of the maturity of time deposits (which includes certificates of deposit and individual retirement account (IRA) certificates) is as follows (in thousands):

	2015	2014
3 months or less	$ 80,882	$ 55,056
Over 3 months through 12 months	153,638	151,655
Over 1 year through 2 years	53,532	90,914
Over 2 years through 3 years	26,831	27,695
Over 3 years through 4 years	25,585	13,037
Over 4 years through 5 years	9,895	20,522
	$ 350,363	$ 358,879

At December 31, 2015 and 2014, the Company's brokered deposits are as follows:

	2015	2014
CDARS*		
Public Funds Reciprocal	$ 6,050	$ -
Non-Public Funds Reciprocal	17,125	-
FTN**		
Non-Reciprocal Funds	16,668	-
	39,843	-

*Certificate of Deposit Account Registry Service
**First Tennessee National

NOTE 6. Borrowed Funds

Borrowings may consist of long-term debt fixed rate advances from the FHLBNY as well as short term borrowings through lines of credit with other financial institutions. Information concerning long-term borrowings at December 31, 2015 and 2014 is as follows (in thousands):

	2015			
	Amount	Rate	Original Term (years)	Maturity
Fixed Rate Amortizing Note	$ 3,621	1.50%	5	June 2019
Fixed Rate Amortizing Note	5,555	1.51%	5	July 2019
Fixed Rate Amortizing Note	5,299	1.51%	5	August 2019
Fixed Rate Amortizing Note	4,158	2.02%	7	August 2021
Fixed Rate Amortizing Note	7,896	1.48%	5	October 2019
	$ 26,529	1.58%		

	2014			
	Amount	Rate	Original Term (years)	Maturity
Fixed Rate Amortizing Note	$ 4,598	1.50%	5	June 2019
Fixed Rate Amortizing Note	7,018	1.51%	5	July 2019
Fixed Rate Amortizing Note	6,662	1.51%	5	August 2019
Fixed Rate Amortizing Note	4,833	2.02%	7	August 2021
Fixed Rate Amortizing Note	9,839	1.48%	5	October 2019
	$ 32,950	1.57%		

The Bank has a $16 million overnight line of credit facility available with Zions First National Bank, a $12.0 million overnight line of credit facility available with First Tennessee Bank and a $10.0 million overnight line of credit with Atlantic Community Bankers Bank for the purchase of federal funds in the event that temporary liquidity needs arise.

NOTE 7. Income Taxes

Income tax expense from operations for the years ended December 31, 2015 and 2014 is as follows (in thousands):

	2015	2014
Current tax expense:		
Federal	$ 2,913	$ 2,257
State	164	270
Deferred income tax benefit:		
Federal	(425)	(291)
State	(117)	(115)
	$ 2,535	$ 2,121

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, 2015 and 2014 are as follows (in thousands):

	2015	2014
Deferred tax assets:		
Start up expenses	$ 187	$ 222
Allowance for loan losses	3,392	2,948
Accrued expenses	340	277
Stock compensation plans	429	428
Unrealized losses on available for sale securities	185	433
Other	357	251
Total gross deferred tax assets	4,890	4,559
Deferred tax liabilities:		
Deferred loan costs	(100)	(97)
Prepaid expenses	(165)	(102)
Depreciation	(501)	(530)
Total gross deferred tax liabilities	(766)	(729)
	$ 4,124	$ 3,830

The realizability of deferred tax assets is dependent upon a variety of factors, including the generation of future taxable income, the existence of taxes paid and recoverable, the reversal of deferred tax liabilities and tax planning strategies. During 2015 and 2014, the Company sustained continued profitability, continued to pay taxes, and recognized deferred tax benefits. Based upon these and other factors, management believes it is more likely than not that the Company will realize the benefits of these remaining deferred tax assets. The net deferred tax asset is included in other assets on the consolidated balance sheet.

Income tax expense differed from the amounts computed by applying the U.S. federal income tax rate of 34% to income taxes as a result of the following (in thousands):

	2015	2014
Computed "expected" tax expense	$ 2,497	$ 2,010
Increase (decrease) in taxes resulting from:		
State taxes, net of federal income tax expense	31	102
Tax exempt income	(13)	(18)
Stock-based compensation	8	(1)
Meals and entertainment	10	9
Other	2	19
	$ 2,535	$ 2,121

The Company is subject to income taxes in the U.S. and various states. Tax regulations are subject to interpretation of the related tax laws and regulations and require significant judgment to apply. Corporate tax returns for the years 2012 through 2015 remain open to examination by taxing authorities.

NOTE 8. Leases

The Company leases banking facilities under operating leases which expire at various dates through December 31, 2026. These leases do contain certain options to renew the leases. Rental expense amounted to $1.4 million and $1.3 million, respectively, for the years ended December 31, 2015 and December 31, 2014.

The following is a schedule of future minimum lease payments (exclusive of payments for maintenance, insurance, taxes and any other costs associated with offices) for operating leases with initial or remaining terms in excess of one year from December 31, 2015 (in thousands):

Year ending December 31,	
2016	$ 1,299
2017	1,122
2018	1,040
2019	749
2020	525
Thereafter	1,499
	$ 6,234

NOTE 9. Related-party Transactions

The Company has made, and expects to continue to make, loans in the future to its directors and executive officers and their family members, and to firms, corporations, and other entities in which they and their family members maintain interests. All such loans require the prior approval of the Company's board of directors. None of such loans at December 31, 2015 and 2014, respectively, were nonaccrual, past due, or restructured, and all of such loans were made in the ordinary course of business, on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable loans with persons not related to the Company or the Bank, and did not involve more than

the normal risk of collectibility or present other unfavorable features. Related party deposit balances were $53.6 million and $41.7 million at December 31, 2015 and 2014 respectively.

The following table represents a summary of related-party loan activity during the years ended December 31, 2015 and 2014 (in thousands):

	2015	2014
Outstanding loans at beginning of the year	$ 36,318	$ 33,623
Advances	6,606	10,979
Repayments	(16,133)	(8,284)
Outstanding loans at end of the year	$ 26,791	$ 36,318

Two of our directors have acted as the Company's counsel on several loan closings. During 2015 and 2014 the total cost of such work has been reimbursed by the respective loan customers and totals $259 thousand and $453 thousand, respectively. Additionally, these directors have acted as legal counsel to the Bank on several matters. The total amount paid for legal fees, for non-loan related matters was approximately $16 thousand and $30 thousand for the years ended December 31, 2015 and 2014, respectively.

The Company's or the Bank's commercial insurance policy, as well as other policies, has been placed with various insurance carriers by an insurance agency of which one of our directors is the president. Gross insurance premiums paid to carriers through this agency was approximately $230 thousand and $165 thousand for the years ended December 31, 2015 and 2014, respectively.

The Bank rents office space from entities related to some of the Company's directors. The total amount of rent expense to these entities was $435 thousand and $372 thousand for the years ended December 31, 2015 and 2014, respectively.

Our audit committee or the disinterested directors have reviewed all transactions and relationships with directors and the businesses in which they maintain interests and have approved each such transaction and relationship.

NOTE 10. Earnings Per Share

The Company's calculation of earnings per share is as follows for the years ended December 31, 2015 and 2014 (in thousands except per share data):

	2015	2014
Net income applicable to common stock	$ 4,808	$ 3,790
Weighted average number of common shares outstanding - basic	6,097	5,362
Basic earnings per share	$ 0.79	$ 0.71
Net income applicable to common stock	$ 4,808	$ 3,790
Weighted average number of common shares outstanding	6,097	5,362
Effect of dilutive options	16	48
Weighted average number of common shares outstanding- diluted	6,113	5,410
Diluted earnings per share	$ 0.79	$ 0.70

Non-qualified options to purchase 331,334 shares of common stock at a weighted average price of $11.50; and incentive stock options to purchase 75,000 shares of common stock at a weighted average price of $11.50; incentive stock options to purchase 84,700 shares of common stock at a weighted average price of $9.09; and 64,000 unvested shares of restricted stock were included in the computation of diluted earnings per share for the year ended December 31, 2015. Non-qualified options to purchase 331,334 shares of common stock at a weighted average price of $11.50; and incentive stock options to purchase 75,000 shares of common stock at a weighted average price of $11.50; incentive stock options to purchase 86,900 shares of common stock at a weighted average price of $9.09; and 64,500 unvested shares of restricted stock were included in the computation of diluted earnings per share for the year ended December 31, 2014.

NOTE 11. Stockholders' Equity and Dividend Restrictions

In 2015, the Company declared four quarterly cash dividends in the amount of $0.06 per share. These cash dividends were paid to shareholders on March 31, 2015, June 30, 2015, September 30, 2015 and December 31, 2015, respectively, and the Company expects that comparable quarterly cash dividends will continue to be declared and paid in the future. The cash dividends were paid from the retained earnings of the Company.

In 2014, the Company declared four quarterly cash dividends in the amount of $0.06 per share. These cash dividends were paid to shareholders on March 31, 2014, June 30, 2014, September 30, 2014 and December 31, 2014, respectively.

The decision to pay, as well as the timing and amount of any future dividends to be paid by the Company will be determined by the board of directors, giving consideration to the Company's earnings, capital needs, financial condition, regulatory requirements and other relevant factors.

Under applicable New Jersey law, the Company is permitted to pay dividends on its capital stock if, following the payment of the dividend, it is able to pay its debts as they become due in the usual course of business, or its total assets are greater than its total liabilities. Further, it is the policy of the FRB that bank holding companies should pay dividends only out of current earnings and only if future retained earnings would be consistent with the holding company's capital, liquidity asset quality and financial condition. As part of its supervisory authority, the FRB may impose informal or formal restrictions on the Company's ability to pay dividends, including requiring the non-objection of the FRB to payment of any dividends.

Under the New Jersey Banking Act of 1948, as amended, the Bank may declare and pay 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% 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 Bank would be undercapitalized.

NOTE 12. Benefit Plans

2006 Stock Option Plan

During 2006, the Company's stockholders approved the 2006 Stock Option Plan. At the time of the holding company reorganization, the 2006 Stock Option Plan was assumed by the Company. The plan allows directors and employees of the Company to purchase up to 239,984 shares of the Company's common stock. The option price per share is the market value of the Company's stock on the date of grant. As of December 31, 2015 incentive stock options to purchase 209,900 shares have been granted to employees of the Company.

A summary of stock option activity under the 2006 Stock Option Plan during the year ended December 31, 2015 is presented below:

	Number of Shares	Weighted Average Exercise Price per Share	Aggregate Intrinsic Value (1)	Weighted Average Remaining Contractual Term
Outstanding at December 31, 2014	161,900	$ 10.21		
Granted	-	-		
Forfeited	-	-		
Exercised	2,200	9.09		
Outstanding at December 31, 2015	159,700	$ 10.22	$ 172,788	1.34
Exercisable at December 31, 2015	159,700	$ 10.22	$ 172,788	1.34

(1) The aggregate intrinsic value of a stock option in the table above represents the total pre-tax intrinsic value (the amount by which the current market value of the underlying stock exceeds the exercise price of the option) that would have been received by the option holders had they exercised their options on December 31, 2015. This amount changes based on the changes in the market value in the Company's common stock.

Under the 2006 Stock Option Plan, there were no unvested options at December 31, 2015 and 2014.

2007 Director Plan

During 2007, the Bank's stockholders approved the 2007 Non-Qualified Stock Option Plan for Directors. At the time of the holding company reorganization, the 2007 Non-Qualified Stock Option Plan was assumed by the Company. This plan provides for 480,000 options to purchase shares of the Company's common stock to be issued to non-employee directors of the Company. The option price per share is the market value of the Company's common stock on the date of grant. As of December 31, 2015, non-qualified options to purchase 460,000 shares of the Company's stock have been granted to non-employee directors of the Company.

There has been no stock option activity under the 2007 Non-Qualified Stock Option Plan for the year ended 2015:

	Number of Shares	Weighted Average Exercise Price per Share	Aggregate Intrinsic Value (1)	Weighted Average Remaining Contractual Life (Years)
Outstanding at December 31, 2014	331,334	$ 11.50		
Outstanding at December 31, 2015	331,334	$ 11.50	$ -	1.81
Exercisable at December 31, 2015	331,334	$ 11.50	$ -	1.81

(1) The aggregate intrinsic value of a stock option in the table above represents the total pre-tax intrinsic value (the amount by which the current market value of the underlying stock exceeds the exercise price of the option) that would have been received by the option holders had they exercised their options on December 31, 2015. This amount changes based on the changes in the market value in the Company's common stock.

Under the 2007 Directors Stock Option Plan, there were no unvested options at December 31, 2015 and 2014.

2011 Equity Incentive Plan

During 2011, the shareholders of the Company approved the Bancorp of New Jersey, Inc. 2011 Equity Incentive Plan (the "2011 Plan"). This plan authorizes the issuance of up to 250,000 shares of the Company's common stock, subject to adjustment in certain circumstances described in the 2011 Plan, pursuant to awards of incentive stock options or non-qualified stock options, stock appreciation rights, restricted stock, restricted stock units or performance awards. Employees, directors, consultants, and other service providers of the Company and its affiliates (primarily the Bank) are eligible to receive awards under the 2011 Plan, provided, that only employees are eligible to receive incentive stock options.

The following is a summary of the non-vested restricted stock awards granted under the 2011 Plan:

	2015	
	Number of Shares	**Weighted Average Grant Date Fair Value**
Non-vested resticted stock, beginning of year	64,500	12.99
Granted	-	-
Forfeited	-	-
Vested	(16,250)	12.97
Non-vested resticted stock, end of year	48,250	$ 12.99

Approximately $451 thousand remains to be expensed over the next 27 months. At December 31, 2015, 16,250 shares were vested. During the year ended December 31, 2015, there were no new issuance under the 2011 Plan. For the years ended December 31, 2015, and 2014, $211 thousand and $250 thousand, respectively, was recorded as compensation expense.

Defined Contribution Plan
The Company currently offers a 401(k) profit sharing plan covering all full-time employees, wherein employees can invest up to 15% of their pretax earnings, up to the legal limit. The Company matches a percentage of employee contributions at the board's discretion. The Company made a matching contribution of approximately $100 thousand and $83 thousand during 2015 and 2014, respectively.

