

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

(Mark One)

T **Annual Report Pursuant To Section 13 or 15(d) Of The Securities Exchange Act of 1934**

For the fiscal ended December 31, 2010.

or

***** **Transition Report Pursuant To Section 13 or 15(d) Of The Securities Exchange Act of 1934**

For the transition period from _____ to _____.

Commission file number: **000-50275**

BCB BANCORP, INC.

(Exact name of registrant as specified in its charter)

New Jersey

(State or other jurisdiction of incorporation or organization)

26-0065262

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

104-110 Avenue C, Bayonne, New Jersey

(Address of principal executive offices)

07002

(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class
Common Stock, no par value

Name of each exchange on which registered
The NASDAQ Stock Market, LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

YES ☐ NO ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

YES ☐ NO ☒

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

☒

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 such shorter period that the Registrant was required to submit and post such files).

YES ☐ NO ☐

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

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☒
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). YES ☐ NO ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant, computed by reference to the

last sale price on June 30, 2010, as reported by the Nasdaq Capital Market, was approximately \$27.0 million.

As of March 1, 2011, there were issued 9,402,779 shares of the Registrant’s Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:

- (1) Proxy Statement for the 2011 Annual Meeting of Stockholders of the Registrant (Part III).
- (2) Annual Report to Stockholder (Part II and IV).

TABLE OF CONTENTS

<u>Item</u>		<u>Page Number</u>
ITEM 1.	BUSINESS	1
ITEM 1A.	RISK FACTORS	32
ITEM 1B.	UNRESOLVED STAFF COMMENTS	36
ITEM 2.	PROPERTIES	36
ITEM 3.	LEGAL PROCEEDINGS	36
ITEM 4.	RESERVED	37
ITEM 5.	MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES	38
ITEM 6.	SELECTED CONSOLIDATED FINANCIAL DATA	40
ITEM 7.	MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	41
ITEM 7A.	QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	58
ITEM 8.	FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA	60
ITEM 9.	CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE	60
ITEM 9A.(T)	CONTROLS AND PROCEDURES	60
ITEM 9B.	OTHER INFORMATION	61
ITEM 10.	DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE	61
ITEM 11.	EXECUTIVE COMPENSATION	62
ITEM 12.	SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS	62
ITEM 13.	CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE	62
ITEM 14.	PRINCIPAL ACCOUNTANT FEES AND SERVICES	62
ITEM 15.	EXHIBITS AND FINANCIAL STATEMENT SCHEDULES	62

This report on Form 10-K contains forward-looking statements that are based on assumptions and may describe future plans, strategies and expectations of BCB Bancorp, Inc. and subsidiaries. This document may include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements, which are based on certain assumptions and describe future plans, strategies, and expectations of the Company, are generally identified by use of the words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “plan,” “project,” “seek,” “strive,” “try,” or future or conditional verbs such as “will,” “would,” “should,” “could,” “may,” or similar expressions. Although we believe that our plans, intentions and expectations, as reflected in these forward-looking statements are reasonable, we can give no assurance that these plans, intentions or expectations will be achieved or realized. By identifying these statements for you in this manner, we are alerting you to the possibility that our actual results and financial condition may differ, possibly materially, from the anticipated results and financial condition indicated in these forward-looking statements. Important factors that could cause our actual results and financial condition to differ from those indicated in the forward-looking statements include, among others, those discussed below and under “Risk Factors” in Part I, Item 1A of this Annual Report on Form 10-K. You should not place undue reliance on these forward-looking statements, which reflect our expectations only as of the date of this report. We do not assume any obligation to revise forward-looking statements except as may be required by law.

PART I

ITEM 1. BUSINESS

BCB Bancorp, Inc.

BCB Bancorp, Inc. (the “Company”) is a New Jersey corporation, and is the holding company parent of BCB Community Bank (the “Bank”). The Company has not engaged in any significant business activity other than owning all of the outstanding common stock of BCB Community Bank. Our executive office is located at 104-110 Avenue C, Bayonne, New Jersey 07002. Our telephone number is (201) 823-0700. At December 31, 2010 we had \$1.1 billion in consolidated assets, \$886.3 million in deposits and \$99.0 million in consolidated stockholders’ equity. The Company is subject to extensive regulation by the Board of Governors of the Federal Reserve System.

BCB Community Bank

BCB Community Bank opened for business on November 1, 2000 as Bayonne Community Bank, a New Jersey chartered commercial bank. We changed our name from Bayonne Community Bank to BCB Community Bank in April of 2007. On July 6, 2010, the Company completed its acquisition of Pamrapo Bancorp, Inc. All information contained in this Annual Report on Form 10-K reflects the impact of the acquisition of Pamrapo Bancorp, Inc. from the date of the acquisition. At December 31, 2010, we operated through ten branches in Bayonne, Jersey City, Hoboken and Monroe Township, New Jersey and through our executive office located at 104-110 Avenue C, Bayonne, New Jersey 07002. Our deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) and we are a member of the Federal Home Loan Bank System.

We are a community-oriented financial institution. Our business is to offer FDIC-insured deposit products and to invest funds held in deposit accounts at the Bank, together with funds generated from operations, in investment securities and loans. We offer our customers:

- loans, including commercial and multi-family real estate loans, one- to four-family mortgage loans, home equity loans, construction loans, consumer loans and commercial business loans. In recent years the primary growth in our loan portfolio has been in loans secured by commercial real estate and multi-family properties. Conversely, in 2010, we deemphasized the origination of construction loans;
 - FDIC-insured deposit products, including savings and club accounts, non-interest bearing accounts, money market accounts, certificates of deposit and individual retirement accounts; and
 - retail and commercial banking services including wire transfers, money orders, traveler’s checks, safe deposit boxes, a night depository, federal payroll tax deposits, bond coupon redemption and automated teller services.
-

Business Strategy

Our business strategy is to operate as a well-capitalized, profitable and independent community-oriented financial institution dedicated to providing quality customer service. Management's and the Board of Directors' extensive knowledge of the Hudson County market differentiates us from our competitors. Our business strategy incorporates the following elements: maintaining a community focus, focusing on profitability, continuing our growth, concentrating on real estate based lending, capitalizing on market dynamics, providing attentive and personalized service and attracting highly qualified and experienced personnel.

Maintaining a community focus. Our management and Board of Director's have strong ties to the Bayonne community. Many members of the management team are Bayonne natives and are active in the community through non-profit board membership, local business development organizations, and industry associations. In addition, our board members are well established professionals and business people in the Bayonne area. Management and the Board are interested in making a lasting contribution to the Bayonne community and have succeeded in attracting deposits and loans through attentive and personalized service.

Focusing on profitability. For the year ended December 31, 2010, our return on average equity was 22.67% and our return on average assets was 1.62%. Our earnings per diluted share increased from \$1.08 for the year ended December 31, 2006 to \$2.05 for the year ended December 31, 2010. Earnings per share results have come under pressure recently, primarily as a result of the pervasive economic downturn in both the national and local economy as well as several one-time events. Management is committed to maintaining profitability by diversifying the products, pricing and services we offer.

Continuing our growth. We have consistently increased our assets. In addition to organic growth, the acquisition of Pamrapo Bancorp, Inc. resulted in our assets increasing from \$631.5 million at December 31, 2009 to \$1.1 billion at December 31, 2010. Moreover, we have maintained our asset quality ratios while growing the loan portfolio. At December 31, 2010, our non-performing assets to total assets ratio was 4.10%.

Concentrating on real estate-based lending. A primary focus of our business strategy is to originate loans secured by commercial and multi-family properties. Such loans provide higher returns than loans secured by one- to four-family real estate. As a result of our underwriting practices, including debt service requirements for commercial real estate and multi-family loans, management believes that such loans offer us an opportunity to obtain higher returns.

Capitalizing on market dynamics. The consolidation of the banking industry in Hudson County has provided a unique opportunity for a customer focused banking institution, such as the Bank. We believe our local roots and community focus provides the bank with an opportunity to capitalize on the consolidation in our market area. This consolidation has moved decision making away from local, community-based banks to much larger banks headquartered outside of New Jersey. We believe our local roots and community focus provides the Bank with an opportunity to capitalize on the consolidation in our market area.

Providing attentive and personalized service. Management believes that providing attentive and personalized service is the key to gaining deposit and loan relationships in Bayonne and its surrounding communities. Since we began operations, our branches have been open seven (7) days a week.

Attracting highly experienced and qualified personnel. An important part of our strategy is to hire bankers who have prior experience in the Hudson County market as well as pre-existing business relationships. Our management team has an average of 30 years of banking experience, while our lenders and branch personnel have significant prior experience at community banks and regional banks in Hudson County. Management believes that its knowledge of the Hudson County market has been a critical element in the success of BCB Community Bank. Management's extensive knowledge of the local communities has allowed us to develop and implement a highly focused and disciplined approach to lending and has enabled the Bank to attract a high percentage of low cost deposits.

Our Market Area

We are located in the City of Bayonne, Jersey City and Hoboken in Hudson County, and Monroe Township in Middlesex County, New Jersey. The Bank's locations are easily accessible and provide convenient services to businesses and individuals throughout our market area. Following our acquisition of Pamrapo Bancorp, Inc. our market area expanded to include branch offices in Jersey City and Monroe Township, New Jersey.

Our market area includes the City of Bayonne, Jersey City, portions of Hoboken and Monroe Township, New Jersey. These areas are all considered "bedroom" or "commuter" communities to Manhattan. Our market area is well-served by a network of arterial roadways including Route 440 and the New Jersey Turnpike.

Our market area has a high level of commercial business activity. Businesses are concentrated in the service sector and retail trade areas. Major employers in our market area include Bayonne Medical Center and the Bayonne Board of Education.

Competition

The banking business in New Jersey is extremely competitive. We compete for deposits and loans with existing New Jersey and out-of-state financial institutions that have longer operating histories, larger capital reserves and more established customer bases. Our competition includes large financial service companies and other entities in addition to traditional banking institutions such as savings and loan associations, savings banks, commercial banks and credit unions.

Our larger competitors have a greater ability to finance wide-ranging advertising campaigns through their greater capital resources. Our marketing efforts depend heavily upon referrals from officers, directors, stockholders, selective advertising in local media and direct mail solicitations. We compete for business principally on the basis of personal service to customers, customer access to our officers and directors and competitive interest rates and fees.

In the financial services industry in recent years, intense market demands, technological and regulatory changes and economic pressures have eroded industry classifications that were once clearly defined. Banks have diversified their services, increased rates paid on deposits and

become more cost effective as a result of competition with one another and with new types of financial service companies, including non-banking competitors. Some of the results of these market dynamics in the financial services industry have been a number of new bank and non-bank competitors, increased merger activity, and increased customer awareness of product and service differences among competitors.

Lending Activities

Analysis of Loan Portfolio . Set forth below is selected data relating to the composition of our loan portfolio by type of loan as a percentage of the respective portfolio.

	At December 31,									
	2010		2009		2008		2007		2006	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
(Dollars in Thousands)										
Type of loans:										
Real estate loans:										
Residential	\$ 234,435	29.98%	\$ 76,490	18.70%	\$ 74,039	17.94%	\$ 55,248	14.96%	\$ 43,993	13.64%
Construction	17,848	2.28	51,330	12.55	62,483	15.14	49,984	13.53	38,882	12.06
Commercial and multi-family	410,212	52.45	223,792	54.71	223,179	54.07	208,108	56.35	192,141	59.60
Home equity ⁽²⁾	63,603	8.13	34,298	8.39	38,065	9.22	35,397	9.58	32,321	10.02
Commercial business ⁽¹⁾	54,160	6.93	22,487	5.50	14,098	3.42	19,873	5.38	14,705	4.56
Consumer	1,816	0.23	641	0.15	920	0.21	739	0.20	396	0.12
Total	<u>782,074</u>	<u>100.00%</u>	<u>409,038</u>	<u>100.00%</u>	<u>412,784</u>	<u>100.00%</u>	<u>369,349</u>	<u>100.00%</u>	<u>322,438</u>	<u>100.00%</u>
Less:										
Deferred loan fees, net	556		522		654		630		575	
Allowance for loan losses	<u>8,417</u>		<u>6,644</u>		<u>5,304</u>		<u>4,065</u>		<u>3,733</u>	
Total loans, net	<u>\$ 773,101</u>		<u>\$ 401,872</u>		<u>\$ 406,826</u>		<u>\$ 364,654</u>		<u>\$ 318,130</u>	

(1) Includes business lines of credit

(2) Includes home equity lines of credit

Loan Maturities. The following table sets forth the contractual maturity of our loan portfolio at December 31, 2010. The amount shown represents outstanding principal balances. Demand loans, loans having no stated schedule of repayments and no stated maturity and overdrafts are reported as being due in one year or less. Variable-rate loans are shown as due at the time of repricing. The table does not include prepayments or scheduled principal repayments.

	Due within 1 Year	Due after 1 through 5 Years	Due after 5 Years	Total
	(In Thousands)			
Residential	\$ 1,812	\$ 2,988	\$ 229,635	\$ 234,435
Construction	15,805	1,630	413	17,848
Commercial business ⁽¹⁾	20,784	18,671	14,705	54,160
Commercial and multi-family	20,359	60,837	329,016	410,212
Home equity ⁽²⁾	1,526	3,993	58,084	63,603
Consumer	111	537	1,168	1,816
Total amount due	\$ 60,397	\$ 88,656	\$ 633,021	\$ 782,074

Loans with Predetermined or Floating or Adjustable Rates of Interest . The following table sets forth the dollar amount of all loans at December 31, 2010 that are due after December 31, 2011, and have predetermined interest rates and that have floating or adjustable interest rates.

	Fixed Rates	Floating or Adjustable Rates	Total
	(In Thousands)		
Residential	\$ 225,704	\$ 6,919	\$ 232,623
Construction	1,017	1,026	2,043
Commercial business ⁽¹⁾	14,103	19,273	33,376
Commercial and multi-family	181,072	208,781	389,853
Home equity ⁽²⁾	52,905	9,172	62,077
Consumer	1,700	5	1,705
Total amount due	\$ 476,501	\$ 245,176	\$ 721,677

(1) Includes business lines of credit

(2) Includes home equity lines of credit

Commercial and Multi-family Real Estate Loans . Our commercial and multi-family real estate loans are secured by commercial real estate (for example, shopping centers, medical buildings, retail offices) and multi-family residential units, consisting of five or more units. Permanent loans on commercial and multi-family properties are generally originated in amounts up to 75% of the appraised value of the property. Our commercial real estate loans are secured by improved property such as office buildings, retail stores, warehouses, church buildings and other non-residential buildings. Commercial and multi-family real estate loans are generally made at rates that adjust above the five year U.S. Treasury interest rate, with terms of up to 25 years, or are balloon loans with fixed interest rates which generally mature in three to five years with principal amortization for a period of up to 30 years. Our largest commercial loan had a principal balance of \$2.9 million at December 31, 2010, was secured by a mixed use residential/commercial property and was performing in accordance with its terms on that date. Our largest multi-family loan had a principal balance of \$4.4 million at December 31, 2010. This loan, which was operating under the terms of a work-out plan and had performed according to its

adjusted terms, had that workout plan expire on December 31, 2010. The loan will now return to its original terms and is expected to perform as required.

Loans secured by commercial and multi-family real estate are generally larger and involve a greater degree of risk than one- to four-family residential mortgage loans. The borrower's creditworthiness and the feasibility and cash flow potential of the project is of primary concern in commercial and multi-family real estate lending. Loans secured by income properties are generally larger and involve greater risks than residential mortgage loans because payments on loans secured by income properties are often dependent on the successful operation or management of the properties. As a result, repayment of such loans may be subject to a greater extent than residential real estate loans to adverse conditions in the real estate market or the economy. We intend to continue emphasizing the origination of loans secured by commercial real estate and multi-family properties.

Residential One- to Four-Family Lending . Our one- to four-family residential mortgage loans are secured by property located primarily in the State of New Jersey. We generally originate one- to four-family residential mortgage loans in amounts up to 80% of the lesser of the appraised value or selling price of the mortgaged property without requiring mortgage insurance. We will originate loans with loan to value ratios up to 90% provided the borrowers obtain private mortgage insurance. We originate both fixed rate and adjustable rate loans. One- to four-family loans may have terms of up to 30 years. The majority of one- to four-family loans we originate for retention in our portfolio have terms no greater than 15 years. We offer adjustable rate loans with fixed rate periods of up to five years, with principal and interest calculated using a maximum 30-year amortization period. We offer these loans with a fixed rate for the first five years with repricing following every year after the initial period. Adjustable rate loans may adjust up to 200 basis points annually and 600 basis points over the term of the loan. We also broker for a third party lender one- to four-family residential loans, which are primarily fixed rate loans with terms of 30 years. Our loan brokerage activities permit us to offer customers longer-term fixed rate loans we would not otherwise originate while providing a source of fee income. During 2010, we brokered \$19.4 million in one- to four-family loans and recognized gains of \$295,000 from the sale of such loans. As a result of the Pamrapo Bancorp acquisition we were able to market our one-to-four-family origination program to a broader cross-section of our primary market area.

All of our one- to four-family mortgages include "due on sale" clauses, which are provisions giving us the right to declare a loan immediately payable if the borrower sells or otherwise transfers an interest in the property to a third party.

Property appraisals on real estate securing our single-family residential loans are made by state certified and licensed independent appraisers approved by our Board of Directors. Appraisals are performed in accordance with applicable regulations and policies. At our discretion, we obtain either title insurance policies or attorneys' certificates of title on all first mortgage real estate loans originated. We also require fire and casualty insurance on all properties securing our one- to four-family loans. We also require the borrower to obtain flood insurance where appropriate. In some instances, we charge a fee equal to a percentage of the loan amount commonly referred to as points.

Construction Loans . We offer loans to finance the construction of various types of commercial and residential property. We originated \$5.4 million of such loans during the year ended December 31, 2010. Construction loans to builders generally are offered with terms of up to eighteen months and interest rates are tied to the prime rate plus a margin. During 2010, we deemphasized the origination of construction loans. These loans generally are offered as adjustable rate loans. We will originate residential construction loans for individual borrowers and builders, provided all necessary plans and permits are in order. Construction loan funds are disbursed as the project progresses. At December 31, 2010, our largest construction loan was \$3.8 million, of which \$2.8 million was disbursed. This construction loan has been made for the construction of twenty-one residential units. At December 31, 2010, this loan was performing in accordance with its terms.

Construction financing is generally considered to involve a higher degree of risk of loss than long-term financing on improved, occupied real estate. Risk of loss on a construction loan is dependent largely upon the accuracy of the initial estimate of the property's value at completion of construction and development and the estimated cost (including interest) of construction. During the construction phase, a number of factors could result in delays and cost overruns. If the estimate of construction costs proves to be inaccurate, we may be required to advance funds beyond the amount originally committed to permit completion of the project. Additionally, if the estimate of value proves to be inaccurate, we may be confronted, at or prior to the maturity of the loan, with a project having a value which is insufficient to assure full repayment.

Home Equity Loans and Home Equity Lines of Credit . We offer home equity loans and lines of credit that are secured by the borrower's primary residence. Our home equity loans can be structured as loans that are disbursed in full at closing or as lines of credit. Home equity loans and lines of credit are offered with terms up to 15 years. Virtually all of our home equity loans are originated with fixed rates of interest and home equity lines of credit are originated with adjustable interest rates tied to the prime rate. Home equity loans and lines of credit are underwritten under the same criteria that we use to underwrite one- to four-family loans. Home equity loans and lines of credit may be underwritten with a loan-to-value ratio of 80% when combined with the principal balance of the existing mortgage loan. At the time we close a home equity loan or line of credit, we file a mortgage to perfect our security interest in the underlying collateral. At December 31, 2010, the outstanding balances of home equity loans and lines of credit totaled \$63.6 million, or 8.13% of our loan portfolio.

Commercial Business Loans . Our commercial business loans are underwritten on the basis of the borrower's ability to service such debt from income. Our underwriting standards for commercial business loans include a review of the applicant's tax returns, financial statements, credit history and an assessment of the applicant's ability to meet existing obligations and payments on the proposed loan based on cash flow generated by the applicant's business. Commercial business loans are generally made to small and mid-sized companies located within the State of New Jersey. In most cases, we require collateral of real estate, equipment, accounts receivable, inventory, chattel or other assets before making a commercial business loan. Our largest commercial business loan at December 31, 2010 was an unsecured loan to a local Board of Education and had a principal balance of \$6.2 million. This loan was performing in accordance with its terms as of that date.

Commercial business loans generally have higher rates and shorter terms than one- to four-family residential loans, but they may also involve higher average balances and a higher risk of default since their repayment generally depends on the successful operation of the borrower's business.

Consumer Loans . We make various types of secured and unsecured consumer loans and loans that are collateralized by new and used automobiles. Consumer loans generally have terms of three years to ten years.

Consumer loans are advantageous to us because of their interest rate sensitivity, but they also involve more credit risk than residential mortgage loans because of the higher potential for default, the nature of the collateral and the difficulty in disposing of the collateral.

The following table shows our loan origination, purchase, sale and repayment activities for the periods indicated.

	Years Ended December 31,				
	2010	2009	2008	2007	2006
	(In Thousands)				
Beginning of period	\$ 409,038	\$ 412,784	\$ 369,349	\$ 322,438	\$ 288,145
Loans Acquired Through Merger	412,142	—	—	—	—
Originations by Type :					
Real estate mortgage:					
Residential	13,408	19,509	9,683	6,454	9,203
Construction	5,366	16,060	15,591	48,415	34,889
Home equity	7,995	3,015	9,699	14,512	15,821
Commercial and multi-family	31,604	33,809	63,601	55,892	51,542
Commercial business	47,607	17,843	11,624	16,987	7,946
Consumer	200	132	492	215	222
Total loans originated	106,180	90,368	110,690	142,475	119,623
Purchases :					
Real estate mortgage:					
Residential	—	—	—	—	—
Construction	676	1,744	113	3,726	4,870
Home equity	—	—	—	—	—
Commercial and multi-family	992	—	—	5,267	1,737
Commercial business	—	—	—	600	400
Consumer	—	—	—	—	—
Total loans purchased	1,668	1,744	113	9,593	7,007
Sales :					
Real estate mortgage:					
Residential	—	—	—	—	—
Construction	493	1,238	2,523	5,040	2,044
Home equity	—	—	—	—	—
Commercial and multi-family	1,085	—	—	1,275	3,388
Commercial business	130	—	—	—	—
Consumer	—	—	—	—	—
Total loans sold	1,708	1,238	2,523	6,315	5,432
Principal repayments	138,539	94,549	63,651	97,396	86,905
Transfer of loans to real estate owned	6,887	71	1,194	1,446	—
Total reductions	145,246	94,620	64,845	98,842	92,337
Net increase (decrease)	373,036	(3,746)	43,435	46,911	34,293
Ending balance	\$ 782,074	\$ 409,038	\$ 412,784	\$ 369,349	\$ 322,438

Loan Approval Authority and Underwriting . We establish various lending limits for executive management and also maintain a loan committee. The loan committee is comprised of the Chairman of the Board, the President, the Senior Lending Officer and five non-employee members of the Board of Directors. The President or the Senior Lending Officer, together with one other loan officer, have authority to approve applications for real estate loans up to \$500,000, other secured loans up to \$500,000 and unsecured loans up to \$25,000. The loan committee considers all applications in excess of the above lending limits and the entire board of directors ratifies all such loans.

Upon receipt of a completed loan application from a prospective borrower, a credit report is ordered. Income and certain other information is verified. If necessary, additional financial information may be requested. An appraisal is required for the underwriting of all one- to four-family loans. We may rely on an estimate of value of real estate performed by our Senior Lending Officer for home equity loans or lines of credit of up to \$250,000. Appraisals are processed by state certified independent appraisers approved by the Board of Directors.

An attorney's certificate of title is required on all newly originated real estate mortgage loans. In connection with refinancing and home equity loans or lines of credit in amounts up to \$250,000, we will obtain a record owner's search in lieu of an attorney's certificate of title. Borrowers also must obtain fire and casualty insurance. Flood insurance is also required on loans secured by property that is located in a flood zone.

Loan Commitments . Written commitments are given to prospective borrowers on all approved real estate loans. Generally, we honor commitments for up to 60 days from the date of issuance. At December 31, 2010, our outstanding loan origination commitments totaled \$3.0 million, standby letters of credit totaled \$2.0 million, outstanding construction loans in progress totaled \$5.2 million and undisbursed lines of credit totaled \$33.7 million.

Loan Delinquencies . We send a notice of nonpayment to borrowers when their loan becomes 15 days past due. If such payment is not received by month end, an additional notice of nonpayment is sent to the borrower. After 60 days, if payment is still delinquent, a notice of right to cure default is sent to the borrower giving 30 additional days to bring the loan current before foreclosure is commenced. If the loan continues in a delinquent status for 90 days past due and no repayment plan is in effect, foreclosure proceedings will be initiated. In an effort to more closely monitor the performance of our loan portfolio and asset quality, the Bank has created various concentration of credit reports, specifically as it relates to our construction and commercial real estate portfolios. These reports stress test declining property values up to and including a 25% value depreciation to the original appraised value to determine our potential exposure.

Loans are reviewed and are placed on a non-accrual status when the loan becomes more than 90 days delinquent or when, in our opinion, the collection of additional interest is doubtful. Once placed on non-accrual status, the accrual of interest income is discontinued. Income is subsequently recognized only to the extent that cash payments are received until delinquency status is reduced to less than ninety days, in which case the loan is returned to accrual status. At December 31, 2010, we had \$41.8 million in non-accruing loans. Our largest exposure of non-

performing loans at that date consisted of two loans, with one specific borrower with a combined principal balance of \$3.0 million, collateralized by two multi-unit apartment complexes. These units are under contract to have their notes sold to a third party. The closing on these facilities occurred during the first quarter of 2011, with the bank realizing a loss of approximately \$76,000. Another loan relationship consisting of two loans with one specific borrower and a balance of \$2.25 million is also in non-accrual status. This borrower is in foreclosure and while there has been a certain level of depreciation of the underlying collateral, the Bank believes that upon conveyance and disposition of the properties, the Bank will not incur a loss on these facilities.

A loan is considered impaired when it is probable the borrower will not repay the loan according to the original contractual terms of the loan agreement. We have determined that first mortgage loans on one- to four-family properties and all consumer loans represent large groups of smaller-balance homogeneous loans that are collectively evaluated. Additionally, we have determined that an insignificant delay (less than 90 days) will not cause a loan to be classified as impaired and a loan is not impaired during a period of delay in payment, if we expect to collect all amounts due including interest accrued at the contractual interest rate for the period of delay. We independently evaluate all loans identified as impaired. We estimate credit losses on impaired loans based on the present value of expected cash flows or the fair value of the underlying collateral if the loan repayment will be derived from the sale or operation of such collateral. Impaired loans, or portions of such loans, are charged off when we determine that a realized loss has occurred. Until such time, an allowance for loan losses is maintained for estimated losses. Cash receipts on impaired loans are applied first to accrued interest receivable unless otherwise required by the loan terms, except when an impaired loan is also a nonaccrual loan, in which case the portion of the receipts related to interest is recognized as income. At December 31, 2010, we had fifty seven loans with an unpaid principal balance totaling \$33.6 million which are classified as impaired and on which loan loss allowances totaling \$2.1 million have been established. During 2010, interest income of \$2.1 million was recognized on impaired loans during the time of impairment.

