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 September 30, 2013

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 (State or other jurisdiction of incorporation or organization)	**20-8444387** (I.R.S. Employer Identification No.)
1365 Palisade Ave, Fort Lee, New Jersey (Address of principal executive offices)	**07024** (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 November 7, 2013 there were 5,345,266 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

(Dollars in thousands, except share data)

	September 30, 2013	December 31, 2012
ASSETS		
Cash and due from banks	$ 2,627	$ 765
Interest bearing deposits	20,476	29,852
Federal funds sold	459	461
Total cash and cash equivalents	23,562	31,078
Interest bearing time deposits	500	250
Securities available for sale, at fair value (amortized cost of $56,761 and $88,036, respectively)	54,369	88,480
Securities held to maturity (fair value of $21,613 and $5,482 respectively)	21,610	5,482
Restricted investment in bank stock, at cost	792	669
Loans receivable	474,225	435,729
Deferred loan fees and unamortized costs, net	(293)	(180)
Less: allowance for loan losses	(5,649)	(5,072)
Net loans	468,283	430,477
Premises and equipment, net	10,361	10,224
Accrued interest receivable	2,081	1,732
Other real estate owned	234	
Other assets	4,197	2,982
TOTAL ASSETS	$ 585,989	$ 571,374
LIABILITIES AND STOCKHOLDERS EQUITY		
LIABILITIES:		
Deposits		
Noninterest-bearing	$ 71,520	$ 65,910
Savings and interest bearing transaction accounts	145,763	147,346
Time deposits under $100	50,122	49,023
Time deposits $100 and over	260,785	253,456
Total deposits	528,190	515,735
Accrued interest payable and other liabilities	2,904	1,919
TOTAL LIABILITIES	531,094	517,654
Commitments and Contingencies		
Stockholders equity:		
Common stock, no par value, authorized 20,000,000 shares; issued and outstanding 5,315,266 at September 30, 2013 and 5,206,932 at December 31, 2012	50,086	49,689
Retained earnings	6,286	3,747
Accumulated other comprehensive (loss) income	(1,477)	284
Total stockholders equity	54,895	53,720
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	$ 585,989	$ 571,374

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 September 30, 2013	2012
INTEREST INCOME		
Loans, including fees	$ 6,058	$ 5,507
Securities	234	493
Federal funds sold and other	19	19
TOTAL INTEREST INCOME	6,311	6,019
INTEREST EXPENSE		
Savings and money markets	177	155
Time deposits	1,339	1,404
TOTAL INTEREST EXPENSE	1,516	1,559
NET INTEREST INCOME	4,795	4,460
Provision for loan losses	225	260
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	4,570	4,200
NON-INTEREST INCOME		
Fees and service charges	43	44
(Loss) gains on sale of securities	(2)	238
TOTAL NON-INTEREST INCOME	41	282
NON-INTEREST EXPENSE		
Salaries and employee benefits	1,412	1,278
Occupancy and equipment expense	587	534
FDIC premiums and related expenses	88	86
Data processing	195	182
Professional fees	83	180
Other expenses	214	335
TOTAL NON-INTEREST EXPENSE	2,579	2,595
Income before provision for income taxes	2,032	1,887
Income tax expense	807	745
Net income	$ 1,225	$ 1,142
PER SHARE OF COMMON STOCK		
Basic	$ 0.23	$ 0.22
Diluted	$ 0.23	$ 0.22

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 Nine Months Ended September 30, 2013	2012
INTEREST INCOME		
Loans, including fees	$ 17,621	$ 15,945
Securities	845	1,311
Federal funds sold and other	54	56
TOTAL INTEREST INCOME	18,520	17,312
INTEREST EXPENSE		
Savings and money markets	590	348
Time deposits	3,966	4,185
TOTAL INTEREST EXPENSE	4,556	4,533
NET INTEREST INCOME	13,964	12,779
Provision for loan losses	685	885
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	13,279	11,894
NON-INTEREST INCOME		
Fees and service charges	134	124
Fees earned from mortgage referrals	6	
Gains on sale of securities	195	238
TOTAL NON-INTEREST INCOME	335	362
NON-INTEREST EXPENSE		
Salaries and employee benefits	4,126	3,760
Occupancy and equipment expense	1,764	1,495
FDIC premiums and related expenses	266	239
Data processing	559	517
Professional fees	383	408
Other expenses	752	823
TOTAL NON-INTEREST EXPENSE	7,850	7,242
Income before provision for income taxes	5,764	5,014
Income tax expense	2,277	1,981
Net income	$ 3,487	$ 3,033
PER SHARE OF COMMON STOCK		
Basic	$ 0.66	$ 0.58
Diluted	$ 0.65	$ 0.58

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 September 30, 2013	2012
Net income	$ 1,225	$ 1,142
Other comprehensive income		
Net unrealized holding (losses) gains on securities arising during the period, net of income tax (benefit) expense of $(43) and $4, respectively	(70)	8
Reclassification adjustment for loss (gain) on sale of securities included in net income, net of income tax benefit (expense) of $1 and $(84), respectively	1	(154)
Comprehensive income	$ 1,156	$ 996

	For the Nine Months Ended September 30, 2013	2012
Net income	$ 3,487	$ 3,033
Other comprehensive (loss) income		
Net unrealized holding (losses) gains on securities arising during the period, net of income tax (benefit) expense of $(1.012) and $155, respectively	(1,629)	275
Reclassification adjustment for gain on sale of securities, net of income tax expense of $(63) and $(84), respectively	(132)	(154)
Comprehensive income	$ 1,726	$ 3,154

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 Nine Months Ended September 30, 2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 3,487	$ 3,033
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	380	369
Provision for loan losses	685	885
Amortization of securities premiums	109	
Compensation expense for stock option and restricted stock awards	128	107
Accretion of net loan origination fees	113	94
Deferred tax benefits	(313)	(359)
Gain on the sale of securities	(195)	(238)
Changes in operating assets and liabilities:		
Increase in accrued interest receivable	(349)	(579)
Decrease in other assets	172	83
Increase in other liabilities	985	316
NET CASH PROVIDED BY OPERATING ACTIVITIES	5,202	3,711
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of securities available for sale, net	(34,000)	(69,822)
Purchases of investments in bank stock	(123)	(120)
Purchases of securities held to maturity, net	(20,009)	(3,960)
Purchase of interest bearing time deposits	(250)	
Proceeds from called or matured securities available for sale	18,031	37,750
Proceeds from sales of securities available for sale	47,330	5,921
Maturities of securities held to maturity	3,881	5,087
Net increase in loans	(38,838)	(53,233)
Purchases of premises and equipment	(517)	(436)
NET CASH USED IN INVESTING ACTIVITIES	(24,495)	(78,813)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in deposits	12,455	76,311
Proceeds from the exercise of options	270	
Dividends	(948)	(936)
NET CASH PROVIDED BY FINANCING ACTIVITIES	11,777	75,375
Net (decrease) increase in cash and cash equivalents	(7,516)	273
Cash and cash equivalents, beginning of year	31,078	32,222
CASH AND CASH EQUIVALENTS, END OF PERIOD	**$ 23,562**	**$ 32,495**
Cash paid during the period for:		
Interest	$ 3,057	$ 2,909
Income taxes	$ 1,700	$ 1,485
Supplemental disclosure of non-cash invvesting and finance trasactions:		
Loan transferred to other real estate owned	$ 234	$

See accompanying notes to unaudited consolidated financial statements.

