

FEDERAL DEPOSIT INSURANCE CORPORATION

Washington, D.C. 20429

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934**

July 21, 2022

Date of Report (Date of earliest event reported)

THE BANK OF PRINCETON

(Exact name of registrant as specified in its charter)

New Jersey
(State or other jurisdiction
of incorporation)

58513
(FDIC
Certificate Number)

68-0645074
(IRS Employer
Ident. No.)

183 Bayard Lane, Princeton, New Jersey
(Address of principal executive offices)

08540
(Zip Code)

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

N/A
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition

On July 21, 2022, The Bank of Princeton issued a press release containing financial information regarding its financial condition and results of operations at and for the three and six months ended June 31, 2022.

A copy of the press release is furnished as Exhibit 99.1 hereto.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits:

99.1 Press Release issued July 21, 2022.

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 hereunto duly authorized.

THE BANK OF PRINCETON

Dated: July 21, 2022

By: /s/ George S. Rapp
George S. Rapp
Executive Vice President and
Chief Financial Officer

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release issued July 21, 2022

The Bank of Princeton Announces Second Quarter 2022 Results

Princeton, NJ, July 21, 2022 / PRNewswire / - The Bank of Princeton (the “Bank”) (NASDAQ – BPRN) today reported its unaudited results of operations and financial condition for and at the quarter ended June 30, 2022. The Bank reported net income of \$6.3 million, or \$0.98 per diluted common share, for the second quarter of 2022, compared to net income of \$6.0 million, or \$0.91 per diluted common share, for the first quarter of 2022, and net income of \$5.5 million, or \$0.80 per diluted common share, for the second quarter of 2021. The increase in net income, when compared to the three months ended March 31, 2022, was primarily due to an increase of \$433 thousand in net interest income and a \$66 thousand increase in non-interest income, partially offset by a \$160 thousand increase in non-interest expenses and a \$33 thousand increase income taxes payable. The increase in net income, when comparing it to the three months ended June 30, 2021, was primarily due to an increase in net interest income of \$552 thousand, a \$1.0 million decrease in the provision for loan losses and a \$94 thousand increase in non-interest income, partially offset by a \$746 thousand increase in non-interest expenses and a \$97 thousand increase in income tax expense. For the six-month period ended June 30, 2022, the Bank recorded net income of \$12.3 million, or \$1.89 per diluted common share, compared to \$10.4 million, or \$1.50 per diluted common share for the same period in 2021, primarily due to a \$2.1 million decrease in the Bank’s provision for loan losses, a \$1.7 million increase in net interest income and a \$277 thousand increase in non-interest income, partially offset by a \$1.8 million increase in non-interest expenses and an increase in income taxes of \$326 thousand.

Highlights for the quarter-ended June 30, 2022 are as follows:

- During the six months ended June 30, 2022, the Bank purchased 265,341 shares of common stock of the authorized 324,017 shares of common stock from a second 5% stock buyback program which commenced in 2022 at a weighted average price of \$29.17.
- Net income for the second quarter of 2022 increased \$803 thousand or 14.5% over the same period in 2021.
- The Bank decreased its cost of funds on deposits by 15 basis points in the second quarter of 2022 from the same period in 2021.
- The ratio of nonperforming loans to total loans continues to be low at 0.07% as of June 30, 2022, compared to 0.09% at December 31, 2021 and 0.23% at June 30, 2021.

President/CEO Edward Dietzler noted that, “The Bank continues to improve its performance with continued credit quality and a strong net interest margin of 4.19% for the quarter and a well-controlled expense base.”

Balance Sheet Review

Total assets were \$1.63 billion at June 30, 2022, a decrease of \$62.5 million, or 3.7% when compared to \$1.69 billion at the end of 2021. The primary reason for the decrease in total assets was a decrease in cash and cash equivalents of approximately \$111.9 million and a \$12.9 million decrease in available-for-sale securities, partially offset by an increase of \$61.0 million in net loans. The increase in net loans primarily consisted of a \$104.4 million increase in commercial real estate loans and an \$11.3 million increase in construction and development loans, partially offset by a decrease of \$54.4 million in Payroll Protection Program (“PPP”) loans which are no longer being offered by the SBA.

Total deposits at June 30, 2022 decreased \$55.1 million, or 3.8%, when compared to December 31, 2021. When comparing deposit products between the two periods, certificates of deposit decreased \$18.6 million, money market deposits decreased \$12.6 million, interest-bearing demand deposits decreased \$12.2 million, non-interest-bearing demand deposits decreased \$8.4 million and savings decreased \$3.2 million. In addition, the Bank had no outstanding borrowings at June 30, 2022 and December 31, 2021.

