

BCB BANCORP INC  
Form 10-Q  
November 18, 2011

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 10-Q

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(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, 2011.

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: 0-50275

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BCB Bancorp, Inc.  
(Exact name of registrant as specified in its charter)

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New Jersey  
(State or other jurisdiction of  
incorporation or organization)

104-110 Avenue C Bayonne, New Jersey  
(Address of principal executive offices)

26-0065262  
(IRS Employer  
I.D. No.)

07002  
(Zip Code)

(201) 823-0700  
(Registrant's telephone number, including area code)

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(Former name, former address and former fiscal year if changed since last report)

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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 larger accelerated filer" in Rule 12b-2 of the Exchange Act.

|                         |                          |                           |                                     |
|-------------------------|--------------------------|---------------------------|-------------------------------------|
| Large Accelerated Filer | <input type="checkbox"/> | Accelerated Filer         | <input type="checkbox"/>            |
| Non-Accelerated Filer   | <input type="checkbox"/> | Smaller Reporting Company | <input checked="" type="checkbox"/> |

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

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

APPLICABLE ONLY TO CORPORATE ISSUERS:

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 16, 2011, BCB Bancorp, Inc., had 9,831,384 shares of common stock, no par value, outstanding.

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BCB BANCORP INC. AND SUBSIDIARIES  
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## PART I. FINANCIAL INFORMATION

## ITEM I. FINANCIAL STATEMENTS

BCB BANCORP INC. AND SUBSIDIARIES  
 Consolidated Statements of Financial Condition  
 (In Thousands, Except Share and Per Share Data, Unaudited)

|   | September 30,<br>2011 | December 31,<br>2010 |
|---|-----------------------|----------------------|
| <b>ASSETS</b>   |                       |                      |
| Cash and amounts due from depository institutions                                       | \$ 27,988             | \$ 22,065            |
| Interest-earning deposits   | 57,902                | 99,062               |
| <b>Total Cash and Cash equivalents</b>  | <b>85,890</b>         | <b>121,127</b>       |
| Securities available for sale   | 1,114                 | 1,098                |
| Securities held to maturity, fair value \$207,530 and \$166,785; respectively           | 199,795               | 165,572              |
| Loans held for sale   | 3,275                 | 5,572                |
| Loans receivable, net of allowance for loan losses of \$9,040 and \$8,417; respectively | 749,329               | 773,101              |
| Premises and equipment  | 12,677                | 11,359               |
| Property held for sale  | 1,017                 | 1,017                |
| Federal Home Loan Bank of New York stock  | 6,678                 | 6,723                |
| Interest receivable   | 4,956                 | 5,203                |
| Other real estate owned   | 4,857                 | 3,602                |
| Deferred income taxes   | 5,595                 | 5,785                |
| Other assets  | 4,559                 | 6,729                |
| <b>Total Assets</b>   | <b>\$ 1,079,742</b>   | <b>\$ 1,106,888</b>  |

**LIABILITIES AND STOCKHOLDERS' EQUITY****LIABILITIES**

|                               |                |                  |
|-------------------------------|----------------|------------------|
| Non-interest bearing deposits | \$ 68,061      | \$ 69,471        |
| Interest bearing deposits     | 791,519        | 816,817          |
| <b>Total deposits</b>         | <b>859,580</b> | <b>886,288</b>   |
| Long-term debt                | 114,124        | 114,124          |
| Other Liabilities             | 7,142          | 7,502            |
| <b>Total Liabilities</b>      | <b>980,846</b> | <b>1,007,914</b> |

**STOCKHOLDERS' EQUITY**

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|  |               |               |
|--|---------------|---------------|
| Preferred stock: 10,000,000 shares authorized; none issued and outstanding   | -             | -             |
| Common stock; \$0.064; stated value; 20,000,000 shares authorized, 10,172,967 and 10,144,830 shares respectively, issued; 9,224,784 shares and 9,383,695 shares, respectively, outstanding | 650           | 649           |
| Additional paid-in capital   | 85,557        | 85,327        |
| Treasury stock, at cost, 948,183 and 761,135 shares, respectively  | (12,774)      | (10,760)      |
| Retained Earnings  | 25,449        | 23,753        |
| Accumulated other comprehensive income, net of taxes   | 14            | 5             |
| <b>Total Stockholders' equity</b>  | <b>98,896</b> | <b>98,974</b> |
| <hr/>  |               |               |
| Total Liabilities and Stockholders' equity   | \$ 1,079,742  | \$ 1,106,888  |

See accompanying notes to consolidated financial statements.

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BCB BANCORP INC. AND SUBSIDIARIES  
Consolidated Statements of Income  
(In Thousands, except for per share amounts, Unaudited)

|  | Three Months Ended |               | Nine Months Ended |               |
|--|--------------------|---------------|-------------------|---------------|
|  | September 30,      |               | September 30,     |               |
|  | 2011               | 2010          | 2011              | 2010          |
| <b>Interest income:</b>                                    |                    |               |                   |               |
| Loans  | \$10,664           | \$10,549      | \$ 33,015         | \$23,355      |
| Investments, taxable                                       | 2,039              | 1,400         | 5,922             | 4,232         |
| Investment, non-taxable                                    | 12                 | 10            | 37                | 10            |
| Other interest-earning assets                              | 13                 | 34            | 59                | 74            |
| <b>Total interest income</b>                               | <b>12,728</b>      | <b>11,993</b> | <b>39,033</b>     | <b>27,671</b> |
| <b>Interest expense:</b>                                   |                    |               |                   |               |
| <b>Deposits:</b>   |                    |               |                   |               |
| Demand   | 215                | 311           | 662               | 699           |
| Savings and club   | 260                | 514           | 804               | 1,024         |
| Certificates of deposit                                    | 1,613              | 1,558         | 4,918             | 4,451         |
|  | 2,088              | 2,383         | 6,384             | 6,174         |
| Borrowed money   | 1,246              | 1,505         | 3,701             | 3,959         |
| <b>Total interest expense</b>                              | <b>3,334</b>       | <b>3,888</b>  | <b>10,085</b>     | <b>10,133</b> |
| <b>Net interest income</b>                                 | <b>9,394</b>       | <b>8,105</b>  | <b>28,948</b>     | <b>17,538</b> |
| Provision for loan losses                                  | 800                | 800           | 1,600             | 1,550         |
| <b>Net interest income after provision for loan losses</b> | <b>8,594</b>       | <b>7,305</b>  | <b>27,348</b>     | <b>15,988</b> |
| <b>Non-interest income:</b>                                |                    |               |                   |               |
| Fees and service charges                                   | 76                 | 310           | 538               | 710           |
| Gain on sales of loans originated for sale                 | 190                | 67            | 594               | 195           |
| Loss on sale of real estate owned                          | (121 )             | -             | (257 )            | (14 )         |
| Gain on sale of securities                                 | -                  | -             | 18                | -             |
| Gain on bargain purchase                                   | -                  | 12,582        | -                 | 12,582        |
| Other  | 37                 | 17            | 195               | 34            |
| <b>Total non-interest income</b>                           | <b>182</b>         | <b>12,976</b> | <b>1,088</b>      | <b>13,507</b> |
| <b>Non-interest expense:</b>                               |                    |               |                   |               |

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|  |                |                 |                |                 |
|--|----------------|-----------------|----------------|-----------------|
| Salaries and employee benefits                               | 3,229          | 4,760           | 9,136          | 7,530           |
| Occupancy expense of premises                                | 743            | 755             | 2,245          | 1,315           |
| Equipment  | 1,061          | 1,113           | 3,152          | 2,203           |
| Professional Fees  | 594            | 252             | 1,056          | 445             |
| Directors Fees   | 180            | 131             | 479            | 345             |
| Regulatory Assessments                                       | 122            | 383             | 915            | 745             |
| Advertising  | 115            | 100             | 293            | 238             |
| Merger related expenses                                      | 81             | 288             | 337            | 632             |
| Other  | 623            | 856             | 2,346          | 1,619           |
| <b>Total non-interest expense</b>                            | <b>6,748</b>   | <b>8,638</b>    | <b>19,959</b>  | <b>15,072</b>   |
| Income before income tax provision                           | 2,028          | 11,643          | 8,477          | 14,423          |
| Income tax provision (benefit)                               | 840            | (299 )          | 3,416          | 841             |
| <b>Net Income</b>  | <b>\$1,188</b> | <b>\$11,942</b> | <b>\$5,061</b> | <b>\$13,582</b> |
| <b>Net Income per common share:</b>                          |                |                 |                |                 |
| Basic  | \$0.13         | \$1.28          | \$0.54         | \$2.19          |
| Diluted  | \$0.13         | \$1.28          | \$0.54         | \$2.18          |
| <b>Weighted average number of common shares outstanding:</b> |                |                 |                |                 |
| Basic  | 9,245          | 9,300           | 9,333          | 6,208           |
| Diluted  | 9,259          | 9,315           | 9,350          | 6,223           |

See accompanying notes to consolidated financial statements.



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BCB BANCORP INC. AND SUBSIDIARIES  
 Consolidated Statement of Changes in Stockholders' Equity  
 (In Thousands, except share and per share data, Unaudited)

|   | Common Stock | Additional<br>Paid-In Capital | Treasury<br>Stock | Retained<br>Earnings | Accumulated<br>Other<br>Comprehensive<br>Income | Total    |
|---|--------------|-------------------------------|-------------------|----------------------|---|----------|
| Beginning Balance at<br>December 31, 2010   | \$ 649       | \$ 85,327                     | \$(10,760 )       | \$23,753             | \$ 5  | \$98,974 |
| Exercise of Stock Options<br>(28,137 shares)  | 1            | 230                           | —                 | —                    | —   | 231      |
| Treasury Stock Purchases<br>(187,048 shares)  | —            | —                             | (2,014 )          | —                    | —   | (2,014 ) |
| Cash dividends (\$0.36 per<br>share) declared   | —            | —                             | —                 | (3,365 )             | —   | (3,365 ) |
| Net income for the nine<br>months ended<br>September 30, 2011                                   | —            | —                             | —                 | 5,061                | —   | 5,061    |
| Unrealized gain on<br>securities, available for sale,<br>net of deferred income tax of<br>\$(7) | —            | —                             | —                 | —                    | 9   | 9        |
| Total Comprehensive<br>income   | —            | —                             | —                 | —                    | —   | 5,070    |
| Ending Balance at<br>September 30, 2011   | \$ 650       | \$ 85,557                     | \$(12,774 )       | \$25,449             | \$ 14   | \$98,896 |

See accompanying notes to consolidated financial statements.

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BCB BANCORP INC. AND SUBSIDIARIES  
Consolidated Statements of Cash Flows  
(In Thousands, Unaudited)

|   | Nine Months Ended<br>September 30, |                |
|---|------------------------------------|----------------|
|   | 2011                               | 2010           |
| <b>Cash flows from operating activities:</b>  |                                    |                |
| Net Income  | \$ 5,061                           | \$ 13,582      |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: |                                    |                |
| Depreciation of premises and equipment  | 758                                | 448            |
| Amortization and accretion, net   | 963                                | 1,278          |
| Provision for loan losses   | 1,600                              | 1,550          |
| Deferred income tax benefit   | 183                                | (300)          |
| Loans originated for sale   | (14,375)                           | (18,019)       |
| Proceeds from sale of loans originated for sale   | 15,597                             | 14,416         |
| Gain on sales of loans originated for sale  | (594)                              | (195)          |
| Loss on sale of real estate owned   | 257                                | 14             |
| Gain on bargain purchase  | -                                  | (12,582)       |
| Gain on sales of securities held to maturity  | (18)                               | -              |
| Decrease (increase) in interest receivable  | 247                                | (525)          |
| Decrease in other assets  | 2,170                              | 860            |
| (Decrease) in accrued interest payable  | (38)                               | (241)          |
| (Decrease) in other liabilities   | (322)                              | (2,651)        |
| <b>Net cash provided by (used in) operating activities</b>                                  | <b>11,489</b>                      | <b>(2,365)</b> |
| <b>Cash flows from investing activities:</b>  |                                    |                |
| Redemption of Federal Home Loan Bank of New York stock                                      | 45                                 | 1,857          |
| Proceeds from calls of securities held to maturity  | 29,822                             | 106,615        |
| Purchases of securities held to maturity  | (92,964)                           | (62,412)       |
| Proceeds from repayments on securities held to maturity                                     | 25,360                             | 14,136         |
| Proceeds from sales of securities held to maturity  | 2,438                              | -              |
| Proceeds from sales of participation interest in loans                                      | 3,876                              | -              |
| Proceeds from sales of real estate owned  | 1,450                              | 480            |
| Purchases of loans  | (2,279)                            | -              |
| Net decrease in loans receivable  | 19,563                             | 15,385         |
| Cash acquired in acquisition  | -                                  | 22,979         |
| Improvements to other real estate owned   | (105)                              | (20)           |
| Additions to premises and equipment   | (2,076)                            | (360)          |
| <b>Net cash (used in) provided by investing activities</b>                                  | <b>(14,870)</b>                    | <b>98,660</b>  |
| <b>Cash flows from financing activities:</b>  |                                    |                |
| Net (Decrease) increase in deposits   | (26,708)                           | 7,824          |
| Net change in short-term borrowings   | -                                  | (43,815)       |

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|  |           |            |
|--|-----------|------------|
| Purchases of treasury stock                          | (2,014)   | (123)      |
| Cash dividend paid                                   | (3,365)   | (2,268)    |
| Exercise of stock options                            | 231       | 73         |
| Net cash (used in) financing activities              | (31,856)  | (38,309)   |
| Net (Decrease) increase in cash and cash equivalents | (35,237)  | 57,986     |
| Cash and cash equivalents-beginning                  | 121,127   | 67,347     |
| Cash and cash equivalents-ending                     | \$ 85,890 | \$ 125,333 |

Supplemental disclosure of cash flow information:

Cash paid during the year for:

|              |           |           |
|--------------|-----------|-----------|
| Income taxes | \$ 3,454  | \$ 2,220  |
| Interest     | \$ 10,123 | \$ 10,374 |

Non-cash items:

|   |          |            |
|---|----------|------------|
| Assets acquired; net of cash and cash equivalents                 | \$ -     | \$ 514,523 |
| Liabilities assumed   | \$ -     | \$ 486,275 |
| Transfer of loans to other real estate owned                      | \$ 3,799 | \$ 2,678   |
| Loans to facilitate sale of other real estate owned               | \$ 942   | \$ -       |
| Reclassification of loans originated for sale to held to maturity | \$ 1,669 | \$ 4,741   |

See accompanying notes to consolidated financial statements.

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BCB Bancorp Inc. and Subsidiaries  
Notes to Unaudited Consolidated Financial Statements

Note 1 – Basis of Presentation

The accompanying unaudited consolidated financial statements include the accounts of BCB Bancorp, Inc. (the “Company”) and the Company’s wholly owned subsidiaries, BCB Community Bank (the “Bank”), BCB Holding Company Investment Company, and Pamrapo Service Corporation. The Company’s business is conducted principally through the Bank. All significant intercompany accounts and transactions have been eliminated in consolidation.

