

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 10-Q

(Mark one)

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

For the quarterly period ended September 30, 2007

OR

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: 000-52749

**BANCORP OF NEW JERSEY, INC.**

(Exact name of registrant as specified in its charter)

**New Jersey**

20-8444387

(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer Identification No.)

**1365 Palisade Ave, Fort Lee, New Jersey**

**07024**

(Address of principal executive offices)

(Zip Code)

**(201) 944-8600**

(Registrant's telephone number, including area code)

**204 Main Street, Fort Lee, New Jersey 07024**

(Registrant's former address)

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  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act: (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.):

Yes  No

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 2, 2007 there were 2,458,864 outstanding shares of the issuer's class of common stock, no par value.

## INDEX

	PAGE
Part I      Financial Information	
Item 1.    Financial Statements:	
Unaudited Consolidated Statements of Financial Condition - September 30, 2007 and December 31, 2006	3
Unaudited Consolidated Statements of Operations – Three Months Ended September 30, 2007 and 2006	4
Unaudited Consolidated Statements of Operations – Nine Months Ended September 30, 2007 and 2006	5
Unaudited Consolidated Statements of Cash Flows – Nine Months Ended September 30, 2007 and 2006	6
Notes to Unaudited Consolidated Financial Statements	7
Item 2.    Management’s Discussion and Analysis of Financial Condition and Results of Operations	18
Item 3.    Quantitative and Qualitative Disclosures about Market Risk	27
Item 4.    Controls and Procedures	29
Part II      Other Information	
Item 1.    Legal Proceedings	30
Item 1A.   Risk Factors	30
Item 2.    Unregistered Sales of Equity Securities and Use of Proceeds	30
Item 3.    Defaults Upon Senior Securities	30
Item 4.    Submission of Matters to a Vote of Securities Holders	31
Item 5.    Other Information	31
Item 6.    Exhibits	31
Signatures	32

**BANCORP OF NEW JERSEY, INC.**  
**UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION**  
(Dollars in thousands, except share data)

September 30, 2007

December 31, 2006

**ASSETS**

Cash and due from banks	\$3,049	\$ 284
Interest bearing deposits	623	1,569
Federal funds sold	---	6,986
<b>Total cash and cash equivalents</b>	<b>3,672</b>	<b>8,839</b>
Securities available for sale	100	9,699
Securities held to maturity, (estimated fair value of \$2,008 in 2007 and \$2,002 in 2006)	1,996	1,993
Loans receivable	167,519	80,638
Deferred loan fees and unamortized costs, net	97	47
Less: allowance for loan losses	(1,772)	(866)
Net loans	165,844	79,819
Premises and equipment, net	7,994	4,612
Accrued interest receivable	911	439
Other assets	1,228	646
<b>TOTAL ASSETS</b>	<b>\$181,745</b>	<b>\$106,047</b>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

**LIABILITIES:**

Deposits:

Non-interest bearing	\$18,873	\$ 10,244
Savings and interest-bearing transaction accounts	51,453	40,667
Time deposits under \$100	4,864	1,189
Time deposits \$100 and over	54,889	9,767
<b>Total deposits</b>	<b>130,079</b>	<b>61,867</b>
Federal funds purchased	6,000	---
Other liabilities	664	1,141
<b>TOTAL LIABILITIES</b>	<b>136,743</b>	<b>63,008</b>

Commitments and contingencies

Stockholders' equity:

Common stock, no par value, authorized 20,000,000 shares; issued and outstanding 2,458,535 shares at September 30, 2007; \$10 par value, authorized 5,000,000 shares; issued and outstanding 2,399,838 shares at December 31, 2006	44,989	23,998
Additional Paid in Capital	---	19,667
Retained earnings (accumulated deficit)	13	(665)
Accumulated other comprehensive income	---	39
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>45,002</b>	<b>43,039</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$181,745</b>	<b>\$106,047</b>

See accompanying notes to consolidated financial statements



**BANCORP OF NEW JERSEY, INC.**  
**UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS**

For the Nine Months Ended September 30,  
2007                      2006

(In thousands, except per share data)

<b>INTEREST INCOME</b>		
Interest on escrow funds	\$ ---	\$ 624
Loans, including fees	6,916	718
Securities	240	114
Federal funds sold	86	709
<b>TOTAL INTEREST INCOME</b>	<b>7,242</b>	<b>2,165</b>
<b>INTEREST EXPENSE</b>		
Savings and money markets	1,409	153
Time deposits	1,116	15
Short term borrowings	261	43
<b>TOTAL INTEREST EXPENSE</b>	<b>2,786</b>	<b>211</b>
<b>NET INTEREST INCOME</b>	<b>4,456</b>	<b>1,954</b>
Provision for loan losses	906	564
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>	<b>3,550</b>	<b>1,390</b>
<b>NONINTEREST INCOME</b> - principally fees and service charges	<b>106</b>	<b>6</b>
<b>NONINTEREST EXPENSE</b>		
Salaries and employee benefits	1,676	693
Occupancy and equipment expense	546	193
Other expenses	793	913
<b>TOTAL NONINTEREST EXPENSE</b>	<b>3,015</b>	<b>1,799</b>
Income (loss) before provision for income taxes	641	(403)
Income tax benefit	(37)	---
<b>NET INCOME (LOSS)</b>	<b>\$ 678</b>	<b>\$ (403)</b>
<b>PER SHARE OF COMMON STOCK</b>		
Basic earnings(loss)	\$0.28	\$(0.17)
Diluted earnings(loss)	\$0.28	\$(0.17)

Share data has been adjusted to reflect the 10% stock distribution paid during January, 2007.

See accompanying notes to consolidated financial statements.

**BANCORP OF NEW JERSEY, INC.**  
**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	For the Nine Months Ended September 30,	
	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	(in thousands)	
Net income (loss)	\$ 678	\$ (403)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	109	31
Provision for loan losses	906	564
Recognition of stock option expense	58	---
Changes in operating assets and liabilities:		
(Increase)decrease in accrued interest receivable	(472)	334
(Decrease)increase in other assets	(582)	(218)
(Decrease)increase in other liabilities	(477)	33
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>220</b>	<b>341</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of securities	---	(10,551)
Sales of securities available for sale	9,557	---
Net increase in loans	(86,931)	(49,612)
Purchases of premises and equipment	(3,491)	(3,994)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(80,865)</b>	<b>(64,157)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net increase in deposits	68,212	38,192
Proceeds from issuance of common stock	500	42,736
Increase in federal funds purchased	6,000	---
Exercise of stock options and warrants	766	---
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>75,478</b>	<b>80,928</b>
Net (decrease) increase in cash and cash equivalents	(5,167)	17,112
Cash and cash equivalents, beginning of year	8,839	12
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$3,672</b>	<b>\$ 17,124</b>
<b>Cash paid during the period for:</b>		
<b>Interest</b>	<b>\$ 2,423</b>	<b>\$ 204</b>
<b>Income taxes</b>	<b>\$ 679</b>	<b>\$ ---</b>

See accompanying consolidated notes to financial statements

**BANCORP OF NEW JERSEY, INC.**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2007**

**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"). These financial statements include the effect of the holding company reorganization which took place on July 31, 2007 pursuant to a plan of acquisition that was approved by the boards of directors of the Company and the Bank and adopted by the shareholders of the Bank at a special meeting held July 19, 2007.

