Bancorp of New Jersey, Inc.
Form 10-Q
May 16, 2016
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

(Mark one)

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2016

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number: 001-34089

BANCORP OF NEW JERSEY, INC.

(Exact name of registrant as specified in its charter)

New Jersey	**20-8444387**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1365 Palisade Ave, Fort Lee, New Jersey	**07024**
(Address of principal executive offices)	(Zip Code)

(201) 944-8600

(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act:

Large accelerated filer o	Accelerated filer o
Non-accelerated filer o	Smaller reporting company x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.): Yes o No x

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date. As of May 4, 2016 there were 6,240,041 outstanding shares of the issuer s class of common stock, no par value.

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BANCORP OF NEW JERSEY, INC.

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

(in thousands, except share data)

	March 31, 2016	December 31, 2015
ASSETS		
Cash and due from banks	$ 1,646	$ 2,238
Interest bearing deposits	59,433	71,497
Federal funds sold	453	454
Total cash and cash equivalents	61,532	74,189
Interest bearing time deposits	1,000	1,000
Securities available for sale	61,080	64,750
Securities held to maturity (fair value approximates $5,396 and $5,829 at March 31, 2016 and December 31, 2015, respectively)	5,396	5,829
Restricted investment in bank stock, at cost	1,947	2,020
Loans receivable	652,293	645,062
Deferred loan fees and unamortized costs, net	(399)	(381)
Less: allowance for loan losses	(8,076)	(8,020)
Net loans	643,818	636,661
Premises and equipment, net	11,345	10,500
Accrued interest receivable	2,425	2,305
Other real estate owned	512	512
Other assets	4,839	5,154
TOTAL ASSETS	$ 793,894	$ 802,920
LIABILITIES AND STOCKHOLDERS EQUITY		
LIABILITIES:		
Deposits		
Non-interest bearing	$ 121,180	$ 117,919
Savings and interest bearing transaction accounts	244,503	232,456
Time deposits under $250	179,915	192,560
Time deposits $250 and over	146,705	157,804
Total deposits	692,303	700,739
Borrowed funds	24,908	26,529
Accrued interest payable and other liabilities	2,334	2,499
TOTAL LIABILITIES	719,545	729,767
Stockholders equity:		
Common stock, no par value, authorized 20,000,000 shares; issued and outstanding 6,240,241 and 6,240,241 at March 31, 2016 and December 31, 2015, respectively	60,561	60,509
Retained earnings	13,858	12,940
Accumulated other comprehensive loss	(70)	(296)
Total stockholders equity	74,349	73,153
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	$ 793,894	$ 802,920

See accompanying notes to unaudited consolidated financial statements

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BANCORP OF NEW JERSEY, INC.

UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per share data)

	For the Three Months Ended March 31, 2016	2015
INTEREST INCOME		
Loans, including fees	$ 7,753	$ 7,569
Securities	218	229
Federal funds sold and other	91	25
TOTAL INTEREST INCOME	8,062	7,823
INTEREST EXPENSE		
Time deposits	1,384	1,525
Savings and money markets	351	297
Borrowed funds	101	126
TOTAL INTEREST EXPENSE	1,836	1,948
NET INTEREST INCOME	6,226	5,875
Provision for loan losses	300	370
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	5,926	5,505
NON-INTEREST INCOME		
Fees and service charges on deposit accounts	84	48
Loss on sale of securities		(5)
TOTAL NON-INTEREST INCOME	84	43
NON-INTEREST EXPENSE		
Salaries and employee benefits	1,992	1,812
Occupancy and equipment expense	701	740
Data processing	283	235
FDIC premiums and related expenses	269	120
Professional fees	251	166
Legal fees	36	135
Other real estate owned related expenses	3	168
Other expenses	456	452
TOTAL NON-INTEREST EXPENSE	3,991	3,828
Income before provision for income taxes	2,019	1,720
Income tax expense	727	596
Net income	1,292	1,124
PER SHARE OF COMMON STOCK		
Basic	$ 0.21	$ 0.20
Diluted	$ 0.21	$ 0.20

See accompanying notes to unaudited consolidated financial statements

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BANCORP OF NEW JERSEY, INC.

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)

	For the Three Months Ended March 31, 2016	2015
Net income	$ 1,292	$ 1,124
Other comprehensive income:		
Gross unrealized holding gains on securities available for sale, net of deferred income tax expense of $142 and $280, respectively	226	496
Reclassification adjustment for loss on sale of securities, net of tax benefit of $0 and $2, respectively		(3)
Other comprehensive income	226	493
Comprehensive income	$ 1,518	$ 1,617