The following table sets forth delinquencies in our loan portfolio as of the dates indicated:

	At December 31, 2010				At December 31, 2009			
	60-89 Days		90 Days or More		60-89 Days		90 Days or More	
	Number of Loans	Principal Balance of Loans	Number of Loans	Principal Balance of Loans	Number of Loans	Principal Balance of Loans	Number of Loans	Principal Balance of Loans
	(Dollars in Thousands)							
Real estate mortgage :								
Residential	9	\$ 3,706	48	\$ 15,115	3	\$ 3,973	5	\$ 1,559
Construction	—	—	7	2,773	—	—	7	4,343
Home equity	7	694	20	1,632	2	517	2	251
Commercial and multi-family	9	5,391	64	21,147	5	2,729	8	5,280
Total	25	9,791	139	40,667	10	7,219	22	11,433
Commercial business	4	456	5	861	1	369	1	500
Consumer	1	5	4	283	—	—	—	—
Total delinquent loans	30	\$ 10,252	148	\$ 41,811	11	\$ 7,588	23	\$ 11,933
Delinquent loans to total loans		1.31%		5.35%		1.86%		2.92%

	At December 31, 2008				At December 31, 2007			
	60-89 Days		90 Days or More		60-89 Days		90 Days or More	
	Number of Loans	Principal Balance of Loans	Number of Loans	Principal Balance of Loans	Number of Loans	Principal Balance of Loans	Number of Loans	Principal Balance of Loans
	(Dollars in Thousands)							
Real estate mortgage :								
Residential	3	\$ 1,507	4	\$ 1,213	—	\$ —	1	\$ 319
Construction	1	360	—	—	—	—	1	1,247
Home equity	—	—	—	—	—	—	1	149
Commercial and multi-family	2	265	5	2,515	2	1,770	5	2,558
Total	6	2,132	9	3,728	2	1,770	8	4,273
Commercial business	—	—	—	—	—	—	—	—
Consumer	—	—	—	—	—	—	—	—
Total delinquent loans	6	\$ 2,132	9	\$ 3,728	2	\$ 1,770	8	\$ 4,273
Delinquent loans to total loans	0.51%		0.90%		0.48%		1.16%	

	At December 31, 2006			
	60-89 Days		90 Days or More	
	Number of Loans	Principal Balance of Loans	Number of Loans	Principal Balance of Loans
	(Dollars in Thousands)			
Real estate mortgage :				
Residential	—	\$ —	—	\$ —
Construction	1	1,356	—	—
Home equity	—	—	—	—
Commercial and multi-family	—	—	1	307
Total	1	1,356	1	307
Commercial business	—	—	—	—
Consumer	1	2	1	16
Total delinquent loans	2	\$ 1,358	2	\$ 323
Delinquent loans to total loans	0.42%		0.10%	

The table below sets forth the amounts and categories of non-performing assets in the Bank's loan portfolio. Loans are placed on non-accrual status when delinquent more than 90 days or when the collection of principal and/or interest become doubtful. Foreclosed assets include assets acquired in settlement of loans.

	At December 31,				
	2010	2009	2008	2007	2006
	(Dollars in Thousands)				
Non-accruing loans :					
Residential	\$ 15,115	\$ 1,559	\$ 1,213	\$ 319	\$ —
Construction	2,773	4,343	—	1,247	—
Home equity	1,632	251	—	149	—
Commercial and multi-family	21,147	5,280	2,515	2,039	307
Commercial business	861	500	—	—	—
Consumer	283	—	—	—	16
Total	41,811	11,933	3,728	3,754	323
Accruing loans delinquent more than 90 days :					
Residential	—	—	—	—	—
Construction	—	—	—	—	—
Home equity	—	—	—	—	—
Commercial and multi-family	—	—	—	519	—
Commercial business	—	—	—	—	—
Consumer	—	—	—	—	—
Total	—	—	—	519	—
Total non-performing loans					
	41,811	11,933	3,728	4,273	323
Foreclosed assets					
	3,602	1,270	1,435	287	—
Total non-performing assets					
	\$ 45,413	\$ 13,203	\$ 5,163	\$ 4,560	\$ 323
Total non-performing assets as a percentage of total assets					
	4.10%	2.09%	0.89%	0.81%	0.06%

Total non-performing loans as a percentage of total loans	5.35%	2.92%	0.90%	1.16%	0.10%
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For the year ended December 31, 2010, gross interest income which would have been recorded had our non-accruing loans been current in accordance with their original terms amounted to \$1.9 million. We received and recorded \$280,000 in interest income for such loans for the year ended December 31, 2010. The year over year increase in non-performing loans reflects nonperforming loans acquired as part of the Pamrapo Bancorp, Inc. acquisition.

Classified Assets . Our 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 we classify problem assets, we 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 December 31, 2010, we had \$668,000 in assets classified as loss, all of which is considered impaired, \$16.8 million in assets classified as doubtful, of which \$5.4 million was classified as impaired, \$31.5 million in assets classified as substandard, of which \$11.4 million was classified as impaired and \$40.1 million in assets classified as special mention, of which \$11.5 million was classified as impaired. 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 timely provided, 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. Loans on “nonaccrual” status. 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.

Allowances for Loan Losses . A provision for loan losses is charged to operations based on management’s evaluation of the losses that may be incurred in our loan portfolio. In addition, our determination of the amount of the allowance for loan losses is subject to review by the New Jersey Department of Banking and Insurance and the FDIC, as part of their examination process. After a review of the information available, our regulators might require the establishment of an additional allowance. Any increase in the loan loss allowance required by regulators would have a negative impact on our earnings. 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 allowance for impaired loans, a specific allowance 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 into two divisions. Loans that are performing and loans that are impaired. Loans which are performing are evaluated homogeneously by loan class or loan type. The allowance of performing loans are evaluated based on historical loan loss peer analysis with an adjustment for qualitative factors due to economic conditions in the market. Impaired loans are loans which are 60 or more days delinquent or troubled debt restructured. These loans are individually evaluated for loan loss either by current appraisal, estimated economic factor, or net present value. Impaired loans which do not produce a specific loan loss are reconsidered under the general valuation method of performing loans. Management reviews the overall estimate for feasibility and bases the loan loss provision accordingly. 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 by definition lack precision. Management must make estimates using assumptions and information that is often subjective and changing rapidly.

The following table sets forth an analysis of the Bank's allowance for loan losses.

	Years Ended December 31,				
	2010	2009	2008	2007	2006
	(Dollars in Thousands)				
Balance at beginning of period	\$ 6,644	\$ 5,304	\$ 4,065	\$ 3,733	\$ 3,090
Charge-offs :					
Residential	—	—	—	—	—
Construction	15	—	90	270	—
Commercial business ⁽¹⁾	351	—	3	—	66
Commercial and multi-family	323	205	—	—	—
Home equity ⁽²⁾	—	—	—	—	—
Consumer	—	7	8	15	1
Total charge-offs	689	212	101	285	67
Recoveries	12	2	40	17	85
Net charge-offs (recoveries)	677	210	61	268	(18)
Provisions charged to operations	2,450	1,550	1,300	600	625
Ending balance	\$ 8,417	\$ 6,644	\$ 5,304	\$ 4,065	\$ 3,733
Ratio of non-performing assets to total assets at the end of period	4.10%	2.09%	0.89%	0.81%	0.06%
Allowance for loan losses as a percent of total loans outstanding	1.08%	1.62%	1.28%	1.10%	1.16%
Ratio of net charge-offs (recoveries) during the period to total loans outstanding at end of the period	0.09%	0.05%	0.01%	0.07%	(0.01)%
Ratio of net charge-offs (recoveries) during the period to non-performing loans	1.62%	1.79%	1.64%	6.27%	(5.57)%

(1) Includes business lines of credit

(2) Includes home equity lines of credit

Allocation of the Allowance for Loan Losses . The following table illustrates the allocation of the allowance for loan losses for each category of loan. The allocation of the allowance to each category is not necessarily indicative of future loss in any particular category and does not restrict our use of the allowance to absorb losses in other loan categories.

	At December 31,									
	2010		2009		2008		2007		2006	
	Amount	Percent of Loans in each Category in Total Loans	Amount	Percent of Loans in each Category in Total Loans	Amount	Percent of Loans in each Category in Total Loans	Amount	Percent of Loans in each Category in Total Loans	Amount	Percent of Loans in each Category in Total Loans
	(Dollars in Thousands)									
Type of loan:										
Residential	\$ 171	29.98%	\$ 430	18.70%	\$ 688	17.94%	\$ 221	14.96%	\$ 69	13.64%
Construction	426	2.28	1,437	12.55	941	15.14	885	13.53	1,068	12.06
Home equity	204	8.13	186	8.39	167	9.22	172	9.58	126	10.02
Commercial and multi-family	6,179	52.45	4,184	54.71	3,175	54.07	2,476	56.35	2,285	59.60
Commercial business	1,286	6.93	365	5.50	216	3.42	262	5.38	168	4.56
Consumer	18	0.23	42	0.15	117	0.21	49	0.20	17	0.12
Unallocated	133	-	-	-	-	-	-	-	-	-
Total	<u>\$ 8,417</u>	<u>100.00%</u>	<u>\$ 6,644</u>	<u>100.00%</u>	<u>\$ 5,304</u>	<u>100.00%</u>	<u>\$ 4,065</u>	<u>100.00%</u>	<u>\$ 3,733</u>	<u>100.00%</u>

Investment Activities

Investment Securities . We are required under federal regulations to maintain a minimum amount of liquid assets that may be invested in specified short-term securities and certain other investments. The level of liquid assets varies depending upon several factors, including: (i) the yields on investment alternatives, (ii) our judgment as to the attractiveness of the yields then available in relation to other opportunities, (iii) expectation of future yield levels, and (iv) our projections as to the short-term demand for funds to be used in loan origination and other activities. Investment securities, including mortgage-backed securities, are classified at the time of purchase, based upon management's intentions and abilities, as securities held-to-maturity or securities available for sale. Debt securities acquired with the intent and ability to hold to maturity are classified as held-to-maturity and are stated at cost and adjusted for amortization of premium and accretion of discount, which are computed using the level yield method and recognized as adjustments of interest income. All other debt and equity securities are classified as available for sale to serve principally as a source of liquidity.

Current regulatory and accounting guidelines regarding investment securities require us to categorize securities as held-to-maturity, available for sale or trading. As of December 31, 2010, the amortized cost of securities classified as held-to-maturity was \$165.6 million. We had \$1.1 million in securities classified as available for sale, and no securities classified as trading. Securities classified as available for sale are reported for financial reporting purposes at the fair value with net changes in the fair value from period to period included as a separate component of stockholders' equity, net of income taxes. At December 31, 2010, our securities classified as held-to-maturity had a fair value of \$166.8 million. Changes in the fair value of securities classified as held-to-maturity do not affect our income, unless we determine there to be an other-than-temporary impairment for those securities in an unrealized loss position. At December 31, 2010, management concluded that all unrealized losses were temporary in nature since they are related to interest rate fluctuations rather than any underlying credit quality of the issuers. Additionally, the Company has no plans to sell these securities and has concluded that it is unlikely it would have to sell these securities prior to the anticipated recovery of the unrealized losses. During the year ended December 31, 2010, we had no securities sales.

At December 31, 2010, our investment policy allowed investments in instruments such as: (i) U.S. Treasury obligations; (ii) U.S. federal agency or federally sponsored agency obligations; (iii) mortgage-backed securities; and (iv) certificates of deposit. The Board of Directors may authorize additional investments. At December 31, 2010, our U.S. Government agency securities totaled \$30.8 million, all of which were classified as held-to-maturity and which primarily consisted of callable securities issued by government sponsored enterprises. Our level of U.S. government agency securities totaled \$98.0 million at December 31, 2009. The decrease during 2010 reflects the maturity or call of \$130.5 million in U.S. government agency securities.

As a source of liquidity and to supplement our lending activities, we have invested in residential mortgage-backed securities. Mortgage-backed securities generally yield less than the loans that underlie such securities because of the cost of payment guarantees or credit enhancements that reduce credit risk. Mortgage-backed securities can serve as collateral for borrowings and, through repayments, as a source of liquidity. Mortgage-backed securities

represent a participation interest in a pool of single-family or other type of mortgages. Principal and interest payments are passed from the mortgage originators, through intermediaries (generally government-sponsored enterprises) that pool and repackage the participation interests in the form of securities, to investors, like us. The government-sponsored enterprises guarantee the payment of principal and interest to investors and include Freddie Mac, Ginnie Mae, and Fannie Mae.

Mortgage-backed securities typically are issued with stated principal amounts. The securities are backed by pools of mortgage loans that have interest rates that are within a set range and have varying maturities. The underlying pool of mortgages can be composed of either fixed rate or adjustable rate mortgage loans. Mortgage-backed securities are generally referred to as mortgage participation certificates or pass-through certificates. The interest rate risk characteristics of the underlying pool of mortgages (i.e., fixed rate or adjustable rate) and the prepayment risk, are passed on to the certificate holder. The life of a mortgage-backed pass-through security is equal to the life of the underlying mortgages. Expected maturities will differ from contractual maturities due to scheduled repayments and because borrowers may have the right to call or prepay obligations with or without prepayment penalties. As a result of our acquisition of Pamrapo Bancorp, Inc. and our own internal activities, our level of mortgage backed securities, all of which are classified as held to maturity, increased from \$34.6 million at December 31, 2009 to \$127.0 million at December 31, 2010.

Securities Portfolio . The following table sets forth the carrying value of our securities portfolio and FHLB stock at the dates indicated.

	At December 31,		
	2010	2009	2008
	(In Thousands)		
Securities available for sale:			
Equity securities	\$ 1,098	\$ 1,346	\$ 888
Securities held to maturity:			
U.S. Government and Agency securities	30,838	98,023	98,607
Mortgage-backed securities	126,955	34,621	42,673
Corporate subordinated notes	6,000	—	—
Municipal obligations	1,376	—	—
Trust originated preferred security	403	—	—
Total securities held to maturity	165,572	132,644	141,280
FHLB stock	6,723	5,714	5,736
Total investment securities	\$ 173,393	\$ 139,704	\$ 147,904

The following table shows our securities held-to-maturity purchase, sale and repayment activities for the periods indicated.

	Years Ended December 31,		
	2010	2009	2008
	(In Thousands)		
Securities acquired through merger	\$ 86,770	\$ —	\$ —
Purchases:			
Fixed-rate	\$ 104,997	\$ 147,647	\$ 60,606
Total purchases	\$ 104,997	\$ 147,647	\$ 60,606
Sales:			
Fixed-rate	\$ —	\$ —	\$ —
Total sales	\$ —	\$ —	\$ —
Principal Repayments:			
Repayment of principal	\$ (156,757)	\$ 155,553	\$ 84,400
Increase (decrease) in other items, net	(2,082)	730	(58)
Net (decreases) increases	\$ 32,928	\$ (8,636)	\$ (23,850)

Maturities of Securities Portfolio . The following table sets forth information regarding the scheduled maturities, carrying values, estimated market values, and weighted average yields for the Bank's debt securities portfolio at December 31, 2010 by contractual maturity. The following table does not take into consideration the effects of scheduled repayments or the effects of possible prepayments.

As of December 31, 2010											
	Within one year		More than One to five years		More than five to ten years		More than ten years		Total investment securities		
	Carrying Value	Average Yield	Carrying Value	Average Yield	Carrying Value	Average Yield	Carrying Value	Average Yield	Fair Value	Carrying Value	Average Yield
(Dollars in Thousands)											
U.S. government agency securities	\$ -	-	\$ 3,315	5.00%	\$ -	2.35%	\$ 27,523	2.69%	\$ 30,970	\$ 30,838	2.94%
Mortgage-backed securities	6	6.00%	775	2.74	54,629	-	71,545	3.96	128,054	126,955	3.26
Corporate subordinated notes	6,000	8.09	-	-	-	-	-	-	6,000	6,000	8.09
Municipal obligations	-	-	-	-	-	-	1,376	5.37	1,355	1,376	5.37
Trust originated preferred security	-	-	-	-	-	-	403	7.67	406	403	7.67
Total investment securities	<u>\$ 6,006</u>	<u>8.09%</u>	<u>\$ 4,090</u>	<u>4.57%</u>	<u>\$ 54,629</u>	<u>2.35%</u>	<u>\$ 100,847</u>	<u>3.65%</u>	<u>\$ 166,785</u>	<u>\$ 165,572</u>	<u>3.40%</u>

Sources of Funds

Our major external source of funds for lending and other investment purposes are deposits. Funds are also derived from the receipt of payments on loans, prepayment of loans, maturities of investment securities and mortgage-backed securities and borrowings. Scheduled loan principal repayments are a relatively stable source of funds, while deposit inflows and outflows and loan prepayments are significantly influenced by general interest rates and market conditions.

Deposits . Consumer and commercial deposits are attracted principally from within our primary market area through the offering of a selection of deposit instruments including demand, NOW, savings and club accounts, money market accounts, and term certificate accounts. Deposit account terms vary according to the minimum balance required, the time period the funds must remain on deposit, and the interest rate.

The interest rates paid by us on deposits are set at the direction of our senior management. Interest rates are determined based on our liquidity requirements, interest rates paid by our competitors, our growth goals, and applicable regulatory restrictions and requirements. At December 31, 2010, we had \$6.3 million of brokered deposits.

Deposit Accounts . The following table sets forth the dollar amount of deposits in the various types of deposit programs we offered as of the dates indicated.

	December 31,					
	2010		2009		2008	
	Weighted Average Rate ⁽¹⁾	Amount	Weighted Average Rate ⁽¹⁾	Amount	Weighted Average Rate ⁽¹⁾	Amount
	(Dollars in Thousands)					
Demand	—%	\$ 69,471	—%	\$ 37,082	—%	\$ 30,561
NOW	0.85	80,775	1.22	34,270	1.25	25,843
Money market	0.85	55,676	1.94	33,656	2.79	19,539
Savings and club accounts	0.73	245,951	1.12	108,170	1.36	99,586
Certificates of deposit	1.77	434,415	3.19	250,560	4.13	234,974
Total	1.33%	<u>\$ 886,288</u>	2.44%	<u>\$ 463,738</u>	2.84%	<u>\$ 410,503</u>

(1) Represents the average rate paid during the year.

The following table sets forth our deposit flows during the periods indicated.

	Years Ended December 31,		
	2010	2009	2008
	(Dollars in Thousands)		
Beginning of period	\$ 463,738	\$ 410,503	\$ 398,819
Net deposits ⁽¹⁾	414,034	43,097	107
Interest credited on deposit accounts	8,516	10,138	11,577
Total increase in deposit accounts	422,550	53,235	11,684
Ending balance	\$ 886,288	\$ 463,738	\$ 410,503
Percent increase	91.12%	12.97%	2.93%

(1) Includes deposits totaling \$435,810 received in connection with the Pamrapo Bancorp, Inc., acquisition.

Jumbo Certificates of Deposit . As of December 31, 2010, the aggregate amount of outstanding certificates of deposit in amounts greater than or equal to \$100,000 was approximately \$236.1 million. The following table indicates the amount of our certificates of deposit of \$100,000 or more by time remaining until maturity.

	At December 31, 2010
<u>Maturity Period</u>	<u>(In Thousands)</u>
Within three months	\$ 43,801
Three through twelve months	136,353
Over twelve months	55,962
Total	\$ 236,116

The following table presents, by rate category, our certificate of deposit accounts as of the dates indicated.

	At December 31,					
	2010		2009		2008	
	Amount	Percent	Amount	Percent	Amount	Percent
(Dollars in Thousands)						
Certificate of deposit rates:						
1.00% - 1.99%	\$ 312,597	71.96%	\$ 111,078	44.33%	\$ 245	0.10%
2.00% - 2.99%	74,265	17.10	56,002	22.35	42,847	18.23
3.00% - 3.99%	41,004	9.44	47,731	19.05	107,017	45.54
4.00% - 4.99%	5,531	1.27	33,619	13.42	74,084	31.53
5.00% - 5.99%	1,018	0.23	2,130	0.85	10,781	4.60
Total	<u>\$ 434,415</u>	<u>100.00%</u>	<u>\$ 250,560</u>	<u>100.00%</u>	<u>\$ 234,974</u>	<u>100.00%</u>

The following table presents, by rate category, the remaining period to maturity of certificate of deposit accounts outstanding as of December 31, 2010.

	Maturity Date				
	1 Year or Less	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 Years	Total
	(In Thousands)				
Interest rate:					
1.00% - 1.99%	\$ 287,830	\$ 23,328	\$ 714	\$ 725	\$ 312,597
2.00% - 2.99%	35,835	19,711	3,814	14,905	74,265
3.00% - 3.99%	4,749	1,423	9,739	25,093	41,004
4.00% - 4.99%	5,329	202	—	—	5,531
5.00% - 5.99%	110	20	888	—	1,018
Total	<u>\$ 333,853</u>	<u>\$ 44,684</u>	<u>\$ 15,155</u>	<u>\$ 40,723</u>	<u>\$ 434,415</u>

Borrowings . Beginning September 7, 2010, the Federal Home Loan Bank of New York (“FHLBNY”) replaced the existing Overnight Repricing Advance Program and its associated companion products, the Overnight Line of Credit (“OLOC”), OLOC Plus, OLOC Companion, and OLOC Companion Plus with the new Overnight Advance. The new Overnight advance permits the Bank to borrow overnight up to its maximum borrowing capacity at the FHLBNY. The Bank is no longer restricted to the previous borrowing limits of 10% (OLOC) or up to 20% (OLOC Plus) of total assets. At December 31, 2010, the Bank’s total credit exposure cannot exceed 50% of its total assets, or \$553,444,000, based on the borrowing limitations outlined in the Federal Home Loan Bank of New York’s member products guide. The total credit exposure limit to 50% of total assets is recalculated each quarter. Additionally, at December 31, 2010 we had a floating rate junior subordinated debenture of \$4.1 million which has been callable at the Company’s option since June 17, 2009, and quarterly thereafter.

The following table sets forth information concerning balances and interest rates on our short-term borrowings at the dates and for the periods indicated.

	At or For the Years Ended December 31,		
	2010	2009	2008
	(Dollars in Thousands)		
Balance at end of period	\$ —	\$ —	\$ 2,000
Average balance during period	\$ —	\$ 38	\$ 4,796
Maximum outstanding at any month end	\$ —	\$ —	\$ 20,500
Weighted average interest rate at end of period	—	—	0.44%
Average interest rate during period	—%	0.51%	1.23%

Employees

At December 31, 2010, we had 123 full-time and 51 part-time employees. None of our employees is represented by a collective bargaining group. We believe that our relationship with our employees is good.

Subsidiaries

We have two non-bank subsidiaries. BCB Holding Company Investment Corp. was established in 2004 for the purpose of holding and investing in securities. Only securities authorized to be purchased by BCB Community Bank are held by BCB Holding Company Investment Corp. At December 31, 2010, this company held \$159.5 million in securities. With the merger with Pamrapo Bancorp. Inc., we acquired Pamrapo Service Corporation which has been inactive since May 2010.

Supervision and Regulation

Bank holding companies and banks are extensively regulated under both federal and state law. These laws and regulations are intended to protect depositors, not shareholders. The description below is limited to certain material aspects of the statutes and regulations addressed, and is not intended to be a complete description of such statutes and regulations and their effects on the Company or the Bank.

As further described below under the heading “The Dodd-Frank Act”, the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”), will significantly change the current bank regulatory structure described in this section and will affect the lending, investment, trading and operating activities of financial institutions and their holding companies. These and any other changes in applicable laws or regulations, whether by Congress or regulatory agencies, may have a material effect on the business and prospects of the Company and the Bank.

The Dodd-Frank Act

The Dodd-Frank Act will significantly change the current bank regulatory structure and affect the lending, investment, trading and operating activities of financial institutions and their holding companies. The Dodd-Frank Act will eliminate the Office of Thrift Supervision and require that federal savings associations be regulated by the Office of the Comptroller of the Currency (the primary federal regulator for national banks). The Dodd-Frank Act also authorizes the Board of Governors of the Federal Reserve Board (“Federal Reserve”) to supervise and regulate all savings and loan holding companies.

The Dodd-Frank Act requires the Federal Reserve to set minimum capital levels for bank holding companies that are as stringent as those required for insured depository institutions, and the components of Tier 1 capital would be restricted to capital instruments that are currently considered to be Tier 1 capital for insured depository institutions. In addition, the proceeds of trust preferred securities are excluded from Tier 1 capital unless such securities were issued prior to May 19, 2010 by bank or savings and loan holding companies with less than \$15 billion of assets. The legislation also establishes a floor for capital of insured depository institutions that cannot be lower than the standards in effect today, and directs the federal banking regulators to implement new leverage and capital requirements within 18 months. These new leverage and capital requirements must take into account off-balance sheet activities and other risks, including risks relating to securitized products and derivatives.

The Dodd-Frank Act also creates a new Consumer Financial Protection Bureau with broad powers to supervise and enforce consumer protection laws. The Consumer Financial Protection Bureau has broad rulemaking authority for a wide range of consumer protection laws that apply to all banks and savings institutions, including the authority to prohibit “unfair, deceptive or abusive” acts and practices. The Consumer Financial Protection Bureau has examination and enforcement authority over all banks and savings institutions with more than \$10 billion in assets. Banks and savings institutions with \$10 billion or less in assets will be examined by their applicable bank regulators. The new legislation also weakens the federal preemption available for national banks and federal savings associations, and gives the state attorneys general the ability to enforce applicable federal consumer protection laws.

The Dodd Frank Act also broadens the base for FDIC insurance assessments. The FDIC must promulgate rules under which assessments will be based on the average consolidated total assets less tangible equity capital of a financial institution. The Dodd-Frank Act also permanently increases the maximum amount of deposit insurance for banks, savings institutions and credit unions to \$250,000 per depositor, retroactive to January 1, 2008, and non-interest bearing transaction accounts have unlimited deposit insurance through December 31, 2012. Lastly, the Dodd-Frank Act increases stockholder influence over boards of directors by requiring companies to give stockholders a non-binding vote on executive compensation and so-called “golden parachute” payments, and by authorizing the Securities and Exchange Commission to promulgate rules that would allow stockholders to nominate and solicit votes for their own candidates using a company’s proxy materials. The legislation also directs the Federal Reserve to promulgate rules prohibiting excessive compensation paid to bank holding company executives, regardless of whether the company is publicly traded.

It is difficult to predict at this time what impact the new legislation and implementing regulations will have on community banks such as the Bank, including the lending and credit practices of such banks. Moreover, many of the provisions of the Dodd-Frank Act are not yet in effect, and the legislation requires various federal agencies to promulgate numerous and extensive implementing regulations over the next several years. Although the substance and scope of these regulations cannot be determined at this time, it is expected that the legislation and implementing regulations, particularly those provisions relating to the new Consumer Financial Protection Bureau and mutual holding company dividend waivers, will increase our operating and compliance costs and restrict our ability to pay dividends in the future.

Bank Holding Company Regulation

As a bank holding company registered under the Bank Holding Company Act of 1956, as amended, the Company is subject to the regulation and supervision applicable to bank holding companies by the Federal Reserve. The Company is also subject to the provisions of the New Jersey Banking Act of 1948 (the “New Jersey Banking Act”) and the regulations of the Commissioner of the New Jersey Department of Banking and Insurance (“Commissioner”). The Company is required to file reports with the Federal Reserve and the Commissioner regarding its business operations and those of its subsidiaries.

Federal Regulation. The Bank Holding Company Act requires, among other things, the prior approval of the Federal Reserve in any case where a bank holding company proposes to (i) acquire all or substantially all of the assets of any other bank, (ii) acquire direct or indirect ownership or control of more than 5% of the outstanding voting stock of any bank (unless it owns a majority of such company’s voting shares) or (iii) merge or consolidate with any other bank holding company. The Federal Reserve will not approve any acquisition, merger, or consolidation that would have a substantially anti-competitive effect, unless the anti-competitive impact of the proposed transaction is clearly outweighed by a greater public interest in meeting the convenience and needs of the community to be served. The Federal Reserve also considers capital adequacy and other financial and managerial resources and future prospects of the companies and the banks concerned, together with the convenience and needs of the community to be served, when reviewing acquisitions or mergers.

The Bank Holding Company Act generally prohibits a bank holding company, with certain limited exceptions, from (i) acquiring or retaining direct or indirect ownership or control of more than 5% of the outstanding voting stock of any company which is not a bank or bank holding company, or (ii) engaging directly or indirectly in activities other than those of banking, managing or controlling banks, or performing services for its subsidiaries, unless such non-banking business is determined by the Federal Reserve to be so closely related to banking or managing or controlling banks as to be properly incident thereto.

The Bank Holding Company Act has been amended to permit bank holding companies and banks, which meet certain capital, management and Community Reinvestment Act standards, to engage in a broader range of non-banking activities. In addition, bank holding companies which elect to become financial holding companies may engage in certain banking and non-banking activities without prior Federal Reserve approval. At this time, the Company

has elected not to become a financial holding company, as it does not engage in any activities not permissible for banks.