The holding company reorganization is accounted for as a reorganization under common control and the assets, liabilities, and shareholders' equity of the Bank immediately prior to the holding company reorganization have been carried forward on the Company's consolidated financial statements at the amounts carried on the Bank's books at the effective date of the holding company reorganization. The consolidated capitalization, assets, liabilities, results of operations and other financial data of the Company immediately following the reorganization were substantially the same as those of the Bank immediately prior to the holding company reorganization. Accordingly, these consolidated financial statements of the Company include the Bank's historical recorded values.

The Company's class of common stock has no par value and the Bank's class of common stock has par value of \$10 per share. As a result of the holding company reorganization, amounts previously recognized as additional paid in capital on the Bank's financial statements have been reclassified into the Company's consolidated financial statements.

These financial statements reflect all adjustments and disclosures which management believes are necessary for a fair presentation of interim results. All significant inter-company accounts and transactions have been eliminated in consolidation. The results of operations for the quarter and nine months presented do not necessarily indicate the results that the Company will achieve for the 2007 fiscal year. You should read these consolidated unaudited interim financial statements in conjunction with the financial statements and accompanying notes that are presented in the Bank's registration statement on Form 10, filed with the Federal Deposit Insurance Corporation on April 30, 2007.

The financial information in this quarterly report has been prepared in accordance with U.S. generally accepted accounting principles; these financial statements have not been audited. Certain information and footnote disclosures required under generally accepted accounting principles 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, 2007 presentation.

**Organization**

The Company is a New Jersey corporation and bank holding company registered with the Board of Governors of the Federal Reserve System. 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's focus is on establishing and retaining customer relationships by offering a broad range of traditional financial services and products, competitively-priced and delivered in a responsive manner to small businesses, professionals and individuals in the local market. As a community bank, the Bank endeavors to provide superior customer service that is highly personalized, efficient and responsive to local needs. To better serve its customers and expand its market reach, the Bank provides for the delivery of certain of its financial products and services to its local customers and to a broader market through the use of mail, telephone and internet banking. The Bank seeks to deliver these products and services with the care and professionalism expected of a community bank and with a special dedication to personalized customer service.

**Note 2. Stockholders' Equity and related transactions**

A 10% stock distribution was made during January, 2007 (the "2007 stock distribution"). Earnings per share and all share data have been restated to reflect the effect of the 2007 stock distribution

On September 7, 2007, the Company issued and sold an aggregate of 21,739 shares of its class of common stock, no par value per share, for a per share sale price of \$23.00, and an aggregate sale price of \$499,997, in cash. The purchasers consisted of one of the directors of the Company and certain of his family members. The purchasers acquired the shares for investment purposes only and not with a view to or for sale in connection with any distribution of shares. The purchase price was equal to the fair market value of the common stock at the time of the sale, as determined by the board of directors of the Company, based upon the most recent trading information available to the Company and other information.

**Note 3. Benefit Plans and Stock-Based Compensation**

During 2006, the Bank's stockholders approved the 2006 Stock Option Plan (the "2006 Option Plan"), which was assumed by the Company in connection with the holding company reorganization effective July 31, 2007. (See Note 11 for additional information regarding the holding company reorganization.) The 2006 Option Plan allows employees of the Company to purchase up to 119,992 shares of the Company's common stock. The option price per share is the market value of the common stock underlying the option on the date of grant. The number of shares available under the 2006 Option Plan, as well as the option price and number of shares underlying options outstanding on the date of the 2007 stock distribution have been equitably adjusted to account for the 2007 stock distribution. During 2006, incentive stock options to purchase 62,150 shares were issued to employees. The Company has no option awards with market or performance conditions attached to them.

During 2006, the Bank awarded incentive stock options (ISO) which vested over a 2 year period and ISO options which vested over a 3 year period. The per share weighted-average fair values of stock options granted during 2006, which vest over a 2 year period and a 3 year period, were \$2.52 and \$4.34, respectively, on the date of grant using the Black Scholes option-pricing model, as adjusted for the 2007 stock distribution. The options which vest over a 2 year period used the following assumptions in determining the grant date fair value of the 2006 option grants: expected dividend yields of 0.00%, risk-free interest rates of 4.77%, expected volatility of 16.00%; and average expected lives of 2 years. The options which vest over a 3 year period used the following assumptions used in determining the grant date fair value of the 2006 option grants: expected dividend yields of 0.00%, risk-free interest rates of 4.77%, expected volatility of 22.00%; and average expected lives of 3.5 years.

Share based compensation expense was \$18,000 and \$58,000 for the three months and nine months ended September 30, 2007, respectively, compared to no share based compensation for the same periods in 2006. No stock options were granted during the first nine months of 2007 or 2006.

At a special meeting of stockholders of the Bank held on July 19, 2007, the stockholders of the Bank adopted the 2007 Non-Qualified Stock Option Plan for Directors (the "2007 Director Plan"). The 2007 Director Plan was assumed by the Company in connection with the holding company reorganization effective July 31, 2007. (See Note 11 for additional information regarding the holding company reorganization.) The 2007 Director Plan provides for 240,000 options to purchase shares of common stock to non-employee directors. At September 30, 2007, there have been no grants to non-employee directors under the 2007 Director Plan.

Option activity under the Company's stock option plans for the nine months ended September 30, 2007 is as follows:

	Number of shares	Exercise price per share
Outstanding, January 1, 2007	62,150	\$18.18
Granted	---	---
Exercised	(11,000)	18.18
Forfeited	---	---
Outstanding, end of quarter	<u>51,150</u>	<u>\$18.18</u>
Options exercisable at September 30, 2007	<u>11,000</u>	<u>\$18.18</u>

**Note 4. Earnings Per Share.**

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

*Diluted earnings per share* is calculated by dividing net income by the weighted average number of outstanding common shares and common share equivalents. Outstanding “common share equivalents” include options and warrants to purchase its common stock.

