Section 1: 10-K (10-K)

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

FORM 10-K

(Mark One)

☒ **Annual Report Pursuant To Section 13 or 15(d) Of The Securities Exchange Act of 1934**
For the fiscal year ended December 31, 2019.

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	**26-0065262**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
104-110 Avenue C, Bayonne, New Jersey	**07002**
(Address of principal executive offices)	(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	Name of each exchange on which registered
Common Stock, no par value	The NASDAQ Stock Market, LLC

Trading Symbol
BCBP

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 whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files).
YES ☒ NO ☐

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

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐ Smaller reporting company ☒ Emerging Growth company ☐

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

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, 2019, as reported by the Nasdaq Global Market, was approximately $190.7 million.

As of March 9, 2020, there were 17,513,115 shares of the Registrant's Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:

(1) Proxy Statement for the 2020 Annual Meeting of Stockholders of the Registrant (Part III).

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PART I

ITEM 1. BUSINESS

Forward-Looking Statements

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.

BCB Bancorp, Inc.

BCB Bancorp, Inc. (individually referred to herein as the “Parent Company” and together with its subsidiaries, collectively referred to herein as the “Company”) is a New Jersey corporation established in 2003, 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 (800) 680-6872 and our website is www.bcb.bank. Information on our website is not incorporated into this Annual Report on Form 10-K. At December 31, 2019 we had approximately $2.907 billion in consolidated assets, $2.362 billion in deposits and $239.5 million in consolidated stockholders’ equity. The Parent 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. The Bank changed its name from Bayonne Community Bank to BCB Community Bank in April 2007. At December 31, 2019, the Bank operated at 30 locations in Bayonne, Carteret, Colonia, Edison, Hoboken, Fairfield, Holmdel, Jersey City, Lodi, Lyndhurst, Maplewood, Monroe Township, Parsippany, Plainsboro, River Edge, Rutherford, South Orange, Union, and Woodbridge, New Jersey, as well as three branches in Staten Island and Hicksville New York and through executive offices located at 104-110 Avenue C and an administrative office located at 591-595 Avenue C, Bayonne, New Jersey 07002. The Bank’s deposit accounts are insured by the Federal Deposit Insurance Corporation (the “FDIC”) and the Bank is 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 loans and investment securities. We offer our customers:

- loans, including commercial and multi-family real estate loans, one- to four-family mortgage loans, commercial business loans, construction loans, home equity loans, and consumer loans. In recent years the primary growth in our loan portfolio has been in loans secured by commercial real estate and multi-family properties;
- FDIC-insured deposit products, including savings and club accounts, interest and non-interest-bearing demand accounts, money market accounts, certificates of deposit and individual retirement accounts; and
- retail and commercial banking services including wire transfers, money orders, safe deposit boxes, a night depository, debit cards, online banking, mobile banking, gift cards, fraud detection (positive pay), and automated teller services.

Recent Events

On December 30, 2019, the Company entered into a Stock Purchase Agreement with MFP Partners, L.P. (“MFP”), pursuant to which the Company sold 1,020,408 shares of the Company’s common stock, no par value per share, at a purchase price of $12.25 per share to MFP for gross proceeds of approximately $12.5 million. The Shares were registered under the Securities Act of 1933 (the “Act”), as amended, pursuant to the Company’s shelf registration statement on Form S-3.

On February 25, 2019, the Company closed a private placement offering of 496,224 shares of its common stock, of which directors and officers of the Company purchased 286,244 shares (the “Offering”). The Offering resulted in gross proceeds of $6.3 million to the Company. There were no underwriting discounts or commissions. The Offering price was $12.64 per share, which was the closing price for the Company’s common stock on the Nasdaq Global Market on February 22, 2019, the trading day prior to the closing of the Offering. Directors and officers paid the same price as other investors. The Company relied on the exemption from registration provided under Rule 506 of Regulation D promulgated under the Act. The Offering was made only to accredited investors as that term is defined in Rule 501(a) of Regulation D under the Act.

On January 30, 2019, the Company closed a private placement of Series G 6.0% Noncumulative Perpetual Preferred Stock, resulting in gross proceeds of $5,330,000 for 533 shares. The purchase price was $10,000 per share. The Company relied on the exemption from registration provided under Rule 506 of Regulation D under the Act..

On July 30, 2018, the Company issued $33.5 million of fixed-to-floating rate subordinated debentures (the “Notes”) in a private placement. The Notes have a ten-year term and bear interest at a fixed annual rate of 5.625% for the first five years of the term (the "Fixed Interest Rate Period"). From and including August 1, 2023, the interest rate will adjust to a floating rate based on the three-month LIBOR plus 2.72% until redemption or maturity (the "Floating Interest Rate Period"). The Notes are scheduled to mature on August 1, 2028. Subject to limited exceptions, the Company cannot redeem the Notes for the first five years of the term. The Company will pay interest in arrears semi-annually during the Fixed Interest Rate Period and quarterly during the Floating Interest Rate Period during the term of the Notes. The Notes constitute an unsecured and subordinated obligation of the Company and rank junior in right of payment to any senior indebtedness and obligations to general and secured creditors. The Notes qualify as Tier 2 capital for the Company for regulatory purposes and the portion that the Company contributes to the Bank will qualify as Tier 1 capital for the Bank.

The additional capital will be used for general corporate purposes including organic growth initiatives. Subordinated debt includes associated deferred costs of $814,000 and $1.0 million and at December 31, 2019 and December 31, 2018, respectively.

On April 17, 2018, the Company completed its acquisition of IA Bancorp, Inc. ("IAB") and its wholly-owned subsidiary, Indus-American Bank, of Edison, New Jersey. IAB shareholders received 0.189 shares of the Company's common stock for each share of IAB common stock they owned as of the effective date of the acquisition. In addition, the Company issued two series of preferred stock, Series E and F, in exchange for two outstanding series, Series C and D, respectively, of IAB preferred stock. The two series of Company preferred shares have terms substantially similar to the terms of the two series of IAB preferred stock. On May 16, 2018, all Series E preferred shares were converted to common shares, at the request of the shareholder. The aggregate consideration paid to IAB shareholders was $20.0 million. The results of IAB's operations are included in the Company's unaudited consolidated statements of income beginning April 17, 2018, the date of the acquisition and are included in the audited consolidated financial statements included herein.

Business Strategy

Our business strategy is to operate as a well-capitalized, profitable, and independent community-oriented financial institution dedicated to providing the highest quality customer service. Management's and the Board of Directors' extensive knowledge of the markets we serve helps to differentiate us from our competitors. Our business strategy incorporates the following elements: maintaining a community focus, focusing on profitability, strengthening our balance sheet, concentrating on real estate- based lending, capitalizing on market dynamics, providing attentive and personalized service, and attracting highly qualified and experienced personnel. These attributes coupled with our desire to seek out under-served markets for banking products and services, facilitate our plan to grow our franchise footprint organically and synergistically.

Maintaining a community focus. Our management and Board of Directors have strong ties to the communities we serve. Many members of the management team are New Jersey natives and are active in the communities we serve through non-profit board membership, local business development organizations, and industry associations. In addition, our board members are well-established professionals and business leaders in the communities we serve. Management and the Board are interested in making a lasting contribution to these communities, and they have succeeded in attracting deposits and loans through attentive and personalized service.

Focusing on profitability. The Company intends to continue its growth through opening new branches and acquisitions. While this will serve to expand our geographic footprint, it should also provide additional sources of liquidity and as new branches mature, increase profitability. Management continues to be committed to managing and controlling our non-interest expenses to improve our efficiency ratio, and to remain as a well-capitalized institution.

Strengthening our balance sheet. For the year ended December 31, 2019, our return on average equity was 9.66% and our return on average assets was 0.76%. Our earnings per diluted share was $1.20 for the year ended December 31, 2019 compared to $1.01 for the year ended December 31, 2018. Management remains committed to strengthening the Bank's statements of financial condition and maintaining profitability by diversifying the products, pricing and services we offer.

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 generally provide higher returns than loans secured by one- to four-family properties. 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 without a significant increased level of risk.

Capitalizing on market dynamics. The consolidation of the banking industry in northeast New Jersey has provided a unique opportunity for a customer-focused banking institution, such as the Bank. We believe our local roots and community focus provide 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 provide 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 the markets we serve and their surrounding communities. Since we began operations, our branches have been open seven 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 markets we serve, as well as pre-existing business relationships. Our management team averages over 20 years of banking experience, while our lenders and branch personnel have significant experience at community banks and regional banks throughout the region. Management believes that its knowledge of these markets has been a critical element in the success of the 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 Bayonne, Jersey City and Hoboken in Hudson County, Carteret, Colonia, Edison, Monroe Township, Plainsboro and Woodbridge in Middlesex County, Lodi, Lyndhurst, River Edge, and Rutherford in Bergen County and Fairfield, Maplewood, and South Orange in Essex County, Holmdel in Monmouth County, Parsippany in Morris County, and Union in Union County, New Jersey. The Bank also operates two branches in Staten Island, New York and one in Hicksville, New York. The Bank's locations are easily accessible and provide convenient services to businesses and individuals throughout our market area. 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 certain medical centers and local boards of education.

Competition

The banking industry in northeast New Jersey and New York City 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 services 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 greater capital resources. Our marketing efforts depend heavily upon referrals from officers, directors, stockholders, advertising in local media and through a social media presence. We compete for business principally on the basis of personal service to customers, customer access to our business development and other 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, competitively priced their deposit products and become more cost-effective as a result of competition with each other and with new types of financial service companies, including non-banking competitors. Some of these market dynamics have resulted in 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,									
	2019		2018		2017		2016		2015	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
	(Dollars in Thousands)									
Originated loans:										
Residential one-to-four family	**$ 212,020**	**9.62 %**	$ 213,200	9.26 %	$ 182,544	10.98 %	$ 142,081	9.44 %	$ 117,165	8.13 %
Commercial and multi-family	**1,485,286**	**67.42**	1,540,766	66.91	1,213,390	72.97	1,056,806	70.26	982,828	68.23
Construction	**104,996**	**4.77**	106,187	4.61	50,497	3.04	70,867	4.71	64,008	4.44
Commercial business[1]	**157,413**	**7.14**	136,966	5.95	66,775	4.02	63,444	4.22	70,340	4.88
Home equity[2]	**50,100**	**2.27**	54,271	2.36	38,725	2.33	32,417	2.15	31,237	2.17
Consumer	**674**	**0.03**	726	0.03	1,183	0.07	1,269	0.08	2,365	0.16
Sub-total	**2,010,489**	**91.25**	2,052,116	89.12	1,553,114	93.41	1,366,884	90.86	1,267,943	88.01
Acquired loans initially recorded at fair value:										
Residential one-to-four family	**35,010**	**1.59**	43,495	1.89	47,808	2.88	56,310	3.74	67,587	4.69
Commercial and multi-family	**118,577**	**5.38**	150,239	6.52	46,609	2.80	60,422	4.02	79,308	5.51
Construction	**-**	**-**	1,596	0.07	-	-	-	-	-	-
Commercial business[1]	**19,319**	**0.88**	27,373	1.19	4,057	0.24	4,460	0.30	4,281	0.30
Home equity[2]	**14,302**	**0.65**	18,376	0.80	8,955	0.54	13,877	0.92	18,851	1.31
Consumer	**8**	**-**	83	-	122	0.01	225	0.01	263	0.02
Sub-total	**187,216**	**8.50**	241,162	10.47	107,551	6.47	135,294	8.99	170,290	11.83
Acquired loans with deteriorated credit:										
Residential one-to-four family	**1,351**	**0.06**	1,390	0.06	1,413	0.08	1,443	0.10	1,474	0.10
Commercial and multi-family	**3,113**	**0.14**	6,832	0.30	731	0.04	753	0.05	669	0.05
Commercial business[1]	**910**	**0.04**	854	0.04	-	-	-	-	167	0.01
Home equity[2]	**236**	**0.01**	248	0.01	-	-	-	-	71	-
Sub-total	**5,610**	**0.25**	9,324	0.41	2,144	0.12	2,196	0.15	2,381	0.16
Total Loans	**2,203,315**	**100.00 %**	2,302,602	100.00 %	1,662,809	100.00 %	1,504,374	100.00 %	1,440,614	100.00 %
Less:										
Deferred loan fees, net	**1,174**		1,751		1,757		2,006		2,454	
Allowance for loan losses	**23,734**		22,359		17,375		17,209		18,042	
Total loans, net	**$ 2,178,407**		$ 2,278,492		$ 1,643,677		$ 1,485,159		$ 1,420,118	

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(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, 2019. 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. 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 One-to-four family	$ 355	$ 2,294	$ 245,732	$ 248,381
Construction	88,463	11,138	5,395	104,996
Commercial business[(1)]	32,837	70,963	73,842	177,642
Commercial and multi-family	63,575	119,702	1,423,699	1,606,976
Home equity[(2)]	4,408	4,849	55,381	64,638
Consumer	319	269	94	682
Total amount due	$ 189,957	$ 209,215	$ 1,804,143	$ 2,203,315

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

Loans with Fixed or Floating or Adjustable Rates of Interest. The following table sets forth the dollar amount of all loans at December 31, 2019 that are due after December 31, 2020, and have fixed interest rates or that have floating or adjustable interest rates.