See accompanying notes to unaudited consolidated financial statements

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BANCORP OF NEW JERSEY

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	For the Three Months Ended March 31, 2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 1,292	$ 1,124
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	300	370
Write down of other real estate owned		160
Deferred tax benefit	(178)	
Amortization of securities premiums	37	27
Depreciation and amortization	188	149
Stock based compensation	52	54
Accretion of net loan origination fees	18	5
Loss on sale of securities		5
Changes in operating assets and liabilities:		
Increase in accrued interest receivable	(120)	(57)
Decrease (increase) in other assets	352	(170)
Decrease in other liabilities	(165)	(269)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,776	1,398
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of securities held to maturity, net	(2,417)	(2,464)
Proceeds from maturities of securities held to maturity	2,850	7,126
Proceeds from maturities of securities available for sale	4,000	
Proceeds from sales of securities available for sale		2,995
Proceeds from the call of restricted investments in bank stock	73	72
Net increase in loans	(7,475)	(16,517)
Purchases of premises and equipment	(1,033)	(161)
NET CASH USED IN INVESTING ACTIVITIES	(4,002)	(8,949)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (decrease) increase in deposits	(8,436)	30,062
Net decrease in borrowed funds	(1,621)	(1,596)
Net proceeds from the sale of common stock through the private placement		9,297
Dividends	(374)	(374)
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(10,431)	37,389
Net (decrease) increase in cash and cash equivalents	(12,657)	29,838
Cash and cash equivalents, beginning of year	74,189	22,060
CASH AND CASH EQUIVALENTS, END OF PERIOD	**$ 61,532**	**$ 51,898**
Supplemental information:		
Cash paid during the period for:		
Interest	$ 1,900	$ 1,927
Income taxes	$ 858	$ 915

See accompanying notes to unaudited consolidated financial statements.

BANCORP OF NEW JERSEY, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. 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).

The Company s class of common stock has no par value and the Bank s class of common stock has a par value of $10 per share.

The financial information in this quarterly report has been prepared in accordance with U.S. generally accepted accounting principles (GAAP); these financial statements have not been audited. Certain information and footnote disclosures required under GAAP have been condensed or omitted, as permitted by rules and regulations of the Securities and Exchange Commission.

Organization

The Company is a New Jersey corporation and bank holding company registered with the Board of Governors of the Federal Reserve System (the Federal Reserve Board). The Bank is a community bank which provides a full range of banking services to individuals and corporate customers in New Jersey. Both the Company and the Bank are subject to competition from other financial institutions. The Bank is regulated by state and federal agencies and is subject to periodic examinations by those regulatory authorities. 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 has sought to offer an alternative, community-oriented style of banking in an area, that is presently dominated by larger, statewide and national institutions. The Bank continues to focus 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 its market area. As a community bank, the Bank endeavors to provide superior customer service that is highly personalized, efficient and responsive to local needs. To better serve its customers and expand its market reach, the Bank provides for the delivery of certain of its financial products and services to its local customers and to a broader market through the use of mail, telephone and internet banking. The Bank seeks 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.

Note 2. Benefit Plans and Stock-Based Compensation

2006 Stock Option Plan

During 2006, the Bank 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. This plan allows the Company to grant options to directors and employees of the Company to purchase up to 239,984 shares of the Company s common stock. At March 31, 2016, incentive stock options to purchase 209,900 shares have been issued to employees of the Bank under the 2006 Stock Option Plan, of which options to purchase 159,700 shares were outstanding.

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Under the 2006 Stock Option Plan, there were no unvested options at March 31, 2016 and accordingly no unrecognized share based compensation expense. Under the 2006 Stock Option Plan, no options were granted, exercised, or forfeited during the first three months of 2016.

2007 Director Plan

During 2007, the Bank s stockholders approved the 2007 Non-Qualified Stock Option Plan for Directors (the 2007 Director Plan). At the time of the holding company reorganization, the 2007 Director 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. At March 31, 2016, non-qualified options to purchase 460,000 shares of the Company s stock have been issued to non-employee directors of the Company under the 2007 Director Plan and approximately 331,334 were outstanding at March 31, 2016. No options were granted, exercised or forfeited during the first three months of 2016.

Under the 2007 Director Plan, there were no unvested options at March 31, 2016 and accordingly no unrecognized share based compensation expense.

In connection with both the 2006 Stock Option Plan and the 2007 Director Plan, no share based compensation expense was recognized for the three months ended March 31, 2016 and 2015.

The aggregate intrinsic value of a stock option 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 March 31, 2016. This amount changes based on the changes in the market value in the Company s common stock.

The aggregate intrinsic value of options outstanding as of March 31, 2016 under the 2006 Stock Option Plan and the 2007 Director Plan was approximately $538 thousand.

The aggregate intrinsic value of options outstanding as of March 31, 2015 under the 2006 Stock Option Plan and the 2007 Director Plan was approximately $303 thousand.

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. During the quarter ended March 31, 2016, no shares of common stock were issued or forfeited under the 2011 Plan. For the three months ended March 31, 2016 and 2015, $52,000 and $54,000, respectively, was recorded as expense for restricted stock that has been issued through the 2011 Plan in prior years.

Note 3. Earnings Per Share

Basic earnings per share is calculated by dividing the net income for a period by the weighted average number of common shares outstanding during that period.

Diluted earnings per share is calculated by dividing the net income for a period by the weighted average number of outstanding common shares and dilutive common share equivalents during that period. Outstanding common share equivalents include options and warrants to purchase the Company s common stock.

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The following schedule shows earnings per share for the three month periods presented:

	For the Quarter Ended March 31,			
(In thousands except per share data)		**2016**		**2015**
Net income applicable to common stock	$	1,292	$	1,124
Weighted average number of common shares outstanding - basic		6,240		5,659
Basic earnings per share	**$**	**0.21**	**$**	**0.20**
Net income applicable to common stock	$	1,292	$	1,124
Weighted average number of common shares outstanding		6,240		5,659
Effect of dilutive options		13		15
Weighted average number of common shares and common share equivalents- diluted		6,253		5,674
Diluted earnings per share	**$**	**0.21**	**$**	**0.20**

Incentive stock options to purchase 84,700 shares of common stock at a weighted average price of $9.09; and 32,250 unvested shares of restricted common stock were included in the computation of diluted earnings per share for the three months ended March 31, 2016.