Total stockholders’ equity at June 30, 2022 decreased \$5.2 million or 2.4% when compared to the end of 2021. This decrease was primarily due to the \$7.8 million of common stock repurchased in the 2022 buyback program, and a \$7.4 million change in the accumulated other comprehensive income (loss) on the available-for-sale investment portfolio associated with an increase in unrealized losses due to the increase in interest rates. These decreases were partially offset by a \$9.0 million increase in retained earnings consisting of \$12.3 million of net income less \$3.3 million of cash dividends recorded during the period. The ratio of equity to total assets at June 30, 2022 and at December 31, 2021, was 13.0% and 12.8%, respectively.

Asset Quality

At June 30, 2022, non-performing assets were \$965 thousand, a decrease of \$449 thousand, or 31.8%, when compared to the amount at December 31, 2021. This decrease was primarily due to the sale of an other real estate owned property in the amount of \$226 thousand and a \$203 thousand write-down of a non-performing loan. Troubled debt restructurings (“TDRs”) totaled \$6.6 million at June 30, 2022 and \$6.9 million at December 31, 2021. Three TDR loans totaling \$6.0 million are performing in accordance with the agreed-upon terms and there is one TDR loan in non-accrual status as of June 30, 2022.

Review of Quarterly Financial Results

Net interest income was \$16.3 million for the second quarter of 2022, compared to \$15.9 million for the first quarter of 2022 and \$15.7 million for the second quarter of 2021. The increase from the previous quarter was the result of an increase in interest income of \$378 thousand, or 2.2% and a decrease in interest expense of \$55 thousand. The net interest margin for the second quarter 2022 was 4.19%, increasing 10 basis points when compared to the first quarter of 2022. This increase was primarily associated with an increase of eight basis points in the yield on earning assets. When comparing the same three-month period ended June 30, 2022 and 2021, net interest income increased \$552 thousand, which was primarily due to a reduction of 19 basis points on the yield paid on interest-bearing liabilities, partially offset by a \$25.7 million increase in the average outstanding balance of interest-bearing deposits. For the six-month period ended June 30, 2022, net interest income was \$32.1 million compared to \$30.5 million for the six-month period ended June 30, 2021. The increase from the previous six-

month period was the result of an increase in interest income of \$326 thousand, or 1.0% and a decrease in interest expense of \$1.3 million, or 35.6%. The average outstanding balance of earning assets increased by \$36.6 million and average outstanding interest-bearing liabilities increased \$26.2 million. The rate on total deposits, for the three-month periods ended June 30, 2022 and 2021 was 0.33% and 0.48%, respectively. For the six-month periods ended June 30, 2022 and 2021 the rate on total deposits was 0.34% and 0.54%, respectively.

The Bank did not record a provision for credit losses for both the three-month and six-month periods ended June 30, 2022. The comparable amounts were \$1.0 million and \$2.1 million for the three months and six months ended June 30, 2021, respectively. The primary reasons for the provision for credit losses for the first and second quarters of 2021 were charge-offs in the amounts of \$1.1 million and \$1.0 million, respectively. Net recoveries for the three-month and six-month periods ended June 30, 2022 and the prior three-month period ended March 31, 2022, were \$12 thousand, \$46 thousand and \$34 thousand, respectively. The Bank did not make any material changes to the qualitative factors used in determining the level of general reserve needed for management's assessment of the credit quality in the loan portfolio. The coverage ratio of allowance for credit losses to period end loans was 1.19% (excluding PPP loans it was 1.21%) at June 30, 2022, compared to 1.24% (excluding PPP loans it was 1.32%) at December 31, 2021.

Total non-interest income for the second quarter of 2022 increased \$94 thousand to \$1.1 million, or by 9.2%, when compared to the same period in 2021. This increase was primarily due to a \$65 thousand increase in loan fees collected and a \$61 thousand increase in service fees, partially offset by a \$40 thousand reduction relating to an equity investment that incurred startup costs. For the six-month period ended June 30, 2022, non-interest income increased \$277 thousand, or 14.7%, from the same six-month period in 2021, primarily due to a \$134 thousand increase in service fees, a \$99 thousand increase in other non-interest income and a \$34 thousand increase in loan fees collected.

Total non-interest expense for the second quarter of 2022 increased \$746 thousand, or 8.6%, when compared to the same period in 2021. This increase was primarily due to \$544 thousand increase in salaries and benefits expenses, \$167 thousand increase in data processing and communication expenses and a \$101 thousand expense related to an OREO property, partially offset by a \$96 thousand reduction in professional fees and a \$93 thousand reduction in occupancy and equipment expenses. When comparing the quarter ended June 30, 2022 to the immediately prior quarter, non-interest expense increased \$160 thousand, or 1.7%, primarily due to increases in OREO expense and other operating expenses. For the six-month period ended June 30, 2022, non-interest expense was \$18.7 million, compared to \$16.9 million for the same period in 2021. This increase was primarily due to an increase in additional operating costs associated with the Bank's expansion strategy.