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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. (the Company), and its direct wholly-owned subsidiary, Bank of New Jersey (the Bank) and the Bank s wholly-owned subsidiary, BONJ-New York Corp. 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.

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.

Certain reclassifications have been made to the prior period financial statements to conform to the September 30, 2013 presentation. These reclassifications had no impact on the Company s net income.

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.*

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Note 2. Stockholders Equity and Related Transactions

During the nine months ended September 30, 2013, the Company issued 90,000 shares of restricted common stock to its executive officers and directors, of which 5,000 were forfeited back to the Company. In addition, during the first nine months of 2013, a Director of the Company exercised options to purchase 23,334 shares of common stock at $11.50 per share for a total price of $270,000. No shares of common stock were issued by the Company during the first nine months of 2012.

Note 3. 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. The plan allows directors and employees of the Company to purchase up to 239,984 shares of the Company s common stock. At September 30, 2013, incentive stock options to purchase 209,900 shares have been issued to employees of the Bank, of which options to purchase 187,900 shares were outstanding.

Under the 2006 Stock Option Plan, there were no unvested options at September 30, 2013 and no unrecognized expense. Under the 2006 Stock Option Plan, no options were granted, exercised, or forfeited during the first nine months of 2013.

2007 Director Plan

During 2007, the Bank s stockholders approved the 2007 Non-Qualified Stock Option Plan for Directors (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 September 30, 2013, non-qualified options to purchase 460,000 shares of the Company s stock have been issued to non-employee directors of the Company and approximately 361,334 were outstanding at September 30, 2013. Options to purchase 23,334 were exercised during the first nine months of 2013. No options were granted or forfeited during the first nine months of 2013. Options to purchase 30,000 shares of the Company s common stock expired during the first nine months of 2013.

Under the 2007 Director Plan, there were no unvested options at September 30, 2013 and no unrecognized compensation expense.

In connection with both the 2006 Stock Option Plan and the 2007 Director Plan, share based compensation totaled $0 and $36,000 for the three months ended September 30, 2013 and 2012, respectively. For the nine months ended September 30, 2013 and 2012, respectively, share based compensation totaled $0 and $107,000, respectively.

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 September 30, 2013. This amount changes based on the changes in the market value in the Company s stock.

The aggregate intrinsic value of options outstanding as of September 30, 2013 under the 2006 Stock Option Plan and the 2007 Director Plan was approximately $1.8 million.

The aggregate intrinsic value of options outstanding as of December 31, 2012 under the 2006 Stock Option Plan and the 2007 Director Plan was approximately $1.7 million.

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2011 Equity Incentive Plan

During 2011, the shareholders of the Company approved the Bancorp of New Jersey, Inc. 2011 Equity Incentive 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 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 Plan, provided, that only employees are eligible to receive incentive stock options. During the nine months ended September 30, 2013, 90,000 shares of restricted stock were issued to the executive officers and directors of the Company subject to forfeiture during a five year vesting term and 5,000 of these shares were forfeited back to the Company. The awards have been recorded at their fair market value at the date of the grant and are being amortized to expense over the vesting period. For the three months and nine months ended September 30, 2013, $55,000 and $128,000 was recorded as expense, respectively, for these awards and approximately $976,000 remains to be expensed over the next 53 months.

Note 4. 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.

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

	For the three months ended September 30,	
(In thousands except per share data)	**2013**	**2012**
Net income applicable to common stock	$ 1,225	$ 1,142
Weighted average number of common shares outstanding - basic	5,306	5,207
Basic earnings per share	$ 0.23	$ 0.22
Net income applicable to common stock	$ 1,225	$ 1,142
Weighted average number of common shares outstanding	5,306	5,207
Effect of dilutive options	102	8
Weighted average number of common shares and common share equivalents-diluted	5,408	5,215
Diluted earnings per share	$ 0.23	$ 0.22

Non-qualified options to purchase 361,334 shares of common stock at a weighted average price of $11.50; 90,000 incentive stock options at a weighted average price of $11.50; incentive stock options to purchase 97,900 shares of common stock at a weighted average price of $9.09; and 85,000 unvested shares of restricted stock were included in the computation of diluted earnings per share for the three months ended

September 30, 2013.

Non-qualified options to purchase 414,668 shares of common stock at a weighted average price of $11.50; and 90,000 incentive stock options at a weighted average price of $11.50 were not included in the

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computation of diluted earnings per share for the three months ended September 30, 2012 because they were anti-dilutive. Incentive stock options to purchase 97,900 shares of common stock at a weighted average price of $9.09 were included in the computation of diluted earnings per share for the three months ended September 30, 2012.

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

	For the nine months ended September 30,			
(In thousands except per share data)		**2013**		**2012**
Net income applicable to common stock	$	3,487	$	3,033
Weighted average number of common shares outstanding - basic		5,270		5,207
Basic earnings per share	$	0.66	$	0.58
Net income applicable to common stock	$	3,487	$	3,033
Weighted average number of common shares outstanding		5,270		5,207
Effect of dilutive options		84		5
Weighted average number of common shares and common share equivalents-diluted		5,354		5,212
Diluted earnings per share	$	0.65	$	0.58

Non-qualified options to purchase 361,334 shares of common stock at a weighted average price of $11.50; 90,000 incentive stock options at a weighted average price of $11.50; incentive stock options to purchase 97,900 shares of common stock at a weighted average price of $9.09; and 85,000 unvested shares of restricted stock were included in the computation of diluted earnings per share for the nine months ended September 30, 2013.

Non-qualified options to purchase 414,668 shares of common stock at a weighted average price of $11.50; and 90,000 incentive stock options at a weighted average price of $11.50 were not included in the computation of diluted earnings per share for the nine months ended September 30, 2012 because they were anti-dilutive. Incentive stock options to purchase 97,900 shares of common stock at a weighted average price of $9.09 were included in the computation of diluted earnings per share for the nine months ended September 30, 2012.