	Fixed Rates	Floating or Adjustable Rates	Total
		(In Thousands)	
Residential One-to-four family	$ 127,414	$ 120,612	$ 248,026
Construction	-	16,533	16,533
Commercial business[(1)]	32,485	112,320	144,805
Commercial and multi-family	185,107	1,358,294	1,543,401
Home equity[(2)]	19,386	40,844	60,230
Consumer	363	0	363
Total amount due	$ 364,755	$ 1,648,603	$ 2,013,358

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

Commercial and Multi-family Real Estate Loans. Commercial real estate loans are secured by improved property such as office buildings, mixed use buildings, retail stores, shopping centers, warehouses, and other non-residential buildings. Loans secured by multi-family residential units are properties consisting of five or more residential units. The Bank offers fully amortizing loans on commercial and multi-family properties at loan amounts generally up to 75% of the appraised value of the property. Commercial and multi-family real estate loans are generally made at rates that adjust above the five-year Federal Home Loan Bank of New York interest rate, with terms of up to 30 years. The Bank also offers balloon loans with fixed interest rates which generally mature in three to five years with amortization periods up to 30 years. As of December 31, 2019, the Bank's largest commercial real estate loan had an outstanding principal balance of $21.0 million. This loan is secured by an office/retail building located in Hoboken, NJ. This loan is performing in accordance with its terms at December 31, 2019.

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 owner occupied properties are generally larger and involve greater risks than one-to-four family residential and non-owner-occupied commercial mortgage loans because payments on loans secured by owner occupied properties are often dependent on the successful operation or management of the business. The Bank intends to continue emphasizing the origination of loans secured by commercial real estate and multi-family properties.

Construction Loans. The Bank offers loans to finance the construction of various types of commercial and residential properties. Construction loans to builders generally are offered with terms of up to thirty months and interest rates tied to the prime rate plus a margin. These loans generally are offered as adjustable rate loans. The Bank will originate construction loans to customers provided all necessary plans and permits are in order. Construction loan funds are disbursed as the project progresses. The Bank also offers construction loans that convert to a permanent mortgage on the property upon completion of the construction and adherence to conditions established at the time the construction loan was first approved. Terms of such permanent mortgage loans are similar to other mortgage loans secured by similar properties, with the interest rate established at the time of conversion. As of December 31, 2019, the Bank's largest construction loan has a borrowing capacity of $19.0 million, of which $18.8 million has been disbursed. This loan is performing in accordance with its terms at December 31, 2019.

Construction financing is generally considered to involve a higher degree of risk than commercial real estate loans or one-to-four family residential lending. To mitigate these risks the Bank will obtain a plan and cost review from a third-party vendor to review the proposed construction budget in an effort to avoid cost overruns. The Bank also obtains multiple appraised values based upon various possible outcomes of the project. These values generally include "As Is," "As Completed," "As a Rental," "As Sellout," and "As a Bulk Sale."

Commercial Business Loans. The Bank offers a variety of commercial business loans in forms of either lines of credit or term loans that are fully amortized. Lines of credit are typically utilized for working capital purposes. These loans are either revolving or non-revolving and provide loan terms between one to three years. The re-payment is generally interest only and the interest rate is adjustable based upon, the prime rate. Term loans are typically for purchasing a business or equipment for a business. Term loans have terms between five to twenty-five years and are fully amortizing. The interest rate is adjustable and tied to the five-year Federal Home Loan Bank of New York rate. Commercial business loans are underwritten on the basis of the borrower's ability to service such debt from income. These loans are generally made to small and mid-sized companies located within the Bank's primary and secondary lending areas. A commercial business loan may be secured by equipment, accounts receivable, inventory, chattel or other assets. As of December 31, 2019, the Bank's largest commercial business loan is a warehouse line of credit secured by commercial real estate with a borrowing capacity of $15.0 million at December 31, 2019, of which $2.7 million has been disbursed. This loan is performing in accordance with its terms at December 31, 2019.

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.

SBA Lending. The Bank offers qualifying business loans guaranteed by the U.S. Small Business Administration ("SBA"). Amongst other characteristics, SBA borrowers are often sound businesses, but may have lower equity funds to invest in their businesses, may be at an earlier stage of business development, or have other characteristics that may make them ineligible for conventional unguaranteed bank loans. There is a well-developed market for the sale of the guaranteed portion of SBA 7(a) loans. During 2019, we originated approximately $26.1 million SBA 7(a) loans, sold $20.2 million in guaranteed portions of SBA 7(a) loans, with a recognition of gains of approximately $507,000 from the sale of such loans. As of December 31, 2019, the Bank's largest SBA loan is secured by a hotel building located in Philadelphia, PA. The outstanding balance is $4.9 million. This loan is performing in accordance with its terms at December 31, 2019.

Residential Lending. Residential loans are secured by one-to-four family dwellings, condominiums and cooperative units. Residential mortgage loans are secured by properties located in our primary lending areas of Bergen, Essex, Middlesex, Hudson, Monmouth and Richmond Counties; adjoining counties are considered as our secondary lending areas. We generally originate residential mortgage loans up to 80% loan-to-value at a maximum loan amount of $1.5 million and 75% loan-to-value at a maximum loan amount of $3.0 million for primary residences. The loan-to-value ratio is based on the lesser of the appraised value or the purchase price without the requirement of private mortgage insurance. We will originate loans with loan-to-value ratios up to 90%, provided the borrower obtains private mortgage insurance approval. We originate both fixed rate and adjustable rate residential loans with a term of up to 30 years. We offer 15, 20, and 30 year fixed, 15/30-year balloon and 3/1, 5/1, 7/1 and 10/1 adjustable rate loans with payments being calculated to include principal, interest, taxes and insurance. The 3/1 and 5/1 adjustable rate loans are qualified at 2% above the start rate; all other loans are qualified at the start rate. We have a number of correspondent relationships with third party lenders in which we deliver closed first mortgage loans. Our correspondent banking relationships allow us to offer customers competitive long-term fixed rate and adjustable rate loans we could not otherwise originate, while providing the Bank a source of fee income. During 2019, 61 loans were sold for approximately $22.2 million in the secondary market and recognized gains of approximately $447,000 from the sale of such loans.

Home Equity Loans and Home Equity Lines of Credit. The Bank offers home equity loans and lines of credit that are secured by either the borrower's primary residence, a secondary residence or an investment property. Our home equity loans can be structured as loans that are disbursed in full at closing or as lines of credit. Home equity lines of credit are offered with terms up to 30 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 residential loans. Home equity lines of credit may be underwritten with a loan-to-value ratio of up to 80% in a first lien position. At December 31, 2019, the outstanding and committed balances of home equity loans and lines of credit totaled $64.6 million and $36.6 million, respectively.

Consumer Loans. The Bank makes secured passbook, automobile and occasionally unsecured consumer loans. Consumer loans generally have terms between one and five years. They generally are made on a fixed rate basis, fully-amortizing.

Loan Approval Authority and Underwriting. The Bank's Lending Policy has established lending limits for executive management. Two Officers with authority, one of which is a Senior Credit Officer and one Executive Officer, have authority to approve loan requests up to $2.5 million. Loan requests in excess of $2.5 million but not exceeding $4.0 million shall be presented to the Chairman of the Board of Directors Loan Committee for approval. Loan requests exceeding $4.0 million but not exceeding $10 million shall be presented to the Bank's Board of Directors Loan Committee for approval, which is comprised of a quorum of the Bank's Board of Directors. Loans requests of $10 million or more shall be presented to the Bank's full Board of Directors for approval.

Upon receipt of a completed loan application including all appropriate financial information from a prospective borrower, the Bank will conduct its due diligence analysis. Property valuations or appraisals are required for all real estate collateralized loans. Appraisals are prepared by a state certified independent appraiser approved by the Bank Board of Directors.

Loan Commitments. Written commitments are given to prospective borrowers on all approved loans. Generally, we honor commitments for up to 60 days from the date of issuance. At December 31, 2019, our outstanding loan origination commitments totaled $27.8 million, standby letters of credit totaled $4.1 million, undisbursed construction funds totaled $57.8 million, and undisbursed lines of credit funds totaled $109.3 million.

Loan Delinquencies. Notices of nonpayment are generated to borrowers once the loan account(s) becomes either 10 or 15 days past due, as specified in the applicable promissory note. A nonresponsive borrower will receive collection calls and a site visit from a bank representative in addition to follow-up delinquency notices. If such payment is not received after 60 days, a notice of right to cure default is sent to the borrower providing 30 additional days to bring the loan current before foreclosure or other remedies are commenced. The Bank utilizes various reporting tools to closely monitor the performance and asset quality of the loan portfolio. The Bank complies with all federal, state and local laws regarding collection of its delinquent accounts.

Non-Accrual Status. Loans are placed on a non-accrual status when the loan becomes more than 90 days delinquent or when, in our opinion, the collection of payment is doubtful. Once placed on non-accrual status, the accrual of interest income is discontinued until the loan has been returned to accrual status. At December 31, 2019, the Bank had $4.2 million in non-accruing loans. The largest exposure of non-performing loans was a commercial real estate loan with an outstanding principal balance of approximately $616,000 fully collateralized by a mixed-use property.

Impairment Status. 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. Impaired loans can be loans which are more than 90 days delinquent, troubled debt restructured, part of our special residential program, in the process of foreclosure, or a forced Bankruptcy plan. We have determined that an insignificant delay (less than 90 days) will not cause a loan to be classified as impaired 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 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 applied to principal. At December 31, 2019, we had 107 loans with carrying balance totaling $26.9 million which are classified as impaired and on which loan loss allowances totaling $3.3 million have been established.

Troubled Debt Restructuring. A troubled debt restructuring ("TDR") is a loan that has been modified whereby the Bank has agreed to make certain concessions to a borrower to meet the needs of both the borrower and the Bank to maximize the ultimate recovery of a loan. A TDR occurs when a borrower is experiencing, or is expected to experience, financial difficulties and the loan is modified using a modification that would otherwise not be granted to the borrower. The types of concessions granted generally included, but were not limited to, interest rate reductions, limitations on the accrued interest charged, term extensions, and deferment of principal. The total troubled debt restructured loans were $17.7 million at December 31, 2019.

The Bank had allocated $570,000 and $772,000 of specific reserves to customers whose loan terms have been modified in troubled debt restructurings as of December 31, 2019, and December 31, 2018, respectively.

If management determines that the value of the modified loan is less than the recorded investment in the loan, impairment is recognized through an allowance estimate or charge-off to the allowance. This process is used, regardless of loan type, and for loans modified as TDRs that subsequently default on their modified terms.

Criticized and Classified Loans. The Bank's Lending Policy contains an internal rating system which evaluates the overall risk of a problem loan. When a loan is classified and determined to be impaired, the Bank may establish specific allowances for loan losses. 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, 2019, the Bank reported $13.5 million in classified assets. The loans classified are represented by loans secured either by residential one-to-four family, commercial business, or commercial real estate.

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 1-5) are treated as "pass" for grading purposes. The "criticized" risk rating (6) and the "classified" risk rating (7-9) are detailed below:

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

7 – 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.

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

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

The grades are determined through the uses of a qualitative matrix taking into account various characteristics of the loan such as quality of management, principals'/guarantors' character, balance sheet strength, collateral quality, cash flow coverage, position within the industry, loan structure and documentation.

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 Bank'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 non-impaired loans, a specific allowance for impaired loans, and an unallocated portion.

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

- Lending Policies and Procedures
- Personnel responsible for the particular portfolio - relative to experience and ability of staff
- Trend for past due, criticized and classified loans
- Relevant economic factors
- Quality of the loan review system
- Value of collateral for collateral dependent loans
- The effect of any concentrations of credit and the changes in the level of such concentrations
- Other external factors

The methodology includes the segregation of the loan portfolio into two divisions of performing loans and loans determined to be impaired. Loans which are performing are evaluated homogeneously by loan class or loan type. The allowance for performing loans is evaluated based on historical loan loss experience with an adjustment for the qualitative factors listed above. Impaired loans can be loans which are more than 90 days delinquent, troubled debt restructured, part of our special residential program, in the process of foreclosure, or a forced bankruptcy plan. These loans are individually evaluated for loan loss either by current appraisal, or net present value. Management reviews the overall estimate for feasibility and bases the loan loss provision accordingly. As of December 31, 2019, non-accrual loans differed from the amount of total loans past due greater than 90 days due to troubled debt restructurings of loans which are maintained on non-accrual status for a minimum of six months until the borrower has demonstrated their ability to satisfy the terms of the restructured loan. The Bank also maintains an unallocated allowance to cover uncertainties that could affect management's estimate of probable losses. The unallocated component of the allowance reflects the margin of imprecision inherent in the underlying assumptions used in the methodologies for estimating allocated and general reserves in the portfolio. Management must make estimates using assumptions and information that is often subjective and subject to change.