For the three-month period ended June 30, 2022, the Bank recorded an income tax expense of \$1.6 million, resulting in an effective tax rate of 20.6%, compared to an income tax expense of \$1.6 million resulting in an effective tax rate of 21.1% for the three-month period ended March 31, 2022, and compared to an income tax expense of \$1.5 million resulting in an effective tax rate of 21.9% for the three-month period ended June 30, 2021. For the six-month periods ended June 30, 2022 and 2021, the income tax expense were \$3.3 million (effective tax rate of 20.9%) and \$2.9 million (effective tax rate of 22.0%), respectively.

About The Bank of Princeton

The Bank of Princeton is a community bank founded in 2007. The Bank is a New Jersey state-chartered commercial bank with 19 branches in New Jersey, including three in Princeton and others in Bordentown, Browns Mills, Chesterfield, Cream Ridge, Deptford, Hamilton, Lakewood, Lambertville, Lawrenceville, Monroe, New Brunswick, Pennington, Piscataway, Princeton Junction, Quakerbridge and Sicklerville. There are also four branches in the Philadelphia, Pennsylvania area. The Bank of Princeton is a member of the Federal Deposit Insurance Corporation (“FDIC”).

Forward-Looking Statements

The Bank of Princeton may from time to time make written or oral “forward-looking statements,” including statements contained in the Bank’s filings with the FDIC, in its reports to stockholders and in other communications by the Bank (including this press release), which are made in good faith by the Bank pursuant to the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995 and Section 21E of the Securities Exchange Act of 1934, as amended.

These forward-looking statements involve risks and uncertainties, such as statements of the Bank’s plans, objectives, expectations, estimates and intentions that are subject to change based on various important factors (some of which are beyond the Bank’s control). The following factors, among others, could cause the Bank’s financial performance to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements: the extent of the adverse impact of the current global coronavirus outbreak on our customers, prospects and business, including related supply chain shortage of goods, as well as the impact of any future pandemics or other natural disasters; civil unrest, rioting, acts or threats of terrorism, or actions taken by the local, state and Federal governments in response to such events, which could impact business and economic conditions in our market area, the strength of the United States economy in general and the strength of the local economies in which the Bank conducts operations; the effects of, and changes in, trade, monetary and fiscal policies and laws, including interest rate policies of the Board of Governors of the Federal Reserve System; inflation, interest rate, market and monetary fluctuations; market volatility; the value of the Bank’s products and services as perceived by actual and prospective customers, including the features, pricing and quality compared to competitors’ products and services; the willingness of customers to substitute competitors’ products and services for the Bank’s products and services; credit risk associated with the Bank’s lending activities; risks relating to the real estate market and the Bank’s real estate collateral; the impact of changes in applicable laws and regulations and requirements arising out of our supervision by banking regulators; other regulatory requirements applicable to the Bank; and the timing and nature of the regulatory response to any applications filed by the Bank; technological changes; acquisitions; changes in consumer spending and saving habits; those risks set forth in the Bank’s Annual Report on Form 10-K for the year ended December 31, 2021 under the heading “Risk Factors,” and the success of the Bank at managing the risks involved in the foregoing.

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

The Bank of Princeton
Consolidated Statements of Financial Condition
(Unaudited)
(Dollars in thousands, except per share data)