All weighted average, actual shares and per share information have been adjusted retroactively for the effects of the 2007 stock distribution. The following schedule shows earnings per share for the three month periods presented:

(In thousands except per share data)	For the Three Months Ended	
	September 30,	
	2007	2006
Net income (loss) applicable to common stock	\$444	\$ (97)
Weighted average number of common shares outstanding – basic	2,425	2,400
<b>Basic earnings(loss) per share</b>	<b>\$0.18</b>	<b>\$ (0.04)</b>
Net income (loss) applicable to common stock	\$444	\$ (97)
Weighted average number of common shares and common share equivalents – diluted	2,456	2,400
<b>Diluted earnings(loss) per share</b>	<b>\$0.18</b>	<b>\$ (0.04)</b>

Options to purchase 51,150 shares of common stock at a weighted average price of \$18.18 and 453,351 warrants to purchase shares of common stock at a weighted average price of \$21.82 per share were outstanding and were included in the computation of diluted earnings per share for the third quarter of 2007. During the three months ended September 30, 2007, 23,231 warrants were exercised, which added approximately \$507 thousand to stockholders equity. There were no warrants exercised during the three months ended September 30, 2006. There were no dilutive common share equivalents during the third quarter of 2006 due to net loss incurred.

All weighted average, actual shares and per share information have been adjusted retroactively for the effects of the 2007 stock distribution. The following schedule shows earnings per share for the nine month periods presented:

(In thousands except per share data)	For the Nine Months Ended September 30,	
	2007	2006
Net income (loss) applicable to common stock	\$678	\$ (403)
Weighted average number of common shares outstanding – basic	2,414	2,400
Basic earnings(loss) per share	\$0.28	\$ (0.17)
Net income (loss) applicable to common stock	\$678	\$ (403)
Weighted average number of common shares and common share equivalents – diluted	2,442	2,400
Diluted earnings(loss) per share	\$0.28	\$ (0.17)

Options to purchase 51,150 shares of common stock at a weighted average price of \$18.18 and 453,351 warrants to purchase shares of common stock at a weighted average price of \$21.82 per share were outstanding and were included in the computation of diluted earnings for the nine month period ended September 30, 2007. During the nine months ended September 30, 2007, 25,958 warrants were exercised, which added approximately \$567 thousand to stockholders equity. There were no warrants exercised during the nine months ended September 30, 2006. There were no dilutive common share equivalents during the nine months ended September 30, 2006 due to the net loss incurred.

**Note 5. Comprehensive Income**

Total comprehensive income is presented for the three month and the nine month periods ended September 30, 2007, and 2006, respectively (in thousands) as follows:

<b>Comprehensive Income (Loss)</b>	Three months ended September 30,	
	<u>2007</u>	<u>2006</u>
Net income (loss)	\$ 444	\$ (97)
Gross unrealized holding losses on securities available for sale	---	---
Gain realized on sale of securities available for sale	<u>---</u>	<u>---</u>
Net unrealized holding losses on securities available for sale	<u>---</u>	<u>---</u>
Total comprehensive income(loss)	<u>\$ 444</u>	<u>\$ (97)</u>

<b>Comprehensive Income (Loss)</b>	Nine months ended September 30,	
	<u>2007</u>	<u>2006</u>
Net income (loss)	\$ 678	\$ (403)
Gross unrealized holding losses on securities available for sale	(42)	---
Gain realized on sale of securities available for sale	<u>3</u>	<u>---</u>
Unrealized holding losses on securities available for sale (net of taxes \$(15))	<u>(39)</u>	<u>---</u>
Total comprehensive income (loss)	<u>\$ 639</u>	<u>\$ (403)</u>

**Note 6. Securities Available for Sale and Investment Securities**

A summary of securities available for sale at September 30, 2007 and at December 31, 2006 is as follows (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<b><u>September 30, 2007</u></b>				
Government Sponsored Enterprise obligations	\$ ---	–	–	\$ ---
Equity Securities	100	–	–	100
Total available for sale	\$ 100	–	–	\$ 100
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<b><u>December 31, 2006</u></b>				
Government Sponsored Enterprise obligations	\$ 9,560	39	–	\$ 9,599
Equity Securities	100	–	–	100
Total available for sale	\$ 9,660	39	–	\$ 9,699

A summary of held to maturity securities at September 30, 2007 and at December 31, 2006 is as follows (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<b><u>September 30, 2007</u></b>				
Obligations of U.S. Treasury	\$ 1,996	12	–	\$ 2,008
Total held to maturity	\$ 1,996	12	–	\$ 2,008
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<b><u>December 31, 2006</u></b>				
Obligations of U.S. Treasury	\$ 1,993	9	–	\$ 2,002
Total held to maturity	\$ 1,993	9	–	\$ 2,002

**Note 7. Loans.**

The components of the loan portfolio at September 30, 2007 and December 31, 2006 are summarized as follows (in thousands):

	September 30, 2007	December 31, 2006
Real estate	\$ 115,602	\$ 50,787
Commercial	24,008	14,678
Credit lines	23,681	13,519
Consumer	4,228	1,654
	<u>\$167,519</u>	<u>\$ 80,638</u>

The Bank grants commercial, mortgage and installment loans primarily to New Jersey residents and businesses within its local trading area. Its borrowers' abilities to repay or otherwise satisfy 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 collateral. 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 reasonably account for the potential exposure to such risks and that adequate provisions for loan losses are provided for all known and inherent risks. Management believes that the allowance for loan losses is maintained at a level adequate to provide for losses inherent in the loan portfolio.

The following tables present the activity in the allowance for loan losses during the periods indicated (in thousands):

	Three months ended September 30,	
	2007	2006
Balance at beginning of period	\$ 1,494	\$ 197
Provision charged to expense	278	367
Loans charged off	0	0
Recoveries	0	0
	<u>0</u>	<u>0</u>
Balance at end of period	<u>\$ 1,772</u>	<u>\$ 564</u>

  

	Nine months ended September 30,	
	2007	2006
Balance at beginning of period	\$ 866	\$ 0
Provision charged to expense	906	564
Loans charged off	0	0
Recoveries	0	0
	<u>0</u>	<u>0</u>
Balance at end of period	<u>\$ 1,772</u>	<u>\$ 564</u>

There were no impaired loans at September 30, 2007 or at December 31, 2006. As of September 30, 2007 and December 31, 2006, the Bank also had no non-accrual loans or non-performing loans.

#### **Note 8. Income Taxes**

The income tax provision reflected a \$144 thousand benefit for the quarter ended September 30, 2007 and a \$37 thousand benefit for the nine months ended September 30, 2007. These credits reflect the effect of a \$310 thousand adjustment to reverse the deferred tax valuation allowance previously recorded on our net deferred tax asset. Due to our sustained profitability, it is more likely than not that our net deferred tax asset will be realized. Net of the \$310 thousand benefit adjustment, the income tax expense for the three months and the nine months ended September 30, 2007 was \$166 thousand and \$273 thousand, respectively. The Company's effective tax rate for the nine months ended September 30, 2007 was 42%.