The accompanying unaudited consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and Regulation S-X and, therefore, do not necessarily include all information that would be included in audited financial statements. The information furnished reflects all adjustments that are, in the opinion of management, necessary for a fair presentation of consolidated financial condition and results of operations. All such adjustments are of a normal recurring nature. The results of operations for the three and nine months ended September 30, 2011 are not necessarily indicative of the results to be expected for the fiscal year ending December 31, 2011 or any other future interim period. Included in income before taxes is an adjustment relating to prior periods of approximately \$800,000 pertaining to the reversal of interest capitalized on impaired loans of \$420,000, late fee income of \$171,000, and loan expenses of approximately \$209,000, net of income taxes. The impact of these adjustments reduced net income by approximately \$479,000. These adjustments were deemed by management to be immaterial to the consolidated financial statements for the current and prior periods and therefore required no prior period adjustment. The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reported periods. Actual results could differ from these estimates.

These unaudited consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements and related notes for the year ended December 31, 2010, which are included in the Company’s Annual Report on Form 10-K as filed with the Securities and Exchange Commission.

In preparing these consolidated financial statements, BCB Bancorp, Inc., evaluated the events and transactions that occurred between September 30, 2011, and the date these consolidated financial statements were issued.

On July 6, 2010, the Company acquired all of the outstanding common shares of Pamrapo Bancorp, Inc. in a business combination. ASC 805 “Business Combinations”, permits the use of provisional amounts for the assets acquired and liabilities assumed when the information at the acquisition date is incomplete. During the measurement period, amounts provisionally assigned to the acquisition accounting may be adjusted based on new information obtained during the measurement period.

The adjustments relate to the carrying amount of property and equipment as of September 30, 2010, which increased by \$1,563,000. This adjustment is measured as the fair value adjustment at the acquisition date less the additional depreciation that would have been recognized had the property and equipment’s fair value at the acquisition date been known at that date.

The carrying value of loans as of September 30, 2010 was increased by \$1,042,000 for an adjustment to the fair value of loans acquired. This adjustment represents the fair value adjustment to the loans acquired.

Depreciation expense as of September 30, 2010 is increased by \$60,000.

Income tax expense is decreased by \$24,000.

The following table presents changes to the Consolidated Income Statement for the 2010 comparative information resulting from the fair value adjustments:

|                             | For the Nine Months Ended      |                    |
|-----------------------------|--------------------------------|--------------------|
|                             | September<br>30, 2010          | September 30, 2010 |
|                             | (As<br>previously<br>reported) | (Adjusted)         |
|                             | (In thousands)                 |                    |
| Gain on bargain purchase    | \$ 10,210                      | \$ 12,582          |
| Total non-interest income   | 11,135                         | 13,507             |
| Occupancy and equipment     | 1,255                          | 1,315              |
| Total non-interest expense  | 15,012                         | 15,072             |
| Income tax expense          | 865                            | 841                |
| Net Income                  | 11,246                         | 13,582             |
|                             |                                |                    |
| Net income per common share |                                |                    |
| Basic                       | \$ 1.81                        | \$ 2.19            |
| Diluted                     | \$ 1.81                        | \$ 2.18            |
|                             |                                |                    |
|                             |                                |                    |

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The following table presents changes to the Consolidated Statement of Cash Flows for the 2010 comparative information resulting from the fair value adjustments:

|   | For the Nine Months Ended |                    |
|---|---------------------------|--------------------|
|   | September                 | September 30, 2010 |
|   | 30, 2010                  | September 30, 2010 |
|   | (As                       | (Adjusted)         |
|   | previously                |                    |
|   | reported)                 |                    |
|   | (In thousands)            |                    |
| Net income  | \$ 11,246                 | \$ 13,582          |
| Depreciation of premises and equipment            | 388                       | 448                |
| Gain on bargain purchase                          | 10,210                    | 12,582             |
| (Decrease) in other liabilities                   | 2,627                     | 2,651              |
| Assets acquired; net of cash and cash equivalents | 512,420                   | 514,523            |
| Liabilities assumed                               | 486,544                   | 486,275            |

## Note 2 – Acquisition of Allegiance Bancorp, Inc.

As of the close of business on October 14, 2011, the Company acquired all of the outstanding common shares of Allegiance Bancorp, Inc. (“Allegiance”), the parent company of Allegiance Savings Bank, and thereby acquired all of Allegiance Savings Bank’s 2 branch locations. Under the terms of the merger agreement, Allegiance stockholders received 0.35 of a share of BCB Bancorp, Inc. common stock at a price of \$9.57 per share in exchange for each share of Allegiance common stock, resulting in BCB Bancorp, Inc. issuing 644,434 common shares of BCB Bancorp, Inc. common stock with an acquisition date fair value of \$6.2 million.

In connection with the merger, the consideration paid and the net assets acquired were recorded at the estimated fair value on the date of acquisition, as summarized in the following table, (in thousands).

|  |            |
|--|------------|
| Consideration paid   |            |
| BCB Community Bancorp, Inc. common stock issued                            | \$6,168    |
| Estimated amounts of identifiable assets acquired and liabilities assumed: |            |
| Cash and cash equivalents  | \$5,883    |
| Investment securities  | 35,476     |
| Loans receivable   | 88,397     |
| Federal Home Loan Bank of New York stock                                   | 819        |
| Premises and equipment   | 1,686      |
| Interest Receivable  | 483        |
| Deferred income taxes  | 453        |
| Other assets   | 536        |
| Deposits   | (111,365 ) |
| Borrowings   | (15,458 )  |

|  |        |
|--|--------|
| Other liabilities  | (306 ) |
| Total identifiable net assets                                    | 6,604  |
| Gain on bargain purchase to be recognized in non-interest income | \$436  |

The amounts above are all preliminary estimates only. We are currently in the process of finalizing the fair market values for the above categories which may have a direct impact on the gain on bargain purchase.

Direct costs related to the acquisition were expensed as incurred. During the nine months ended September 30, 2011, we incurred \$337,000 in merger related expenses related to the transaction, including \$332,000 in professional services and \$5,000 in other non-interest expenses.

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## Note 3 – Pension and Other Postretirement Plans

The Company acquired, through the merger with Pamrapo Bancorp, Inc., a non-contributory defined benefit pension plan covering all eligible employees of Pamrapo Savings Bank. Effective January 1, 2010, the defined benefit pension plan (“Pension Plan”), was frozen by Pamrapo Savings Bank. All benefits for eligible participants accrued in the “Pension Plan” to the freeze date have been retained. Accordingly, no employees are permitted to commence participation in the Pension Plan and future salary increases and future years of credited service are not considered when computing an employee’s benefits under the Pension Plan. The Pension Plan is funded in conformity with the funding requirements of applicable government regulations. The Company also acquired through the merger with Pamrapo Bancorp, Inc. a supplemental executive retirement plan (“SERP”) in which certain former employees of Pamrapo Savings Bank are covered. A SERP is an unfunded non-qualified deferred retirement plan. Participants who retire at the age of 65 ( the “Normal Retirement Age”), are entitled to an annual retirement benefit equal to 75% of compensation reduced by their retirement plan annual benefits. Participants retiring before the Normal Retirement Age receive the same benefits reduced by a percentage based on years of service to the Company and the number of years prior to the Normal Retirement Age that participants retire.

Periodic pension and SERP cost, which is recorded as part of salaries and employee benefits expense in our Consolidated Statements of Income, is comprised of the following, (In Thousands):

|   | Three months ended<br>September 30 |              | Nine Months ended September<br>30 |              |
|---|------------------------------------|--------------|-----------------------------------|--------------|
|   | 2011                               | 2010         | 2011                              | 2010         |
| <b>Pension plan:</b>                    |                                    |              |                                   |              |
| Interest cost                           | \$ 117                             | \$ 123       | \$ 351                            | \$ 123       |
| Expected return on plan assets          | (94 )                              | (91 )        | (282 )                            | (91 )        |
| <b>Net periodic pension cost</b>        | <b>\$ 23</b>                       | <b>\$ 32</b> | <b>\$ 69</b>                      | <b>\$ 32</b> |
| <b>SERP plan:</b>                       |                                    |              |                                   |              |
| Interest cost                           | \$ 7                               | \$ 10        | \$ 22                             | \$ 10        |
| <b>Net periodic postretirement cost</b> | <b>\$ 7</b>                        | <b>\$ 10</b> | <b>\$ 22</b>                      | <b>\$ 10</b> |

## Stock-Based Compensation Plan

The Company, under the plan approved by its shareholders on April 28, 2011 (“2011 Stock Plan”), authorized the issuance of up to 900,000 shares of common stock of BCB Bancorp, Inc. pursuant to grants of stock options. Employees and directors of BCB Bancorp, Inc. and BCB Community Bank are eligible to participate in the 2011 Stock Plan. All stock options will be granted in the form of either "incentive" stock options or "non-qualified" stock options. Incentive stock options have certain tax advantages that must comply with the requirements of Section 422 of the Internal Revenue Code. Only employees are permitted to receive incentive stock options. On September 29, 2011,



a grant of 60,000 options was declared for certain members of the Board of Directors. The exercise price was recorded as of the close of business on September 29, 2011 and a Form 4 was filed for each director as of that date with the Securities and Exchange Commission consistent with their filing requirements. No other declarations of stock options have been made for the three and nine months ended September 30, 2011.

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A summary of stock option activity, adjusted to retroactively reflect subsequent stock dividends, follows:

|                                   | Number of<br>Option<br>Shares | Range of<br>Exercise<br>Prices | Weighted<br>Average<br>Exercise<br>Price |
|-----------------------------------|-------------------------------|--------------------------------|--|
| Outstanding at December 31, 2009  | 279,500                       | \$ 5.29-\$15.65                | 10.38                                    |
| Options forfeited                 | (4,210 )                      | \$ 5.29-\$11.84                | 7.72                                     |
| Options exercised                 | (13,677 )                     | 5.29                           | 5.29                                     |
| Options added through merger      | 28,000                        | 18.41-29.25                    | 24.22                                    |
| Outstanding at December 31, 2010  | 289,613                       | \$ 5.29-\$29.25                | \$ 12.00                                 |
| Options exercised                 | (28,137 )                     | 5.29-9.34                      | 8.24                                     |
| Options granted                   | 60,000                        | 8.93                           | 8.93                                     |
| Outstanding at September 30, 2011 | 321,476                       | \$ 5.29-29.25                  | \$ 11.85                                 |

At September 30, 2011, 267,476 of the stock options outstanding were exercisable.

The key valuation assumptions and fair value of stock options granted during the quarter ended September 30, 2011 were:

|                         |           |
|-------------------------|-----------|
| Expected life           | 6.5 years |
| Risk-free interest rate | 1.24 %    |
| Volatility              | 20.83 %   |
| Dividend yield          | 5.38 %    |
| Fair value              | \$ 2.27   |

#### Note 4 – Earnings Per Share

Basic net income per common share is computed by dividing net income by the weighted average number of shares of common stock outstanding. The diluted net income per common share is computed by adjusting the weighted average number of shares of common stock outstanding to include the effects of outstanding stock options, if dilutive, using the treasury stock method. For the three and nine months ended September 30, 2011 and 2010, the weighted average

of outstanding options considered to be anti-dilutive were 180,855 and 258,264, respectively, and were therefore, excluded from the diluted net income per common share calculation.

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Note 5 – Securities Available for Sale

|  | Cost    | September 30, 2011<br>Gross<br>Unrealized<br>Gains<br>(In Thousands) | Gross<br>Unrealized<br>Losses | Fair<br>Value |
|--|---------|--|-------------------------------|---------------|
| Equity Securities-Financial Institutions | \$1,097 | \$133  | \$116                         | \$1,114       |

|  | Cost    | December 31, 2010<br>Gross<br>Unrealized<br>Gains<br>(In Thousands) | Gross<br>Unrealized<br>Losses | Fair<br>Value |
|--|---------|---|-------------------------------|---------------|
| Equity Securities-Financial Institutions | \$1,097 | \$ 32   | \$ 31                         | \$ 1,098      |

There were no sales of securities available for sale for the nine months ended September 30, 2011 and 2010.

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

|  | Less than 12 Months |                      | More than 12 Months |                      | Total         |                      |
|--|---------------------|----------------------|---------------------|----------------------|---------------|----------------------|
|  | Fair<br>Value       | Unrealized<br>Losses | Fair<br>Value       | Unrealized<br>Losses | Fair<br>Value | Unrealized<br>Losses |
|  | (In Thousands)      |                      |                     |                      |               |                      |
| September 30, 2011                       |                     |                      |                     |                      |               |                      |
| Equity Securities-Financial Institutions | \$884               | \$116                | \$—                 | \$—                  | \$884         | \$116                |
| December 31, 2010                        |                     |                      |                     |                      |               |                      |
| Equity Securities-Financial Institutions | \$65                | \$31                 | \$—                 | \$—                  | \$65          | \$31                 |

At September 30, 2011, management concluded that the unrealized losses above (which relate to one financial equity issue) are temporary in nature and does not believe that any of the unrealized losses represented an other-than-temporary impairment as they were primarily related to market interest rates and not related to the underlying credit quality of the issuer of the security. Additionally, the Company has the ability, and management has the intent, to hold such securities for the time necessary to recover their cost and does not have the intent to sell the securities, and it is more likely than not that it would not have to sell the securities before recovery of their cost.



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## Note 6 – Securities Held to Maturity

|   | Amortized<br>Cost | September 30, 2011<br>Gross<br>Unrealized |                      | Fair Value |
|---|-------------------|---|----------------------|------------|
|   |                   | Gains                                     | Unrealized<br>Losses |            |
|   | (In Thousands)    |   |                      |            |
| U.S. Government Agencies:               |                   |   |                      |            |
| Due within one year                     | \$ 3,315          | \$ 76                                     | \$—                  | \$ 3,391   |
| Due after ten years                     | 13,000            | 92  | —                    | 13,092     |
|   | 16,315            | 168                                       | —                    | 16,483     |
| Residential mortgage-backed securities: |                   |   |                      |            |
| Due within one year                     | \$ 19             | \$ —                                      | \$ —                 | \$ 19      |
| Due after one year through five years   | 958               | 37  | 1                    | 994        |
| Due after five years through ten years  | 40,813            | 515                                       | 35                   | 41,293     |
| Due after ten years                     | 133,916           | 7,006                                     | 7                    | 140,915    |
|   | 175,706           | 7,558                                     | 43                   | 183,221    |
| Subordinated notes:                     |                   |   |                      |            |
| Due within one year                     | \$ 6,000          | \$ —                                      | \$ —                 | \$ 6,000   |
| Municipal obligations:                  |                   |   |                      |            |
| Due after ten years                     | 1,371             | 50  | —                    | 1,421      |
| Trust originated preferred security:    |                   |   |                      |            |
| Due after ten years                     | 403               | 2   | —                    | 405        |
|   | \$ 7,774          | \$ 52                                     | \$ —                 | \$ 7,826   |
|   | \$ 199,795        | \$ 7,778                                  | \$ 43                | \$ 207,530 |

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## Note 6 – Securities Held to Maturity (Continued)

|  | Amortized<br>Cost | December 31, 2010<br>Gross<br>Unrealized<br>Gains | Gross<br>Unrealized<br>Losses | Fair Value |
|--|-------------------|---|-------------------------------|------------|
|  |                   | (In Thousands)                                    |                               |            |
| <b>U.S. Government Agencies:</b>               |                   |   |                               |            |
| Due after one through five years               | \$ 3,315          | \$ 180  | \$ —                          | \$ 3,495   |
| Due after ten years                            | 27,523            | 14  | 62                            | 27,475     |
|  | 30,838            | 194   | 62                            | 30,970     |
| <b>Residential mortgage-backed securities:</b> |                   |   |                               |            |
| Due within one year                            | \$ 6              | \$ —  | \$ —                          | \$ 6       |
| Due after one year through five years          | 775               | 24  | 1                             | 798        |
| Due after five years through ten years         | 54,629            | 374   | 357                           | 54,646     |
| Due after ten years                            | 71,545            | 1,552   | 493                           | 72,604     |
|  | 126,955           | 1,950   | 851                           | 128,054    |
| <b>Subordinated notes:</b>                     |                   |   |                               |            |
| Due within one year                            | \$ 6,000          | \$ —  | \$ —                          | \$ 6,000   |
| <b>Municipal obligations:</b>                  |                   |   |                               |            |
| Due after ten years                            | 1,376             | —   | 21                            | 1,355      |
| <b>Trust originated preferred security:</b>    |                   |   |                               |            |
| Due after ten years                            | 403               | 3   | —                             | 406        |
|  | \$ 165,572        | \$ 2,147  | \$ 934                        | \$ 166,785 |

The amortized cost and carrying values shown above are by contractual final maturity. Actual maturities will differ from contractual final maturities due to scheduled monthly payments related to mortgage-backed securities and due to the borrowers having the right to prepay obligations with or without prepayment penalties. At September 30, 2011 and December 31, 2010, all residential mortgage backed securities held in the portfolio were Government Sponsored Enterprise securities.