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The following tables set forth delinquencies in our loan portfolio as of the dates indicated:

	At December 31, 2019				At December 31, 2018			
	60-90 Days		Greater than 90 Days		60-90 Days		Greater than 90 Days	
	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 One-to-four family	**3**	**$ 618**	**7**	**$ 330**	5	$ 1,534	12	$ 3,369
Home equity [(2)]	**4**	**337**	**8**	**116**	4	109	11	90
Commercial and multi-family	**2**	**940**	**14**	**3,747**	4	377	19	7,000
Total	**9**	**1,895**	**29**	**4,193**	13	2,020	42	10,459
Commercial business [(1)]	**2**	**278**	**38**	**2,634**	-	-	36	1,201
Total delinquent loans	**11**	**$ 2,173**	**67**	**$ 6,827**	13	$ 2,020	78	$ 11,660
Delinquent loans to total loans		**0.10** %		**0.31** %		0.09 %		0.51 %

	At December 31, 2017				At December 31, 2016			
	60-90 Days		Greater than 90 Days		60-90 Days		Greater than 90 Days	
	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 One-to-four family	6	$ 1,983	10	$ 4,011	6	$ 1,478	19	$ 5,027
Construction	-	-	-	-	-	-	-	-
Home equity (2)	6	539	6	51	3	350	9	280
Commercial and multi-family	2	887	3	850	3	1,210	9	5,919
Total	14	3,409	19	4,912	12	3,038	37	11,226
Commercial business (1)	3	640	6	103	1	69	7	315
Consumer	-	-	-	-	-	-	1	6
Total delinquent loans	17	$ 4,049	25	$ 5,015	13	$ 3,107	45	$ 11,547
Delinquent loans to total loans		0.24 %		0.30 %		0.21 %		0.77 %

	At December 31, 2015			
	60-90 Days		Greater Than 90 Days	
	Number of Loans	Principal Balance of Loans	Number of Loans	Principal Balance of Loans
	(Dollars in Thousands)			
Real estate mortgage:				
Residential One-to-four family	4	$ 1,097	21	$ 5,089
Construction	1	80	-	-
Home equity (2)	4	333	9	816
Commercial and multi-family	11	4,675	18	7,760
Total	20	6,185	48	13,665
Commercial business (1)	-	-	10	851
Consumer	-	-	-	-
Total delinquent loans	20	$ 6,185	58	$ 14,516
Delinquent loans to total loans		0.43 %		1.01 %

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

The table below sets forth the amounts and categories of non-performing assets in the Bank's loan portfolio, excluding PCI loans. 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.

Purchase Credit-Impaired ("PCI") loans are loans acquired at a discount, due in part to credit quality. PCI loans are accounted for in accordance with ASC Subtopic 310-30, *Loans and Debt Securities Acquired with Deteriorated Credit Quality*, and are initially recorded at fair value. 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 an evaluation to determine 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 is then reclassified as accretable discount that is recognized into interest income over the remaining life of the loan using the interest method. The evaluation of the amount of future cash flows that is expected to be collected 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.

	At December 31,				
	2019	2018	2017	2016	2015
	(Dollars in Thousands)				
Non-accruing loans:					
One-to four-family residential	$ **881**	$ 3,325	$ 4,917	$ 7,122	$ 8,195
Home equity (2)	**360**	319	208	1,179	1,560
Commercial and multi-family	**978**	3,173	7,612	6,619	12,807
Commercial business (1)	**1,941**	404	299	726	885
Consumer	**-**	-	-	6	-
Total	**4,160**	7,221	13,036	15,652	23,447
Accruing loans delinquent more than 90 days:					
One-to four-family residential	**97**	545	315	-	-
Commercial and multi-family	**556**	877	-	2,827	-
Commercial business (1)	**142**	-	-	-	-
Total	**795**	1,422	315	2,827	-
Total non-performing loans	**4,955**	8,643	13,351	18,479	23,447
Foreclosed assets	**1,623**	1,333	532	3,525	1,564
Total non-performing assets	$ **6,578**	$ 9,976	$ 13,883	$ 22,004	$ 25,011
Total non-performing assets as a percentage of total assets	**0.23** %	0.37 %	0.71 %	1.29 %	1.55 %
Total non-performing loans as a percentage of total loans	**0.22** %	0.38 %	0.80 %	1.23 %	1.63 %

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

There were $17.7 million of troubled debt restructured loans at December 31, 2019, of which $17.0 million were classified as accruing and $702,000 were classified as non-accrual.

For the year ended December 31, 2019, gross interest income which would have been recorded had our non-accruing loans been current in accordance with their original terms amounted to $967,000. We received and recorded $1.1 million in interest income for loans which were returned to accruing status during the year ended December 31, 2019.

Non-accrual loans in the preceding table do not include loans acquired with deteriorated credit, which were recorded at fair value at acquisition and totaled $3.5 million at December 31, 2019 and $7.0 million at December 31, 2018.

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

	Years Ended December 31,				
	2019	2018	2017	2016	2015
	(Dollars in Thousands)				
Balance at beginning of year	$ **22,359**	$17,375	$17,209	$18,042	$16,151
Charge-offs:					
One- to four-family residential	**66**	374	336	459	67
Commercial business[1]	**448**	15	1,553	163	279
Commercial and multi-family	**229**	-	190	405	10
Home equity[2]	-	15	54	54	106
Consumer	-	42	11	-	-
Total charge-offs	**743**	446	2,144	1,081	462
Recoveries	**49**	300	200	221	73
Net charge-offs	**694**	146	1,944	860	389
Provisions charge to operations	**2,069**	5,130	2,110	27	2,280
Ending balance	$ **23,734**	$ 22,359	$ 17,375	$17,209	$18,042
Ratio of non-performing assets to total assets at the end of year	**0.23** %	0.37 %	0.71 %	1.29 %	1.55 %
Allowance for loan losses as a percent of total loans outstanding	**1.08** %	0.97 %	1.05 %	1.14 %	1.25 %
Ratio of net charge-offs during the year to average loans outstanding during the year	**0.03** %	0.01 %	0.12 %	0.06 %	0.03 %
Ratio of net charge-offs during the year to non-performing loans	**14.01** %	1.69 %	14.56 %	4.65 %	1.66 %

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(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.

	December 31,									
	2019		2018		2017		2016		2015	
	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)									
Originated loans:										
Residential one-to-four family	**$ 2,422**	**9.62 %**	$ 2,374	9.26 %	$ 2,368	10.98 %	$ 2,098	9.44 %	$ 2,107	8.13 %
Commercial and Multi-family	**15,235**	**67.42**	14,000	66.91	11,656	72.97	10,621	70.26	11,643	68.23
Construction	**1,244**	**4.77**	1,003	4.61	518	3.04	736	4.71	722	4.44
Commercial business[1]	**2,945**	**7.14**	3,869	5.95	2,018	4.02	3,079	4.22	1,749	4.88
Home equity[2]	**330**	**2.27**	313	2.36	338	2.33	374	2.15	369	2.17
Consumer	**-**	**0.03**	2	0.03	6	0.07	2	0.08	879	0.16
Unallocated	**273**	**-**	189	-	177	-	69	-	168	-
Sub-total:	**$ 22,449**	**91.25**	$ 21,750	89.12	$ 17,081	93.41	$ 16,979	90.86	$ 17,637	88.01
Acquired loans initially recorded at fair value:										
Residential one-to-four family	**$ 261**	**1.59**	$ 335	1.89	$ 242	2.88	$ 170	3.74	$ 270	4.69
Commercial and Multi-family	**58**	**5.38**	-	6.52	-	2.80	-	4.02	17	5.51
Commercial business[1]	**803**	**0.88**	-	1.19	-	0.24	-	0.30	-	0.30
Home equity[2]	**-**	**0.65**	-	0.80	-	0.54	4	0.93	50	1.31
Consumer	**-**	**-**	-	-	-	0.01	-	-	-	0.02
Sub-total	**$ 1,122**	**8.50**	$ 335	10.47	$ 242	6.47	$ 174	8.99	$ 337	11.83
Acquired loans with deteriorated credit:										
Residential one-to-four family	**$ 39**	**0.06**	$ 39	0.06	$ 40	0.08	$ 43	0.10	$ 47	0.10
Commercial and Multi-family	**79**	**0.14**	168	0.30	12	0.04	13	0.05	14	0.05
Commercial business[1]	**42**	**0.04**	64	0.04	-	-	-	-	4	0.01
Home equity[2]	**3**	**0.01**	3	0.01	-	-	-	-	3	-
Sub-total:	**$ 163**	**0.25**	$ 274	0.41	$ 52	0.12	$ 56	0.15	$ 68	0.16
Total	**$ 23,734**	**100.00 %**	$ 22,359	100.00 %	$ 17,375	100.00 %	$ 17,209	100.00 %	$ 18,042	100.00 %

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(1) Includes business lines of credit.

(2) Includes home equity lines of credit.

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 may be classified as held-to-maturity and 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.

As of December 31, 2019, there were no securities classified as held-to-maturity. We had $91.6 million in securities classified as available for sale, and no securities classified as trading. Securities classified as available for sale were 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. Changes in the fair value of securities classified as held-to-maturity or available for sale do not affect our income, unless we determine there to be an other-than-temporary impairment for those securities in an unrealized loss position. As of December 31, 2019, management concluded that all unrealized losses were temporary in nature since they were related to interest rate fluctuations rather than any underlying credit quality of the issuers. Additionally, the Bank 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.

As of December 31, 2019, our investment policy allowed investments in instruments such as: (i) U.S. Treasury obligations; (ii) U.S. federal agency or federally sponsored enterprise obligations; (iii) mortgage-backed securities; (iv) municipal obligations, (v) equity securities (including preferred stock); and (vi) certificates of deposit. The Board of Directors may authorize additional investments.

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.

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

	At December 31,		
	2019	2018	2017
		(In Thousands)	
Securities available for sale:			
Mortgage-backed securities	$ **91,613**	$ 115,640	$ 111,793
Municipal obligations	**-**	3,695	2,502
Total debt securities available for sale	**91,613**	119,335	114,295
Equity investments	**2,500**	7,672	8,294
FHLB stock	**13,821**	13,405	10,211
Total investment securities	$ **107,934**	$ 140,412	$ 132,800

Maturities and yields of Securities Portfolio. The following table sets forth information regarding the scheduled maturities, amortized cost, estimated fair values, and weighted average yields for the Bank's debt securities portfolio at December 31, 2019 by final contractual maturity. The following table does not take into consideration the effects of scheduled repayments, the effects of possible prepayments, or equity investments, as these securities have no stated maturity. Certain securities have interest rates that are adjustable and will reprice annually within the various maturity ranges. The effect of these repricings are not reflected in the table below.

	December 31, 2019										
	Within one year		More than One to five years		More than five to ten years		More than ten years		Total investment securities		
	Amortized Cost	Average Yield	Amortized Cost	Average Yield	Amortized Cost	Average Yield	Amortized Cost	Average Yield	Fair Value	Amortized Cost	Average Yield
	(Dollars in Thousands)										
Mortgage-backed securities	$ -	-%	$ 3,431	2.68 %	$ 1,566	2.53 %	$ 87,269	2.80 %	$91,613	$ 92,266	2.79 %
Total investment securities	$ -	-%	$ 3,431	2.68 %	$ 1,566	2.53 %	$ 87,269	2.80 %	$91,613	$ 92,266	2.79 %

Sources of Funds

Our major external source of funds for lending and other investment purposes is 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. As of December 31, 2019 we had no brokered deposits. Reciprocal deposits are not considered brokered deposits under recent regulatory reform.

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,					
	2019		2018		2017	
	Weighted Average Rate[(1)]	Amount	Weighted Average Rate[(1)]	Amount	Weighted Average Rate[(1)]	Amount
	(Dollars in Thousands)					
Noninterest bearing accounts	-%	$ 271,702	-%	$ 263,960	-%	$ 201,043
Interest bearing checking	0.76	394,074	0.61	330,474	0.55	297,040
Savings and club accounts	0.17	260,545	0.17	260,547	0.15	258,632
Money market	1.76	305,790	1.21	221,898	0.85	148,022
Certificates of deposit	2.33	1,129,952	1.80	1,103,845	1.43	664,633
Total	1.69 %	$ 2,362,063	1.25 %	$ 2,180,724	0.79 %	$ 1,569,370

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

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

	Years Ended December 31,		
	2019	2018	2017
	(Dollars in Thousands)		
Beginning of year	$ 2,180,724	$ 1,569,370	$ 1,392,205
Net deposits	148,437	590,959	165,260
Interest credited on deposit accounts	32,902	20,395	11,905
Total increase in deposit accounts	181,339	611,354	177,165
Ending balance	$ 2,362,063	$ 2,180,724	$ 1,569,370
Percent increase	8.32 %	38.96 %	12.73 %

Time Deposits of $100,000 or More. As of December 31, 2019, the aggregate amount of outstanding certificates of deposit in amounts greater than or equal to $100,000 was approximately $909.0 million. The following table indicates the amount of our certificates of deposit of $100,000 or more by time remaining until maturity.

Maturity Period	At December 31, 2019 (In Thousands)
Within three months	$ 127,639
Over three months through six months	107,030
Over six months through twelve months	480,012
Over twelve months	194,331
Total	$ 909,012

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

At December 31,

	2019		2018		2017	
	Amount	Percent	Amount	Percent	Amount	Percent
	(Dollars in Thousands)					
Certificate of deposit rates:						
0.00% - 0.99%	**$ 70,131**	**6.21 %**	$ 71,822	6.51 %	$ 102,570	15.43 %
1.00% - 1.99%	**138,274**	**12.24**	209,884	19.01	454,930	68.45
2.00% - 2.99%	**898,949**	**79.55**	771,682	69.91	105,849	15.93
3.00% - 3.99%	**22,598**	**2.00**	50,457	4.57	1,284	0.19
Total	**$ 1,129,952**	**100.00 %**	$ 1,103,845	100.00 %	$ 664,633	100.00 %

The following table presents, by rate category, the remaining period to maturity of certificate of deposit accounts outstanding as of December 31, 2019.