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Note 5. Securities Available for Sale and Investment Securities

A summary of securities held to maturity and securities available for sale at September 30, 2013 and December 31, 2012 is as follows (in thousands):

September 30, 2013		**Amortized Cost**		**Gross Unrealized Gains**		**Gross Unrealized Losses**		**Fair Value**
Securities Held to Maturity:								
Obligations of states and political subdivisions	$	11,616	$		$		$	11,616
Government Sponsored								
Enterprise obligations		9,994		3				9,997
Total securities held to maturity		21,610		3				21,613
Securities Available for Sale:								
U.S. Treasury obligations		6,761				(362)		6,399
Government Sponsored								
Enterprise obligations		50,000				(2,030)		47,970
Total securities available for sale		56,761				(2,392)		54,369
Total securities	$	78,371	$	3	$	(2,392)	$	75,982

December 31, 2012		**Amortized Cost**		**Gross Unrealized Gains**		**Gross Unrealized Losses**		**Fair Value**
Securities Held to Maturity:								
Obligations of states and political subdivisions	$	5,482	$		$		$	5,482
Securities Available for Sale:								
U.S. Treasury obligations		17,985		285		(93)		18,177
Government Sponsored								
Enterprise obligations		70,051		488		(236)		70,303
Total securities available for sale		88,036		773		(329)		88,480
Total securities	$	93,518	$	773	$	(329)	$	93,962

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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):

	Less than 12 Months		More than 12 Months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
September 30, 2013						
U.S. Treasury obligations	$ 6,399	$ 362	$	$	$ 6,399	$ 362
Government Sponsored Enterprise obligations	47,970	2,030			47,970	2,030
Total securities available for sale	$ 54,369	$ 2,392	$	$	$ 54,369	$ 2,392
December 31, 2012						
U.S. Treasury obligations	$ 6,749	$ 93	$	$	$ 6,749	$ 93
Government Sponsored Enterprise obligations	32,765	236			32,765	236
Total securities available for sale	$ 39,514	$ 329	$	$	$ 39,514	$ 329

At September 30, 2013 and December 31, 2012, the Company held no securities held to maturity with unrealized losses.

The amortized cost and fair value of securities held to maturity and securities available for sale at September 30, 2013 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		Securities Available for Sale	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
One year or less	$ 11,616	$ 11,616	$	$
After one to five years	9,994	9,997	12,000	11,717
After five to ten years			44,761	42,652
Total	$ 21,610	$ 21,613	$ 56,761	$ 54,369

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 other-than-temporary-impairment 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 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

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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 September 30, 2013, the Company s available for sale securities portfolio consisted of twenty two securities, all of which were in an unrealized loss position for less than twelve months. No OTTI charges were recorded for the three or nine months ended September 30, 2013 and 2012, respectively. 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 $8.5 million and $13.1 million, respectively, and a fair value of $8.1 million and $13.6 million, respectively, were pledged to secure public funds on deposit at September 30, 2013 and December 31, 2012, repectively.

During the third quarter of 2013, the Company sold three securities from its available for sale portfolio. It recognized a gain of approximately $64 thousand from the sale of one of the securities and a loss of approximately $66 thousand from the sale of two of the securities. For the nine months ended September 30, 2013, the Company sold sixteen securities from its available for sale portfolio. It recognized a gain of approximately $541 thousand from the sale of seven securities, a loss of approximately $346 thousand from the sale of eight securities and no gain or loss from the sale of one security, resulting in net gains of approximately $195 thousand from the transactions. The Company did not sell any securities from its held to maturity portfolio during the three months or nine months ended September 30, 2013. During the three months and nine months ended September 30, 2012, the Company sold one security from its available for sale portfolio and recorded a gain of $238,000. The Company did not sell any securities from its held to maturity portfolio during the three months or nine months ended September 30, 2012.

Note 6. Loans.

The components of the loan portfolio at September 30, 2013 and December 31, 2012 are summarized as follows (in thousands):

	September 30, 2013	December 31, 2012
Commercial real estate	$ 294,949	$ 246,545
Residential mortgages	54,346	54,332
Commercial	60,079	64,900
Home equity	63,480	68,737
Consumer	1,371	1,215
	$ 474,225	$ 435,729

The Bank 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 Bank s lien on the property. Such factors are dependent upon various economic conditions and individual circumstances beyond the Bank s control; the Bank is therefore subject to risk of loss. The Bank believes its lending policies and procedures adequately manage the

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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):

For the three months ended and as of:

	Commercial Real Estate	Residential Mortgages	Commercial	Home Equity	Consumer	Unallocated	Total
September 30, 2013							
Allowance for loan losses:							
Beginning Balance	$ 3,577	$ 275	$ 943	$ 537	$ 24	$ 178	$ 5,534
Charge-offs	(89)				(22)		(111)
Recoveries			1				1
Provisions	110	51	42	(46)	22	46	225
Ending balance	$ 3,598	$ 326	$ 986	$ 491	$ 24	$ 224	$ 5,649
Ending balance: individually evaluated for impairment	$ 220	$ 52	$ 50	$ 150	$	$	$ 472
Ending balance: collectively evaluted for impairment	$ 3,378	$ 274	$ 936	$ 341	$ 24	$ 224	$ 5,177
Loan receivables:							
Ending balance	$ 294,949	$ 54,346	$ 60,079	$ 63,480	$ 1,371	$	$ 474,225
Ending balance: individually evaluted for impairment	$ 4,215	$ 5,661	$ 50	$ 2,392	$	$	$ 12,318
Ending balance: collectively evaluated for impairment	$ 290,734	$ 48,685	$ 60,029	$ 61,088	$ 1,371	$	$ 461,907

[redacted]

September 30, 2012							
Allowance for loan losses							
Beginning Balance	$ 2,725	$ 439	$ 1,274	$ 418	$ 22	$ 223	$ 5,101
Charge-offs			(340)				(340)

Recoveries			1				1
Provisions	209	2	60	23	3	(37)	260
Ending balance	$ 2,934	$ 441	$ 995	$ 441	$ 25	$ 186	$ 5,022
December 31, 2012							
Ending balance	$ 3,150	$ 322	$ 1,033	$ 383	$ 24	$ 160	$ 5,072
Ending balance: individually evaluated for impairment	258	7	50	12			327
Ending balance: collectively evaluted for impairment	$ 2,892	$ 315	$ 983	$ 371	$ 24	$ 160	$ 4,745
Loans receivables:							
Ending balance	$ 246,545	$ 54,332	$ 64,900	$ 68,737	$ 1,215	$	$ 435,729
Ending balance: individually evaluted for impairment	5,261	2,509	325	1,408			9,503
Ending balance: collectively evaluated for impairment	$ 241,284	$ 51,823	$ 64,575	$ 67,329	$ 1,215	$	$ 426,226