During the second quarter of 2011, management decided to sell its collateralized mortgage obligations that were issued by the Federal National Mortgage Association (“FNMA”) and the Federal Home Loan Mortgage Corporation (“FHLMC”). While these securities were classified as held to maturity, ASC 320 (formerly FAS 115) allows sales of securities so designated, provided that a substantial portion (at least 85%) of the principal balance has been amortized prior to the sale. During the nine months ended September 30, 2011, proceeds from sales of securities held to maturity totaled approximately \$2,438,000 and resulted in gross gains of approximately \$25,000 and gross losses of approximately \$7,000.

There were no sales of securities held to maturity for the nine months ended September 30, 2010.



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## Note 6 – Securities Held to Maturity (Continued)

The unrealized losses, categorized by the length of time of continuous loss position, and fair value of related securities held to maturity were as follows:

|  | Less than 12 Months |                   | More than 12 Months |                   | Total      |                   |
|--|---------------------|-------------------|---------------------|-------------------|------------|-------------------|
|  | Fair Value          | Unrealized Losses | Fair Value          | Unrealized Losses | Fair Value | Unrealized Losses |
|  | (In Thousands)      |                   |                     |                   |            |                   |
| <b>September 30, 2011</b>              |                     |                   |                     |                   |            |                   |
| U.S. Government Agencies               | \$—                 | \$—               | \$—                 | \$—               | \$—        | \$—               |
| Residential mortgage-backed securities | 4,750               | 10                | 6,538               | 33                | 11,288     | 43                |
|  | \$4,750             | \$10              | \$6,538             | \$33              | \$11,288   | \$43              |
| <b>December 31, 2010</b>               |                     |                   |                     |                   |            |                   |
| U.S. Government Agencies               | \$20,328            | \$62              | \$—                 | \$—               | \$20,328   | \$62              |
| Residential mortgage-backed securities | 74,899              | 851               | —                   | —                 | 74,899     | 851               |
| Municipal obligations                  | 1,355               | 21                | —                   | —                 | 1,355      | 21                |
|  | \$96,582            | \$934             | \$—                 | \$—               | \$96,582   | \$934             |

Management does not believe that any of the unrealized losses at September 30, 2011, (which are related to thirteen residential mortgage-backed securities) represent an other-than-temporary impairment as they are primarily related to market interest rates and not related to the underlying credit quality of the issuers of the securities as all these securities were issued by U.S. Agencies. Additionally, the Company has the ability, and management has the intent, to hold such securities for the time necessary to recover cost and does not have the intent to sell the securities, and it is more likely than not that it will not have to sell the securities before recovery of their cost.

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## Note 7 - Loans Receivable and Allowance for Loan Losses

The following table presents the recorded investment in loans receivable at September 30, 2011 and December 31, 2010 by segment and class.

|                             | September<br>30, 2011 | December 31,<br>2010 |
|-----------------------------|-----------------------|----------------------|
|                             | (In Thousands)        |                      |
| Real estate mortgage:       |                       |                      |
| Residential                 | \$222,002             | \$ 234,435           |
| Commercial and multi-family | 408,224               | 410,212              |
| Construction                | 12,612                | 17,848               |
|                             | 642,838               | 662,495              |
| Commercial:                 |                       |                      |
| Business loans              | 17,454                | 13,932               |
| Lines of credit             | 43,148                | 40,228               |
|                             | 60,602                | 54,160               |
| Consumer:                   |                       |                      |
| Passbook or certificate     | 886                   | 1,004                |
| Home equity lines of credit | 8,218                 | 10,228               |
| Home equity                 | 46,308                | 53,375               |
| Automobile                  | 120                   | 178                  |
| Personal                    | 407                   | 554                  |
|                             | 55,939                | 65,339               |
| Deposit overdrafts          | 77                    | 80                   |
| Total Loans                 | 759,456               | 782,074              |
| Deferred loan fees, net     | (1,087 )              | (556 )               |
| Allowance for loan losses   | (9,040 )              | (8,417 )             |
|                             | \$749,329             | \$ 773,101           |



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Allowance for Loan Losses

Management reviews the adequacy of the allowance on at least a quarterly basis to ensure that the provision for loan losses has been charged against earnings in an amount necessary to maintain the allowance at a level that is adequate based on management's assessment of probable estimated losses. The Company's methodology for assessing the adequacy of the allowance for loan losses consists of several key elements. These elements include a general allocated reserve for impaired loans, a specific reserve for impaired loans and an unallocated portion.

The Company consistently applies the following comprehensive methodology. During the quarterly review of the allowance for loan losses, the Company considers a variety of factors that include:

- General economic conditions.
- Trends in charge-offs.
- Trends and levels of delinquent loans.
- Trends and levels of non-performing loans, including loans over 90 days delinquent.
- Trends in volume and terms of loans.
- Levels of allowance for specific classified loans.
- Credit concentrations.

The methodology includes the segregation of the loan portfolio by loans that are performing and loans that are impaired. Loans which are performing are evaluated collectively by loan class or loan type. The allowance for performing loans is evaluated based on historical loan loss experience, including consideration of peer loss analysis, with an adjustment for qualitative factors due to economic conditions in the Bank's market. Impaired loans are loans which are 60 days or more delinquent or troubled debt restructured. These loans are individually evaluated for loan loss either by current appraisal, estimated economic factor, or net present value. Management reviews the overall estimate for reasonableness and bases the loan loss provision accordingly.

The portfolio of performing loans is segmented into the following loan types, where the risk level for each type is analyzed when determining the allowance for these loans:

Residential single family real estate loans involve certain risks such as interest rate risk and risk of non-repayment. Adjustable-rate residential family real estate loans decreases the interest rate risk to the Bank that is associated with changes in interest rates but involve other risks, primarily because as interest rates rise, the payment by the borrower rises to the extent permitted by the terms of the loan, thereby increasing the potential for default. At the same time, the marketability of the underlying property may be adversely affected by higher interest rates. Repayment risk can be affected by job loss, divorce, illness and personal bankruptcy of the borrower.

Construction lending is generally considered to involve a high risk due to the concentration of principal in a limited number of loans and borrowers and the effects of the general economic conditions on developers and builders. Moreover, a construction loan can involve additional risks because of the inherent difficulty in estimating both a property's value at completion of the project and the estimated cost (including interest) of the project. The nature of

these loans is such that they are generally difficult to evaluate and monitor. In addition, speculative construction loans to a builder are not necessarily pre-sold and thus pose a greater potential risk to the Bank than construction loans to individuals on their personal residence.

Commercial and multi-family real estate lending entails significant additional risks as compared with residential family property lending. Such loans typically involve large loan balances to single borrowers or groups of related borrowers. The payment experience on such loans is typically dependent on the successful operation of the real estate project. The success of such projects is sensitive to changes in supply and demand conditions in the market for commercial real estate as well as economic conditions generally.

Commercial business lending is generally considered higher risk due to the concentration of principal in a limited number of loans and borrowers and the effects of general economic conditions on the business. Commercial business loans are primarily secured by inventories and other business assets. In most cases, any repossessed collateral for a defaulted commercial business loans will not provide an adequate source of repayment of the outstanding loan balance.

Home equity lending entails certain risks such as interest rate risk and risk of non-repayment. The marketability of the underlying property may be adversely affected by higher interest rates, decreasing the collateral securing the loan. Repayment risk can be affected by job loss, divorce, illness and personal bankruptcy of the borrower.

Home equity line of credit lending entails securing an equity interest in the borrower's home. The risk associated with this type of lending is the marketability of the underlying property may be adversely affected by higher interest rates. Repayment risk can be affected by job loss, divorce, illness and personal bankruptcy of the borrower. This type of lending is often priced on an adjustable rate basis with the rate set at or above a predefined index. Adjustable-rate loans decreases the interest rate risk to the Bank that is associated with changes in interest rates but involve other risks, primarily because as interest rates rise, the payment by the borrower rises to the extent permitted by the terms of the loan, thereby increasing the potential for default

Consumer loans generally have more credit risk because of the type and nature of the collateral and, in certain cases, the absence of collateral. Consumer loans generally have shorter terms and higher interest rates than other lending. In addition, consumer lending collections are dependent on the borrower's continuing financial stability, and thus are more likely to be adversely effected by job loss, divorce, illness and personal bankruptcy. In most cases, any repossessed collateral for a defaulted consumer loan will not provide and adequate source of repayment of the outstanding loan.

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The Company also maintains an unallocated allowance. The unallocated allowance is used to cover any factors or conditions which may cause a potential loan loss but are not specifically identifiable. It is prudent to maintain an unallocated portion of the allowance because no matter how detailed an analysis of potential loan losses is performed, these estimates lack some element of precision. Management must make estimates using assumptions and information that is often subjective and changing rapidly. In addition, as an integral part of their examination process, the Federal Deposit Insurance Corporation will periodically review the allowance for loan losses and may require us to adjust the allowance based on their analysis of information available to it at the time of its examination.

**Classified Assets.** The Company's policies provide for a classification system for problem assets. Under this classification system, problem assets are classified as "substandard," "doubtful," "loss" or "special mention." An asset is considered substandard if it is inadequately protected by its current net worth and paying capacity of the borrower or of the collateral pledged, if any. Substandard assets include those characterized by the "distinct possibility" that "some loss" will be sustained if the deficiencies are not corrected. Assets classified as doubtful have all the weaknesses inherent in those classified substandard with the added characteristic that the weakness present makes "collection or liquidation in full" on the basis of currently existing facts, conditions, and values, "highly questionable and improbable." Assets classified as loss are those considered "uncollectible" and of such little value that their continuance as assets without the establishment of a specific loss reserve is not warranted, and the loan, or a portion thereof, is charged-off. Assets may be designated special mention because of potential weaknesses that do not currently warrant classification in one of the aforementioned categories.

When the Company classifies problem loans, it may establish general allowances for loan losses in an amount deemed prudent by management. General allowances represent loss allowances which have been established to recognize the inherent risk associated with lending activities, but which, unlike specific allowances, have not been allocated to particular problem assets. A portion of general loss allowances established to cover possible losses related to assets classified as substandard or doubtful may be included in determining our regulatory capital. Specific valuation allowances for loan losses generally do not qualify as regulatory capital. At September 30, 2011, we had \$1 thousand in assets classified as loss, \$8.6 million in assets classified as doubtful, \$37.9 million in assets classified as substandard, and \$51.7 million in assets classified as special mention. The loans classified as substandard represent primarily commercial loans secured either by residential real estate, commercial real estate or heavy equipment. The loans that have been classified substandard were classified as such primarily because either updated financial information has not been provided timely, or the collateral underlying the loan is in the process of being revalued.

The Company's internal credit risk grades are based on the definitions currently utilized by the banking regulatory agencies. The grades assigned and definitions are as follows, and loans graded excellent, above average, good and watch list (risk ratings 1-4) are treated as "pass" for grading purposes:

5 – Special Mention- Loans currently performing but with potential weaknesses including adverse trends in borrower's operations, credit quality, financial strength, or possible collateral deficiency.

6 – Substandard- Loans that are inadequately protected by current sound worth, paying capacity, and collateral support. The loan needs special and corrective attention.

7 – Doubtful- Weaknesses in credit quality and collateral support make full collection improbable, but pending reasonable factors remain sufficient to defer the loss status.

8 – Loss- Continuance as a bankable asset is not warranted. However, this does not preclude future attempts at partial recovery.

In prior quarters, the Company used peer group historical data in the provision methodology. The current methodology for this calculation is determined with the Company's specific Historical Loss Percentage ("HLP") for each loan type, using 2 years of prior bank data (or 8 quarters). The relative weights of prior quarters are decayed logarithmically and are further adjusted based on the trend of the historical loss percentage at the time. Also, instead of applying consistent percentages to each of the credit risk grades, the most recent methodology applies a higher factor to classified loans based on a delinquency risk trend and concentration risk trend by using the past due and non-accrual as a percentage of the specific loan category. The change in methodology has resulted in a shift in the required allowances across loan types with no material change in the total allowance for loan losses.

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## Note 7 - Loans Receivable and Allowance for Loan Losses (Continued)

The following table sets forth the activity in the Bank's allowance for loan losses for the three months ended September 30, 2011 (In Thousands):

|   | Commercial &<br>Residential | Multi-family | Construction | Commercial<br>Business<br>(1) | Home<br>equity (2) | Consumer | Unallocated | Total    |
|---|-----------------------------|--------------|--------------|-------------------------------|--------------------|----------|-------------|----------|
| Allowance for credit losses:                                    |                             |              |              |                               |                    |          |             |          |
| Beginning balance   |                             |              |              |                               |                    |          |             |          |
| June 30, 2011   | \$ 654                      | \$ 5,278     | \$ 355       | \$ 1,492                      | \$ 362             | \$ 7     | \$ 568      | \$ 8,716 |
| Charge-offs   | \$ -                        | \$ 366       | \$ 110       | \$ -                          | \$ -               | \$ -     | \$ -        | \$ 476   |
| Recoveries  | \$ -                        | \$ -         | \$ -         | \$ -                          | \$ -               | \$ -     | \$ -        | \$ -     |
| Provisions  | \$ 468                      | \$ 354       | \$ 233       | \$ 60                         | \$ 177             | \$ -     | \$ (492)    | \$ 800   |
| Ending balance September 30, 2011                               | \$ 1,122                    | \$ 5,266     | \$ 478       | \$ 1,552                      | \$ 539             | \$ 7     | \$ 76       | \$ 9,040 |
| Ending balance: individually evaluated for impairment           | \$ 66                       | \$ 979       | \$ 110       | \$ 625                        | \$ 72              | \$ -     | \$ -        | \$ 1,852 |
| Ending balance: collectively evaluated for impairment           | \$ 594                      | \$ 3,495     | \$ 368       | \$ 852                        | \$ 331             | \$ 7     | \$ 76       | \$ 5,723 |
| Ending balance: loans acquired with deteriorated credit quality | \$ 462                      | \$ 792       | \$ -         | \$ 75                         | \$ 136             | \$ -     | \$ -        | \$ 1,465 |

(1) Includes business lines of credit.

(2) Includes home equity lines of credit.