	June 30, 2022	December 31, 2021	June 30, 2021	June 30, 2022 vs December 31, 2021		June 30, 2022 vs June 30, 2021	
				\$ Change	% Change	\$ Change	% Change
ASSETS							
Cash and cash equivalents	\$ 46,771	\$ 158,716	\$ 79,939	\$(111,945)	(70.53) %	\$ (33,168)	(41.49) %
Securities available-for-sale taxable	46,546	51,690	25,750	(5,144)	(9.95)	20,796	80.76
Securities available-for-sale tax-exempt	41,693	49,468	46,852	(7,775)	(15.72)	(5,159)	(11.01)
Securities held-to-maturity	204	208	212	(4)	(1.92)	(8)	(3.77)
Loans receivable, net of deferred	1,396,223	1,335,163	1,393,907	61,060	4.57	2,316	0.17
Allowance for loan losses	(16,666)	(16,620)	(16,042)	(46)	0.28	(624)	3.89
Goodwill	8,853	8,853	8,853	-	-	-	-
Core deposit intangible	2,093	2,393	2,701	(300)	(12.54)	(608)	(22.51)
Other assets	99,422	97,811	93,292	1,611	1.65	6,130	6.57
TOTAL ASSETS	\$ 1,625,139	\$ 1,687,682	\$ 1,635,464	\$ (62,543)	(3.71) %	\$ (10,325)	(0.63) %
LIABILITIES							
Non-interest checking	\$ 277,836	\$ 286,247	\$ 272,685	\$ (8,411)	(2.94) %	\$ 5,151	1.89 %
Interest checking	246,792	259,022	250,750	(12,230)	(4.72)	(3,958)	(1.58)
Savings	222,408	225,579	207,656	(3,171)	(1.41)	14,752	7.10
Money market	360,426	373,075	335,062	(12,649)	(3.39)	25,364	7.57
Time deposits over \$250,000	33,517	33,741	44,158	(224)	(0.66)	(10,641)	(24.10)
Other time deposits	250,069	268,479	288,015	(18,410)	(6.86)	(37,946)	(13.18)
Total deposits	1,391,048	1,446,143	1,398,326	(55,095)	(3.81)	(7,278)	(0.52)
Borrowings	-	-	-	-	N/A	-	N/A
Other liabilities	22,742	24,961	24,298	(2,219)	(8.89)	(1,556)	(6.40)
TOTAL LIABILITIES	1,413,790	1,471,104	1,422,624	(57,314)	(3.90)	(8,834)	(0.62)
STOCKHOLDERS' EQUITY							
Common stock	34,338	34,100	34,066	238	0.70	272	0.80
Paid-in capital	80,883	80,220	80,041	663	0.83	842	1.05
Treasury stock	(17,832)	(10,032)	(4,458)	(7,800)	77.75	(13,374)	N/A
Retained earnings	120,487	111,451	101,718	9,036	8.11	18,769	18.45
Accumulated other comprehensive income (loss)	(6,527)	839	1,473	(7,366)	(877.95)	(8,000)	(543.11)
TOTAL STOCKHOLDERS' EQUITY	211,349	216,578	212,840	(5,229)	(2.41)	(1,491)	(0.70)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,625,139	\$ 1,687,682	\$ 1,635,464	\$ (62,543)	(3.71) %	\$ (10,325)	(0.63) %
Book value per common share	\$ 33.74	\$ 33.42	\$ 31.96	\$ 0.32	0.96 %	\$ 1.78	5.57 %
Tangible book value per common share¹	\$ 32.00	\$ 31.69	\$ 30.23	\$ 0.31	0.99 %	\$ 1.77	5.86 %

¹Tangible book value per common share is a non-GAAP measure that represents book value per common share which excludes goodwill and core deposit intangible.

The Bank of Princeton
Loan and Deposit Tables
(Unaudited)

The components of loans receivable, net at June 30, 2022 and December 31, 2021 were as follows:

	June 30, 2022	December 31, 2021
	(In thousands)	
Commercial real estate	\$ 875,395	\$ 771,028
Commercial and industrial	29,414	29,677
Construction	415,004	403,680
Residential first-lien mortgages	47,085	48,638
Home equity / consumer	8,018	7,685
PPP I (SBA loans)	4,180	6,641
PPP II (SBA loans)	21,113	73,099
Total loans	<u>1,400,209</u>	<u>1,340,448</u>
Deferred fees and costs	(3,986)	(5,285)
Allowance for loan losses	<u>(16,666)</u>	<u>(16,620)</u>
Loans, net	<u><u>\$ 1,379,557</u></u>	<u><u>\$ 1,318,543</u></u>

The components of deposits at June 30, 2022 and December 31, 2021 were as follows:

	June 30, 2022	December 31, 2021
	(In thousands)	
Demand, non-interest-bearing	\$ 277,836	\$ 286,247
Demand, interest-bearing	246,792	259,022
Savings	222,408	225,579
Money markets	360,426	373,075
Time deposits	<u>283,586</u>	<u>302,220</u>
Total deposits	<u><u>\$ 1,391,048</u></u>	<u><u>\$ 1,446,143</u></u>

The Bank of Princeton
Consolidated Statements of Income
(Unaudited)
(Amounts in thousands except per share data)