## **Note 9. 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, 2007, the Bank had \$805 thousand 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, 2007 for guarantees under standby letters of credit issued is not material.

## **Note 10. Recent Accounting Pronouncements**

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards (SFAS) No. 157, "Fair Value Measurements" which is effective for fiscal years beginning after November 15, 2007 and for interim periods within those years. This statement defines fair value, establishes a framework for measuring fair value and expands the related disclosure requirements. Although it is not expected to have a material impact on the financial statements, the Company is currently evaluating the impact the adoption of SFAS No. 157 will have on its financial statements.

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities-Including an amendment of FASB Statement No. 115." SFAS No. 159 permits entities to choose to measure many financial instruments and certain other items at fair value. SFAS No. 159 is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007 but earlier adoption is permitted provided the entity also elects to apply the provisions of SFAS No. 157 during the same time period. Although it is not expected to have a material impact on the financial statements, the Company is currently evaluating the impact the adoption of SFAS No. 159 will have on its financial statements. The Company did not elect early adoption of SFAS No. 159.

Effective January 1, 2007, the Company adopted the provisions of FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" (FIN 48). The Interpretation provides clarification on accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS No. 109, "Accounting for Income Taxes". The Interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. As a result of the Company's evaluation of the implementation of FIN 48, no significant income tax uncertainties were identified.

In May 2007, the FASB issued FASB Staff Position ("FSP") FIN 48-1 "Definition of Settlement in FASB Interpretation No. 48" (FSP FIN 48-1). FSP FIN 48-1 provides guidance on how to determine whether a tax position is effectively settled for the purpose of recognizing previously unrecognized tax benefits. FSP FIN 48-1 is effective retroactively to January 1, 2007. This interpretation did not have an impact on our consolidated financial position or results of operations.

In March 2007, the FASB ratified Emerging Issues Task Force (“EITF”) Issue No. 06-11, “Accounting for Income Tax Benefits of Dividends on Share-Based Payment Awards.” EITF 06-11 requires companies to recognize the income tax benefit realized from dividends or dividend equivalents that are charged to retained earnings and paid to employees for non-vested equity-classified employee share-based payment awards as an increase to additional paid-in capital. EITF 06-11 is effective for fiscal years beginning after September 15, 2007. The Company does not expect EITF 06-11 will have a material impact on its financial position, results of operations or cash flows.

#### **Note 11. Holding Company Reorganization**

On July 31, 2007, the Company became the bank holding company of the Bank pursuant to a plan of acquisition that was approved by the boards of directors of the Company and the Bank and adopted by the shareholders of the Bank at a special meeting held July 19, 2007.

Pursuant to the plan of acquisition, the holding company reorganization has been affected through a contribution of all of the outstanding shares of Bank’s class of common stock to the Company in a one-to-one exchange for shares of the Company’s class of common stock. Upon consummation of the reorganization, the Bank became the wholly-owned subsidiary of the Company and all of the former shareholders of the Bank became shareholders of the Company. The Company did not engage in any operations, other than organizational activities, or issue any shares of its class of common stock prior to consummation of the holding company reorganization. As a result, these financial statements include the effect of the holding company reorganization and represent consolidated financial statements.

**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 financial statements contained in Part I, Item 1 of this Quarterly Report on Form 10-Q, and with the audited financial statements of the Bank for the year ended December 31, 2006 and "Management's Discussion and Analysis of Financial Condition and Results of Operations" presented in the Bank's registration statement on Form 10, filed with the Federal Deposit Insurance Corporation on April 30, 2007. Such information filed by the Bank with the FDIC is available for inspection at the offices of the FDIC's Accounting and Securities Disclosure Section located at Room F-6043, 550 17th Street, N.W., Washington, DC 20429. All weighted average, actual shares and per share information set forth in this quarterly report on Form 10-Q has been adjusted for the effect of the 2007 stock distribution

**Statements Regarding Forward Looking Information**

The information disclosed in this document includes various forward-looking statements with respect to credit quality, corporate objectives, and other financial and business matters. The words "anticipates," "projects," "intends," "estimates," "expects," "believes," "plans," "may," "will," "should," "could," and other similar expressions are intended to identify such forward-looking statements. We caution that these forward-looking statements are necessarily speculative and speak only as of the date made, and are subject to numerous assumptions, risks and uncertainties, all of which may change over time. Actual results could differ materially from such forward-looking statements.

In addition to the factors we disclose elsewhere in this document, the following factors, among others, could cause our actual results to differ materially and adversely from such forward-looking statements: [pricing pressures on loan and deposit products; competition; changes in economic conditions nationally, regionally and in our markets; the extent and timing of actions of the Federal Reserve Board; changes in levels of market interest rates; customer acceptance of our products and services; credit risks of lending activities; changes in the conditions of the capital markets in general and in the capital markets for financial institutions; and the extent and timing of legislative and regulatory actions and reforms;] and other risks and uncertainties detailed from time to time in our regulatory filings.

The above-listed risk factors are not necessarily exhaustive, particularly as to possible future events, and new risk factors may emerge from time to time. Certain events may occur that could cause our actual results to be materially different than those described in forward-looking statements. Any statements made that are not historical facts should be considered to be forward-looking statements. You should not place undue reliance on any forward-looking statements, which only reflect management's analysis as of the date of this quarterly report. We undertake no obligation to update forward-looking statements or to make any public announcement when we consider forward-looking statements in this quarterly report to no longer be accurate, whether as a result of new information of future events, except as may be required by applicable law or regulation.

## **Critical Accounting Policies, Judgments and Estimates**

The financial statements have been prepared in conformity with U.S. generally accepted accounting principles. In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statement of financial condition and revenues and expenses for the period indicated. Actual results 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 financial statements.

### ***Allowance for Loan Losses***

Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses. Losses on loans are charged to the allowance for loan losses. Additions to this allowance are made by recoveries of loans previously charged off and by a provision charged to expense. The determination of the balance of the allowance for loan losses is based on an analysis of the loan portfolio, economic conditions and other factors warranting recognition. Management believes that the allowance for loan losses is maintained at an adequate level to provide for losses inherent in the loan portfolio. While management uses available information to recognize losses on loans, future additions may be necessary based on changes in economic conditions, particularly in New Jersey. In addition, various regulatory agencies, as an integral part of their examination process, periodically review the Bank's allowance for loan losses. Such agencies may require the Bank to recognize additions to the allowance based on their judgments about information available to them at the time of their examinations.