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## Note 7 - Loans Receivable and Allowance for Loan Losses (Continued)

The following table sets forth the activity in the Bank's allowance for loan losses for the nine months ended September 30, 2011 and recorded investment in loans receivable at September 30, 2011. The table also details the amount of total loans receivable, that are evaluated individually, and collectively, for impairment, and the related portion of the allowance for loan losses that is allocated to each loan class (In Thousands):

|   | Commercial &<br>Residential | Commercial &<br>Multi-family | Commercial<br>Construction | Commercial<br>Business<br>(1) | Home<br>equity (2) | Consumer | Unallocated | Total      |
|---|-----------------------------|------------------------------|----------------------------|-------------------------------|--------------------|----------|-------------|------------|
| Allowance for credit losses:  |                             |                              |                            |                               |                    |          |             |            |
| Beginning balance   | \$ 171                      | \$ 6,179                     | \$ 426                     | \$ 1,286                      | \$ 204             | \$ 18    | \$ 133      | \$ 8,417   |
| Charge-offs   | \$ 122                      | \$ 746                       | \$ 110                     | \$ 24                         | \$ -               | \$ -     | \$ -        | \$ 1,002   |
| Recoveries  | \$ -                        | \$ 25                        | \$ -                       | \$ -                          | \$ -               | \$ -     | \$ -        | \$ 25      |
| Provisions  | \$ 1,073                    | \$ (192 )                    | \$ 162                     | \$ 290                        | \$ 335             | \$ (11 ) | \$ (57 )    | \$ 1,600   |
| Ending balance  | \$ 1,122                    | \$ 5,266                     | \$ 478                     | \$ 1,552                      | \$ 539             | \$ 7     | \$ 76       | \$ 9,040   |
| Ending balance:<br>individually<br>evaluated for<br>impairment              | \$ 66                       | \$ 979                       | \$ 110                     | \$ 625                        | \$ 72              | \$ -     | \$ -        | \$ 1,852   |
| Ending balance:<br>collectively<br>evaluated for<br>impairment              | \$ 594                      | \$ 3,495                     | \$ 368                     | \$ 852                        | \$ 331             | \$ 7     | \$ 76       | \$ 5,723   |
| Ending balance:<br>loans<br>acquired with<br>deteriorated<br>credit quality | \$ 462                      | \$ 792                       | \$ -                       | \$ 75                         | \$ 136             | \$ -     | \$ -        | \$ 1,465   |
| Loans receivables:  |                             |                              |                            |                               |                    |          |             |            |
| Ending balance  | \$ 222,002                  | \$ 408,224                   | \$ 12,612                  | \$ 60,602                     | \$ 54,526          | \$ 1,490 | \$ -        | \$ 759,456 |
| Ending balance:<br>individually<br>evaluated for<br>impairment              | \$ 2,104                    | \$ 34,489                    | \$ 1,756                   | \$ 3,744                      | \$ 690             | \$ -     | \$ -        | \$ 42,783  |

|  |           |            |          |           |           |        |      |            |
|--|-----------|------------|----------|-----------|-----------|--------|------|------------|
| Ending balance:<br>collectively<br>evaluated for<br>impairment | \$ 49,264 | \$ 255,103 | \$ 8,754 | \$ 47,009 | \$ 25,509 | \$ 413 | \$ - | \$ 386,052 |
|--|-----------|------------|----------|-----------|-----------|--------|------|------------|

|  |            |            |          |          |           |          |      |            |
|--|------------|------------|----------|----------|-----------|----------|------|------------|
| Ending balance:<br>loans<br>acquired with<br>deteriorated credit<br>quality(3) | \$ 170,634 | \$ 118,632 | \$ 2,102 | \$ 9,849 | \$ 28,327 | \$ 1,077 | \$ - | \$ 330,621 |
|--|------------|------------|----------|----------|-----------|----------|------|------------|

(1) Includes business lines of credit.

(2) Includes home equity lines of credit.

(3) Includes all loans acquired by acquisition. Also includes \$9.8 million of loans that have deteriorated in credit quality since the acquisition.

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## Note 7 - Loans Receivable and Allowance for Loan Losses (Continued)

The following table sets forth the Bank's allowance for credit losses and recorded investment in loans receivable at December 31, 2010. The following table also details the amount of total loans receivable, that are evaluated individually, and collectively, for impairment, and the related portion of allowance for loan losses that is allocated to each loan class (In Thousands):

|   | Residential | Commercial &<br>Multi-family | Commercial<br>Business<br>Construction(1) | Home<br>equity (2) | Consumer  | Unallocated | Total  |           |
|---|-------------|------------------------------|---|--------------------|-----------|-------------|--------|-----------|
| Allowance for credit losses:  |             |                              |   |                    |           |             |        |           |
| Ending balance  | \$ 171      | \$ 6,179                     | \$ 426                                    | \$ 1,286           | \$ 204    | \$ 18       | \$ 133 | \$8,417   |
| Ending balance:<br>individually<br>evaluated for<br>impairment              |             |                              |   |                    |           |             |        |           |
|   | \$ -        | \$ 1,656                     | \$ -                                      | \$ 449             | \$ 2      | \$ -        | \$ -   | \$2,107   |
| Ending balance:<br>collectively<br>evaluated for<br>impairment              |             |                              |   |                    |           |             |        |           |
|   | \$ 171      | \$ 4,523                     | \$ 426                                    | \$ 837             | \$ 202    | \$ 18       | \$ 133 | \$6,310   |
| Ending balance:<br>loans<br>acquired with<br>deteriorated<br>credit quality |             |                              |   |                    |           |             |        |           |
|   | \$ -        | \$ -                         | \$ -                                      | \$ -               | \$ -      | \$ -        | \$ -   | \$-       |
| Loans receivables:  |             |                              |   |                    |           |             |        |           |
| Ending balance  | \$ 234,435  | \$ 410,212                   | \$ 17,848                                 | \$ 54,160          | \$ 63,603 | \$ 1,816    | \$ -   | \$782,074 |
| Ending balance:<br>individually<br>evaluated for<br>impairment              |             |                              |   |                    |           |             |        |           |
|   | \$ 89       | \$ 27,422                    | \$ 2,910                                  | \$ 2,809           | \$ 372    | \$ -        | \$ -   | \$33,602  |
| Ending balance:<br>collectively<br>evaluated for<br>impairment              |             |                              |   |                    |           |             |        |           |
|   | \$ 39,524   | \$ 250,494                   | \$ 13,532                                 | \$ 41,541          | \$ 28,992 | \$ 332      | \$ -   | \$374,415 |

|                   |            |            |          |          |           |          |      |            |
|-------------------|------------|------------|----------|----------|-----------|----------|------|------------|
| Ending balance:   |            |            |          |          |           |          |      |            |
| loans             |            |            |          |          |           |          |      |            |
| acquired with     |            |            |          |          |           |          |      |            |
| deteriorated      |            |            |          |          |           |          |      |            |
| credit quality(3) | \$ 194,821 | \$ 132,296 | \$ 1,406 | \$ 9,811 | \$ 34,240 | \$ 1,483 | \$ - | \$ 374,057 |

- (1) Includes business lines of credit.
- (2) Includes home equity lines of credit.
- (3) Includes all loans acquired by acquisition.

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## Note 7 - Loans Receivable and Allowance for Loan Losses (Continued)

The table below sets forth the amounts and types of non-accrual loans in the Bank's loan portfolio, at September 30, 2011 and December 31, 2010. Loans are placed on non-accrual status when they become more than 90 days delinquent, or when the collection of principal and/or interest become doubtful.

|                             | At September 30,<br>2011<br>(In Thousands) |
|-----------------------------|--|
| Non-accruing loans:         |  |
| Residential                 | \$ 12,873                                  |
| Construction                | 3,650                                      |
| Commercial business(1)      | 1,798                                      |
| Commercial and multi-family | 22,329                                     |
| Home equity(2)              | 942  |
| Consumer                    | 237  |
| Total                       | \$ 41,829                                  |

(1) Includes business lines of credit.

(2) Includes home equity lines of credit.

|                             | At December 31,<br>2010<br>(In Thousands) |
|-----------------------------|---|
| Non-accruing loans:         |   |
| Residential                 | \$ 15,115                                 |
| Construction                | 2,773                                     |
| Commercial business(1)      | 861                                       |
| Commercial and multi-family | 21,147                                    |
| Home equity(2)              | 1,632                                     |
| Consumer                    | 283                                       |
| Total                       | \$ 41,811                                 |

(1) Includes business lines of credit.

(2) Includes home equity lines of credit.

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## Note 7 - Loans Receivable and Allowance for Loan Losses (Continued)

The following table summarizes information in regards to impaired loans by loan portfolio class as of September 30, 2011 and average recorded investment and actual interest income recognized for the three months ended September 30, 2011 (In Thousands):

|  | Recorded<br>Investment | Unpaid<br>Principal<br>Balance | Related<br>Allowance | Average<br>Recorded<br>Investment | Interest<br>Income<br>Recognized |
|--|------------------------|--------------------------------|----------------------|-----------------------------------|----------------------------------|
| <b>With no related allowance recorded:</b> |                        |                                |                      |                                   |                                  |
| Residential Mortgages                      | \$5,646                | \$ 5,646                       | \$-                  | \$ 3,411                          | \$ 95                            |
| Commercial and Multi-family                | 27,543                 | 27,543                         | -                    | 23,402                            | 296                              |
| Construction                               | 1,409                  | 1,409                          | -                    | 5,235                             | -                                |
| Commercial Business(1)                     | 1,519                  | 1,519                          | -                    | 1,621                             | 12                               |
| Home Equity(2)                             | 844                    | 844                            | -                    | 625                               | 15                               |
| Consumer                                   | -                      | -                              | -                    | -                                 | -                                |
| <b>With an allowance recorded:</b>         |                        |                                |                      |                                   |                                  |
| Residential Mortgages                      | \$7,345                | \$ 7,345                       | \$528                | \$ 3,754                          | \$ 270                           |
| Commercial and Multi-family                | 17,602                 | 17,602                         | 1,771                | 17,301                            | 364                              |
| Construction                               | 660                    | 660                            | 110                  | 660                               | -                                |
| Commercial Business(1)                     | 2,532                  | 2,532                          | 700                  | 2,164                             | 21                               |
| Home Equity(2)                             | 868                    | 868                            | 208                  | 490                               | 32                               |
| Consumer                                   | -                      | -                              | -                    | -                                 | -                                |
| <b>Total:</b>                              |                        |                                |                      |                                   |                                  |
| Residential Mortgages                      | \$12,991               | \$ 12,991                      | \$528                | \$ 7,165                          | \$ 365                           |
| Commercial and Multi-family                | 45,145                 | 45,145                         | 1,771                | 40,703                            | 660                              |
| Construction                               | 2,069                  | 2,069                          | 110                  | 5,895                             | -                                |
| Commercial Business(1)                     | 4,051                  | 4,051                          | 700                  | 3,785                             | 33                               |
| Home Equity(2)                             | 1,712                  | 1,712                          | 208                  | 1,115                             | 47                               |
| Consumer                                   | -                      | -                              | -                    | -                                 | -                                |

(1) Includes business lines of credit.

(2) Includes home equity lines of credit.

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## Note 7 - Loans Receivable and Allowance for Loan Losses (Continued)

The following table summarizes information in regards to impaired loans by loan portfolio class as of September 30, 2011 and average recorded investment and actual interest income recognized for the nine months ended September 30, 2011 (In Thousands):

|  | Recorded<br>Investment | Unpaid<br>Principal<br>Balance | Related<br>Allowance | Average<br>Recorded<br>Investment | Interest<br>Income<br>Recognized |
|--|------------------------|--------------------------------|----------------------|-----------------------------------|----------------------------------|
| <b>With no related allowance recorded:</b> |                        |                                |                      |                                   |                                  |
| Residential Mortgages                      | \$5,646                | \$ 5,646                       | \$-                  | \$ 1,857                          | \$ 95                            |
| Commercial and Multi-family                | 27,543                 | 27,543                         | -                    | 19,483                            | 520                              |
| Construction                               | 1,409                  | 1,409                          | -                    | 2,764                             | -                                |
| Commercial Business(1)                     | 1,519                  | 1,519                          | -                    | 1,306                             | 34                               |
| Home Equity(2)                             | 844                    | 844                            | -                    | 433                               | 16                               |
| Consumer                                   | -                      | -                              | -                    | -                                 | -                                |
| <b>With an allowance recorded:</b>         |                        |                                |                      |                                   |                                  |
| Residential Mortgages                      | \$7,345                | \$ 7,345                       | \$528                | \$ 1,979                          | \$ 270                           |
| Commercial and Multi-family                | 17,602                 | 17,602                         | 1,771                | 15,864                            | 611                              |
| Construction                               | 660                    | 660                            | 110                  | 330                               | -                                |
| Commercial Business(1)                     | 2,532                  | 2,532                          | 700                  | 1,991                             | 21                               |
| Home Equity(2)                             | 868                    | 868                            | 208                  | 319                               | 37                               |
| Consumer                                   | -                      | -                              | -                    | -                                 | -                                |
| <b>Total:</b>                              |                        |                                |                      |                                   |                                  |
| Residential Mortgages                      | \$12,991               | \$ 12,991                      | \$528                | \$ 3,836                          | \$ 365                           |
| Commercial and Multi-family                | 45,145                 | 45,145                         | 1,771                | 35,347                            | 1,131                            |
| Construction                               | 2,069                  | 2,069                          | 110                  | 3,094                             | -                                |
| Commercial Business(1)                     | 4,051                  | 4,051                          | 700                  | 3,297                             | 55                               |
| Home Equity(2)                             | 1,712                  | 1,712                          | 208                  | 752                               | 53                               |
| Consumer                                   | -                      | -                              | -                    | -                                 | -                                |

(1) Includes business lines of credit.

(2) Includes home equity lines of credit.



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## Note 7 - Loans Receivable and Allowance for Loan Losses (Continued)

The following table summarizes information in regards to impaired loans by loan type as of December 31, 2010 (In Thousands):

|                                     | Recorded<br>Investment | Unpaid<br>Principal<br>Balance | Related<br>Allowance |
|-------------------------------------|------------------------|--------------------------------|----------------------|
| With no related allowance recorded: |                        |                                |                      |
| Residential                         | \$89                   | \$89                           | \$ -                 |
| Commercial and multi-family         | 9,709                  | 9,709                          | -                    |
| Construction                        | 2,910                  | 2,910                          | -                    |
| Commercial business(1)              | 981                    | 981                            | -                    |
| Home equity(2)                      | 189                    | 189                            | -                    |
| Consumer                            | -                      | -                              | -                    |
| With an allowance recorded:         |                        |                                |                      |
| Residential                         | \$-                    | \$-                            | \$ -                 |
| Commercial and multi-family         | 17,713                 | 17,713                         | 1,656                |
| Construction                        | -                      | -                              | -                    |
| Commercial business(1)              | 1,828                  | 1,828                          | 449                  |
| Home equity(2)                      | 183                    | 183                            | 2                    |
| Consumer                            | -                      | -                              | -                    |
| Total:                              |                        |                                |                      |
| Residential                         | \$89                   | \$89                           | \$ -                 |
| Commercial and multi-family         | 27,422                 | 27,422                         | 1,656                |
| Construction                        | 2,910                  | 2,910                          | -                    |
| Commercial business                 | 2,809                  | 2,809                          | 449                  |
| Home equity                         | 372                    | 372                            | 2                    |
| Consumer                            | -                      | -                              | -                    |

(1) Includes business lines of credit.

(2) Includes home equity lines of credit.