	Maturity Date				
	1 Year or Less	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 Years	Total
			(In Thousands)		
Interest rate:					
0.00% - 0.99%	$ 60,258	$ 7,885	$ 1,953	$ 35	$ 70,131
1.00% - 1.99%	100,261	26,283	7,277	4,453	138,274
2.00% - 2.99%	707,876	150,404	24,878	15,791	898,949
3.00% - 3.99%	11,472	7,944	671	2,511	22,598
Total	$ 879,867	$ 192,516	$ 34,779	$ 22,790	$ 1,129,952

Borrowings. The Overnight Advance Program permits the Bank to borrow overnight up to its maximum borrowing capacity at the Federal Home Loan Bank of New York ("FHLB"). At December 31, 2019, the Bank's total credit exposure cannot exceed 50% of its total assets, or $1.454 billion, based on the borrowing limitations outlined in the FHLB member products guide. The total credit exposure limit to 50% of total assets is recalculated each quarter. Additionally, at December 31, 2019 we had a floating rate junior subordinated debenture of $4.1 million which has been callable at the Bank's option since June 17, 2009, and quarterly thereafter, and a fixed-to-floating rate 10-year subordinated debenture of $33.5 million.

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

	At or For the Years Ended December 31,		
	2019	2018	2017
		(Dollars in Thousands)	
Balance at end of year	**$ -**	$ -	$ -
Average balance during year	**$ 57**	$ 749	$ 1,016
Maximum outstanding at any month end	**$ 7,330**	$ 44,000	$ 35,000
Weighted average interest rate at end of year	**-%**	-%	-%
Average interest rate during year	**2.41 %**	2.09 %	1.02 %

Employees

At December 31, 2019, we had 365 full-time equivalent employees. None of our employees are represented by a collective bargaining group. We believe that our relationship with our employees is good.

Subsidiaries

We have four 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, 2019, this company held $94.1 million in securities. With the merger with Pamrapo Bancorp. Inc., we acquired Pamrapo Service Corporation which has been inactive since May 2010. As a part of the merger with IAB, the Company acquired Special Asset REO 1, LLC and Special Asset REO 2, LLC, both of which were inactive at December 31, 2019.

Supervision and Regulation

Bank holding companies and banks are extensively regulated under both federal and state law. These laws and regulations are primarily intended to protect depositors and the deposit insurance funds, rather than to protect shareholders and creditors. 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.

Set forth below is a summary of certain material regulatory requirements applicable to the Company and the Bank. 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 significantly changed bank regulation and has affected the lending, investment, trading and operating activities of depository institutions and their holding companies. The Dodd-Frank Act also created a new Consumer Financial Protection Bureau with extensive powers to supervise and enforce consumer protection laws. The Consumer Financial Protection Bureau has broad rule-making 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 also 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, such as the Bank, will continue to be examined by their applicable federal bank regulators. The Dodd-Frank Act required the Consumer Financial Protection Bureau to issue regulations requiring lenders to make a reasonable good faith determination as to a prospective borrower's ability to repay a residential mortgage loan. The final "Ability to Repay" rules, which were effective beginning January 2014, established a "qualified mortgage" safe harbor for loans whose terms and features are deemed to make the loan less risky. In addition, on October 3, 2015, the new TILA-RESPA Integrated Disclosure (TRID) rules for mortgage closings took effect for new loan applications.

The Dodd-Frank Act broadened the base for FDIC assessments for deposit insurance and permanently increased the maximum amount of deposit insurance to $250,000 per depositor. The legislation also, among other things, requires originators of certain securitized loans to retain a portion of the credit risk, stipulates regulatory rate-setting for certain debit card interchange fees, repealed restrictions on the payment of interest on commercial demand deposits and contains a number of reforms related to mortgage originations. The Dodd-Frank Act increased the ability of stockholders to influence boards of directors by requiring companies to give stockholders a non-binding vote on executive compensation and so-called “golden parachute” payments. The legislation also directed the Board of Governors of the Federal Reserve System (the "Federal Reserve Board") to promulgate rules prohibiting excessive compensation paid to company executives, regardless of whether the company is publicly traded or not. The Dodd-Frank Act also gave state attorneys general the ability to enforce applicable federal consumer protection laws.

On May 24, 2018, The Economic Growth, Regulatory Relief and Consumer Protection Act of 2018 (the "Regulatory Relief Act") was enacted, which repeals or modifies certain provisions of the Dodd-Frank Act and eases regulations on all but the largest banks. The Regulatory Relief Act's provisions include, among other things: (i) exempting banks with less than $10 billion in assets from the ability-to-repay requirements for certain qualified residential mortgage loans held in portfolio; (ii) not requiring appraisals for certain transactions valued at less than $400,000 in rural areas; (iii) exempting banks that originate fewer than 500 open-end and 500 closed-end mortgages from HMDA's expanded data disclosures; (iv) clarifying that, subject to various conditions, reciprocal deposits of another depository institution obtained using a deposit broker through a deposit placement network for purposes of obtaining maximum deposit insurance would not be considered brokered deposits subject to the FDIC's brokered-deposit regulations; (v) raising eligibility for the 18-month exam cycle from $1 billion to banks with $3 billion in assets; and (vi) simplifying capital calculations by requiring regulators to establish for institutions under $10 billion in assets a community bank leverage ratio at a percentage not less than 8% and not greater than 10% that such institutions may elect to replace the general applicable risk-based capital requirements for determining well-capitalized status. In addition, the FRB raised the asset threshold under its Small Bank Holding Company Policy Statement from $1 billion to $3 billion for bank or savings and loan holding companies that are exempt from consolidated capital requirements, provided that such companies meet certain other conditions such as not engaging in significant nonbanking activities. The Company is evaluating the final rule to determine if it will opt-in to the new community bank leverage ratio.

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 Board. 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 Board and the Commissioner regarding its business operations and those of its subsidiaries.

Federal Regulation. The Company is required to obtain the prior approval of the Federal Reserve Board to acquire all, or substantially all, of the assets of any bank or bank holding company. Prior Federal Reserve Board approval would be required for the Company to acquire direct or indirect ownership or control of any voting securities of any bank or bank holding company if it would, directly or indirectly, own or control more than 5% of any class of voting shares of the bank or bank holding company.

A bank holding company is generally prohibited from engaging in, or acquiring, direct or indirect control of more than 5% of the voting securities of any company engaged in non-banking activities. One of the principal exceptions to this prohibition is for activities found by the Federal Reserve Board to be so closely related to banking or managing or controlling banks as to be a proper incident thereto. Some of the principal activities that the Federal Reserve Board has determined by regulation to be closely related to banking are: (i) making or servicing loans; (ii) performing certain data processing services; (iii) providing securities brokerage services; (iv) acting as fiduciary, investment or financial advisor; (v) leasing personal or real property under certain conditions; (vi) making investments in corporations or projects designed primarily to promote community welfare; and (vii) acquiring a savings association.

The Gramm-Leach-Bliley Act of 1999 authorizes a bank holding company that meets specified conditions, including depository institutions subsidiaries that are "well capitalized" and "well managed," to opt to become a "financial holding company." A "financial holding company" may engage in a broader array of financial activities than permitted a typical bank holding company. Such activities can include insurance underwriting and investment banking. The Company has not elected "financial holding company" status.

A bank holding company is generally required to give the Federal Reserve Board prior written notice of any purchase or redemption of then outstanding equity securities if the gross consideration for the purchase or redemption, when combined with the net consideration paid for all such purchases or redemptions during the preceding 12 months, is equal to 10% or more of the company's consolidated net worth. The Federal Reserve Board may disapprove such a purchase or redemption if it determines that the proposal would constitute an unsafe and unsound practice, or would violate any law, regulation, Federal Reserve Board order or directive, or any condition imposed by, or written agreement with, the Federal Reserve Board. The Federal Reserve Board has adopted an exception to that approval requirement for well-capitalized bank holding companies that meet certain other conditions.

The Federal Reserve Board has issued a policy statement regarding the payment of dividends by bank holding companies. In general, the Federal Reserve Board's policies provide that dividends should be paid only out of current earnings and only if the prospective rate of earnings retention by the bank holding company appears consistent with the organization's capital needs, asset quality and overall financial condition. The Federal Reserve Board's policies also require that a bank holding company serve as a source of financial strength to its subsidiary banks by using available resources to provide capital funds during periods of financial stress or adversity and by maintaining the financial flexibility and capital-raising capacity to obtain additional resources for assisting its subsidiary banks where necessary. The Dodd-Frank Act codified the source of strength policy and requires the promulgation of implementing regulations. Under the prompt corrective action laws, the ability of a bank holding company to pay dividends may be restricted if a subsidiary bank becomes undercapitalized. These regulatory policies could affect the ability of the Company to pay dividends or otherwise engage in capital distributions.

The Company's status as a registered bank holding company under the Bank Holding Company Act will not exempt it from certain federal and state laws and regulations applicable to corporations generally, including, without limitation, certain provisions of the federal securities laws.

New Jersey Regulation. Under the New Jersey Banking Act, a company owning or controlling a 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 a state-chartered Bank, the Bank is subject to the regulation, supervision and examination of the FDIC as its primary federal regulator. 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.

Capital Requirements. Federal regulations require FDIC-insured depository institutions to meet several minimum capital standards: a common equity Tier 1 capital to risk-based assets ratio of 4.5%, a Tier 1 capital to risk-based assets ratio of 6.0%, a total capital to risk-based assets of 8%, and a 4% Tier l capital to total assets leverage ratio. The existing capital requirements were effective January 1, 2015 and are the result of a final rule implementing regulatory amendments based on recommendations of the Basel Committee on Banking Supervision and certain requirements of the Dodd-Frank Act.

In addition to establishing the minimum regulatory capital requirements, the regulations limit capital distributions and certain discretionary bonus payments to management if the institution does not hold a "capital conservation buffer" consisting of 2.5% of common equity Tier 1 capital to risk-weighted asset above the amount necessary to meet its minimum risk-based capital requirements. The capital conservation buffer requirement was phased in beginning January 1, 2016 at 0.625% of risk-weighted assets and increasing each year and now fully implemented at 2.5% on January 1, 2019.

On September 17, 2019, the FDIC passed a final rule providing qualifying community banking organizations the ability to opt-in to a new community bank leverage ratio framework, (tier 1 capital to average consolidated assets) at 9% for institutions under $10 billion in assets that such institutions may elect to utilize in lieu of the general applicable risk-based capital requirements under Basel III. Such institutions that meet the community bank leverage ratio and certain other qualifying criteria will automatically be deemed to be well-capitalized. On November 4, 2019, the FDIC, Office of the Comptroller of the Currency and the Federal Reserve Board jointly issued a final rule that permits insured depository institutions and depository institution holding companies to implement the simplifications to the capital rule on January 1, 2020, rather than April 1, 2020. These banking organizations may elect to use the revised effective date of January 1, 2020, or wait until the quarter beginning April 1, 2020. The Company is evaluating the final rule to determine if it will opt-in to the new community bank leverage ratio.

Standards for Safety and Soundness. As required by statute, the federal banking agencies adopted final regulations and Interagency Guidelines Establishing Standards for Safety and Soundness to implement safety and soundness standards. The guidelines set forth the safety and soundness standards that the federal banking agencies use to identify and address problems at insured depository institutions before capital becomes impaired. The guidelines address internal controls and information systems, internal audit system, credit underwriting, loan documentation, interest rate exposure, asset growth, asset quality, earnings, compensation, fees and benefits and, more recently, safeguarding customer information. If the appropriate federal banking agency determines that an institution fails to meet any standard prescribed by the guidelines, the agency may require the institution to submit to the agency an acceptable plan to achieve compliance with the standard.

Business and Investment Activities. Under federal law, all state-chartered FDIC-insured banks have been limited in their activities as principal and in their equity investments to the type and the amount authorized for national banks, notwithstanding state law. Federal law permits exceptions to these limitations. For example, certain state-chartered banks may, with FDIC approval, continue to exercise state authority to invest in common or preferred stocks listed on a national securities exchange and in the shares of an investment company registered under the Investment Company Act of 1940, as amended. The maximum permissible investment is the lesser of 100.0% of Tier 1 capital or the maximum amount permitted by New Jersey law.

The FDIC is also authorized to permit state banks to engage in state authorized activities or investments not permissible for national banks (other than non-subsidiary equity investments) if they meet all applicable capital requirements and it is determined that such activities or investments do not pose a significant risk to the FDIC insurance fund. The FDIC has adopted regulations governing the procedures for institutions seeking approval to engage in such activities or investments. The Gramm-Leach-Bliley Act of 1999 specified that a state bank may control a subsidiary that engages in activities as principal that would only be permitted for a national bank to conduct in a “financial subsidiary,” if a bank meets specified conditions and deducts its investment in the subsidiary for regulatory capital purposes.

Prompt Corrective Regulatory Action. Federal law requires, among other things, that federal bank regulatory authorities take “prompt corrective action” with respect to banks that do not meet minimum capital requirements. For these purposes, the law establishes five capital categories: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized and critically undercapitalized.