There are a number of obligations and restrictions imposed on bank holding companies and their depository institution subsidiaries by law and regulatory policy that are designed to minimize potential loss to the depositors of such depository institutions and the FDIC insurance funds in the event the depository institution is in danger of default. Under a policy of the Federal Reserve with respect to bank holding company operations, a bank holding company is required to serve as a source of financial strength to its subsidiary depository institutions and to commit resources to support such institutions in circumstances where it might not do so absent such policy. The Federal Reserve also has the authority under the Bank Holding Company Act to require a bank holding company to terminate any activity or to relinquish control of a non-bank subsidiary upon the Federal Reserve's determination that such activity or control constitutes a serious risk to the financial soundness and stability of any bank subsidiary of the bank holding company.

The Federal Reserve has adopted risk-based capital guidelines for bank holding companies. The risk-based capital guidelines are designed to make regulatory capital requirements more sensitive to differences in risk profile among banks and bank holding companies, to account for off-balance sheet exposure, and to minimize disincentives for holding liquid assets. Under these guidelines, assets and off-balance sheet items are assigned to broad risk categories each with appropriate weights. The resulting capital ratios represent capital as a percentage of total risk-weighted assets and off-balance sheet items.

The Company is subject to regulatory capital requirements and guidelines imposed by the Federal Reserve, which are substantially similar to those imposed by the FDIC on depository institutions within their jurisdictions. At December 31, 2010, the Company, was considered to be a well capitalized Bank Holding Company.

The Federal Reserve may set higher capital requirements for holding companies whose circumstances warrant it. For example, holding companies experiencing internal growth or making acquisitions are expected to maintain strong capital positions substantially above the minimum supervisory levels, without significant reliance on intangible assets.

As noted above, the Dodd-Frank Act requires the Federal Reserve to set minimum capital levels for bank holding companies that are as stringent as those required for insured depository institutions, and the components of Tier 1 capital would be restricted to capital instruments that are currently considered to be Tier 1 capital for insured depository institutions. Such changes, and others that may be proposed and implemented in the future, may affect the Company's capital ratios and risk-adjusted assets.

New Jersey Regulation. Under the New Jersey Banking Act, a company owning or controlling a savings bank is regulated as a bank holding company and must file certain reports with the Commissioner and is subject to examination by the Commissioner. Under the New Jersey Banking Act, as well as Federal law, no person may acquire control of the Company or the Bank without first obtaining approval of such acquisition of control from the Federal Reserve and the Commissioner.

Bank Regulation

As a New Jersey-chartered commercial bank, the Bank is subject to the regulation, supervision, and examination of the Commissioner. As an FDIC-insured institution, the Bank is subject to the regulation, supervision and examination of the FDIC. The regulations of the FDIC and the Commissioner impact virtually all of our activities, including the minimum level of capital we must maintain, our ability to pay dividends, our ability to expand through new branches or acquisitions and various other matters.

Insurance of Deposit Accounts. The FDIC insures deposits at FDIC insured financial institutions such as the Bank. Deposit accounts in the Bank are insured by the FDIC generally up to a maximum of \$250,000 per separately insured depositor and up to a maximum of \$250,000 for self-directed retirement accounts. The FDIC charges the insured financial institutions premiums to maintain the Deposit Insurance Fund.

Under the FDIC's current risk-based assessment system, insured institutions are assigned to one of four risk categories based on supervisory evaluations, regulatory capital levels and certain other risk factors. The rates for nearly all of the financial institutions industry vary between five and seven cents for every \$100 of domestic deposits.

As part of its plan to restore the Deposit Insurance Fund in the wake of the large number of bank failures following the financial crisis, the FDIC imposed a special assessment of 5 basis points for the second quarter of 2009. In addition, the FDIC has required all insured institutions to prepay their quarterly risk-based assessments for the fourth quarter of 2009, and for all of 2010, 2011 and 2012. As part of this prepayment, the FDIC assumed a 5% annual growth in the assessment base and applied a 3 basis point increase in assessment rates effective January 1, 2011.

In February 2011, the FDIC published a final rule under the Dodd-Frank Act to reform the deposit insurance assessment system. The rule redefines the assessment base used for calculating deposit insurance assessments effective April 1, 2011. Under the new rule, assessments will be based on an institution's average consolidated total assets minus average tangible equity as opposed to total deposits. Since the new base will be much larger than the current base, the FDIC also lowered assessment rates so that the total amount of revenue collected from the industry will not be significantly altered. The new rule is expected to benefit smaller financial institutions, which typically rely more on deposits for funding, and shift more of the burden for supporting the insurance fund to larger institutions, which have greater access to non-deposit sources of funding.

The Dodd-Frank Act also extended the unlimited deposit insurance on non-interest bearing transaction accounts through December 31, 2012. Unlike the FDIC's Temporary Liquidity Guarantee Program, the insurance provided under the Dodd-Frank Act does not extend to low-interest NOW accounts, and there is no separate assessment on covered accounts.

Insurance of deposits may be terminated by the FDIC upon a finding that an institution has engaged in unsafe or unsound practices, is in an unsafe or unsound condition to continue operations or has violated any applicable law, regulation, rule, order or condition imposed by the

FDIC. We do not currently know of any practice, condition or violation that may lead to termination of our deposit insurance.

In addition to the FDIC assessments, the Financing Corporation (“FICO”) is authorized to impose and collect, with the approval of the FDIC, assessments for anticipated payments, issuance costs and custodial fees on bonds issued by the FICO in the 1980s to recapitalize the former Federal Savings and Loan Insurance Corporation. The bonds issued by the FICO are due to mature in 2017 through 2019. For the year ended December 31, 2010, we paid \$60,000 in FICO assessments.

Capital Adequacy Guidelines . The FDIC has promulgated risk-based capital rules, which are designed to make regulatory capital requirements more sensitive to differences in risk profile among banks, to account for off-balance sheet exposure, and to minimize disincentives for holding liquid assets. Under these rules, assets and off-balance sheet items are assigned to broad risk categories, each with appropriate weights. The resulting capital ratios represent capital as a percentage of total risk-weighted assets and off-balance sheet items. These rules are substantially similar to the Federal Reserve rules discussed above.

In addition to the risk-based capital rules, the FDIC has adopted a minimum Tier 1 capital (leverage) ratio. This measurement is substantially similar to the Federal Reserve leverage capital measurement discussed above. At December 31, 2010, the Bank’s ratio of total capital to risk-weighted assets was 15.89%. Our Tier 1 capital to risk-weighted assets was 14.95%, and our Tier 1 capital to average assets was 9.16%.

As noted above, the Dodd-Frank Act establishes a floor for capital of insured depository institutions that cannot be lower than the standards in effect today, and directs the federal banking regulators to implement new leverage and capital requirements within 18 months. These new leverage and capital requirements must take into account off-balance sheet activities and other risks, including risks relating to securitized products and derivatives.

Transactions with Affiliates. Transactions between banks and their related parties or affiliates are limited by Sections 23A and 23B of the Federal Reserve Act. An affiliate of a bank is any company or entity that controls, is controlled by or is under common control with the bank. In a holding company context, the parent bank holding company and any companies which are controlled by such parent holding company are affiliates of the bank. Generally, Sections 23A and 23B of the Federal Reserve Act and Regulation W (i) limit the extent to which the bank or its subsidiaries may engage in “covered transactions” with any one affiliate to an amount equal to 10.0% of such institution’s capital stock and surplus, and contain an aggregate limit on all such transactions with all affiliates to an amount equal to 20.0% of such institution’s capital stock and surplus and (ii) require that all such transactions be on terms substantially the same, or at least as favorable, to the institution or subsidiary as those provided to non-affiliates. The term “covered transaction” includes the making of loans, purchase of assets, issuance of a guarantee and other similar transactions. In addition, loans or other extensions of credit by the financial institution to the affiliate are required to be collateralized in accordance with the requirements set forth in Section 23A of the Federal Reserve Act. The Sarbanes-Oxley Act of 2002 generally prohibits loans by a company to its executive officers and directors. However, the law contains a specific exception for loans by a depository institution to its executive officers and directors in

compliance with federal banking laws assuming such loans are also permitted under the law of the institution's chartering state. Under such laws, the Bank's authority to extend credit to executive officers, directors and 10% shareholders ("insiders"), as well as entities such person's control, is limited. The law limits both the individual and aggregate amount of loans the Bank may make to insiders based, in part, on the Bank's capital position and requires certain board approval procedures to be followed. Such loans are required to be made on terms substantially the same as those offered to unaffiliated individuals and not involve more than the normal risk of repayment. There is an exception for loans made pursuant to a benefit or compensation program that is widely available to all employees of the institution and does not give preference to insiders over other employees. Loans to executive officers are further limited by specific categories.

The Dodd-Frank Act requires that the Federal Reserve make certain changes to the regulations governing transactions with affiliates described above. It is uncertain when such changes will become effective.

Dividends . The Bank may pay dividends as declared from time to time by the Board of Directors out of funds legally available, subject to certain restrictions. Under the New Jersey Banking Act of 1948, as amended, the Bank may not pay a cash dividend unless, following the payment, the Bank's capital stock will be unimpaired and the Bank will have a surplus of no less than 50% of the Bank capital stock or, if not, the payment of the dividend will not reduce the surplus. In addition, the Bank cannot pay dividends in amounts that would reduce the Bank's capital below regulatory imposed minimums.

The USA PATRIOT Act

The USA PATRIOT Act gives the federal government powers to address terrorist threats through enhanced domestic security measures, expanded surveillance powers, increased information sharing, and broadened anti-money laundering requirements. By way of amendments to the Bank Secrecy Act, Title III of the USA PATRIOT Act included measures intended to encourage information sharing among bank regulatory agencies and law enforcement bodies. Further, certain provisions of Title III imposed affirmative obligations on a broad range of financial institutions, including banks, thrifts, brokers, dealers, credit unions, money transfer agents and parties registered under the Commodity Exchange Act.

The bank regulatory agencies have increased the regulatory scrutiny of the Bank Secrecy Act and anti-money laundering programs maintained by financial institutions. Significant penalties and fines, as well as other supervisory orders may be imposed on a financial institution for non-compliance with these requirements. In addition, the federal bank regulatory agencies must consider the effectiveness of financial institutions engaging in a merger transaction in combating money laundering activities. The Bank has adopted policies and procedures which are in compliance with these requirements.

Federal Securities Laws

The Company's common stock is registered with the SEC under the Securities Exchange Act of 1934, as amended ("Exchange Act"). The Company is subject to the information, proxy solicitation, insider trading restrictions and other requirements under the Securities Exchange Act of 1934.

Under the Exchange Act, we are required to conduct a comprehensive review and assessment of the adequacy of our existing financial systems and controls. For the year ending December 31, 2011, we expect that our auditors will have to audit our internal control over financial reporting.

Sarbanes-Oxley Act of 2002

The Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley"), contains a broad range of legislative reforms intended to address corporate and accounting fraud. In addition to the establishment of a new accounting oversight board that will enforce auditing, quality control and independence standards and will be funded by fees from all publicly traded companies, Sarbanes-Oxley places certain restrictions on the scope of services that may be provided by accounting firms to their public company audit clients. Any non-audit services being provided to a public company audit client will require preapproval by the company's audit committee. In addition, Sarbanes-Oxley makes certain changes to the requirements for audit partner rotation after a period of time. Sarbanes-Oxley requires chief executive officers and chief financial officers, or their equivalent, to certify to the accuracy of periodic reports filed with the Securities and Exchange Commission, subject to civil and criminal penalties if they knowingly or willingly violate this certification requirement. The Company's Chief Executive Officer and Chief Financial Officer have signed certifications to this Form 10-K as required by Sarbanes-Oxley. In addition, under Sarbanes-Oxley, counsel will be required to report evidence of a material violation of the securities laws or a breach of fiduciary duty by a company to its chief executive officer or its chief legal officer, and, if such officer does not appropriately respond, to report such evidence to the audit committee or other similar committee of the board of directors or the board itself.

Under Sarbanes-Oxley, longer prison terms will apply to corporate executives who violate federal securities laws; the period during which certain types of suits can be brought against a company or its officers is extended; and bonuses issued to top executives prior to restatement of a company's financial statements are now subject to disgorgement if such restatement was due to corporate misconduct. Executives are also prohibited from trading the company's securities during retirement plan "blackout" periods, and loans to company executives (other than loans by financial institutions permitted by federal rules and regulations) are restricted. In addition, a provision directs that civil penalties levied by the Securities and Exchange Commission as a result of any judicial or administrative action under Sarbanes-Oxley be deposited to a fund for the benefit of harmed investors. The Federal Accounts for Investor Restitution provision also requires the Securities and Exchange Commission to develop methods of improving collection rates. The legislation accelerates the time frame for disclosures by public companies, as they must immediately disclose any material changes in their financial

condition or operations. Directors and executive officers must also provide information for most changes in ownership in a company's securities within two business days of the change.

Sarbanes-Oxley also increases the oversight of, and codifies certain requirements relating to, audit committees of public companies and how they interact with the company's "registered public accounting firm." Audit Committee members must be independent and are absolutely barred from accepting consulting, advisory or other compensatory fees from the issuer. In addition, companies must disclose whether at least one member of the committee is a "financial expert" (as such term is defined by the Securities and Exchange Commission) and if not, why not. Under Sarbanes-Oxley, a company's registered public accounting firm is prohibited from performing statutorily mandated audit services for a company if such company's chief executive officer, chief financial officer, comptroller, chief accounting officer or any person serving in equivalent positions had been employed by such firm and participated in the audit of such company during the one-year period preceding the audit initiation date. Sarbanes-Oxley also prohibits any officer or director of a company or any other person acting under their direction from taking any action to fraudulently influence, coerce, manipulate or mislead any independent accountant engaged in the audit of the company's financial statements for the purpose of rendering the financial statements materially misleading. Sarbanes-Oxley also requires the Securities and Exchange Commission to prescribe rules requiring inclusion of any internal control report and assessment by management in the annual report to shareholders. Sarbanes-Oxley requires the company's registered public accounting firm that issues the audit report to attest to and report on management's assessment of the company's internal controls.

Under Section 404 of the Sarbanes-Oxley Act of 2002, we are required to conduct a comprehensive review and assessment of the adequacy of our existing financial systems and controls. For the year ending December 31, 2011, we expect that our auditors will have to audit our internal control over financial reporting.

AVAILABILITY OF ANNUAL REPORT

Our Annual Report is available on our website, www.bcb Bancorp.com. We will also provide our Annual Report on Form 10-K free of charge to shareholders who write to the Corporate Secretary at 104-110 Avenue C, Bayonne, New Jersey 07002.

ITEM 1A. RISK FACTORS

Our loan portfolio consists of a high percentage of loans secured by commercial real estate and multi-family real estate. These loans are riskier than loans secured by one- to four-family properties.

At December 31, 2010, \$410.2 million, or 52.45% of our loan portfolio consisted of commercial and multi-family real estate loans. We intend to continue to emphasize the origination of these types of loans. These loans generally expose a lender to greater risk of nonpayment and loss than one- to four-family residential mortgage loans because repayment of the loans often depends on the successful operation and income stream of the borrower's business. Such loans typically involve larger loan balances to single borrowers or groups of related borrowers compared to one- to four-family residential mortgage loans. Consequently, an

adverse development with respect to one loan or one credit relationship can expose us to a significantly greater risk of loss compared to an adverse development with respect to a one- to four-family residential mortgage loan.

We may not be able to successfully maintain and manage our growth.

Since December 31, 2006, our assets have grown at a compound annual growth rate of 16.7%, our loan balances have grown at a compound annual growth rate of 19.4% and our deposits have grown at a compound annual growth rate of 18.3%. Our ability to continue to grow depends, in part, upon our ability to expand our market presence, successfully attract core deposits, and identify attractive commercial lending opportunities.

We cannot be certain as to our ability to manage increased levels of assets and liabilities. We may be required to make additional investments in equipment and personnel to manage higher asset levels and loans balances, which may adversely impact our efficiency ratio, earnings and shareholder returns.

If our allowance for loan losses is not sufficient to cover actual loan losses, our earnings could decrease.

Our loan customers may not repay their loans according to the terms of their loans, and the collateral securing the payment of their loans may be insufficient to assure repayment. We may experience significant credit losses, which could have a material adverse effect on our operating results. We make various assumptions and judgments about the collectability of our loan portfolio, including the creditworthiness of our borrowers and the value of the real estate and other assets serving as collateral for the repayment of many of our loans. In determining the amount of the allowance for loan losses, we review our loans and our loss and delinquency experience, and we evaluate economic conditions. If our assumptions prove to be incorrect, our allowance for loan losses may not cover losses in our loan portfolio at the date of the financial statements. Material additions to our allowance would materially decrease our net income. At December 31, 2010, our allowance for loan losses totaled \$8.4 million, representing 1.08% of total loans.

While we have only been operating for ten years, we have experienced significant growth in our loan portfolio, particularly our loans secured by commercial real estate. Although we believe we have underwriting standards to manage normal lending risks, and although we had \$45.4 million, or 4.10% of total assets consisting of non-performing assets at December 31, 2010, it is difficult to assess the future performance of our loan portfolio due to the relatively recent origination of many of these loans. We can give you no assurance that our non-performing loans will not increase or that our non-performing or delinquent loans will not adversely affect our future performance.

In addition, federal and state regulators periodically review our allowance for loan losses and may require us to increase our allowance for loan losses or recognize further loan charge-offs. Any increase in our allowance for loan losses or loan charge-offs as required by these

regulatory agencies could have a material adverse effect on our results of operations and financial condition.

We depend primarily on net interest income for our earnings rather than fee income.

Net interest income is the most significant component of our operating income. We do not rely on traditional sources of fee income utilized by some community banks, such as fees from sales of insurance, securities or investment advisory products or services. For the years ended December 31, 2010 and 2009, our net interest income was \$26.4 million and \$19.4 million, respectively. The amount of our net interest income is influenced by the overall interest rate environment, competition, and the amount of interest-earning assets relative to the amount of interest-bearing liabilities. In the event that one or more of these factors were to result in a decrease in our net interest income, we do not have significant sources of fee income to make up for decreases in net interest income.

If Our Investment in the Federal Home Loan Bank of New York is Classified as Other-Than-Temporarily Impaired or as Permanently Impaired, Our Earnings and Stockholders' Equity Could Decrease

We own common stock of the Federal Home Loan Bank of New York. We hold the FHLBNY common stock to qualify for membership in the Federal Home Loan Bank System and to be eligible to borrow funds under the FHLBNY's advance program. The aggregate cost and fair value of our FHLBNY common stock as of December 31, 2010 was \$6.7 million based on its par value. There is no market for our FHLBNY common stock.

Recent published reports indicate that certain member banks of the Federal Home Loan Bank System may be subject to accounting rules and asset quality risks that could result in materially lower regulatory capital levels. In an extreme situation, it is possible that the capitalization of a Federal Home Loan Bank, including the FHLBNY, could be substantially diminished or reduced to zero. Consequently, we believe that there is a risk that our investment in FHLBNY common stock could be deemed other-than-temporarily impaired at some time in the future, and if this occurs, it would cause our earnings and stockholders' equity to decrease by the after-tax amount of the impairment charge.

Fluctuations in interest rates could reduce our profitability.

We realize income primarily from the difference between the interest we earn on loans and investments and the interest we pay on deposits and borrowings. The interest rates on our assets and liabilities respond differently to changes in market interest rates, which means our interest-bearing liabilities may be more sensitive to changes in market interest rates than our interest-earning assets, or vice versa. In either event, if market interest rates change, this "gap" between the amount of interest-earning assets and interest-bearing liabilities that reprice in response to these interest rate changes may work against us, and our earnings may be negatively affected.

We are unable to predict fluctuations in market interest rates, which are affected by, among other factors, changes in the following:

- inflation rates;
- business activity levels;
- money supply; and
- domestic and foreign financial markets.

The value of our investment portfolio and the composition of our deposit base are influenced by prevailing market conditions and interest rates. Our asset-liability management strategy, which is designed to mitigate the risk to us from changes in market interest rates, may not prevent changes in interest rates or securities market downturns from reducing deposit outflow or from having a material adverse effect on our results of operations, our financial condition or the value of our investments.

Adverse events in New Jersey, where our business is concentrated, could adversely affect our results and future growth.

Our business, the location of our branches and the real estate collateralizing our real estate loans are concentrated in New Jersey. As a result, we are exposed to geographic risks. The occurrence of an economic downturn in New Jersey, or adverse changes in laws or regulations in New Jersey, could impact the credit quality of our assets, the business of our customers and our ability to expand our business.

Our success significantly depends upon the growth in population, income levels, deposits and housing in our market area. If the communities in which we operate do not grow or if prevailing economic conditions locally or nationally are unfavorable, our business may be negatively affected. In addition, the economies of the communities in which we operate are substantially dependent on the growth of the economy in the State of New Jersey. To the extent that economic conditions in New Jersey are unfavorable or do not continue to grow as projected, the economy in our market area would be adversely affected. Moreover, we cannot give any assurance that we will benefit from any market growth or favorable economic conditions in our market area if they do occur.

In addition, the market value of the real estate securing loans as collateral could be adversely affected by unfavorable changes in market and economic conditions. As of December 31, 2010, approximately 92.8% of our total loans were secured by real estate. Adverse developments affecting commerce or real estate values in the local economies in our primary market areas could increase the credit risk associated with our loan portfolio. In addition, substantially all of our loans are to individuals and businesses in New Jersey. Our business customers may not have customer bases that are as diverse as businesses serving regional or national markets. Consequently, any decline in the economy of our market area could have an adverse impact on our revenues and financial condition. In particular, we may experience

increased loan delinquencies, which could result in a higher provision for loan losses and increased charge-offs. Any sustained period of increased non-payment, delinquencies, foreclosures or losses caused by adverse market or economic conditions in our market area could adversely affect the value of our assets, revenues, results of operations and financial condition.

We operate in a highly regulated environment and may be adversely affected by changes in federal, state and local laws and regulations.

We are subject to extensive regulation, supervision and examination by federal and state banking authorities. Any change in applicable regulations or federal, state or local legislation could have a substantial impact on us and our operations. Additional legislation and regulations that could significantly affect our powers, authority and operations may be enacted or adopted in the future, which could have a material adverse effect on our financial condition and results of operations. Further, regulators have significant discretion and authority to prevent or remedy unsafe or unsound practices or violations of laws by banks and bank holding companies in the performance of their supervisory and enforcement duties. The exercise of regulatory authority may have a negative impact on our results of operations and financial condition.

Like other bank holding companies and financial institutions, we must comply with significant anti-money laundering and anti-terrorism laws. Under these laws, we are required, among other things, to enforce a customer identification program and file currency transaction and suspicious activity reports with the federal government. Government agencies have substantial discretion to impose significant monetary penalties on institutions which fail to comply with these laws or make required reports. Because we operate our business in the highly urbanized greater Newark/New York City metropolitan area, we may be at greater risk of scrutiny by government regulators for compliance with these laws.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

At December 31, 2010, we conducted our business from our executive office located at 104-110 Avenue C, Bayonne, New Jersey, and our ten branch offices, which are located in Bayonne, Jersey City, Hoboken and Monroe Township, New Jersey. The aggregate book value of our premises and equipment was \$11.4 million at December 31, 2010. We own our executive office facility and lease seven branch offices. We also own two branch locations that were acquired with the merger of Pamrapo Bancorp, Inc. that we classified as property held for sale. The aggregate book value of the property held for sale was \$1.02 million at December 31, 2010.

ITEM 3. LEGAL PROCEEDINGS

We are involved, from time to time, as plaintiff or defendant in various legal actions arising in the normal course of its business. At December 31, 2010, 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 4. RESERVED

PART II**ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

BCB Bancorp, Inc.'s common stock trades on the Nasdaq Global Market under the symbol "BCBP." In order to list common stock on the Nasdaq Global Market, the presence of at least three registered and active market makers is required and BCB Bancorp, Inc. has at least three market makers.

The following table sets forth the high and low closing prices for BCB Bancorp, Inc. common stock for the periods indicated. As of December 31, 2010, there were 9,383,695 shares of BCB Bancorp, Inc. common stock outstanding. At December 31, 2010, BCB Bancorp, Inc. had approximately 1,600 stockholders of record.

Fiscal 2010	High	Low	Cash Dividend Declared
Quarter Ended December 31, 2010	\$ 10.08	\$ 8.70	\$ 0.12
Quarter Ended September 30, 2010	9.26	7.00	0.12
Quarter Ended June 30, 2010	9.60	7.80	0.12
Quarter Ended March 31, 2010	9.79	8.75	0.12

Fiscal 2009	High	Low	Cash Dividend Declared
Quarter Ended December 31, 2009	\$ 9.72	\$ 7.76	\$ 0.12
Quarter Ended September 30, 2009	10.42	7.31	0.12
Quarter Ended June 30, 2009	10.40	8.75	0.12
Quarter Ended March 31, 2009	10.99	8.50	0.12

Please see "Item 1. Business—Bank Regulation—Dividends" for a discussion of restrictions on the ability of the Bank to pay the Company dividends.

Compensation Plans

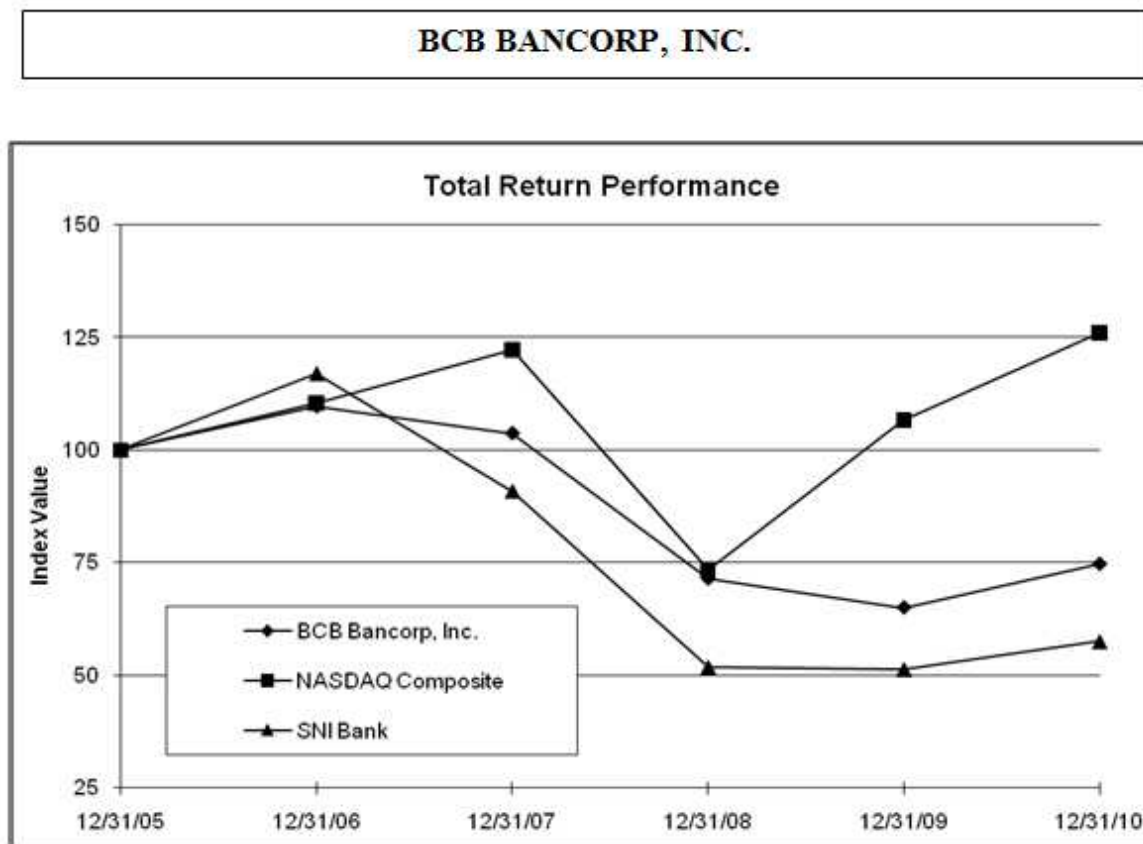
Set forth below is information as of December 31, 2010 regarding equity compensation plans that have been approved by shareholders. The Company has no equity based benefit plans that were not approved by shareholders.