Incentive stock options to purchase 86,900 shares of common stock at a weighted average price of $9.09; and 48,500 unvested shares of restricted common stock were included in the computation of diluted earnings per share for the three months ended March 31, 2015.

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Note 4. Securities Available for Sale and Investment Securities

A summary of securities held to maturity and securities available for sale at March 31, 2016 and December 31, 2015 is as follows (in thousands):

March 31, 2016	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities Held to Maturity:				
Obligations of states and political subdivisions	$ 5,396	$	$	$ 5,396
Total securities held to maturity	5,396			5,396
Securities Available for Sale:				
U.S. Treasury obligations	6,484		(48)	6,436
Government Sponsored Enterprise obligations	54,710	14	(80)	54,644
Total securities available for sale	61,194	14	(128)	61,080
Total securities	$ 66,590	$ 14	$ (128)	$ 66,476

December 31, 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
Total securities	$ 71,061	$	$ (482)	$ 70,579

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

March 31, 2016	Less than 12 Months Fair Value	Less than 12 Months Unrealized Losses	More than 12 Months Fair Value	More than 12 Months Unrealized Losses	Total Fair Value	Total Unrealized Losses
Securities Available for Sale:						
U.S. Treasury obligations	$	$	$ 6,436	$ (48)	6,436	(48)
Government Sponsored Enterprise obligations	2,993	(8)	18,427	(72)	21,420	(80)
Total securities available for sale	$ 2,993	$ (8)	$ 24,863	$ (120)	$ 27,856	$ (128)

December 31, 2015	Less than 12 Months Fair Value	Less than 12 Months Unrealized Losses	More than 12 Months Fair Value	More than 12 Months Unrealized Losses	Total Fair Value	Total 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)
Total securities	$ 15,707	$ (12)	$ 49,043	$ (470)	$ 64,750	$ (482)

The amortized cost and fair value of securities held to maturity and securities available for sale at March 31, 2016 by contractual maturity are shown below. Expected maturities will differ from contractual maturities as borrowers may have the right to call or prepay obligations with or without call or prepayment penalties (in thousands):

	Securities Held to Maturity Amortized Cost	Securities Held to Maturity Fair Value	Securities Available for Sale Amortized Cost	Securities Available for Sale Fair Value
One year or less	$ 5,396	$ 5,396	$ 15,709	$ 15,718
After one to five years			45,485	45,362
Total	$ 5,396	$ 5,396	$ 61,194	$ 61,080

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

When OTTI for debt securities occurs, the amount of the OTTI recognized in earnings depends on whether an entity intends to sell the security or more likely than not will be required to sell the security before recovery of its amortized cost basis. If an entity intends to sell or more likely than not will be required to sell the security before recovery of its amortized cost basis, the OTTI would be recognized in earnings equal to

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

At March 31, 2016, the Company s available for sale securities portfolio consisted of 22 securities, of which 10 were in an unrealized loss position for more than twelve months. No OTTI charges were recorded during the three months ended March 31, 2016. The Company does not intend to sell these securities and it is not more likely than not that the Company will be required to sell these securities. Unrealized losses primarily relate to interest rate fluctuations and not credit concerns.

Securities with an amortized cost of $31.3 million and a fair value of $31.2 million, were pledged to secure public funds on deposit at March 31, 2016. Securities with an amortized cost of $31.3 million and a fair value of $31.0 million, were pledged to secure public funds on deposit at December 31, 2015.

During the first quarter of 2016, the Company did not sell any securities from its available for sale or held to maturity portfolios. During the first quarter of 2015, the Company sold one security from its available for sale portfolio. It recognized a loss of approximately $5 thousand from this sale. The Company did not sell any securities from its held to maturity portfolio during the first quarter of 2015.

Note 5. Loans

The components of the loan portfolio at March 31, 2016 and December 31, 2015 are summarized as follows (in thousands):

	March 31, 2016	December 31, 2015
Commercial real estate	$ 476,460	$ 460,396
Residential mortgages	45,069	48,698
Commercial	66,431	69,855
Home equity	62,221	63,308
Consumer	2,112	2,805
	$ 652,293	$ 645,062

The Company grants commercial, mortgage and installment loans to those New Jersey residents and businesses within its local trading 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 believes its lending policies and procedures adequately manage the potential exposure to such risks and that an allowance for loan losses is provided for management s best estimate of probable loan losses.