The applicable FDIC regulations were amended to incorporate the previously mentioned increased regulatory capital standards that were effective January 1, 2015. Under the amended regulations, an institution is deemed to be “well capitalized” if it has a total risk-based capital ratio of 10.0% or greater, a Tier 1 risk-based capital ratio of 8.0% or greater, a leverage ratio of 5.0% or greater and a common equity Tier 1 ratio of 6.5% or greater. An institution is “adequately capitalized” if it has a total risk-based capital ratio of 8.0% or greater, a Tier 1 risk-based capital ratio of 6.0% or greater, a leverage ratio of 4.0% or greater and a common equity Tier 1 ratio of 4.5% or greater. An institution is “undercapitalized” if it has a total risk-based capital ratio of less than 8.0%, a Tier 1 risk-based capital ratio of less than 6.0%, a leverage ratio of less than 4.0% or a common equity Tier 1 ratio of less than 4.5%. An institution is deemed to be “significantly undercapitalized” if it has a total risk-based capital ratio of less than 6.0%, a Tier 1 risk-based capital ratio of less than 4.0%, a leverage ratio of less than 3.0% or a common equity Tier 1 ratio of less than 3.0%. An institution is considered to be “critically undercapitalized” if it has a ratio of tangible equity (as defined in the regulations) to total assets that is equal to or less than 2.0%.

As noted above, the Regulatory Relief Act has eliminated the Basel III requirements for banks with less than $10.0 billion in assets who elect to follow the community bank leverage ratio. The FDIC’s rule provides that the Bank will be well-capitalized with a community bank leverage ratio of 9% or greater. A banking organization that has a leverage ratio that is greater than 8 percent and equal to or less than 9 percent is allowed a two-quarter grace period after which it must either (i) again meet all qualifying criteria or (ii) apply and report the generally applicable rule. During this two- quarter period, a banking organization that is an insured depository institution and that has a leverage ratio that is greater than 8 percent would be considered to have met the well-capitalized capital ratio requirements for prompt corrective action purposes. An electing banking organization with a leverage ratio of 8 percent or less is not eligible for the grace period and must comply with the generally applicable rule, i.e. for the quarter in which the banking organization reports a leverage ratio of 8 percent or less. An electing banking organization experiencing or anticipating such an event would be expected to notify its primary federal supervisory agency, which would respond as appropriate to the circumstances of the banking organization.

“Undercapitalized” banks must adhere to growth, capital distribution (including dividend) and other limitations and are required to submit a capital restoration plan. A bank’s compliance with such a plan must be guaranteed by any company that controls the undercapitalized institution in an amount equal to the lesser of 5% of the institution’s total assets when deemed undercapitalized or the amount necessary to achieve the status of adequately capitalized. If an “undercapitalized” bank fails to submit an acceptable plan, it is treated as if it is “significantly undercapitalized.” “Significantly undercapitalized” banks must comply with one or more of a number of additional measures, including, but not limited to, a required sale of sufficient voting stock to become adequately capitalized, a requirement to reduce total assets, cessation of taking deposits from correspondent banks, the dismissal of directors or officers and restrictions on interest rates paid on deposits, compensation of executive officers and capital distributions by the parent holding company. “Critically undercapitalized” institutions are subject to additional measures including, subject to a narrow exception, the appointment of a receiver or conservator within 270 days after it obtains such status.

Enforcement. The FDIC has extensive enforcement authority over insured state banks, including the Bank. That enforcement authority includes, among other things, the ability to assess civil money penalties, issue cease and desist orders and remove directors and officers. In general, enforcement actions may be initiated in response to violations of laws and regulations and unsafe or unsound practices. The FDIC also has authority under federal law to appoint a conservator or receiver for an insured bank under certain circumstances. The FDIC is required, with certain exceptions, to appoint a receiver or conservator for an insured state non-member bank if that bank was “critically undercapitalized” on average during the calendar quarter beginning 270 days after the date on which the institution became “critically undercapitalized.”

Federal Insurance of Deposit Accounts. The Dodd-Frank Act permanently increased the maximum amount of deposit insurance for banks, savings institutions and credit unions to $250,000 per depositor.

On September 30, 2018, the Deposit Insurance Fund Reserve Ratio reached 1.36 percent, exceeding the statutorily required minimum reserve ratio of 1.35 percent ahead of the September 30, 2020 deadline required under the Dodd-Frank Wall Street Reform and Consumer Protection Act. FDIC regulations provide for two changes to deposit insurance assessments upon reaching the minimum: (1) surcharges on insured depository institutions with total consolidated assets of $10 billion or more (large banks) will cease; and (2) small banks will receive assessment credits for the portion of their assessments that contributed to the growth in the reserve ratio from between 1.15 percent and 1.35 percent, to be applied when the reserve ratio is at or above 1.38 percent. The Bank received a total of $548,000 in assessment credits in 2019.

Under the FDIC's risk-based assessment system, insured institutions were assigned to one of four risk categories based on supervisory evaluations, regulatory capital levels and certain other risk factors. Rates were based on each institution's risk category and certain specified risk adjustments. Stronger institutions paid lower rates while riskier institutions paid higher rates. Assessments were based on an institution's average consolidated total assets minus average tangible equity, with the assessment rate schedule ranging from 2.5 to 45 basis points.

Effective July 1, 2016, the FDIC has adopted a risk-based assessment system whereby FDIC-insured institutions pay insurance premiums at rates based on their risk classification. For institutions like the Bank that are not considered large and highly complex banking organizations, assessments are now based on examination ratings and financial ratios. The total base assessment rates currently range from 1.5 basis points to 30 basis points. At least semi-annually, the FDIC updates its loss and income projections for the Deposit Insurance Fund ("DIF") and, if needed, increases or decreases the assessment rates, following notice and comment on proposed rulemaking. The assessment base against which an FDIC-insured institution's deposit insurance premiums paid to the DIF has been calculated since effectiveness of the Dodd-Frank Act based on its average consolidated total assets less its average tangible equity.

The FDIC has authority to increase insurance assessments. Any significant increases would have an adverse effect on the operating expenses and results of operations of the Bank. Management cannot predict what assessment rates will be in the future.

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.

Community Reinvestment Act. Under the Community Reinvestment Act ("CRA"), a bank has a continuing and affirmative obligation, consistent with its safe and sound operation, to help meet the credit needs of its entire community, including low-and-moderate income neighborhoods. The CRA does not establish specific lending requirements or programs for financial institutions nor does it limit an institution's discretion to develop the types of products and services that it believes are best suited to its particular community. The CRA does require the FDIC, in connection with its examination of a bank, to assess the institution's record of meeting the credit needs of its community and to take such record into account in its evaluation of certain applications by such institution, including applications to establish or acquire branches and merger with other depository institutions. The CRA requires the FDIC to provide a written evaluation of an institution's CRA performance utilizing a four-tiered descriptive rating system. BCB Community Bank's latest FDIC CRA rating, dated July 9, 2019 was "satisfactory."

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.

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.

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, the Company is required to conduct a comprehensive review and assessment of the adequacy of our existing financial systems and controls. For the year ended December 31, 2019, the Company's auditors are required to audit our internal control over financial reporting.

Sarbanes-Oxley Act of 2002

The Sarbanes-Oxley Act of 2002 addresses, among other issues, corporate governance, auditing and accounting, executive compensation, and enhanced and timely disclosure of corporate information. We have prepared policies, procedures and systems designed to ensure compliance with these regulations.

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.

AVAILABILITY OF ANNUAL REPORT

Our Annual Report is available on our website, www.bcb.bank. We will also provide our Annual Report on Form 10-K free of charge to shareholders who request a copy in writing from the Corporate Secretary at 104-110 Avenue C, Bayonne, New Jersey 07002.

ITEM 1A. RISK FACTORS

RISKS RELATED TO OUR BUSINESS

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, 2019, $1.607 billion, or 72.93%, 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 collateral that is pledged. 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.

Commercial loans and commercial real estate loans generally carry larger balances and can involve a greater degree of financial and credit risk than other loans. As a result, banking regulators continue to give greater scrutiny to lenders with a high concentration of commercial real estate loans in their portfolios, such as us, and such lenders are expected to implement stricter underwriting standards, internal controls, risk management policies, and portfolio stress testing, as well as higher capital levels and loss allowances. The increased financial and credit risk associated with these types of loans are a result of several factors, including the concentration of principal in a limited number of loans and borrowers, the size of loan balances, the effects of general economic conditions on income-producing properties, and the increased difficulty of evaluating and monitoring these types of loans. If we cannot effectively manage the risk associated with our high concentration of commercial real estate loans, our financial condition and results of operations may be adversely affected.

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

The Company has progressed on an organic branching initiative which is intended to mitigate the risk of our strong Hudson County concentration, to develop our branch infrastructure in a manner more consistent with the expansion of lending markets and to fill in and grow our branch footprint in a more uniform and coherent fashion, which previously had grown predominately through merger and acquisition activity. To this end, the Company opened or acquired, six branches in 2018 and three branches in 2019.

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 stockholder 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, 2019, our allowance for loan losses totaled $23.7 million, representing 1.08% of total loans or 478.99% of non-performing loans.

While we have only been operating for 18 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, 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.

The asset quality of our loan portfolio may deteriorate if the economy falters, resulting in a portion of our loans failing to perform in accordance with their terms. Under such circumstances our profitability will be adversely affected.

At December 31, 2019, we had $13.5 million in classified loans of which none were classified as doubtful and none were classified as loss. We also had $9.7 million of loans that were classified as special mention. In addition, at that date we had $4.2 million in non-accruing loans, or 0.19% of total loans. We have adhered to stringent underwriting standards in the origination of our loans, but there can be no assurance that loans that we originated will not experience asset quality deterioration as a result of a downturn in the local economy. Should our local or regional economy weaken, our asset quality may deteriorate resulting in losses to the Company.

Adverse events in New Jersey, where our business is generally 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 generally concentrated in New Jersey and the New York metropolitan area. As a result, we are exposed to geographic risks. The occurrence of an economic downturn in New Jersey or the New York metropolitan area, or adverse changes in laws or regulations in New Jersey or the New York metropolitan area, 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, regionally 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 and the New York metropolitan area. 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, 2019, approximately 95% 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, a significant percentage 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 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 have less reliance 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, 2019 and 2018, our net interest income was $82.6 million and $77.7 million, respectively. The amount of our net interest income is influenced by the overall interest rate environment, competition, and the amount of our interest-earning assets relative to the amount of our 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.

Changes in interest rates could hurt our profits.

Our profitability, like most financial institutions, depends to a large extent upon our net interest income, which is the difference between our interest income on interest-earning assets, such as loans and securities, and our interest expense on interest-bearing liabilities, such as deposits and borrowed funds. Accordingly, our results of operations depend largely on movements in market interest rates and our ability to manage our interest-rate-sensitive assets and liabilities in response to these movements. Factors such as inflation, recession and instability in financial markets, among other factors beyond our control, may affect interest rates.

If interest rates rise, and if rates on our deposits and variable rate borrowings reprice upwards faster than the rates on our long-term loans and investments, we could experience compression of our interest rate spread, which would have a negative effect on our profitability. Conversely, decreases in interest rates can result in increased prepayments of loans and mortgage-related securities, as borrowers refinance to reduce their borrowing costs. Under these circumstances, we are subject to reinvestment risk, as we may have to redeploy such loan or securities proceeds into lower-yielding assets, which might also negatively impact our income.

Any substantial, unexpected, prolonged change in market interest rates could have a material adverse effect on our financial condition, liquidity and results of operations. Further, a prolonged period of exceptionally low market interest rates limits our ability to lower our interest expense, while the average yield on our interest-earning assets may continue to decrease as our loans reprice or are originated at these low market rates. Accordingly, our net interest income may decrease, which may have an adverse effect on our profitability. Also, our interest rate risk-modeling techniques and assumptions likely may not fully predict or capture the impact of actual interest rate changes on our balance sheet or projected operating results.

While we pursue an asset/liability strategy designed to mitigate our risk from changes in interest rates, changes in interest rates can still have a material adverse effect on our financial condition and results of operations. Changes in the level of interest rates also may negatively affect our ability to originate real estate loans, the value of our assets and our ability to realize gains from the sale of our assets, all of which ultimately affect our earnings. For further discussion of how changes in interest rates could impact us, see "Item 7A. – Quantitative and Qualitative Disclosure About Market Risk."

The building of market share through de novo branching and expansion of our commercial real estate and multi-family lending capacity could cause our expenses to increase faster than revenues.

We intend to continue to build market share through de novo branching and expansion of our commercial real estate and multi-family lending capacity. Since January 1, 2015, we have opened thirteen de novo branches. There are considerable costs involved in opening branches and expansion of lending capacity that generally require a period of time to generate the necessary revenues to offset their costs, especially in areas in which we do not have an established presence. Accordingly, any such business expansion can be expected to negatively impact our earnings for some period of time until certain economies of scale are reached. Our expenses could be further increased if we encounter delays in the opening of a new branch. Finally, our business expansion may not be successful after establishment of new branches.