Plan	Number of securities to be issued upon exercise of outstanding options and rights	Weighted average Exercise price(2)	Number of securities remaining available for issuance under plan
Equity compensation plans approved by shareholders	289,613 (1)	\$ 12.00	8,116
Equity compensation plans not approved by shareholders	—	—	-0-
Total	289,613	\$ 12.00	8,116

- (1) Consists of options to purchase (i) 60,231 shares of common stock under the 2002 Stock Option Plan and (ii) 201,382 shares of common stock under the 2003 Stock Option Plan and (iii) 28,000 shares of common stock under the 2003 Stock Option Plan from the former Pamrapo Bancorp, Inc., converted to options to purchase shares of common stock of BCB Bancorp under the terms of the merger agreement.
- (2) The weighted average exercise price reflects the exercise prices ranging from \$9.34 to \$15.65 per share for options granted under the 2003 Stock Option Plan and ranging from \$5.29 to \$15.65 per share for options under the 2002 Stock Option Plan and ranging from \$18.41 to \$29.25 per share for options under the 2003 Stock Option Plan from the former Pamrapo Bancorp, Inc., converted to options to purchase shares of common stock of BCB Bancorp under the terms of the merger agreement.

Stock Performance Graph

Set forth hereunder is a stock performance graph comparing (a) the cumulative total return on the common stock for the period beginning with the closing sales price on January 1, 2005 through December 31, 2010, (b) the cumulative total return on all publicly traded commercial bank stocks over such period, and (c) the cumulative total return of Nasdaq Market Index over such period. Cumulative return assumes the reinvestment of dividends, and is expressed in dollars based on an assumed investment of \$100.



Index	Period Ending					
	12/31/05	12/31/06	12/31/07	12/31/08	12/31/09	12/31/10
BCB Bancorp, Inc.	100.00	109.57	103.63	71.37	64.99	74.64
NASDAQ Composite	100.00	110.39	122.15	73.32	106.57	125.91
SNI Bank	100.00	116.98	90.90	51.87	51.33	57.52

On November 20, 2007, the Company announced a third stock repurchase plan to repurchase 5% or 234,002 shares of the Company's common stock. This plan was completed during 2010. 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. Set forth below is information regarding purchases of our common stock made by or on behalf of the Company during the fourth quarter of 2010.

Period	Total number of shares purchased	Average price per share paid	Total number of shares purchased as part of a publicly announced program	Number of shares remaining to be purchased under program
October 1-31	27,034	\$ 8.90	27,034	571,392
November 1-30	27,613	9.33	54,647	543,779
December 1-31	124,777	9.49	179,424	419,002
Total	179,424	\$ 9.38	—	—

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

The following tables set forth selected consolidated historical financial and other data of BCB Bancorp, Inc. at and for the years ended December 31, 2010, 2009, 2008, 2007 and 2006. The information is derived in part from, and should be read together with, the audited Consolidated Financial Statements and Notes thereto of BCB Bancorp, Inc. Per share data has been adjusted for all periods to reflect the common stock dividends paid by the Company, as well as the completion of the Company's acquisition of Pamrapo Bancorp, Inc. on July 6, 2010.

Selected financial condition data at December 31,					
	2010	2009	2008	2007	2006
	(In Thousands)				
Total assets	\$ 1,106,888	\$ 631,503	\$ 578,624	\$ 563,477	\$ 510,835
Cash and cash equivalents	121,127	67,347	6,761	11,780	25,837
Securities, held to maturity	165,572	132,644	141,280	165,017	148,672
Loans receivable	773,101	401,872	406,826	364,654	318,130
Deposits	886,288	463,738	410,503	398,819	382,747
Borrowings	114,124	114,124	116,124	114,124	74,124
Stockholders' equity	98,974	51,391	49,715	48,510	51,963

Selected operating data for the year ended December 31,					
	2010	2009	2008	2007	2006
	(In thousands, except for per share amounts)				
Net interest income	\$ 26,432	\$ 19,384	\$ 19,960	\$ 17,173	\$ 17,784
Provision for loan losses	2,450	1,550	1,300	600	625
Non-interest income (loss)	13,862	931	(2,054)	1,092	1,260
Non-interest expense	22,013	12,396	11,314	10,718	9,632
Income tax	1,505	2,621	1,820	2,509	3,220
Net income	\$ 14,326	\$ 3,748	\$ 3,472	\$ 4,438	\$ 5,567
Net income per share:					
Basic	\$ 2.06	\$ 0.81	\$ 0.75	\$ 0.92	\$ 1.11
Diluted	\$ 2.05	\$ 0.80	\$ 0.74	\$ 0.90	\$ 1.08
Dividends declared per share	\$ 0.48	\$ 0.48	\$ 0.41	\$ 0.32	\$ 0.30

	At or for the Years Ended December 31,				
	2010	2009	2008	2007	2006
Selected Financial Ratios and Other Data:					
Return on average assets (ratio of net income to average total assets)	1.62%	0.61%	0.60%	0.83%	1.13%
Return on average stockholders' equity (ratio of net income to average stockholders' equity)	22.67	7.34	7.00	8.86	11.12
Non-interest income (loss) to average assets	1.57	0.15	(0.36)	0.20	0.26
Non-interest expense to average assets	2.49	2.03	1.97	1.99	1.96
Net interest rate spread during the period	2.81	2.88	3.09	2.71	3.19
Net interest margin (net interest income to average interest earning assets)	3.05	3.24	3.54	3.26	3.69
Ratio of average interest-earning assets to average interest-bearing liabilities	115.05	114.07	115.05	116.94	118.09
Cash dividend payout ratio	23.30	59.26	54.67	34.78	26.98

Asset Quality Ratios:

Non-performing loans to total loans at end of period	5.35	2.92	0.90	1.16	0.10
Allowance for loan losses to non-performing loans at end of period	20.13	55.68	142.27	95.13	1,155.73
Allowance for loan losses to total loans at end of period	1.08	1.62	1.28	1.10	1.16

Capital Ratios:

Stockholders' equity to total assets at end of period	8.94	8.14	8.59	8.61	10.17
Average stockholders' equity to average total assets	7.14	8.35	8.61	9.32	10.19
Tier 1 capital to average assets	9.16	8.68	9.22	8.81	10.91
Tier 1 capital to risk weighted assets	14.95	13.11	13.38	13.05	15.36

ITEM 7. 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 "continue" 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.

Critical Accounting Policies

Critical accounting policies are those accounting policies that can have a significant impact on the Company's financial position and results of operations that require the use of complex and subjective estimates based upon past experiences and management's judgment. Because of the uncertainty inherent in such estimates, actual results may differ from these estimates. Below are those policies applied in preparing the Company's consolidated financial statements that management believes are the most dependent on the application of estimates and assumptions. For additional accounting policies, see Note 2 of "Notes to Consolidated Financial Statements."

Allowance for Loan Losses

Loans receivable are presented net of an allowance for loan losses. In determining the appropriate level of the allowance, management considers a combination of factors, such as economic and industry trends, real estate market conditions, size and type of loans in portfolio, nature and value of collateral held, borrowers' financial strength and credit ratings, and prepayment and default history. The calculation of the appropriate allowance for loan losses requires a substantial amount of judgment regarding the impact of the aforementioned factors, as well as other factors, on the ultimate realization of loans receivable. In addition, our determination of the amount of the allowance for loan losses is subject to review by the New Jersey Department of Banking and Insurance and the FDIC, as part of their examination process. After a review of the information available, our regulators might require the establishment of an additional allowance. Any increase in the loan loss allowance required by regulators would have a negative impact on our earnings.

Other-than-Temporary Impairment of Securities

If the fair value of a security is less than its amortized cost, the security is deemed to be impaired. Management evaluates all securities with unrealized losses quarterly to determine if such impairments are “temporary” or “other-than-temporary” in accordance with Accounting Standards Codification (“ASC”) Topic 320, *Investments – Debt and Equity Securities*.

Accordingly, temporary impairments are accounted for based upon the classification of the related securities as either available for sale or held to maturity. Temporary impairments on available for sale securities are recognized, on a tax-effected basis, through Other Comprehensive Income (“OCI”) with offsetting entries adjusting the carrying value of the securities and the balance of deferred taxes. Conversely, the carrying values of held to maturity securities are not adjusted for temporary impairments. Information concerning the amount and duration of temporary impairments on both available for sale and held to maturity securities is generally disclosed in the notes to the consolidated financial statements.

Other-than-temporary impairments are accounted for based upon several considerations. First, other-than-temporary impairments on equity securities and on debt securities that the Company has decided to sell as of the close of a fiscal period, or will, more likely than not, be required to sell prior to the full recovery of fair value to a level equal to or exceeding amortized cost, are recognized in earnings. If neither of these conditions regarding the likelihood of the sale of debt securities are applicable, then the other-than-temporary impairment is bifurcated into credit-related and noncredit-related components. A credit-related impairment generally represents the amount by which the present value of the cash flows that are expected to be collected on a debt security fall below its amortized cost. The noncredit-related component represents the remaining portion of the impairment not otherwise designated as credit-related. Credit-related, other-than-temporary impairments are recognized in earnings and noncredit-related, other-than-temporary impairments are recognized in OCI. Equity securities on which there is an unrealized loss that is deemed other-than-temporary are written down to fair value with the write-down recognized in earnings.

Fair Value Measurements

Management uses its best judgment in estimating fair value measurements of the Company’s financial instruments; however, there are inherent weaknesses in any estimation technique. Management utilizes various assumptions and valuation techniques to determine fair value, including, but not limited to cash flows, discount rates, rate of return, adjustments for nonperformance and liquidity, quoted market prices, and appraisals. The fair value estimates are not necessarily indicative of the actual amounts the Company could have realized in a sales transaction on the dates indicated. The estimated fair value amounts have not been re-evaluated or updated subsequent to those respective dates. As such, the estimated fair values subsequent to the respective dates may be different than the amounts reported.

Financial Condition

Comparison at December 31, 2010 and at December 31, 2009

Since we commenced operations in 2000 we have sought to grow our assets and deposit base consistent with our capital requirements. We offer competitive loan and deposit products and seek to distinguish ourselves from our competitors through our service and availability. Total assets increased by \$475.4 million or 75.3% to \$1.107 billion at December 31, 2010 from \$631.5 million at December 31, 2009 as the Company completed its acquisition of Pamrapo Bancorp, Inc., and continued to grow the Bank's assets through loan originations and growth in our securities portfolio and liquid cash and cash equivalents.

Total cash and cash equivalents increased by \$53.8 million or 79.9% to \$121.1 million at December 31, 2010 from \$67.3 million at December 31, 2009 reflecting management's decision to increase liquid assets pending acceptable investment opportunities in either loans or investment securities when appropriate. The increase in cash and cash equivalents resulted primarily from the previously mentioned transaction with Pamrapo Bancorp, Inc., as well as the proceeds received on those investment securities whose call options were exercised by their issuing agencies. Securities held-to-maturity increased by \$33.0 million or 24.9% to \$165.6 million at December 31, 2010 from \$132.6 million at December 31, 2009. This increase was primarily attributable to the completion of the acquisition of Pamrapo Bancorp, Inc. Investment securities totaling approximately \$86.8 million were acquired in the transaction, comprised primarily of Government Sponsored Enterprise ("GSE") mortgage backed securities. In conformity with accounting principles generally accepted in the United States of America, the investment securities acquired as part of the acquisition were recorded at their fair value at the consummation of the transaction. In addition to the aforementioned, the change in the balance of investment securities outstanding was primarily attributable to call options exercised on \$130.5 million of callable agency securities and \$26.3 million of repayments and prepayments in the mortgage backed securities portfolio during the year ended December 31, 2010, partially offset by purchases of \$105.0 million of callable agency securities and mortgage backed securities.

Loans receivable increased by \$371.2 million or 92.4% to \$773.1 million at December 31, 2010 from \$401.9 million at December 31, 2009. The increase resulted primarily from the completion of the acquisition of Pamrapo Bancorp, Inc. In conformity with accounting principles generally accepted in the United States of America, the loans acquired were recorded at their fair value of \$412.1 million at the consummation of the transaction. The increase also reflects loan originations of \$106.2 million in 2010 as compared with originations of \$90.4 million in 2009. During 2010 we emphasized the origination of commercial business loans which totaled \$47.6 million as compared with \$17.8 million in 2009, and we deemphasized the origination of one-to four-family and construction loans. At December 31, 2010, the allowance for loan losses was \$8.4 million or 1.08% of total loans.

Deposit liabilities increased by \$422.6 million or 91.1% to \$886.3 million at December 31, 2010 from \$463.7 million at December 31, 2009. The increase resulted primarily from the completion of the acquisition of Pamrapo Bancorp, Inc. Retail deposits totaling \$435.8 million were acquired in the transaction comprised primarily of \$125.1 million in savings and club accounts, \$111.1 million in transaction accounts and \$199.6 million in time deposit accounts. In

conformity with accounting principles generally accepted in the United States of America, the retail deposits acquired in the business combination transaction were recorded at their fair value at the consummation of the transaction. The balance of the change in retail deposit balances resulted primarily from a \$15.8 million decrease in time deposit account balances and a \$10.2 million decrease in transaction account balances, partially offset by a \$12.7 million increase in savings and club account balances. During the year ended December 31, 2010, the Federal Open Market Committee ("FOMC") continued its low short term interest rate policy. This has resulted in a steepening of the yield curve, resulting in lower short term time deposit account yields which in turn has had the effect of decreasing interest expense.

Borrowed money remained constant at \$114.1 million for the periods ended December 31, 2010 and December 31, 2009. Subsequent to the completion of the acquisition of Pamrapo Bancorp, Inc., the balance of borrowed money increased by \$43.8 million to \$157.9 million as a result of the fair value of borrowed money assumed from Pamrapo at the time of the acquisition. Shortly thereafter, the balance of borrowed money that was assumed through the acquisition was repaid in its entirety. 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 GSE investment securities.

Total stockholders' equity increased by \$47.6 million or 92.6% to \$99.0 million at December 31, 2010 from \$51.4 million at December 31, 2009. The increase in stockholders' equity occurred primarily as a result of the common stock issued in conjunction with the business combination transaction with Pamrapo Bancorp, Inc., totaling \$38.6 million. Additionally, the increase in stockholders' equity reflects net income of \$14.3 million for the year ended December 31, 2010, primarily as a result of the gain on bargain purchase associated with the acquisition, and the exercise of stock options during the year to purchase 13,677 shares of the Company's common stock for approximately \$73,000, partially offset by the repurchase of 193,383 shares of the Company's common stock in the stock repurchase plans in place and undertaken during the year totaling \$1.8 million and cash dividends paid to shareholders during the year totaling \$3.4 million. At December 31, 2010 the Bank's Tier 1 leverage, Tier 1 risk-based and Total risk-based capital ratios were 9.16%, 14.95%, and 15.89% respectively.

Analysis of Net Interest Income

Net interest income is the difference between interest income on interest-earning assets and interest expense on interest-bearing liabilities. Net interest income depends on the relative amounts of interest-earning assets and interest-bearing liabilities and the interest rates earned or paid on them, respectively.

The following tables set forth balance sheets, average yields and costs, and certain other information for the periods indicated. All average balances are daily average balances. The yields set forth below include the effect of deferred fees, discounts and premiums, which are included in interest income.

	At December 31, 2010		Year ended December 31, 2010			Year ended December 31, 2009		
	Actual Balance	Actual Yield/ Cost	Average Balance	Interest earned/paid (Dollars in Thousands)	Average Yield/ Cost (5)	Average Balance	Interest earned/paid	Average Yield/ Cost (5)
Interest-earning assets:								
Loans receivable (1)	\$ 787,090	4.38%	\$ 605,269	\$ 34,502	5.70%	\$ 412,297	\$ 27,349	6.63%
Investment securities(2)	173,393	3.16	153,006	5,481	3.58	139,150	6,982	5.02
Interest-earning deposits	99,062	0.12	107,369	117	0.11	47,365	47	0.10
Total interest-earning assets	<u>1,059,545</u>	3.78%	<u>865,644</u>	<u>40,100</u>	4.63%	<u>598,812</u>	<u>34,378</u>	5.74%
Interest-earning liabilities:								
Interest-bearing demand deposits	\$ 80,775	0.69%	\$ 65,169	\$ 553	0.85%	\$ 32,287	\$ 395	1.22%
Money market deposits	55,676	0.69	45,195	385	0.85	24,885	482	1.94
Savings deposits	245,951	0.53	179,020	1,304	0.73	103,406	1,157	1.12
Certificates of deposit	434,415	1.43	348,229	6,220	1.77	250,221	7,984	3.19
Borrowings	114,124	4.56	114,778	5,206	4.54	114,162	4,976	4.36
Total interest-bearing liabilities	<u>930,941</u>	1.47%	<u>752,391</u>	<u>13,668</u>	1.82%	<u>524,961</u>	<u>14,994</u>	2.86
Net interest income				<u>\$ 26,432</u>			<u>\$ 19,384</u>	
Interest rate spread(3)		<u>2.31%</u>			<u>2.81%</u>			<u>2.88%</u>
Net interest margin(4)					<u>3.05%</u>			<u>3.24%</u>
Ratio of interest-earning assets to interest-bearing liabilities	<u>113.81%</u>		<u>115.05%</u>			<u>114.07%</u>		

(1) Excludes allowance for loan losses.

(2) Includes Federal Home Loan Bank of New York stock.

(3) Interest rate spread represents the difference between the average yield on interest-earning assets and the average cost of interest-bearing liabilities.

(4) Net interest margin represents net interest income as a percentage of average interest-earning assets.

(5) Average yields are computed using annualized interest income and expense for the periods.

Year Ended December 31, 2008			
	Average Balance	Interest earned/paid	Average Yield/Cost ⁽⁵⁾
(Dollars in Thousands)			
Interest-earning assets:			
Loans receivable (1)	\$ 393,198	\$ 27,248	6.96%
Investment securities(2)	161,281	9,185	5.70
Interest-earning deposits	10,034	190	1.89
Total interest-earning assets	564,513	36,623	6.49%
Interest-earning liabilities:			
Interest-bearing demand deposits	\$ 23,930	\$ 300	1.25%
Money market deposits	26,697	746	2.79
Savings deposits	100,754	1,370	1.36
Certificates of deposit	220,375	9,106	4.13
Borrowings	118,920	5,141	4.32
Total interest-bearing liabilities	490,676	16,663	3.40%
Net interest income		\$ 19,960	
Interest rate spread(3)			3.09%
Net interest margin(4)			3.54%
Ratio of average interest-earning assets to average interest-bearing liabilities		115.05%	

(1) Excludes allowance for loan losses.

(2) Includes Federal Home Loan Bank of New York stock.

(3) Interest rate spread represents the difference between the average yield on interest-earning assets and the average cost of interest-bearing liabilities.

(4) Net interest margin represents net interest income as a percentage of average interest-earning assets.

(5) Average yields are computed using annualized interest income and expense for the periods.

Rate/Volume Analysis

The table below sets forth certain information regarding changes in our interest income and interest expense for the periods indicated. For each category of interest-earning assets and interest-bearing liabilities, information is provided on changes attributable to (i) changes in average volume (changes in average volume multiplied by old rate); (ii) changes in rate (change in rate multiplied by old average volume); (iii) changes due to combined changes in rate and volume; and (iv) the net change.

	Years Ended December 31,							
	2010 vs. 2009				2009 vs. 2008			
	Increase/(Decrease) Due to			Total Increase (Decrease)	Increase/(Decrease) Due to			Total Increase (Decrease)
	Volume	Rate	Rate/ Volume		Volume	Rate	Rate/ Volume	
	(In Thousands)							
Interest income:								
Loans receivable	\$ 13,037	(3,985)	(1,899)	\$ 7,153	\$ 1,156	(1,012)	(43)	101
Investment securities	564	(1,910)	(155)	(1,501)	(1,123)	(1,230)	150	(2,203)
Interest-earning deposits with other banks	59	5	6	70	707	(180)	(670)	(143)
Total interest-earning assets	13,660	(5,890)	(2,048)	5,722	740	(2,422)	(563)	(2,245)
Interest expense:								
Interest-bearing demand accounts	402	(121)	(123)	158	105	(7)	(3)	95
Money market	393	(270)	(220)	(97)	(51)	(229)	16	(264)
Savings and club	846	(404)	(295)	147	36	(243)	(6)	(213)
Certificates of Deposits	3,128	(3,514)	(1,378)	(1,764)	1,233	(2,074)	(281)	(1,122)
Borrowed funds	27	202	1	230	(205)	42	(2)	(165)
Total interest-bearing liabilities	4,796	(4,107)	(2,015)	(1,326)	1,118	(2,511)	(276)	(1,669)
Change in net interest income	\$ 8,864	\$ (1,783)	\$ (33)	\$ 7,048	\$ (378)	\$ 89	\$ (287)	\$ (576)

Results of Operations for the Years Ended December 31, 2010 and 2009

Net income increased by \$10.58 million or 282.1% to \$14.33 million for the year ended December 31, 2010 from \$3.75 million for the year ended December 31, 2009. The increase in net income resulted primarily from increases in net interest income and non-interest income and a decrease in income taxes, partially offset by increases in non-interest expense and the provision for loan losses.

Net interest income increased by \$7.0 million or 36.1% to \$26.4 million for the year ended December 31, 2010 from \$19.4 million for the year ended December 31, 2009. The increase in net interest income resulted primarily from an increase in the average balance of interest earning assets of \$266.8 million or 44.6% to \$865.6 million for the year ended December 31, 2010 from \$598.8 million for the year ended December 31, 2009, partially offset by a decrease in the average yield on interest earning assets to 4.63% for the year ended December 31, 2010 from 5.74% for the year ended December 31, 2009. The average balance of interest bearing liabilities increased by \$227.4 million or 43.3% to \$752.4 million at December 31, 2010 from \$525.0 million at December 31, 2009 while the average cost of interest bearing liabilities decreased to 1.82% for the year ended December 31, 2010 from 2.86% for the year ended December 31, 2009. As a result of the aforementioned, our net interest margin decreased to 3.05% for the year ended December 31, 2010 from 3.24% for the year ended December 31, 2009.

The increase 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 year ended December 31, 2010 as compared to no such corresponding gain for the year ended December 31, 2009. 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 acquire, and it requires the acquirer to recognize that excess in earnings as a gain attributable to the acquisition.

Interest income on loans receivable increased by \$7.2 million or 26.4% to \$34.5 million for the year ended December 31, 2010 from \$27.3 million for the year ended December 31, 2009. The increase was primarily due to an increase in average loans receivable of \$193.0 million or 46.8% to \$605.3 million for the year ended December 31, 2010 from \$412.3 million for the year ended December 31, 2009, partially offset by a decrease in the average yield on loans receivable to 5.70% for the year ended December 31, 2010 from 6.63% for the year ended December 31, 2009. The increase in the average balance of loans is primarily attributable to the acquisition of 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 business combination transaction with Pamrapo Bancorp Inc., were less than that of BCB Bancorp, Inc., as a stand-alone institution, the combination of both portfolios decreased the resulting portfolio's yield accordingly.

Interest income on securities decreased by \$1.5 million or 21.4% to \$5.5 million for the year ended December 31, 2010 from \$7.0 million for the year ended December 31, 2009. The decrease was primarily attributable to a decrease in the average yield on securities to 3.58% for the year ended December 31, 2010 from 5.02% for the year ended December 31, 2009, partially offset by an increase in the average balance of securities of \$13.8 million or 9.9% to \$153.0 million for the year ended December 31, 2010 from \$139.2 million for the year ended December 31, 2009. The decrease in average yield reflects the lower long term interest rate environment prevalent for investment securities for the year ended December 31, 2010. The increase in the average balance is primarily attributable to the completion of the acquisition of Pamrapo Bancorp, Inc.

Interest income on other interest-earning assets consisting primarily of interest earning demand deposits increased by \$70,000 or 148.9% to \$117,000 for the year ended December 31, 2010 from \$47,000 for the year ended December 31, 2009. This increase was primarily due to an increase in the average balance of other interest earning assets of \$60.0 million or 126.6% to \$107.4 million for the year ended December 31, 2010 from \$47.4 million for the year ended December 31, 2009. The average yield on other interest-earning assets remained relatively stable at 0.11% for the year ended December 31, 2010 as compared to 0.10% for the year ended December 31, 2009. The increase in the average balance of other interest earning assets is primarily attributable to the completion of the acquisition of Pamrapo Bancorp, Inc. The static nature of 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 for the last two years.

Total interest expense decreased by \$1.3 million or 8.7% to \$13.7 million for the year ended December 31, 2010 from \$15.0 million for the year ended December 31, 2009. This decrease resulted primarily from a decrease in the average cost of interest bearing liabilities to 1.82% for the year ended December 31, 2010 from 2.86% for the year ended December 31, 2009, partially offset by an increase in the average balance of total interest bearing liabilities of \$227.4 million or 43.3% to \$752.4 million for the year ended December 31, 2010 from \$525.0 million for the year ended December 31, 2009. The decrease in the average cost reflects the Company's ability to reduce the pricing on a select number of retail deposit products. The increase in the balance of average interest bearing liabilities is primarily attributable to the completion of the acquisition of Pamrapo Bancorp, Inc.

The provision for loan losses totaled \$2.45 million and \$1.55 million for the years ended December 31, 2010 and 2009, 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 significant level of loan growth and (5) the existing level of reserves for loan losses that are probable and estimable. During 2010, the Bank experienced \$677,000 in net charge-offs (consisting of \$689,000 in charge-offs and \$12,000 in recoveries). During 2009, the Bank experienced \$210,000 in net charge-offs (consisting of \$212,000 in charge-offs and \$2,000 in recoveries). The Bank had non-accrual loans totaling \$41.8 million at December 31, 2010 and \$11.9 million at December 31, 2009. The allowance for loan losses stood at \$8.4 million or 1.08% of gross total loans at December 31, 2010 as compared to \$6.6 million or 1.62% of gross total loans at December 31, 2009. The decrease is due to no carryover of Pamrapo's allowance for credit losses associated with the loans we acquired as the loans were initially recorded at fair value. The credit mark pertaining to the acquired loans was \$7.5 million at December 31, 2010. 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 both December 31, 2010 and 2009.

Total non-interest income increased by \$12.9 million to \$13.86 million for the year ended December 31, 2010 from \$931,000 for the year ended December 31, 2009. The increase 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 year ended December 31, 2010 from no such corresponding gain for the year ended December 31, 2009. 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 acquire, and it requires the acquirer to recognize that excess in earnings as a gain attributable to the acquisition. The increase in non-interest income also reflects a \$250,000 increase in fees and service charges to \$907,000 for the year ended

December 31, 2010 from \$657,000 for the year ended December 31, 2009. Gain on sales of loans originated for sale increased by \$70,000 or 31.1% to \$295,000 for the year ended December 31, 2010 from \$225,000 for the year ended December 31, 2009. 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. Other income increased by \$387,000 to \$423,000 for the year ended December 31, 2010 from \$36,000 for the year ended December 31, 2009. This increase occurred primarily as a result of a \$237,500 litigation settlement with the Bayonne Medical Center, a \$50,000 recovery from a previous charge-off regarding a check kiting incident and a \$67,000 recovery received through litigation on a real estate facility where insurance proceeds were improperly retained by a third party. The aforementioned increases were partially offset by a loss on sale of real estate of \$345,000 for the year ended December 31, 2010 compared to a gain of \$13,000 for the year ended December 31, 2009.