	Three Months Ended June 30,			
	2022	2021	\$ Change	% Change
Interest and dividend income				
Loans and fees	\$ 16,768	\$ 16,978	\$ (210)	-1.2%
Available-for-sale debt securities:				
Taxable	234	112	122	108.9%
Tax-exempt	293	289	4	1.4%
Held-to-maturity debt securities	3	2	1	50.0%
Other interest and dividend income	158	41	117	285.4%
Total interest and dividends	<u>17,456</u>	<u>17,422</u>	34	0.2%
Interest expense				
Deposits	1,169	1,687	(518)	-30.7%
Total interest expense	<u>1,169</u>	<u>1,687</u>	(518)	-30.7%
Net interest income	16,287	15,735	552	3.5%
Provision for loan losses	-	1,000	(1,000)	-100.0%
Net interest income after provision for loan losses	<u>16,287</u>	<u>14,735</u>	1,552	10.5%
Non-interest income				
Gain on sale of securities available-for-sale, net	2	-	2	N/A
Income from bank-owned life insurance	283	277	6	2.2%
Fees and service charges	497	436	61	14.0%
Loan fees, including prepayment penalties	303	238	65	27.3%
Other	27	67	(40)	-59.7%
Total non-interest income	<u>1,112</u>	<u>1,018</u>	94	9.2%
Non-interest expense				
Salaries and employee benefits	4,908	4,364	544	12.5%
Occupancy and equipment	1,429	1,522	(93)	-6.1%
Professional fees	582	678	(96)	-14.2%
Data processing and communications	1,056	889	167	18.8%
Federal deposit insurance	275	238	37	15.5%
Advertising and promotion	120	63	57	90.5%
Office expense	62	44	18	40.9%
Other real estate owned expense	2	1	1	100.0%
Loss on sale of other real estate owned	101	-	101	N/A
Core deposit intangible	145	160	(15)	-9.4%
Other	748	723	25	3.5%
Total non-interest expense	<u>9,428</u>	<u>8,682</u>	746	8.6%
Income before income tax expense	7,971	7,071	900	12.7%
Income tax expense	1,644	1,547	97	6.3%
Net income	<u>\$ 6,327</u>	<u>\$ 5,524</u>	803	14.5%
Net income per common share - basic	\$ 1.00	\$ 0.82	\$ 0.18	22.0%
Net income per common share - diluted	\$ 0.98	\$ 0.80	\$ 0.18	22.5%
Weighted average shares outstanding - basic	6,305	6,725	(420)	-6.2%
Weighted average shares outstanding - diluted	6,437	6,872	(435)	-6.3%

The Bank of Princeton
Consolidated Statements of Income (Current Quarter vs Prior Quarter)
(Unaudited)
(Amounts in thousands, except per share data)

	Three Months Ended		\$ Change	% Change
	June 30, 2022	March 31, 2022		
Interest and dividend income				
Loans and fees	\$ 16,768	\$ 16,492	\$ 276	1.7%
Available-for-sale debt securities:				
Taxable	234	223	11	4.9%
Tax-exempt	293	303	(10)	-3.3%
Held-to-maturity debt securities	3	3	0	0.0%
Other interest and dividend income	158	57	101	177.2%
Total interest and dividends	<u>17,456</u>	<u>17,078</u>	378	2.2%
Interest expense				
Deposits	1,169	1,224	(55)	-4.5%
Total interest expense	<u>1,169</u>	<u>1,224</u>	(55)	-4.5%
Net interest income	16,287	15,854	433	2.7%
Provision for loan losses	-	-	0	0.0%
Net interest income after provision for loan losses	<u>16,287</u>	<u>15,854</u>	433	2.7%
Non-interest income				
Gain on sale of securities available for sale, net	2	-	2	N/A
Income from bank-owned life insurance	283	282	1	0.4%
Fees and service charges	497	475	22	4.6%
Loan fees, including prepayment penalties	303	95	208	218.9%
Other	27	194	(167)	-86.1%
Total non-interest income	<u>1,112</u>	<u>1,046</u>	66	6.3%
Non-interest expense				
Salaries and employee benefits	4,908	4,901	7	0.1%
Occupancy and equipment	1,429	1,478	(49)	-3.3%
Professional fees	582	561	21	3.7%
Data processing and communications	1,056	1,035	21	2.0%
Federal deposit insurance	275	264	11	4.2%
Advertising and promotion	120	119	1	0.8%
Office expense	62	54	8	14.8%
Other real estate owned expense	2	9	(7)	-77.8%
Loss on sale of other real estate owned	101	-	101	N/A
Core deposit intangible	145	154	(9)	-5.8%
Other	748	693	55	7.9%
Total non-interest expense	<u>9,428</u>	<u>9,268</u>	160	1.7%
Income before income tax expense	7,971	7,632	339	4.4%
Income tax expense	1,644	1,611	33	2.0%
Net income	<u>\$ 6,327</u>	<u>\$ 6,021</u>	\$ 306	5.1%
Net income per common share - basic	\$ 1.00	\$ 0.93	\$ 0.07	7.5%
Net income per common share - diluted	\$ 0.98	\$ 0.91	\$ 0.07	7.7%
Weighted average shares outstanding - basic	6,305	6,465	(160)	-2.5%
Weighted average shares outstanding - diluted	6,437	6,614	(177)	-2.7%

The Bank of Princeton
Consolidated Statements of Income
(Unaudited)
(Amounts in thousands, except per share data)