The activity in the allowance for loan losses and recorded investment in loan receivables as of and for the periods indicated are as follows (in thousands):

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For the three months ended and as of:

March 31, 2016	Commercial Real Estate	Residential Mortgages	Commercial	Home Equity	Consumer	Unallocated	Total
Allowance for loan losses:							
Beginning Balance	$ 5,566	$ 572	$ 1,066	$ 573	$ 39	$ 204	$ 8,020
Charge-offs		(90)		(154)			(244)
Recoveries							
Provisions	187	15	(42)	131	(7)	16	300
Ending balance	$ 5,753	$ 497	$ 1,024	$ 550	$ 32	$ 220	$ 8,076
Ending balance: individually evaluated for impairment	$	$ 175	$	$ 5	$	$	$ 180
Ending balance: collectively evaluted for impairment	$ 5,753	$ 322	$ 1,024	$ 545	$ 32	$ 220	$ 7,896
Loans receivables:							
Ending balance	$ 476,460	$ 45,069	$ 66,431	$ 62,221	$ 2,112	$	$ 652,293
Ending balance: individually evaluted for impairment	831	4,379		2,456			7,666
Ending balance: collectively evaluated for impairment	$ 475,629	$ 40,690	$ 66,431	$ 59,765	$ 2,112	$	$ 644,627

March 31, 2015	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)						(60)
Recoveries							
Provisions	288	187	31	(164)	(4)	32	370
Ending balance	$ 5,178	$ 535	$ 1,159	$ 336	$ 20	$ 274	$ 7,502

December 31, 2015							
Ending balance	$ 5,566	$ 572	$ 1,066	$ 573	$ 39	$ 204	$ 8,020
Ending balance: individually evaluated for impairment	$	$ 267	$	$ 80	$	$	$ 347
Ending balance: collectively evaluted for impairment	$ 5,566	$ 305	$ 1,066	$ 493	$ 39	$ 204	$ 7,673
Loans receivables:							
Ending balance	$ 460,396	$ 48,698	$ 69,855	$ 63,308	$ 2,805	$	$ 645,062
Ending balance: individually evaluted 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

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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 table presents the classes of the loan portfolio summarized by the past due status as of March 31, 2016 and December 31, 2015 (in thousands):

March 31, 2016	**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	$	$	$ 831	$ 831	$ 475,629	$ 476,460	$ 831
Residential mortgages	1,110		3,850	4,960	40,109	45,069	3,850
Commercial					66,431	66,431	
Home equity		475	2,353	2,828	59,393	62,221	2,353
Consumer					2,112	2,112	
Total	$ 1,110	$ 475	$ 7,034	$ 8,619	$ 643,674	$ 652,293	$ 7,034

December 31, 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	
Total	$ 830	$ 475	$ 7,356	$ 8,661	$ 636,401	$ 645,062	$ 7,356

The Company had no loans greater than ninety days delinquent and accruing interest.

If nonaccrual loans had been current in accordance with their original terms and had been outstanding throughout the three-month periods ended March 31, 2016 and 2015, the gross interest income that would have been recorded in such periods would have been approximately $48 thousand and $95 thousand, respectively. The amount of interest income on those loans that was included in net income for the three-month periods ended March 31, 2016 and 2015 was $0.

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The following table presents 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 March 31, 2016 and December 31, 2015 (in thousands):

March 31, 2016	Commercial Real Estate	Residential Mortgages	Commercial	Home Equity	Consumer	Total
Pass	$ 468,516	$ 45,069	$ 58,964	$ 56,352	$ 2,112	$ 631,013
Special Mention	4,090		3,898	4,871		12,859
Substandard	3,854		3,569	998		8,421
Doubtful						
Total	$ 476,460	$ 45,069	$ 66,431	$ 62,221	$ 2,112	$ 652,293

December 31, 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						
Total	$ 460,396	$ 48,698	$ 69,855	$ 63,308	$ 2,805	$ 645,062

A loan is considered impaired when based on current information and events, it is probable that the Company will be unable to collect all amounts due from the borrower in accordance with the contractual terms of the loan. The following table provides information about the Company s impaired loans at March 31, 2016 and December 31, 2015 (in thousands):

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March 31, 2016	Recorded Investment	Unpaid Principal Balance	Related Allowance
Impaired loans with specific reserves:			
Residential mortgage	$ 3,269	$ 3,795	$ 175
Home equity	$ 103	$ 103	$ 5
Total impaired loans with specific reserves	3,372	3,898	180
Impaired loans with no specific reserves:			
Commercial real estate	831	856	
Residential mortgage	1,110	1,290	
Home equity	2,353	2,614	
Total impaired loans with no specific reserves	4,294	4,760	
Total impaired loans	$ 7,666	$ 8,658	$ 180

December 31, 2015	Recorded Investment	Unpaid Principal Balance	Related Allowance
Impaired loans with specific reserves:			
Residential mortgages	$ 3,568	$ 4,055	$ 267
Home equity	$ 278	$ 175	$ 80
	3,846	4,230	347
Impaired loans with no specific reserves:			
Commercial real estate	842	867	
Residential mortgages	956	1,045	
Home equity	2,348	2,723	
	4,146	4,635	
	$ 7,992	$ 8,865	$ 347

The following table provides information about the Company s impaired loans and related amounts recorded in the allowance for loan losses for the three month periods ended March 31, 2016 and 2015 (in thousands):

	2016		2015	
	Average Recorded Investment	Interest Income Recognized	Average Recorded Investment	Interest Income Recognized
Impaired loans with specific reserves:				
Residential mortgage	$ 3,294		$ 1,053	
Home equity	103			
Total impaired loans with specific reserves	3,397		1,053	
Impaired loans with no specific reserves:				
Commercial real estate	837		1,767	
Residential mortgage	1,157		3,243	
Home equity	2,438		2,505	
Total impaired loans with no specific reserves	4,432		7,515	
Total impaired loans	$ 7,829	$	$ 8,568	$

Troubled debt restructuring loans (TDRs) are loans where the contractual terms of the loan have been modified for a borrower experiencing financial difficulties. These modifications could include a reduction in the interest rate of the loan, payment extensions, forgiveness of principal, a combination of these concessions or other actions to maximize collection.