NOTE 13. Regulatory Capital Requirements

The Bank and the Company are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank and the Company must meet specific capital guidelines that involve quantitative measures of assets, liabilities and certain off-balance-sheet items as calculated under regulatory accounting practices. Capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank and the Company to maintain minimum amounts and ratios of Tier 1 leverage ratio, Common equity tier 1 risk-based capital ratio, Tier 1 risk-based capital ratio and Total risk-based capital ratio (as defined in the regulations). In July 2013, the Federal Deposit Insurance Corporation and the other federal bank regulatory agencies issued a final rule that revised their leverage and risk-based capital requirements and the method for calculating riskweighted assets to make them consistent with agreements that were reached by the Basel Committee on Banking Supervision and certain provisions of the Dodd-Frank Act. The Final Capital Rules also revised the quantity and quality of required minimum risk-based and leverage capital requirements, consistent with the Reform Act and the Third Basel Accord adopted by the Basel Committee on Banking Supervision, or Basel III capital standards. The Common equity tier 1 risk-based capital ratio and changes to the calculation of risk-weighted assets became effective for the Bank and Company on January 1, 2015. As of December 31, 2015 and 2014, management believes that the Company and the Bank meet all capital adequacy requirements to which they are subject.

As of December 31, 2015, the most recent notification from the Federal Deposit Insurance Corporation categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Bank and the Company must maintain minimum Tier 1 leverage capital, Common equity tier 1 capital, Tier 1 risk-based capital and Total risk-based capital as set forth in the tables. There are no conditions or events since that notification that management believes have changed the Bank and the Company's category.

The following is a summary of the Bank's actual capital amounts and ratios as of December 31, 2015 compared to the FDIC minimum capital adequacy requirements and the FDIC requirements for classification as a well-capitalized institution. The information presented as of December 31, 2014 reflect the requirements in effect at that time, as the Basel III requirements became effective on January 1, 2015:

	Bank actual		FDIC requirements Minimum Capital Adequacy		For Classification As Well Capitalized	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
2015						
Leverage (Tier 1) Capital Ratio	$73,449	9.02%	$32,565	4.00%	$40,707	5.00%
Risk-Based Capital :						
Common Equity Tier 1 Capital	$73,449	10.95%	$30,186	4.50%	$43,602	6.50%
Tier 1 Capital Ratio	$73,449	10.95%	$40,248	6.00%	$53,664	8.00%
Total Capital Ratio	$81,790	12.19%	$53,664	8.00%	$67,080	10.00%
2014						
Leverage (Tier 1) Capital Ratio	$60,045	8.16%	$29,447	4.00%	$36,808	5.00%
Risk-based capital:						
Tier 1 Capital Ration	$60,045	9.39%	$25,580	4.00%	$38,370	6.00%
Total Capital Ratio	$67,237	10.51%	$51,160	8.00%	$63,951	10.00%

The Company's capital amounts and ratios are similar to those of the Bank.

NOTE 14. Financial Instruments with Off-Balance Sheet Risk

The Company is a party to financial instruments with off-balance-sheet risk in the normal course of business in order to meet the financing needs of its customers. These financial instruments consist of commitments to extend credit and letters of credit and involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the accompanying consolidated balance sheets.

The Company uses the same credit policies and collateral requirements in making commitments and conditional obligations as it does for on-balance-sheet loans. Commitments to extend credit are agreements to lend to customers 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. Since the commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Company upon extension of credit, is based on management's credit evaluation of the borrower. Outstanding available loan commitments, primarily for commercial real estate, construction, and land development loans totaled $102.3 million and $120.3 million at December 31, 2015 and 2014.

Most of the Company's lending activity is with customers located in Bergen County, New Jersey. At December 31, 2015 and 2014, the Company had outstanding letters of credit to customers totaling $3.7 million and $2.3 million, respectively, whereby the Company guarantees performance to a third party. These letters of credit generally have fixed expiration dates of one year or less. The fair value of these letters of credits is estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements. At December 31, 2015 and 2014, such amounts were deemed not material.

NOTE 15. Financial Information of Parent Company

The parent company, Bancorp of New Jersey, Inc, was incorporated during November, 2006. The holding company reorganization with Bank of New Jersey was consummated on July 31, 2007. The following information represents the parent only balance sheets as of December 31, 2015 and 2014, respectively, the statements of income for the twelve months ended December 31, 2015 and December 31, 2014, and the statements of cash flows for the twelve months ended December 31, 2015 and December 31, 2014 and should be read in conjunction with the notes to the consolidated financial statements.

Balance Sheets
(in thousands)

	December 31,	
	2015	2014
Assets:		
Investment in subsidiary, net	$ 73,153	$ 59,894
Total assets	$ 73,153	$ 59,894
Liabilities and stockholders' equity:		
Stockholders' equity	$ 73,153	$ 59,894
	$ 73,153	$ 59,894

Statements of Income and Comprehensive Income
Years ended December 31,
(in thousands)

	2015	2014
Equity in undistributed earnings of subsidiary bank	4,808	3,790
Net income	4,808	3,790
Other comprehensive income	-	-
Comprehensive Income	$ 4,808	$ 3,790

Statements of Cash Flow
Years ended December 31,
(in thousands)

	2015	2014
Cash flow from operating activities:		
Net income	$ 4,808	$ 3,790
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in undistributed earnings of the subsidiary bank	(4,808)	(3,790)
Net cash provided by operating activities:	-	-
Cash flows from investing activites:		
Cash dividends received from subsidiary bank	1,498	1,287
Net cash provided by investing activities	1,498	1,287
Cash flows from financing activities:		
Cash dividends paid	(1,498)	(1,287)
Net cash used in financing activities	(1,498)	(1,287)
Net change in cash for the period	-	-
Net cash at beginning of year	-	-
Net cash at end of year	$ -	$ -

NOTE 16. Fair Value Measurement and Fair Value of Financial Instruments

U.S. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and 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 Inputs* - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- *Level 2 Inputs* - 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 Inputs* - 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 and December 31, 2014, respectively, are as follows (in thousands):

		(Level 1)	(Level 2)	(Level 3)
Description	December 31, 2015	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
Securities available for sale:				
U.S. Treasury obligations	$ 6,353	$ -	$ 6,353	$ -
Government sponsored enterprise obligations	58,397	-	58,397	-
Total securities available for sale	$ 64,750	$ -	$ 64,750	$ -

		(Level 1)	(Level 2)	(Level 3)
Description	December 31, 2014	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
Securities available for sale:				
U.S. Treasury obligations	$ 6,402	$ -	$ 6,402	$ -
Government sponsored enterprise obligations	52,049	-	52,049	-
Total securities available for sale	$ 58,451	$ -	$ 58,451	$ -

For financial 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 and December 31, 2014, respectively, is as follows (in thousands):

Description	December 31, 2015	(Level 1) Quoted Prices in Active Markets for Identical Assets	(Level 2) Significant Other Observable Inputs	(Level 3) Significant Unobservable Inputs
Impaired loans	$ 258	$ -	$ -	$ 258

Description	December 31, 2014	(Level 1) Quoted Prices in Active Markets for Identical Assets	(Level 2) Significant Other Observable Inputs	(Level 3) Significant Unobservable Inputs
Impaired loans	$ 1,723	$ -	$ -	$ 1,723

The following table presents additional quantitative information about assets measured at fair value on a nonrecurring basis and for which the Company has utilized Level 3 inputs to determine fair value (in thousands):

December 31, 2015	**Fair Value Estimate**	**Valuation Techniques**	**Unobservable Input**	**Range (Weighted Average)**
Impaired loans	$ 258	Appraisal of Collateral (1)	Appriasal Adjustments (2)	0% - 1.0% (-0.5%)
			Liquidation Expenses (2)	0% - 48.1% (-33.8%)

December 31, 2014	**Fair Value Estimate**	**Valuation Techniques**	**Unobservable Input**	**Range (Weighted Average)**
Impaired loans	$ 1,723	Appraisal of Collateral (1)	Appriasal Adjustments (2)	0% - 46.3% (-38.4%)
			Liquidation Expenses (2)	0% - 60.2% (-20.2%)

(1) Fair value is generally determined through independent appraisals of the underlying collateral, which generally include various Level 3 inputs which are not identifiable.

(2) Appriasals may be adjusted for qualitative factors such as economic conditions and estimated liquidation expenses. The range and weighted average of liquidation expenses and other appriasal adjustments are presented as a percent of the appraisal.

Management uses its best judgment in estimating the fair value of the Company’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 Company could have realized in sales transaction 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 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 following information should not be interpreted as an estimate of the fair value of the entire Company since a fair value calculation is only provided for a limited portion of the Company's assets and liabilities. Due to a wide range of valuation techniques and the degree of subjectivity used in making the estimates, comparisons between the Company's disclosures and those of other companies may not be meaningful.

Fair value estimates for the Company's financial instruments are as follows at December 31, 2015 and 2014 (in thousands):

	December 31, 2015		(Level 1)	(Level 2)	(Level 3)
	Carrying amount	Estimated Fair Value	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
Financial assets:					
Cash and cash equivalents	$ 74,189	$ 74,189	$ 74,189	$ -	$ -
Interest bearing time deposits	1,000	1,000	-	1,000	-
Securities available for sale	64,750	64,750	-	64,750	
Securities held to maturity	5,829	5,829	-	5,829	
Restricted investment in bank stock	2,020	2,020	-	2,020	-
Net loans	636,661	639,525	-	-	639,525
Accrued interest receivable	2,305	2,305	-	2,305	-
Financial liabilities:					
Deposits	700,739	702,593	350,375	352,218	-
Borrowed funds	26,529	26,517	-	26,517	-
Accrued interest payable	716	716	-	716	-

	December 31, 2014				
	Carrying amount	Estimated Fair Value	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
Financial assets:					
Cash and cash equivalents	$ 22,060	$ 22,060	$ 22,060	$ -	$ -
Interest bearing time deposits	1,000	1,000	-	1,000	-
Securities available for sale	58,451	58,451	-	58,451	
Securities held to maturity	15,923	15,921	-	15,921	
Restricted investment in bank stock	2,162	2,162	-	2,162	-
Net loans	626,352	629,086	-	-	629,086
Accrued interest receivable	2,441	2,441	-	2,441	-
Financial liabilities:					
Deposits	648,974	650,729	290,095	360,634	-
Borrowed funds	32,950	32,972	-	32,972	-
Accrued interest payable	758	758	-	758	-

The following methods and assumptions were used to estimate the fair values of the Company's finanical instruments presented in the table below at December 31, 2015 and 2014.

Cash and Cash Equivalents and Interest Bearing Time Deposits

The carrying amounts reported in the balance sheet for cash and cash equivalents approximate those assets' fair values.

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 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. For certain securities which are not traded in active markets or are subject to transfer restrictions, valuations may be adjusted to reflect illiquiditiy and/or non-transferability, and such adjustments are generally based on available market evidence (Level 3). In the absence of such evidence, management's best estimate is used. Management's best estimate consists of both internal and external support on certain Level 3 investments. Internal cash flow models using a present value formula that includes assumptions market participants would use along with indicative exit pricing obtained from broker/dealers (where available) would be used to support fair values of certain Level 3 investments if applicable.

Restricted Investment in Bank Stock

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

Loans Receivable

The fair value of loans are estimated using discounted cash flow analyses, using market rates at the balance sheet date that reflect the credit and the interest rate-risk inherent in the loans. 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 re-price frequently and with no significant change in credit risk, fair values approximate carrying values.

Impaired loans

Impaired loans are those for which the Company has measured fair value generally based on the fair value of the loan's collateral (based on independent third party appraisal) or discounted cash flows based upon the expected 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.

Accrued Interest Receivable and Payable

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

Other real estate owned

Other real estate owned assets are adjusted to fair value less estimated selling costs upon transfer of the loans to other real estate owned. The fair value of other real estate owned is based upon independent third party appraisal values of the collateral or management's estimation of the value of the collateral. These assets are included as Level 3 fair values.

Deposits

The fair values disclosed for demand deposits (e.g., interest and non-interest 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 values 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 to a schedule of aggregated expected monthly maturities of time deposits.

Limitation

The preceding fair value estimates were made at December 31, 2015 and 2014 based on pertinent market data and relevant information on the financial instruments. These estimates do not include any premium or discount that could result from an offer to sell at one time the Company's entire holdings of a particular financial instrument or category thereof. Since no market exists for a substantial portion of the Company's financial instruments, fair value estimates were necessarily based on judgments regarding future expected loss experience, current economic conditions, risk assessment of various financial instruments, and other factors. Given the innately subjective nature of these estimates, the uncertainties surrounding them and the matter of significant judgment that must be applied, these fair value estimates cannot be calculated with precision. Modifications in such assumptions could meaningfully alter these estimates.

Since these fair value approximations were made solely for on and off balance sheet financial instruments at December 31, 2015 and 2014, no attempt was made to estimate the value of anticipated future business. Furthermore, certain tax implications related to the realization of the unrealized gains and losses could have a substantial impact on these fair value estimates and have not been incorporated into the estimates.

NOTE 17. Accumulated Other Comprehensive Income (Loss)

Reclassifications out of accumulated other comprehensive loss for the years ended December 31, 2015 and 2014 are as follows (in thousands):

Details About Accumulated Other Comprehensive Income (Loss) Components	Amount Reclassified from Accumulated Other Comprehensive Income (Loss)		Affected Line Item in the Statements of Income (Loss)
Year ended December 31, 2015			
Available for Sale Securities			
Realized losses on sale of securities	$	(15)	Gains (losses) on sale of securities
		6	Income tax expense
Total reclassifications	$	(9)	Net of tax
Year ended December 31, 2014			
Available for Sale Securities			
Realized gains on sale of securities	$	(16)	Gains (losses) on sale of securities
		6	Income tax expense
Total reclassifications	$	(10)	Net of tax

NOTE 18. Recent Accounting Pronouncements

This section provides a summary description of recent accounting standards that have significant implications (elected or required) within the consolidated financial statements, or that management expects may have a significant impact on financial statements issued in the near future.

ASU 2014-04, *Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans upon Foreclosure*

In January, 2014, the FASB issued ASU 2014-04, *Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans upon Foreclosure.* This ASU clarifies that an in substance repossession or foreclosure occurs, and a creditor is considered to have received physical possession of residential real estate property 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. The ASU also requires additional related interim and annual disclosures. The guidance in this ASU is effective for annual and interim periods beginning after December 15, 2014. The implementation of ASU 2014-01 did not have a material impact on the Company's financial position or results of operations.

ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. The amendments in this ASU establish a comprehensive revenue recognition standard for virtually all industries under U.S. GAAP, including those that previously followed industry-specific guidance such as the real estate, construction and software industries. The revenue standard's core principle is built on the contract between a vendor and a customer for the provision of goods and services. It attempts to depict the exchange of rights and obligations between the parties in the pattern of revenue recognition based on the consideration to which the vendor is entitled. To accomplish this objective, the standard requires five basic steps: i) identify the contract with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) the entity satisfies a performance obligation. Public entities will apply the new standard for annual periods beginning after December 15, 2017, including interim periods therein. Three basic transition methods are available – full retrospective, retrospective with certain practical expedients, and a cumulative effect approach. Under the third alternative, an entity would apply the new revenue standard only to contracts that are incomplete under legacy U.S. GAAP at the date of initial application (e.g. January 1, 2018) and recognize the cumulative effect of the new standard as an adjustment to the opening balance of retained earnings. That is, prior years would not be restated and additional disclosures would be required to enable users of the financial statements to understand the impact of adopting the new standard in the current year compared to prior years that are presented under legacy U.S. GAAP. Early adoption is prohibited under U.S. GAAP. The same three transition alternatives apply. The implementation of ASU 2014-09 should not have a material impact on the Company's financial position or results of operations.

ASU 2014-14, *Receivables – Troubled Debt Restructurings by Creditors (Subtopic 310-40): Classification of Certain Government-Guaranteed Mortgage Loans upon Foreclosure (a consensus of the FASB Emerging Issues Task Force*

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 (a consensus of the FASB Emerging Issues Task Force*. The amendments in this ASU address a practice issue related to the classification of certain foreclosed residential and nonresidential mortgage loans that are either fully or partially guaranteed under government programs. Specifically, creditors should reclassify loans that meet certain conditions to "other receivables" upon foreclosure, rather than reclassifying them to other real estate owned (OREO). The separate other receivable recorded upon foreclosure is to be measured based on the amount of the loan balance (principal and interest) the creditor expects to recover from the guarantor. The ASU is effective for public business entities for annual periods, and interim periods within those annual periods, beginning after December 15, 2014. The implementation of ASU 2014-14 did not have a material impact on the Company's financial position or results of operations.

ASU 2016-1, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities.*

In January 2016 the FASB issued ASU 2016-1, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities.* ASU 2016-01 requires equity investments, with certain exceptions, to be measured at fair value with changes in fair value recognized in net income, simplifies the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment; eliminates the requirement for public business entities to disclose the methods and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost on the balance sheet; requires public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes; 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 for financial instruments; requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset on the balance sheet or the accompanying notes to the financial statements; and clarifies that an entity should evaluate the need for a valuation allowance on a deferred tax asset related to available-for-sale. ASU 2016-01 will be effective for us on January 1, 2018 and is not expected to have a material impact on the Company's financial position or results of operations.

ASU 2016-02, *Leases.*

In February 2016 the FASB issued ASU 2016-02, *Leases*. ASU 2016-02 amends existing lease accounting guidance to include the requirement to recognize most lease arrangements on the balance sheet. The adoption of this standard will require the Company to recognize the rights and obligations arising from operating leases as assets and liabilities. ASU 2016-02 will be effective for fiscal years beginning after December 15, 2018, early adoption is permitted. The Company is presently evaluating the potential impact of the adoption of this accounting pronouncement to its financial position or results of operations.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Bancorp of New Jersey, Inc.

We have audited the accompanying consolidated balance sheets of Bancorp of New Jersey, Inc. and subsidiary (the "Company") as of December 31, 2015 and 2014 and the related consolidated statements of income, comprehensive income, 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 audit.

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 audit 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 Bancorp of New Jersey, Inc. and subsidiary 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

New York, New York
March 30, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The following discussion and analysis of financial condition and results of operations should be read in conjunction with the Company's consolidated financial statements and the notes thereto included in Part II, Item 8 of this report. When necessary, reclassifications have been made to prior years' data throughout the following discussion and analysis for purposes of comparability.

In addition to historical information, this discussion and analysis contains forward-looking statements. The forward-looking statements contained herein are subject to numerous assumptions, risks and uncertainties, all of which can change over time, and could cause actual results to differ materially from those projected in the forward-looking statements. We assume no duty to update forward-looking statements, except as may be required by applicable law or regulation. Important factors that might cause such a difference include, but are not limited to, those discussed in this section, and also include economic conditions, affecting the financial industry; changes in interest rates and shape of the yield curve; credit risk associated with our lending activities; risks relating to our market area, significant real estate collateral and the real estate market; legislative and regulatory changes, and our ability to comply with the significant laws and regulations impacting the banking and financial services industry; operating, legal and regulatory compliance risk; regulatory capital requirements and our ability to raise and maintain capital; our ability to prevent, detect, and respond to any cyberattacks in order to protect our information assets and supporting infrastructure, including information of our customers; our ability to attract and retain well-qualified management; fiscal and monetary policy; economic, political and competitive forces affecting our business; risks associated with potential business combinations; and that management's analysis of these risks and factors could be incorrect, and/or that the strategies developed to address them could be unsuccessful. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date of the report. The Company undertakes no obligation to publicly revise or update these forward-looking statements to reflect events and circumstances that arise after such date, except as may be required by applicable law or regulation.

OVERVIEW AND STRATEGY

Our bank charter was approved in April 2006 and the Bank opened for business on May 10, 2006. On July 31, 2007, the Company became the bank holding company of the Bank. On June 3, 2008, the Company's common stock was listed on the American Stock Exchange, now NYSE MKT LLC. We currently operate a nine branch network and have received NJDOBI approval and applied for FDIC approval to open our tenth location. Our main office is located at 1365 Palisade Avenue, Fort Lee, NJ 07024 and our current eight additional offices are located at 204 Main Street, Fort Lee, NJ 07024, 401 Hackensack Avenue, Hackensack, NJ 07601, 458 West Street, Fort Lee, NJ 07024, 320 Haworth Avenue, Haworth, NJ 07641, 4 Park Street, Harrington Park, NJ 07640, 104 Grand Avenue, Englewood, NJ 07631, 354 Palisade Avenue, Cliffside Park, NJ 07010, and 585 Chestnut Ridge Road, Woodcliff Lake, NJ 07677. Our tenth branch location will be located at 750 East Palisade Avenue, Englewood Cliffs, NJ 07632 and is expected to open during 2016.

We conduct a traditional commercial banking business, accepting deposits from the general public, including individuals, businesses, non-profit organizations, and governmental units. We make commercial loans, consumer loans, and both residential and commercial real estate loans. In addition, we provide other customer services and make investments in securities, as permitted by law. We have sought to offer an alternative, community-oriented style of banking in an area that is dominated by larger, statewide and national financial institutions. Our focus remains 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 the local market. As a locally operated community bank, we believe we provide superior customer service that is highly personalized, efficient and responsive to local needs. To better serve our customers and expand our market reach, we provide for the delivery of certain financial products and services to local customers and a broader market through the use of mail, telephone, internet, and electronic banking. We endeavor 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 specific objectives are:

- To provide local businesses, professionals, and individuals with banking services responsive to and determined by the local market;
- To provide direct access to Bank management by members of the community, whether during or after business hours;
- To attract deposits and loans by competitive pricing; and
- To provide a reasonable return to shareholders on capital invested.

Critical Accounting Policies and Judgments

Our financial statements are prepared based on the application of certain accounting policies, the most significant of which are described in Note 1 "Summary of Significant Accounting Policies" in the Notes to Consolidated Financial Statements included in Item 8 of this report. Certain of these policies require numerous estimates and strategic or economic assumptions that may prove inaccurate or subject to variation and may significantly affect our reported results and financial position for the period or future periods. Financial assets and liabilities required to be recorded at, or adjusted to reflect, fair value require the use of estimates, assumptions, and judgments. Assets carried at fair value inherently result in more financial statement volatility. Fair values and information used to record valuation adjustments for certain assets and liabilities are based on either quoted market prices or are provided by other independent third-party sources, when available. When such information is not available, management estimates valuation adjustments. Changes in underlying factors, assumptions, or estimates in any of these areas could have a material impact on our financial condition and results of operations.

Allowance for Loan Losses

The allowance for loan losses ("ALLL") represents our best estimate of losses known and inherent in our loan portfolio that are both probable and reasonable to estimate. In determining the amount of the ALLL, we consider the losses inherent in our loan portfolio and changes in the nature and volume of our loan activities, along with general economic and real estate market conditions. We utilize a segmented approach which identifies: (1) impaired loans for which specific reserves are established; (2) classified loans for which the general valuation allowance for the respective loan type is deemed to be inadequate; and (3) performing loans for which a general valuation allowance is established. We maintain a loan review system which provides for a systematic review of the loan portfolios and the identification of impaired loans. The review of residential real estate and home equity consumer loans, as well as other more complex loans, is triggered by identified evaluation factors, including delinquency status, size of loan, type of collateral and the financial condition of the borrower. Specific reserves are established for impaired loans based on a review of such information and/or appraisals of the underlying collateral.

General reserves are based upon a combination of factors including, but not limited to, actual loan loss experience, composition of the loan portfolio, current economic conditions and management's judgment.

Although specific and general reserves are established in accordance with management's best estimates, actual losses are dependent upon future events, and as such, further provisions for loan losses may be necessary in order to maintain the allowance for loan losses at an adequate level. For example, our evaluation of the allowance includes consideration of current economic conditions, and a change in economic conditions could reduce the ability of borrowers to make timely repayments of their loans. This could result in increased delinquencies and increased non-performing loans, and thus a need to make additional provisions for loan losses. Any provision reduces our net income. While the allowance is increased by the provision for loan losses, it is 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. A change in economic conditions could adversely affect the value of properties collateralizing real estate loans, resulting in increased charges against the allowance and reduced recoveries, and require additional provisions for loan losses. Furthermore, growth or a change in the composition of our loan portfolio could require additional provisions for loan losses.

At December 31, 2015 and 2014, respectively, we consider the ALLL of $8.0 million and $7.2 million adequate to absorb probable losses inherent in the loan portfolio. For further discussion, see "Provision for Loan Losses", "Loan Portfolio", "Loan Quality", and "Allowance for Loan Losses" sections below in this discussion and analysis, as well as Note 1-Summary of Significant Accounting Policies and Note 3-Loans and Allowance for Loan Losses in the Notes to Financial Statements included in Part II, Item 8 of this annual report.

Deferred Tax Assets

Deferred tax assets and liabilities are recognized for the 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 in the period in which the deferred tax asset or liability is expected to be settled or realized. The effect on deferred taxes of a change in tax rates is recognized in income in the period in which the change occurs. Deferred tax assets are reduced, through a valuation allowance, if necessary, by the amount of such benefits that are not expected to be realized based on current available evidence.

Impairment of Assets

Loans are considered impaired when, based on current information and events, it is probable that the Company will be unable to collect all amounts due according to contractual terms of the loan agreement. The collection of all amounts due according to contractual terms means both the contractual interest and principal payments of a loan will be collected as scheduled in the loan agreement. Impaired loans are measured based on the present value of expected future cash flows discounted at the loan's effective interest rate, except that as a practical expedient, a creditor may measure impairment based on a loan's observable market price, or the fair value of the collateral if the loan is collateral-dependent. The fair value of collateral, which is discounted from the appraised value to estimate the selling price and costs, is used if a loan is collateral-dependent. At December 31, 2015 and 2014, the Company had nineteen and eighteen impaired loans, respectively. All of these loans have been measured for impairment using various measurement methods, including fair value of collateral.

Periodically, we may need to assess whether there have been any events or economic circumstances to indicate that a security on which there is an unrealized loss is impaired on an other-than-temporary basis. In any such instance, we would consider many factors including the severity and duration of the

impairment, our intent to sell a debt security prior to recovery and/or whether it is more likely than not we will have to sell the debt security prior to recovery. Securities on which there is an unrealized loss that is deemed to be other-than-temporary are written down to fair value with the write-down recorded as a realized loss in securities gains (losses). Unrealized losses at December 31, 2015 consisted of losses on sixteen investments in government sponsored enterprise obligations, and two in U. S. Treasury securities, which we believe were caused by interest rate increases. The contractual terms of those investments do not permit the issuer to settle the securities at a price less than the amortized cost basis of the investments. Because the Company does not intend to sell the investments and it is not more likely than not that the Company will be required to sell the investments before recovery of their amortized cost basis, which may be maturity, the Company does not consider those investments to be other-than-temporarily impaired at December 31, 2015. Thirteen of the investments with unrealized losses at December 31, 2015 were in a loss position for more than twelve months. At December 31, 2015 and 2014, respectively, we did not have any other-than-temporarily impaired securities.

RESULTS OF OPERATIONS - Years ended December 31, 2015 and 2014

Our results of operations depend primarily on our net interest income, which is the difference between the interest earned on our interest-earning assets and the interest paid on interest-bearing liabilities, primarily deposits, which support our assets. Net interest margin is net interest income expressed as a percentage of average interest earning assets. Net income is also affected by the amount of non-interest income and non-interest expense, the provision for loan losses and income tax expense.

NET INCOME

For the year ended December 31, 2015, net income increased by $1.0 million, to $4.8 million from $3.8 million for the year ended December 31, 2014. The increase in net income for the year ended December 31, 2015 compared to 2014 was due to an increase in net interest income of $2.2 million and a decrease in the provision for loan losses of $2.2 million, offset somewhat by an increase in non-interest expense and income tax expense of $3.1 million and $414 thousand, respectively. The increase in net interest income is reflective of the growth in interest-earning assets, offset somewhat by an increase in interest bearing deposits. The decrease in the provision for loan losses was driven by slower loan growth in the current year as compared to the prior year. Additionally, there was a decrease in the amount of loans placed on nonaccrual status during 2015, which contributed to the decrease in the provision for loan losses, as compared to 2014.

On a per share basis, basic and diluted earnings per share for the year ended December 31, 2015 were $0.79 as compared to basic and diluted earnings per share of $0.71 and $0.70, respectively, for the year ended December 31, 2014.

Analysis of Net Interest Income

Net interest income represents the difference between income on interest-earning assets and expense on interest-bearing liabilities. Net interest income depends upon the average volumes of interest-earning assets and interest bearing liabilities and the yield earned or the interest paid on them. For the year ended December 31, 2015, net interest income increased by $2.2 million, or 10.5%, to $23.5 million from $21.2 million for the year ended December 31, 2014. This increase in net interest income was primarily the result of an increase in average loans and interest earning cash accounts of $95.2 million, or 17.4%, and $54.4 million, or 224.7%, respectively during 2015, as compared to 2014, offset somewhat by a decrease in the average rate earned on all interest earning assets of 29 basis points, down to 3.98% for the year ended December 31, 2015, from 4.27% for the year ended December 31, 2014, and an increase in the average balance of interest bearing liabilities for the year ended December 31, 2015 of $102.2 million compared to the average balance for the prior year.