### ***Deferred Income Taxes***

We recognize deferred tax assets and liabilities for future tax effects of temporary differences. Deferred tax assets are subject to management's judgment based upon available evidence that future realization is more likely than not. If management determines that we may be unable to realize all of part of net deferred tax assets in the future, a direct charge to income tax expense may be required to reduce the value of the net deferred tax asset to the expected realizable amount.

## **Results of Operations**

### **Three Months Ended September 30, 2007 and 2006 and**

### **Nine Months Ended September 30, 2007 and 2006**

Upon receipt of regulatory approvals, the Bank commenced normal operations during the second quarter of 2006 and, during 2007, opened three additional branches. Accordingly, the primary reason for the material changes in our results of operations for the three months ended September 30, 2007 compared to the three months ended September 30, 2006, is the impact of the new branches during 2007. The material changes for the nine months ended September 30, 2007, compared to the nine months ended September 30, 2006, is the combined effect of commencement of normal operations during 2006 as well as the impact of the three additional branches during 2007.

Results of operations depend primarily on net interest income, which is the difference between interest income on interest earning assets and interest expense in 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 salary and employee benefits, occupancy expenses, and other operating expenses.

#### **Net Income**

Net income for the third quarter of 2007 was \$444 thousand compared to net loss of \$97 thousand for the third quarter of 2006. The net income for the third quarter of 2007 included a \$278 thousand provision for loan losses as well as a \$310 thousand adjustment to reverse the deferred tax valuation allowance previously recorded on our net deferred tax asset. The \$310 thousand reversal of the deferred tax valuation allowance plus the income tax provision of \$166 thousand resulted in an income tax benefit of \$144 thousand during the quarter. The expense recorded for the loan loss provision is reflective of the increase in total loans during the quarter ended September 30, 2007. The reversal of the deferred tax valuation allowance is reflective of our sustained profitability as well as other data which supports the expected realization of the deferred tax asset.

Net income for the nine months ended September 30, 2007 was \$678 thousand compared to net loss of \$403 thousand for the nine months ended September 30, 2007. The net income for the first nine months of 2007 included a \$906 thousand provision for loan losses as well as the previously mentioned \$310 thousand reversal of the deferred tax valuation allowance. The expense recorded for the loan loss provision is reflective of the increase in total loans during the nine months ended September 30, 2007.

On a per share basis, basic and diluted earnings per share were \$0.18 for the third quarter of 2007 as compared to basic and diluted loss per share of \$0.04 for the third quarter of 2006. Basic and diluted earnings per share were \$0.28 for the nine months ended September 30, 2007 as compared to basic and diluted loss per share of \$0.17 for the nine months ended September 30, 2006. All per share data has been restated to reflect the ten percent stock distribution paid to shareholders during January, 2007.

### **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. During the third quarter 2007, net interest income reached \$1.6 million from \$937 thousand during the third quarter 2006, primarily due to the Company's continued growth.

During the nine months ended September 30, 2007, net interest income reached \$4.4 million compared to \$2.0 million in 2006, primarily due to the Company's continued growth. This increase reflects the effect of nine months of operations during 2007 as compared to the initial 140 days of operations after opening for business on May 10, 2006.

### **Provision for Loan Losses**

The provision for loan losses was \$278 thousand for the three months ended September 30, 2007 as compared to \$367 thousand for the three months ended September 30, 2006. During the nine months ended September 30, 2007, the provision for loan losses was \$906 thousand as compared to \$564 thousand during the nine months ended September 30, 2006. The increases in the provision during the three and nine month periods are reflective of the increased growth and composition of the loan portfolio. The quarterly and nine month provision amounts are directly related to the production and closing of loans during those period.

### **Non-interest Income**

Non-interest income, primarily service fees, reached \$46 thousand during the three months ended September 30, 2007 and reached \$106 thousand during the nine months ended September 30, 2007, compared to \$5 thousand and \$6 thousand, respectively, for the three and nine month periods ended September 30, 2006. As these fees are related, primarily, to deposits accounts, the increase between periods is reflective of the deposit growth and related customer activity.

### **Non-interest Expense**

Non-interest expense increased from \$672 thousand in the third quarter of 2006 to \$1.1 million in the third quarter of 2007, an increase of \$440 thousand. Non-interest expense also increased from \$1.8 million during the five months of operations through September 30, 2006 to \$3.0 million during the first nine months of 2007. The increase during both the three month period and the nine month period is reflective of salary and benefit costs increasing and occupancy costs increasing. Salary and benefit costs and occupancy costs increased as a result of normal operations during 2007 compared to the initial operational period during 2006 as well as the effect of staffing and occupancy costs related to three additional branches which opened during the second and third quarters of 2007.

### **Income Tax Expense**

The income tax provision reflected a \$144 thousand benefit for the quarter ended September 30, 2007 and a \$37 thousand benefit for the nine months ended September 30, 2007. These credits reflect the effect of a \$310 thousand adjustment to reverse the deferred tax valuation allowance previously recorded on our net deferred tax asset. Due to our sustained profitability, it is more likely than not that our net deferred tax asset will be realized. Net of the \$310 thousand benefit adjustment, the income tax expense for the three months and the nine months ended September 30, 2007 was \$166 thousand and \$273 thousand, respectively. The Company's effective tax rate for the nine months ended September 30, 2007 was 42%. Due to the net loss during both the three month period and the nine month period ended September 30, 2006, no income tax provision was recorded for the respective periods.

## FINANCIAL CONDITION

Total consolidated assets increased \$75.7 million, or 71.4%, from \$106.0 million at December 31, 2006, to \$181.7 million at September 30, 2007. Total deposits increased from \$61.9 million on December 31, 2006 to \$130.1 million on September 30, 2007, an increase of \$68.2 million, or 110.3%. Total loans increased from \$80.6 million at December 31, 2006 to \$167.5 million at September 30, 2007, an increase of 107.7%.

### Loans

Our loan portfolio is the primary component of our assets. Total loans increased by 107.7% since year end to reach \$167.5 million at September 30, 2007. At December 31, 2006, our total loans, excluding net deferred fees and costs, were approximately \$80 million, all of which were originated during 2006. 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 similar opportunities for loan growth within the Bergen and Hudson County markets of northern New Jersey, due in part, to consolidation of banking institutions within our markets. We believe that it is not cost-efficient for large institutions, many of which are headquartered out of state, to provide the level of personal service to small business borrowers that these customers seek and that we intend to provide.

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

For more information on the loan portfolio, see Note 7 in Notes to the Financial Statements in 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, either under its existing terms or at all. Risk elements include non-accrual 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 (non-accrual 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. When a loan is classified as non-accrual, interest accruals discontinue and all past due interest, including interest applicable to prior years, is reversed and charged against current income. Until the loan becomes current, any payments received from the borrower are applied to outstanding principal until such time as management determines that the financial condition of the borrower and other factors merit recognition of such payments as interest.