Total non-interest expense increased by \$9.6 million or 77.4% to \$22.0 million for the year ended December 31, 2010 from \$12.4 million for the year ended December 31, 2009. 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 \$5.4 million or 100.0% to \$10.8 million for the year ended December 31, 2010 from \$5.4 million for the year ended December 31, 2009. This increase occurred primarily as a result of an increase in the number of full time equivalent employees to one hundred sixty nine (169) at December 31, 2010 from eighty-eight (88) at December 31, 2009 and from eighty-five (85) at December 31, 2008 as well as the recognition of the payout of voluntary termination packages totaling \$1.1 million offered to the employees in conjunction with the acquisition of Pamrapo Bancorp, Inc. Equipment expense increased by \$1.2 million or 57.1% to \$3.3 million for the year ended December 31, 2010 from \$2.1 million for the year ended December 31, 2009. 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 \$810,000 or 73.6% to \$1.9 million for the year ended December 31, 2010 from \$1.1 million for the year ended December 31, 2009. Advertising expense increased by \$63,000 or 23.1% to \$336,000 for the year ended December 31, 2010 from \$273,000 for the year ended December 31, 2009. Professional fees increased by \$315,000 or 67.7% to \$780,000 for the year ended December 31, 2010 from \$465,000 for the year ended December 31, 2009. The increase in professional fees resulted primarily from an increase in legal fees in conjunction with various representations of legal issues encountered in the normal course of a growing franchise. Directors' fees increased by \$158,000 or 40.0% to \$553,000 for the year ended December 31, 2010 from \$395,000 for the year ended December 31, 2009. Regulatory assessments increased by \$67,000 or 6.1% to \$1.2 million for the year ended December 31, 2010 from \$1.1 million for the year ended December 31, 2009. Merger related expenses remained relatively static at \$644,000 for the year ended December 31, 2010 as compared to \$648,000 for the year ended December 31, 2009. Other non-interest expense increased by \$1.66 million or 200.2% to \$2.49 million for the year ended December 31, 2010 from \$829,000 for the year ended December 31, 2009. The increase in other non-interest expense 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 comprised of stationary, forms and printing, check printing,

correspondent bank fees, telephone and communication, shareholder relations and other fees and expenses.

Income tax expense decreased by \$1.1 million or 42.3% to \$1.5 million for the year ended December 31, 2010 from \$2.6 million for the year ended December 31, 2009. While net income increased during the year ended December 31, 2010 as compared to the year ended December 31, 2009, this increase 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 non-taxable, the income tax provision for the year ended December 31, 2010 was calculated exclusive of this gain. Conversely, a portion of the expenses associated with the consummation of the Pamrapo Bancorp, Inc., transaction categorized as merger related expenses are not deductible for income tax purposes. The consolidated effective income tax rates for the years ended December 31, 2010 and 2009 were 9.5% and 41.2%, respectively.

Results of Operations for the Years Ended December 31, 2009 and 2008

Net income increased by \$276,000 or 8.0% to \$3.75 million for the year ended December 31, 2009 from \$3.47 million for the year ended December 31, 2008. The increase in net income resulted primarily from an increase in non-interest income (loss), partially offset by a decrease in net interest income and increases in the provision for loan losses, non-interest expense and income taxes. Net interest income decreased by \$576,000 or 2.9% to \$19.4 million for the year ended December 31, 2009 from \$20.0 million for the year ended December 31, 2008. The decrease in net interest income resulted primarily from a decrease in the average yield on interest earning assets to 5.74% for the year ended December 31, 2009 from 6.49% for the year ended December 31, 2008, partially offset by an increase of \$34.3 million or 6.1% in the average balance of interest earning assets to \$598.8 million for the year ended December 31, 2009 from \$564.5 million for the year ended December 31, 2008. The average balance of interest bearing liabilities increased by \$34.3 million or 7.0% to \$525.0 million at December 31, 2009 from \$490.7 million at December 31, 2008 while the average cost of interest bearing liabilities decreased to 2.86% for the year ended December 31, 2009 from 3.40% for the year ended December 31, 2008. As a result of the aforementioned, our net interest margin decreased to 3.24% for the year ended December 31, 2009 from 3.54% for the year ended December 31, 2008.

The increase in non-interest income (loss) resulted primarily from the absence of the other than temporary impairment (OTTI) charge of \$2.9 million on a \$3.0 million investment in Federal National Mortgage Association (FNMA) preferred stock which occurred during the year ended December 31, 2008. The increase in non-interest expense resulted primarily from merger related expenses relating to the business combination transaction with Pamrapo Bancorp, Inc. This transaction was completed at the beginning of the third quarter of 2010. Additionally, there was an increase in our FDIC assessments due to a one-time special FDIC assessment which totaled \$282,000 for the Bank that all financial institutions were required to pay during the third quarter of 2009 and an increase in FDIC assessment rates during the year ended December 31, 2009.

Interest income on loans receivable increased by \$101,000 or 0.4% to \$27.3 million for the year ended December 31, 2009 from \$27.2 million for the year ended December 31, 2008. The increase was primarily due to an increase in average loans receivable of \$19.1 million or 4.9% to \$412.3 million for the year ended December 31, 2009 from \$393.2 million for the year ended December 31, 2008, partially offset by a decrease in the average yield on loans receivable to 6.63% for the year ended December 31, 2009 from 6.96% for the year ended December 31, 2008. The increase in the average balance of loans reflects management's philosophy of deploying funds in higher yielding instruments, specifically commercial real estate loans, in an effort to achieve higher returns. The decrease in average yield reflects the competitive price environment prevalent in the Bank's primary market area for commercial and construction loans as well as the effect of the actions taken by the Federal Open Market Committee to maintain interest rates at their diminished levels during 2009.

Interest income on securities decreased by \$2.2 million or 23.9% to \$7.0 million for the year ended December 31, 2009 from \$9.2 million for the year ended December 31, 2008. The decrease was primarily attributable to a decrease in the average balance of securities of \$22.1 million or 13.7% to \$139.2 million for the year ended December 31, 2009 from \$161.3 million for the year ended December 31, 2008 and a decrease in the average yield on securities to 5.02% for the year ended December 31, 2009 from 5.70% for the year ended December 31, 2008. The decrease in average balances reflects the issuing agencies decision to exercise their call options on a select number of securities which resulted in decreases to the investment portfolio. The decrease in average yield reflects the lower interest rate environment prevalent for investment securities for the year ended December 31, 2009.

Interest income on other interest-earning assets consisting primarily of interest earning demand deposits decreased by \$143,000 or 75.3% to \$47,000 for the year ended December 31, 2009 from \$190,000 for the year ended December 31, 2008. This decrease was primarily due to a decrease in the average yield on other interest-earning assets to 0.10% for the year ended December 31, 2009 from 1.89% for the year ended December 31, 2008, partially offset by an increase in the average balance of other interest earning assets of \$37.4 million or 374.0% to \$47.4 million for the year ended December 31, 2009 from \$10.0 million for the year ended December 31, 2008.

Total interest expense decreased by \$1.7 million or 10.2% to \$15.0 million for the year ended December 31, 2009 from \$16.7 million for the year ended December 31, 2008. This decrease resulted primarily from a decrease in the average cost of interest bearing liabilities to 2.86% for the year ended December 31, 2009 from 3.40% for the year ended December 31, 2008 and a decrease in the average balance of average borrowings of \$4.7 million or 4.0% to \$114.2 million for the year ended December 31, 2009 from \$118.9 million for the year ended December 31, 2008, partially offset by an increase in the average balance of total interest bearing deposit liabilities of \$39.0 million or 10.5% to \$410.8 million for the year ended December 31, 2009 from \$371.8 million for the year ended December 31, 2008.

The provision for loan losses totaled \$1.55 million and \$1.30 million for the years ended December 31, 2009 and 2008, 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 significant level of loan growth and (5) the existing level of reserves for loan losses that are probable and estimable.

During 2009, the Bank experienced \$210,000 in net charge-offs (consisting of \$212,000 in charge-offs and \$2,000 in recoveries). During 2008, the Bank experienced \$61,000 in net charge-offs (consisting of \$101,000 in charge-offs and \$40,000 in recoveries). The Bank had non-accrual loans totaling \$11.9 million at December 31, 2009 and \$3.7 million at December 31, 2008. The allowance for loan losses stood at \$6.6 million or 1.62% of gross total loans at December 31, 2009 as compared to \$5.3 million or 1.28% of gross total loans at December 31, 2008. 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 both December 31, 2009 and 2008.

We had total non-interest income of \$931,000 for the year ended December 31, 2009 compared to a loss of \$2.1 million for the year ended December 31, 2008. The increase in non-interest income resulted primarily from the absence of the OTTI charge of \$2.9 million on a \$3.0 million investment in FNMA preferred stock which occurred during the year ended December 31, 2008, as well as an \$88,000 increase in gain on sales of loans originated for sale to \$225,000 for the year ended December 31, 2009 from \$137,000 for the year ended December 31, 2008, and a \$12,000 increase in gain on sale of real estate owned, partially offset by a decrease of \$30,000 or 4.1% in fees, service charges and other income to \$693,000 for the year ended December 31, 2009 from \$723,000 for the year ended December 31, 2008. The increase in gain on sale of loans originated for sale reflects the lower interest rate environment for the refinancing of one-to four-family residential real estate properties during 2009.

Total non-interest expense increased by \$1.1 million or 9.7% to \$12.4 million for the year ended December 31, 2009 from \$11.3 million for the year ended December 31, 2008. The increase in non-interest expense resulted primarily from an increase in merger related expenses of \$476,000 or 276.7% to \$648,000 for the year ended December 31, 2009, from \$172,000 for the year ended December 31, 2008 relating to the business combination transaction with Pamrapo Bancorp, Inc. This transaction was completed at the beginning of the third quarter of 2010. Salaries and employee benefits expense decreased by \$89,000 or 1.6% to \$5.4 million for the year ended December 31, 2009 from \$5.5 million for the year ended December 31, 2008. This decrease occurred despite a slight increase in full time equivalent employees to eighty-eight (88) at December 31, 2009 from eighty-five (85) at December 31, 2008 and from ninety-three (93) at December 31, 2007. Occupancy expense increased by \$63,000 or 5.9% to \$1.12 million for the year ended December 31, 2009 from \$1.06 million for the year ended December 31, 2008. Equipment expense increased by \$105,000 or 5.2% to \$2.1 million for the year ended December 31, 2009 from \$2.0 million for the year ended December 31, 2008. The primary

component of this expense item is data service provider expense which increases with the growth of the Bank's assets. Advertising expense increased by \$32,000 or 13.3% to \$273,000 for the year ended December 31, 2009 from \$241,000 for the year ended December 31, 2008. Professional fees increased by \$146,000 or 45.8% to \$465,000 for the year ended December 31, 2009 from \$319,000 for the year ended December 31, 2008. The increase in professional fees resulted primarily from an increase in legal fees in conjunction with various representations of legal issues encountered in the normal course of a growing franchise. Directors' fees increased by \$44,000 or 12.5% to \$395,000 for the year ended December 31, 2009 from \$351,000 for the year ended December 31, 2008. Regulatory assessments increased by \$841,000 to \$1.1 million for the year ended December 31, 2009 from \$296,000 for the year ended December 31, 2008. This increase occurred primarily as a result of an increase in FDIC assessment rates during 2009 and a special one-time assessment which totaled \$282,000 that all financial institutions were required to pay during the third quarter of 2009. Other non-interest expense increased by \$24,000 or 3.0% to \$829,000 for the year ended December 31, 2009 from \$805,000 million for the year ended December 31, 2008. Other non-interest expense is comprised of stationary, forms and printing, check printing, correspondent bank fees, telephone and communication, shareholder relations and other fees and expenses.

Income tax expense increased by \$801,000 or 44.0% to \$2.62 million for the year ended December 31, 2009 from \$1.82 million for the year ended December 31, 2008 reflecting increased pre-tax income earned during 2009. The consolidated effective income tax rate for the year ended December 31, 2009 was 41.2% and for the year ended December 31, 2008 was 34.4%. The increase in the consolidated effective income tax rate relates primarily to the increase of merger related expenses of \$476,000 or 276.7% to \$648,000 for the year ended December 31, 2009 from \$172,000 for the year ended December 31, 2008 and the lack of deductibility for a portion of these expenses for income tax purposes.

Liquidity and Capital Resources

Our funding sources include income from operations, deposits and borrowings and principal payments on loans and investment securities. While maturities and scheduled amortization of loans and securities are predictable sources of funds, deposit outflows and mortgage prepayments are greatly influenced by the general level of interest rates, economic conditions and competition.

Our primary investing activities are the origination of commercial and multi-family real estate loans, one- to four-family mortgage loans, construction, commercial business and consumer loans, as well as the purchase of mortgage-backed and other investment securities. During 2010 loan originations totaled \$106.2 million compared to \$90.4 million and \$110.7 million for 2009 and 2008, respectively. Management continues to emphasize prudent loan origination policies and practices as it continues its efforts to increase total assets by emphasizing the origination of commercial and multi-family lending operations.

During 2010, cash flow provided by the calls, maturities and principal repayments and prepayments received on securities held-to-maturity amounted to \$156.8 million compared to \$155.6 million and \$84.4 million in 2009 and 2008. During 2010, there was a decrease in deposits of \$13.3 million, excluding the increase in deposits associated with Pamrapo Bancorp,

Inc. acquisition, as compared to an increase of \$53.2 million and \$11.7 million for the years ending December 31, 2009 and 2008, respectively. Borrowings of \$43.8 million assumed in the acquisition of Pamrapo Bancorp, Inc. were repaid during 2010.

Loan Commitments. In the ordinary course of business the Bank extends commitments to originate residential and commercial loans and other consumer loans. Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since the Bank does not expect all of the commitments to be funded, the total commitment amounts do not necessarily represent future cash requirements. The Bank evaluates each customer's creditworthiness on a case-by-case basis. Collateral may be obtained based upon management's assessment of the customers' creditworthiness. Commitments to extend credit may be written on a fixed rate basis exposing the Bank to interest rate risk given the possibility that market rates may change between the commitment date and the actual extension of credit. The Bank had outstanding commitments to originate and fund loans of approximately \$44.0 million and \$25.0 million at December 31, 2010 and 2009, respectively.

The following table sets forth our contractual obligations and commercial commitments at December 31, 2010.

Contractual obligations	Payments due by period				
	Total	Less than 1 Year	1-3	More than 3-5	More than 5
			Years	Years	Years
			(In Thousands)		
Benefit Plans	\$ 6,417	\$ 648	\$ 1,212	\$ 1,283	\$ 3,274
Borrowed money	114,124	-	-	-	114,124
Lease obligations	6,109	959	1,648	972	2,530
Certificates of deposit	434,415	333,853	59,839	40,481	242
Total	\$ 561,065	\$ 335,460	\$ 62,699	\$ 42,736	\$ 120,170

Recent Accounting Pronouncements

In January 2010, The FASB has issued ASU 2010-06, *Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements*. This ASU requires some new disclosures and clarifies some existing disclosure requirements about fair value measurement as set forth in Codification Subtopic 820-10. The FASB's objective is to improve these disclosures and, thus, increase the transparency in financial reporting. Specifically, ASU 2010-06 amends Codification Subtopic 820-10 to now require that a reporting entity disclose separately the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements and describe the reasons for the transfers; and present separately information about purchases, sales, issuances and settlements in the reconciliation for fair value measurements using significant unobservable inputs. In addition, ASU 2010-06 clarifies the requirements of the following existing disclosures:

- For purposes of reporting fair value measurement for each class of assets and liabilities, a reporting entity needs to use judgment in determining the appropriate classes of assets and liabilities; and
- A reporting entity should provide disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements.

ASU 2010-06 is effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. Early adoption is permitted. The adoption of the applicable provisions of this pronouncement did not have a material impact on our consolidated financial statements. The Company does not expect the new pronouncement will have a material impact on the consolidated financial statements for those disclosures that go into effect during fiscal 2011.

In June 2010, the FASB issued ASU 2010-18, *Receivables, (Topic 310): Effect of a Loan Modification When the Loan Is Part of a Pool That Is Accounted for as a Single Asset*, codifies the consensus reached in EITF Issue No. 09-I, “Effect of a Loan Modification When the Loan Is Part of a Pool That Is Accounted for as a Single Asset.” The amendments to the Codification provide that modifications of loans that are accounted for within a pool under Subtopic 310-30 do not result in the removal of those loans from the pool even if the modification of those loans would otherwise be considered a troubled debt restructuring. An entity will continue to be required to consider whether the pool of assets in which the loan is included is impaired if expected cash flows for the pool change. ASU 2010-18 does not affect the accounting for loans under the scope of Subtopic 310-30 that are not accounted for within pools. Loans accounted for individually under Subtopic 310-30 continue to be subject to the troubled debt restructuring accounting provisions within Subtopic 310-40.

ASU 2010-18 is effective prospectively for modifications of loans accounted for within pools under Subtopic 310-30 occurring in the first interim or annual period ending on or after July 15, 2010. Upon initial adoption of ASU 2010-18, an entity may make a one-time election to terminate accounting for loans as a pool under Subtopic 310-30. This election may be applied on a pool-by-pool basis and does not preclude an entity from applying pool accounting to subsequent acquisitions of loans with credit deterioration. The adoption of this guidance did not have a material impact on the Company’s consolidated financial statements.

On July 21, 2010, FASB issued Accounting Standards Update No. 2010-20, *Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses* (“ASU 2010-20”), which amends ASC 830, *Receivables*, to enhance disclosures about the credit quality of financing receivables and the allowance for credit losses. ASU 2010-20 requires entities to provide disclosures designed to facilitate financial statement users’s evaluation of (i) the nature of credit risk inherent in the entity’s portfolio of financing receivables, (ii) how that risk is analyzed and assessed in arriving at the allowance for credit losses, and (iii) the changes and reasons for those changes in the allowance for credit losses. Disclosures must be disaggregated by portfolio segment, the level at which an entity develops and documents a systematic method for determining its allowance for credit losses, and class of financing

receivable, which is generally a disaggregation of portfolio segment. The required disclosures include, among other things, the activity in the allowance for credit losses as well as information about modified, impaired, nonaccrual, and past due loans and credit quality indicators. ASU 2010-20 is effective for The Company's consolidated financial statements as of December 31, 2010, as it relates to disclosures required as of the end of a reporting period. Disclosures that relate to activity during a reporting period will be required for The Company's consolidated financial statements that include periods beginning on or after January 1, 2011. We adopted this period's end disclosure requirements as of December 31, 2010, and have provided the applicable disclosures.

Accounting Standards Update No. 2010-29 addresses the interpretation of the pro forma revenue and earnings disclosure requirements for business combinations. It specifies that if a public entity presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination(s) that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. It requires expanded supplemental pro forma disclosures to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. The amendments in this Updates are effective prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010. We early adopted these requirements as of December 31, 2010, and have provided the applicable disclosure.

Accounting Standards Update No. 2011-01 temporarily delays the effective date of the disclosures about troubled debt restructurings in Update 2010-20 for public entities. The delay is intended to allow the FASB time to complete its deliberations on what constitutes a troubled debt restructuring. The effective date of the new disclosures about troubled debt restructurings for public entities and the guidance for determining what constitutes a troubled debt restructuring will then be coordinated. Currently, that guidance is anticipated to be effective for interim and annual periods ending after June 15, 2011.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Management of Market Risk

Qualitative Analysis. 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.

Quantitative Analysis. 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 December 31, 2010. 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 noninterest 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 December 31, 2010. The following sets forth the Company's NPV as of December 31, 2010.

Change in calculation	Net Portfolio Value	\$ Change from PAR	% Change from PAR	NPV as a % of Assets	
				NPV Ratio	Change
+300bp	\$ 85,894	\$ (31,943)	-27.11%	8.24%	(222)bp
+200bp	103,796	(14,041)	-11.92	9.67	(79)
+100bp	115,633	(2,204)	-1.87	10.48	2
PAR	117,837	-	-	10.46	-
-100bp	121,200	3,363	2.85	10.60	14

bp-basis points

The table above indicates that at December 31, 2010, in the event of a 100 basis point increase in interest rates, we would experience a 1.87% 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 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements identified in Item 15(a)(1) hereof are included as Exhibit 13 and are incorporated hereunder.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

The required Disclosure is incorporated by reference to the BCB Bancorp, Inc. Proxy Statement for the 2011 Annual Meeting of Stockholders.

ITEM 9A. CONTROLS AND PROCEDURES
(T)

- (a) Evaluation of disclosure controls and procedures.

Under the supervision and with the participation of our management, including our Chief Executive Officer, Chief Financial Officer and Principal Accounting Officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) as of December 31, 2010 (the “Evaluation Date”). Based upon that evaluation, the Chief Executive Officer, Chief Financial Officer and Principal Accounting Officer concluded that, as of the Evaluation Date, our disclosure controls and procedures were effective in timely alerting them to the material information relating to us (or our consolidated subsidiaries) required to be included in our periodic SEC filings.

- (b) Management’s Annual Report on Internal Control over Financial Reporting

Management of BCB Bancorp, Inc., and subsidiaries (the “Company”) is responsible for establishing and maintaining adequate internal control over financial reporting. The Company’s system of internal control is designed under the supervision of management, including our Chief Executive Officer and Chief Operating Officer, to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of the Company’s consolidated financial statements for external reporting purposes in accordance with U.S. generally accepted accounting principles (“GAAP”).

Our internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; provide reasonable assurances that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with GAAP, and that receipts and expenditures are made only in accordance with the authorization of management and the Board of Directors; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company’s assets that

could have a material effect on our consolidated financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections on any evaluation of effectiveness to future periods are subject to the risk that the controls may become inadequate because of changes in conditions or that the degree of compliance with policies and procedures may deteriorate.

As of December 31, 2010, management assessed the effectiveness of the Company's internal control over financial reporting based upon the framework established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based upon its assessment, management believes that the Company's internal control over financial reporting as of December 31, 2010 is effective using these criteria. This annual report does not include an audit report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to audit by the Company's registered public accounting firm pursuant to the Dodd- Frank Act that permits the company to provide only management's report in this annual report.

(c) Changes in Internal Controls over Financial Reporting.

There were no significant changes made in our internal controls during the period covered by this report or, to our knowledge, in other factors that has materially affected or is reasonably likely to materially affect, the Company's internal control over financial reporting.

See the Certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The Company has adopted a Code of Ethics that applies to the Company's chief executive officer, chief financial officer or, controller or persons performing similar functions. The Code of Ethics is available for free by writing to: President and Chief Executive Officer, BCB Bancorp, Inc., 104-110 Avenue C, Bayonne, New Jersey 07002. The Code of Ethics was filed as an exhibit to the Form 10-K for the year ended December 31, 2004.

The "Proposal I—Election of Directors" section of the Company's definitive Proxy Statement for the Company's 2010 Annual Meeting of Stockholders (the "2011 Proxy Statement") is incorporated herein by reference in response to the disclosure requirements of Items 401, 405, 406, 407(d)(4) and 407(d)(5) of Regulation S-K.

The information concerning directors and executive officers of the Company under the caption "Proposal I-Election of Directors" and information under the captions "Section 16(a) Beneficial Ownership Compliance" and "The Audit Committee" of the 2011 Proxy Statement is incorporated herein by reference.

There have been no changes during the last year in the procedures by which security holders may recommend nominees to the Company's board of directors.

ITEM 11. EXECUTIVE COMPENSATION

The "Executive Compensation" section of the Company's 2011 Proxy Statement is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The "Proposal I—Election of Directors" section of the Company's 2011 Proxy Statement is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The "Transactions with Certain Related Persons" section and "Proposal I-Election of Directors—Board Independence" of the Company's 2011 Proxy Statement is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information required by Item 14 is incorporated by reference to the Company's Proxy Statement for the 2011 Annual Meeting of Stockholders, "Proposal II-Ratification of the Appointment of Independent Auditors—Fees Paid to ParenteBeard LLC."

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) Financial Statements

The exhibits and financial statement schedules filed as a part of this Form 10-K are as follows:

- (A) Report of Independent Registered Public Accounting Firm
- (B) Consolidated Statements of Financial Condition as of December 31, 2010 and 2009
- (C) Consolidated Statements of Income for each of the Years in the Three-Year period ended December 31, 2010
- (D) Consolidated Statements of Changes in Stockholders' Equity for each of the Years in the Three-Year period ended December 31, 2010
- (E) Consolidated Statements of Cash Flows for each of the Years in the Three-Year period ended December 31, 2010

(F) Notes to Consolidated Financial Statements

(a)(2) Financial Statement Schedules

All schedules are omitted because they are not required or applicable, or the required information is shown in the consolidated statements or the notes thereto.

(b) Exhibits

3.1	Certificate of Incorporation of BCB Bancorp, Inc. (1)
3.2	Bylaws of BCB Bancorp, Inc. (2)
3.3	Specimen Stock Certificate (3)
10.1	BCB Community Bank 2002 Stock Option Plan (4)
10.2	BCB Community Bank 2003 Stock Option Plan (5)
10.3	Amendment to 2002 and 2003 Stock Option Plans (6)
10.4	2005 Director Deferred Compensation Plan (7)
10.5	Employment Agreement with Donald Mindiak (8)
10.6	Employment Agreement with Thomas M. Coughlin (9)
10.7	Employment Agreement with Kenneth Walter (10)
10.8	Executive Agreement with Donald Mindiak (11)
10.9	Executive Agreement with Thomas M. Coughlin (12)
10.10	Executive Agreement with Kenneth Walter (13)
10.11	Acknowledgment and Release Agreement with Donald Mindiak (14)
10.12	Acknowledgment and Release Agreement with Thomas M. Coughlin (15)
10.13	Consulting Agreement with Dr. August Pellegrini, Jr. (16)
10.14	Consulting Agreement with James E. Collins (17)
10.15	Amended and Restated Settlement Agreement with James E. Collins (18)
13	Consolidated Financial Statements
14	Code of Ethics (19)
21	Subsidiaries of the Company

23	Consent of Independent Registered Public Accounting Firm
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

-
- (1) Incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-1, as amended, (Commission File Number 333-128214) originally filed with the Securities and Exchange Commission on September 9, 2005.
 - (2) Incorporated by reference to Exhibit 3 to the Form 8-K filed with the Securities and Exchange Commission on October 12, 2007.
 - (3) Incorporated by reference to Exhibit 4 to the Form 8-K-12g3 filed with the Securities and Exchange Commission on May 1, 2003.
 - (4) Incorporated by reference to Exhibit 10.1 to the Company's Registration Statement on Form S-8 filed with the Securities and Exchange Commission on January 26, 2004.
 - (5) Incorporated by reference to Exhibit 10.2 to the Company's Registration Statement on Form S-8 filed with the Securities and Exchange Commission on January 26, 2004.
 - (6) Incorporated by reference to Exhibit 10.14 to the Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 16, 2006.
 - (7) Incorporated by reference to Exhibit 10.3 to the Company's Registration Statement on Form S-1, as amended, (Commission File Number 333-128214) originally filed with the Securities and Exchange Commission on September 9, 2005.
 - (8) Incorporated by reference to Exhibit 10.1 to the Form 8-K filed with the Securities and Exchange Commission on July 8, 2010.
 - (9) Incorporated by reference to Exhibit 10.2 to the Form 8-K filed with the Securities and Exchange Commission on July 8, 2010.
 - (10) Incorporated by reference to Exhibit 10.3 to the Form 8-K filed with the Securities and Exchange Commission on July 8, 2010.
 - (11) Incorporated by reference to Exhibit 10.4 to the Form 8-K filed with the Securities and Exchange Commission on December 15, 2008.

- (12) Incorporated by reference to Exhibit 10.5 to the Form 8-K filed with the Securities and Exchange Commission on December 15, 2008.
- (13) Incorporated by reference to Exhibit 10.4 to the Form 8-K filed with the Securities and Exchange Commission on July 8, 2010.
- (14) Incorporated by reference to Exhibit 10.5 to the Form 8-K filed with the Securities and Exchange Commission on July 8, 2010.
- (15) Incorporated by reference to Exhibit 10.6 to the Form 8-K filed with the Securities and Exchange Commission on July 8, 2010.
- (16) Incorporated by reference to Exhibit 10.7 to the Form 8-K filed with the Securities and Exchange Commission on July 8, 2010.
- (17) Incorporated by reference to Exhibit 10.2 to the Form 8-K filed with the Securities and Exchange Commission on September 1, 2010.
- (18) Incorporated by reference to Exhibit 10.1 to the Form 8-K filed with the Securities and Exchange Commission on September 1, 2010.
- (19) Incorporated by reference to Exhibit 14 to the Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 26, 2004.

Signatures

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

BCB BANCORP, INC.