Average Balance Sheets

The following table sets forth certain information relating to our average assets and liabilities for the years ended December 31, 2015, 2014 and 2013, and reflect the average yield on assets and average cost of liabilities for the periods indicated. Such yields are derived by dividing income or expense, on a tax-equivalent basis, by the average balance of assets or liabilities, respectively, for the periods shown. The taxable equivalent adjustment for 2015, 2014, and 2013 was $37, $46, and $16 thousand, respectively. Securities available for sale are reflected in the following table at average amortized cost. Nonaccrual loans are included in the average loan balance. Amounts have been computed on a fully tax-equivalent basis, assuming a blended tax rate of 40% in 2015, 2014 and 2013.

For the years ended December 31,
(dollars in thousands)

	2015			2014			2013		
	Average Balance	Interest	Average Yield/Cost	Average Balance	Interest	Average Yield/Cost	Average Balance	Interest	Average Yield/Cost
ASSETS:									
Interest-Earning Assets:									
Loans	$ 643,587	30,451	4.73 %	$ 548,370	26,879	4.90 %	$ 460,492	23,635	5.13 %
Securities	69,521	924	1.33	79,872	973	1.22	78,040	1,099	1.41
Federal Funds Sold	1,312	6	0.46	1,351	5	0.37	2,061	9	0.44
Interest-earning cash accounts	78,553	182	0.23	24,191	48	0.20	33,378	70	0.21
Total interest-earning Assets	792,973	31,563	3.98 %	653,784	27,905	4.27 %	573,971	24,813	4.32 %
Non-interest earning Assets	18,739			19,030			17,332		
Allowance for Loan Losses	(7,632)			(6,233)			(5,423)		
	$ 804,080			$ 666,581			$ 585,880		
LIABILITIES AND STOCKHOLDERS' EQUITY:									
Interest-Bearing Liabilities:									
Demand Deposits	$ 30,880	$ 70	0.23 %	$ 27,384	$ 65	0.24 %	$ 23,538	$ 52	0.22 %
Savings Deposits	75,618	672	0.89	47,572	398	0.84	15,617	104	0.67
Money Market Deposits	117,595	502	0.43	112,021	536	0.48	112,406	640	0.57
Time Deposits	379,225	6,332	1.67	328,927	5,397	1.64	309,349	5,303	1.71
Borrowed Funds	29,521	465	1.58	14,732	215	1.46	1	-	-
Total Interest Bearing Liabilities	632,839	8,041	1.27 %	530,636	6,611	1.25 %	460,911	6,099	1.32 %
Non-Interest Bearing Liabilities:									
Demand Deposits	99,376			75,484			67,562		
Other Liabilities	2,654			2,021			2,451		
Total Non-Interest Bearing Liabilities	102,030			77,505			70,013		
Stockholders' Equity	69,211			58,440			54,956		
LIABILITIES AND STOCKHOLDERS' EQUITY:	$ 804,080			$ 666,581			$ 585,880		
Net Interest Income (Tax Equivalent Basis)		$ 23,522			$ 21,294			$ 18,714	
Tax Equivalent Basis adjustment		(37)			(46)			(16)	
Net Interest Income		$ 23,485			$ 21,248			$ 18,698	
Net Interest Rate Spread			2.71 %			3.02 %			3.00 %
Net Interest Margin			2.97 %			3.26 %			3.26 %
Ratio of Interest-Earning Assets to Interest-Bearing Liabilities	1.25			1.23			1.25		

Rate/Volume Analysis

The following table presents, by category, the major factors that contributed to the changes in net interest income on a tax equivalent basis for the years ended December 31, 2015 and 2014, respectively (in thousands):

	Year ended December 31, 2015 compared with 2014 Increase (Decrease) Due to Change in Average			Year ended December 31, 2014 compared with 2013 Increase (Decrease) Due to Change in Average		
	Volume	Rate	Net	Volume	Rate	Net
Interest income:						
Loans	$ 4,464	$ (892)	$ 3,572	$ 4,240	$ (996)	$ 3,244
Securities	(198)	158	(40)	26	(182)	(156)
Federal funds sold	-	1	1	(3)	(1)	(4)
Interest bearing deposits in banks	126	8	134	(19)	(3)	(22)
Total interest income	4,392	(725)	3,667	4,244	(1,182)	3,062
Interest expense:						
Demand deposits	7	(2)	5	8	5	13
Savings deposits	249	25	274	262	32	294
Money market deposits	31	(65)	(34)	(2)	(102)	(104)
Time deposits	835	100	935	266	(172)	94
Borrowed funds	232	18	250	179	36	215
Total interest expense	1,354	76	1,430	713	(201)	512
Change in net interest income	$ 3,038	$ (801)	$ 2,237	$ 3,531	$ (981)	$ 2,550

PROVISION FOR LOAN LOSSES

The provision for loan losses represents our determination of the amount necessary to bring our allowance for loan losses to the level that we consider adequate to absorb probable losses inherent in our loan portfolio. For the year ended December 31, 2015, the Company's provision for loan losses was $924 thousand, a decrease of $2.2 million from the provision of $3.1 million for the year ended December 31, 2014. See "Allowance for Loan Losses" for additional information about our allowance for loan losses and our methodology for determining the amount of the allowance.

NON-INTEREST INCOME

Non-interest income which consists primarily of service fees received from deposit accounts and gains (losses) on the sales of securities for the year ended December 31, 2015, was $309 thousand, an increase of $118 thousand from the $191 thousand recorded during the year ended December 31, 2014. The increase in non-interest income was primarily due to a $117 thousand increase in service fees received from deposit accounts in 2015, as compared to one year ago.

NON-INTEREST EXPENSES

Non-interest expenses for the year ended December 31, 2015 amounted to $15.5 million, an increase of $3.1 million, or 24.7% over the $12.5 million for the year ended December 31, 2014. This increase was due in most part to increases in salaries and employee benefits, FDIC and state assessments and other expenses of $1.1 million, $512 thousand and $505 thousand, respectively. The increase in salaries and employee benefits was primarily due to general increases in staff, salaries and benefits. The increase in FDIC and state assessments was due to the growth of the Bank as well as an increase in the Bank's FDIC's quarterly assessment factor.

INCOME TAX EXPENSE

The income tax provision, which includes both federal and state taxes, for the years ended December 31, 2015 and 2014 was $2.5 million and $2.1 million, respectively, representing an increase of $414 thousand. The increase in the income tax expense for 2015 as compared to 2014 was due to the increase in pretax income for 2015 as compared to 2014. The effective tax rate for 2015 was 34.5% compared to 35.9% for 2014.

FINANCIAL CONDITION – Years ended December 31, 2015 and December 31, 2014

Total consolidated assets increased $59.2 million, or 8.0%, from $743.7 million at December 31, 2014 to $802.9 million at December 31, 2015. Total loans increased from $634.0 million at December 31, 2014 to $645.1 million at December 31, 2015, an increase of $11.1 million or 1.8%. Total deposits increased from $649.0 million at December 31, 2014 to $700.7 million at December 31, 2015, an increase of $51.8 million, or 8.0%.

LOANS

Our loan portfolio is the primary component of our assets. Total loans, excluding net deferred fees and costs and the allowance for loan losses, increased by 1.8% from $634.0 million at December 31, 2014, to $645.1 million at December 31, 2015. This growth in the loan portfolio continues to be primarily attributable to recommendations and referrals from members of our board of directors, our shareholders and our executive officers, and selective marketing by our management and staff. We believe that we will continue to have opportunities for loan growth within the Bergen County market of northern New Jersey, due in part, to future consolidation of banking institutions within our market, which we expect to see as a result of increased regulatory standards, market pressures, and the overall economy. We believe that it is not cost-efficient for large institutions, many of which are headquartered out of state, to provide the level of personal service to small business borrowers that these customers seek and that we intend to provide.

Our loan portfolio consists of commercial loans, real estate loans, consumer loans and home equity loans. Commercial loans are made for the purpose of providing working capital, financing the purchase of equipment or inventory, as well as for other business purposes. Real estate loans consist of loans secured by commercial or residential real property and loans for the construction of commercial or residential property. Consumer loans including home equity loans, are made for the purpose of financing the purchase of consumer goods, home improvements, and other personal needs, and are generally secured by the personal property being owned or being purchased.

Our loans are primarily to businesses and individuals located in Bergen County, New Jersey. We have not made loans to borrowers outside of the United States. We have not made any sub-prime loans. Commercial lending activities are focused primarily on lending to small business borrowers. We believe that our strategy of customer service, competitive rate structures, and selective marketing have enabled us to gain market share of local loans.

The following table sets forth the classification of the Company's loans by major category as of December 31, 2015, 2014, 2013, 2012 and 2011 (in thousands):

	December 31,				
	2015	2014	2013	2012	2011
Commercial real estate	$ 460,396	$ 431,727	$ 298,548	$ 246,545	$ 186,187
Residential mortgages	48,698	56,079	53,601	54,332	52,595
Commercial	69,855	75,174	57,634	64,900	57,464
Home equity	63,308	69,631	61,204	68,737	67,895
Consumer	2,805	1,347	1,478	1,215	1,019
Total Loans	$ 645,062	$ 633,958	$ 472,465	$ 435,729	$ 365,160

The following table sets forth the maturity of fixed and adjustable rate loans as of December 31, 2015 (in thousands):

	Within One Year	1 to 5 Years	After 5 Years	Total
Loans with Fixed Rate				
Commercial real estate	$ 92,581	$ 249,566	$ 110,381	$ 452,528
Residential mortgages	-	5,733	42,965	48,698
Commercial	22,270	5,162	2,222	29,654
Home equity	1,233	7,846	2,939	12,018
Consumer	457	518	226	1,201
Loans with Adjustable Rate				
Commercial real estate	$ 6,745	$ 1,123	$ -	7,868
Commercial	37,964	2,237	-	40,201
Home equity	2,015	1,600	47,675	51,290
Consumer	1,604	-	-	1,604

LOAN QUALITY

As mentioned above, our principal assets are our loans. Inherent in the lending function is the risk of the borrower's inability to repay a loan under its existing terms. Risk elements include nonaccrual loans, past due and restructured loans, potential problem loans, loan concentrations, and other real estate owned.

Non-performing assets include loans that are not accruing interest (nonaccrual loans) as a result of principal or interest being in default for a period of 90 days or more and accruing loans that are 90 days past due, troubled debt restructuring loans and foreclosed assets. When a loan is classified as nonaccrual, interest accruals discontinue and all current year past due interest is reversed against loan interest income and any past due interest applicable to prior years, is reversed against the allowance for loan losses. Until the loan becomes current, any payments received from the borrower are applied to outstanding principal until such time as management determines that the financial condition of the borrower and other factors merit recognition of such payments of interest. In the case of modified loans that meet the definition of a troubled debt restructuring loan ("TDR"), loan payments are applied as contractually agreed to in the TDR modification.

We attempt to manage overall credit risk through loan diversification and our loan underwriting and approval procedures. Due diligence begins at the time we begin to discuss the origination of a loan with a borrower. Documentation, including a borrower's credit history, materials establishing the value and liquidity of potential collateral, the purpose of the loan, the source and timing of the repayment of the loan, and other factors are analyzed before a loan is submitted for approval. Loans made are also subject to periodic audit and review.

As of December 31, 2015, the Bank had fifteen nonaccrual loans totaling approximately $7.4 million, of which eight loans totaling approximately $3.8 million have specific reserves totaling $347 thousand and seven loans totaling approximately $3.5 million that have no specific reserve. If interest had been accrued on these non-accrual loans, the interest income recognized would have been approximately $267 thousand for the year ended December 31, 2015. Within its nonaccrual loans at December 31, 2015, the Bank had four residential mortgage loans, one home equity loan and one commercial real estate mortgage that met the definition of a TDR loan. TDRs are loans where a concession has been granted to a borrower experiencing financial difficulties. The concession could include a reduction in the interest rate of the loan, payment extensions, forgiveness of principal or other actions to maximize collection. At December 31, 2015, one residential mortgage loan with a balance of $248 thousand has a specific reserve of $90 thousand, three residential mortgages, one home equity and one commercial real estate TDR loan with

cumulative balances of $ 3.1 million, $859 thousand and $367 thousand, respectively, have no specific reserves connected with them.

As of December 31, 2014, the Bank had sixteen nonaccrual loans totaling approximately $8.5 million, all of which have no specific reserve. If interest had been accrued on these non-accrual loans, the interest income recognized would have been approximately $544 thousand for the year ended December 31, 2014. Within its nonaccrual loans at December 31, 2014, the Bank had five residential mortgage loans, two home equity loans and one commercial real estate mortgage that met the definition of a TDR loan. At December 31, 2014, the five residential mortgages, two home equity loans and the one commercial real estate mortgage TDR loan had cumulative balances of $4.2 million, $1.0 million and $377 thousand, respectively and all had no specific reserves connected with them.

The following table sets forth certain information regarding the Company's impaired loans, nonaccrual loans, troubled debt restructured loans, accruing loans 90 days or more past due, and OREO as of December 31, 2015, 2014, 2013, 2012 and 2011:

	2015	2014	2013	2012	2011
Nonaccrual loans					
Commercial real estate	842	1,787	1,700	$ 1,704	$ 1,733
Residential mortgages	3,992	4,279	2,608	2,509	2,487
Commercial	-	-	50	325	325
Home equity	2,522	2,453	673	1,408	1,253
Total nonaccrual loans	7,356	8,519	5,031	5,946	5,798
Performing troubled debt restructured loans					
Commercial real estate	-	-	397	3,557	-
Residential mortgages	532	175	3,053	-	254
Home equity	104	60	1,060	-	-
Total performing impaired and troubled debt restructured loans	636	235	4,510	3,557	254
Total impaired loans	7,992	8,754	9,541	9,503	6,052
Other real estate owned	512	897	964	-	-
Total impaired loans and other nonperforming assets	$ 8,504	$ 9,651	$ 10,505	$ 9,503	$ 6,052

In each of the years noted in the table above, the Bank had no loans greater than 90 days delinquent that were accruing interest.

The Bank maintains an external independent loan review auditor. The loan review auditor performs periodic examinations of selected commercial loans after the Bank has extended credit. This review process is intended to identify adverse developments in individual credits, regardless of payment history. The loan review auditor also monitors the integrity of our credit risk rating system. The loan review auditor reports directly to the audit committee of our board of directors and provides the audit committee with reports on asset quality. The loan review audit reports may be presented to our board of directors by the audit committee for review, as appropriate.

ALLOWANCE FOR LOAN LOSSES

Our ALLL totaled $8.0 million, $7.2 million and $5.8 million, respectively, at December 31, 2015, 2014, and 2013. The growth of the allowance is primarily due to the growth and composition of the loan portfolio, including growth in commercial real estate loans as a percentage of the portfolio.