We attempt to minimize overall credit risk through loan diversification and our loan 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.

At September 30, 2007 and December 31, 2006, we had no non-performing assets and no information about possible credit problems of borrowers which would cause us to have serious doubts as to the ultimate ability to collect their loans. While we do attempt to minimize credit risk, these conditions are partially attributable to our limited operating history.

As of September 30, 2007 and December 31, 2006, there were no concentrations of loans exceeding 10% of the Company's total loans and the Company had no foreign loans. Furthermore, our loan portfolio does not contain any sub-prime loans. The Company's loans are primarily to businesses and individuals located in Bergen and Hudson Counties, New Jersey.

### **Investment Securities**

Securities held to maturity remained level at approximately \$1.9 million at December 31, 2006 and September 30, 2007, while securities held in the available for sale ("AFS") category experienced a decrease of \$9.5 million. This decrease in the AFS category represented the sale of securities to fund loan growth during the period.

### **Deposits**

Deposits are currently our primary source of funds. Total deposits increased from \$61.9 million on December 31, 2006 to \$130.0 million on September 30, 2007, an increase of \$68.1 million, or 110.3%. This deposit growth continues to be accomplished primarily through the combined effect of referrals from the members of the board of directors, shareholders and management, as well as selective marketing by our management and staff.

### **Borrowings and Federal Funds Purchased**

Federal Funds Purchased increased to \$6.0 million at September 30, 2007. This increase is attributed to increased borrowings under our overnight line of credit facilities with our correspondent banks to fund loan growth. The Company had no borrowings at December 31, 2006.

## **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 flows and loan prepayments are greatly influenced by general interest rates, economic conditions, and competition. We also have the ability to use overnight lines of credit with our correspondent banks.

Our total deposits equaled \$130.0 million at September 30, 2007 as compared to \$61.9 million at December 31, 2006.

Through the investment portfolio, we will seek to obtain a safe, yet slightly higher yield than would have been available to us as a net seller of overnight federal funds, while still maintaining liquidity. Through our investment portfolio, we also attempt to manage our maturity gap by seeking maturities of investments which coincide as closely as possible with maturities of deposits. The investment portfolio also includes securities available for sale to provide liquidity for anticipated loan demand and liquidity needs. During the second quarter of 2007, we sold most of our available for sale portfolio in order to support loan demand. Due to the loan demand experienced, we are not in a position to be investing.

Although we were a net seller of federal funds during 2006, we were a purchaser of federal funds for the September 30, 2007 period. We utilized \$6.0 million of the \$22 million available to us in credit facilities with First Tennessee Bank and Atlantic Central Bankers Bank. As of September 30, 2007, 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.

## **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: Tier 1 Capital, which includes tangible shareholders' equity for common stock and qualifying preferred stock, and Tier 2 Capital, which includes a portion of the allowance for possible 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."

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%.

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.

The following table summarizes the Bank’s risk-based capital and leverage ratios at September 30, 2007, as well as the applicable minimum ratios:

	September 30, 2007 -----	Minimum Regulatory Requirements -----
Risk-Based Capital :		
Tier 1 Capital Ratio	28.59%	4.0%
Total Capital Ratio	29.71%	8.0%
Leverage Ratio	25.94%	8.0%

In addition to the above, as part of the Bank’s application for deposit insurance with the FDIC and as part of the bank charter approval by the New Jersey Department of Banking, the Bank is required to maintain not less than 8% Tier 1 Capital to total assets, as defined, throughout the first three years of operation.

The capital levels detailed above reflect the success of our initial stock offering as well as our results of operations. As we employ our capital and continue to grow our operations, we expect that our capital levels will decrease, but that we will remain a “well-capitalized” institution.

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

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

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

The following table sets forth the amounts of interest-earning assets and interest-bearing liabilities outstanding at the periods indicated which we anticipate, based upon certain assumptions, will re-price or mature in each of the future time periods presented. Except as noted, the amount of assets and liabilities which re-price or mature during a particular period were determined in accordance with the earlier of the term to re-pricing or the contractual terms of the asset or liability. Because we have no interest bearing liabilities with a maturity greater than five years, we believe that a static gap for the over five year time period reflects an accurate assessment of interest rate risk. Our loan maturity assumptions are based upon actual maturities within the loan portfolio. Equity securities have been included in "Other Assets" as they are not interest rate sensitive. At September 30, 2007, we were within the target gap range established by ALCO.

Cumulative Rate Sensitive Balance Sheet							
September 30, 2007							
(in thousands)							
	0 - 3	0 - 6	0 - 1	0 - 5	5-15	All Others	TOTAL
	Months	Months	Year	Years	Years		
Securities, excluding equity securities	\$ -	\$ -	\$ 1,996	\$ 1,996	\$ -	\$ -	\$ 1,996
Loans :							
Commercial	15,246	17,245	17,572	22,211	1,819	-	24,030
Real Estate	29,321	29,321	30,336	74,513	5,369	35,778	115,660
Credit Lines	20,874	23,601	23,601	23,601	-	-	23,601
Consumer	620	639	917	2,100	563	1,565	4,228
Federal Funds Sold	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	12,230	12,230
<b>TOTAL ASSETS</b>	<b><u>\$ 66,061</u></b>	<b><u>\$ 70,806</u></b>	<b><u>\$ 74,422</u></b>	<b><u>\$ 124,421</u></b>	<b><u>\$ 7,751</u></b>	<b><u>\$ 49,573</u></b>	<b><u>\$ 181,745</u></b>
Transaction /							
Demand Accounts	\$ 8,110	\$ 8,110	\$ 8,110	\$ 8,110	-	-	\$ 8,110
Money Market	40,481	40,481	40,481	40,481	-	-	40,481
Savings	2,862	2,862	2,862	2,862	-	-	2,862
Time Deposits	15,192	26,768	58,645	59,752	-	-	59,752
Fed Funds Purchased	6,000	6,000	6,000	6,000	-	-	6,000
Other Liabilities	-	-	-	-	-	19,538	19,538
Equity	-	-	-	-	-	45,002	45,002
<b>TOTAL LIABILITIES AND EQUITY</b>	<b><u>\$ 72,645</u></b>	<b><u>\$ 84,221</u></b>	<b><u>\$ 116,098</u></b>	<b><u>\$ 117,205</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 64,540</u></b>	<b><u>\$ 181,745</u></b>
Dollar Gap	(6,584)	(13,415)	(41,676)	7,216	-		
Gap / Total Assets	(3.62%)	(7.38%)	(22.93%)	3.97%			
Target Gap Range	+/- 35.00	+/- 30.00	+/- 25.00	+/- 25.00			
RSA / RSL	90.94%	84.07%	64.10%	106.16%			
(Rate Sensitive Assets to Rate Sensitive Liabilities)							

#### **ITEM 4. Controls and Procedures**

##### **Evaluation of disclosure controls and procedures.**

We maintain disclosure controls and procedures that are designed to ensure that information we are required to disclose in our reports filed or submitted pursuant to the Securities Exchange Act of 1934, as amended, the “Exchange Act”, is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission, and that information we are required to disclose in our Exchange Act reports is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(b) as of September 30, 2007. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of September 30, 2007.