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The following tables present the activity in the allowance for loan losses and recorded investment in loan receivables for the periods indicated (in thousands):

For the nine months ended:

September 30, 2013	Commercial Real Estate	Residential Mortgages	Commercial	Home Equity	Consumer	Unallocated	Total
Allowance for loan losses							
Beginning Balance	$ 3,150	$ 322	$ 1,033	$ 383	$ 24	$ 160	$ 5,072
Charge-offs	(89)				(22)		(111)
Recoveries			3				3
Provisions	537	4	(50)	108	22	64	685
Ending balance	$ 3,598	$ 326	$ 986	$ 491	$ 24	$ 224	$ 5,649

September 30, 2012	Commercial Real Estate	Residential Mortgages	Commercial	Home Equity	Consumer	Unallocated	Total
Allowance for loan losses							
Beginning Balance	$ 2,408	$ 470	$ 827	$ 368	$ 21	$ 380	$ 4,474
Charge-offs			(340)				(340)
Recoveries	1		2				3
Provisions	525	(29)	506	73	4	(194)	885
Ending balance	$ 2,934	$ 441	$ 995	$ 441	$ 25	$ 186	$ 5,022

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 September 30, 2013 and December 31, 2012, (in thousands):

September 30, 2013	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total Past Due	Current	Total Loans Receivables	Nonaccrual
Commercial real estate	$	$	$ 1,700	$ 1,700	$ 293,249	$ 294,949	$ 1,700
Residential mortgages			2,608	2,608	51,738	54,346	2,608
Commercial			50	50	60,029	60,079	50
Home equity	90		1,332	1,422	62,058	63,480	1,332
Consumer					1,371	1,371	
Total	$ 90	$	$ 5,690	$ 5,780	$ 468,445	$ 474,225	$ 5,690

December 31, 2012	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total Past Due	Current	Total Loans Receivables	Nonaccrual
Commercial real estate	$	$	$ 1,704	$ 1,704	$ 244,841	$ 246,545	$ 1,704
Residential mortgages		184	2,509	2,693	51,639	54,332	2,509
Commercial	119		325	444	64,456	64,900	325
Home equity			1,408	1,408	67,329	68,737	1,408
Consumer	10			10	1,205	1,215	
Total	$ 129	$ 184	$ 5,946	$ 6,259	$ 429,470	$ 435,729	$ 5,946

If interest on nonaccrual loans had been accrued, such income would have been approximately $74 thousand and $248 thousand, respectively, for the three and nine month periods ended September 30, 2013 and $86 thousand and $260 thousand for the three and nine month periods ended September 30, 2012. Acutal interest income recognized on these loans during the three and nine months ended September 30, 2013 was $0. Actual interest income recognized on these loans during the three and nine months ended September 30, 2012, was $1 thousand and $9 thousand, respectively.

Within its nonaccrual loans at September 30, 2013, the Bank had four residential mortgage loans, one commercial real estate loan, and one home equity loan that met the definition of a troubled debt restructuring

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(TDR). TDRs are loans where the contractual terms of the loan have been modified to grant a concession to a borrower experiencing financial difficulties. These modifications could include a reduction in the interest rate of the loan, payment extensions, forgiveness of principal or other actions to maximize collection. At September 30, 2013, nonaccruing TDR loans had an outstanding balance of $4.0 million and had specific reserves of $50 thousand. None of these loans were performing in accordance with their modified terms. During the nine months ended September 30, 2013, two loans totaling $239 thousand to the same person were modified as TDRs. There were no new TDRs for the three months ended September 30, 2013. There were no new TDRs during the three and nine months ended September 30, 2012.

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

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 Bank s internal risk rating system as of September 30, 2013 and December 31, 2012 (in thousands):

September 30, 2013	**Commercial Real Estate**	**Residential Mortgages**	**Commercial**	**Home Equity**	**Consumer**	**Total**
Pass	$ 291,131	$ 48,865	$ 58,529	$ 61,148	$ 1,371	$ 461,044
Special Mention	2,118	2,873	1,500	1,000		7,491
Substandard	1,690	2,608	50	1,332		5,680
Doubtful						
Total	$ 294,949	$ 54,346	$ 60,079	$ 63,480	$ 1,371	$ 474,225

December 31, 2012	**Commercial Real Estate**	**Residential Mortgages**	**Commercial**	**Home Equity**	**Consumer**	**Total**
Pass	$ 241,682	$ 51,823	$ 63,075	$ 67,329	$ 1,215	$ 425,124
Special Mention			1,500			1,500
Substandard	4,863	2,509	325	1,408		9,105
Doubtful						
Total	$ 246,545	$ 54,332	$ 64,900	$ 68,737	$ 1,215	$ 435,729

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A loan is considered impaired, in accordance with the impairment accounting guidance (FASB ASC 310-10-35-16), 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.

Impaired loans and related amounts recorded in the allowance for loan losses are summarized as follows (in thousands):

September 30, 2013	**Recorded Investment**	**Unpaid Principal Balance**	**Related Allowance**
Impaired loans with specific reserves:			
Commercial real estate	$ 957	$ 957	$ 220
Residential mortgages	973	1,185	52
Commercial	50	50	50
Home equity	1,000	1,000	150
Total impaired loans with specific reserves	2,980	3,192	472
Impaired loans with no specific reserves:			
Commercial real estate	3,258	3,258	
Residential mortgages	4,688	4,688	
Commercial			
Home equity	1,392	1,493	
Consumer			
Total impaired loans with no specific reserves	9,338	9,439	
Total impaired loans	$ 12,318	$ 12,631	$ 472

December 31, 2012	**Recorded Investment**	**Unpaid Principal Balance**	**Related Allowance**
Impaired loans with specific reserves:			
Commercial real estate	$ 957	$ 957	$ 258
Residential mortgage	629	840	7
Commercial	50	50	50
Home equity	523	523	12
Total impaired loans with specific reserves	2,159	2,370	327
Impaired loans with no specific reserves:			
Commercial real estate	4,304	4,304	
Residential mortgage	1,880	1,880	
Commercial	275	275	
Home equity	885	986	
Total impaired loans with no specific reserves	7,344	7,445	
Total impaired loans	$ 9,503	$ 9,815	$ 327

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The following table provides information about the Bank s impaired loans for the three month periods ended September 30, 2013 and 2012, and the nine month periods ended September 30, 2013 and 2012 (in thousands):