The following is an analysis of the activity in the allowance for loan losses for the periods indicated (dollars in thousands):

	2015	2014	2013	2012	2011
Balance, January 1	$ 7,192	$ 5,775	$ 5,072	$ 4,474	$ 3,749
Charge-offs:					
Residential mortgages	-	(32)	-	(168)	(43)
Consumer loans	-	(93)	(22)	-	-
Home equity	-	(72)	-	(101)	(25)
Commercial	(264)	(327)	-	(340)	-
Commercial real estate	(60)	(940)	(89)	-	(394)
Recoveries:					
Commercial real estate	226	-	-	6	2
Commercial	2	4	4	3	-
Consumer loans	-	-	-	-	2
Net charge-offs	(96)	(1,460)	(107)	(600)	(458)
Reclass reserve for unfunded loans	-	(198)	-	-	-
Provision charged to expense	924	3,075	810	1,198	1,183
Balance, December 31	$ 8,020	$ 7,192	$ 5,775	$ 5,072	$ 4,474
Ratio of net charge-offs to average loans Outstanding	0.01%	0.27%	0.02%	0.15%	0.14%

The following table sets forth, for each of the Company's major lending areas, the amount and percentage of the Company's allowance for loan losses attributable to such category, and the percentage of total loans represented by such category, as of the periods indicated (dollars in thousands) :

	2015			2014		
	Amount	% of ALLL	% of Total Loans	Amount	% of ALLL	% of Total Loans
Balance applicable to:						
Residential and commercial real estate	$ 6,138	76.53%	78.92%	$ 5,298	73.67%	76.95%
Commercial	1,066	13.29%	10.83%	1,128	15.68%	11.86%
Home equity	573	7.14%	9.81%	500	6.95%	10.98%
Consumer	39	0.49%	0.44%	24	0.33%	0.21%
	7,816	97.45%	100.00%	6,950	96.63%	100.00%
Unallocated reserves	204	2.54%		242	3.37%	
	$ 8,020	100.00%		$ 7,192	100.00%	

	2013			2012			2011		
	Amount	% of ALLL	% of Total Loans	Amount	% of ALLL	% of Total Loans	Amount	% of ALLL	% of Total Loans
Balance applicable to:									
Residential and commercial real estate	$ 4,032	69.82%	74.54%	$ 3,472	68.46%	69.05%	$ 2,878	64.33%	65.39%
Commercial	969	16.78%	12.20%	1,033	20.37%	14.89%	827	18.48%	15.74%
Home equity	593	10.27%	12.95%	383	7.55%	15.78%	368	8.23%	18.59%
Consumer	26	0.45%	0.31%	24	0.47%	0.28%	21	0.47%	0.28%
	5,620	97.32%	100.00%	4,912	96.85%	100.00%	4,094	91.51%	100.00%
Unallocated reserves	155	2.68%		160	3.15%		380	8.49%	
	$ 5,775	100.00%		$ 5,072	100.00%		$ 4,474	100.00%	

The provision for loan losses represents our determination of the amount necessary to bring the ALLL to a level that we consider adequate to provide for probable losses inherent in our loan portfolio as of the balance sheet date. We evaluate the adequacy of the ALLL by performing periodic, systematic reviews of the loan portfolio. While allocations are made to specific loans and pools of loans, the total allowance is available for any loan losses. Although the ALLL is our best estimate of the inherent loan losses as of the balance sheet date, the process of determining the adequacy of the ALLL is judgmental and subject to changes in external conditions. Accordingly, existing levels of the ALLL may ultimately prove inadequate to absorb actual loan losses. However, we have determined, and believe, that the ALLL is at a level adequate to absorb the probable loan losses in our loan portfolio as of the balance sheet dates.

INVESTMENT SECURITIES

In addition to our loan portfolio, we maintain an investment portfolio which is available to fund increased loan demand or deposit withdrawals and other liquidity needs, and which provides an additional source of interest income. During 2015 and 2014, the portfolio was composed of U.S. Treasury securities, obligations of U.S. Government Agencies and obligations of states and political subdivisions.

Securities are classified as held to maturity, referred to as "HTM," trading, or available for sale, referred to as "AFS," at the time of purchase. Securities are classified as HTM if management intends and has the ability to hold them to maturity. Such securities are stated at cost, adjusted for unamortized purchase premiums and discounts. Securities which are bought and held principally for the purpose of selling them in the near term are classified as trading securities, which are carried at fair value. Realized gains and losses, as well as gains and losses from marking trading securities to fair value, are included in trading revenue. Securities not classified as HTM or trading securities are classified as AFS and are stated at fair value. Unrealized gains and losses on AFS securities are excluded from results of operations, and are reported as a component of accumulated other comprehensive income (loss), which is included in stockholders' equity. Securities classified as AFS include securities that may be sold in response to changes in interest rates, changes in prepayment risks, the need to increase regulatory capital, or other similar requirements.

At December 31, 2015, total securities aggregated $70.6 million, of which $64.8 million were classified as AFS and $5.8 million were classified as HTM. The Company had no securities classified as trading.

The following table sets forth the carrying value of the Company's security portfolio as of the December 31, 2015, 2014, and 2013, respectively (in thousands):

	2015		2014		2013	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Available for Sale						
Government sponsored enterprise obligations	$ 58,720	$ 58,397	$ 53,000	$ 52,049	$ 64,000	$ 61,729
U.S. Treasury obligations	6,512	6,353	6,623	6,402	6,733	6,319
Total available for sale	65,232	64,750	59,623	58,451	70,733	68,048
Held to Maturity						
Obligations of states and political subdivisions	5,829	5,829	11,923	11,923	10,014	10,014
Government sponsored enterprise obligations	-	-	-	-	3,998	4,008
U.S. Treasury obligations	-	-	4,000	3,998	3,999	3,994
Total held to maturity	5,829	5,829	15,923	15,921	18,011	18,016
Total Investment Securities	$ 71,061	$ 70,579	$ 75,546	$ 74,372	$ 88,744	$ 86,064

The following tables set forth as of December 31, 2015 and 2014, the maturity distribution of the Company’s debt investment portfolio (in thousands):

	Securities Held to Maturity		*Securities Available for Sale*		
2015	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Weighted Average Yield (1)
1 year or less					
Government sponsored enterprise obligations	$ -	$ -	$ 15,720	$ 15,708	0.63%
Obligations of states and political subdivisions	5,829	5,829	-	-	0.92%
	5,829	5,829	15,720	15,708	0.71%
After 1 year to 5 years					
Government sponsored enterprise obligations	-	-	43,000	42,689	1.34%
U.S. Treasury obligations	-	-	6,512	6,353	1.14%
	-	-	49,512	49,042	1.31%
Total	$ 5,829	$ 5,829	$ 65,232	$ 64,750	1.13%

	Securities Held to Maturity		*Securities Available for Sale*		
2014	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Weighted Average Yield (1)
1 year or less					
U.S. Treasury obligations	$ 4,000	$ 3,998	$ -	$ -	0.26%
Government sponsored enterprise obligations	-	-	3,000	2,994	0.70%
Obligations of states and political subdivisions	11,923	11,923	-	-	0.63%
	15,923	15,921	3,000	2,994	0.56%
After 1 year to 5 years					
Government sponsored enterprise obligations	-	-	43,000	42,231	1.28%
	-	-	43,000	42,231	1.28%
After 5 years to 10 years					
U.S. Treasury obligations	-	-	6,623	6,402	1.10%
Government sponsored enterprise obligations	-	-	7,000	6,824	1.71%
	-	-	13,623	13,226	1.41%
Total	$ 15,923	$ 15,921	$ 59,623	$ 58,451	1.12%

During 2015, the Company sold three securities from its available for sale portfolio. The Company recognized losses of approximately $15 thousand from the sale of these three securities. During 2014, the Company sold five securities from its available for sale portfolio. The Company recognized losses of approximately $16 thousand from the sale of these five securities.

DEPOSITS

Deposits are our primary source of funds. We experienced a growth of $51.8 million, or 8.0%, in deposits from $649.0 million at December 31, 2014 to $700.7 million at December 31, 2015. This increase consists of increases in non-interest bearing demand deposits, interest-bearing demand and money markets and savings accounts of $28.4 million, $17.4 million and $14.5 million, respectively, offset somewhat by a decrease in time deposits of $8.5 million. We believe the overall increase in deposits reflects our competitive but disciplined rate structure. Total brokered deposits were $39.8 million and zero at December 31, 2015 and 2014, respectively.

The following table sets forth the actual amount of various types of deposits for each of the periods indicated:

December 31,
(dollars in thousands)

	2015		2014		2013	
	Amount	Average Yield/Rate	Amount	Average Yield/Rate	Amount	Average Yield/Rate
Non-interest bearing demand	$ 117,919		$ 89,510		$ 69,620	
Interest bearing demand and money markets	153,003	0.39%	135,604	0.43%	137,782	0.50%
Savings	79,453	0.89%	64,981	0.84%	31,101	0.66%
Time deposits	350,364	1.67%	358,879	1.64%	314,817	1.71%
	$ 700,739		$ 648,974		$ 553,320	

The Company does not actively solicit short-term deposits of $100,000 or more because of the liquidity risks posed by such deposits. The following table summarizes the maturity of time deposits of denominations of $100,000 or more as of December 31, 2015 (in thousands):

Three months or less	$ 67,382
Over three months through 6 months	42,027
Over six months through twelve months	85,637
Over one year through three years	68,111
Over three years	34,360
	$ 297,517

RETURN ON EQUITY AND ASSETS

The following table summarizes our return on average assets, or net income divided by average total assets, return on average equity, or net income divided by average equity, equity to assets ratio, or average equity divided by average total assets and dividend payout ratio, or dividends declared per share divided by net income per share.

	At or for the year ended December 31,		
Selected Fiancial Ratios:	**2015**	**2014**	**2013**
Return on Average Assets (ROA)	0.60%	0.57%	0.79%
Return on Average Equity (ROE)	6.95%	6.49%	8.47%
Equity to Total Assets	8.11%	8.05%	9.16%
Dividend Payout Ratio	31.28%	33.94%	27.27%

LIQUIDITY

Our liquidity is a measure of our ability to fund loans, withdrawals or maturities of deposits, and other cash outflows in a cost-effective manner. Our principal sources of funds are deposits, scheduled amortization and prepayments of loan principal, maturities of investment securities, and funds provided by operations. While scheduled loan payments and maturing investments are relatively predictable sources of funds, deposit flow and loan prepayments are greatly influenced by general interest rates, economic conditions, and competition. In addition, if warranted, we would be able to borrow funds.

Our total deposits equaled $700.7 million and $649.0 million, respectively, at December 31, 2015 and 2014. The growth in funds provided by deposit inflows during this period coupled with our borrowed funds and cash position at the end of 2015 has been sufficient to provide for our loan demand.

Through the investment portfolio, we have generally sought to obtain a safe, yet slightly higher yield than would have been available to us as a net seller of overnight federal funds, while still maintaining liquidity. Securities available for sale would also be available to provide liquidity for anticipated loan demand and liquidity needs.

At December 31, 2015, the Bank has borrowed funds of $26.5 million. These borrowings consist of long-term debt fixed rate amortizing advances from the Federal Home Loan Bank of New York, or "FHLBNY." We also have a $16 million overnight line of credit facility available with Zions First National Bank, a $12.0 million overnight line of credit facility available with First Tennessee Bank and a $10.0 million overnight line of credit with Atlantic Community Bankers Bank for the purchase of federal funds in the event that temporary liquidity needs arise. We are an approved member of the FHLBNY. The FHLBNY relationship could provide additional sources of liquidity, if required.

We believe that our current sources of funds provide adequate liquidity for our current cash flow needs.

INTEREST RATE SENSITIVITY ANALYSIS

We manage our assets and liabilities with the objectives of evaluating the interest-rate risk included in certain balance sheet accounts; determining the level of risk appropriate given our business focus, operating environment, capital and liquidity requirements; establishing prudent asset concentration guidelines; and managing risk consistent with guidelines approved by our board of directors. We seek to reduce the vulnerability of our operations to changes in interest rates and to manage the ratio of interest-rate sensitive assets to interest-rate sensitive liabilities within specified maturities or re-pricing dates. Our actions in this regard are taken under the guidance of the asset/liability committee of our board of directors, or "ALCO." ALCO generally reviews our liquidity, cash flow needs, maturities of investments, deposits and borrowings, and current market conditions and interest rates.

One of the monitoring tools used by ALCO is an analysis of the extent to which assets and liabilities are interest rate sensitive and measures our interest rate sensitivity "gap." An asset or liability is said to be interest rate sensitive within a specific time period if it will mature or re-price within that time period. A gap is considered positive when the amount of interest rate sensitive assets exceeds the amount of interest rate sensitive liabilities. A gap is considered negative when the amount of interest rate sensitive liabilities exceeds the amount of interest rate sensitive assets. Accordingly, during a period of rising rates, a negative gap may result in the yield on assets increasing at a slower rate than the increase in the cost of interest-bearing liabilities, resulting in a decrease in net interest income. Conversely, during a period of falling

interest rates, an institution with a negative gap would experience a re-pricing of its assets at a slower rate than its interest-bearing liabilities which, consequently, may result in its net interest income growing.

The following table sets forth the amounts of interest-earning assets and interest-bearing liabilities outstanding at the periods indicated which we anticipated, based upon certain assumptions, will re-price or mature in each of the future time periods presented. Except as noted, the amount of assets and liabilities which re-price or mature during a particular period were determined in accordance with the earlier of the term to re-pricing or the contractual terms of the asset or liability. Because we have only $4.2 million of interest bearing liabilities with a maturity greater than five years, we believe that a static gap for the over five year time period reflects an accurate assessment of interest rate risk. Our loan maturity assumptions are based upon actual maturities within the loan portfolio. Equity securities have been included in "Other Assets" as they are not interest rate sensitive. At December 31, 2015, we were within the target gap range established by ALCO for all terms except for 0-1 year, which was 79 basis points over the target gap range.