##### **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, 2007 that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

## **PART II OTHER INFORMATION**

### **Item 1. Legal Proceedings**

None.

### **Item 1A. Risk Factors**

There have been no material changes from risk factors as previously disclosed in the Bank's registration statement on Form 10, filed with the Federal Deposit Insurance Corporation on April 30, 2007 and the Company's registration statement on Form S-4 (File No. 333-141124), filed with the Securities and Exchange Commission on March 7, 2007, as amended by Amendment No. 1 on Form S-4/A, filed on April 27, 2007 and Amendment No. 2 on Form S-4/A, filed on May 15, 2007. We will file our first annual report on Form 10-K for the fiscal year ending December 31, 2007.

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

On September 7, 2007, the Company issued and sold an aggregate of 21,739 shares of its class of common stock, no par value per share, for a per share sale price of \$23.00, and an aggregate sale price of \$499,997, in cash. The shares were sold in a private transaction, in reliance upon Rule 506 of Regulation D of the Securities Act of 1933, as amended, and constitute less than one percent of the outstanding shares of the Company's class of common stock. The purchasers consisted of one of the directors of the Company and certain of his family members. The purchasers acquired the shares for investment purposes only and not with a view to or for sale in connection with any distribution of shares. The purchase price was equal to the fair market value of the common stock at the time of the sale, as determined by the board of directors of the Company, based upon the most recent trading information available to the Company and other information. There were no underwriters or placement agents employed in connection with the transactions described in this Item 2.

### **Item 3. Defaults Upon Senior Securities**

None.

#### Item 4. Submission of Matters to a Vote of Securities Holders

On July 19, 2007, a Special Meeting of Stockholders of Bank of New Jersey was held. The following items were submitted and voted upon, with the number of votes cast for and against, abstentions and broker non-votes as specified.

1. A proposal to adopt a Plan of Acquisition, pursuant to which the Bank would adopt a bank holding company structure, the Bank would become a wholly-owned subsidiary of the Company, and the shareholders of the Bank would become shareholders of the Company through a one-to-one exchange of their Bank common stock for shares of Company common stock.

<u>For</u>	<u>Against</u>	<u>Abstain</u>	<u>Broker Non-Votes</u>
1,805,975	4,675	3,410	none

2. A proposal to approve the number of authorized shares of the Company as set forth in the Company's certificate of incorporation (i.e., 20,000,000 shares of common stock, no par value).

<u>For</u>	<u>Against</u>	<u>Abstain</u>	<u>Broker Non-Votes</u>
1,802,125	8,525	3,410	none

3. A proposal to approve a provision in the Company certificate of incorporation providing for a classified board of directors with one-third of the directors being elected each year.

<u>For</u>	<u>Against</u>	<u>Abstain</u>	<u>Broker Non-Votes</u>
1,803,445	7,205	3,410	none

4. A proposal to adopt the 2007 Non-Qualified Stock Option Plan for Directors, which provides for options to purchase shares of common stock to be issued to non-employee directors of the Bank.

<u>For</u>	<u>Against</u>	<u>Abstain</u>	<u>Broker Non-Votes</u>
1,783,295	17,930	12,834	none

All matters listed above were approved by the shareholders as required under the by-laws of the Company and the Bank.

#### 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 33.

## 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, 2007

By: /s/ Albert F. Buzzetti

Albert F. Buzzetti

President and Chief Executive Officer

By: /s/ Michael Lesler

Michael Lesler

Executive Vice President and

Chief Financial Officer

## EXHIBIT INDEX

Exhibit Number	Description
10.1	2007 Non-Qualified Stock Option Plan For Directors*
10.2	Form of Stock Option Agreement under the 2007 Non-Qualified Stock Option Plan For Directors
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

\* Incorporated by reference to the Company's Registration Statement on Form S-4 (Registration No. 333-141124), filed with the Securities and Exchange Commission on March 7, 2007, as amended by Amendment No. 1 on Form S-4/A, filed on April 27, 2007, and Amendment No. 2 on Form S-4/A, filed on May 15, 2007

**NON-QUALIFIED STOCK OPTION AGREEMENT  
UNDER THE  
2007 NON-QUALIFIED STOCK OPTION PLAN FOR DIRECTORS**

THIS NON-QUALIFIED STOCK OPTION AGREEMENT (this "Agreement") is made between BANCORP OF NEW JERSEY, INC., a New Jersey corporation (the "Company") and [\_\_\_\_\_] (the "Optionee").

WHEREAS, the Company, by assumption from Bank of New Jersey, maintains the 2007 Non-Qualified Stock Option Plan for Directors (the "Plan") for the benefit of Non-Employee Directors of the Company and its Affiliates; and

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

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

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

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

**2. Nature of the Option.** The Option is intended to be a nonstatutory stock option and is not intended to be an Incentive Stock Option within the meaning of Section 422 of the Internal Revenue Code (the "Code"), or to otherwise qualify for any special tax benefits to the Optionee.

**3. Date of Grant; Term of Option.** The Option was granted on [\_\_\_\_\_, 20\_\_] (the "Effective Date") and may not be exercised later than the date that is ten (10) years after that date, subject to earlier termination in accordance with the Plan.

**4. Option Exercise Price.** The per share exercise price of the Option is \$[\_\_\_\_\_] (the "Exercise Price"), which is the Fair Market Value per Share on the Effective Date.

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

(a) **Right to Exercise.** Option shares will become exercisable if the Optionee remains in continuous service to the Company through the applicable vesting date as follows: (1) the Option shall become exercisable with respect to 33% of the Option Shares on the first anniversary of the Effective Date, (2) an additional 33% of the Option Shares will become exercisable on the second anniversary of the Effective Date, and (3) the remaining 34% of the Option Shares will become exercisable on the third anniversary of the Effective Date.

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

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

(c) **Share Legends.** Any certificate evidencing an Option Share will contain such legends as may be required or appropriate under any applicable stockholder agreement or stock purchase agreement, in addition to any other legend that may be required or appropriate under applicable law, the Plan or otherwise.