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The following table summarizes information in regards to TDRs by loan portfolio class as of March 31, 2016 and December 31, 2015 (in thousands):

March 31, 2016		Accrual Status	Number of Loans		Nonaccrual Status	Number of Loans		Total
Residential mortgages	$	529	2	$	3,325	4	$	3,854
Commercial real estate					356	1		356
Home equity		103	2		847	1		950
	$	632	4	$	4,528	6	$	5,160

December 31, 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

During the three months ended March 31, 2016 and 2015, there were no new TDRs that occurred.

During the three months ended March 31, 2016 and 2015, there were no defaults of loans modified in troubled debt restructurings during the previous twelve months.

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 March 31, 2016 and December 31, 2015, we have no foreclosed residential real estate properties as a result of obtaining physical possession. As of March 31, 2016 and December 31, 2015, we had residential mortgage loans and home equity loans with a carrying value of $2.1 million collateralized by residential real estate property for which formal foreclosure proceedings were in process.

Note 6. Guarantees

The Company does not issue any guarantees that would require liability recognition or disclosure, other than the Bank s standby letters of credit. Standby letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. Generally, all letters of credit, when issued have expiration dates within one year. The credit risk involved in issuing letters of credit is essentially the same as those that are involved in extending loan facilities to customers. The Bank generally holds collateral and/or personal guarantees supporting these commitments. As of March 31, 2016, the Bank had $3.7 million of commercial and similar letters of credit. Management believes that the proceeds obtained through a liquidation of collateral and the enforcement of guarantees would be sufficient to cover the potential amount of future payment required under the corresponding guarantees. Management believes that the current amount of the liability as of March 31, 2016 for guarantees under standby letters of credit issued is not material.

Note 7 Borrowed Funds

Borrowings may consist of long-term debt fixed rate advances from the Federal Home Loan Bank of New York (FHLBNY) as well as short term borrowings through lines of credit with other financial institutions. Information concerning long-term borrowings at March 31, 2016, and December 31, 2015, is as follows (in thousands):

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March 31, 2016	Amount	Rate	Original Term (years)	Maturity
Fixed Rate Amortizing Note	$ 3,375	1.50%	5	June 2019
Fixed Rate Amortizing Note	5,186	1.51%	5	July 2019
Fixed Rate Amortizing Note	4,955	1.51%	5	August 2019
Fixed Rate Amortizing Note	3,987	2.02%	7	August 2021
Fixed Rate Amortizing Note	7,405	1.48%	5	October 2019
Total FHLB Advances	$ 24,908	1.58%		

December 31, 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%		

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 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. Additionally, the Bank is a member of the FHLBNY. The FHLBNY relationship provides additional borrowing capacity. There were no borrowings on any of the lines of credit at March 31, 2016 and December 31, 2015.

Note 8. Fair Value Measurements 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 described below:

- *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 (that is, supported with little or no market activity).

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

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For financial assets measured at fair value on a recurring basis, the fair value measurements by level within the fair value hierarchy used at March 31, 2016 and December 31, 2015, respectively, are as follows (in thousands):

Description	**March 31, 2016**	**(Level 1) Quoted Prices in Active Markets for Identical Assets**	**(Level 2) Significant Other Observable Inputs**	**(Level 3) Significant Unobservable Inputs**
Securities available for sale:				
U.S. Treasury obligations	$ 6,436	$	$ 6,436	$
Government Sponsored				
Enterprise obligations	54,644		54,644	
Total securities available for sale	$ 61,080	$	$ 61,080	$

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**
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	$

For financial assets measured at fair value on a nonrecurring basis, the fair value measurements by level within the fair value hierarchy used at March 31, 2016 and December 31, 2015, respectively, follows (in thousands):

Description	**March 31, 2016**	**(Level 1) Quoted Prices in Active Markets for Identical Assets**	**(Level 2) Significant Other Observable Inputs**	**(Level 3) Significant Unobservable Inputs**
Impaired Loans	$ 3,453			$ 3,453

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

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):

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March 31, 2016	Fair Value Estimate	Valuation Techniques	Unobservable Input	Range (Weighted Average)
Impaired Loans	$ 3,453	Appraisal of Collateral (1)	Appraisal Adjustments (2)	0% - 47.4% (-8.6)%
			Liquidation Expenses (2)	0% - 12.5% (-9.9)%

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)%

(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) Appraisals may be adjusted for qualitative factors such as economic conditions and estimated liquidation expenses. The range and weighted average of liquidation expenses and other appraisal 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 transactions on the dates indicated. The estimated fair value amounts have been measured as of their respective period end and have not been re-evaluated or updated for purposes of these 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 and assumptions are set forth below for the Company s financial instruments at March 31, 2016 and December 31, 2015 (in thousands):

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	March 31, 2016 Carrying amount	Fair Value	(Level 1) Quoted Prices in Active Markets for Identical Assets	(Level 2) Significant Other Observable Inputs	(Level 3) Significant Unobservable Inputs
Financial assets:					
Cash and cash equivalents	$ 61,532	$ 61,532	$ 61,532		
Interest bearing time deposits	1,000	1,000		1,000	
Securities available for sale	61,080	61,080		61,080	
Securities held to maturity	5,396	5,396		5,396	
Restricted investment in bank stock	1,947	1,947		1,947	
Net loans	643,818	646,314			646,314
Accrued interest receivable	2,425	2,425		2,425	
Financial liabilities:					
Deposits	692,303	683,675	365,683	317,992	
Borrowed funds	24,908	24,896		24,896	
Accrued interest payable	652	652		652	

	December 31, 2015 Carrying amount	Fair Value	(Level 1) Quoted Prices in Active Markets for Identical Assets	(Level 2) Significant Other Observable Inputs	(Level 3) 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	

Cash and Cash Equivalents and Interest Bearing Time Deposits

The carrying amounts reported in the balance sheet for cash and cash equivalents, and interest bearing time deposits 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 are adjusted to reflect illiquiditiy and/or

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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) were used to support fair values of certain Level 3 investments.