Our strategy of pursuing acquisitions exposes us to financial, execution and operational risks that could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

On April 17, 2018, we completed our merger with IA Bancorp, Inc. and its subsidiary Indus-American Bank headquartered in Edison, New Jersey. We intend to continue pursuing a strategy that includes acquisitions. An acquisition strategy involves significant risks, including the following:

- finding suitable candidates for acquisition;
- attracting funding to support additional growth within acceptable risk tolerances;
- maintaining asset quality;
- retaining customers and key personnel;
- obtaining necessary regulatory approvals;
- conducting adequate due diligence and managing known and unknown risks and uncertainties;
- integrating acquired businesses; and
- maintaining adequate regulatory capital.

The market for acquisition targets is highly competitive, which may adversely affect our ability to find acquisition candidates that fit our strategy and standards. To the extent that we are unable to find suitable acquisition targets, an important component of our growth strategy may not be realized. Acquisitions will be subject to regulatory approvals, and we may be unable to obtain such approvals. Acquisitions of financial institutions also involve operational risks and uncertainties. Acquired companies may have unknown or contingent liabilities with no available manner of recourse, exposure to unexpected problems such as asset quality, the retention of key employees and customers and other issues that could negatively affect our business. We may not be able to complete future acquisitions or, if completed, we may not be able to successfully integrate the operations, technology platforms, management, products and services of the entities that we acquire and to realize our attempts to eliminate redundancies. The integration process may also require significant time and attention from our management that they would otherwise be able to direct toward servicing existing business and developing new business. Acquisitions typically involve the payment of a premium over book and market trading values and, therefore, some dilution of our tangible book value and net income per common share may occur in connection with any future acquisition of a financial institution or service company, and the carrying amount of any goodwill that we acquire may be subject to impairment in future periods. Failure to successfully integrate the entities we acquire into our existing operations may increase our operating costs significantly and adversely affect our business, financial condition and results of operations.

We have become subject to more stringent capital requirements, which may adversely impact our return on equity or constrain us from paying dividends or repurchasing shares.

Federal regulations require FDIC-insured depository institutions to meet several minimum capital standards: a common equity Tier 1 capital to risk-based assets ratio of 4.5%, a Tier 1 capital to risk-based assets ratio of 6.0%, a total capital to risk-based assets of 8%, and a 4% Tier l capital to total assets leverage ratio. The existing capital requirements were effective January 1, 2015 and are the result of a final rule implementing regulatory amendments based on recommendations of the Basel Committee on Banking Supervision and certain requirements of the Dodd-Frank Act.

In addition to establishing the minimum regulatory capital requirements, the regulations limit capital distributions and certain discretionary bonus payments to management if the institution does not hold a "capital conservation buffer" consisting of 2.5% of common equity Tier 1 capital to risk-weighted asset above the amount necessary to meet its minimum risk-based capital requirements. The capital conservation buffer requirement was phased in beginning January 1, 2016 at 0.625% of risk-weighted assets and increasing each year and now fully implemented at 2.5% on January 1, 2019.

On September 17, 2019, the FDIC passed a final rule providing qualifying community banking organizations the ability to opt-in to a new community bank leverage ratio framework, (tier 1 capital to average consolidated assets) at 9% for institutions under $10 billion in assets that such institutions may elect to utilize in lieu of the general applicable risk-based capital requirements under Basel III. Such institutions that meet the community bank leverage ratio and certain other qualifying criteria will automatically be deemed to be well-capitalized. On November 4, 2019, the FDIC, Office of the Comptroller of the Currency and the Federal Reserve Board jointly issued a final rule that permits insured depository institutions and depository institution holding companies to implement the simplifications to the capital rule on January 1, 2020, rather than April 1, 2020. These banking organizations may elect to use the revised effective date of January 1, 2020, or wait until the quarter beginning April 1, 2020. The Company is evaluating the final rule to determine if it will opt-in to the new community bank leverage ratio.

The application of more stringent capital requirements likely will result in lower returns on equity and could require raising additional capital in the future or result in regulatory actions if we are unable to comply with such requirements.

Risks associated with system failures, interruptions, or breaches of security could negatively affect our earnings.

Information technology systems are critical to our business. We use various technology systems to manage our customer relationships, general ledger, securities investments, deposits, and loans. We have established policies and procedures to prevent or limit the impact of system failures, interruptions, and security breaches (including privacy breaches and cyber-attacks), but such events may still occur or may not be adequately addressed if they do occur. In addition, any compromise of our systems could deter customers from using our products and services. Although we take protective measures, the security of our computer systems, software, and networks may be vulnerable to breaches, unauthorized access, misuse, computer viruses, or other malicious code and cyber-attacks that could have an impact on information security.

In addition, we outsource a majority of our data processing to certain third-party providers. If these third-party providers encounter difficulties, or if we have difficulty communicating with them, our ability to adequately process and account for transactions could be affected, and our business operations could be adversely affected. Threats to information security also exist in the processing of customer information through various other vendors and their personnel.

There have been increasing efforts on the part of third parties, including through cyber-attacks, to breach data security at financial institutions or with respect to financial transactions. There have been several recent instances involving financial services and consumer-based companies reporting the unauthorized disclosure of client or customer information or the destruction or theft of corporate data. In addition, because the techniques used to cause such security breaches change frequently and often are not recognized until launched against a target and may originate from less-regulated and remote areas of the world, we may be unable to proactively address these techniques or to implement adequate preventative measures. The ability of our customers to bank remotely, including through online and mobile devices, requires secure transmission of confidential information and increases the risk of data security breaches.

The occurrence of any system failures, interruption, or breach of security could damage our reputation and result in a loss of customers and business, thereby subjecting us to additional regulatory scrutiny, or could expose us to litigation and possible financial liability. Any of these events could have a material adverse effect on our financial condition and results of operations.

Uncertainty surrounding the future of LIBOR (London Interbank Offer Rate) may affect the fair value and return on our financial instruments that use LIBOR as a reference rate.

We hold assets, liabilities, and derivatives that are indexed to the various tenors of LIBOR including but not limited to the one-month LIBOR, three-month LIBOR, one-year LIBOR, and the ten-year constant maturing swap rate. The LIBOR yield curve is also utilized in the fair value calculation of many of these instruments. The reform of major interest benchmarks led to the announcement of the United Kingdom' s Financial Conduct Authority, the regulator of the LIBOR index, that LIBOR would not be supported in its current form after the end of 2021. We believe the U.S. financial sector will maintain an orderly and smooth transition to new interest rate benchmarks of which we will evaluate and adopt if appropriate. While in the U.S., the Alternative Rates Committee of the FRB and Federal Reserve Bank of New York have identified the SOFR as an alternative U.S. dollar reference interest rate, it is too early to predict the financial impact this rate index replacement may have, if at all.

The Bank's reliance on brokered and reciprocal deposits could adversely affect its liquidity and operating results.

Among other sources of funds, the Company, from time to time, relies on brokered deposits to provide funds with which to make loans and provide for other liquidity needs. At December 31, 2019, the Bank had no brokered deposits. The Bank's primary source for brokered deposits is CDARS. At December 31, 2019, the Bank has $92.1 million in CDARS deposits, all of which are reciprocal and are not considered brokered deposits under recent regulatory reform.

Generally, brokered deposits may not be as stable as other types of deposits. In the future, those depositors may not replace their brokered deposits with us as they mature, or we may have to pay a higher rate of interest to keep those deposits or to replace them with other deposits or other sources of funds. Not being able to maintain or replace those deposits as they mature would adversely affect our liquidity. Paying higher deposit rates to maintain or replace brokered deposits would adversely affect our net interest margin and operating results.

Strong competition within our market area may limit our growth and profitability.

Competition is intense within the banking and financial services industry in New Jersey and New York. In our market area, we compete with commercial banks, savings institutions, mortgage brokerage firms, credit unions, finance companies, mutual funds, insurance companies, and brokerage and investment banking firms operating locally and elsewhere. Many of these competitors have substantially greater resources, higher lending limits and offer services that we do not or cannot provide. This competition makes it more difficult for us to originate new loans and retain and attract new deposits. Price competition for loans may result in originating fewer loans or earning less on our loans. Price competition for deposits may result in a reduction of our deposit base or paying more on our deposits.

We operate in a highly regulated environment, and we 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.

We could be adversely affected by failure in our internal controls.

A failure in our internal controls could have a significant negative impact not only on our earnings, but also on the perception that customers, regulators and investors may have of us. We continue to devote a significant amount of effort, time and resources to continually strengthening our internal controls and ensuring compliance with complex accounting standards and banking regulations.

The level of our commercial real estate loan portfolio subjects us to additional regulatory scrutiny.

The FDIC and the other federal bank regulatory agencies have promulgated joint guidance on sound risk management practices for financial institutions with concentrations in commercial real estate lending. Under the guidance, a financial institution that, like us, is actively involved in commercial real estate lending should perform a risk assessment to identify concentrations. A financial institution may have a concentration in commercial real estate lending if, among other factors, (i) total reported loans for construction, land acquisition and development, and other land represent 100% or more of total capital, or (ii) total reported loans secured by multi-family and non-owner occupied, non-farm, non-residential properties, loans for construction, land acquisition and development and other land, and loans otherwise sensitive to the general commercial real estate market, including loans to commercial real estate related entities, represent 300% or more of total capital. Based on these factors, we have a concentration in loans of the type described in (ii), above, or 372.0% of our total capital at December 31, 2019. The purpose of the guidance is to assist banks in developing risk management practices and capital levels commensurate with the level and nature of real estate concentrations. The guidance states that management should employ heightened risk management practices including board and management oversight and strategic planning, development of underwriting standards, risk assessment and monitoring through market analysis and stress testing. Our bank regulators could require us to implement additional policies and procedures consistent with their interpretation of the guidance that may result in additional costs to us or that may result in a curtailment of our commercial real estate and multi-family lending and/or the requirement that we maintain higher levels of regulatory capital, either of which would adversely affect our loan originations and profitability.

RISKS RELATED TO AN INVESTMENT IN OUR STOCK

Our dividend policy may change without notice, and our future ability to pay dividends is also subject to regulatory restrictions.

Holders of our common stock are entitled to receive only such cash dividends as our board of directors may declare out of funds legally available for the payment of dividends. We are a holding company that conducts substantially all of our operations through the Bank. As a result, our ability to make dividend payments on our common stock will depend primarily upon the receipt of dividends and other distributions from the Bank. Under New Jersey banking law, the Bank may pay a dividend to the Company provided that following the payment of the dividend the capital stock of the Bank will be unimpaired and the Bank will have a surplus of not less than 50% of its capital stock, or if not, the payment of such dividend will not reduce the surplus of the Bank.

Under New Jersey law, the Company may not make a distribution, if, after giving effect to the distribution, it would be unable to pay its debts as they become due in the usual course of business or if its total assets would be less than its liabilities. Our current intention is to continue to pay a quarterly cash dividend of $0.14 per share. However, any declaration and payment of dividends on common stock will substantially depend upon our earnings and financial condition, liquidity and capital requirements, regulatory and state law restrictions, general economic conditions and regulatory climate and other factors deemed relevant by our board of directors. Furthermore, consistent with our strategic plans, growth initiatives, capital availability, projected liquidity needs, and other factors, we have made, and will continue to make, capital management decisions and policies that could adversely impact the amount of dividends, if any, paid to our stockholders.

Our common stock is not heavily traded, and the stock price may fluctuate significantly.

Our common stock is traded on the NASDAQ under the symbol "BCBP." Certain brokers currently make a market in the common stock, but such transactions are infrequent and the volume of shares traded is relatively small. Management cannot predict whether these or other brokers will continue to make a market in our common stock. Prices on stock that is not heavily traded, such as our common stock, can be more volatile than heavily traded stock. Factors such as our financial results, the introduction of new products and services by us or our competitors, publicity regarding the banking industry, and various other factors affecting the banking industry may have a significant impact on the market price of the shares of the common stock. Management also cannot predict the extent to which an active public market for our common stock will develop or be sustained in the future. Accordingly, stockholders may not be able to sell their shares of our common stock at the volumes, prices, or times that they desire.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

The Bank conducts its business through an executive office, two administrative offices, and 30 branch offices. 12 offices have drive-up facilities. The Bank has 37 automatic teller machines at its branch facilities and three other off-site locations. The following table sets forth information relating to each of the Bank's offices as of December 31, 2019. The total net book value of the Bank's premises and equipment at December 31, 2019 was $19.9 million.