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## Note 7 - Loans Receivable and Allowance for Loan Losses (Continued)

During the third quarter of 2011, the Bank adopted the FASB guidance on the determination of whether a loan restructuring is considered to be a troubled debt restructuring (TDR). A TDR is a loan whose contractual terms have been modified resulting in the Bank granting a concession to a borrower who is experiencing financial difficulties in order for the Bank to have a greater chance of collecting the indebtedness from the borrower. Concessions could include, but are not limited to : interest rate reductions, maturity extensions or principle forgiveness. An additional benefit to the Bank in granting a concession is to avoid foreclosure or repossession of collateral at a time when real estate values are at historical lows. As a result of adopting this amendment to the credit quality guidance, the Bank reassessed the terms and conditions to customers on restructured loans that had been completed retrospective to January 1, 2011.

The following table summarizes information in regards to troubled debt restructurings for the three months ended September 30, 2011, (In thousands):

|                                     | Number of<br>Contracts | Pre-Modification<br>Outstanding<br>Recorded<br>Investments | Post-Modification<br>Outstanding<br>Recorded<br>Investments |
|-------------------------------------|------------------------|--|---|
| <b>Troubled Debt Restructurings</b> |                        |  |   |
| Residential                         | 7                      | \$ 2,676   | \$ 2,676  |
| Commercial and multi-family         | 3                      | \$ 1,279   | \$ 1,279  |
| Construction                        | -                      | \$ -   | \$ -  |
| Commercial business                 | -                      | \$ -   | \$ -  |
| Home equity                         | 2                      | \$ 471   | \$ 471  |
| Consumer                            | -                      | \$ -   | \$ -  |

|   | Number of<br>Contracts | Recorded<br>Investment |
|---|------------------------|------------------------|
| <b>Troubled Debt Restructurings<br/>That Subsequently Defaulted</b> |                        |                        |
| Residential   | -                      | \$ -                   |
| Commercial and multi-family   | -                      | \$ -                   |
| Construction  | -                      | \$ -                   |
| Commercial business   | -                      | \$ -                   |
| Home equity   | -                      | \$ -                   |
| Consumer  | -                      | \$ -                   |

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## Note 7 - Loans Receivable and Allowance for Loan Losses (Continued)

The following table summarizes information in regards to troubled debt restructurings for the nine months ended September 30, 2011, (In thousands):

|                                     | Number<br>of<br>Contracts | Pre-Modification<br>Outstanding<br>Recorded<br>Investments | Post-Modification<br>Outstanding<br>Recorded<br>Investments |
|-------------------------------------|---------------------------|--|---|
| <b>Troubled Debt Restructurings</b> |                           |  |   |
| Residential                         | 23                        | \$ 6,474   | \$ 6,474  |
| Commercial and multi-family         | 15                        | \$ 10,295  | \$ 10,295   |
| Construction                        | -                         | \$ -   | \$ -  |
| Commercial business                 | -                         | \$ -   | \$ -  |
| Home equity                         | 8                         | \$ 835   | \$ 835  |
| Consumer                            | -                         | \$ -   | \$ -  |

The loans included above are considered TDRs as a result of the Bank implementing one or more of the following concessions: granting a material extension of time, issuing a forbearance agreement, adjusting the interest rate, accepting interest only for a period of time or a change in amortization period. As of September 30, 2011, TDRs totaled \$17.6 million. All TDRs were considered impaired and therefore were individually evaluated for impairment in the calculation of the allowance for loan losses. Prior to their classification as TDRs, certain of these loans had been collectively evaluated for impairment in the calculation of the allowance for loan losses.

|   | Number of<br>Contracts | Recorded<br>Investment |
|---|------------------------|------------------------|
| <b>Troubled Debt Restructurings<br/>That Subsequently Defaulted</b> |                        |                        |
| Residential   | 2                      | \$ 508                 |
| Commercial and multi-family   | 1                      | \$ 663                 |
| Construction  | -                      | \$ -                   |
| Commercial business   | -                      | \$ -                   |
| Home equity   | 1                      | \$ 54                  |
| Consumer  | -                      | \$ -                   |

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## Note 7 - Loans Receivable and Allowance for Loan Losses (Continued)

The following table sets forth the delinquency status of total loans receivable at September 30, 2011:

|                                | 30-59 Days<br>Past Due<br>(In Thousands) | 60-89<br>Days Past<br>Due | 90 Days or<br>More Past<br>Due | Total<br>Past Due | Current   | Total Loans<br>Receivable | Loans<br>Receivable<br>90<br>Days or<br>More<br>and<br>Accruing |
|--------------------------------|--|---------------------------|--------------------------------|-------------------|-----------|---------------------------|---|
| Residential                    | \$5,937                                  | \$1,589                   | \$12,873                       | \$20,399          | \$201,603 | \$222,002                 | —   |
| Commercial and<br>multi-family | 10,887                                   | 7,638                     | 22,329                         | 40,854            | 367,370   | 408,224                   | —   |
| Construction                   | 201                                      | —                         | 3,650                          | 3,851             | 8,761     | 12,612                    | —   |
| Commercial<br>business(1)      | 174                                      | —                         | 1,798                          | 1,972             | 58,630    | 60,602                    | —   |
| Home equity(2)                 | 1,454                                    | 919                       | 942                            | 3,315             | 51,211    | 54,526                    | —   |
| Consumer                       | 19                                       | —                         | 237                            | 256               | 1,234     | 1,490                     | —   |
| Total                          | \$18,672                                 | \$10,146                  | \$41,829                       | \$70,647          | \$688,809 | \$759,456                 | —   |

(1) Includes business lines of credit.

(2) Includes home equity lines of credit.

The following table sets forth the delinquency status of total loans receivable at December 31, 2010 :

|                                | 30-59 Days<br>Past Due | 60-89<br>Days Past<br>Due | 90 Days or<br>More Past<br>Due | Total<br>Past Due<br>(In Thousands) | Current   | Total Loans<br>Receivable | Loans<br>Receivable<br>90<br>Days or<br>More<br>Accruing |
|--------------------------------|------------------------|---------------------------|--------------------------------|-------------------------------------|-----------|---------------------------|--|
| Residential                    | \$5,010                | \$3,706                   | \$15,115                       | \$23,831                            | \$210,604 | \$234,435                 | —  |
| Commercial and<br>multi-family | 20,071                 | 5,391                     | 21,147                         | 46,609                              | 363,603   | 410,212                   | —  |
| Construction                   | 1,889                  | —                         | 2,773                          | 4,662                               | 13,186    | 17,848                    | —  |
| Commercial<br>business(1)      | 1,377                  | 456                       | 861                            | 2,694                               | 51,466    | 54,160                    | —  |
| Home equity(2)                 | 870                    | 694                       | 1,632                          | 3,196                               | 60,407    | 63,603                    | —  |
| Consumer                       | 106                    | 5                         | 283                            | 394                                 | 1,422     | 1,816                     | —  |
| Total                          | \$29,323               | \$10,252                  | \$41,811                       | \$81,386                            | \$700,688 | \$782,074                 | —  |

- (1) Includes business lines of credit.
- (2) Includes home equity lines of credit.

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## Note 7 - Loans Receivable and Allowance for Loan Losses (Continued)

The following table presents the loan portfolio types summarized by the aggregate pass rating and the classified ratings of special mention, substandard, doubtful, and loss within the Company's internal risk rating system as of September 30, 2011 (In Thousands):

|                             | Pass      | Special<br>Mention | Substandard | Doubtful | Loss | Total     |
|-----------------------------|-----------|--------------------|-------------|----------|------|-----------|
| Residential                 | \$198,273 | \$12,314           | \$8,213     | \$3,202  | \$-  | \$222,002 |
| Commercial and multi-family | 349,306   | 32,502             | 25,372      | 1,044    | -    | 408,224   |
| Construction                | 6,951     | 2,017              | 2,510       | 1,134    | -    | 12,612    |
| Commercial business(1)      | 53,832    | 3,112              | 862         | 2,796    | -    | 60,602    |
| Home equity(2)              | 51,578    | 1,712              | 969         | 267      | -    | 54,526    |
| Consumer                    | 1,353     | -                  | -           | 136      | 1    | 1,490     |
| Total                       | \$661,293 | \$51,657           | \$37,926    | \$8,579  | \$1  | \$759,456 |

(1) Includes business lines of credit.

(2) Includes home equity lines of credit.

The following table presents the loan portfolio types summarized by the aggregate pass rating and the classified ratings of special mention, substandard, doubtful, and loss within the Company's internal risk rating system as of December 31, 2010 (In Thousands):

|                             | Pass      | Special<br>Mention | Substandard | Doubtful | Loss  | Total     |
|-----------------------------|-----------|--------------------|-------------|----------|-------|-----------|
| Residential                 | \$217,459 | \$4,930            | \$8,874     | \$3,172  | \$-   | \$234,435 |
| Commercial and multi-family | 349,219   | 30,538             | 17,760      | 12,578   | 117   | 410,212   |
| Construction                | 12,763    | 689                | 4,005       | 391      | -     | 17,848    |
| Commercial business(1)      | 50,248    | 3,113              | 339         | 25       | 435   | 54,160    |
| Home equity(2)              | 61,682    | 807                | 488         | 510      | 116   | 63,603    |
| Consumer                    | 1,673     | 7                  | -           | 136      | -     | 1,816     |
| Total                       | \$693,044 | \$40,084           | \$31,466    | \$16,812 | \$668 | \$782,074 |

(1) Includes business lines of credit.

(2) Includes home equity lines of credit.

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## Note 7 - Loans Receivable and Allowance for Loan Losses (Continued)

The following table presents unpaid principal balance and the related recorded investment of acquired loans included in our Consolidated Statements of Financial Condition.

|                          | September 30, December 31,<br>2011                      2010<br>(In Thousands) |            |
|--------------------------|--|------------|
| Unpaid principal balance | \$ 335,251   | \$ 378,004 |
| Recorded investment      | 330,621  | 374,057    |

The following table presents changes in the accretable discount on loans acquired in the Pamrapo acquisition for the nine months ended September 30, 2011,  
(In Thousands):

|  |           |
|--|-----------|
| Beginning Balance at December 31, 2010 | \$205,491 |
| Accretion                              | (33,716 ) |
| Ending Balance at September 30, 2011   | \$171,775 |

No interest income is being recognized on loans acquired where the fair value of the loan was based on the cash flows expected to be received from the foreclosure and sale of the underlying collateral. The carrying value of these loans at September 30, 2011 and December 31, 2010, was \$10,608,000 and \$11,661,000, respectively.

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## Note 8 – Fair Values of Financial Instruments

Guidance on fair value measurements establishes a fair value hierarchy that prioritizes the inputs to valuation methods used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2: Quoted prices in markets that are not active, or inputs that are observable either directly or indirectly, for substantially the full term of the asset or liability.

Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e. supported with little or no market activity).

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

The only assets or liabilities that the Company measured at fair value on a recurring basis were as follows (In Thousands):

| Description                                       | Total    | (Level 1)<br>Quoted Prices in<br>Active Markets<br>for Identical<br>Assets | (Level 2)<br>Significant<br>Other<br>Observable<br>Inputs | (Level 3)<br>Significant<br>Unobservable<br>Inputs |
|---|----------|--|---|--|
| As of September 30, 2011:                         |          |  |   |  |
| Securities available for sale — Equity Securities | \$ 1,114 | \$ 1,114   | \$ —  | \$ —   |
| As of December 31, 2010:                          |          |  |   |  |
| Securities available for sale — Equity Securities | \$ 1,098 | \$ 1,098   | \$ —  | \$ —   |

There were no transfers of assets or liabilities into or out of Level 1, Level 2, or Level 3 of the fair value hierarchy during the nine months ended September 30, 2011.

The only assets or liabilities that the Company measured at fair value on a nonrecurring basis were as follows (In Thousands):

| Description | Total | (Level 1)<br>Quoted Prices in<br>Active<br>Markets | (Level 2)<br>Significant<br>Other<br>Observable<br>Inputs | (Level 3)<br>Significant<br>Unobservable<br>Inputs |
|-------------|-------|--|---|--|
|-------------|-------|--|---|--|



|                           |           | for Identical<br>Assets | Inputs |        |
|---------------------------|-----------|-------------------------|--------|--------|
| As of September 30, 2011: |           |                         |        |        |
| Impaired loans            | \$ 25,690 | \$ —                    | \$ —   | 25,690 |
| As of December 31, 2010:  |           |                         |        |        |
| Impaired Loans            | \$ 17,617 | \$ —                    | \$ —   | 17,617 |
| Real estate owned         | \$ 513    | \$ —                    | \$ —   | 513    |

The following information should not be interpreted as an estimate of the fair value of the entire Company since a fair value calculation is only provided for a limited portion of the Company's assets and liabilities. Due to a wide range of valuation techniques and the degree of subjectivity used in making the estimates, comparisons between the Company's disclosures and those of other companies may not be meaningful. The following methods and assumptions were used to estimate the fair values of the Company's financial instruments at September 30, 2011 and December 31, 2010.

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Note 8 – Fair Values of Financial Instruments (Continued)

Cash and Cash Equivalents (Carried at Cost)

The carrying amounts reported in the consolidated statements of financial condition for cash and short-term instruments approximate those assets' fair values.

Securities

The fair value of securities available for sale (carried at fair value) and held to maturity (carried at amortized cost) are determined by obtaining quoted market prices on nationally recognized securities exchanges (Level 1), or matrix pricing (Level 2), which is a mathematical technique used widely in the industry to value debt securities without relying exclusively on quoted market prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted prices. For certain securities which are not traded in active markets and/or are subject to transfer restrictions, valuations are adjusted to reflect illiquidity and/or non-transferability, and such adjustments are generally based on available market evidence (Level 3). In the absence of such evidence, management's best estimate is used. Management's best estimate consists of both internal and external support on certain Level 3 investments. Internal cash flow models using a present value formula that includes assumptions market participants would use along with indicative exit pricing obtained from broker/dealers (where available) were used to support fair values of certain Level 3 investments.

Loans Held for Sale (Carried at Lower of Cost or Fair Value)

The fair value of loans held for sale is determined, when possible, using quoted secondary-market prices. If no such quoted prices exist, the fair value of a loan is determined using quoted prices for a similar loan or loans, adjusted for specific attributes of that loan. Loans held for sale are carried at their cost at September 30, 2011 and December 31, 2010.

Loans Receivable (Carried at Cost)

The fair values of loans are estimated using discounted cash flow analyses, using market rates at the balance sheet date that reflect the credit and interest rate-risk inherent in the loans. Projected future cash flows are calculated based upon contractual maturity or call dates, projected repayments and prepayments of principal. Generally, for variable rate loans that reprice frequently and with no significant change in credit risk, fair values are based on carrying values.

Impaired Loans (Generally Carried at Fair Value)

A loan is impaired when, based on current information and events, it is probable that a creditor will be unable to collect all amounts due according to the contractual terms of the loan agreement. Impaired loans are measured based on the present value of expected future cash flows discounted at the loan's effective interest rate, or as a practical expedient, at the loans observable market price or the fair value of the collateral if the loan is collateral dependent. Fair value is generally determined based upon independent third-party appraisals of the properties, or discounted cash flows based upon the expected proceeds. These assets are included as Level 3 fair values, based upon the lowest level of input that is significant to the fair value measurements. The fair value consists of the loan balances of \$29,007,000 and \$19,724,000, net of a valuation allowance of \$3,317,000 and \$2,107,000 at September 30, 2011 and December 31, 2010, respectively.

Real Estate Owned (Generally Carried at Fair Value)

Real Estate Owned is generally carried at fair value, when the carry value is written down to fair value, which is determined based upon independent third-party appraisals of the properties, or based upon the expected proceeds from a pending sale. These assets are included as Level 3 fair values, based upon the lowest level of input that is significant to the fair value measurements.