	Three Months Ended September 30, 2013		Three Months Ended September 30, 2012	
	Average Recorded Investment	Interest Income Received	Average Recorded Investment	Interest Income Received
Impaired loans with specific reserves:				
Commercial real estate	$ 957	$	$ 957	$
Residential mortgages	975		797	1
Commercial	50		220	
Home equity	1,000	8	180	
Total impaired loans with specific reserves	2,982	8	2,154	1
Impaired loans with no specific reserves:				
Commercial real estate	3,261	6	1,157	6
Residential mortgages	4,688	36	1,678	
Commercial	137		275	
Home equity	1,429		1,253	
Consumer	11			
Total impaired loans with no specific reserves	9,526	42	4,363	6
Total impaired loans	$ 12,508	$ 50	$ 6,517	$ 7

	Nine Months Ended September 30, 2013		Nine Months Ended September 30, 2012	
	Average Recorded Investment	Interest Income Received	Average Recorded Investment	Interest Income Received
Impaired loans with specific reserves:				
Commercial real estate	$ 957	$	$ 957	$
Residential mortgages	975		798	9
Commercial	50		135	
Home equity	750	24	135	
Total impaired loans with specific reserves	2,732	24	2,025	9
Impaired loans with no specific reserves:				
Commercial real estate	2,892	18	1,164	
Residential mortgages	3,962	72	1,767	18
Commercial	206		275	
Home equity	1,434		1,253	
Consumer	6			
Total impaired loans with no specific reserves	8,500	90	4,459	18
Total impaired loans	$ 11,232	$ 114	$ 6,484	$ 27

At September 30, 2013, in addition to the six nonaccruing TDR loans, the Bank had five accruing loans which met the definition of a TDR and as such are also classified as impaired.

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The following table summarizes information relative to troubled debt restructurings by loan portfolio class as of September 30, 2013 and December 31, 2012 (in thousands):

	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment	Recorded Investment at Period End
September 30, 2013			
Accruing troubled debt restructurings:			
Commercial real estate	$ 3,557	397	$ 397
Residential mortgage	184	3,057	3,053
Home equity	60	1,060	1,060
Total accruing troubled debt restructurings	3,801	4,514	4,510
Nonaccruing troubled debt restructurings:			
Commercial real estate	746	746	742
Residential mortgage	2,743	2,743	2,514
Home equity	730	730	730
Total nonaccruing troubled debt restructurings	4,219	4,219	3,986
Total troubled debt restructurings	$ 8,020	$ 8,733	$ 8,496
December 31, 2012			
Accruing troubled debt restructurings:			
Commercial real estate	$ 3,557	$ 3,557	$ 3,557
Total accruing troubled debt restructurings	3,557	3,557	3,557
Nonaccruing troubled debt restructurings:			
Commercial real estate	746	746	746
Residential mortgage	2,499	2,499	2,285
Home equity	730	730	730
Commercial	275	275	275
Total nonaccruing troubled debt restructurings	4,250	4,250	4,036
Total troubled debt restructurings	$ 7,807	$ 7,807	$ 7,593

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During the nine months ended September 30, 2013, two loans totaling $239 thousand to the same person were modified as TDRs. One loan was a single family residential mortgage, and the second was a home equity loan. They are performing in accordance with their modified terms. During the three months ended September 30, 2013, the Bank had no new loans classified as TDRs. During the three and nine month periods ended September 30, 2012, the Bank had no new loans classified as TDRs.

During the nine months ended September 30, 2013 and 2012, there were no defaults of loans modified in troubled debt restructurings during the previous twelve months.

Note 7. 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 September 30, 2013, the Bank had $2.8 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 September 30, 2013 for guarantees under standby letters of credit issued is not material.

Note 8. Fair Value Measurements

Under ASC Topic 820, fair value measurements are not adjusted for transaction costs. ASC Topic 820 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.

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

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instruments subsequent to the respective reporting dates may be different than the amounts reported at the respective reporting dates.

For financial instruments measured at fair value on a recurring basis, the fair value measurements by level within the fair value hierarchy used at September 30, 2013 and December 31, 2012, respectively, are as follows (in thousands):

Description	September 30, 2013	(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	$ 6,399	$	$ 6,399	$
Government Sponsored				
Enterprise obligations	47,970		47,970	
Total securities available for sale	$ 54,369	$	$ 54,369	$

Description	December 31, 2012	(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	$ 18,177	$	$ 18,177	$
Government Sponsored				
Enterprise obligations	70,303		70,303	
Total securities available for sale	$ 88,480	$	$ 88,480	$

For financial assets measured at fair value on a nonrecurring basis, the fair value measurements by level within the fair value hierarchy used at September 30, 2013 and December 31, 2012, respectively, follows (in thousands):

Description	September 30, 2013	(Level 1) Quoted Prices in Active Markets for Identical Assets	(Level 2) Significant Other Observable Inputs	(Level 3) Significant Unobservable Inputs
Impaired loans	$ 2,509	$	$	$ 2,509
Other real estate owned	234			234

Description	December 31, 2012	(Level 1) Quoted Prices in Active Markets for Identical Assets	(Level 2) Significant Other Observable Inputs	(Level 3) Significant Unobservable Inputs
Impaired loans	$ 1,982	$	$	$ 1,982

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The following tables present 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):

September 30, 2013	**Fair Value Estimate**	**Valuation Techniques**	**Unobservable Input**	**Range (Weighted Average)**
Impaired Loans	$ 2,509	Appraisal of Collateral (1)	Appraisal Adjustments (2)	0% - 25.7% (-7.8%)
			Liquidation Expenses (2)	0% - 78.8% (-61.5%)
Other real estate owned	$ 234	Appraisal of Collateral (1)	Appraisal Adjustments (2)	13.6%
			Liquidation Expenses (2)	7.0%

(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.

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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.

The carrying amounts and fair values set forth below for the Company s financial instruments, excluding financial instruments for which fair value approximates cost, is as follows at September 30, 2013 and December 31, 2012 (in thousands):

	September 30, 2013		(Level 1) Quoted Prices in Active Markets for Identical Assets	(Level 2) Significant Other Observable Inputs	(Level 3) Significant Unobservable Inputs
	Carrying amount	**Estimated Fair Value**			
Financial assets:					
Securities available for sale	$ 54,369	$ 54,369	$	$ 54,369	$
Securities held to maturity	21,610	21,613		21,613	
Net loans	468,283	471,100			471,100
Financial liabilities:					
Deposits	528,190	530,494	217,283	313,211	

	December 31, 2012				
	Carrying amount	**Estimated Fair Value**			
Financial assets:					
Securities available for sale	$ 88,480	$ 88,480	$	$ 88,480	$
Securities held to maturity	5,482	5,482		5,482	
Net loans	430,477	433,268			433,268
Financial liabilities:					
Deposits	515,735	514,744	207,826	306,918	

The following methods and assumptions were used to estimate the fair values of the Company s finanical instruments at September 30, 2013 and December 31, 2012:

Cash and Cash Equivalents and Interest Bearing Time Deposits (Carried at cost)

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

Restricted Investment in Bank Stock (Carried at Cost)

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

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Loans Receivable (Carried at Cost)

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 reprice frequently and with no significant change in credit risk, fair values are based on carrying values.