Date: March 31, 2011

By: /s/ Donald Mindiak
Donald Mindiak
President and Chief Executive Officer
(Duly Authorized Representative)

Pursuant to the requirements of the Securities Exchange of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<u>Signatures</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Donald Mindiak</u> Donald Mindiak	President, Chief Executive Officer, and Director	March 31, 2011
<u>/s/ Kenneth D. Walter</u> Kenneth D. Walter	Chief Financial Officer and Director	March 31, 2011
<u>/s/ Mark D. Hogan</u> Mark D. Hogan	Chairman of the Board	March 31, 2011
<u>/s/ Robert Ballance</u> Robert Ballance	Director	March 31, 2011
<u>/s/ Judith Q. Bielan</u> Judith Q. Bielan	Director	March 31, 2011

Table of Contents

<u>/s/ Joseph J. Brogan</u> Joseph J. Brogan	Director	March 31, 2011
<u>/s/ James E. Collins</u> James E. Collins	Director	March 31, 2011
<u>/s/ Robert A. Hughes</u> Robert A. Hughes	Director	March 31, 2011
<u>/s/ Joseph Lyga</u> Joseph Lyga	Director	March 31, 2011
<u>/s/ Alexander Pasiechnik</u> Alexander Pasiechnik	Director	March 31, 2011
<u>/s/ Joseph Tagliareni</u> Joseph Tagliareni	Director	March 31, 2011

EXHIBIT 13

CONSOLIDATED FINANCIAL STATEMENTS

BCB Bancorp, Inc. and Subsidiaries

Consolidated Financial Report

December 31, 2010

Table of Contents

	<u>Page</u>
Report of Independent Registered Public Accounting Firm	
Consolidated Financial Statements	
Consolidated Statements of Financial Condition	1
Consolidated Statements of Income	2
Consolidated Statements of Changes in Stockholders' Equity	3
Consolidated Statements of Cash Flows	4
Notes to Consolidated Financial Statements	6



REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
BCB Bancorp, Inc.
Bayonne, New Jersey

We have audited the accompanying consolidated statements of financial condition of BCB Bancorp, Inc. (the "Company") and Subsidiaries as of December 31, 2010 and 2009, and the related consolidated statements of income, changes in stockholders' equity and cash flows for each of the years in the three-year period ended December 31, 2010. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of BCB Bancorp, Inc. and Subsidiaries as of December 31, 2010 and 2009, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2010, in conformity with accounting principles generally accepted in the United States of America.

ParenteBeard LLC

Clark, New Jersey
March 31, 2011

Consolidated Statements of Financial Condition

	December 31,	
	2010	2009
	(In Thousands, except for share data)	
Assets		
Cash and amounts due from depository institutions	\$ 22,065	\$ 3,587
Interest-bearing deposits	99,062	63,760
Cash and Cash Equivalents	121,127	67,347
Securities available for sale	1,098	1,346
Securities held to maturity, fair value \$166,785 and \$133,050; respectively	165,572	132,644
Loans held for sale	5,572	4,275
Loans receivable, net of allowance for loan losses of \$8,417 and \$6,644; respectively	773,101	401,872
Premises and equipment	11,359	5,359
Property held for sale	1,017	-
Federal Home Loan Bank of New York stock	6,723	5,714
Interest receivable	5,203	3,799
Real estate owned	3,602	1,270
Deferred income taxes	5,785	3,618
Other assets	6,729	4,259
Total Assets	\$ 1,106,888	\$ 631,503
Liabilities and Stockholders' Equity		
Liabilities		
Non-interest bearing deposits	\$ 69,471	\$ 37,082
Interest bearing deposits	816,817	426,656
Total deposits	886,288	463,738
Long-term debt	114,124	114,124
Other liabilities	7,502	2,250
Total Liabilities	1,007,914	580,112
Stockholders' Equity		
Common stock, stated value \$0.064; 20,000,000 shares authorized; 10,144,830 and 5,195,658 shares, respectively, issued; 9,383,695 and 4,657,906 shares, respectively, outstanding	649	332
Paid-in capital	85,327	46,926
Treasury stock, at cost, 761,135 and 537,752 shares, respectively	(10,760)	(8,719)
Retained earnings	23,753	12,839
Accumulated other comprehensive income	5	13
Total Stockholders' Equity	98,974	51,391
Total Liabilities and Stockholders' Equity	\$ 1,106,888	\$ 631,503

See notes to consolidated financial statements.

Consolidated Statements of Income

	Years Ended December 31,		
	2010	2009	2008
	(In Thousands, Except for Per Share Data)		
Interest Income			
Loans	\$ 34,502	\$ 27,349	\$ 27,248
Investments, taxable	5,457	6,982	9,185
Investments, nontaxable	24	-	-
Other interest-earning assets	117	47	190
Total Interest Income	40,100	34,378	36,623
Interest Expense			
Deposits:			
Demand	938	877	1,046
Savings and club	1,304	1,157	1,370
Certificates of deposit	6,220	7,984	9,106
	8,462	10,018	11,522
Borrowed money	5,206	4,976	5,141
Total Interest Expense	13,668	14,994	16,663
Net Interest Income	26,432	19,384	19,960
Provision for Loan Losses	2,450	1,550	1,300
Net Interest Income after Provision for Loan Losses	23,982	17,834	18,660
Non-Interest Income (Loss)			
Fees and service charges	907	657	689
Gain on sales of loans originated for sale	295	225	137
(Loss) gain on sale of real estate owned	(345)	13	1
Gain on bargain purchase	12,582	-	-
Other than temporary impairment on security	-	-	(2,915)
Other	423	36	34
Total Non-Interest Income (Loss)	13,862	931	(2,054)
Non-Interest Expenses			
Salaries and employee benefits	10,785	5,403	5,492
Occupancy expense of premises	1,932	1,122	1,059
Equipment	3,293	2,124	2,019
Professional Fees	780	465	319
Directors Fees	553	395	351
Regulatory Assessments	1,204	1,137	296
Advertising	336	273	241
Merger related expenses	644	648	172
Loss on overdrafts	-	-	560
Other	2,486	829	805
Total Non-Interest Expenses	22,013	12,396	11,314
Income before Income Taxes	15,831	6,369	5,292
Income Taxes	1,505	2,621	1,820
Net Income	\$ 14,326	\$ 3,748	\$ 3,472
Net Income per Common Share			
Basic	\$ 2.06	\$ 0.81	\$ 0.75

Diluted	<u>\$ 2.05</u>	<u>\$ 0.80</u>	<u>\$ 0.74</u>
Weighted Average Number of Common Shares Outstanding			
Basic	<u>6,968</u>	<u>4,655</u>	<u>4,629</u>
Diluted	<u>6,983</u>	<u>4,676</u>	<u>4,706</u>

See notes to consolidated financial statements.

Consolidated Statements of Changes in Stockholders' Equity

	Common Stock	Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
	(In Thousands, except for share and per share amounts)					
Balance - December 31, 2007	\$ 325	\$ 45,795	\$ (7,385)	\$ 9,749	\$ 26	\$ 48,510
Tax benefit from exercise of stock options	-	150	-	-	-	150
Exercise of stock options (104,873 shares)	6	919	-	-	-	925
Treasury stock purchases (93,029 shares)	-	-	(1,295)	-	-	(1,295)
Cash dividend (\$0.41 per share) declared	-	-	-	(1,896)	-	(1,896)
Net income	-	-	-	3,472	-	3,472
Loss on other than temporary impairment on security, net of deferred income tax benefit of \$1,164	-	-	-	-	1,751	1,751
Unrealized loss on securities Available for sale, net of Deferred income tax of \$1,266	-	-	-	-	1,902	(1,902)
Total Comprehensive income						3,321
Balance - December 31, 2008	331	46,864	(8,680)	11,325	(125)	49,715
Exercise of stock options (11,933)	1	62	-	-	-	63
Treasury stock purchases (4,072 shares)	-	-	(39)	-	-	(39)
Cash dividend (\$0.48 per share) declared	-	-	-	(2,234)	-	(2,234)
Net income	-	-	-	3,748	-	3,748
Unrealized loss on securities available for sale, net of deferred income tax of \$93	-	-	-	-	138	138
Total Comprehensive income						3,886
Balance - December 31, 2009	332	46,926	(8,719)	12,839	13	51,391
Common Stock issued for the acquisition of Pamrapo Bancorp, Inc. (4,935,495 shares, including 30,000 shares transferred to treasury)	316	38,329	(235)	-	-	38,410
Exercise of stock options (13,677 shares)	1	72	-	-	-	73
Treasury stock purchases (193,383 shares)	-	-	(1,806)	-	-	(1,806)
Cash dividend (\$0.48 per share) declared	-	-	-	(3,412)	-	(3,412)
Net income	-	-	-	14,326	-	14,326
Unrealized gain (loss) on securities available for sale, net of deferred income tax of \$9	-	-	-	-	(12)	(12)
Benefit plans, net of deferred income tax of \$3	-	-	-	-	4	4
Total Comprehensive income						14,318
Balance - December 31, 2010	\$ 649	\$ 85,327	\$ (10,760)	\$ 23,753	\$ 5	\$ 98,974

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

	Years Ended December 31,		
	2010	2009	2008
	(In Thousands)		
Cash Flows from Operating Activities			
Net income	\$ 14,326	\$ 3,748	\$ 3,472
Adjustments to reconcile net income to net cash (used in) provided by operating activities:			
Depreciation of premises and equipment	642	363	401
Amortization (accretion), net	1,877	367	(684)
Provision for loan losses	2,450	1,550	1,300
Deferred income tax benefit	(341)	(598)	(1,659)
Other than temporary impairment loss	-	-	2,915
Loans originated for sale	(26,142)	(19,576)	(6,705)
Proceeds from sales of loans originated for sale	19,433	16,948	7,552
Gain on sales of loans originated for sale	(295)	(225)	(137)
Loss (gain) on sale of real estate owned	345	(13)	(1)
Gain on bargain purchase	(12,582)	-	-
Decrease (increase) in interest receivable	501	85	(108)
Increase in other assets	(1,207)	(2,607)	(718)
(Decrease) in accrued interest payable	(239)	(120)	(59)
(Decrease) increase in other liabilities	(1,159)	88	317
Net Cash (Used in) Provided by Operating Activities	(2,391)	10	5,886
Cash Flows from Investing Activities			
Proceeds from repayments and calls on securities held to maturity	156,757	155,553	84,400
Purchases of securities held to maturity	(104,997)	(147,647)	(60,606)
Purchases of securities available for sale	-	(227)	(2,000)
Proceeds from sales of participation interests in loans	1,708	1,238	2,523
Proceeds from sale of real estate owned	1,260	307	288
Purchases of loans	-	(1,744)	(113)
Net decrease (increase) in loans receivable	39,551	4,202	(46,449)
Improvements to real estate owned	(32)	(58)	(241)
Additions to premises and equipment	(704)	(95)	(99)
Redemption (purchase) of Federal Home Loan Bank of New York stock	1,869	22	(176)
Cash acquired in acquisition	22,979	-	-
Net Cash Provided by (Used in) Investing Activities	118,391	11,551	(22,473)
Cash Flows from Financing Activities			
Net (decrease) increase in deposits	(13,260)	53,235	11,684
Proceeds of long-term debt	-	-	-
Repayment of long-term debt	(43,815)	-	-
Net change in short-term borrowings	-	(2,000)	2,000
Purchase of treasury stock	(1,806)	(39)	(1,295)
Cash dividends paid	(3,412)	(2,234)	(1,896)
Net proceeds from issuance of common stock	73	63	925
Tax benefit from exercise of stock options	-	-	150
Net Cash (Used In) Provided by Financing Activities	(62,220)	49,025	11,568
Net Increase (Decrease) in Cash and Cash Equivalents	53,780	60,586	(5,019)
Cash and Cash Equivalents - Beginning	67,347	6,761	11,780
Cash and Cash Equivalents - Ending	\$ 121,127	\$ 67,347	\$ 6,761

Supplementary Cash Flow Information

Cash paid during the year for:

Income taxes	\$	2,252	\$	3,220	\$	3,903
Interest	\$	13,907	\$	15,114	\$	16,722
Transfer of loans to other real estate owned	\$	6,887	\$	71	\$	-
Loans to facilitate other real estate owned	\$	3,771	\$	-	\$	-
Reclassification of loans originated for sale to held to maturity	\$	5,707	\$	-	\$	-

Acquisition of noncash assets and liabilities

Assets acquired	\$	514,523	\$	-	\$	-
Liabilities assumed	\$	486,275	\$	-	\$	-

Notes to Consolidated Financial Statements

Note 1 - Organization and Stock Offerings

BCB Bancorp, Inc. (the “Company”) is incorporated in the State of New Jersey and is a bank holding company. The common stock of the Company is listed on the Nasdaq Electronic Bulletin Board and trades under the symbol “BCBP.”

On November 20, 2007, the Company announced a stock repurchase plan which provided for the repurchase of 5% or 234,002 shares of the Company’s common stock. This plan was completed during 2010. On July 14, 2010, the Company announced a stock repurchase plan to repurchase 5% or 479,965 shares of the Company’s common stock. This plan was completed during 2010. During 2010, 2009 and 2008, a total of 193,383, 4,072 and 93,029 shares of the Company’s common stock was repurchased at a cost of approximately \$1.8 million, \$39,000 and \$1.3 million or \$9.34, \$9.51 and \$13.92 per share, respectively.

The Company’s primary business is the ownership and operation of BCB Community Bank (the “Bank”). The Bank is a New Jersey commercial bank which, as of December 31, 2010, operated at ten locations in Bayonne, Hoboken, Jersey City, and Monroe Township, New Jersey, and is subject to regulation, supervision, and examination by the New Jersey Department of Banking and Insurance and the Federal Deposit Insurance Corporation. The Bank is principally engaged in the business of attracting deposits from the general public and using these deposits, together with borrowed funds, to invest in securities and to make loans collateralized by residential and commercial real estate and, to a lesser extent, consumer loans. BCB Holding Company Investment Corp. (the “Investment Company”) was organized in January 2005 under New Jersey law as a New Jersey investment company primarily to hold investment and mortgage-backed securities. Pamrapo Service Corporation was organized in 1975 under New Jersey law to engage in the purchase and sale of real estate. In the 1990’s, the Service Corporation was engaged in the business of selling non-financial products, (annuities, mutual funds and stocks) to the public. The Pamrapo Service Corporation has been inactive since May 2010.

Notes to Consolidated Financial Statements

Note 2 - Summary of Significant Accounting Policies

Basis of Consolidated Financial Statement Presentation

The consolidated financial statements which include the accounts of the Company and its wholly-owned subsidiaries, the Bank, the Investment Company and Pamrapo Service Corporation, have been prepared in conformity with accounting principles generally accepted in the United States of America. All significant intercompany accounts and transactions have been eliminated in consolidation.

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the consolidated statement of financial condition and revenues and expenses for the periods then ended. Actual results could differ significantly from those estimates. Material estimates that are particularly susceptible to significant change relates to the determination of the allowance for loan losses and the identification of other-than-temporary impairment of securities. Management believes that the allowance for loan losses is adequate and that no securities in unrealized loss positions are other-than-temporarily impaired. While management uses available information to recognize losses on loans, future additions to the allowance for loan losses may be necessary based on changes in economic conditions in the market area. Management's assessment regarding impairment of securities is based on future projections of cash flow which are subject to change.

In addition, various regulatory agencies, as an integral part of their examination process, periodically review the Bank's allowance for loan losses. Such agencies may require the Bank to recognize additions to the allowance based on their judgments about information available to them at the time of their examination.

In preparing these consolidated financial statements, the Company evaluated the events that occurred between December 31, 2010 and the date these consolidated financial statements were issued.

Cash and Cash Equivalents

Cash and cash equivalents include cash and amounts due from depository institutions and interest-bearing deposits in other banks having original maturities of three months or less.

Securities Available for Sale and Held to Maturity

Investments in debt securities that the Company has the positive intent and ability to hold to maturity are classified as held to maturity securities and reported at amortized cost. Debt and equity securities that are bought and held principally for the purpose of selling them in the near term are classified as trading securities and reported at fair value, with unrealized holding gains and losses included in earnings. Debt and equity securities not classified as trading securities or as held to maturity securities are classified as available for sale securities ("AFS") and reported at fair value, with unrealized holding gains or losses, net of applicable deferred income taxes, reported in the accumulated other comprehensive income (loss) component of stockholders' equity.

Notes to Consolidated Financial Statements

Note 2 – Summary of Significant Accounting Policies (Continued)

If the fair value of a security is less than its amortized cost, the security is deemed to be impaired. Management evaluates all securities with unrealized losses quarterly to determine if such impairments are “temporary” or “other-than-temporary” in accordance with Accounting Standards Codification (“ASC”) Topic 320, *Investments – Debt and Equity Securities*. Accordingly, temporary impairments are accounted for based upon the classification of the related securities as either available for sale or held to maturity. Temporary impairments on available for sale securities are recognized, on a tax-effected basis, through Other Comprehensive Income (“OCI”) with offsetting entries adjusting the carrying value of the securities and the balance of deferred taxes. Conversely, the carrying values of held to maturity securities are not adjusted for temporary impairments. Information concerning the amount and duration of temporary impairments on both available for sale and held to maturity securities is disclosed in the notes to the consolidated financial statements.

Other-than-temporary impairments are accounted for based upon several considerations. First, other-than-temporary impairments on equity securities and on debt securities that the Company has decided to sell as of the close of a fiscal period, or will, more likely than not, be required to sell prior to the full recovery of fair value to a level equal to or exceeding amortized cost, are recognized in earnings. If neither of these conditions regarding the likelihood of the sale of debt securities are applicable, then the other-than-temporary impairment is bifurcated into credit-related and noncredit-related components. A credit-related impairment generally represents the amount by which the present value of the cash flows that are expected to be collected on a debt security fall below its amortized cost. The noncredit-related component represents the remaining portion of the impairment not otherwise designated as credit-related. Credit-related, other-than-temporary impairments are recognized in earnings and noncredit-related, other-than-temporary impairments are recognized in OCI. Equity securities on which there is an unrealized loss that is deemed other-than-temporary are written down to fair value with the write-down recognized in earnings.

Premiums and discounts on all securities are amortized/accreted to maturity using the interest method. Interest and dividend income on securities, which includes amortization of premiums and accretion of discounts, are recognized in the consolidated financial statements when earned. Gains or losses on sales are recognized based on the specific identification method.

Loans Held For Sale

Loans held for sale consist primarily of residential mortgage loans intended for sale and are carried at the lower of cost or estimated fair market value using the aggregate method. These loans are generally sold with servicing rights released. Gains and losses recognized on loan sales are based upon the cash proceeds received and the cost of the related loans sold.

Loans Receivable

Loans receivable are stated at unpaid principal balances, less net deferred loan origination fees and the allowance for loan losses. Loan origination fees and certain direct loan origination costs are deferred and amortized/accreted, as an adjustment of yield, over the contractual lives of the related loans.

The accrual of interest on loans that are contractually delinquent ninety days or more is discontinued and the related loans placed on nonaccrual status. Income is subsequently recognized only to the extent that cash payments are received until delinquency status is reduced to less than ninety days, in which case the loan is returned to accrual status.

Notes to Consolidated Financial Statements

Note 2 – Summary of Significant Accounting Policies (Continued)

Acquired Loans

Loans that we acquire in acquisitions subsequent to January 1, 2009 are recorded at fair value with no carryover of the related allowance for credit losses. Determining the fair value of the loans involves estimating the amount and timing of principal and interest cash flows expected to be collected on the loans and discounting those cash flows at a market rate of interest.

The excess of cash flows expected at acquisition over the estimated fair value is referred to as the accretable discount and is recognized into interest income over the remaining life of the loan. The difference between contractually required payments at acquisition and the cash flows expected to be collected at acquisition is referred to as the nonaccretable discount. The nonaccretable discount represents estimated future credit losses expected to be incurred over the life of the loan. Subsequent decreases to the expected cash flows require us to evaluate the need for an allowance for credit losses. Subsequent improvements in expected cash flows result in the reversal of a corresponding amount of the nonaccretable discount which we then reclassify as accretable discount that is recognized into interest income over the remaining life of the loan using the interest method. Our evaluation of the amount of future cash flows that we expect to collect is performed in a similar manner as that used to determine our allowance for credit losses. Charge-offs of the principal amount on acquired loans would be first applied to the nonaccretable discount portion of the fair value adjustment.

Acquired loans that met the criteria for nonaccrual of interest prior to the acquisition may be considered performing upon acquisition, regardless of whether the customer is contractually delinquent, if we can reasonably estimate the timing and amount of the expected cash flows on such loans and if we expect to fully collect the new carrying value of the loans. As such, we may no longer consider the loan to be nonaccrual or nonperforming and may accrue interest on these loans, including the impact of any accretable discount. We have determined that we cannot reasonably estimate future cash flows on any such acquired loans that are past due 90 days or more and continue to treat them as non-accrual.

Allowance for Loan Losses

The allowance for loan losses is increased through provisions charged to operations and by recoveries, if any, on previously charged-off loans and reduced by charge-offs on loans which are determined to be a loss in accordance with Bank policy.

The allowance for loan losses is maintained at a level considered adequate to absorb loan losses. Management, in determining the allowance for loan losses, considers the risks inherent in its loan portfolio and changes in the nature and volume of its loan activities, along with the general economic and real estate market conditions. The Bank utilizes a two tier approach: (1) identification of impaired loans and establishment of specific loss allowances on such loans; and (2) establishment of general valuation allowances on the remainder of its loan portfolio. The Bank maintains a loan review system which allows for a periodic review of its loan portfolio and the early identification of potentially impaired loans. Such a system takes into consideration, but is not limited to, delinquency status, size of loans, types and value of collateral, and financial condition of the borrowers. Specific loan loss allowances are established for impaired loans based on a review of such information and/or appraisals of the underlying collateral. General loan loss allowances are based upon a combination of factors including, but not limited to, actual loan loss experience, composition of the loan portfolio, current economic conditions, and management's judgment.

Although management believes that adequate specific and general allowances for loan losses are established, actual losses are dependent upon future events and, as such, further additions to the level of specific and general loan loss allowances may be necessary.

Notes to Consolidated Financial Statements**Note 2 – Summary of Significant Accounting Policies (Continued)**

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 loan's observable market price or the fair value of the collateral if the loan is collateral dependent. A loan evaluated for impairment is deemed to be impaired when, based on current information and events, it is probable that the Bank will be unable to collect all amounts due according to the contractual terms of the loan agreement. All loans identified as impaired are evaluated independently. The Bank does not aggregate such loans for evaluation purposes. Payments received on impaired loans are applied first to accrued interest receivable and then to principal.

Concentration of Risk

Financial instruments which potentially subject the Company and its subsidiaries to concentrations of credit risk consist of cash and cash equivalents, investment and mortgage-backed securities and loans.

Cash and cash equivalents include amounts placed with highly rated financial institutions. Securities include securities backed by the U.S. Government and other highly rated instruments. The Bank's lending activity is primarily concentrated in loans collateralized by real estate in the State of New Jersey. As a result, credit risk related to loans is broadly dependent on the real estate market and general economic conditions in the State.

Premises and Equipment

Land is carried at cost. Buildings, building improvements, leasehold improvements and furniture, fixtures and equipment are carried at cost, less accumulated depreciation and amortization. Significant renovations and additions are charged to the property and equipment account. Maintenance and repairs are charged to expense in the period incurred. Depreciation charges are computed on the straight-line method over the following estimated useful lives of each type of asset.

	Years
Buildings	40
Building improvements	7 - 40
Furniture, fixtures and equipment	3 - 5
Leasehold improvements	Shorter of useful life or term of lease

Federal Home Loan Bank ("FHLB") of New York Stock

Federal law requires a member institution of the FHLB system to hold stock of its district FHLB according to a predetermined formula. Such stock is carried at cost.

Management evaluates the FHLB of New York stock for impairment in accordance with guidance on accounting by certain entities that lend to or finance the activities of others. Management's determination of whether this investment is impaired is based on their assessment of the ultimate recoverability of their cost rather than by recognizing temporary declines in value. The determination of whether a decline affects the ultimate recoverability of their cost is influenced by criteria such as (1) the significance of the decline in net assets of the FHLB of New York as compared to the capital stock amount for the FHLB of New York and the length of time this situation has persisted, (2) commitments by the FHLB of New York to make payments required by law or regulation and the level of such payments in relation to the operating performance of the FHLB of New York, and (3) the impact of legislative and regulatory changes on institutions and, accordingly, on the customer base of the FHLB of New York.

Notes to Consolidated Financial Statements

Note 2 – Summary of Significant Accounting Policies (Continued)

No impairment charges were recorded related to the FHLB of New York stock during 2010 or 2009.

Real Estate Owned

Assets acquired through, or in lieu of, loan foreclosures are held for sale and are initially recorded at fair value less cost to sell at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell. Costs relating to development and improvement of property are capitalized, whereas costs relating to the holding of property are expensed. At December 31, 2010, the Bank owned ten properties totaling \$3,602,000.

Interest Rate Risk

The Bank is principally engaged in the business of attracting deposits from the general public and using these deposits, together with other funds, to make loans secured by real estate and to purchase securities. The potential for interest-rate risk exists as a result of the difference in duration of the Bank's interest-sensitive liabilities compared to its interest-sensitive assets. For this reason, management regularly monitors the maturity structure of the Bank's interest-earning assets and interest-bearing liabilities in order to measure its level of interest-rate risk and to plan for future volatility.

Income Taxes

The Company and its subsidiaries file a consolidated federal income tax return. Income taxes are allocated to the Company and its subsidiaries based upon their respective income or loss included in the consolidated income tax return. Separate state income tax returns are filed by the Company and its subsidiaries.

Federal and state income tax expense has been provided on the basis of reported income. The amounts reflected on the tax returns differ from these provisions due principally to temporary differences in the reporting of certain items for financial reporting and income tax reporting purposes. The tax effect of these temporary differences is accounted for as deferred taxes applicable to future periods. Deferred income tax expense or (benefit) is determined by recognizing deferred tax assets and liabilities for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period that includes the enactment date. The realization of deferred tax assets is assessed and a valuation allowance provided, when necessary, for that portion of the asset which is not more likely than not to be realized.

The Company accounts for uncertainty in income taxes recognized in the consolidated financial statements in accordance with ASC Topic 740, *Income Taxes*, which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that has a likelihood of being realized on examination of more than 50 percent. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. Under the "more-likely-than-not" threshold guidelines, the Company

Notes to Consolidated Financial Statements

Note 2 – Summary of Significant Accounting Policies (Continued)

believes no significant uncertain tax positions exist, either individually or in the aggregate, that would give rise to the non-recognition of an existing tax benefit. The Company recognizes interest and penalties on unrecognized tax benefits in income taxes expense in the Consolidated Statement of Income. The Company did not recognize any interest and penalties for the years ended December 31, 2010, 2009 and 2008. The tax years subject to examination by the taxing authorities are the years ended December 31, 2009, 2008, and 2007.

Net Income per Common 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 years ended December 31, 2010, 2009, and 2008, the difference in the weighted average number of basic and diluted common shares was due solely to the effects of outstanding stock options. No adjustments to net income were necessary in calculating basic and diluted net income per share. For the years ended December 31, 2010, 2009, and 2008, the weighted average of outstanding options considered to be anti-dilutive was 243,884, 196,418, and 61,475.

Stock-Based Compensation Plans

The Company, under plans approved by its stockholders in 2003 and 2002, has granted stock options to employees and outside directors. See note 12 for additional information as to option grants. Compensation expense recognized for all option grants is net of estimated forfeitures and is recognized over the awards' respective requisite service periods. The fair values relating to all options granted are estimated using a Black-Scholes option pricing model. Expected volatilities are based on historical volatility of our stock and other factors, such as implied market volatility. The Company use the mid-point of the original vesting period and original option life to estimate the options' expected term, which represents the period of time that the options granted are expected to be outstanding. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant. The Company recognizes compensation expense for the fair values of these option awards, which have graded vesting, on a straight-line basis over the requisite service period of these awards.

Benefit 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 (the "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. The benefits are based on years of service and employee's compensation. The defined benefit plan is funded in conformity with funding requirements of applicable government regulations. Prior service costs for the defined benefit plan generally are amortized over the estimated remaining service periods of employees. Additionally, with the merger with Pamrapo Bancorp, Inc., certain former employees of Pamrapo Bank are covered under a Supplemental Executive Retirement Plan ("SERP"), 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.