#### FHLB of New York Stock (Carried at Cost)

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

#### Interest Receivable and Payable (Carried at Cost)

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

#### Deposits (Carried at Cost)

The fair values disclosed for demand deposits (e.g., interest and non-interest checking, passbook savings and money market accounts) are, by definition, equal to the amount payable on demand at the reporting date (i.e., their carrying amounts). Fair values for fixed-rate certificates of deposit are estimated using a discounted cash flow calculation that applies interest rates currently being offered in the market on certificates to a schedule of aggregated expected monthly maturities on time deposits.

#### Long-Term Debt (Carried at Cost)

Fair values of long-term debt are estimated using discounted cash flow analysis, based on quoted prices for new long-term debt with similar credit risk characteristics, terms and remaining maturity. These prices obtained from this active market represent a market value that is deemed to represent the transfer price if the liability were assumed by a third party.

#### Off-Balance Sheet Financial Instruments

Fair values for the Company's off-balance sheet financial instruments (lending commitments and unused lines of credit) are based on fees currently charged in the market to enter into similar agreements, taking into account, the remaining terms of the agreements and the counterparties' credit standing. The fair value of these commitments was deemed immaterial and is not presented in the accompanying table.

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## Note 8 – Fair Values of Financial Instruments (Continued)

The carrying values and estimated fair values of financial instruments were as follows at September 30, 2011 and December 31, 2010:

|                               | September 30,<br>2011 |            | December 31,<br>2010 |            |
|-------------------------------|-----------------------|------------|----------------------|------------|
|                               | Carrying<br>Value     | Fair Value | Carrying<br>Value    | Fair Value |
| (In Thousands)                |                       |            |                      |            |
| <b>Financial assets:</b>      |                       |            |                      |            |
| Cash and cash equivalents     | \$ 85,890             | \$ 85,890  | \$ 121,127           | \$ 121,127 |
| Securities available for sale | 1,114                 | 1,114      | 1,098                | 1,098      |
| Securities held to maturity   | 199,795               | 207,530    | 165,572              | 166,785    |
| Loans held for sale           | 3,275                 | 3,415      | 5,572                | 5,633      |
| Loans receivable              | 749,329               | 781,475    | 773,101              | 779,858    |
| FHLB of New York stock        | 6,678                 | 6,678      | 6,723                | 6,723      |
| Interest receivable           | 4,956                 | 4,956      | 5,203                | 5,203      |
| <b>Financial liabilities:</b> |                       |            |                      |            |
| Deposits                      | 859,580               | 882,574    | 886,288              | 890,402    |
| Long-term debt                | 114,124               | 133,484    | 114,124              | 126,895    |
| Interest payable              | 749                   | 749        | 787                  | 787        |

## Note 9 – New Accounting Pronouncements

In April 2011, the FASB issued Accounting Standards Update (ASU) No. 2011-02, Receivables (Topic 310): A Creditor's Determination of Whether a Restructuring Is a Troubled Debt Restructuring. The ASU clarifies which loan modifications constitute troubled debt restructurings. It is intended to assist creditors in determining whether a modification of the terms of a receivable meets the criteria to be considered a troubled debt restructuring, both for purposes of recording an impairment loss and for disclosure of troubled debt restructurings. In evaluating whether a restructuring constitutes a troubled debt restructuring, a creditor must separately conclude that both of the following exist: (a) the restructuring constitutes a concession; and (b) the debtor is experiencing financial difficulties. The amendments to FASB Accounting Standards Codification Topic 310, Receivables, clarify the guidance on a creditor's evaluation of whether it has granted a concession and whether a debtor is experiencing financial difficulties. For public companies, the new guidance is effective for interim and annual periods beginning on or after June 15, 2011, and applies retrospectively to restructurings occurring on or after the beginning of the fiscal year of adoption. Early application is permitted. Adoption of ASU 2011-02 did not have a significant impact on the Company's consolidated financial statements.

In April 2011, the FASB issued Accounting Standards Updates (ASU) No. 2011-03, Transfers and Servicing: Reconsideration of Effective Control for Repurchase Agreements. The ASU is intended to improve financial reporting of repurchase agreements ("repos") and other agreements that both entitle and obligate a transferor to repurchase or redeem financial assets before their maturity. In a typical repo transaction, an entity transfers financial assets to a counterparty in exchange for cash with an agreement for the counterparty to return the same or equivalent financial assets for a fixed price in the future. FASB Accounting Standards Codification (Codification) Topic 860, Transfers and Servicing, prescribes when an entity may or may not recognize a sale upon the transfer of financial assets subject

to repo agreements. That determination is based, in part, on whether the entity has maintained effective control over the transferred financial assets. The amendments to the Codification in this ASU are intended to improve the accounting for these transactions by removing from the assessment of effective control the criterion requiring the transferor to have the ability to repurchase or redeem the financial assets. The guidance in the ASU is effective for the first interim or annual period on or after December 15, 2011. The guidance should be applied prospectively to transactions or modifications of existing transactions that occur on or after the effective date. Early adoption is not permitted. The Company does not expect that the adoption of this ASU will have a material impact on the Company's consolidated financial statements.

In May 2011, the FASB issued ASU No. 2011-04, Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs. The amendments in this update result in common fair value measurement and disclosure requirements in U.S. GAAP and International Financial Reporting Standards (IFRS). Consequently, the amendments change the wording used to describe many of the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. Some of the amendments in this update clarify the FASB's intent about the application of existing fair value measurement requirements. Other amendments change a particular principle or requirement for measuring fair value or for disclosing information about fair value measurements. This update is effective during interim and annual periods beginning on or after December 15, 2011 and is to be applied prospectively and early adoption is not permitted. The Company does not anticipate the adoption of this update will impact its consolidated financial condition or results of operations.

In June 2011, the FASB issued Accounting Standards Update (ASU) No. 2011-05, Comprehensive Income. The ASU eliminates the option to present components of other comprehensive income as part of the statement of changes in stockholders' equity and will require it be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The single statement format would include the traditional income statement and the components of total other comprehensive income as well as total comprehensive income. In the two statement approach, the first statement would be the traditional income statement which would be immediately followed by a separate statement which includes the components of other comprehensive income, total other comprehensive income and total comprehensive income. The amendments in this ASU will be applied retrospectively. For public companies, they are effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. Early adoption is permitted. Adoption of ASU 2011-05 is not expected to have a significant impact on the Company's consolidated financial statements.

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In September 2011, the FASB issued Accounting Standards Update (ASU) No. 2011-08, Intangibles-Goodwill and Other (Topic 350). The amendments in the ASU is intended to reduce complexity and costs by allowing an entity the option to make a qualitative evaluation about the likelihood of goodwill impairment to determine whether it should calculate the fair value of a reporting unit. The amendments also improve previous guidance by expanding upon the examples of events and circumstances that an entity should consider between annual impairment tests in determining whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. Also, the amendments improve the examples of events and circumstances that an entity having a reporting unit with a zero or negative carrying amount should consider in determining whether to measure an impairment loss, if any, under the second step of the goodwill impairment test. The amendments are effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption is permitted, including for annual and interim goodwill impairment tests performed as of a date before September 15, 2011, if an entity's financial statements for the most recent annual or interim period have not yet been issued or, for nonpublic entities, have not yet been made available for issuance. Adoption of ASU 2011-08 is not expected to have a significant impact on the Company's consolidated financial statements.

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ITEM 2.

Management's Discussion and Analysis of Financial Condition and Results of Operations

General

This discussion, and other written material, and statements management may make, may contain certain forward-looking statements regarding the Company's prospective performance and strategies within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The Company intends such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and is including this statement for purposes of said safe harbor provisions.

Forward-looking information is inherently subject to risks and uncertainties, and actual results could differ materially from those currently anticipated due to a number of factors, which include, but are not limited to, factors discussed in the Company's Annual Report on Form 10-K and in other documents filed by the Company with the Securities and Exchange Commission. Forward-looking statements, which are based on certain assumptions and describe future plans, strategies and expectations of the Company, are generally identified by the use of the words "plan," "believe," "expect," "intend," "anticipate," "estimate," "project," "may," "will," "should," "could," "predicts," "forecasts," "potential," or similar terms or the negative of these terms. The Company's ability to predict results or the actual effects of its plans or strategies is inherently uncertain. Accordingly, actual results may differ materially from anticipated results.

Factors that could have a material adverse effect on the operations of the Company and its subsidiaries include, but are not limited to, changes in market interest rates, general economic conditions, legislation, and regulation; changes in monetary and fiscal policies of the United States Government, including policies of the United States Treasury and Federal Reserve Board; changes in the quality or composition of the loan or investment portfolios; changes in deposit flows, competition, and demand for financial services, loans, deposits and investment products in the Company's local markets; changes in accounting principles and guidelines; war or terrorist activities; and other economic, competitive, governmental, regulatory, geopolitical and technological factors affecting the Company's operations, pricing and services.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this discussion. Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, the Company cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law or regulation, the Company undertakes no obligation to update these forward-looking statements to reflect events or circumstances that occur after the date on which such statements were made.

Completion of Acquisition

On July 6, 2010, the acquisition of Pamrapo Bancorp, Inc. was completed. The 100% stock transaction was valued at approximately \$38.6 million based on the closing price of BCB Bancorp, Inc. of \$7.83 per share. In accordance with the terms of the merger agreement, each share of Pamrapo Bancorp common stock has been converted into 1.00 share of BCB Bancorp's common stock. BCB Bancorp common stock continues to be listed on the NASDAQ Global Market under the symbol "BCBP."

On October 14, 2011, the Bank completed its merger with Allegiance Community Bank, as contemplated by the Agreement and Plan of Merger by and between BCB Bancorp, and Allegiance Community Bank dated April 4, 2011 (the "Agreement"). Under the terms of the Agreement, each share of Allegiance Community Bank stock was converted into 0.35 of a share of BCB Bancorp common stock. The transaction is valued at approximately \$6.2 million based on BCB Bancorp's closing share price of \$9.57 per share on October 13, 2011.

#### Financial Condition

Total assets decreased by \$27.1 million or 2.4% to \$1.08 billion at September 30, 2011 from \$1.11 billion at December 31, 2010. The decrease in total assets occurred primarily as a result of a decrease in cash and cash equivalents of \$35.2 million and loans receivable of \$23.8 million partially offset by an increase in securities held to maturity of \$34.2 million. Management is concentrating on controlled balance sheet growth and maintaining adequate liquidity in the anticipation of funding loans in the loan pipeline as well as seeking loan opportunities in the secondary market that provide competitive returns. During the first nine months of 2011, the composition of the Bank's balance sheet shifted out of cash and cash equivalents to investment securities. The initial intention of accumulating liquidity was to explore the possibility of repaying certain wholesale advances in an effort to reduce interest expense. Diligent monitoring of the penalties associated with the early prepayment of these advances proved cost prohibitive. Consequently, management decided to deploy the liquidity into pools of government sponsored enterprise (GSE) mortgage backed securities, providing yields of approximately three hundred fifty basis points higher than the yield on cash deposits. Investing in mortgage backed securities of intermediate terms of fifteen and twenty years ensures regular cash flow with accelerated amortization over long term investments, thereby positively impacting net interest income, spread, and margin. It is our intention to grow the balance sheet at a measured pace consistent with our capital levels and as business opportunities permit.

Total cash and cash equivalents decreased by \$35.2 million or 29.1% to \$85.9 million at September 30, 2011 from \$121.1 million at December 31, 2010. Investment securities classified as held-to-maturity increased by \$34.2 million or 20.7% to \$199.8 million at September 30, 2011 from \$165.6 million at December 31, 2010. The increase in investment securities occurred as a result of purchases of \$93.0 million during the nine months ended September 30, 2011, partially offset by call options exercised on \$29.8 million of callable agency securities, \$25.4 million in repayments and prepayments in the mortgage backed securities portfolio and \$2.4 million in sales during the nine months ended September 30, 2011, relating to collateralized mortgage obligations that were issued by the Federal National Mortgage Association ("FNMA") and the Federal Home Loan Mortgage Corporation ("FHLMC"). While these securities were classified as held to maturity, ASU 320 (formerly known as FAS 115) allows sales of securities so designated, provided that a substantial portion (at least 85%) of the principal balance has been amortized prior to the sale. A net realized gain of approximately \$18,000 was recognized as a result of the sale.

Loans receivable decreased by \$23.8 million or 3.1% to \$749.3 million at September 30, 2011 from \$773.1 million at December 31, 2010. The decrease resulted primarily from a \$19.7 million decrease in real estate mortgages comprised of residential, commercial, construction and participation loans with other financial institutions and a \$13.2 million decrease in consumer loans, net of amortization, partially offset by a \$10.3 million increase in commercial loans comprised of business loans and commercial lines of credit, net of amortization, partially offset by a \$623,000 increase in the allowance for loan losses. The balance in the loan pipeline as of September 30, 2011 stood at \$60.5 million. At September 30, 2011, the allowance for loan losses was \$9.0 million or 21.6% of non-performing loans. As a result of the loans acquired in the business combination transaction being recorded at their fair value, the balance in the allowance for loan losses that was on the balance sheet of the former Pamrapo Bancorp, Inc., was not carried over in the allowance balance previously discussed. However, at September 30, 2011, the amount which represents the non-accretible yield on loans acquired in the Pamrapo Bancorp, Inc. merger totaled approximately \$4.6 million and is recorded as a reduction of loans receivable.

Deposit liabilities decreased by \$26.7 million or 3.0% to \$859.6 million at September 30, 2011 from \$886.3 million at December 31, 2010. The decrease resulted primarily from a \$22.2 million decrease in time deposits, \$4.1 million in



transaction accounts and \$388,000 in savings and club accounts. During the nine months ended September 30, 2011, the Federal Open Market Committee, (FOMC) maintained its low interest rate policy. Since the Bank predicates its retail deposit pricing on market conditions and the current competitive environment, the present low interest rate environment lends itself to lower time deposits yields, and reduced interest expense.

The balance of borrowed money remained constant at \$114.1 million for the periods ended September 30, 2011 and December 31, 2010. The purpose of the borrowings reflects the use of long term Federal Home Loan Bank advances to augment deposits as the Bank's funding source for originating loans and investing in Government Sponsored Enterprise (GSE) investment securities.

Stockholders' equity decreased by \$78,000 or 0.08% to \$98.9 million at September 30, 2011 from \$99.0 million at December 31, 2010. The decrease in stockholders' equity is primarily attributable to the payment of three quarterly cash dividends totaling \$3.4 million representing three \$0.12 per share payments during the nine months ended September 30, 2011 and \$2.01 million paid to repurchase 187,048 shares of the Company's common stock, partially offset by net income for the nine months ended September 30, 2011 of \$5.1 million, a \$231,000 increase resulting from the exercise of stock options totaling 25,581 shares and a \$9,000 increase in the market value of our available-for-sale securities portfolio, net of tax. At September 30, 2011, the Bank's Tier 1, Tier 1 Risk-Based and Total Risk Based Capital Ratios were 9.47%, 16.74% and 17.81% respectively.

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Comparison of Operating Results for the Three Months Ended September 30, 2011 and 2010

On July 6, 2010, the Company acquired all of the outstanding common shares of Pamrapo Bancorp, Inc. in a business combination. ASC 805 "Business Combinations," permits the use of provisional amounts for assets and liabilities assumed when the information at acquisition date is incomplete. During the measurement period, amounts provisionally assigned to the acquisition accounting may be adjusted based on new information during the measurement period.