Impaired loans

Fair value is generally deteremined based upon independent third-party appraisals of the collateral, 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 (Carried at Cost)

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. Subsequently, other real estate owned assets are carried at the lower of carrying value or fair value. Fair value is based upon independent market prices, appraised values of the collateral or management s estimation of the value of the collateral. These assets are included as Level 3 fair values.

Deposits (Carried at Cost)

The fair values disclosed for demand deposits (for example, interest and noninterest checking, passbook savings and money market accounts) are, by definition, equal to the amount payable on demand at the reporting date (that is, 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 September 30, 2013 and December 31, 2012 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 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 September 30, 2013 and December 31, 2012, 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.

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Note 9. Recent Accounting Pronouncements

ASU 2013-02 (Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income)

In February 2013, the FASB issued ASU No. 2013-02, *Comprehensive Income (Topic 220); Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income*. The objective of this Update is to improve the reporting of reclassifications out of accumulated other comprehensive income. The amendments in this Update require an entity to report the effect of significant reclassifications out of accumulated other comprehensive income on the respective line items in net income if the amount being reclassified is required under U.S. generally accepted accounting principles (GAAP) to be reclassified in its entirety to net income. For other amounts that are not required under U.S. GAAP to be reclassified in their entirety to net income in the same reporting period, an entity is required to cross-reference other disclosures required under U.S. GAAP that provide additional detail about those amounts. For public entities, the amendments are effective prospectively for reporting periods beginning after December 15, 2012. This ASU did not have a significant impact on the Company s consolidated financial statements.

Note 10. Accumulated Other Comprehensive Income

Reclassifications out of accumulated other comprehensive income for the three and nine month periods ended September 30, 2013 are as follows (in thousands);

Details About Accumulated Other Comprehensive Income Components		**Amount Reclassified from Accumulated Other Comprehensive Income**	**Affected Line Item in the Statements of Income**
Three months ended September 30, 2013			
Available for Sale Securities			
Realized loss on sale of securities	$	2	(Loss) gains on sale of securities
		(1)	Income tax expense
Total reclassifications	$	1	Net of tax
Nine months ended September 30, 2013			
Available for Sale Securities			
Realized loss on sale of securities	$	195	(Loss) gains on sale of securities
		(63)	Income tax expense
Total reclassifications	$	132	Net of tax

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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 consolidated 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, 2012 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, 2012, 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:

- Current 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;
- Operating, legal and regulatory risk;
- Fiscal and monetary policy;
- Economic, political and competitive forces affecting the Company s business; 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.

Critical Accounting Policies, Judgments and Estimates

The consolidated unaudited financial statements have been prepared in conformity with U.S. generally accepted accounting principles. In preparing the consolidated unaudited 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 statement of financial condition and revenues and expenses for the period indicated. Actual results

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could differ significantly from those estimates. Management believes the following critical accounting policies encompass the more significant judgments and estimates used in the preparation of the consolidated unaudited financial statements.

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 a specific loan loss allowance is established; and (2) performing and classified loans for which a general loan loss allowance is established. We maintain a loan review system which provides for a systematic review of the loan portfolios and with the goal of early 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. All commercial loans are evaluated individually for impairment. Specific loan loss allowances are established for impaired loans based on a review of such information and/or appraisals of the underlying collateral. General loan loss allowances 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 loan loss allowances 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 increase the level of the allowance for loan losses. 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 increased provisions to the allowance for loan losses. Any such increase in provisions would result in a reduction to our earnings. A change in economic conditions could also adversely affect the value of properties collateralizing real estate loans, resulting in increased charges against the allowance and reduced recoveries, and require increased provisions to the allowance for loan losses. Furthermore, a change in the composition, or growth, of our loan portfolio could result in the need for additional provisions. In addition, various regulatory agencies, as an integral part of their examination process, periodically review the Bank s allowance for loan losses. These agencies may require the Bank to effect certain changes that result in additions to the allowance based on their judgments about information available to them at the time of their examinations.

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 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 September 30, 2013 and 2012 and Nine Months Ended September 30, 2013 and 2012

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 and borrowings. 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 income tax expense.

Net Income

Net income for the third quarter of 2013 was $1.2 million compared to net income of $1.1 million for the third quarter of 2012, an increase of $83 thousand, or 7.3%. This increase was primarily due to an increase in net interest income, which increased approximately $335 thousand, or 7.5%, and a decrease in the provision for loan losses of $35 thousand, or 13.5%, offset by a decrease in gains on the sales of investment securities of $240 thousand, or 101%, and an increase in income taxes of $62 thousand, or 8.3%.

Net income for the nine months ended September 30, 2013 was approximately $3.5 million compared to net income of approximately $3.0 million for the nine months ended September 30, 2012, an increase of $454 thousand, or 15.0%. The increase was due to an increase in net interest income of $1.2 million and a decrease in the provision for loan losses of $200 thousand, offset by increases in non-interest expenses and income tax expense of $608 thousand and $296 thousand, respectively.

On a per share basis, basic and diluted earnings per share were $0.23 for the third quarter of 2013 as compared to basic and diluted earnings per share of $0.22 for the third quarter of 2012, an increase of $0.01 per share, or 4.5%. Basic and diluted earnings per share were $0.66 and $0.65, respectively, for the nine months ended September 30, 2013 as compared to basic and diluted earnings per share of $0.58 for the nine months ended September 30, 2012, an increase of $.08, or 13.8% for basic earnings per share, and $.07, or 12.1%, per share for diluted earnings per share.

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 volume of interest-earning assets and interest-bearing liabilities and the interest rate earned or paid on them. For the three month period ended September 30, 2013, the growth in net interest income has been, primarily, powered by increased interest income from loans, including fees. Interest income on loans increased by $551 thousand for the three months ended September 30, 2013 as compared to the same period last year. This increase in interest income was due to a $60.4 million increase in the average balance of loans during the quarter ended September 30, 2013, up to $469.9 million as compared to the third quarter of 2012 average loan balance of $409.5 million, offset somewhat by a decrease in the average rate earned on loans, from 5.38% for the three months ended September 30, 2012 down to 5.16% for the three months ended September 30, 2013, a decrease of 22 basis points. Interest expense decreased by $43 thousand year over year and was due in most part to the decrease in the average rate paid on interest bearing deposits of 14 basis points, down to 1.32% for the three months ended September 30, 2013 from 1.46% for the three months ended September 30, 2012, offset somewhat by an increase in the average balance of interest bearing deposits of $36.1 million up to $462.1 million for the quarter ended September 30, 2013 from $426.0 million for the quarter ended September 30, 2012.