Notes to Consolidated Financial Statements

Note 2 – Summary of Significant Accounting Policies (Continued)

Comprehensive Income

The Company records unrealized gains and losses, net of deferred income taxes, on securities available for sale in accumulated other comprehensive income (loss). Realized gains and losses, if any, are reclassified to non-interest income upon sale of the related securities or upon the recognition of an impairment loss. Accumulated other comprehensive income (loss) also includes benefit plan amounts recognized in accordance with ASC 715, *Compensation-Retirement Benefits*, which reflect, net of tax, the unrecognized gains (losses) on the benefit plans. The Company has elected to report the effects of other comprehensive income in the consolidated statements of changes in stockholders' equity.

Recent Accounting Pronouncements

In January 2010, The FASB issued ASU 2010-06, Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements. This ASU requires some new disclosures and clarifies some existing disclosure requirements about fair value measurement as set forth in Codification Subtopic 820-10. The FASB's objective is to improve these disclosures and, thus, increase the transparency in financial reporting. Specifically, ASU 2010-06 amends Codification Subtopic 820-10 to now require that a reporting entity disclose separately the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements and describe the reasons for the transfers; and present separately information about purchases, sales, issuances and settlements in the reconciliation for fair value measurements using significant unobservable inputs. In addition, ASU 2010-06 clarifies the requirements of the following existing disclosures:

- For purposes of reporting fair value measurement for each class of assets and liabilities, a reporting entity needs to use judgment in determining the appropriate classes of assets and liabilities; and
- A reporting entity should provide disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements.

ASU 2010-06 is effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. Early adoption is permitted. The adoption of the applicable provisions of this pronouncement did not have a material impact on our consolidated financial statements. The Company does not expect the unadopted portions of the new pronouncement will have a material impact on the consolidated financial statements for those disclosures that go into effect during fiscal 2011.

In June 2010, the FASB issued ASU 2010-18, *Receivables, (Topic 310): Effect of a Loan Modification When the Loan Is Part of a Pool That Is Accounted for as a Single Asset*, codifies the consensus reached in EITF Issue No. 09-1, "Effect of a Loan Modification When the Loan Is Part of a Pool That Is Accounted for as a Single Asset." The amendments to the Codification provide that modifications of loans that are accounted for within a pool under Subtopic 310-30 do not result in the removal of those loans from the pool even if the modification of those loans would otherwise be considered a troubled debt restructuring. An entity will continue to be required to consider whether the pool of assets in which the loan is included is impaired if expected cash flows for the pool change. ASU 2010-18 does not affect the accounting for loans under the scope of Subtopic 310-30 that are not accounted for within pools. Loans accounted for individually under Subtopic 310-30 continue to be subject to the troubled debt restructuring accounting provisions within Subtopic 310-40.

Notes to Consolidated Financial Statements

Note 2 – Summary of Significant Accounting Policies (Continued)

ASU 2010-18 is effective prospectively for modifications of loans accounted for within pools under Subtopic 310-30 occurring in the first interim or annual period ending on or after July 15, 2010. Upon initial adoption of ASU 2010-18, an entity may make a one-time election to terminate accounting for loans as a pool under Subtopic 310-30. This election may be applied on a pool-by-pool basis and does not preclude an entity from applying pool accounting to subsequent acquisitions of loans with credit deterioration. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

On July 21, 2010, FASB issued Accounting Standards Update No. 2010-20, *Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses* ("ASU 2010-20"), which amends ASC 830, *Receivables*, to enhance disclosures about the credit quality of financing receivables and the allowance for credit losses. ASU 2010-20 requires entities to provide disclosures designed to facilitate financial statement users' evaluation of (i) the nature of credit risk inherent in the entity's portfolio of financing receivables, (ii) how that risk is analyzed and assessed in arriving at the allowance for credit losses, and (iii) the changes and reasons for those changes in the allowance for credit losses. Disclosures must be disaggregated by portfolio segment, the level at which an entity develops and documents a systematic method for determining its allowance for credit losses, and class of financing receivable, which is generally a disaggregation of portfolio segment. The required disclosures include, among other things, the activity in the allowance for credit losses as well as information about modified, impaired, nonaccrual, and past due loans and credit quality indicators. ASU 2010-20 is effective for The Company's consolidated financial statements as of December 31, 2010, as it relates to disclosures required as of the end of a reporting period. Disclosures that relate to activity during a reporting period will be required for The Company's consolidated financial statements that include periods beginning on or after January 1, 2011. We adopted the requirements as of December 31, 2010, and have provided the applicable disclosures.

Accounting Standards Update No. 2010-29 addresses the interpretation of the pro forma revenue and earnings disclosure requirements for business combinations. It specifies that if a public entity presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination(s) that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. It requires expanded supplemental pro forma disclosures to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. The amendments in this Updates are effective prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010. We early adopted the requirements as of December 31, 2010, and have provided the applicable disclosure.

Accounting Standards Update No. 2011-01 temporarily delays the effective date of the disclosures about troubled debt restructurings in Update 2010-20 for public entities. The delay is intended to allow the FASB time to complete its deliberations on what constitutes a troubled debt restructuring. The effective date of the new disclosures about troubled debt restructurings for public entities and the guidance for determining what constitutes a troubled debt restructuring will then be coordinated. Currently, that guidance is anticipated to be effective for interim and annual periods ending after June 15, 2011.

Note 3 - Related Party Transactions

The Bank leases a property from NEW BAY LLC ("NEW BAY"), a limited liability corporation 100% owned by a majority of the Directors and officers of the Bank. In conjunction with the lease, NEW BAY substantially removed the pre-existing structure on the site and constructed a new building suitable to the Bank for its banking operations. Under the terms of the lease, the cost of this project was reimbursed to NEWBAY by the Bank. The amount reimbursed, which occurred during the year 2000, was \$943,000, and is included in property and equipment under the caption "Building and improvements" (see Note 7).

Notes to Consolidated Financial Statements

Note 3 - Related Party Transactions (Continued)

On May 1, 2006, the Company renegotiated the lease to a twenty-five year term. The Company will pay NEW BAY \$165,000 a year (\$13,750 per month) for the first 60 months which is included in the consolidated statements of income for 2010 and 2009 within occupancy expense of premises. The rent shall be reset every five years thereafter at the fair market rental value at the end of each preceding five year period.

Note 4 - Securities Available for Sale

	December 31, 2010			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Thousands)			
Equity securities- Financial institutions	\$ 1,097	\$ 32	\$ 31	\$ 1,098
	December 31, 2009			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Thousands)			
Equity securities- Financial institutions	\$ 1,324	\$ 40	\$ 18	\$ 1,346

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 Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(In Thousands)					
December 31, 2010						
Equity securities	\$ 65	\$ 31	\$ -	\$ -	\$ 65	\$ 31
December 31, 2009						
Equity securities	\$ -	\$ -	\$ 982	\$ 18	\$ 982	\$ 18

At December 31, 2010, management concluded that the unrealized losses above (which relate to two equity issues) are temporary in nature as they primarily relate to general market fluctuations rather than credit related issues. Additionally, the Company has not decided to sell these securities and has concluded that it is unlikely it would be required to sell these securities prior to the anticipated recovery of the unrealized losses.

Notes to Consolidated Financial Statements

Note 5 - Securities Held to Maturity

	December 31, 2010			
	Amortized	Gross	Gross	Fair Value
	Cost	Unrealized	Unrealized	
		Gains	Losses	
	(In Thousands)			
U.S. Government Agencies:				
Due after one through five years	\$ 3,315	\$ 180	\$ -	\$ 3,495
Due after ten years	27,523	14	62	27,475
	<u>30,838</u>	<u>194</u>	<u>62</u>	<u>30,970</u>
Residential mortgage-backed securities:				
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
	<u>126,955</u>	<u>1,950</u>	<u>851</u>	<u>128,054</u>
Subordinated notes:				
Due within one year	6,000	-	-	6,000
Municipal Obligations:				
Due after ten years	1,376	-	21	1,355
Trust originated preferred security:				
Due after ten years	403	3	-	406
	<u>\$ 165,572</u>	<u>\$ 2,147</u>	<u>\$ 934</u>	<u>\$ 166,785</u>

Notes to Consolidated Financial Statements

Note 5 - Securities Held to Maturity (Continued)

	December 31, 2009			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Thousands)			
U.S. Government Agencies:				
Due after one through five years	\$ 3,315	\$ 254	\$ -	\$ 3,569
Due after five through ten years	515	-	3	512
Due after ten years	94,193	11	1,397	92,807
	98,023	265	1,400	96,888
Residential mortgage-backed securities:				
Due within one year	346	-	2	344
Due after one year through five years	39	1	-	40
Due after five years through ten years	6,783	346	-	7,129
Due after ten years	27,453	1,217	21	28,649
	34,621	1,564	23	36,162
	\$ 132,644	\$ 1,829	\$ 1,423	\$ 133,050

There were no sales of securities during the years ended December 31, 2010, 2009 and 2008. At December 31, 2010 and 2009, all residential mortgage backed securities held in portfolio were Government Sponsored Enterprise securities. At December 31, 2010 and 2009, mortgage-backed securities with a carrying value of approximately \$650,000 and \$719,000, respectively, were pledged to secure public deposits (see Note 10 for information on securities pledged for borrowings).

Notes to Consolidated Financial Statements

Note 5 - 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)					
December 31, 2010:						
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
	<u>\$ 96,582</u>	<u>\$ 934</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,582</u>	<u>\$ 934</u>
	Less than 12 Months		More than 12 Months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(In Thousands)					
December 31, 2009						
U.S. Government Agencies	\$ 82,466	\$ 1,400	\$ -	\$ -	\$ 82,466	\$ 1,400
Residential mortgage-backed securities	1,483	23	-	-	1,483	23
	<u>\$ 83,949</u>	<u>\$ 1,423</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,949</u>	<u>\$ 1,423</u>

At December 31, 2010, management concluded that the unrealized losses above (which related to 4 U.S. Government Agency bonds, 49 Mortgage-Back Securities and 3 municipal obligations) are temporary in nature since they are related to interest rate fluctuations rather than any underlying credit quality of the issuers. Additionally, the Company has not decided to sell these securities and has concluded that it is unlikely it would be required to sell these securities prior to the anticipated recovery of the unrealized losses.

Notes to Consolidated Financial Statements

Note 6 - Loans Receivable and Allowance for Loan Losses

	December 31,	
	2010	2009
	(In Thousands)	
Real estate mortgage:		
Residential	\$ 234,435	\$ 76,490
Commercial and multi-family	410,212	223,792
Construction	17,848	51,330
	<u>662,495</u>	<u>351,612</u>
Commercial:		
Business loans	13,932	18,256
Lines of credit	40,228	4,231
	<u>54,160</u>	<u>22,487</u>
Consumer:		
Passbook or certificate	1,004	238
Home equity lines of credit	10,228	5,705
Home equity	53,375	28,593
Automobile	178	80
Personal	554	42
	<u>65,339</u>	<u>34,658</u>
Deposit overdrafts	80	281
Total Loans	<u>782,074</u>	<u>409,038</u>
Deferred loan fees, net	(556)	(522)
Allowance for loan losses	(8,417)	(6,644)
	<u>(8,973)</u>	<u>(7,166)</u>
	<u>\$ 773,101</u>	<u>\$ 401,872</u>

At December 31, 2010 and 2009, loans serviced by the Bank for the benefit of others, which consist of participation interests in loans originated by the Bank, totaled approximately \$2,773,000 and \$7,078,000.

Notes to Consolidated Financial Statements**Note 6 - Loans Receivable and Allowance for Loan Losses (Continued)**

The following table present outstanding principal balance and the related carrying amount of acquired loans included in our Consolidated Statements of Financial Condition.

	December 31,	
	2010	2009
	(In Thousands)	
Outstanding principal balance	\$ 378,004	\$ -
Carrying amount	374,057	-

The following table presents changes in the accretable discount on loans acquired in the Pamrapo acquisition for the year ended December 31, 2010:

Balance – beginning	\$ -
Pamrapo acquisition	229,805
Accretion	(24,314)
Balance - ending	\$ 205,491

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 December 31, 2010 and July 6, 2010, the date of acquisition, was \$11,661,000 and 11,711,000.

Notes to Consolidated Financial Statements

Note 6 - Loans Receivable and Allowance for Loan Losses (Continued)

The Bank grants loans to its officers and directors and to their associates. Related party loans are made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with unrelated persons and do not involve more than normal risk of collectibility. The activity with respect to loans to directors, officers and associates of such persons, is as follows:

	Years Ended December 31,	
	2010	2009
	(In Thousands)	
Balance – beginning	\$ 7,232	\$ 7,061
Loans originated	1,837	2,800
Changes in related party status	190	(398)
Collections of principal	(1,989)	(2,231)
Balance - ending	<u>\$ 7,270</u>	<u>\$ 7,232</u>

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 into two divisions. Loans that are performing and loans that are impaired. Loans which are performing are evaluated homogeneously by loan class or loan type. The allowance of performing loans is evaluated based on historical loan loss experience, including

Notes to Consolidated Financial Statements

Note 6 - Loans Receivable and Allowance for Loan Losses (Continued)

consideration of peer loss analysis, with an adjustment for qualitative factors due to economic conditions in the market. Impaired loans are loans which are more than 60 days 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 feasibility and bases the loan loss provision accordingly. 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.

Classified Assets. Our 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 we classify problem assets, we 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 December 31, 2010, we had \$668,000 in assets classified as loss, all of which is considered impaired, \$16.8 million in assets classified as doubtful, of which \$5.4 million was classified as impaired, \$31.5 million in assets classified as substandard, of which \$11.4 million was classified as impaired and \$40.1 million in assets classified as special mention, of which \$11.5 million was classified as impaired. 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 timely provided, 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. Loans on “nonaccrual” status. 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.

Notes to Consolidated Financial Statements

Note 6 - Loans Receivable and Allowance for Loan Losses (Continued)

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

Notes to Consolidated Financial Statements

Note 6 - Loans Receivable and Allowance for Loan Losses (Continued)

The following table sets forth the Bank's allowance for credit losses and recorded investment in financing receivables 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 type.

	<u>Residential</u>	<u>Commercial & Multi-family</u>	<u>Construction</u>	<u>Commercial Business ⁽¹⁾</u>	<u>Home equity ⁽²⁾</u>	<u>Consumer</u>	<u>Unallocated</u>	<u>Total</u>
Allowance for credit losses:								
Ending balance	\$ 171	\$ 6,179	\$ 426	\$ 1,286	\$ 204	\$ 18	\$ 133	\$ 8,417
Ending balance: individually evaluated for impairment	\$ -	\$ 1,656	\$ -	\$ 449	\$ 2	\$ -	\$ -	\$ 2,107
Ending balance: collectively evaluated for impairment	\$ 171	\$ 4,523	\$ 426	\$ 837	\$ 202	\$ 18	\$ 133	\$ 6,310
Ending balance: loans acquired with deteriorated credit quality	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loans receivables:								
Ending balance	\$ 234,435	\$ 410,212	\$ 17,848	\$ 54,160	\$ 63,603	\$ 1,816	\$ -	\$ 782,074
Ending balance: individually evaluated for impairment	\$ 89	\$ 27,422	\$ 2,910	\$ 2,809	\$ 372	\$ -	\$ -	\$ 33,602
Ending balance: collectively evaluated for 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. See Note 2, Summary of Significant Accounting Policies- Acquired Loans

Notes to Consolidated Financial Statements

Note 6 - Loans Receivable and Allowance for Loan Losses (Continued)

The following table sets forth an analysis of the Bank's allowance for loan losses for the years ended December 31, 2010, 2009, and 2008.

	Years Ended December 31,		
	2010	2009	2008
	(Dollars in Thousands)		
Balance at beginning of period	\$ 6,644	\$ 5,304	\$ 4,065
Charge-offs	689	212	101
Recoveries	12	2	40
Net charge-offs (recoveries)	677	210	61
Provisions charged to operations	2,450	1,550	1,300
Ending balance	\$ 8,417	\$ 6,644	\$ 5,304

The table below sets forth the amounts and types of non-accrual loans in the Bank's loan portfolio, at 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 December 31, 2010 (Dollars 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.

Notes to Consolidated Financial Statements

Note 6 - 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 Investment	Unpaid Principal Balance	Related Allowance
With no related allowance recorded:			
Residential	\$ 89	\$ 89	\$ -
Commercial and multi-family	9,709	9,709	-
Construction	2,910	2,910	-
Commercial business	981	981	-
Home equity	189	189	-
Consumer	-	-	-
With an allowance recorded:			
Residential	-	-	-
Commercial and multi-family	17,713	17,713	1,656
Construction	-	-	-
Commercial business	1,828	1,828	449
Home equity	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	-	-	-

Notes to Consolidated Financial Statements

Note 6 - Loans Receivable and Allowance for Loan Losses (Continued)

At December 31, 2010 and 2009, non-accrual loans for which the accrual of interest had been discontinued totaled approximately \$41,811,000 and \$11,933,000, respectively. Had non-accrual loans been performing in accordance with their original terms, the interest income recognized for the years ended December 31, 2010, 2009 and 2008 would have been approximately \$1,949,000, \$1,064,000 and \$289,000, respectively. Interest income recognized on such loans was approximately \$280,000, \$282,000 and \$138,000 respectively. The Bank is not committed to lend additional funds to the borrowers whose loans have been placed on a nonaccrual status. At December 31, 2010 and 2009, there were no loans which were ninety days or more past due and still accruing interest.

At December 31, 2010 and 2009, impaired loans were \$33,602,000 and \$15,437,000, respectively, and the related specific allocation of allowance for loan losses totaled \$2,107,000 and \$1,373,000 respectively. There were twenty-eight impaired loans totaling \$13,878,000 which did not have a specific allocation of the allowance for loan losses at December 31, 2010. There were sixteen impaired loans totaling \$8,047,000 which did not have a specific allocation of the allowance for loan losses at December 31, 2009. During the years ended December 31, 2010, 2009, and 2008, the average balance of impaired loans was \$29,472,000, \$8,662,000 and \$2,759,000, and respectively, and interest income recognized during the period of impairment totaled \$2,114,000, \$464,000 and \$138,000 respectively.

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

As of December 31, 2010							Loans Receivable > 90 Days and Accruing
	30-59 Days Past Due	60-89 Days Past Due	Greater than 90 Days	Total Past Due (in Thousands)	Current	Total Loans Receivables	
Residential	\$ 5,010	\$ 3,706	\$ 15,115	\$ 23,831	\$ 210,604	\$ 234,435	—
Commercial and 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 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	<u>\$ 29,323</u>	<u>\$ 10,252</u>	<u>\$ 41,811</u>	<u>\$ 81,386</u>	<u>\$ 700,688</u>	<u>\$ 782,074</u>	—

(1) Includes business lines of credit.

(2) Includes home equity lines of credit.

Notes to Consolidated Financial Statements

Note 6 - 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 December 31, 2010: (In Thousands)

	<u>Pass</u>	<u>Special Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Loss</u>	<u>Total</u>
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	<u>\$ 693,044</u>	<u>\$ 40,084</u>	<u>\$ 31,466</u>	<u>\$ 16,812</u>	<u>\$ 668</u>	<u>\$ 782,074</u>

(1) Includes business lines of credit.

(2) Includes home equity lines of credit.

Note 7 - Premises and Equipment

	<u>December 31,</u>	
	<u>2010</u>	<u>2009</u>
	<u>(In Thousands)</u>	
Land	\$ 1,560	\$ 890
Buildings and improvements	8,425	3,576
Leasehold improvements	1,186	1,005
Furniture, fixtures and equipment	3,315	2,428
	14,486	7,899
Accumulated depreciation and amortization	(3,127)	(2,540)
	<u>\$ 11,359</u>	<u>\$ 5,359</u>

Notes to Consolidated Financial Statements**Note 7 - Premises and Equipment (Continued)**

Buildings and improvements include a building constructed on property leased from a related party (see Note 3).

Rental expenses related to the occupancy of premises and related shared costs for common areas totaled \$693,000, \$425,000, and \$415,000 for the years ended December 31, 2010, 2009, and 2008, respectively. The minimum obligation under non-cancelable lease agreements expiring through April 30, 2031, for each of the years ended December 31 is as follows (in thousands):

2011	\$	959
2012		980
2013		668
2014		630
2015		342
Thereafter		2,530
	\$	<u>6,109</u>

Note 8 - Interest Receivable

	<u>December 31,</u>	
	<u>2010</u>	<u>2009</u>
	<u>(In Thousands)</u>	
Loans	\$ 4,340	\$ 2,679
Securities	<u>863</u>	<u>1,120</u>
	<u>\$ 5,203</u>	<u>\$ 3,799</u>

Notes to Consolidated Financial Statements

Note 9 – Deposits

	December 31,	
	2010	2009
	(In Thousands)	
Demand:		
Non-interest bearing	\$ 69,471	\$ 37,082
NOW	80,775	34,270
Money market	55,676	33,656
	<u>205,922</u>	<u>105,008</u>
Savings and club	245,951	108,170
Certificates of deposit	<u>434,415</u>	<u>250,560</u>
	<u>\$ 886,288</u>	<u>\$ 463,738</u>

At December 31, 2010 and 2009, certificates of deposit of \$100,000 or more totaled approximately \$236,116,000 and \$142,331,000, respectively.

The scheduled maturities of certificates of deposit at December 31, 2010, were as follows (in thousands):

	Amount
2011	\$ 333,853
2012	44,684
2013	15,155
2014	26,293
2015	14,188
Thereafter	242
	<u>\$ 434,415</u>

Notes to Consolidated Financial Statements

Note 10 - Short-Term Borrowings and Long-Term Debt

Long-term debt consists of the following:

	December 31,	
	2010	2009
	(In Thousands)	
Long-term debt:		
Federal Home Loan Bank of New York ("FHLB") Fixed Rate Repurchase Agreements:		
4.50% maturing May 22, 2016	\$ 10,000	\$ 10,000
4.30% maturing August 16, 2016	20,000	20,000
4.17% maturing August 31, 2016	25,000	25,000
4.76% maturing June 18, 2017	20,000	20,000
4.30% maturing July 30, 2017	15,000	15,000
4.08% maturing July 30, 2017	20,000	20,000
Trust preferred floating rate junior subordinated debenture maturing June 17, 2034; interest rate adjusts quarterly to LIBOR plus 2.65% (2.95% at December 31, 2010)	4,124	4,124
	\$ 114,124	\$ 114,124

The trust preferred debenture became callable, at the Company's option, on June 17, 2009, and quarterly thereafter.

Beginning September 7, 2010, the Federal Home Loan Bank of New York ("FHLBNY") replaced the existing Overnight Repricing Advance Program and its associated companion products, the Overnight Line of Credit ("OLOC"), OLOC Plus, OLOC Companion, and OLOC Companion Plus with the new Overnight Advance. The new Overnight advance permits the Bank to borrow overnight up to its maximum borrowing capacity at the FHLBNY. The Bank is no longer restricted to the previous borrowing limits of 10% (OLOC) or up to 20% (OLOC Plus) of total assets. At December 31, 2010, the Bank's total credit exposure cannot exceed 50% of its total assets, or \$553,444,000, based on the borrowing limitations outlined in the Federal Home Loan Bank of New York's member products guide. The total credit exposure limit to 50% of total assets is recalculated each quarter.

Additional information regarding short-term borrowings is as follows:

	December 31,		
	2010	2009	2008
	(In Thousands)		
Average balance outstanding during the year	\$ -	\$ 38	\$ 4,796
Highest month-end balance during the year	\$ -	\$ -	\$ 20,500
Average interest rate during the year	\$ -	0.51%	1.23%
Weighted average interest rate at year-end	\$ -	\$ -	0.44%

Notes to Consolidated Financial Statements

Note 10 - Short-Term Borrowings and Long-Term Debt (Continued)

At December 31, 2010 and 2009 cash and securities held to maturity with carrying values of approximately \$145.2 million and \$114.9 million, respectively, were pledged to secure the above noted Federal Home Loan Bank of New York borrowings. In addition, there was a blanket pledge on the residential mortgage portfolio at December 31, 2010.

Note 11 - Regulatory Matters

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary, actions by regulators that, if undertaken, could have a direct material effect on the Bank. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. The Holding Company's capital adequacy guidelines are not materially different than the capital adequacy guidelines for the Bank.

Quantitative measures, established by regulation to ensure capital adequacy, require the Bank to maintain minimum amounts and ratios of Total and Tier 1 capital (as defined in the regulations), to risk-weighted assets, (as defined), and of Tier 1 capital to average assets (as defined). The following table presents information as to the Bank's capital levels.

	Actual		For Capital Adequacy Purposes		To be Well Capitalized under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2010:						
Total capital (to risk-weighted assets)	\$ 109,032	15.89%	\$ ≥ 54,882	≥ 8.00%	\$ ≥ 68,602	≥ 10.00%
Tier 1 capital (to risk-weighted assets)	102,541	14.95	≥ 27,441	≥ 4.00	≥ 41,161	≥ 6.00
Tier 1 capital (to average assets)	102,541	9.16	≥ 44,761	≥ 4.00	≥ 55,952	≥ 5.00
As of December 31, 2009:						
Total capital (to risk-weighted assets)	\$ 59,855	14.37%	\$ ≥ 33,331	≥ 8.00%	\$ ≥ 41,664	≥ 10.00%
Tier 1 capital (to risk-weighted assets)	54,637	13.11	≥ 16,666	≥ 4.00	≥ 24,998	≥ 6.00
Tier 1 capital (to average assets)	54,637	8.68	≥ 25,169	≥ 4.00	≥ 31,461	≥ 5.00

As of December 31, 2010, the most recent notification from the Bank's regulators categorized the Bank as "well capitalized" under the regulatory framework for prompt corrective action. There are no conditions or events occurring since that notification that management believes have changed the Bank's category.

Notes to Consolidated Financial Statements

Note 12. Benefits Plans

Pension Plan

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. The benefits are based on years of service and employee's compensation. The Pension Plan is funded in conformity with funding requirements of applicable government regulations. Prior service costs for the defined benefit plan generally are amortized over the estimated remaining service periods of employees.

The following tables set forth the Plan's funded status at December 31, 2010 and components of net periodic pension cost for the year ended December 31, 2010:

	December 31, 2010
	(In thousands)
Change in Benefit Obligation:	
Benefit obligation, at date of merger	\$ 8,673
Interest cost	245
Actuarial loss	369
Benefits paid	(253)
Settlements	(311)
Benefit obligation, ending	\$ 8,723
Change in Plan Assets:	
Fair value of assets, at date of merger	\$ 4,598
Actual return on plan assets	561
Employer contributions	151
Benefits paid	(253)
Settlements	(311)
Fair value of assets, ending	\$ 4,746

Notes to Consolidated Financial Statements

Note 12 - Benefits Plan (Continued)

Reconciliation of Funded Status:		December 31, 2010
		(In thousands)
Accumulated benefit obligation		\$ 8,723
Projected benefit obligation		\$ 8,723
Fair value of assets		\$ (4,746)
Funded status, included in other liabilities		\$ (3,977)
Valuation assumptions used to determine benefit obligation at period end:		
Discount rate		5.540%
Salary increase rate		N/A
Net Periodic Pension Expense		Year Ended December 31, 2010
		(In thousands)
Interest cost		\$ 245
Expected return on assets		(181)
Net Periodic Pension Expense		\$ 64
Valuation assumptions used to determine net periodic benefit cost for the year:		
Discount rate		5.500%
Long term rate of return on plan assets		8.000%
Salary increase rate		3.500%

At December 31, 2010, unrecognized net gain of \$6,811 was included in accumulated other comprehensive income in accordance with ASC 715-20 and ASC 715-30. None of the unrecognized net gain is expected to be recognized in net periodic pension expense for the year ended December 31, 2011.

Notes to Consolidated Financial Statements

Note 12 - Benefits Plan (Continued)

Plan Assets

Investment Policies and Strategies

The primary long-term objective for the Plan is to maintain assets at a level that will sufficiently cover future beneficiary obligations. The Plan will be structured to include a volatility reducing component (the fixed income commitment) and a growth component (the equity commitment).