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

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

**6. Investment Representations.** The Optionee represents and warrants to the Company that:

(a) he or she is acquiring the Option (and upon exercise of the Option, will be acquiring the Option Shares) for investment for his or her own account, not as a nominee or agent, and not with a view to, or for resale in connection with, any distribution thereof; and

(b) he or she has a preexisting personal or business relationship with the Company or one of its directors, officers or controlling persons and by reason of his or her business or financial experience, has, and could be reasonably assumed to have, the capacity to protect his or her interests in connection with the acquisition of this Option and the Option Shares.

In addition, as a further condition to the exercise of the Option, the Company may require the Optionee to make any representation or warranty to the Company as may be required by or advisable under any applicable law or regulation

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

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

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

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

**11. Call upon Cessation of Service.**

(a) If the Optionee's service with the Company ceases for any reason, the Company or its assignee may repurchase up to all of the Option Shares that the Optionee (and/or his estate, heirs or permitted transferees) then holds (or thereafter acquires). The price payable by the Company or its assignee to repurchase Shares pursuant to this Section 12(a) will be the Fair Market Value of those Shares at the time the right described in this Section 12 is exercised. Notwithstanding the foregoing, if the cessation of the Optionee's service is due to a termination by the Company for Cause, the price payable by the Company or its assignee to repurchase Shares pursuant to this Section 12(a) will be lesser of (i) the Fair Market Value of those Shares at the time the right described in this Section 12 is exercised, or (ii) the price paid by the Optionee (and/or his estate or heirs) to acquire such Shares.

(b) With respect to each share subject to repurchase pursuant to this Section 12, the Company (or its assignee) may exercise its repurchase right by delivery of written notice to the holder of such share at any time during the 180-day period beginning on the later of (i) the date the Optionee's employment or engagement with the Company ceases, or (ii) six months following the date the Option was exercised with respect to that Option Share. All the rights of the holder of any such shares, other than the right to receive payment in the manner described in Section 12(a) or (b), will terminate as of the date of delivery by the Company of the written notice described in this paragraph. The only representations, warranties or covenants which the holder of such shares will be required to make in connection with a sale pursuant to Section 12(a) or (b) are with respect to his or her ownership of the shares, his or her ability to convey title thereto free and clear of liens, claims or encumbrances, and the due execution, validity and binding nature of the sale documentation.

(c) If a holder of shares becomes obligated to transfer those shares to the Company or its assignee pursuant to this Agreement, that holder will endorse in blank the certificates evidencing the shares to be sold and deliver those certificates to the Company or its assignee within 15 days of receipt of the notice described above in Section 12(c). If a holder of shares fails to deliver those shares in accordance with the terms of this Agreement, the Company or its assignee may, at its option, in addition to all other remedies it may have, either (i) send to that holder the purchase price for such shares, as specified in Section 12(a) or (b), or (ii) deposit such amount with a trustee or escrow agent for the benefit of that holder for release upon delivery of shares in accordance with the terms of this Agreement. Thereupon, the Company or its assignee, upon written notice to the holder, will (x) cancel on its books the certificate or certificates representing the shares required to be transferred, and (y) issue, in lieu thereof, in the name of the Company (or its assignee) a new certificate or certificates representing such shares.

(d) Any repurchase price payable under this Section 12 may be paid (i) in cash; (ii) by offset of any obligation of the Optionee to the Company or its Affiliates; or (iii) to the extent that payment in cash would give rise to an "event of default" under the Company's principal credit agreement then in effect, by delivery of a promissory note with interest accruing at the "prime rate" published in *The Wall Street Journal* on the date of issuance, which interest will be payable annually in arrears through maturity. Such note will mature and be payable five years from the date of issuance or, if earlier, when such payment would not give rise to an "event of default" under the Company's principal credit agreement then in effect.

**12. Market Stand Off.** The Optionee agrees that, in connection with any public offering by the Company of its equity securities pursuant to a registration statement filed under the Securities Act of 1933, not to sell, make any short sale of, loan, hypothecate, pledge, grant any option for the purchase of or otherwise dispose of any Shares without the prior written consent of the Company or its underwriters, for such period of time before or after the effective date of such registration statement as may be requested by the Company or such underwriters.

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

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

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

[This space intentionally left blank; signature page follows.]

IN WITNESS WHEREOF, this Agreement has been executed by the parties on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

BANCORP OF NEW JERSEY, INC.

\_\_\_\_\_  
By:  
Title:

[PARTICIPANT]

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Address  
  
\_\_\_\_\_

THIS OPTION AND THE SECURITIES WHICH MAY BE PURCHASED UPON EXERCISE OF THIS OPTION HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY APPLICABLE STATE SECURITIES LAWS. THESE SECURITIES HAVE NOT BEEN ACQUIRED WITH A VIEW TO DISTRIBUTION OR RESALE, AND MAY NOT BE SOLD, ASSIGNED, EXCHANGED, MORTGAGED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED OR DISPOSED OF, BY GIFT OR OTHERWISE, OR IN ANY WAY ENCUMBERED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT FOR SUCH SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND ANY APPLICABLE STATE SECURITIES LAWS, OR A SATISFACTORY OPINION OF COUNSEL SATISFACTORY TO BANCORP OF NEW JERSEY, INC. THAT REGISTRATION IS NOT REQUIRED UNDER SUCH ACT AND UNDER APPLICABLE STATE SECURITIES LAWS.

THE SHARES WHICH MAY BE PURCHASED UPON EXERCISE OF THIS OPTION ARE SUBJECT TO RESTRICTIONS ON TRANSFER AND MAY NOT BE SOLD, EXCHANGED, TRANSFERRED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF EXCEPT IN ACCORDANCE WITH AND SUBJECT TO ALL THE TERMS AND CONDITIONS OF THE PLAN, THIS AGREEMENT OR ANY OTHER AGREEMENT REQUIRED HEREBY.

**RULE 13a-14(a) CERTIFICATION  
OF THE PRINCIPAL EXECUTIVE OFFICER**

I, Albert F. Buzzetti, President and Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Bancorp of New Jersey, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) [Intentionally omitted.];
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2007

/s/ Albert F. Buzzetti  
Albert F. Buzzetti  
President and Chief Executive Officer

**RULE 13a-14(a) CERTIFICATION  
OF THE PRINCIPAL FINANCIAL OFFICER**

I, Michael Lesler, Executive Vice President and Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Bancorp of New Jersey, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) [Intentionally omitted.];
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2007

/s/ Michael Lesler  
Executive Vice President and  
Chief Financial Officer

## SECTION 1350 CERTIFICATIONS

In connection with the Quarterly Report of Bancorp of New Jersey, Inc. (the "Company") on Form 10-Q for the period ending September 30, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities and Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Albert F. Buzzetti  
Albert F. Buzzetti  
President and Chief Executive Officer

/s/ Michael Lesler  
Michael Lesler  
Executive Vice President  
and Chief Financial Officer

November 14, 2007