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 impairment generally based on the fair value of the loan s collateral or discounted cash flows based upon the expected proceeds. Fair value is generally based upon independent third-party appraisals of the properties. 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 noninterest checking, passbook savings and money market accounts) are, by definition, equal to the amount payable on demand at the reporting date (i.e., their carrying amounts). Fair 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 March 31, 2016 and December 31, 2015 based on pertinent market data and relevant information on the financial instrument. 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

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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 March 31, 2016 and December 31, 2015, 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 9. Accumulated Other Comprehensive Income

There were no reclassifications out of accumulated other comprehensive income for the three months ended March 31, 2016.

Reclassifications out of accumulated other comprehensive income for the three months ended March 31, 2015 are as follows:

Details About Accumulated Other Comprehensive Income Components		Amount Reclassified from Accumulated Other Comprehensive Income	Affected Line Item in the Statements of Income
Available for Sale Securities			
Realized loss on sale of securities	$	(5)	Losses on sale of securities
		2	Income tax expense
Total reclassifications	$	(3)	Net of tax

Note 10. Recent Accounting Pronouncements

This note 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 2014-09, *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, 2016, 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, 2017) 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.

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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.

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ITEM 2

Management s Discussion and Analysis of

Financial Condition and Results of Operations

You should read this discussion and analysis in conjunction with the unaudited interim consolidated financial statements contained in Part I, Item 1 of this Quarterly Report on Form 10-Q, and with our audited consolidated financial statements for the year ended December 31, 2015 and Management s Discussion and Analysis of Financial Condition and Results of Operations presented in our Annual Report on Form 10-K for the year ended December 31, 2015, as filed with the Securities and Exchange Commission.

Statements Regarding Forward Looking Information

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 fut 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

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our financial performance and could cause actual results or circumstances for future periods to differ materially from those anticipated or projected.

Critical Accounting Policies, Judgments and Estimates

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 Part I, Item 1 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.

Deferred Income Taxes

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

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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.

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Results of Operations

Three Months Ended March 31, 2016 compared to Three Months Ended March 31, 2015

Our results of operations depend primarily on net interest income, which is the difference between interest income on interest-earning assets and interest expense on interest-bearing liabilities. Interest-earning assets consist principally of loans and investment securities, while interest-bearing liabilities consist primarily of deposits. Net income is also affected by the provision for loan losses and the level of non-interest income, as well as by non-interest expenses, including salaries and employee benefits, occupancy and equipment expense, and other expenses, and income tax expense.

Net Income

Net income for the first quarter of 2016 was $1.3 million, compared to $1.1 million for the first quarter of 2015, representing an increase of approximately 14.9%. The increase in the first quarter net income resulted from an increase in interest income on higher average loans, lower interest expense driven by lower cost deposits and a decrease in the provision for loan losses offset by increases in income taxes and non-interest expense. On a per share basis, basic and diluted earnings per share increased $0.01 for the first quarter of 2016 to $0.21 compared to $0.20 per share for the first quarter in 2015.

Net Interest Income

Net interest income depends upon the volume of interest-earning assets and interest-bearing liabilities and the interest rate earned or paid on them. For the three month period ended March 31, 2016, the growth in net interest income was powered primarily by increased interest income from loans and interest on federal funds. Interest income on loans increased by $184 thousand in the first three months of 2016, as compared to the same period last year. This increase in income was due to a $2.7 million increase in the average balance of loans during the quarter ended March 31, 2016, up to $649.4 million as compared to the first quarter of 2015 average loan balance of $646.7 million. Yield on loans increased slightly from 4.74% for the three months ended March 31, 2015 up to 4.80% for the three months ended March 31, 2016, an increase of 6 basis points. Interest expense decreased by $112 thousand for the quarter ended March 31, 2016, as compared to the quarter ended March 31, 2015, due to a decrease in the average balance of time deposits of $29 million, to $343 million during the quarter ended March 31, 2016 from $372 million during the quarter ended March 31, 2015. The average interest rate paid on interest bearing deposits also decreased to 1.17% for the quarter ended March 31, 2016, from 1.24% for the same period last year, a 7 basis point drop.

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. See Allowance for Loan Losses for additional information about our allowance for loan losses and our methodology for determining the amount of the allowance. The provision for loan losses was $300 thousand for the three months ended March 31, 2016 as compared to $370 thousand for the three months ended March 31, 2015.

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Non-interest Income

Non-interest income consists primarily of service fees received from deposit accounts. Non-interest income increased by $41 thousand to $84 thousand for the three months ended March 31, 2016 from $43 thousand for the three months ended March 31, 2015.