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During the nine months ended September 30, 2013, net interest income reached $14.0 million compared to $12.8 million for the nine months ended September 30, 2012, an increase of $1.2 million, or 9.3%. This increase is attributable to the increase in interest income from loans, including fees and is due in most part to the increase in average loans. Interest income from loans, including fees, securities and federal funds sold reached $18.5 million for the nine months ended September 30, 2013 from $17.3 million for the nine months ended September 30, 2012, an increase of $1.2 million, or 7.0%. At the same time, total interest expense increased by $23 thousand for the nine months ended September 30, 2013 from the nine months ended September 30, 2012. The increase in interest expense was primarily due to the increase in the average balance of interest bearing deposits of $46.7 million, up to $455.3 million for the nine months ended September 30, 2013 from $408.6 million on average for the nine months ended September 30, 2012. The increase in the average balance of interest bearing deposits was offset by a decrease in the average rate paid on interest bearing deposits for the nine months ended September 30, 2013 of 14 basis points to 1.34% from 1.48% for the same period last year.

Provision for Loan Losses

The provision for loan losses is a recorded expense that adjusts the allowance for loan losses to a level, which, in management s best estimate, is necessary to absorb probable losses within the existing loan portfolio. Through the application of our ALLL methodology, the provision for loan losses reflects loan quality trends, including, among other factors, the levels of and trends related to nonaccrual loans, past due loans, potential problem loans, criticized loans, net charge-offs or recoveries and growth in the loan portfolio. Accordingly, the amount of the provision reflects both the necessary increases in the allowance for loan losses related to new loans and newly identified criticized loans, as well as the actions taken related to other loans including, among other things, any necessary increases or decreases in required allowances for specific loans or loan pools. The provision for loan losses was $225 thousand for the three months ended September 30, 2013 as compared to $260 thousand for the three months ended September 30, 2012, a decrease of $35 thousand. During the nine months ended September 30, 2012, the provision for loan losses was $685 thousand as compared to $885 thousand during the nine months ended September 30, 2012, a decrease of $200 thousand. At September 30, 2013, the ALLL was approximately $5.6 million, or 1.19% of total loans, as compared to $5.1 million and 1.16% of total loans at December 31, 2012. In both the three and nine month periods, the decrease in the provision for loan losses reflects the overall credit quality of the loan portfolio and the stabilization of nonperforming loans, as well as other factors impacting allowances for loan losses methodology and calculation. Nonaccruing loans totaled $5.7 million, or 1.20% of total loans at September 30, 2013, $5.9 million, or 1.36% of total loans at December 31, 2012, and $5.9 million, or 1.42% of total loans at September 30, 2012.

Non-interest Income

For the three months and nine months ended September 30, 2013, non-interest income decreased by $241 thousand and $27 thousand, respectively, as compared to the three months and nine months ended September 30, 2012. For each of the periods noted, the decreases were primarily due to decreases in the realized gains on the sales of securities. For the three months ended September 30, 2013, the Company recorded a loss of $2 thousand on the sale of securities compared to a gain of $238 thousand on the sale of securities for the three months ended September 30, 2012, a decrease of $240 thousand. For the nine months ended September 30, 2013, the gain on the sale of securities decreased by $43 thousand to $195 thousand from $238 thousand for the nine months ended September 30, 2012.

Non-interest Expense

Non-interest expense totaled $2.6 million during the third quarter of 2013, and 2012, basically staying flat. Salaries and employee benefits and occupancy and equipment expense increased by $134 thousand and $53 thousand, respectively, to $1.4 million and $587 thousand, respectively, for the three months ended September 30, 2013, from $1.3 million and $534 thousand, respectively, for the three months ended

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September 30, 2012. These increases in salaries and employee benefits and occupancy and equipment expense were due in part to general increases in staff, salaries and benefits as well as occupancy costs associated with the new location in Woodcliff Lake. Offsetting these increases somewhat were decreases in other expenses and professional fees, down to $214 thousand and $83 thousand, respectively, for the three months ended September 30, 2013, from $335 thousand and $180 thousand for the three months ended September 30, 2012.

During the nine months ended September 30, 2013, non-interest expense reached approximately $7.9 million from approximately $7.2 million for the nine months ended September 30, 2012, an increase of $608 thousand, or 8.4%. The nine month increases were due in most part to increases in salaries and benefits and occupancy and equipment expenses of $366 thousand and $269 thousand, respectively. The increases in salaries and employee benefits and occupancy and equipment were primarily due to the opening of a branch, Cliffside Park, in March of 2012, which expenses were only partially recognized for the nine months ended September 30, 2012 but were fully recognized during the nine months ended September 30, 2013. Occupancy and equipment expense for the nine months ended September 30, 2013 also include occupancy costs for the new location in Woodcliff Lake.

Income Tax Expense

The income tax provision reached $807 thousand for the quarter ended September 30, 2013 as compared to $745 thousand for the quarter ended September 30, 2012, representing an increase of $62 thousand, or 8.3%. For the nine months ended September 30, 2013, income tax expense was $2.3 million as compared to $2.0 million for the nine months ended September 30, 2012, representing an increase of $296 thousand, or 14.9%. The increase in the income tax expense for both periods of 2013 as compared to 2012 was due to the increase in pretax income for both 2013 periods as compared to the 2012 periods. The effective tax rate for the three and nine month periods ended September 30, 2013, were 39.7% and 39.5%, respectively, compared to 39.5% and 39.5%, respectively, for the same periods in 2012.

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FINANCIAL CONDITION

Total consolidated assets increased $14.6 million, or approximately 2.6%, from $571.4 million at December 31, 2012 to $586.0 million at September 30, 2013. Total deposits increased from $515.7 million at December 31, 2012 to $528.2 million at September 30, 2013, an increase of $12.5 million, or approximately 2.4%. Loans receivable, or total loans, increased from $435.7 million at December 31, 2012 to $474.2 million at September 30, 2013, an increase of $38.5 million, or approximately 8.8%.

Loans

Our loan portfolio is the primary component of our total assets. Total loans, which exclude net deferred fees and costs and the allowance for loan losses, increased by 8.8% to reach $474.2 million at September 30, 2013 from $435.7 million at December 31 2012. The growth in the loan portfolio was primarily in commercial real estate loans, which increased by $48.4 million, or 19.6%, offset somewhat by decreases in home equity loans and commercial loans of $5.3 million and $4.8 million, respectively. The decreases in home equity loans and commercial loans were due to loan pay downs and payoffs, some of which are attributable to refinancing of loans at other financial institutions. Residential mortgages and consumer loans basically stayed flat. This growth in the loan portfolio continues to be primarily attributable to recommendations and referrals from members of our board of directors, our shareholders, 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 our customer service and competitive rate structures.