Cumulative Rate Sensitive Balance Sheet
December 31, 2015
(in thousands)

	0-3 Months	0-6 Months	0-1 Year	0-5 Years	All Others	TOTAL
Securities, excluding equity securities	$ 2,850	$ 9,823	$ 21,536	$ 70,579	$ -	$ 70,579
Loans	87,445	109,424	164,869	438,654	206,408	645,062
Federal Funds sold and Interest-Bearing Deposits in Banks	72,951	72,951	72,951	72,951	-	72,951
Other Assets	-	-	-	-	14,328	14,328
TOTAL ASSETS	$ 163,246	$ 192,198	$ 259,356	$ 582,184	$ 220,736	$ 802,920
Transaction / Demand Accounts	$ 34,541	$ 34,541	$ 34,541	$ 34,541	$ -	$ 34,541
Money Market	118,462	118,462	118,462	118,462	-	118,462
Savings Deposits	79,454	79,454	79,454	79,454	-	79,454
Time Deposits	80,882	132,478	234,520	350,363	-	350,363
Borrowed Funds	-	-	-	22,371	4,158	26,529
Other Liabilities	-	-	-	-	120,418	120,418
Equity	-	-	-	-	73,153	73,153
TOTAL LIABILITIES AND EQUITY	$ 313,339	$ 364,935	$ 466,977	$ 605,191	$ 197,729	$ 802,920
Dollar Gap	$ (150,093)	$ (172,737)	$ (207,621)	$ (23,007)		
Gap / Total Assets	-18.69%	-21.51%	-25.86%	-2.87%		
Target Gap Range	+/- 35.00%	+/- 30.00%	+/- 25.00%	+/- 25.00%		
RSA / RSL	52.10%	52.67%	55.54%	96.20%		

(Rate Sensitive Assets to Rate Sensitive Liabilities)

MARKET RISK

Market risk is the risk of loss from adverse changes in market prices and rates. Our market risk arises primarily from interest rate risk inherent in our lending and deposit taking activities. Thus, we actively monitor and manage our interest rate risk exposure.

Our profitability is affected by fluctuations in interest rates. A sudden and substantial increase or decrease in interest rates may adversely impact our earnings to the extent that the interest rates borne by assets and liabilities do not change at the same speed, to the same extent, or on the same basis. We monitor the impact of changing interest rates on our net interest income using several tools. One measure of our exposure to differential changes in interest rates between assets and liabilities is shown in our "Cumulative Rate Sensitive Balance Sheet" under the "Interest Rate Sensitivity Analysis" caption in this discussion and analysis. We also conduct a periodic "shock analysis" to evaluate the effect of interest rates upon our operations and our financial condition and to manage our exposure to interest rate risk.

Our primary objective in managing interest rate risk is to minimize the adverse impact of changes in interest rates on our net interest income and capital, while structuring our asset-liability structure to obtain the maximum yield-cost spread on that structure. We rely primarily on our asset-liability structure to control interest rate risk.

We continually evaluate interest rate risk management opportunities. During 2015, we believed that available hedging instruments were not cost-effective, and therefore, focused our efforts on our yield-cost spread through retail growth opportunities.

The following table discloses our financial instruments that are sensitive to change in interest rates, categorized by expected maturity at December 31, 2015. Market risk sensitive instruments are generally defined as on- and off- balance sheet financial instruments.

Expected Maturity/Principal Repayment
December 31, 2015
(Dollars in thousands)

	Avg. Int. Rate	2016	2017	2018	2019	2020	There-After	Total	Fair Value
Interest Rate Sensitive Assets:									
Loans	4.73%	$164,869	$84,903	$58,357	$78,555	$51,970	$206,408	$645,062	$647,926
Securities net of equity securities	1.33%	21,536	3,998	10,918	20,901	13,226	-	70,579	70,579
Fed Funds Sold	0.46%	454	-	-	-	-	-	454	454
Interest-earning cash and time deposits	0.23%	71,497	-	-	-	-	-	71,497	71,497
Interest Rate Sensitive Liabilities :									
Interest bearing demand deposits and money market accounts	0.23%	153,003	-	-	-	-	-	153,003	153,003
Savings deposits	0.89%	79,454	-	-	-	-	-	79,454	79,454
Time deposits	1.67%	234,520	53,532	26,831	25,585	9,895	-	350,363	351,877
Borrowed Funds	1.58%	$ -	$ -	$ -	$ 22,371	$0	$4,158	$26,529	$26,517

Although certain assets and liabilities may have similar maturities or periods of re-pricing, they may react in different degrees to changes in market interest rates. The maturity of certain types of assets and liabilities may fluctuate in advance of changes in market rates, while maturity of other types of assets and liabilities may lag behind changes in market rates. In the event of a change in interest rates, prepayment and early withdrawal levels could deviate significantly from the maturities assumed in calculating this table.

CAPITAL

A significant measure of the strength of a financial institution is its capital base. In July 2013, the federal banking agencies issued final rules to implement the Basel Committee on Banking Supervision's capital guidelines for U.S. banks (commonly known as Basel III) and changes required by the Dodd-Frank Act. The community banking organizations began compliance on January 1, 2015. The final rules call for a minimum ratio of common equity tier 1 capital to risk-weighted assets of 4.5%, a minimum ratio of tier 1 capital to risk-weighted assets of 6%, a minimum ratio of total capital to risk-weighted assets of 8% (no change from the current rule) and a minimum leverage ratio of 4%.

In addition, the final rules establish a common equity tier 1 capital conservation buffer of 2.5% of risk-weighted assets applicable to all banking organizations. If a banking organization fails to hold capital above the minimum capital ratios and the capital conservation buffer, it will be subject to certain restrictions on capital distributions and discretionary bonus payments. The phase-in period for the capital conservation, as well as countercyclical capital buffers, which increase the required amount of capital in times of economic expansion, consistent with safety and soundness, will begin for all banking organizations on January 1, 2016.

The following table summarizes the Bank's risk-based capital and leverage ratios at December 31, 2015, as well as regulatory capital category definitions:

	December 31, 2015	Minimum Requirements to be "Adequately Capitalized"	Minimum Requirements to be "Well Capitalized"
Risk-Based Capital :			
Common Equity Tier 1 Capital	10.95%	4.50%	6.50%
Tier 1 Capital Ratio	10.95%	6.00%	8.00%
Total Capital Ratio	12.19%	8.00%	10.00%
Leverage Ratio	9.02%	4.00%	5.00%

The capital levels detailed above represent the continued effect of our successful stock subscription, in combination with the profitability experienced during 2015 and 2014, respectively. As we continue to employ our capital and continue to grow our operations, we expect that our capital ratios will decrease, but that we will remain a "well-capitalized" institution.

The Bank's capital ratios as presented in the table above are similar to those of the Company.

On March 2, 2015, the Company closed on a private placement of approximately $9.5 million, or 868,057 shares of its common stock at a price of $10.95 per share. The shares of common stock were offered and were sold in a private placement pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended. The shares have not been registered under the Securities Act, or the securities laws of any other jurisdiction, and may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements. Each of the investors in the private placement is a member of the Company's board of directors or related party. The Company has contributed the proceeds, net of costs associated with the private

placement, to its banking subsidiary, Bank of New Jersey, to enhance its capital, fund future growth and for general working capital.

See “Regulatory Capital Changes” in Part I, Item 1 of this report for additional information regarding regulatory capital requirements.

CONTRACTUAL OBLIGATIONS

As of December 31, 2015, the Company had the following contractual obligations as provided in the table below (in thousands):

	Payment due by Period				
	Less than 1 year	1 to 3 years	4 to 5 years	After 5 years	Total Amounts Committed
Minimum annual rental under non-cancelable operating leases	$ 1,299	$ 2,162	$ 1,274	$ 1,499	$ 6,234
Remaining contractual maturities of borrowed funds	-	-	22,371	4,158	26,529
Remaining contractual maturities of time deposits	234,520	80,363	35,481	-	350,364
Total Contractual Obligations	$ 235,819	$ 82,525	$ 59,126	$ 5,657	$ 383,127

Additionally, the Bank had certain commitments to extend credit to customers. A summary of commitments to extend credit at December 31, 2015 is provided as follows (in thousands):

Commercial real estate, construction, and land development secured by land	$ 74,615
Home equities	27,675
Standby letters of credit and other	3,662
	$ 105,952

OFF BALANCE SHEET ARRANGEMENTS

The Bank’s commitments to extend credit and letters of credit constitute financial instruments with off-balance sheet risk. See Note 14 of the notes to consolidated financial statements included in this report for additional discussion of “Off-Balance Sheet” items, which discussion is incorporated in this item by reference.

IMPACT OF INFLATION AND CHANGING PRICES

The consolidated financial statements of the Company and notes thereto, included in Part II, Item 8 of this annual report, have been prepared in accordance with accounting principles generally accepted in the United States of America, which require the measurement of financial position and operating results in terms of historical dollars without considering the change in the relative purchasing power of money over time and due to inflation. The impact of inflation is reflected in the increased cost of our operations. Unlike most industrial companies, nearly all of our assets and liabilities are monetary. As a result, interest rates have a greater impact on our performance than do the effects of general levels of inflation. Interest rates do not necessarily move in the same direction or to the same extent as the prices of goods and services.

RECENTLY ISSUED ACCOUNTING STANDARDS

Refer to Note 18 of the notes to consolidated financial statements for discussion of recently issued accounting standards.

BUSINESS

General

The Company is a one-bank holding company incorporated under the laws of the State of New Jersey in November, 2006 to serve as a holding company for Bank of New Jersey, referred to as the "Bank." (Unless the context otherwise requires, all references to the "Company" in this annual report shall be deemed to refer also to the Bank). The Company was organized at the direction of the board of directors of the Bank for the purpose of acquiring all of the capital stock of the Bank. On July 31, 2007, the Company became the bank holding company of the Bank. During the second quarter of 2009, the Bank formed BONJ-New York Corp. The New York subsidiary is engaged in the business of acquiring, managing and administering portions of Bank of New Jersey's investment and loan portfolios.

During the third quarter of 2014, the Bank formed BONJ-New Jersey Investment Company, a New Jersey corporation; BONJ- Delaware Investment Company, a Delaware corporation; and BONJ REIT, Inc., a New Jersey corporation. These subsidiaries were formed as part of the establishment by the Company of a real estate investment trust to reduce the Company's effective corporate tax rate.

The Bank is a commercial bank formed under the laws of the State of New Jersey on May 10, 2006. The Bank operates from its main office at 1365 Palisade Avenue, Fort Lee, New Jersey, 07024, and its additional eight branch offices located at 204 Main Street, Fort Lee, New Jersey, 07024, 401 Hackensack Avenue, Hackensack, New Jersey, 07601, 458 West Street, Fort Lee, New Jersey, 07024, 320 Haworth Avenue, Haworth, New Jersey, 07641, 4 Park Street, Harrington Park, New Jersey, 07640, 104 Grand Avenue, Englewood, NJ 07631, 354 Palisade Avenue, Cliffside Park, NJ 07010, and 585 Chestnut Ridge Road, Woodcliff Lake, NJ 07677. A tenth location at 750 East Palisade Avenue, Englewood Cliffs, NJ, 07632 has received approval from the New Jersey Department of Banking and Insurance, sometimes referred to as "NJDOBI", and has applied to the Federal Deposit Insurance Corporation, or "FDIC" for approval. The branch is expected to open in 2016.

The Company is subject to the supervision and regulation of the Board of Governors of the Federal Reserve System, sometimes referred to as the "FRB." The Bank is supervised and regulated by the FDIC and the NJDOBI. The Bank's deposits are insured by the FDIC up to applicable limits. The operation of the Company and the Bank are subject to the supervision and regulation of the FRB, FDIC, and the NJDOBI. The principal executive offices of the Bank are located at 1365 Palisade Avenue, Fort Lee, NJ, 07024 and the telephone number is (201) 944-8600.

Business of the Company

The Company's primary business is ownership and supervision of the Bank. The Company, through the Bank, conducts a traditional commercial banking business, accepting deposits from the general public, including individuals, businesses, non-profit organizations, and governmental units. The Bank makes commercial loans, consumer loans, and both residential and commercial real estate loans. In addition, the Bank provides other customer services and makes investments in securities, as permitted by law. The Bank continues to offer an alternative, community-oriented style of banking in an area that is presently dominated by larger, statewide and national institutions. Our goal remains to establish and retain 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 the local market. As a locally operated community bank, the Bank seeks to provide superior customer service that is highly personalized, efficient, and responsive to local needs. To better serve our customers and expand our market reach, we provide for the delivery of certain financial products and services to

local customers and to a broader market through the use of mail, telephone, and internet banking. The Bank strives 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.

The specific objectives of the Bank are:

- To provide local businesses, professionals, and individuals with banking services responsive to and determined by the local market;

- To provide direct access to Bank management by members of the community, whether during or after business hours;

- To attract deposits and loans by competitive pricing; and

- To provide a reasonable return to shareholders on capital invested.

Market Area

The principal market for our deposit gathering and lending activities lies within Bergen County in New Jersey. The market is dominated by offices of large statewide and interstate banking institutions. The market area has a relatively large affluent base for our services and a diversified mix of commercial businesses and residential neighborhoods. In order to meet the demands of this market, the Company operates its main office in Fort Lee, New Jersey and eight additional branch offices, two in Fort Lee, one in Hackensack, one in Haworth, one in Harrington Park, one in Englewood, one in Cliffside Park, and one in Woodcliff Lake, all in Bergen County, New Jersey.

Extended Hours

The Bank provides convenient full-service banking from 9:00 am to 5:00 pm weekdays and 9:00 am to 1:00 pm on Saturday in all offices except Hackensack, which has no Saturday hours, Main Street in Fort Lee, which offers full service banking from 8:00 am to 6:00 pm weekdays and Saturday 9:00 am to 1:00 pm, and Palisade Avenue in Fort Lee, which offer full service banking from 7:00 am to 7:00 pm weekdays and Saturday 9:00 am to 1:00 pm.

Competition

The banking business remains highly competitive and is increasingly more regulated. The profitability of the Company depends upon the Bank's ability to compete in its market area. The Bank continues to face considerable competition in its market area for deposits and loans from other depository institutions. The Bank faces competition in attracting and retaining deposit and loan customers, and with respect to the terms and conditions it offers on its deposit and loan products. Many of its competitors have greater financial resources, broader geographic markets, and greater name recognition, and are able to provide more services and finance wide-ranging advertising campaigns.

The Bank competes with local, regional, and national commercial banks, savings banks, and savings and loan associations. The Bank also competes with money market mutual funds, mortgage bankers, insurance companies, stock brokerage firms, regulated small loan companies, credit unions, and issuers of commercial paper and other securities.

Concentration
The Company is not dependent for deposits or exposed by loan concentrations to a single customer or a small group of customers the loss of any one or more of which would have a material adverse effect upon the financial condition of the Company. As a community bank however, our market area is concentrated in Bergen County, New Jersey, and 88.8% of our loan portfolio was collateralized by real estate, primarily in our market area, as of December 31, 2015.

Employees
At December 31, 2015, the Company employed seventy-four full-time equivalent employees. None of these employees are covered by a collective bargaining agreement. The Company believes its relations with employees to be good.