	Six Months Ended		<u>\$ Change</u>	<u>% Change</u>
	June 30,			
	<u>2022</u>	<u>2021</u>		
Interest and dividend income				
Loans and fees	\$ 33,260	\$ 33,306	\$ (46)	-0.1%
Available-for-sale debt securities:				
Taxable	457	220	237	107.7%
Tax-exempt	596	590	6	1.0%
Held-to-maturity debt securities	6	6	0	0.0%
Other interest and dividend income	215	86	129	150.0%
Total interest and dividends	<u>34,534</u>	<u>34,208</u>	326	1.0%
Interest expense				
Deposits	2,393	3,717	(1,324)	-35.6%
Borrowings	-	1	(1)	-100.0%
Total interest expense	<u>2,393</u>	<u>3,718</u>	(1,325)	-35.6%
Net interest income	32,141	30,490	1,651	5.4%
Provision for loan losses	-	2,125	(2,125)	-100.0%
Net interest income after provision for loan losses	<u>32,141</u>	<u>28,365</u>	3,776	13.3%
Non-Interest income				
Gain on sale of securities available-for-sale, net	2	7	(5)	-71.4%
Income from bank-owned life insurance	565	550	15	2.7%
Fees and service charges	972	838	134	16.0%
Loan fees, including prepayment penalties	398	364	34	9.3%
Other	221	122	99	81.1%
Total non-interest income	<u>2,158</u>	<u>1,881</u>	277	14.7%
Non-interest expense				
Salaries and employee benefits	9,809	8,474	1,335	15.8%
Occupancy and equipment	2,907	3,042	(135)	-4.4%
Professional fees	1,143	1,340	(197)	-14.7%
Data processing and communications	2,091	1,760	331	18.8%
Federal deposit insurance	539	366	173	47.3%
Advertising and promotion	239	113	126	111.5%
Office expense	116	97	19	19.6%
Other real estate owned expense	11	10	1	10.0%
Loss on sale of other real estate owned	101	-	101	N/A
Core deposit intangible	299	334	(35)	-10.5%
Other	1,441	1,405	36	2.6%
Total non-interest expense	<u>18,696</u>	<u>16,941</u>	1,755	10.4%
Income before income tax expense	15,603	13,305	2,298	17.3%
Income tax expense	3,255	2,929	326	11.1%
Net income	<u>\$ 12,348</u>	<u>\$ 10,376</u>	\$ 1,972	19.0%
Net income per common share - basic	\$ 1.93	\$ 1.54	\$ 0.39	25.6%
Net income per common share - diluted	\$ 1.89	\$ 1.50	\$ 0.39	26.1%
Weighted average shares outstanding - basic	6,385	6,760	(375)	-5.5%
Weighted average shares outstanding - diluted	6,526	6,899	(373)	-5.4%

The Bank of Princeton
Consolidated Average Statement of Financial Condition
(Unaudited)
(Dollars in thousands)

	For the Three Months Ended June 30,					
	2022		2021		\$ Change	% Change
	Average	Yield/	Average	Yield/		
Balance	Rate	Balance	Rate			
Earning assets						
Loans	\$ 1,391,937	4.85%	\$ 1,434,187	4.75%	\$ (42,250)	0.10%
Securities						
Taxable available-for-sale	48,590	1.93%	24,890	1.80%	23,700	0.13%
Tax-exempt available-for-sale	43,742	2.68%	46,586	2.48%	(2,844)	0.88%
Held-to-maturity	205	5.29%	213	5.27%	(8)	2.81%
Securities	92,537	2.29%	71,689	2.25%	20,848	2.29%
Other interest earning assets						
Interest-bearing bank accounts	72,786	0.78%	46,234	0.22%	26,552	0.78%
Equities	1,307	5.14%	1,402	4.37%	(95)	4.92%
Other interest-earning assets	74,093	0.86%	47,636	0.35%	26,457	0.86%
Total interest-earning assets	1,558,567	4.49%	1,553,512	4.50%	5,055	4.49%
Total non-earning assets	107,194		94,629			
Total assets	<u>\$ 1,665,761</u>		<u>\$ 1,648,141</u>			
Interest-bearing liabilities						
Checking	\$ 273,114	0.26%	\$ 255,644	0.26%	\$ 17,470	0.00%
Savings	230,493	0.24%	199,920	0.25%	30,573	-0.01%
Money market	368,704	0.29%	332,467	0.31%	36,237	-0.02%
Certificates of deposit	277,621	0.86%	336,205	1.36%	(58,584)	-0.50%
Total interest-bearing deposits	1,149,932	0.41%	1,124,236	0.60%	25,696	-0.19%
Non-interest bearing deposits	278,963		283,567			
Total deposits	1,428,895	0.33%	1,407,803	0.48%	21,092	-0.15%
Borrowings	-	0.00%	610	0.32%	(610)	-0.32%
Total interest-bearing liabilities						
(excluding non interest deposits)	1,149,932	0.41%	1,124,846	0.60%	25,086	-0.19%
Non-interest-bearing deposits	278,963		283,567			
Total cost of funds	1,428,895	0.33%	1,408,413	0.48%	20,482	-0.15%
Accrued expenses and other liabilities	23,534		26,472			
Stockholders' equity	213,332		213,256			
Total liabilities and stockholders' equity	<u>\$ 1,665,761</u>		<u>\$ 1,648,141</u>			
Net interest spread		4.08%		3.90%		
Net interest margin		4.19%		4.06%		
Net interest margin (FTE)¹		4.24%		4.12%		

¹Includes federal and state tax effect of tax-exempt securities and loans.