Location	Year Office Opened		Net Book Value
			(In Thousands)
Executive Office			
104-110 Avenue C, Bayonne, New Jersey	2003	$	2,436
Administrative and Other Offices			
591-597 Avenue C, Bayonne, New Jersey	2010		2,048
27 West 18th Street, Bayonne, New Jersey	2014		206 (1)
Branch Offices			
860 Broadway, Bayonne, New Jersey	2000		703 (1)
510 Broadway, Bayonne, New Jersey	2003		225 (1)
401 Washington Street, Hoboken, New Jersey	2010		199 (1)
987 Broadway, Bayonne, New Jersey	2010		412
473 Spotswood Englishtown Rd., Monroe Township, New Jersey	2010		175 (1)
611 Avenue C, Bayonne, New Jersey	2010		1,300
181 Avenue A, Bayonne, New Jersey	2010		2,198
211 Washington St., Jersey City, New Jersey	2010		- (1)
200 Valley Street, South Orange, New Jersey	2011		1,045
378 Amboy Road, Woodbridge, New Jersey	2019		572 (1)
1379 St. George Avenue, Colonia, New Jersey	2014		6 (1)
165 Passaic Avenue, Fairfield, New Jersey	2014		- (1)
354 New Dorp Lane, Staten Island, New York	2015		267 (1)
190 Park Avenue, Rutherford, New Jersey	2015		270 (1)
1500 Forest Avenue, Staten Island, New York	2016		1,035 (1)
626 Laurel Avenue, Holmdel, New Jersey	2016		3 (1)
112 Talmadge Road, Edison, New Jersey	2016		46 (1)
734 Ridge Road, Lyndhurst, New Jersey	2016		154 (1)
2 Arnot Street, Lodi, New Jersey	2016		27 (1)
803 Roosevelt Avenue, Carteret, New Jersey	2016		566 (1)
2000 Morris Avenue, Union, New Jersey	2016		133 (1)
155 Maplewood Avenue, Maplewood, New Jersey	2018		444 (1)
1630 Oak Tree Road, Edison, New Jersey	2018		1,003 (1)
1452 Route 46 West, Parsippany, New Jersey	2018		374 (1)
781 Newark Avenue, Jersey City, New Jersey	2018		6 (1)
70 Broadway, Hicksville, New York	2018		49 (1)
10 Schalks Crossing Road, Plainsboro, New Jersey	2018		370 (1)
876 Kinderkamack Road, River Edge, New Jersey	2019		150 (1)
1100 Washington Street, Hoboken, New Jersey	2019		339 (1)
Net book value of properties			16,761
Furnishings and equipment			3,159 (2)
Total premises and equipment		$	19,920

(1) Leased property
(2) Includes off-site ATMs

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 business. As of December 31, 2019, we were not involved in any material legal proceedings the outcome of which, if determined in a manner adverse to the Company, would have a material adverse effect on our financial condition or results of operations.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

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

Market Information
The Company's common stock trades on the Nasdaq Global Market under the symbol "BCBP."

Stockholders.
At March 1, 2020, the Company had approximately 3,200 stockholders of record.

Recent Sales of Unregistered Securities
None

Dividends
The Company has declared and paid cash dividends of $.14 per share in each quarter for the three years ended December 31, 2019. The payment of dividends to shareholders of the Company is dependent on the Bank paying dividends to the Company. 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.

Issuer Purchases of Equity Securities
None

Compensation Plans
Set forth below is information as of December 31, 2019 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[1]	Number of securities remaining available for issuance under plans
2011 Stock Option Plan	802,100	$11.40	97,900
2018 Equity Incentive Plan	513,814	$11.60	371,247
Equity compensation plans not approved by shareholders	—	—	—
Total	1,315,914	$11.48	469,147

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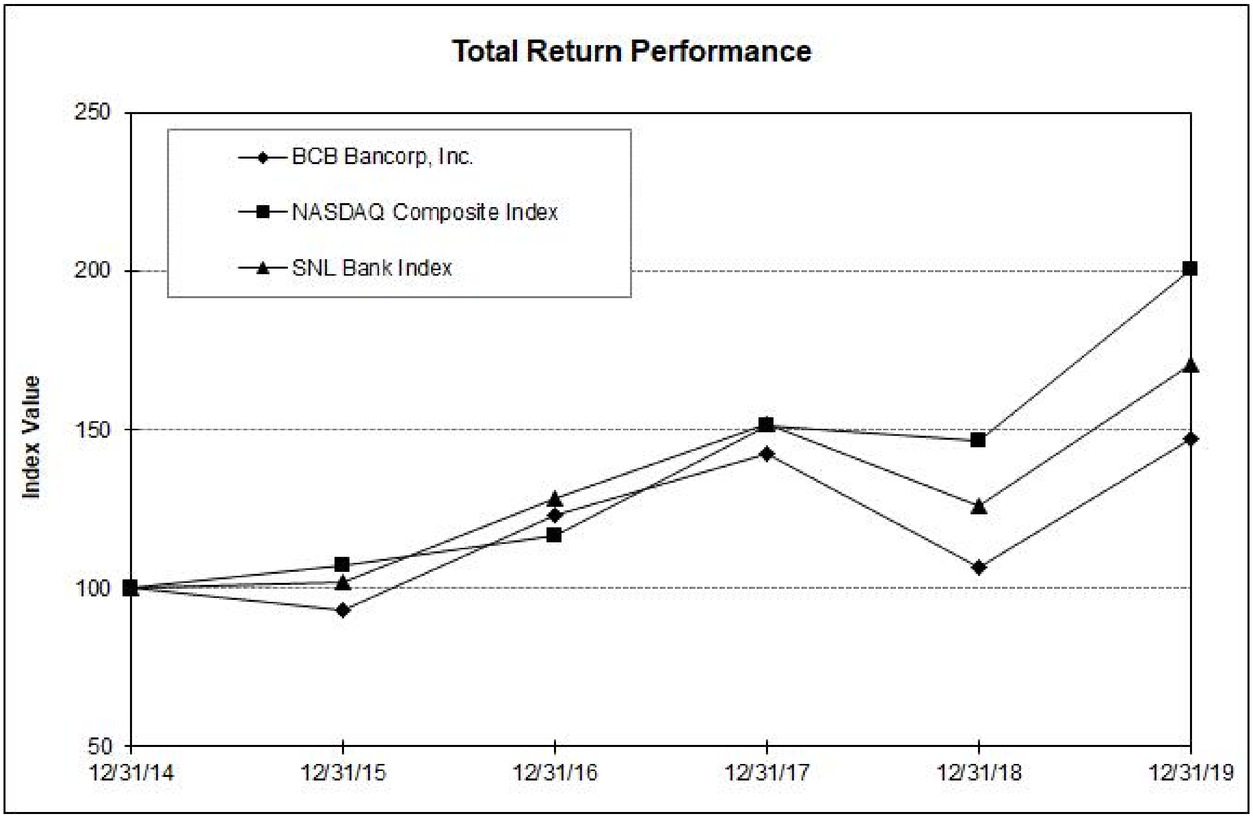
(1) The weighted average exercise price reflects the exercise prices ranging from $8.93-$13.32 per share for options granted under the 2011 Stock Option Plan and the 2018 Equity Incentive Plan.

Common 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, 2015 through December 31, 2019, (b) the cumulative total return on all publicly traded commercial bank stocks over such period, as repriced on the SNL Banks Index, and (c) the cumulative total return of the 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.

The Company had no stock repurchase plan during the fourth quarter of 2019.

BCB Bancorp, Inc.



	Period Ending					
Index	**12/31/14**	**12/31/15**	**12/31/16**	**12/31/17**	**12/31/18**	**12/31/19**
BCB Bancorp, Inc.	100.00	93.17	122.74	142.29	106.83	147.15
NASDAQ Composite Index	100.00	106.96	116.45	150.96	146.67	200.49
SNL Bank Index	100.00	101.71	128.51	151.75	126.12	170.79

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, 2019, 2018, 2017, 2016 and 2015. The information, at December 31, 2019 and 2018 and for the two-year period ended December 31, 2019, is derived in part from, and should be read together with, the audited Consolidated Financial Statements and Notes thereto of BCB Bancorp, Inc. that appear in this annual report on Form 10-K. The other years presented in these tables are derived from audited consolidated financial statements that do not appear in this annual report on Form 10-K.

	Selected financial condition data at December 31,				
	2019	**2018**	**2017**	**2016**	**2015**
			(In Thousands)		
Total assets	$ **2,907,468**	$ 2,674,731	$ 1,942,837	$ 1,708,208	$ 1,618,406
Cash and cash equivalents	**550,353**	195,264	124,235	65,038	132,635
Securities	**91,613**	119,335	114,295	94,765	9,623
Equity investments	**2,500**	7,672	8,294	-	-
Loans receivable, net	**2,178,407**	2,278,492	1,643,677	1,485,159	1,420,118
Deposits	**2,362,063**	2,180,724	1,569,370	1,392,205	1,273,929
Borrowings	**282,610**	282,377	189,124	179,124	204,124
Stockholders' equity	**239,473**	200,215	176,454	131,081	133,544

	Selected operating data for the year ended December 31,				
	2019	**2018**	**2017**	**2016**	**2015**
		(In thousands, except for per share amounts)			
Net interest income	$ **82,604**	$ 77,681	$ 61,884	$ 55,060	$ 53,511
Provision for loan losses	**2,069**	5,130	2,110	27	2,280
Non-interest income	**5,391**	7,960	7,483	6,123	7,065
Non-interest expense	**55,583**	56,266	47,044	47,895	46,452
Income tax expense	**9,309**	7,482	10,231	5,258	4,814
Net income	$ **21,034**	$ 16,763	$ 9,982	$ 8,003	$ 7,030
Net income per common share:					
Basic	$ **1.20**	$ 1.02	$ 0.76	$ 0.63	$ 0.69
Diluted	$ **1.20**	$ 1.01	$ 0.75	$ 0.63	$ 0.69
Common Dividends declared per common share	$ **0.56**	$ 0.56	$ 0.56	$ 0.56	$ 0.56

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	At or for the Years Ended December 31,				
	2019	**2018**	**2017**	**2016**	**2015**
Selected Financial Ratios and Other Data:					
Return on average assets (ratio of net income to average total assets)	**0.76** %	0.70 %	0.55 %	0.47 %	0.48 %
Return on average stockholders' equity (ratio of net income to average stockholders' equity)	**9.66**	8.86	7.02	6.11	6.52
Non-interest income to average assets	**0.19**	0.33	0.41	0.36	0.48
Non-interest expense to average assets	**2.01**	2.34	2.57	2.81	3.15
Net interest rate spread during the year	**2.77**	3.08	3.32	3.14	3.50
Net interest margin (net interest income to average interest earning assets)	**3.07**	3.31	3.49	3.32	3.72
Ratio of average interest-earning assets to average interest-bearing liabilities	**119.61**	119.76	119.49	118.02	118.42
Cash dividend payout ratio	**47.83**	55.81	71.71	86.87	76.50
Asset Quality Ratios:					
Non-performing loans to total loans at end of year	**0.22**	0.38	0.80	1.23	1.63
Non-performing assets to total assets at end of year	**0.23**	0.37	0.71	1.29	1.55
Allowance for loan losses to non-performing loans at end of year	**478.99**	258.69	130.14	93.67	76.95
Allowance for loan losses to total loans at end of year	**1.08**	0.97	1.05	1.14	1.25
Capital Ratios:					
Stockholders' equity to total assets at end of year	**8.24**	7.49	9.08	7.63	8.25
Average stockholders' equity to average total assets	**7.88**	7.88	7.78	7.70	7.30
Tier 1 capital to average assets [(1)]	**9.51**	8.72	9.50	8.10	8.61
Tier 1 capital to risk weighted assets [(1)]	**12.72**	10.96	12.09	10.33	10.81

(1) Ratios are for BCB Community Bank only.

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 and net deferred loan fees. 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 allowance for loan loss 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 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 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 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.

Deferred Income Taxes

The Company records income taxes using the asset and liability method. Accordingly, deferred tax assets and liabilities: (i) are recognized for the expected future tax consequences of events that have been recognized in the consolidated financial statements or the consolidated and separate entity tax returns; (ii) are attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases; and (iii) are measured using enacted tax rates expected to apply in the years when those temporary differences are expected to be recovered or settled.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion of the deferred tax assets will not be realized. In making this assessment, management considers the profitability of current core operations, future market growth, forecasted earnings, future taxable income, and ongoing, feasible and permissible tax planning strategies. Deferred tax assets have been reduced by a valuation allowance for all portions determined not likely to be realized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income tax expense in the period of enactment. The valuation allowance is adjusted, by a charge or credit to income tax expense, as changes in facts and circumstances warrant.

Financial Condition at December 31, 2019 and 2018

Total assets increased by $232.7 million, or 8.7 percent, to $2.907 billion at December 31, 2019 from $2.675 billion at December 31, 2018. The increase in total assets was mainly related to increases in total cash and cash equivalents, partly offset by decreases in net loans receivable and total investment securities.

Total cash and cash equivalents increased by $355.1 million, or 181.9 percent, to $550.4 million at December 31, 2019 from $195.3 million at December 31, 2018. This increase resulted from the curtailment of loan growth, an elevated level of loan prepayments, sales and repayments of investment securities, increases in deposits, and capital raises.

Loans receivable, net decreased by $100.1 million, or 4.4 percent, to $2.178 billion at December 31, 2019 from $2.278 billion at December 31, 2018. The decrease in loans over the prior year was a result of management's efforts to curtail loan growth throughout 2019. Total loan decreases for 2019 included $90.9 million in commercial real estate and multi-family loans, $9.7 million in residential one-to-four family loans, $8.3 million in home equity loans, $2.8 million in construction loans, $127,000 in consumer loans, partly offset by a gain of $12.4 million in commercial business loans. The allowance for loan losses increased $1.4 million to $23.7 million, or 570.5 percent of non-accruing loans and 1.08 percent of gross loans, at December 31, 2019 as compared to an allowance for loan losses of $22.4 million, or 309.6 percent of non-accruing loans and 0.97 percent of gross loans, a year ago.

Total investment securities decreased by $32.9 million, or 25.9 percent, to $94.1 million at December 31, 2019 from $127.0 million at December 31, 2018, representing normal repayments, calls, maturities, and the sale of $15.0 million of securities.