Supervision and Regulation

General

The Company and the Bank are each 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 condition the Company's ability to repurchase stock or to receive dividends from the Bank. The Company is also subject to comprehensive examination and supervision by the FRB and the Bank is also subject to comprehensive examination and supervision by NJDOBI and the FDIC. These regulatory agencies generally have broad discretion to impose restrictions and limitations on the operations of the Company and the Bank. This supervisory framework could materially impact the conduct and profitability of the Company's and Bank's activities. Federal and state banking regulators have the authority to initiate informal or formal enforcement actions against the Company and the Bank. Informal actions may include board resolutions approved by the applicable regulators, supervisory letters or memoranda of understanding. Formal actions may include consent orders, cease-and-desist orders, termination of deposit insurance and civil money penalties. Informal actions are generally a confidential part of the regulators' examination and supervisory process and may not be disclosed without the permission of the regulators. All formal actions, however, are publicly disclosed.

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 level. The likelihood and timing of any changes in these laws and regulations, and the impact such changes may have on the Company and the Bank, are difficult to ascertain. A change 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, operations and earnings.

Bank Holding Company Act

The Company is registered as a bank holding company under the Bank Holding Company Act of 1956, as amended (the "BHCA"), and is subject to regulation and supervision by the FRB. The BHCA requires the Company to secure the prior approval of the FRB before it owns or controls, directly or indirectly, more than five percent (5%) of the voting shares or substantially all of the assets of, any bank or savings bank, or merges or consolidates with another bank or savings bank holding company. Further, under the BHCA, the activities of the Company and any nonbank subsidiary are limited to those activities which the FRB determines to be so closely related to banking as to be a proper incident thereto, and prior approval of the FRB may be required before engaging in certain activities. In making such determinations, the FRB is required to weigh the expected benefits to the public such as greater convenience, increased competition and gains in efficiency, against the possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interest, and unsound banking practices.

The BHCA was substantially amended by the Gramm-Leach-Bliley Act ("GLBA"), which among other things permits a "financial holding company" to engage in a broader range of non-banking activities, and to engage on less restrictive terms in certain activities than were previously permitted. These expanded activities include securities underwriting and dealing, insurance underwriting and sales, and merchant banking activities. To become a financial holding company, the Company and the Bank must be "well capitalized" and "well managed" (as defined by federal law), and have at least a "satisfactory" Community Reinvestment Act ("CRA") rating. GLBA

also imposes certain privacy requirements on all financial institutions and their treatment of consumer information. At this time, the Company has not elected to become a financial holding company, as we do not engage in any non-banking activities which would require us to be a financial holding company.

There are a number of restrictions imposed on the Company and the Bank by law and regulatory policy that are designed to minimize potential loss to the depositors of the Bank and the FDIC insurance funds in the event the Bank should become insolvent. For example, FRB policy requires a bank holding company to serve as a source of financial strength to its subsidiary depository institutions and to commit resources to support such institutions in circumstances where it might not do so absent such policy. While the authority of the FRB to invoke this so-called “source of strength doctrine” has been called into question, the FRB maintains that it has the authority to apply the doctrine when circumstances warrant. The FRB also has the authority under the BHCA to require a bank holding company to terminate any activity or to relinquish control of a non-bank subsidiary upon the FRB’s determination that such activity or control constitutes a serious risk to the financial soundness and stability of any bank subsidiary of the bank holding company.

Any capital loan by the Company to the Bank is subordinate in right of payment to deposits and certain other indebtedness of the Bank. In addition, in the event of the Company’s bankruptcy, any commitment by the Company to a federal bank regulatory agency to maintain the capital of the Bank will be assumed by the bankruptcy trustee and entitled to a priority of payment.

The Federal Deposit Insurance Act (“FDIA”) provides that, in the event of the “liquidation or other resolution” of an insured depository institution, the claims of depositors of the institution (including the claims of the FDIC as a subrogee of insured depositors) and certain claims for administrative expenses of the FDIC as a receiver will have priority over other general unsecured claims against the institution. If an insured depository institution fails, insured and uninsured depositors, along with the FDIC will have priority in payment ahead of unsecured, non-deposit creditors, including the Company, with respect to any extensions of credit they have made to such insured depository institution.

Supervision and Regulation of the Bank

The operations and investments of the Bank are also limited by federal and state statutes and regulations. The Bank is subject to the supervision and regulation by the NJDOBI and the FDIC. The Bank is also 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 the Bank may engage and the investments it may make. Under the GLBA, the Bank 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, the Bank must be “well capitalized” and “well managed” and may not have less than a “satisfactory” CRA rating. At this time, the Bank does not engage in any activity which would require it to maintain a financial subsidiary.

The Bank is also subject to federal laws that limit the amount of transactions between the Bank and its nonbank affiliates, including the Company. Under these provisions, transactions (such as a loan or investment) by the Bank with any nonbank affiliate are generally limited to 10% of the Bank’s capital and surplus for all covered transactions with such affiliate or 20% 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. The Bank is also prohibited from purchasing any “low quality” assets from an affiliate. The Dodd-Frank Act

imposed additional requirements on transactions with affiliates, 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.

Securities and Exchange Commission
The Company is also under the jurisdiction of the Securities and Exchange Commission ("SEC") for matters relating to the offering and sale of its securities and is subject to the SEC's rules and regulations relating to periodic reporting, reporting to shareholders, proxy solicitations, and insider-trading regulations.

Monetary Policy
The earnings of the Company 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 FRB have a significant effect upon the operating results of commercial banks such as the Bank. The FRB has a major effect upon the levels of bank loans, investments and deposits through its open market operations in United States government securities 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. The Deposit Insurance Fund is the successor to the Bank Insurance Fund and the Savings Association Insurance Fund, which were merged in 2006.

No institution may pay a dividend if in default of the federal deposit insurance assessment.

On July 21, 2010, the Dodd-Frank Act was signed into law. The Dodd-Frank Act changed 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 average tangible equity, eliminating the ceiling on the size of the deposit insurance fund ("DIF") and increasing the floor on the size of the DIF. The Dodd-Frank Act established a minimum designated reserve ratio ("DRR") of 1.35 percent of the estimated insured deposits, mandates the FDIC to adopt a restoration plan should the DRR fall below 1.35 percent, and provides dividends to the industry should the DRR exceed 1.50 percent.

On February 7, 2011, the Board of Directors of the FDIC approved a final rule on Assessments, Dividend Assessment Base and Large Bank Pricing (the "Final Rule"). The Final Rule implements the changes to the deposit insurance assessment system as mandated by the Dodd-Frank Act. The Final Rule became effective April 1, 2011.

The Final Rule changed the assessment base for insured depository institutions from adjusted domestic deposits to the average consolidated total assets during an assessment period less average tangible equity capital during that assessment period. Tangible equity is defined in the Final Rule as Tier 1 Capital and shall be calculated monthly, unless, like us, the insured depository institution has less than $1 billion in assets, then the insured depository institution will calculate the Tier 1 Capital on an end-of-quarter basis. Parents or holding companies of other insured depository institutions are required to report separately from their subsidiary depository institutions.

The Final Rule retains the unsecured debt adjustment, which lowers an insured depository institution's assessment rate for any unsecured debt on its balance sheet. In general, the unsecured debt adjustment in the Final Rule will be measured to the new assessment base and will be increased by 40 basis points. The Final Rule also contains a brokered deposit adjustment for assessments. The Final Rule provides an exemption to the brokered deposit adjustment to financial institutions that are "well capitalized" and have composite CAMEL ratings of 1 or 2. CAMEL ratings are confidential ratings used by the federal and state regulators for assessing the soundness of financial institutions. These ratings range from 1 to 5, with a rating of 1 being the highest rating.

The Final Rule also creates a new rate schedule that intends to provide more predictable assessment rates to financial institutions. The revenue under the new rate schedule will be approximately the same. Moreover, it indefinitely suspends the requirement that it pay dividends from the insurance fund when it reaches 1.5 percent of insured deposits, to increase the probability that the fund reserve ratio will reach a sufficient level to withstand a future crisis. In lieu of the dividend payments, the FDIC has adopted progressively lower assessment rate schedules that become effective when the reserve ratio exceeds 2 percent and 2.5 percent.

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.

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 the FDIC.

Dividend Restrictions

Under applicable New Jersey law, the Company is not permitted to pay dividends on its capital stock if, following the payment of the dividend, (1) it would be unable to pay its debts as they become due in the usual course of business or (2) its total assets would be less than its total liabilities. Further, it is the policy of the FRB that bank holding companies should pay dividends only out of current earnings and only if future retained earnings would be consistent with the Company's capital, asset quality, liquidity and financial condition. As part of its supervisory authority, the FRB may impose informal or formal restrictions on the Company's ability to pay dividends, including requiring the non-objection of the FRB to payment of any dividends, distribution of interest or creating new debt.

Since it has no significant independent sources of income, the ability of the Company to pay dividends is dependent on its ability to receive dividends from the Bank. 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% 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 Bank is in default with respect to any assessment due to the FDIC.

Risk-Based Capital Requirements
The federal banking regulators have adopted certain risk-based capital guidelines to assist in assessing capital adequacy of a banking organization's operations for both transactions reported on the balance sheet as assets and transactions, such as letters of credit, and recourse agreements, which are recorded as off-balance sheet items. Under these guidelines, nominal dollar amounts of assets and credit-equivalent amounts of off-balance sheet items are multiplied by one of several risk adjustment percentages, which range from 0% for assets with low credit risk, such as certain US Treasury securities, to 100% for assets with relatively high credit risk, such as business loans.

A banking organization's risk-based capital ratios are obtained by dividing its qualifying capital by its total risk adjusted assets. The regulators measure risk-adjusted assets, which include off-balance-sheet items, against both total qualifying capital, Common Equity Tier 1 capital and Tier 1 capital.

- "Common Equity Tier 1 Capital" includes common equity and minority interest in equity accounts of consolidated subsidiaries, less goodwill and other intangibles, subject to certain exceptions and retained earnings.
- "Tier 1", or core capital, includes common equity, non-cumulative preferred stock and minority interest in equity accounts of consolidated subsidiaries, less goodwill and other intangibles, subject to certain exceptions.

In July 2013, the federal banking agencies issued final rules to implement the Basel III regulatory capital reforms and changes required by the Dodd-Frank Act. The phase-in period for community banking organizations began January 1, 2015, while larger institutions (generally those with assets of $250 billion or more) began compliance on January 1, 2014. The final rules call for the following capital requirements:

- A minimum ratio of common equity tier 1 capital to risk-weighted assets of 4.5%.
- A minimum ratio of tier 1 capital to risk-weighted assets of 6%.
- A minimum ratio of total capital to risk-weighted assets of 8%.
- A minimum leverage ratio of 4%.

In addition, the final rules establish a common equity tier 1 capital conservation buffer of 2.5% of risk-weighted assets applicable to all banking organizations. If a banking organization fails to hold capital above the minimum capital ratios and the capital conservation buffer, it will be subject to certain restrictions on capital distributions and discretionary bonus payments. The phase-in period for the capital conservation and countercyclical capital buffers for all banking organizations began on January 1, 2016.

Under the proposed rules, accumulated other comprehensive income (AOCI) would have been included in a banking organization's common equity tier 1 capital. The final rules allow community banks to make a one-time election not to include these additional components of AOCI in regulatory capital and instead use the existing treatment under the general risk-based capital rules that excludes most AOCI components from regulatory capital. The opt-out election was required to be made in the first call report or FR Y-9 series report that is filed after the financial institution becomes subject to the final rule.

The final rules permanently grandfather non-qualifying capital instruments (such as trust preferred securities and cumulative perpetual preferred stock) issued before May 19, 2010 for inclusion in the tier 1 capital of banking organizations with total consolidated assets less than $15 billion as of December 31, 2009 and banking organizations that were mutual holding companies as of May 19, 2010.

Consistent with the Dodd-Frank Act, the new rules replace the ratings-based approach to securitization exposures, which is based on external credit ratings, with the simplified supervisory formula approach in order to determine the appropriate risk weights for these exposures. Alternatively, banking organizations may use the existing gross-up approach to assign securitization exposures to a risk weight category or choose to assign such exposures a 1,250 percent risk weight.

Under the new rules, mortgage servicing assets (MSAs) and certain deferred tax assets (DTAs) are subject to stricter limitations than those applicable under the current general risk-based capital rule. The new rules also increase the risk weights for past-due loans, certain commercial real estate loans, and some equity exposures, and makes selected other changes in risk weights and credit conversion factors.

Failure to meet applicable capital guidelines could subject a banking organization to a variety of enforcement actions including:

- limitations on its ability to pay dividends;
- the issuance by the applicable regulatory authority of a capital directive to increase capital, and in the case of depository institutions, the termination of deposit insurance by the FDIC, as well as to the measures described under FDICIA as applicable to undercapitalized institutions.

In addition, future changes in regulations or practices could further reduce the amount of capital recognized for purposes of capital adequacy. Such a change could affect the ability of the Bank to grow and could restrict the amount of profits, if any, available for the payment of dividends to the Company.

At December 31, 2015, the Bank met its capital requirements with a ratio of common equity tier 1 capital to risk-weighted assets of 10.95%; its ratio of tier 1 capital to risk-weighted assets of 10.95%; its ratio of total capital to risk-weighted assets of 12.19%; and its leverage ratio of 9.02%.

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. Under the rules, an institution will be deemed "well capitalized" or better if its leverage ratio exceeds 5%, its Tier 1 risk based capital ratio exceeds 6%, and if the Total risk based capital ratio exceeds 10%. An institution will be deemed to be "adequately capitalized" or better if it exceeds the minimum Federal regulatory capital requirements. However, it will be deemed "undercapitalized" if it fails to meet the minimum capital requirements; "significantly undercapitalized" if it has a total risk based capital ratio that is less than 6%, a Tier 1 risk based capital ratio that is less than 3%, or a leverage ratio that is less than 3%, and "critically undercapitalized" if the institution has a ratio of tangible equity to total assets that is equal to or less than 2%.

The prompt corrective action rules require an undercapitalized institution to file a written capital restoration plan, along with a performance guaranty by its holding company or a third party. In addition, an undercapitalized institution becomes subject to certain automatic restrictions including a prohibition on payment of dividends, a limitation on asset growth and expansion, in certain cases, a limitation on the payment of bonuses or raises to senior executive officers, and a

prohibition on the payment of certain "management fees" to any "controlling person." Institutions that are classified as undercapitalized are also subject to certain additional supervisory actions, including: increased reporting burdens and regulatory monitoring; a limitation on the institution's ability to make acquisitions, open new branch offices, or engage in new lines of business; obligations to raise additional capital; restrictions on transactions with affiliates; and restrictions on interest rates paid by the institution on deposits. In certain cases, bank regulatory agencies may require replacement of senior executive officers or directors, or sale of the institution to a willing purchaser. If an institution is deemed to be "critically undercapitalized" and continues in that category for four quarters, the statute requires, with certain narrowly limited exceptions, that the institution be placed in receivership.