Through the measurement period, new information became available which necessitated a restatement of certain items in the Consolidated Statements of Income and the Consolidated Statement of Cash Flows. The adjustments relate to the carrying amount of property and equipment as of September 30, 2010 and the fair value of loans acquired. As a result of the aforementioned, depreciation expense and income tax expense also required adjustment.

Please refer to Note 1 in the Notes to Unaudited Consolidated Financial Statements for a tabular synopsis of these adjustments.

Net income decreased by \$10.75 million or 90.0% to \$1.19 million for the three months ended September 30, 2011 from \$11.94 million for the three months ended September 30, 2010. The decrease in net income was primarily due to a decrease in non-interest income and an increase in income taxes, partially offset by an increase in net interest income and a decrease in non-interest expense. Net interest income increased by \$1.3 million or 16.0% to \$9.4 million for the three months ended September 30, 2011 from \$8.1 million for the three months ended September 30, 2010. This increase in net interest income resulted primarily from an increase in the average yield of interest earning assets to 4.78% for the three months ended September 30, 2011 from 4.29% for the three months ended September 30, 2010, partially offset by a decrease in the average balance of interest earning assets of \$50.0 million or 4.5% to \$1.07 billion for the three months ended September 30, 2011 from \$1.12 billion for the three months ended September 30, 2010. The average balance of interest bearing liabilities decreased by \$51.2 million or 5.3% to \$914.5 million for the three months ended September 30, 2011 from \$965.7 million for the three months ended September 30, 2010 and the average cost of interest bearing liabilities decreased by fifteen basis points to 1.46% for the three months ended September 30, 2011 from 1.61% for the three months ended September 30, 2010. The decrease of fifteen basis points in the average cost of interest bearing liabilities was more than offset by an increase of forty-nine basis points in the average yield on interest earning assets. As a consequence of the aforementioned, our net interest margin increased to 3.52% for the three months ended September 30, 2011 from 2.90% for the three months ended September 30, 2010.

Interest income on loans receivable increased by \$115,000 or 1.1% to \$10.66 million for the three months ended September 30, 2011 from \$10.55 million for the three months ended September 30, 2010. The increase was primarily attributable to an increase in the average yield on loans receivable to 5.50% for the three months ended September 30, 2011 from 5.19% for the three months ended September 30, 2010, partially offset by a decrease in the average balance of loans receivable of \$37.2 million or 4.6% to \$776.2 million for the three months ended September 30, 2011 from \$813.4 million for the three months ended September 30, 2010.

Interest income on securities increased by \$641,000 or 45.5% to \$2.04 million for the three months ended September 30, 2011 from \$1.40 million for the three months ended September 30, 2010. This increase was primarily due to an increase in the average yield of securities held-to-maturity to 3.77% for the three months ended September 30, 2011 from 3.25% for the three months ended September 30, 2010, along with an increase in the average balance of securities held-to-maturity of \$44.3 million or 25.5% to \$217.8 million for the three months ended September 30, 2011 from \$173.5 million for the three months ended September 30, 2010.

Interest income on other interest-earning assets decreased by \$21,000 or 61.8% to \$13,000 for the three months ended September 30, 2011 from \$34,000 for the three months ended September 30, 2010. This decrease was primarily due to a decrease of \$58.4 million or 44.7% in the average balance of other interest-earning assets to \$72.2 million for the three months ended September 30, 2011 from \$130.6 million for the three months ended September 30, 2010. The average yield on other interest-earning assets decreased to 0.07% for the three months ended September 30, 2011 from 0.10% for the three months ended September 30, 2010. The average yield on other interest earning assets reflects the current philosophy by the FOMC of keeping short term interest rates at historically low levels.

Total interest expense decreased by \$554,000 or 14.2% to \$3.33 million for the three months ended September 30, 2011 from \$3.89 million for the three months ended September 30, 2010. The decrease resulted primarily from a decrease in the balance of average interest bearing liabilities of \$51.2 million or 5.3% to \$914.5 million for the three months ended September 30, 2011 from \$965.7 million for the three months ended September 30, 2010, along with a decrease in the average cost of interest bearing liabilities of fifteen basis points to 1.46% for the three months ended September 30, 2011 from 1.61% for the three months ended September 30, 2010. The decrease in the average cost reflects the Company's reaction to the prolonged low short term interest rate environment and our ability to reduce our pricing on a select number of retail deposit products.

The provision for loan losses totaled \$800,000 and \$800,000 for the three month periods ended September 30, 2011 and 2010, respectively. The provision for loan losses is established based upon management's review of the Bank's loans and consideration of a variety of factors including, but not limited to, (1) the risk characteristics of the loan portfolio, (2) current economic conditions, (3) actual losses previously experienced, (4) the dynamic activity and fluctuating balance of loans receivable, (5) the existing level of allowance for loan losses that are probable and estimable. During the three months ended September 30, 2011, the Bank experienced \$476,000 in net charge-offs, (consisting of \$476,000 in charge-offs and no recoveries). During the three months ended September 30, 2010, the Bank experienced \$80,000 in net charge-offs, (consisting of \$80,000 in charge-offs and no recoveries). The Bank had non-performing loans totaling \$41.8 million or 5.50% of gross loans at September 30, 2011, \$42.5 million or 5.49% of gross loans at June 30, 2011 and \$42.4 million or 5.25% of gross loans at September 30, 2010. The increase in non-performing loans resulted primarily from loans acquired as part of the acquisition of Pamrapo Bancorp, Inc. The allowance for loan losses was \$9.0 million or 1.19% of gross loans at September 30, 2011, \$8.7 million or 1.13% of gross loans at June 30, 2011 and \$7.5 million or 0.93% of gross loans at September 30, 2010. The carrying value of the loans acquired from Pamrapo was \$330.6 million at September 30, 2011. There was no carryover of the historical Pamrapo allowance for credit losses related to these loans. However, the amount which represents the non-accretable difference on loans acquired in the Pamrapo Bancorp, Inc. merger totaled approximately \$4.6 million and is recorded as a reduction of loans receivable. The amount of the allowance is based on estimates and the ultimate losses may vary from such estimates. Management assesses the allowance for loan losses on a quarterly basis and makes provisions for loan losses as necessary in order to maintain the adequacy of the allowance. While management uses available information to recognize losses on loans, future loan loss provisions may be necessary based on changes in the aforementioned criteria. In addition various regulatory agencies, as an integral part of their examination process, periodically review the allowance for loan losses and may require the Bank to recognize additional provisions based on their judgment of information available to them at the time of their examination. Management believes that the allowance for loan losses was adequate at September 30, 2011, June 30, 2011 and September 30, 2010.

Total non-interest income decreased by \$12.8 million or 98.6% to \$182,000 for the three months ended September 30, 2011 from \$13.0 million for the three months ended September 30, 2010. The decrease in non-interest income resulted primarily from the gain on bargain purchase associated with the completion of the acquisition of Pamrapo Bancorp, Inc. of \$12.6 million for the three months ended September 30, 2010 from no such corresponding gain for the three months ended September 30, 2011. A bargain purchase is defined as a business combination in which the total acquisition-date fair value of the identifiable net assets acquired exceeds the fair value of the consideration transferred plus any non-controlling interest in the acquiree, and it requires the acquirer to recognize that excess in earnings as a gain attributable to the acquisition. The decrease in non-interest income is further explained by a decrease of \$234,000 or 75.5% decrease in fees and service charges to \$76,000 for the three months ended September 30, 2011 from

\$310,000 for the three months ended September 30, 2010 and a loss on sale of real estate owned of \$121,000 for the three months ended September 30, 2011 as compared to no such corresponding loss for the three months ended September 30, 2010, partially offset by an increase of \$123,000 or 183.6% in gain on sale of loans originated for sale to \$190,000 for the three months ended September 30, 2011 from \$67,000 for the three months ended September 30, 2010, and an increase of \$20,000 or a 117.6% increase in other non-interest income to \$37,000 for the three months ended September 30, 2011 from \$17,000 for the three months ended September 30, 2010. The decrease in fees and service charges resulted from the reclassification of certain loan fees on non-performing loans previously recorded as income that were deemed uncollectible and subsequently reversed. The increase in gain on sale of loans originated for sale occurred primarily as a result of the active local market for refinancing one-to four-family residential mortgages, aided in large part by the low interest rate environment.

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Total non-interest expense decreased by \$1.89 million or 21.9% to \$6.75 million for the three months ended September 30, 2011 from \$8.64 million for the three months ended September 30, 2010. Salaries and employee benefits expense decreased by \$1.53 million or 32.1% to \$3.23 million for the three months ended September 30, 2011 from \$4.76 million for the three months ended September 30, 2010. This decrease occurred primarily as the result of the payout of voluntary termination packages offered to the employees in conjunction with the acquisition of Pamrapo Bancorp, Inc., totaling \$1.1 million for the three months ended September 30, 2010, as compared to no such corresponding expense for the three months ended September 30, 2011. Occupancy expense decreased by \$12,000 or 1.6% to \$743,000 for the three months ended September 30, 2011 from \$755,000 for the three months ended September 30, 2010. Equipment expense decreased by \$52,000 or 4.7% to \$1.06 million for the three months ended September 30, 2011 from \$1.1 million for the three months ended September 30, 2010. The primary component of this expense item is data service provider expense which increases or decreases with the growth in the Bank's total assets. Professional fees increased by \$342,000 or 135.7% to \$594,000 for the three months ended September 30, 2011 from \$252,000 for the three months ended September 30, 2010. Directors' fees increased by \$49,000 or 37.4% to \$180,000 for the three months ended September 30, 2011 from \$131,000 for the three months ended September 30, 2010. Regulatory assessments decreased by \$261,000 or 68.1% to \$122,000 for the three months ended September 30, 2011 from \$383,000 for the three months ended September 30, 2010. Advertising expense increased by \$15,000 or 15.0% to \$115,000 for the three months ended September 30, 2011 from \$100,000 for the three months ended September 30, 2010. Merger related expenses decreased by \$207,000 or 71.9% to \$81,000 for the three months ended September 30, 2011 from \$288,000 for the three months ended September 30, 2010. Other non-interest expense decreased by \$233,000 or 27.2% to \$623,000 for the three months ended September 30, 2011 from \$856,000 for the three months ended September 30, 2010. The decrease in other expenses occurred primarily as a result of a decrease in loan expense and fees associated with the collection process on certain delinquent loan facilities. Additionally, other non-interest expense is also comprised of stationary, forms and printing, check printing, correspondent bank fees, telephone and communication, shareholder relations and other fees and expenses.

Income taxes increased by \$1.1 million to \$840,000 for the three months ended September 30, 2011 compared to an income tax benefit of \$299,000 for the three months ended September 30, 2010. While net income decreased substantially in the three months ended September 30, 2011 as compared to the three months ended September 30, 2010, this decrease was primarily attributable to the gain on bargain purchase related to the completion of the acquisition of Pamrapo Bancorp, Inc. As the gain associated with this transaction is a non-taxable event, the income tax provision for the three months ended September 30, 2010 was calculated exclusive of this gain. Exclusive of the gain on bargain purchase accounting, the Company would have recorded a loss before income taxes of \$878,000 for the three months ended September 30, 2010. The consolidated effective tax rate for the three months ended September 30, 2011 was 41.4%.

#### Comparison of Operating Results for the Nine Months Ended September 30, 2011 and 2010

On July 6, 2010, the Company acquired all of the outstanding common shares of Pamrapo Bancorp, Inc. in a business combination. ASC805 "Business Combinations," permits the use of provisional amounts for assets and liabilities assumed when the information at acquisition date is incomplete. During the measurement period, amounts provisionally assigned to the acquisition accounting may be adjusted based on new information during the measurement period.

Through the measurement period, new information became available which necessitated a restatement of certain items in the Consolidated Statements of Income and the Consolidated Statement of Cash Flows. The adjustments relate to the carrying amount of property and equipment as of September 30, 2010 and the fair value of loans acquired. As a result of the aforementioned, depreciation expense and income tax expense also required adjustment.

Please refer to Note 1 in the Notes to Unaudited Consolidated Financial Statements for a tabular synopsis of these adjustments.

Net income decreased by \$8.5 million or 62.5% to \$5.1 million for the nine months ended September 30, 2011 from \$13.6 million for the nine months ended September 30, 2010. The decrease in net income was due to a decrease in non-interest income and increases in the provision for loan losses, non-interest expense and income taxes, partially offset by an increase in net interest income. Net interest income increased by \$11.4 million or 65.1% to \$28.9 million for the nine months ended September 30, 2011 from \$17.5 million for the nine months ended September 30, 2010. This increase in net interest income resulted primarily from an increase of \$286.8 million or 36.3% in the average balance of interest earning assets to \$1.076 billion for the nine months ended September 30, 2011 from \$789.2 million for the nine months ended September 30, 2010, along with an increase in the average yield on interest earning assets to 4.84% for the nine months ended September 30, 2011 from 4.68% for the nine months ended September 30, 2010. The average balance of interest bearing liabilities increased by \$234.3 million or 34.0% to \$922.7 million for the nine months ended September 30, 2011 from \$688.4 million for the nine months ended September 30, 2010 and the average cost of interest bearing liabilities decreased by fifty basis points to 1.46% for the nine months ended September 30, 2011 from 1.96% for the nine months ended September 30, 2010. As a consequence of the aforementioned, our net interest margin increased to 3.59% for the nine months ended September 30, 2011 from 2.96% for the nine months ended September 30, 2010. The increase in the average balance of interest earning assets and the average balance of interest bearing liabilities is primarily due to the completion of the acquisition of Pamrapo Bancorp, Inc.

Interest income on loans receivable increased by \$9.6 million or 41.0% to \$33.0 million for the nine months ended September 30, 2011 from \$23.4 million for the nine months ended September 30, 2010. The increase was primarily attributable to an increase in the average balance of loans receivable of \$244.9 million or 45.4% to \$784.9 million for the nine months ended September 30, 2011 from \$540.0 million for the nine months ended September 30, 2010, partially offset by a decrease in the average yield on loans receivable to 5.61% for the nine months ended September 30, 2011 from 5.77% for the nine months ended September 30, 2010. The increase in average balance of loans receivable is primarily attributable to the completion of the business combination transaction with Pamrapo Bancorp, Inc. The decrease in average yield reflects the competitive price environment prevalent in the Bank's primary market area on loan facilities as well as the repricing downward of variable rate loans. Further, as the average yield on the loans acquired in the acquisition of Pamrapo Bancorp Inc., were lower than that of BCB Bancorp, Inc., as a stand-alone institution, the combination of both portfolios decreased the composite yield accordingly.

Interest income on securities increased by \$1.72 million or 40.6% to \$5.96 million for the nine months ended September 30, 2011 from \$4.24 million for the nine months ended September 30, 2010. This increase was primarily due to an increase in the average balance of securities held-to-maturity of \$66.5 million or 43.8% to \$218.2 million for the nine months ended September 30, 2011 from \$151.7 million for the nine months ended September 30, 2010, partially offset by a decrease in the average yield of securities held-to-maturity to 3.64% for the nine months ended September 30, 2011 from 3.73% for the nine months ended September 30, 2010. The decrease in the average yield resulted from the replacement of higher yielding callable agency securities previously purchased whose call options were exercised by the issuing agencies with lower yielding mortgage backed securities purchased presently in the prevalent interest rate environment. The increase in the average balance is primarily attributable to the completion of the business combination transaction with Pamrapo Bancorp, Inc.