To achieve the Plan Sponsor's long-term investment objectives, the Trustee will invest the assets of the Plan in a diversified combination of asset classes, investment strategies, and pooled vehicles. The asset allocation guidelines in the table below reflect the Bank's risk tolerance and long-term objectives for the Plan. These parameters will be reviewed on a regular basis and subject to change following discussions between the Bank and the Trustee.

Initially, the following asset allocation targets and ranges will guide the Trustee in structuring the overall allocation in the Plan's investment portfolio. The Bank or the Trustee may amend these allocations to reflect the most appropriate standards consistent with changing circumstances. Any such fundamental amendments in strategy will be discussed between the Bank and the Trustee prior to implementation.

Based on the above considerations, the following asset allocation ranges will be implemented:

Asset Allocation Parameters by Asset Class			
	<u>Minimum</u>	<u>Target</u>	<u>Maximum</u>
<u>Equity</u>			
Large-Cap U.S.		26%	
Mid/Small-Cap U.S.		12%	
Non-U.S.		12%	
Total-Equity	40%	50%	60%
<u>Fixed Income</u>			
Certificates of Deposit		25%	
Long Duration		23%	
Money Market		2%	
Total-Fixed Income	40%	50%	60%

The parameters for each asset class provide the Trustee with the latitude for managing the Plan within a minimum and maximum range. The Trustee will have full discretion to buy, sell, invest and reinvest in these asset segments based on these guidelines which includes allowing the underlying investments to fluctuate within the stated policy ranges. The Plan will maintain a cash equivalents component (not to exceed 3% under normal circumstances) within the fixed income allocation for liquidity purposes.

The Trustee will monitor the actual asset segment exposures of the Plan on a regular basis and, periodically, may adjust the asset allocation within the ranges set forth above as it deems appropriate. Periodic reallocations of

Notes to Consolidated Financial Statements

Note 12 - Benefits Plan (Continued)

assets will be based on the Trustee's perception of the changing risk/return opportunities of the respective asset classes.

Determination of Long-Term Rate-of Return

The long-term rate-of-return-on assets assumption was set based on historical returns earned by equities and fixed income securities, adjusted to reflect expectations of future returns as applied to the plan's target allocation of asset classes. Equities and fixed income securities were assumed to earn real rates of return in the ranges of 5-9% and 2-6%, respectively. The long-term inflation rate was estimated to be 3%. When these overall return expectations are applied to the Plan's target allocation, the result is an expected rate of return of 7% to 11%.

The fair values of the Company's pension plan assets at December 31, 2010, by asset category (see Note 16 for the definitions of levels), are as follows:

Asset Category	Total	(Level 1)	(Level 2)	(Level 3)
Mutual funds-Equity				
Large-Cap Value (a)	\$ 266,771	\$ 266,771	\$ -	\$ -
Large-Cap Core (b)	316,443	316,443	-	-
Small-Cap Core (c)	162,604	162,604	-	-
Mutual Funds-Fixed Income				
Long Term Bond (d)	378,611	378,611	-	-
Common/Collective Trusts-Equity				
Large-Cap Value (e)	283,661	-	283,661	-
Large-Cap Growth (f)	528,288	-	528,288	-
International Core (g)	655,879	-	655,879	-
Exchange Traded Funds				
Fixed Income-ETF (h)	355,209	355,209	-	-
Stock				
BCB Common Stock	480,200	480,200	-	-
Cash Equivalents				
Money Market	41,853	41,853	-	-
BCB Bank CD	1,276,062	-	1,276,062	-
Total	\$ 4,745,581	\$ 2,001,691	\$ 2,743,890	\$ -

Notes to Consolidated Financial Statements**Note 12 - Benefits Plan (Continued)**

- (a) This category consists of a mutual fund holding 100-160 stocks, designed to track and outperform the Russell 1000 Value Index.
- (b) This category contains stocks of the S&P Index. The stocks are maintained in approximately the same weightings as the index.
- (c) This category consists of 400 or more small and micro-cap companies, with as much as 25% invested in non-U.S. equities.
- (d) This category consists of a bond fund which tracks the Barclays Capital U.S. 20+ Year Treasury Bond index. The fund generally invests at least 90% of assets in the bonds of the underlying index and at least 95% of assets in U.S. government.
- (e) This category consists of investments whose sector and industry exposures are maintained within a narrow band around the Russell 1000 index. The portfolio holds approximately 150 stocks.
- (f) This category consists of a portfolio of between 45 and 65 stocks that will typically overweight technology and health care.
- (g) This category consists of a portfolio of over 200 stocks in non-U.S. domiciled companies, with up to 35% invested in emerging markets.
- (h) This category invests in a variety of high-quality and, to a lesser extent, medium-quality fixed income securities, at least 80% of which will be intermediate-and long-term investment-grade securities.

The Company expects to contribute, based upon actuarial estimates, approximately \$390,000 to the pension plan in 2011.

Benefit payments are expected to be paid for the years ended December 31 as follows:

2011	\$ 509,752
2012	526,449
2013	550,710
2014	564,842
2015	594,537
2016-2020	2,995,626
	<u>\$ 5,741,916</u>

Notes to Consolidated Financial Statements

Note 12 - Benefits Plan (Continued)

Supplemental Executive Retirement Plan

The Company acquired through the merger with Pamrapo Bancorp, Inc. a supplemental executive retirement plan ("SERP") in which certain former employees of Pamrapo 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.

The following tables set forth the SERP's funded status and components of net periodic SERP cost:

	December 31, 2010
	(In thousands)
Change in Benefit Obligation:	
Benefit obligation, at date of merger	\$ 680
Interest Cost	20
Actuarial loss	4
Benefits paid	(108)
Benefit obligation, ending	\$ 596
Change in Plan Assets	
Fair value of assets, at date of merger,	\$ -
Employer contributions	108
Benefits paid	(108)
Fair value of assets, ending	\$ -
Reconciliation of Funded Status:	
Accumulated benefit obligation	\$ 596
Projected benefit obligation	\$ 596
Fair value of assets	-
Funded status, included in other liabilities	\$ 596
Valuation assumptions used to determine benefit obligation at period end:	
Discount rate	5.540%
Salary Increase Rate	3.500%

Notes to Consolidated Financial Statements

Note 12- Benefits Plan (Continued)

	Year Ended December 31, 2010 (In thousands)
Net Periodic SERP Expense	
Interest Cost	\$ 20
Net Periodic SERP Cost	<u>\$ 20</u>

Valuation assumptions used to determine net periodic benefit cost for the year :

Discount rate	5.50%
Rate of increase in compensation	3.50
Amortization period	5.00

At December 31, 2010, unrecognized net loss of \$2,642 was included in accumulated other comprehensive income in accordance with ASC 715-20 and ASC 715-30. None of the unrecognized net loss is expected to be recognized in net periodic SERP cost for the year ended December 31, 2011.

The Company expects to contribute, based upon actuarial estimates, approximately \$138,575 to the SERP plan in 2011.

Benefit payments are expected to be paid for the years ended December 31 as follows:

2011	\$ 138,575
2012	73,647
2013	61,647
2014	61,647
2015	61,647
2016-2019	278,235
	<u>\$ 675,398</u>

Notes to Consolidated Financial Statements

Note 12 - Benefits Plan (Continued)

Stock Options

The Company has two stock-related compensation plans, the 2002 Stock Option Plan and the 2003 Stock Option Plan (the "Plans"). All stock options granted have a ten year term and were scheduled to vest and become exercisable on a cumulative basis in equal installments (20% immediately upon grant and an additional 20% at each of the four succeeding grant anniversary dates). As of December 31, 2010, all but 8,116 options authorized under the Plans had been granted.

During the years ended December 31, 2010, 2009 and 2008, the Company recorded no share-based compensation expense, as all shares granted were vested.

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

	Number of Option Shares	Range of Exercise Prices	Weighted Average Exercise Price
Outstanding at December 31, 2008	295,339	\$ 5.29-\$15.65	\$ 10.19
Options forfeited	(3,906)	11.84	11.84
Options exercised	(11,933)	5.29	5.29
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

At December 31, 2010, all stock options which are granted were exercisable, having a weighted-average remaining contractual term of 3.0 years and an aggregate intrinsic value of \$148,000. The total intrinsic value of options exercised during the years ended December 31, 2010, 2009, and 2008 was \$52,000, \$50,000, and \$446,000, respectively. It is Company policy to issue new shares upon share option exercise.

Note 13 - Dividend Restrictions

Payment of cash dividends is conditional on earnings, financial condition, cash needs, the discretion of the Board of Directors, and compliance with regulatory requirements. State and federal law and regulations impose substantial limitations on the Bank's ability to pay dividends to the Company. Under New Jersey law, the Bank is permitted to declare dividends on its common stock only if, after payment of the dividend, the capital stock of the Bank will be unimpaired and either the Bank will have a surplus of not less than 50% of its capital stock or the payment of the dividend will not reduce the Bank's surplus. During 2010, 2009 and 2008, the Bank paid the Company total dividends of \$5,334,000, \$2,547,000, and \$0 respectively. The Company's ability to declare dividends is dependent upon the amount of dividends declared by the Bank.

Notes to Consolidated Financial Statements

Note 14 - Income Taxes

The components of income tax expense (benefit) are summarized as follows:

	Years Ended December 31,		
	2010	2009	2008
	(In Thousands)		
Current income tax expense:			
Federal	\$ 1,982	\$ 2,730	\$ 3,097
State	(136)	489	382
	<u>1,846</u>	<u>3,219</u>	<u>3,479</u>
Deferred income tax benefit:			
Federal	5	(467)	(1,324)
State	(346)	(131)	(335)
	<u>(341)</u>	<u>(598)</u>	<u>(1,659)</u>
Total Income Taxes	\$ <u>1,505</u>	\$ <u>2,621</u>	\$ <u>1,820</u>

The tax effects of existing temporary differences that give rise to significant portions of the deferred income tax assets and deferred income tax liabilities are as follows:

	December 31,	
	2010	2009
	(In Thousands)	
Deferred income tax assets:		
Allowance for loan losses	\$ 3,362	\$ 2,654
Other than temporary impairment on security	1,164	1,164
Benefit plans	1,829	-
Valuation adjustment on loans receivable acquired	1,993	-
Other	340	42
	<u>8,688</u>	<u>3,860</u>
Deferred income tax liabilities:		
Benefit Plan-accumulated other comprehensive income	3	-
Depreciation	233	233
Unrealized gain on securities available for sale	-	9
Valuation adjustment on securities acquired	1,288	-
Valuation adjustment on premises and equipment acquired	1,379	-
	<u>2,903</u>	<u>242</u>
Net Deferred Tax Asset	\$ <u>5,785</u>	\$ <u>3,618</u>

Notes to Consolidated Financial Statements

Note 14 - Income Taxes (Continued)

The following table presents a reconciliation between the reported income tax expense and the income tax expense which would be computed by applying the normal federal income tax rate of 34% to income before income tax expense:

	Years Ended December 31,		
	2010	2009	2008
	(In Thousands)		
Federal income tax expense at statutory rate	\$ 5,382	\$ 2,165	\$ 1,799
Increases (reductions) in income taxes resulting from:			
State income tax (benefit), net of federal income tax effect	(318)	236	31
Merger related items	(4,066)	208	-
Other items, net	507	12	(10)
Effective Income Tax	\$ 1,505	\$ 2,621	\$ 1,820
Effective Income Tax Rate	9.5%	41.2%	34.4%

Note 15- Commitments and Contingencies

The Bank is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments primarily include commitments to extend credit. The Bank's exposure to credit loss, in the event of nonperformance by the other party to the financial instrument for commitments to extend credit, is represented by the contractual amount of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

Outstanding loan related commitments were as follows:

	December 31,	
	2010	2009
	(In Thousands)	
Loan origination	\$ 3,038	\$ 7,171
Standby letters of credit	2,018	471
Construction loans in process	5,180	5,415
Unused lines of credit	33,747	11,905
	\$ 43,983	\$ 24,962

Notes to Consolidated Financial Statements

Note 15- Commitments and Contingencies (Continued)

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, total commitment amounts do not necessarily represent future cash requirements. The Bank evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Bank upon extension of credit, is based on management's credit evaluation of the counterparty. Collateral held varies but primarily includes residential real estate properties.

The Company and its subsidiaries also have, in the normal course of business, commitments for services and supplies. Management does not anticipate losses on any of these transactions.

The Company and its subsidiaries, from time to time, may be party to litigation which arises primarily in the ordinary course of business. In the opinion of management, the ultimate disposition of such litigation should not have a material effect on the consolidated financial statements. As of December 31, 2010, the Company and its subsidiaries were not parties to any material litigation.

Note 16 - Fair Value Measurements and Fair Values of Financial Instruments

Management uses its best judgment in estimating the fair value of the Company's financial instruments; however, there are inherent weaknesses in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates herein are not necessarily indicative of the amounts the Company could have realized in a sales transaction on the dates indicated. The estimated fair value amounts have been measured as of their respective year-ends and have not been re-evaluated or updated for purposes of these consolidated financial statements subsequent to those respective dates. As such, the estimated fair values of these financial instruments subsequent to the respective reporting dates may be different than the amounts reported at each year-end.

ASC Topic 820, *Fair Value Measurements and Disclosures*, 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 or 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's 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.

For assets and liabilities measured at fair value on a recurring basis, the fair value measurements by level within the fair value hierarchy are as follows:

Notes to Consolidated Financial Statements

Note 16 - Fair Value Measurements and Fair Values of Financial Instruments (Continued)

Description	Total	(Level 1) Quoted Prices in Active Markets for Identical Assets	(Level 2) Significant Other Observable Inputs	(Level 3) Significant Unobservable Inputs
(In Thousands)				
Securities AFS December 31, 2010	\$ 1,098	\$ 1,098	\$ -	\$ -
Securities AFS December 31, 2009	\$ 1,346	\$ 1,346	\$ -	\$ -

For assets and liabilities measured at fair value on a nonrecurring basis, the fair value measurements by level within the fair value hierarchy are as follows:

December 31, 2010	Total	(Level 1) Quoted Prices in Active Markets for Identical Assets	(Level 2) Significant Other Observable Inputs	(Level 3) Significant Unobservable Inputs
(In Thousands)				
Impaired loans	\$ 17,617	\$ 17,617	\$ -	\$ 17,617
Real estate owned	\$ 513	\$ -	\$ -	\$ 513

December 31, 2009	Total	(Level 1) Quoted Prices in Active Markets for Identical Assets	(Level 2) Significant Other Observable Inputs	(Level 3) Significant Unobservable Inputs
(In Thousands)				
Impaired loans	\$ 5,657	\$ -	\$ -	\$ 5,657
Real estate owned	\$ 1,270	\$ -	\$ -	\$ 1,270

Notes to Consolidated Financial Statements

Note 16 - Fair Value Measurements and Fair Values of Financial Instruments (Continued)

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 December 31, 2010 and 2009:

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.

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.

Loans Receivable (Carried at Cost)

The fair values of loans, except for certain impaired 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)

Impaired loans are those for which the Company has measured and recorded an impairment generally based on the fair value of the loan's collateral. 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 at December 31, 2010 and 2009 consists of the loan balances of \$19,724,000 and \$7,030,000, net of a valuation allowance of \$2,107,000 and \$1,373,000, respectively.

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.

Notes to Consolidated Financial Statements

Note 16 - Fair Value Measurements and Fair Values of Financial Instruments (Continued)

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 (Disclosed at Cost)

Fair values for the Bank'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.

The carrying values and estimated fair values of financial instruments were as follows at December 31, 2010 and 2009:

	December 31,			
	2010		2009	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(In Thousands)			
Financial assets:				
Cash and cash equivalents	\$ 121,127	\$ 121,127	\$ 67,347	\$ 67,347
Securities available for sale	1,098	1,098	1,346	1,346
Securities held to maturity	165,572	166,785	132,644	133,050
Loans held for sale	5,572	5,633	4,275	4,275
Loans receivable	773,101	779,858	401,872	404,399
FHLB of New York stock	6,723	6,723	5,714	5,714
Interest receivable	5,203	5,203	3,799	3,799
Financial liabilities:				
Deposits	886,288	890,402	463,738	467,371
Long-term debt	114,124	126,895	114,124	136,099
Interest payable	787	787	847	847

Notes to Consolidated Financial Statements**Note 17- Comprehensive Income (Loss)**

The components of accumulated other comprehensive income included in stockholders' equity are as follows:

	At December 31,	
	2010	2009
	(In thousands)	
Net unrealized gain on securities available for sale	\$ 1	\$ 22
Tax effect	-	(9)
Net of tax amount	1	13
Benefit plan adjustments	7	-
Tax effect	(3)	-
Net of tax amount	4	-
Accumulated other comprehensive income	\$ 5	\$ 13

Notes to Consolidated Financial Statements

Note 17- Comprehensive Income (Loss) (Continued)

The components of other comprehensive income (loss) and related tax effects are presented in the following table:

	Years Ended December 31,		
	2010	2009	2008
	(In thousands)		
Unrealized holding (losses) gains on securities available for sale:			
Unrealized holding (losses) gains arising during the year	\$ (21)	\$ 231	\$ (3,168)
Loss on impairment of securities available for sale:			
Realized losses arising during the year	-	-	2,915
Defined benefit pension plan and SERP Plan:			
Pension Gains	11	-	-
SERP Losses	(4)	-	-
Net change in benefit plans accrued expense	7	-	-
Other comprehensive income (loss) before taxes	(14)	231	(253)
Tax effect	6	(93)	102
Other comprehensive income (loss)	\$ (8)	\$ 138	\$ (151)

Notes to Consolidated Financial Statements

Note 18- Parent Only Condensed Financial Information

STATEMENTS OF FINANCIAL CONDITION

	December 31,	
	2010	2009
	(In Thousands)	
Assets		
Cash and due from banks	\$ 355	\$ 395
Securities available for sale	-	237
Investment in subsidiaries	102,546	54,641
Restricted common stock	124	124
Other assets	131	244
Total Assets	\$ 103,156	\$ 55,641
Liabilities and Stockholders' Equity		
Liabilities		
Long-term debt	\$ 4,124	\$ 4,124
Other liabilities	58	126
Total Liabilities	4,182	4,250
Stockholders' equity		
Common stock	649	332
Paid-in capital	85,327	46,926
Treasury stock	(10,760)	(8,719)
Retained earnings	23,753	12,839
Accumulated other comprehensive income	5	13
Total Stockholders' Equity	98,974	51,391
Total Liabilities and Stockholders' Equity	\$ 103,156	\$ 55,641

Notes to Consolidated Financial Statements

Note 18- Parent Only Condensed Financial Information (Continued)

STATEMENTS OF INCOME

	Years Ended December 31 ,		
	2010	2009	2008
	(In Thousands)		
Dividends from subsidiary	\$ 5,334	\$ 2,547	\$ -
Interest income	-	-	3
Total Income	5,334	2,547	3
Interest expense, borrowed money	122	146	238
Other	60	-	-
Total Expense	182	146	238
Income (Loss) before Income Tax Benefit and Equity in Undistributed Earnings of Subsidiaries	5,152	2,401	(235)
Income tax expense (benefit)	120	(17)	97
Income (Loss) before Equity in Undistributed Earnings of Subsidiaries	5,032	2,418	(138)
Equity in undistributed earnings of subsidiaries	9,294	1,330	3,610
Net Income	\$ 14,326	\$ 3,748	\$ 3,472

Notes to Consolidated Financial Statements

Note 18 - Parent Only Condensed Financial Information (Continued)

STATEMENTS OF CASH FLOW

	Years Ended December 31,		
	2010	2009	2008
	(In Thousands)		
Cash Flows from Operating Activities			
Net income	\$ 14,326	\$ 3,748	\$ 3,472
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Equity in undistributed (earnings) losses of subsidiaries	(9,294)	(1,330)	(3,610)
Decrease (increase) in other assets	171	(5)	(158)
(Decrease) increase in other liabilities	(129)	96	16
Net Cash Provided By (Used in) Operating Activities	5,074	2,509	(280)
Cash Flows from Investing Activities			
Cash acquired in acquisition	31	-	-
Sale/(Purchases) of securities available for sale	-	(227)	-
Net Cash Provided By (Used in) Investing Activities	31	(227)	-
Cash Flows from Financing Activities			
Proceeds from issuance of common stock	73	63	925
Tax benefit from exercise of stock options	-	-	150
Cash dividends paid	(3,412)	(2,234)	(1,896)
Purchase of treasury stock	(1,806)	(39)	(1,295)
Net Cash (Used in) Financing Activities	(5,145)	(2,210)	(2,116)
Net Increase (Decrease) in Cash and Cash Equivalents	(40)	72	(2,396)
Cash and Cash Equivalents - Beginning	395	323	2,719
Cash and Cash Equivalents - Ending	\$ 355	\$ 395	\$ 323
Non-Cash Items:			
Transfer of securities available for sale to treasury stock	\$ 235	\$ -	\$ -

Notes to Consolidated Financial Statements**Note 19 – Acquisition**

On July 6, 2010, the Company acquired all of the outstanding common shares of Pamrapo Bancorp, Inc. (“Pamrapo”), the parent company of Pamrapo Savings Bank, and thereby acquired all of Pamrapo Savings Bank’s 10 branch locations. Under the terms of the merger agreement, Pamrapo stockholders received 1.0 share of BCB Bancorp, Inc. common stock in exchange for each share of Pamrapo common stock, resulting in us issuing 4.9 million common shares of BCB Bancorp, Inc. common stock with an acquisition date fair value of \$38.6 million. Also under the terms of the merger agreement, Pamrapo stock options were converted to BCB Bancorp, Inc. stock options. There were 28,000 Pamrapo options outstanding that had a fair value of \$0.00 on the date of acquisition. The strike price of the options acquired ranged from \$18.41-\$29.25.

The merger with Pamrapo presents a unique opportunity to merge with a leading community financial institution that will strengthen the earning power of BCB Bancorp, as well as the added scale to undertake and solidify leadership positions in key business lines.

The results of Pamrapo’s operations are included in our Consolidated Statement of Income from the date of acquisition. In connection with the merger, the consideration paid and the net assets acquired were recorded at 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	\$ 38,645
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Recognized amounts of identifiable assets acquired and liabilities assumed, at fair value

Cash and cash equivalents	\$ 22,979
Investment securities	86,770
Loans receivable	412,142
Federal Home Loan Bank of New York stock	2,878
Property held for sale	1,017
Premises and equipment	5,938
Other real estate owned	789
Interest receivable	1,905
Deferred income taxes	1,820
Other assets	1,264
Deposits	(435,810)
Borrowings	(43,815)
Other liabilities	(6,650)
	<u>51,227</u>
Total identifiable net assets	<u>51,227</u>
Gain on bargain purchase recognized in non-interest income	<u>\$ 12,582</u>

Notes to Consolidated Financial Statements

Note 19 – Acquisition (Continued)

The securities portfolio we acquired consisted primarily of FHLMC and FNMA mortgage backed securities which were valued as of July 6, 2010 based on matrix pricing, 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.

We estimated the fair value for most loans acquired from Pamrapo by utilizing a methodology wherein loans with comparable characteristics were aggregated by type of collateral, remaining maturity and repricing terms. Cash flows for each pool were estimated using an estimate of future credit losses and an estimated rate of prepayments. Projected monthly cash flows were then discounted to present value using a risk-adjusted market rate for similar loans. To estimate the fair value of the remaining loans, we analyzed the value of the underlying collateral of the loans, assuming the fair values of the loans are derived from the eventual sale of the collateral. The value of the collateral was based on recently completed appraisals adjusted to the valuation date based on recognized industry indicies. We discounted these values using market derived rates of return with consideration given to the period of time and costs associated with the foreclosure and disposition of the collateral. There was no carryover of Pamrapo's allowance for credit losses associated with the loans we acquired in accordance with applicable accounting guidance. Information about the acquired Pamrapo loan portfolio as of July 6, 2010 is as follows (in thousands):

Contractually required principal and interest at acquisition	\$ 649,871
Contractual cash flows not expected to be collected (nonaccretable discount)	(7,924)
Expected cash flows at acquisition	641,947
Interest component of expected cash flows (accretable discount)	229,805
	<u>\$ 412,142</u>
Fair value of acquired loans	

The fair value of the office buildings and land is based upon independent third-party appraisals of the properties.

The fair value of other real estate owned is based upon independent third-party appraisals of the properties.

The fair value of savings and transaction deposit accounts acquired from Pamrapo was assumed to approximate the carrying value as these accounts have no stated maturity and are payable on demand. Certificates of deposit accounts were valued by calculating the discounted cash flow. The discounted cash flows, at an individual account level, were then aggregated together by category type to determine the market value of each time deposit category. The market values of all time deposit categories were added together to determine the total market value of the time deposit portfolio. The discount rate utilized for the discounted cash flow of each time deposit category was calculated based upon the median interest rate for market time deposits nearest the weighted average remaining maturity for that time deposit category.

The fair value of borrowings assumed was determined by estimating projected future cash outflows and discounting them at the current market rate of interest for similar type of borrowings.

Direct costs related to the acquisition were expensed as incurred. During the twelve months ended December 31, 2010, we incurred \$644,000 in merger related expenses related to the transaction, including \$622,000 in professional services and \$22,000 in other non-interest expenses.

Notes to Consolidated Financial Statements

Note 19 – Acquisition (Continued)

The following table presents unaudited pro forma information (in thousands) as if the acquisition of Pamrapo had occurred on January 1, 2009. This pro forma information gives effect to certain adjustments, including purchase accounting fair value adjustments, amortization of fair value adjustments and related income tax effects. The pro forma information does not necessarily reflect the results of operations that would have occurred had the Company merged with Pamrapo at the beginning of 2009. In particular, potential cost savings are not reflected in the unaudited pro forma amounts.

Pro forma	
Twelve months ended	
December 31, 2010	December 31, 2009
(In thousands, except for per share data)	

Net interest income	\$ 28,075	\$ 34,826
Noninterest income	1,280	23,682
Noninterest expense	22,133	38,197
Net income	2,659	14,823
Net income per common share:		
Basic	0.38	1.55
Diluted	0.38	1.54

The amounts of revenue and earnings attributable to Pamrapo since the acquisition date included in the consolidated statement of income for the year ended December 31, 2010 are not disclosed due to the fact that the information is impracticable to provide.

ASC 805 “Business Combinations”, permits the use of provisional amounts for the assets acquired 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 obtained during the measurement period. Under no circumstances may the measurement period exceed one year from the acquisition date.

EXHIBIT 21

SUBSIDIARIES OF THE COMPANY

Subsidiaries of the Registrant

The following is a list of the Subsidiaries of BCB Bancorp, Inc.

<u>Name</u>	<u>State of Incorporation</u>
Bayonne Community Bank	New Jersey
BCB Holding Company Investment Corp.	New Jersey
BCB Equipment Leasing	New Jersey
Pamrapo Service Corp.	New Jersey

EXHIBIT 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-112201, 333-165127 and 333-169337) of BCB Bancorp, Inc. of our report dated March 31, 2011, relating to the Company's consolidated financial statements, which appears in this Form 10-K for the year ended December 31, 2010.

ParenteBeard LLC

ParenteBeard LLC
Clark, New Jersey
March 31, 2011

EXHIBITS 31.1 AND 31.2

**CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER
AND CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

Certification of Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Donald Mindiak, certify that:

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

March 31, 2011
 Date

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

Certification of Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Kenneth Walter, certify that:

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

March 31, 2011

Date

/s/ Kenneth Walter

Kenneth Walter
Chief Financial Officer

EXHIBIT 32

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
AND CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002**

**Certification pursuant to
18 U.S.C. Section 1350,
as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

Donald Mindiak, President, Chief Executive Officer and Kenneth D. Walter, Chief Financial Officer of BCB Bancorp, Inc. (the "Company") each certify in his capacity as an officer of the Company that he has reviewed the annual report of the Company on Form 10-K for the fiscal year ended December 31, 2010 and that to the best of his knowledge:

- (1) the report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
- (2) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Company.

The purpose of this statement is solely to comply with Title 18, Chapter 63, Section 1350 of the United States Code, as amended by Section 906 of the Sarbanes-Oxley Act of 2002.

March 31, 2011

Date

/s/ Donald Mindiak

President and Chief Executive Officer

March 31, 2011

Date

/s/ Kenneth Walter

Chief Financial Officer