As of December 31, 2015, the Bank was classified as "well capitalized." This classification is primarily for the purpose of applying the federal prompt corrective action provisions and is not intended to be and should not be interpreted as a representation of overall financial condition or prospects of the Bank.

Beginning January 1, 2015, all insured depository institutions were required to incorporate the revised regulatory capital requirements (see Supervision and Regulation – Risk-Based Capital Requirements) into the prompt corrective action framework, including the new common equity tier 1 capital asset ratio and a higher tier 1 risk-based capital ratio.

Community Reinvestment Act

The 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". The Bank's 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, the bank maintains a "satisfactory" CRA rating.

USA PATRIOT Act

Under the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT) Act, financial institutions are subject to prohibitions against specified financial transactions and account relationships as well as enhanced due diligence and "know your customer" standards in their dealings with foreign financial institutions and foreign customers. Under the USA PATRIOT Act, financial institutions must establish anti-money laundering programs meeting the minimum standards specified by the Act and implementing regulations. The USA PATRIOT Act also requires the Federal banking regulators to consider the effectiveness of a financial institution's anti-money laundering activities when reviewing bank mergers and bank holding company acquisitions.

The Bank has implemented the required internal controls to ensure proper compliance with the USA PATRIOT Act.

Sarbanes-Oxley Act of 2002

The Sarbanes-Oxley Act of 2002 comprehensively revised the laws affecting corporate governance, auditing and accounting, executive compensation and corporate reporting for entities, such as the Company, with equity or debt securities registered under the Securities Exchange Act

of 1934, as amended ("Exchange Act"). Among other things, Sarbanes-Oxley and its implementing regulations have established new membership requirements and additional responsibilities for our audit committee, imposed restrictions on the relationship between the Company and its outside auditors (including restrictions on the types of non-audit services our auditors may provide to us), imposed additional responsibilities for our external financial statements on our chief executive officer and chief financial officer, and expanded the disclosure requirements for our corporate insiders. The requirements are intended to allow stockholders to more easily and efficiently monitor the performance of companies and directors. The Company and its Board of Directors have, as appropriate, adopted or modified the Company's policies and practices in order to comply with these regulatory requirements and to enhance the Company's corporate governance practices.

Pursuant to Sarbanes-Oxley, the Company has adopted a Code of Conduct and Ethics applicable to its Board, executives and employees. This Code of Conduct can be found on the Company's website at www.bonj.net.

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.

The Dodd-Frank Act creates the CFPB of Consumer Financial Protection ("CFPB"), which is an independent CFPB 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"). The federal consumer finance laws and all of the functions and responsibilities associated with them were transferred to the CFPB on July 21, 2011. 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 it has 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 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-managed and well-capitalized;
- 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 of 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 public companies with securities registered under 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 and mortgage loan servicing practices, and defining qualified mortgage loans, 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.

Ability to Repay and Qualified Mortgage Rule

Pursuant to the Dodd Frank Act, the Consumer Financial Protection Bureau issued a final rule on January 10, 2013 (which became effective January 10, 2014), amending Regulation Z as implemented by the Truth in Lending Act, requiring mortgage lenders to make a reasonable and good faith determination based on verified and documented information that a consumer applying for a mortgage loan has a reasonable ability to repay the loan according to its terms. Mortgage lenders are required to determine consumers' ability to repay in one of two ways. The first

alternative requires the mortgage lender to consider the following eight underwriting factors when making the credit decision:

- current or reasonably expected income or assets;
- current employment status;
- the monthly payment on the covered transaction;
- the monthly payment on any simultaneous loan;
- the monthly payment for mortgage-related obligations;
- current debt obligations, alimony, and child support;
- the monthly debt-to-income ratio or residual income; and
- credit history.

Alternatively, the mortgage lender can originate "qualified mortgages," which are entitled to a presumption that the creditor making the loan satisfied the ability-to-repay requirements. In general, a "qualified mortgage" is a mortgage loan without negative amortization, interest-only payments, balloon payments, or terms exceeding 30 years. In addition, to be a qualified mortgage, the points and fees paid by a consumer cannot exceed 3% of the total loan amount. Loans which meet these criteria will be considered qualified mortgages, and as a result generally protect lenders from fines or litigation in the event of foreclosure. Qualified mortgages that are "higher-priced" (e.g. subprime loans) garner a rebuttable presumption of compliance with the ability-to-repay rules, while qualified mortgages that are not "higher-priced" (e.g. prime loans) are given a safe harbor of compliance. The final rule, as issued, is not expected to have a material impact on our lending activities or our results of operations or financial condition.

TILA/RESPA Integrated Disclosures (TRID)

On October 3, 2015, the CFPB implemented a final rule combining the mortgage disclosures consumers previously received under TILA and RESPA. For more than 30 years, the TILA and RESPA mortgage disclosures had been administered separately by, respectively, the Federal Reserve Board and the U.S. Department of Housing and Urban Development. The final rule requires lenders to provide applicants with the new Loan Estimate and Closing Disclosure and generally applies to most closed-end consumer mortgage loans for which the creditor or mortgage broker receives an application on or after October 3, 2015.

Jumpstart Our Business Startups (JOBS) Act

In April 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 Securities Exchange Act of 1934 (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 (IPO) and complying with public company reporting obligations for up to five years.

Federal Home Loan Bank Membership

The Bank is a member of the Federal Home Loan Bank of New York ("FHLBNY"). Each member of the FHLBNY is required to maintain a minimum investment in capital stock of the FHLBNY. The Board of Directors of the FHLBNY 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 FHLBNY depends entirely upon the occurrence of a future event, potential payments to the FHLBNY is not determinable.

Additionally, in the event that the Bank fails, the right of the FHLBNY to seek repayment of funds loaned to the Bank shall take priority (a "super lien") over all other creditors.

Other Laws and Regulations

The Company and the Bank 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 its own property, the Bank is 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. 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 from 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, results of operations or financial condition.

MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

The principal market in which the Company's common stock is traded is the NYSE MKT LLC exchange. The Company's common stock trades under the symbol "BKJ".

The following table sets forth the high and low sales prices for our common stock for each of the indicated periods.

	High	Low
Year Ended December 31, 2015		
Fourth quarter	$ 11.65	$ 10.66
Third quarter	11.82	10.40
Second quarter	11.88	10.82
First quarter	11.88	10.30
Year Ended December 31, 2014		
Fourth quarter	$ 12.29	$ 10.50
Third quarter	12.99	11.01
Second quarter	14.26	12.66
First quarter	15.08	12.75

Holders

As of March 23, 2016 there were approximately 1,130 shareholders of our common stock, which includes an estimate of shareholders who hold their shares in street name.

Dividends

In 2015, the Company declared four quarterly cash dividends in the amount of $0.06 per share. These cash dividends were paid to shareholders on March 31, 2015, June 30, 2015, September 30, 2015 and December 31, 2015, respectively, and the Company currently expects that comparable quarterly cash dividends will continue to be declared and paid in the future.

In 2014, the Company declared four quarterly cash dividends. Cash dividends of $0.06 per share were paid to shareholders on March 31, 2014, June 28, 2014, September 30, 2014 and December 31, 2014.

Future dividends will be subject to approval by the board of directors. The decision to declare and pay, as well as the timing and amount of any future dividends will be determined by the board of directors with consideration to the Company's earnings, capital needs, financial condition, regulatory requirements and other relevant factors.

Under applicable New Jersey law, the Company is permitted to pay dividends on its capital stock if, following the payment of the dividend, it is able to pay its debts as they become due in the usual course of business, or its total assets are greater than its total liabilities. Further, it is the policy of the FRB that bank holding companies should pay dividends only out of current earnings and only if future retained earnings would be consistent with the holding company's capital, liquidity, asset quality and financial condition. As part of its supervisory authority, the FRB may impose informal or formal restrictions on the Company's ability to pay dividends, including requiring the non-objection of the FRB to payment of any dividends.

Under the New Jersey Banking Act of 1948, as amended, the Bank may declare and pay 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% 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 Bank would be undercapitalized.

Securities Authorized for Issuance under Equity Compensation Plans

The following tables summarize our equity compensation plan information as of December 31, 2015:

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 equity compensation plans**
Equity Compensation Plans approved by security holders:			
2006 Stock Option Plan	159,700	$10.22	30,084
2007 Non-Qualified Stock Option Plan for Directors	331,334	$11.50	43,334
2011 Equity Incentive Plan	-	N/A	166,282
Equity compensation plans not approved by security holders	-	-	-
Total	491,034	$11.11	239,700

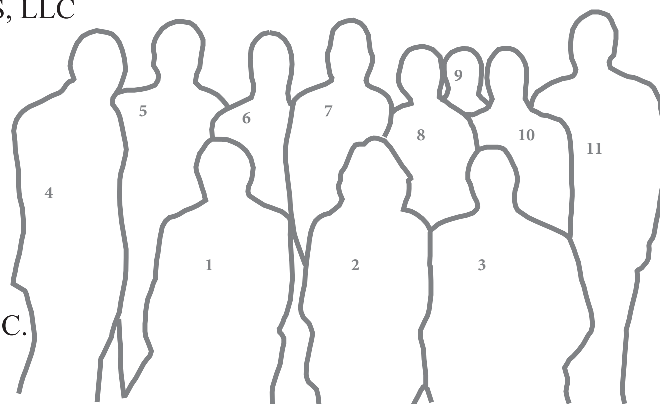
See Note 12 to our audited financial statements included in this Annual Report on Form 10-K for a description of the material features of each plan.

BANCORP OF NEW JERSEY, INC.

Directors and Executive Officers

BOARD OF DIRECTORS

1. **Rosario Luppino**, Real Estate Developer
2. **Diane M. Spinner**, Retired Bank Executive
3. **John K. Daily**, President and COO, C.A. Shea & Co. Commercial Surety
4. **Anthony M. Lo Conte**, President and CEO, Anthony L and S, LLC Shoe Import and Distribution
5. **Albert L. Buzzetti, Esq.**, Vice Chairman, Managing Partner, A. Buzzetti and Associates, LLC
6. **Michael Bello**, President, Michael Bello Insurance Agency
7. **Gerald A. Calabrese, Jr.**, Chairman of the Board, President, Century 21 Calabrese Realty
8. **Jay Blau**, President, Imperial Sales & Sourcing, Inc.
9. **Joel P. Paritz**, CPA, President, Paritz & Company, P.A.
10. **Anthony Siniscalchi CPA**, Partner, A. Uzzo & Co., CPAS, P.C.
11. **Mark J. Sokolich**, Esq., Attorney at Law



Not Pictured: **Stephen Crevani**, Manager, Aniero Concrete
Carmelo Luppino, Jr., Real Estate Developer
Christopher M. Shaari MD, Physician
Nancy E. Graves, President and CEO, Bank of New Jersey

EXECUTIVE OFFICERS

Nancy E. Graves
President and
Chief Executive Officer

Leo J. Faresich
Executive Vice President
Chief Lending Officer

Nicole Bartuccelli
Senior Vice President
Chief Credit Officer

Stephanie A. Caggiano
SVP, Chief Compliance Officer
Corporate Secretary

Matthew Levinson
Senior Vice President
Chief Financial Officer

OFFICERS

Nancy E. Graves
President and
Chief Executive Officer

Leo J. Faresich
Executive Vice President
Chief Lending Officer

Nicole Bartuccelli
Senior Vice President
Chief Credit Officer

Stephanie A. Caggiano
SVP, Chief Compliance Officer
Corporate Secretary

Matthew Levinson
Senior Vice President
Chief Financial Officer

Ronald M. Urtiaga
Senior Vice President
Commercial Lending

Rosemarie Yaverian
Senior Vice President
Branch Administration

Robert L. Cusick
Senior Vice President
Commercial Lending

Frank Greco
Senior Vice President
Commercial Lending

Paul A. Meyer
Senior Vice President
Commercial Lending

Anna Maria Alberga
Vice President
Branch Manager

Cornelia Brummer
Vice President
Marketing Director

Kory Buczynski
Vice President
BSA Manager

Anthony Cozzitorto
Vice President
Commercial Lending

Tamara A. Francis
Vice President
Branch Manager

Alice Irizarry
Vice President
Retail Lending

Jaime Marley
Vice President
Branch Manager

Reina Martinez
Vice President
Branch Manager

Ali M. Mattera
Vice President
Compliance and Technology

Kinga Mikos
Vice President
Operations

Anna Nan Oh
Vice President
Business Development

Alejandra Pazmino
Vice President
Business Development

Allison Peterson
Vice President
Branch Manager

Ryan Petrillo
Vice President
Branch Manager

Lidia Sofia
Vice President
Branch Manager

Jakia Sultana
Vice President
Branch Manager

Jean Albert
Assistant Vice President
Assistant Controller

Kathy Donleavy
Assistant Vice President
Assistant Branch Manager

Rosemarie Fuchs
Assistant Vice President
Lending Department

Chaya Kochis
Assistant Vice President
Sr. Credit Administration Officer

Jenna Pascale
Assistant Vice President
Branch Manager

Elizabeth Ranalli
Assistant Vice President
Lending Department

Kimberly Tapken
Assistant Vice President
Lending Department

Peter Tomasi
Assistant Vice President
Commercial Lending Portfolio Mgr.

Suzanne Wirth
Assistant Vice President
Assistant Branch Manager

Independent Auditors
BDO USA, LLP
100 Park Avenue
New York, NY 10017

Regulatory Counsel
Pepper Hamilton LLP
STE 400-301 Carnegie Center
Princeton, NJ 08543-4276

Common Stock Date
Common Stock is traded on
NYSE MKT LLC Exchange
Under the symbol: **BKJ**

Registrar and Transfer Agent
American Stock Transfer &
Trust Company, LLC
6201 15th Avenue
Brooklyn, NY 11219

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Bank of New Jersey
Branch Offices

1365 Palisade Avenue
(MAIN OFFICE)
Fort Lee, N.J. 07024
(201) 944-8600

204 Main Street
Fort Lee, N.J. 07024
(201) 944-7200

458 West Street
Fort Lee, N.J. 07024
(201) 944-7222

401 Hackensack Avenue
Hackensack, N.J. 07601
(201) 968-0008

4 Park Street
Harrington Park, N.J. 07640
(201) 750-9970

320 Haworth Avenue
Haworth, N.J. 07641
(201) 387-9910

104 Grand Avenue
Englewood, N.J. 07631
(201) 227-0160

354 Palisade Avenue
Cliffside Park, N.J. 07010
(201) 313-0025

585 Chestnut Ridge Road
Woodcliff Lake, N.J. 07677
(201) 505-9300

750 East Palisade Avenue
Englewood Cliffs, N.J. 07632
(Coming Soon)

Bancorp of New Jersey, Inc.

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