Interest income on other interest-earning assets decreased by \$15,000 or 20.3% to \$59,000 for the nine months ended September 30, 2011 from \$74,000 for the nine months ended September 30, 2010. This decrease was primarily due to a decrease of \$24.3 million or 24.9% in the average balance of other interest-earning assets to \$73.3 million for the nine months ended September 30, 2011 from \$97.6 million for the nine months ended September 30, 2010. The average yield on other interest-earning assets remained relatively static at 0.10% for the nine month periods ended September 30, 2011 and 2010. The decrease in the average balance primarily reflects management's philosophy to deploy its liquid assets for loan closings and investment security purchase opportunities at higher yields than are

currently available in money market deposits.

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Total interest expense decreased by \$48,000 or 0.5% to \$10.09 million for the nine months ended September 30, 2011 from \$10.13 million for the nine months ended September 30, 2010. The decrease resulted primarily from a decrease in the average cost of interest bearing liabilities by 50 basis points to 1.46% for the nine months ended September 30, 2011 from 1.96% for the nine months ended September 30, 2010, partially offset by an increase in the balance of average interest bearing liabilities of \$234.3 million or 34.0% to \$922.7 million for the nine months ended September 30, 2011 from \$688.4 million for the nine months ended September 30, 2010. The increase in the balance of average interest bearing liabilities is primarily attributable to the completion of the acquisition of Pamrapo Bancorp, Inc. The decrease in the average cost reflects the low short term interest rate environment and our ability to reduce our pricing on a select number of retail deposit products.

The provision for loan losses totaled \$1.6 million for the nine months ended September 30, 2011 and \$1.55 million for the nine months ended September 30, 2010. The provision for loan losses is established based upon management's review of the Bank's loans and consideration of a variety of factors including, but not limited to, (1) the risk characteristics of the loan portfolio, (2) current economic conditions, (3) actual losses previously experienced, (4) the dynamic activity and fluctuating balance of loans receivable, and (5) the existing level of allowance for loan losses that are probable and estimable. During the nine months ended September 30, 2011, the Bank experienced \$977,000 in net charge-offs (consisting of \$1.0 million in charge-offs and \$23,000 in recoveries). During the nine months ended September 30, 2010, the Bank experienced \$677,000 in net charge-offs (consisting of \$689,000 in charge-offs and \$12,000 in recoveries). The Bank had non-performing loans totaling \$41.8 million or 5.50% of gross loans at September 30, 2011, \$41.8 million or 5.35% of gross loans at December 31, 2010 and \$42.4 million or 5.25% of gross loans at September 30, 2010. The increase in non-performing loans resulted primarily from the acquisition of Pamrapo Bancorp. The allowance for loan losses was \$9.0 million or 1.19% of gross loans at September 30, 2011, \$8.4 million or 1.08% of gross loans at December 31, 2010 and \$7.5 million or 0.93% of gross loans at September 30, 2010. The carrying value of the loans acquired from Pamrapo was \$330.6 million at September 30, 2011. There was no carryover of the historical Pamrapo allowance for credit losses related to these loans. However, the amount which represents the non-accretable difference on loans acquired in the Pamrapo Bancorp, Inc. merger totaled approximately \$4.6 million and is recorded as a reduction of loans receivable. The amount of the allowance is based on estimates and the ultimate losses may vary from such estimates. Management assesses the allowance for loan losses on a quarterly basis and makes provisions for loan losses as necessary in order to maintain the adequacy of the allowance. While management uses available information to recognize losses on loans, future loan loss provisions may be necessary based on changes in the aforementioned criteria. In addition various regulatory agencies, as an integral part of their examination process, periodically review the allowance for loan losses and may require the Bank to recognize additional provisions based on their judgment of information available to them at the time of their examination. Management believes that the allowance for loan losses was adequate at September 30, 2011 and December 31, 2010.

Total non-interest income decreased by \$12.42 million or 91.9% to \$1.09 million for the nine months ended September 30, 2011 from \$13.51 million for the nine months ended September 30, 2010. The decrease in non-interest income resulted primarily from the gain on bargain purchase associated with the completion of the acquisition of Pamrapo Bancorp, Inc. of \$12.6 million for the nine months ended September 30, 2010 as compared to no such corresponding gain for the nine months ended September 30, 2011. A bargain purchase is defined as a business combination in which the total acquisition-date fair value of the identifiable net assets acquired exceeds the fair value of the consideration transferred plus any non-controlling interest in the acquiree, and it requires the acquirer to recognize that excess in earnings as a gain attributable to the acquisition. Additionally, there was a decrease in fees and service charges of \$172,000 or 24.2% to \$538,000 for the nine months ended September 30, 2011 from \$710,000 for the nine months ended September 30, 2010 and the loss on sale of real estate owned increased by \$243,000 to \$257,000 for the nine months ended September 30, 2011 from \$14,000 for the nine months ended September 30, 2010. The decrease in non-interest income was partially offset by an increase in gain on sales of loans originated for



sale of \$399,000 or 204.6% to \$594,000 for the nine months ended September 30, 2011 from \$195,000 for the nine months ended September 30, 2010, an \$18,000 increase in gain on sale of securities held to maturity to \$18,000 for the nine months ended September 30, 2011, compared to no such corresponding gain for the nine months ended September 30, 2010 and a \$161,000 or 473.5% increase on other non-interest income to \$195,000 for the nine months ended September 30, 2011, from \$34,000 for the nine months ended September 30, 2010.

Total non-interest expense increased by \$4.89 million or 32.4% to \$19.96 million for the nine months ended September 30, 2011 from \$15.07 million for the nine months ended September 30, 2010. Unless specified otherwise, the increase in the categories of non-interest expense occurred primarily as a result of the acquisition of Pamrapo Bancorp, Inc. Salaries and employee benefits expense increased by \$1.6 million or 21.3% to \$9.1 million for the nine months ended September 30, 2011 from \$7.5 million for the nine months ended September 30, 2010. This increase occurred primarily as the result of an increase in the number of full time equivalent employees to 178 at September 30, 2011, from 173 at September 30, 2010 as well as the realization that the former Pamrapo staff were BCB employees and on the Bank's payroll for the entire nine month period ended September 30, 2011 as opposed to being members of the Bank's staff for three of the nine month period ended September 30, 2010, partially offset by the payout of voluntary termination packages offered to the employees in conjunction with the acquisition of Pamrapo Bancorp, Inc., totaling \$1.1 million. Equipment expense increased by \$949,000 or 43.1% to \$3.15 million for the nine months ended September 30, 2011 from \$2.20 million for the nine months ended September 30, 2010. The primary component of this expense item is data service provider expense which increases with the growth of the Bank's assets. Occupancy expense increased by \$930,000 or 70.5% to \$2.25 million for the nine months ended September 30, 2011 from \$1.32 million for the nine months ended September 30, 2010. Advertising expense increased by \$55,000 or 23.1% to \$293,000 for the nine months ended September 30, 2011 from \$238,000 for the nine months ended September 30, 2010. Regulatory assessments increased by \$170,000 or 22.8% to \$915,000 for the nine months ended September 30, 2011 from \$745,000 for the nine months ended September 30, 2010. Directors' fees increased by \$134,000 or 38.8% to \$479,000 for the nine months ended September 30, 2011 from \$345,000 for the nine months ended September 30, 2010. Professional fees increased by \$611,000 or 137.3% to \$1.06 million for the nine months ended September 30, 2011 from \$445,000 for the nine months ended September 30, 2010. Other non-interest expense increased by \$727,000 or 45.4% to \$2.3 million for the nine months ended September 30, 2011 from \$1.6 million for the nine months ended September 30, 2010. The increase in other expenses occurred primarily as a result of an increase in loan expense and fees associated with the collection process on certain delinquent loan facilities. Additionally, other non-interest expense is also comprised of stationary, forms and printing, check printing, correspondent bank fees, telephone and communication, shareholder relations and other fees and expenses. All of the aforementioned was partially offset by a decrease in merger related expenses of \$295,000 or 46.7% to \$337,000 for the nine months ended September 30, 2011 compared to \$632,000 for the nine months ended September 30, 2010.

Income tax expense increased \$2.58 million or 306.8% to \$3.42 million for the nine months ended September 30, 2011 from \$841,000 for the nine months ended September 30, 2010 reflecting decreased taxable income during the nine month time period ended September 30, 2011. While net income decreased substantially in the nine months ended September 30, 2011 as compared to the nine months ended September 30, 2010, this decrease was primarily attributable to the gain on bargain purchase related to the completion of the acquisition of Pamrapo Bancorp, Inc. As the gain associated with this transaction is a non-taxable event, the income tax provision for the nine months ended September 30, 2010 was calculated exclusive of this gain. Exclusive of the gain on bargain purchase, income for the nine months ended September 30, 2010 would have been \$1.8 million. The consolidated effective income tax rate for the nine months ended September 30, 2010, exclusive of the gain on bargain purchase, was 45.7% as compared to 40.3% for the nine months ended September 30, 2011.



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## Item 3. Quantitative and Qualitative Disclosures About Market Risk

## Management of Market Risk

General. The majority of our assets and liabilities are monetary in nature. Consequently, one of our most significant forms of market risk is interest rate risk. Our assets, consisting primarily of mortgage loans, have longer maturities than our liabilities, consisting primarily of deposits. As a result, a principal part of our business strategy is to manage interest rate risk and reduce the exposure of our net interest income to changes in market interest rates.

Accordingly, our Board of Directors has established an Asset/Liability Committee which is responsible for evaluating the interest rate risk inherent in our assets and liabilities, for determining the level of risk that is appropriate given our business strategy, operating environment, capital, liquidity and performance objectives, and for managing this risk consistent with the guidelines approved by the Board of Directors. Senior management monitors the level of interest rate risk on a regular basis and the Asset/Liability Committee, which consists of senior management and outside directors operating under a policy adopted by the Board of Directors, meets as needed to review our asset/liability policies and interest rate risk position.

The following table presents the Company's net portfolio value ("NPV"). These calculations were based upon assumptions believed to be fundamentally sound, although they may vary from assumptions utilized by other financial institutions. The information set forth below is based on data that included all financial instruments as of June 30, 2011. Assumptions have been made by the Company relating to interest rates, loan prepayment rates, core deposit duration, and the market values of certain assets and liabilities under the various interest rate scenarios. Actual maturity dates were used for fixed rate loans and certificate accounts. Investment securities were scheduled at either the maturity date or the next scheduled call date based upon management's judgment of whether the particular security would be called in the current interest rate environment and under assumed interest rate scenarios. Variable rate loans were scheduled as of their next scheduled interest rate repricing date. Additional assumptions made in the preparation of the NPV table include prepayment rates on loans and mortgage-backed securities, core deposits without stated maturity dates were scheduled with an assumed term of 48 months, and money market and non-interest bearing accounts were scheduled with an assumed term of 24 months. The NPV at "PAR" represents the difference between the Company's estimated value of assets and estimated value of liabilities assuming no change in interest rates. The NPV for a decrease of 200 to 300 basis points has been excluded since it would not be meaningful, in the interest rate environment as of September 30, 2011. The following sets forth the Company's NPV as of that date.

| Change in Calculation | Net Portfolio Value | \$ Change from PAR | % Change from PAR | NPV as a % of Assets NPV Ratio | NPV as a % of Assets Change |
|-----------------------|---------------------|--------------------|-------------------|--------------------------------|-----------------------------|
| +300bp                | \$ 113,094          | \$ (28,578)        | -20.17%           | 10.74 %                        | -175 bps                    |
| +200bp                | 129,706             | (11,966)           | -8.45             | 11.97                          | -52 bps                     |
| +100bp                | 139,718             | (1,954)            | -1.38             | 12.57                          | 8 bps                       |
| PAR                   | 141,672             | —                  | —                 | 12.49                          | —                           |
| -100bp                | 142,134             | 462                | 0.33              | 12.37                          | -12 bps                     |

bp – basis points

The table above indicates that at September 30, 2011, in the event of a 100 basis point increase in interest rates, we would experience a 1.38% decrease in NPV.

Certain shortcomings are inherent in the methodology used in the above interest rate risk measurement. Modeling changes in NPV require making certain assumptions that may or may not reflect the manner in which actual yields and

costs respond to changes in market interest rates. In this regard, the NPV table presented assumes that the composition of our interest-sensitive assets and liabilities existing at the beginning of a period remains constant over the period being measured and assumes that a particular change in interest rates is reflected uniformly across the yield curve regardless of the duration or repricing of specific assets and liabilities. Accordingly, although the NPV table provides an indication of our interest rate risk exposure at a particular point in time, such measurements are not intended to and do not provide a precise forecast of the effect of changes in market interest rates on our net interest income, and will differ from actual results.

ITEM 4T.

Controls and Procedures

Under the supervision and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer the Company has evaluated the effectiveness of the design and operation of its disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this quarterly report. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this quarterly report, the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed in the reports that the Company files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms.

There has been no change in the Company's internal control over financial reporting during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

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## PART II. OTHER INFORMATION

## ITEM 1. LEGAL PROCEEDINGS

We are involved, from time to time, as plaintiff or defendant in various legal actions arising in the normal course of business. At September 30, 2011, we were not involved in any material legal proceedings, the outcome of which would have a material adverse affect on our financial condition or results of operations.

## ITEM 1.A. RISK FACTORS

Not applicable

## ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Securities sold within the past three years without registering the securities under the Securities Act of 1933

On July 14, 2010, the Company announced a fourth stock repurchase plan to repurchase 5% or 479,965 shares of the Company's common stock. The Company's stock purchases for the three months ended September 30, 2011 are as follows:

| Period                          | Shares Purchased | Average Price  | Total Number of Shares Purchased | Maximum Number of Shares That May Yet be Purchased |
|---------------------------------|------------------|----------------|----------------------------------|--|
| July 1- July 31, 2011           | 15,610           | \$11.06        | 15,610                           | 272,758  |
| August 1- August 31, 2011       | 40,713           | \$10.40        | 56,323                           | 232,045  |
| September 1- September 30, 2011 | 91               | \$10.31        | 56,414                           | 231,954  |
| <b>Total</b>                    | <b>56,414</b>    | <b>\$10.59</b> | <b>56,414</b>                    | <b>231,954</b>                                     |

## ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

## ITEM 4. REMOVED AND RESERVED

## ITEM 5. OTHER INFORMATION

None.

## ITEM 6. EXHIBITS

Exhibit 11.0 Computation of Earnings per Share.

Exhibit 31.1 and 31.2 Officers' Certification filed pursuant to section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit 32 Officers' Certification filed pursuant to section 906 of the Sarbanes-Oxley Act of 2002.

|                    |   |
|--------------------|---|
| Exhibit<br>101.INS | XBRL Instance Document                        |
| Exhibit<br>101.SCH | XBRL Taxonomy Extension Schema                |
| Exhibit<br>101.CAL | XBRL Taxonomy Extension Calculation LinkBase  |
| Exhibit<br>101.DEF | XBRL Taxonomy Extension Definition LinkBase   |
| Exhibit<br>101.LAB | XBRL Taxonomy Extension Label LinkBase        |
| Exhibit<br>101.PRE | XBRL Taxonomy Extension Presentation LinkBase |

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Signatures

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereto duly authorized.

BCB BANCORP, INC.

Date: November 18, 2011

By:

/s/ Donald Mindiak  
Donald Mindiak  
President and Chief Executive Officer

Date: November 18, 2011

By:

/s/ Kenneth D. Walter  
Kenneth D. Walter  
Chief Financial Officer