Non-interest Expense

Non-interest expense grew to $4.0 million during the first quarter of 2016 compared to $3.8 million in the first quarter of 2015, an increase of approximately $163 thousand. This increase was due in most part to increases in salaries and employee benefits and FDIC assessment expense of $180 thousand and $149 thousand, respectively, which were partially offset by a decrease of $165 thousand in OREO related expense. The increase in salaries and employee benefits was primarily due to general increases in staff, salaries and benefits. The bank recorded OREO property write downs of $160 thousand in the first quarter of 2015 versus none in the first quarter of 2016.

Income Tax Expense

The income tax provision increased $131 thousand to $727 thousand for the quarter ended March 31, 2016, as compared to $596 thousand for the quarter ended March 31, 2015. The increase in the income tax expense for the quarter ended March 31, 2016 as compared to the quarter ended March 31, 2015 was due primarily to the increase in the Company s pre-tax income of $299 thousand. The effective tax rate for the first quarter of 2016 was 36.0% compared to 34.7% for the first quarter of 2015.

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FINANCIAL CONDITION

Total consolidated assets decreased $9.0 million, or approximately 1.1%, from $802.9 million at December 31, 2015 to $793.9 million at March 31, 2016. Cash and cash equivalents decreased by $ 12.7 million to $61.5 million at March 31, 2016 from $ 74.2 million at December 31, 2015. Loans receivable, or total loans, increased from $645.1 million at December 31, 2015 to $652.3 million at March 31, 2016, an increase of approximately $7.2 million, or 1.1%. Total deposits decreased from $700.7 million at December 31, 2015 to $ 692.3 million at March 31, 2016, a decrease of $ 8.4 million, or approximately 1.2%.

Loans

Our loan portfolio is the primary component of our assets. Total loans, which exclude net deferred fees and costs and the allowance for loan losses, increased by 1.1% to reach $652.3 million at March 31, 2016 from $645.1 million at December 31 2015. Commercial real estate mortgages increased $16.1 million during the three months ended March 31, 2016 as compared to December 31, 2015, the increase was partially offset by decreases in commercial loans, residential mortgages, home equity loans and consumer loans of $3.4 million, $3.6 million, $1.1 million and $693 thousand respectively. 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 our customer service and competitive rate structures.

Our loan portfolio consists of commercial and residential real estate loans, commercial 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 and 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. 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 entry to local loans. Furthermore, we believe that bank mergers and lending restrictions at larger financial institutions with which we compete have also contributed to the success of our efforts to attract borrowers.

For more information on the loan portfolio, see Note 5 in Notes to the Unaudited Consolidated Financial Statements in Part I, Item 1of this Quarterly Report on Form 10-Q.

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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 past due and restructured loans, potential problem loans and loan concentrations.

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 past due interest, including interest applicable to prior years, is reversed and charged against current income. 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.

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 March 31, 2016 the Bank had fourteen nonaccrual loans totaling approximately $7.0 million, of which two loans totaling approximately $2.7 million had specific reserves of $143 thousand and twelve loans totaling approximately $4.3 million had no specific reserve. If nonaccrual loans had been current in accordance with their original terms and had been outstanding throughout the three month period ended March 31, 2016, the gross interest income that would have been recorded in such period would have been approximately $48 thousand.

Within its nonaccrual loans at March 31, 2016, the Bank had four residential mortgage loans, one home equity loan and one commercial real estate loan that met the definition of a troubled debt restructuring (TDR) loan. TDRs are loans where the contractual terms of the loan have been modified for a borrower experiencing financial difficulties. These modifications could include a reduction in the interest rate of the loan, payment extensions, forgiveness of principal, a combination of these concessions or other actions to maximize collection. At March 31, 2016, nonaccrual TDR loans had an outstanding balance of $4.5 million and had specific reserves of $180 thousand connected with them. Two residential mortgage loans and two home equity loans, classified as TDRs, totaling $528 thousand, and $103 thousand, respectively, are performing in accordance with their modified terms.

During the first quarter of 2016 and 2015, there were no new TDR loans.

As a community bank, our market area is concentrated in Bergen County, New Jersey, and as a result we have a concentration of loans collateralized by real estate, primarily in our market area at March 31, 2016 and December 31, 2015.

Investment Securities

Securities held as available for sale (AFS) were $61.1 million at March 31, 2016 compared to $64.8 million at December 31, 2015.

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Deposits

Deposits remain our primary source of funds. Total deposits decreased to $692.3 million at March 31, 2016 from $700.7 million at December 31, 2016, a decrease of $8.4 million, or 1.2%. Time deposits, decreased by $23.7 million while savings and interest bearing transaction accounts increased by $12.0 million. Noninterest bearing deposits increased by $3.3 million during the first quarter of 2016. The Company has no foreign deposits, nor are there any material customer concentrations of deposits.

Borrowed Funds

At March 31, 2016 borrowings consisted of long term advances from the Federal Home Loan Bank of New York (FHLBNY). The long term advances are secured under terms of a blanket collateral agreement by a pledge of qualifying securities and mortgage loans. At March 31, 2016 and December 31, 2015, the Bank had outstanding borrowings of $24.9 million and $26.5 million, respectively, with the FHLBNY.

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 prevailing interest rates, economic conditions, and competition. In addition, if warranted, we would be able to borrow funds.