The Bank of Princeton
Consolidated Average Statement of Financial Condition
(Unaudited)
(Dollars in thousands)

For the Three Months Ended

	June 30, 2022		March 31, 2022		\$ Change	% Change
	Average Balance	Yield/ Rate	Average Balance	Yield/ Rate		
Earning assets						
Loans	\$ 1,391,937	4.85%	\$ 1,346,733	4.97%	\$ 45,204	-0.12%
Securities						
Taxable available-for-sale	48,590	1.93%	52,221	1.73%	(3,631)	0.20%
Tax-exempt available-for-sale	43,742	2.68%	48,605	2.53%	(4,863)	0.15%
Held-to-maturity	205	5.29%	207	5.35%	(2)	-0.06%
Securities	92,537	2.29%	101,033	2.12%	(8,496)	0.17%
Other interest earning assets						
Interest-bearing bank accounts	72,786	0.78%	122,774	0.14%	(49,988)	0.64%
Equities	1,307	5.14%	1,353	3.91%	(46)	1.23%
Other interest-earning assets	74,093	0.86%	124,127	0.18%	(50,034)	0.68%
Total interest-earning assets	1,558,567	4.49%	1,571,893	4.41%	(13,326)	0.08%
Total non-earning assets	107,194		108,280			
Total assets	\$ 1,665,761		\$ 1,680,173			
Interest-bearing liabilities						
Checking	\$ 273,114	0.26%	\$ 257,978	0.25%	\$ 15,136	0.01%
Savings	230,493	0.24%	232,136	0.24%	(1,643)	0.00%
Money market	368,704	0.29%	376,517	0.27%	(7,813)	0.02%
Certificates of deposit	277,621	0.86%	290,686	0.95%	(13,065)	-0.09%
Total interest-bearing deposits	1,149,932	0.41%	1,157,317	0.43%	(7,385)	-0.02%
Non-interest bearing deposits	278,963		285,298			
Total deposits	1,428,895	0.33%	1,442,615	0.34%	(13,720)	-0.01%
Total interest-bearing liabilities (excluding non interest deposits)	1,149,932	0.41%	1,157,317	0.43%	(7,385)	-0.02%
Non-interest-bearing deposits	278,963		285,298			
Total cost of funds	1,428,895	0.33%	1,442,615	0.34%	(13,720)	-0.01%
Accrued expenses and other liabilities	23,534		20,505			
Stockholders' equity	213,332		217,053			
Total liabilities and stockholders' equity	\$ 1,665,761		\$ 1,680,173			
Net interest spread		4.08%		3.98%		
Net interest margin		4.19%		4.09%		
Net interest margin (FTE)¹		4.24%		4.14%		

¹Includes federal and state tax effect of tax-exempt securities and loans.

The Bank of Princeton
Consolidated Average Statement of Financial Condition
(Unaudited)
(Dollars in thousands)

	For the Six Months Ended June 30,					
	2022		2021		\$ Change	% Change
	Average	Yield/	Average	Yield/		
Balance	Rate	Balance	Rate			
Earning assets						
Loans	\$ 1,369,460	4.90%	\$ 1,405,901	4.78%	\$ (36,441)	0.12%
Securities						
Taxable available-for-sale	50,396	1.83%	25,435	1.74%	24,961	0.09%
Tax-exempt available-for-sale	46,160	2.60%	47,557	2.50%	(1,397)	0.10%
Held-to-maturity	206	5.32%	214	5.65%	(8)	-0.33%
Securities	96,762	2.25%	73,206	2.23%	23,556	0.02%
Other interest earning assets						
Interest-bearing bank accounts	97,642	0.38%	48,100	0.23%	49,542	0.15%
Equities	1,330	4.51%	1,395	4.46%	(65)	0.05%
Other interest-earning assets	98,972	0.44%	49,495	0.35%	49,477	0.09%
Total interest-earning assets	1,565,194	4.45%	1,528,602	4.51%	36,592	-0.06%
Total non-earning assets	94,643		103,939			
Total assets	\$ 1,659,837		\$ 1,632,541			
Interest-bearing liabilities						
Checking	\$ 265,588	0.25%	\$ 259,484	0.29%	\$ 6,104	-0.04%
Savings	231,310	0.24%	192,359	0.26%	38,951	-0.02%
Money market	372,575	0.28%	322,612	0.32%	49,963	-0.04%
Certificates of deposit	284,118	0.92%	352,359	1.49%	(68,241)	-0.57%
Total interest-bearing deposits	1,153,591	0.42%	1,126,814	0.68%	26,777	-0.26%
Non-interest bearing deposits	278,269		266,211			
Total deposits	1,431,860	0.34%	1,393,025	0.54%	38,835	-0.20%
Borrowings	-	0.00%	544	0.67%	(544)	-0.67%
Total interest-bearing liabilities						
(excluding non interest deposits)	1,153,591	0.42%	1,127,358	0.66%	26,233	-0.24%
Non-interest-bearing deposits	278,269		266,211			
Total cost of funds	1,431,860	0.34%	1,393,569	0.54%	38,291	-0.20%
Accrued expenses and other liabilities	15,565		26,692			
Stockholders' equity	212,412		212,280			
Total liabilities and stockholders' equity	\$ 1,659,837		\$ 1,632,541			
Net interest spread		4.03%		3.84%		
Net interest margin		4.14%		4.03%		
Net interest margin (FTE)¹		4.20%		4.08%		