Our loan portfolio consists of commercial loans, commercial and residential 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 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. 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 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. Additionally, during this current economic climate, our capital position and safety has also become important to potential borrowers.

For more information on the loan portfolio, see Note 6 in Notes to the Consolidated Financial Statements in Part I, Item 1of this Quarterly Report on Form 10-Q.

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 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

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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 September 30, 2013 the Bank had twelve nonaccrual loans totaling approximately $5.7 million, of which seven loans totaling approximately $2.0 million had specific reserves of $322 thousand and five loans totaling approximately $3.7 million had no specific reserve. If interest had been accrued, such income would have been approximately $74 thousand and $248 thousand, respectively, for the three and nine month periods ended September 30, 2013 and $86 thousand and $260 thousand for the three and nine month periods ended September 30, 2012. Acutal interest income recognized on these loans during the three and nine months ended September 30, 2013 was $0. Actual interest income recognized on these loans during the three and nine months ended September 30, 2012, was $1 thousand and $9 thousand, respectively.

Within its nonaccrual loans at September 30, 2013, the Bank had four residential mortgage loans, one commercial real estate loan, and one home equity loan that met the definition of a troubled debt restructuring (TDR). TDRs are loans where the contractual terms of the loan have been modified to grant a concession to a borrower experiencing financial difficulties. These modifications could include a reduction in the interest rate of the loan, payment extensions, forgiveness of principal or other actions to maximize collection. At September 30, 2013, nonaccruing TDR loans had an outstanding balance of $4.0 million and had specific reserves of $50 thousand. None of these loans were performing in accordance with their modified terms.

During the nine months ended September 30, 2013, two loans totaling $239 thousand to the same person were modified as TDRs. One loan was a single family residential mortgage, and the second was a home equity loan. They are performing in accordance with their modified terms. Also during the first quarter of 2013, a loan that was classified as an accruing TDR at December 31, 2012, was modified into two loans. One of the loans is a single family residential mortgage and the second is a home equity loan. The fair value of the single family residential mortgage is greater than the carrying amount of the mortgage and therefore there was no recognition of an impairment. The home equity loan has a specific reserve of $150 thousand connected with it. Both loans are performing in accordance with their modified terms. During the three months ended September 30, 2013, the Bank had no new loans classified as TDRs. During the three and nine month periods ended September 30, 2012, the Bank had no new loans classified as TDRs.

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 September 30, 2013 and December 31, 2012. The Bank s loan portfolio has no foreign loans and no sub-prime loans.

Investment Securities

Securities held as available for sale (AFS) were approximately $54.4 million at September 30, 2013 compared to $88.5 million at December 31, 2012. This decrease in the AFS category was due in most part to the sale of $47.3 million of securities along with the maturity or call of an additional $18.0 million, offset somewhat by the purchase of $34.0 million of securities during the nine months ended September 30, 2013. The sale of the securities available for sale was due to the Bank s strategy to reduce its longer term securities as part of its overall interest rate risk management. Securities held to maturity increased $16.1 million to $21.6 million at September 30, 2013 from $5.5 million at December 31, 2012 as a result of securities purchased.

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Deposits

Deposits remain our primary source of funds. Total deposits increased to $528.2 million at September 30, 2013 from $515.7 million at December 31, 2012, an increase of $12.5 million, or 2.4%. Time deposits and noninterest bearing transaction accounts increased by $8.4 million and $5.6 million, respectively, while savings and interest bearing transaction accounts decreased by $1.6 million. The Company has no foreign deposits, nor are there any material concentrations of deposits.

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 $528.2 million and $515.7 million, respectively, at September 30, 2013 and December 31, 2012. The increase in deposits and the proceeds of the sales and maturities of securities available for sale funded the increase in loans.

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 September 30, 2013, we have 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 either facility at September 30, 2013. 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.

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

Capital Resources

A significant measure of the strength of a financial institution is its capital base. Our federal regulators have classified and defined our capital into the following components: (1) Tier 1 Capital, which includes tangible shareholders equity for common stock and qualifying preferred stock, and (2) Tier 2 Capital, which includes a portion of the allowance for loan losses, certain qualifying long-term debt, and preferred stock which does not qualify for Tier 1 Capital. Minimum capital levels are regulated by risk-based capital adequacy guidelines, which require certain capital as a percent of our assets and certain off-balance sheet items, adjusted for predefined credit risk factors, referred to as risk-adjusted assets.

Pursuant to federal regulation we are required to maintain, at a minimum, Tier 1 Capital as a percentage of risk-adjusted assets of 4.0% and combined Tier 1 and Tier 2 Capital, or Total Capital, as a percentage of risk-adjusted assets of 8.0%.

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In addition to the risk-based guidelines, our regulators require that an institution which meets the regulator s highest performance and operation standards maintain a minimum leverage ratio (Tier 1 Capital as a percentage of tangible assets) of 3.0%. For those institutions with higher levels of risk or that are experiencing or anticipating significant growth, the minimum leverage ratio will be evaluated through the ongoing regulatory examination process. We are currently required to maintain a leverage ratio of 4.0%.

The following table summarizes the Bank s risk-based capital and leverage ratios at September 30, 2013, as well as the applicable minimum ratios:

	September 30, 2013	December 31, 2012	Minimum Regulatory Requirements
Risk-Based Capital:			
Tier 1 Capital Ratio	11.68%	12.07%	4.00%
Total Capital Ratio	12.85%	13.21%	8.00%
Leverage Ratio	9.55%	9.63%	4.00%

As we continue to employ our capital and grow our operations, we expect that our capital levels will decrease, but that we will remain a well-capitalized institution.

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.

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 final rules modify the calculation of capital ratios and impose higher capital requirements and more restrictive leverage and liquidity ratios than those currently in place. Smaller institutions, such as ours, will become subject to these rules beginning January 1, 2015. Among other things, 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%, and a minimum leverage ratio of 4%.

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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 September 30, 2013, the Company s management including the Chief Executive Officer (our Principal Executive Officer) and President and Chief Operating Officer (our Principal Financial 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 September 30, 2013, the Company s Chief Executive Officer and Chief Operating 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 September 30, 2013 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 is 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

None

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 39.

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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: November 14, 2013

By: /s/ Albert F. Buzzetti
Albert F. Buzzetti
Chief Executive Officer
(Principal Executive Officer)

By: /s/ Michael Lesler
Michael Lesler
President and
Chief Operating Officer
(Principal Financial Officer)

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EXHIBIT INDEX

Exhibit Number	Description
31.1	Rule 13a-14(a) Certification of the Principal Executive Officer
31.2	Rule 13a-14(a) Certification of the Principal Financial Officer
32	Section 1350 Certifications
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