Our total deposits equaled $692.3 million and $700.7 million, respectively, at March 31, 2016 and December 31, 2015. Cash and cash equivalents decreased from $74.2 million on December 31, 2015 to $61.5 million on March 31, 2016. The decrease in cash is a result of deposits outflow of approximately $8.4 million and loan growth of $7.2 million for the quarter ended March 31, 2016 as compared to December 31, 2015.

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 maintaining liquidity. Through our investment portfolio, we also attempt to manage our maturity gap, by seeking maturities of investments which coincide with maturities of deposits. The investment portfolio also includes securities available for sale to provide liquidity for anticipated loan demand and other liquidity needs.

As of March 31, 2016, we had a $16 million overnight line of credit with Zions First National Bank, a $12 million overnight line of credit with First Tennessee Bank and a $10 million overnight line of credit with Atlantic Central Bankers Bank for the purchase of federal funds in the event that temporary liquidity needs arise. There were no amounts outstanding under any of the facilities at March 31, 2016. We are an approved member of the Federal Home

Loan Bank of New York, or FHLBNY. The FHLBNY relationship could provide additional sources of liquidity, if required. At March 31, 2016, we have $ 24.9 million of borrowed funds from the FHLBNY.

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

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Capital Resources

A significant measure of the strength of a financial institution is its capital base.

The banking regulators have established guidelines for leverage capital requirements, expressed in terms of Tier 1 or core capital as a percentage of average assets, to measure the soundness of a financial institution. In addition, banking regulators have established risk-based capital guidelines for U.S. banking organizations.

Under the final capital rules that became effective on January 1, 2015, there was a requirement for a common equity Tier 1 capital conservation buffer of 2.5% of risk-weighted assets which is in addition to the other minimum risk-based capital standards in the rule. The implementation of the capital conservation buffer began on January 1, 2016 at the 0.625% level and is being phased in over a four-year period, increasing by that amount on each subsequent January 1, until it reaches 2.5% on January 1, 2019.

The aforementioned capital conservation buffer is designed to absorb losses during periods of economic stress. Banking institutions with a ratio of Common Equity Tier 1 capital to Risk Weighted Assets above the minimum but below the conservation buffer will face constraints on dividends, equity repurchases and compensation based on the amount of the shortfall.

The following table summarizes the Bank s risk-based capital and leverage ratios at March 31, 2016, the applicable minimum ratios, the applicable minimum required based on the Phase-in provisions and the minimum required to be considered well capitalized:

	March 31, 2016	Minimum Required For Capital Adequacy Purposes	Minimum Capital With Phase-in Buffer Schedule	To Be Well Capitalized Under Prompt Corrective Action Regulations
Risk-Based Capital:				
Common Equity Tier 1 Capital	11.01%	4.50%	5.125%	6.50%
Tier 1 Capital Ratio	11.01%	6.00%	6.625%	8.00%
Total Capital Ratio	12.25%	8.00%	8.625%	10.00%
Leverage Ratio	9.14%	4.00%	N/A	5.00%

The Company is subject to similar regulatory capital requirements, and its capital ratios are similar to the Bank s capital ratios as presented in the table above.

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ITEM 3. Quantitative and Qualitative Disclosures about Market/Interest Risk

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

ITEM 4. Controls and Procedures

Evaluation of disclosure controls and procedures.

As of March 31, 2016, the Company s management including the Chief Executive Officer and President (our Principal Executive Officer) and Senior Vice President and Chief Financial Officer (our Principal Financial and Accounting Officer), evaluated the Company s disclosure controls and procedures related to the recording, processing, summarization, and reporting of information in the Company s periodic reports that the Company files with the Securities and Exchange Commission.

Based on their evaluation as of March 31, 2016, the Company s Chief Executive Officer and President and the Company s Senior Vice President and Chief Financial Officer have concluded that the Company s disclosure controls and procedures are effective to ensure that the information required to be disclosed by the Company in the reports that the Company files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms.

Changes in internal controls over financial reporting.

There was no change in our internal control over financial reporting identified during the quarter ended March 31, 2016 that has materially affected, or is reasonably likely to materially affect, the Company s internal control over financial reporting.

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PART II OTHER INFORMATION

Item 1. Legal Proceedings

The Company and the Bank are periodically parties to or otherwise involved in legal proceedings arising in the normal course of business, such as claims to enforce liens, claims involving the making and servicing of real property loans, and other issues incident to the Bank s business. Management does not believe that there are any pending proceedings against the Company or the Bank which, if determined adversely, would have a material effect on the business, financial position or results of operations of the Company or the Bank.

Item 1A. Risk Factors

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

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

Not Applicable

Item 5. Other Information

None.

Item 6. Exhibits

The exhibits filed or incorporated by reference as part of this report are listed in the Exhibit Index, which appears at page 37.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	Bancorp of New Jersey, Inc.	
Date:May 16, 2016	By:	/s/ Nancy E. Graves Nancy E. Graves Chief Executive Officer and President (Principal Executive Officer)
	By:	/s/ Matthew Levinson Matthew Levinson Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

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EXHIBIT INDEX

Exhibit No.	Description
31.1	Rule 13a-14(a) Certification of Principal Executive Officer
31.2	Rule 13a-14(a) Certification of Principal Financial Officer
32	Section 1350 Certifications
101	Interactive Data Files
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

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* Management compensatory plan, contract or arrangement.