¹Includes federal and state tax effect of tax-exempt securities and loans.

The Bank of Princeton
Quarterly Financial Highlights
(Unaudited)

	<u>2022</u> <u>June</u>	<u>2022</u> <u>March</u>	<u>2021</u> <u>December</u>	<u>2021</u> <u>September</u>	<u>2021</u> <u>June</u>
Return on average assets	1.52%	1.45%	1.44%	1.41%	1.34%
Return on average equity	11.90%	11.25%	11.34%	10.95%	10.36%
Return on average tangible equity ¹	12.54%	11.86%	11.97%	11.56%	10.95%
Net interest margin	4.19%	4.09%	3.96%	4.08%	4.06%
Net interest margin (FTE) ²	4.24%	4.14%	4.02%	4.14%	4.12%
Efficiency ratio - non-GAAP ³	53.36%	53.93%	50.43%	48.16%	50.87%
COMMON STOCK DATA					
Market value at period end	\$ 27.46	\$ 28.85	\$ 29.33	\$ 29.87	\$ 28.67
Market range:					
High	\$ 30.55	\$ 32.05	\$ 30.89	\$ 20.45	\$ 23.91
Low	\$ 26.57	\$ 28.67	\$ 28.71	\$ 17.40	\$ 17.51
Book value per common share at period end	\$ 33.74	\$ 33.49	\$ 33.42	\$ 30.26	\$ 29.85
Tangible book value per common share at period end ⁴	\$ 32.00	\$ 31.75	\$ 31.96	\$ 28.48	\$ 28.04
Shares of common stock outstanding (in thousands)	6,263	6,366	6,480	6,588	6,659
CAPITAL RATIOS					
Total capital (to risk-weighted assets)	14.13%	14.16%	15.10%	15.60%	15.33%
Tier 1 capital (to risk-weighted assets)	13.08%	13.10%	13.97%	14.43%	14.19%
Tier 1 capital (to average assets)	12.46%	12.36%	12.06%	12.29%	12.22%
Period-end equity to assets	13.00%	12.71%	12.84%	12.89%	13.01%
Period-end tangible equity to tangible assets	12.42%	12.13%	12.26%	12.23%	12.40%
CREDIT QUALITY DATA (Dollars in thousands)					
Net charge-offs (recoveries)	\$ (12)	\$ (34)	\$ 101	\$ 821	\$ 1,000
Annualized net charge-offs (recoveries) to average loans	-0.003%	-0.010%	0.030%	0.240%	0.279%
Total nonperforming loans (TDRs not included)	\$ 402	\$ 406	\$ 422	\$ 1,043	\$ 2,381
Other real estate owned	-	226	226	376	446
Troubled debt restructurings (TDRs)					
-Performing	6,001	6,066	6,122	6,187	6,241
-Non-performing	563	766	766	1,092	1,332
Total nonperforming assets and accruing TDRs	<u>\$ 6,966</u>	<u>\$ 7,464</u>	<u>\$ 7,536</u>	<u>\$ 8,698</u>	<u>\$ 10,400</u>
Allowance for credit losses as a percent of:					
Period-end loans	1.19%	1.19%	1.24%	1.22%	1.14%
Nonaccrual loans	1727.05%	1420.99%	1398.99%	769.13%	491.03%
Nonperforming assets	1727.05%	1191.27%	1175.39%	653.96%	432.05%
As a percent of total loans:					
Nonaccrual loans	0.07%	0.08%	0.09%	0.16%	0.23%
Accruing TDRs	0.43%	0.43%	0.46%	0.46%	0.45%
Nonaccrual loans and accruing TDRs	0.50%	0.52%	0.55%	0.62%	0.71%

¹Return on average tangible equity is a non-GAAP measure that represents the rate of return on tangible common equity.

²Includes the effect of tax exempt securities and loans.

³The efficiency ratio is a non-GAAP measure that represents the ratio of non-interest expense (excluding amortization of core deposit intangible) divided by net interest income and non-interest income.

⁴Tangible book value per common share is a non-GAAP measure that represents book value per common share which excludes goodwill and core deposit intangible.