On January 1, 2019, the Company adopted Accounting Standards Update ("ASU") No. 2016-02 – Leases, requiring on-balance sheet reporting for all operating leases. Adoption of the standard resulted in the recording of $13.2 million in operating lease right-of-use assets and a corresponding $13.4 million in operating lease liabilities at December 31, 2019.

Deposit liabilities increased by $181.3 million, or 8.3 percent, to $2.362 billion at December 31, 2019 from $2.181 billion at December 31, 2018. The increases in deposit liabilities mainly related to the continued maturation of the branches opened over the last four years. Total increases for 2019 included $83.9 million in money market checking accounts, $62.4 million in NOW deposit accounts, $26.1 million in certificates of deposit, including listing service and brokered deposits, and $8.9 million in non-interest-bearing deposit accounts. Listing service and brokered reciprocal certificates of deposit, which were used as additional sources of deposit liquidity to fund loan growth, totaled $10.6 million and $92.1 million, respectively, at December 31, 2019. As a result of management's efforts to curtail loan growth throughout 2019, listing service and brokered certificate of deposit balances have decreased over the last 12 months.

Debt obligations increased by $233,000, or 0.1 percent, to $282.6 million at December 31, 2019 from $282.4 million a year ago. The weighted average interest rate of FHLB advances was 2.16 percent at December 31, 2019 and 2.18 at December 31, 2018. The fixed interest rate of subordinated debt balances was 5.625 percent at December 31, 2019 and December 31, 2018.

Stockholders' equity increased by $39.3 million, or 19.6 percent, to $239.5 million at December 31, 2019 from $200.2 million a year ago. The increase in stockholders' equity was primarily attributable to an increase in additional paid-in capital of $20.1 million primarily related to common stock and preferred stock issued through a private placement and a public stock offering in the first and fourth quarters of 2019, respectively. Retained earnings increased by $10.0 million to $48.4 million at December 31, 2019 from $38.4 million at December 31, 2018, due primarily to the increase in net income, net of dividends paid. Treasury stock decreased $6.3 million to $22.0 million at December 31, 2019 from $28.3 million at December 31, 2018, related to the issuance of common stock. Accumulated other comprehensive loss decreased $2.9 million to $2.2 million at December 31, 2019 from $5.1 million a year ago, related to market improvements lowering the unrealized loss on available-for-sale securities.

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 table sets forth balance sheets, average yields and costs, and certain other information for the years 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.

	Year ended December 31, 2019			Year ended December 31, 2018			Year ended December 31, 2017		
	Average Balance	Interest Earned/Paid	Average Yield/Rate (3)(4)	Average Balance	Interest Earned/Paid	Average Yield/Rate (3)(4)	Average Balance	Interest Earned/Paid	Average Yield/Rate (3)
				(Dollars in Thousands)					
Interest-earning assets:									
Loans receivable (1)	**$ 2,305,496**	**$ 113,981**	**4.94 %**	$ 2,060,187	$ 97,831	4.75 %	$1,591,339	$ 73,355	4.61 %
Investment securities (2)	**115,548**	**3,310**	**2.86**	142,343	3,761	2.64	104,520	2,904	2.78
Interest-earning deposits	**271,067**	**6,264**	**2.31**	142,867	3,505	2.45	77,399	1,312	1.70
Total interest-earning assets	**2,692,111**	**123,555**	**4.59 %**	2,345,397	105,097	4.48 %	1,773,258	77,571	4.37 %
Non-interest-earning assets	**72,633**			55,404			54,509		
Total assets	**2,764,744**			2,400,801			1,827,767		
Interest-bearing liabilities:									
Interest-bearing demand accounts	**$ 346,973**	**$ 2,628**	**0.76 %**	$ 334,156	$ 2,036	0.61 %	$ 305,208	$ 1,666	0.55 %
Money market accounts	**261,395**	**4,619**	**1.76**	188,109	2,278	1.21	135,202	1,150	0.85
Savings accounts	**258,481**	**428**	**0.17**	262,745	444	0.17	263,500	397	0.15
Certificates of deposit	**1,089,407**	**25,394**	**2.33**	911,141	16,400	1.80	619,377	8,838	1.43
Total interest-bearing deposits	**1,956,256**	**33,069**	**1.69**	1,696,151	21,158	1.25	1,323,287	12,051	0.91
Borrowed funds	**294,562**	**7,882**	**2.68 %**	262,227	6,258	2.39 %	160,699	3,636	2.26 %
Total interest-bearing liabilities	**2,250,818**	**40,951**	**1.82**	1,958,378	27,416	1.40	1,483,986	15,687	1.06
Non-interest-bearing liabilities	**296,185**			253,301			201,651		
Total liabilities	**2,547,003**			2,211,679			1,685,637		
Stockholders' equity	**217,741**			189,122			142,130		
Total liabilities and stockholders' equity	**2,764,744**			2,400,801			1,827,767		
Net interest income		**$ 82,604**			77,681			61,884	
Net interest rate spread (3)			**2.77 %**			3.08 %			3.32 %
Net interest margin (4)			**3.07 %**			3.31 %			3.49 %

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(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.

Rate/Volume Analysis

The table below sets forth certain information regarding changes in our interest income and interest expense for the years 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,							
	2019 vs. 2018				2018 vs. 2017			
	Increase (Decrease) Due to				Increase (Decrease) Due to			
	Volume	Rate	Rate/Volume	Total Increase (Decrease)	Volume	Rate	Rate/Volume	Total Increase (Decrease)
	(In thousands)							
Interest income:								
Loans receivable	$ 11,649	$ 4,022	$ 479	$ 16,150	$ 21,612	$ 2,212	$ 652	$ 24,476
Investment securities	(708)	317	(60)	(451)	1,051	(142)	(52)	857
Interest-earning deposits	3,145	(204)	(182)	2,759	1,110	587	496	2,193
Total interest-earning assets	14,086	4,135	237	18,458	23,773	2,657	1,096	27,526
Interest expense:								
Interest-bearing demand accounts	78	495	19	592	158	194	18	370
Money market deposits	887	1,040	405	2,332	450	486	190	1,126
Savings deposits	(7)	(8)	-	(15)	(1)	47	-	46
Certificates of Deposits	3,209	4,846	948	9,003	4,163	2,310	1,088	7,561
Borrowings	771	758	94	1,623	2,301	199	126	2,626
Total interest-bearing liabilities	4,938	7,131	1,466	13,535	7,071	3,236	1,422	11,729
Change in net interest income	$ 9,148	$ (2,996)	$ (1,229)	$ 4,923	$ 16,702	$ (579)	$ (326)	$ 15,797

Results of Operations for the Years Ended December 31, 2019 and 2018

Net income increased by $4.3 million, or 25.5 percent, to $21.0 million for the year ended December 31, 2019 from $16.7 million for the year ended December 31, 2018. The increase in net income was primarily related to an increase in total interest income, a decrease in the provision for loan losses, and a decrease in total non-interest expense, partly offset by an increase in total interest expense, a decrease in total non-interest income, and an increase in the income tax provision for the year ended December 31, 2019 as compared to the year ended December 31, 2018.

Net interest income increased by $4.9 million, or 6.3 percent, to $82.6 million for the year ended December 31, 2019 from $77.7 million for the year ended December 31, 2018. The increase in net interest income resulted primarily from an increase in the average balance of interest-earning assets of $346.7 million, or 14.8 percent, to $2.692 billion for the year ended December 31, 2019 from $2.345 billion for the year ended December 31, 2018. There was also an increase in the average yield on interest-earning assets of 11 basis points to 4.59 percent for the year ended December 31, 2019 from 4.48 percent for the year ended December 31, 2018. Offsetting the growth in net interest income, was an increase in the average balance of interest-bearing liabilities of $292.4 million, or 14.9 percent, to $2.251 billion for the year ended December 31, 2019 from $1.958 billion for the year ended December 31, 2018, as well as an increase in the average rate on interest-bearing liabilities of 42 basis points to 1.82 percent for the year ended December 31, 2019 from 1.40 percent for the year ended December 31, 2018.

Interest income on loans receivable increased by $16.2 million, or 16.5 percent, to $114.0 million for the year ended December 31, 2019 from $97.8 million for the year ended December 31, 2018. The increase was primarily attributable to an increase in the average balance of loans receivable of $245.3 million, or 11.9 percent, to $2.305 billion for the year ended December 31, 2019 from $2.060 billion for the year ended December 31, 2018, as well as an increase in the average yield on loans of 19 basis points to 4.94 percent for the year ended December 31, 2019 from 4.75 percent for the year ended December 31, 2018. While the Company achieved its objective to curtail loan growth in 2019, the average balance of loans receivable increased in 2019, primarily related to the high loan growth levels in 2018. Interest income on loans also included $2.0 million of amortization of purchase credit fair value adjustments related to the acquisition of IAB for the year ended December 31, 2019, which added approximately eight basis points to the average yield on interest earning assets.

Interest income on securities decreased by $451,000 or 12.0 percent, to $3.3 million for the year ended December 31, 2019 from $3.8 million for the year ended December 31, 2018. This decrease was primarily due to a decrease in the average balance of securities of $26.8 million, or 18.8 percent, to $115.5 million for the year ended December 31, 2019 from $142.3 million for the year ended December 31, 2018, partly offset by an increase in the average yield on securities of 22 basis points to 2.86 percent for the year ended December 31, 2019 from 2.64 percent for the year ended December 31, 2018. The decrease in the average balance of securities related to normal repayments and sales of securities, while the increase in the average yield on securities related to the mix of investments in the portfolio.

Interest income on other interest-earning assets increased by $2.8 million, or 78.7 percent to $6.3 million for the year ended December 31, 2019 from $3.5 million for the year ended December 31, 2018. This increase was primarily due to an increase in the average balance of other interest earning assets of $128.2 million, or 89.7 percent, to $271.1 million for the year ended December 31, 2019 from $142.9 million for the year ended December 31, 2018, partly offset by a decrease in the average yield on other interest-earning assets of 14 basis points to 2.31 percent for the year ended December 31, 2019 from 2.45 percent for the year ended December 31, 2018. The increase in the average balance of other interest-earning assets related to the curtailment of loan growth in 2019, high levels of loan prepayments, an increase in deposits, and the Company's strategy of maintaining strong levels of liquidity. The decrease in the average yield on other interest-earning assets correlated to the decreases in the fed funds rate that have occurred over the last 12 months.

Total interest expense increased by $13.5 million, or 49.4 percent, to $41.0 million for the year ended December 31, 2019 from $27.5 million for the year ended December 31, 2018. This increase resulted primarily from an increase in the average balance of interest-bearing liabilities of $292.4 million, or 14.9 percent, to $2.251 billion for the year ended December 31, 2019 from $1.958 billion for the year ended December 31, 2018, as well as an increase in the average rate on interest-bearing liabilities of 42 basis points to 1.82 percent for the year ended December 31, 2019 from 1.40 percent for the year ended December 31, 2018. The increase in the average balance of interest-bearing liabilities primarily resulted from increased deposits, including those from new branches opened over the last few years. The increase in the cost of funds primarily related to higher rates offered on our deposits resulting from market competition.

Total deposit interest expense increased by $11.9 million, or 56.3 percent, to $33.1 million for the year ended December 31, 2019 from $21.2 million for the year ended December 31, 2018. This increase resulted primarily from an increase in the average balance of deposits of $260.1 million, or 15.3 percent, to $1.956 billion for the year ended December 31, 2019 from $1.696 billion for the year ended December 31, 2018, as well as an increase in the average rate on deposits of 44 basis points to 1.69 percent for the year ended December 31, 2019 from 1.25 percent for the year ended December 31, 2018. The increase in the average balance of deposits primarily resulted from new branches opened over the last few years. The increase in the cost of funds primarily related to higher market interest rates through mid-2019 and from market competition.

Total borrowing interest expense increased by $1.6 million, or 26.0 percent, to $7.9 million for the year ended December 31, 2019 from $6.3 million for the year ended December 31, 2018. This increase resulted primarily from an increase in the average balance of borrowings of $32.3 million, or 12.3 percent, to $294.6 million for the year ended December 31, 2019 from $262.3 million for the year ended December 31, 2018, as well as an increase in the average rate on borrowings of 29 basis points to 2.68 percent for the year ended December 31, 2019 from 2.39 percent for the year ended December 31, 2018. The increase in the average balance of borrowings primarily resulted from the issuance of $33.5 million of subordinated debentures in July 2018, which also resulted in higher cost of funds as these debentures were issued at a fixed annual rate of 5.625%.

Net interest margin was 3.07 percent for the year ended December 31, 2019 and 3.31 percent for the year ended December 31, 2018. The decrease in the net interest margin was the result of a competitive interest rate environment, with the increase in the cost of funds outpacing the return on interest earning assets for the short term.

The provision for loan losses decreased by $3.1 million, to $2.1 million for the year ended December 31, 2019 from $5.2 million for the year ended December 31, 2018, primarily due to the reduction in net loans receivable for the year ended December 31, 2019. The provision for loan losses is established based upon management's review of the Company's loans and consideration of a variety of factors, including but not limited to: (1) the risk characteristics of the loan portfolio; (2) current economic conditions; (3) actual losses previously experienced; (4) the dynamic activity and fluctuating balance of loans receivable; and (5) the existing level of reserves for loan losses that are probable and estimable. During the year ended December 31, 2019, the Company experienced $694,000 in net charge-offs compared to $146,000 in net charge-offs for the year ended December 31, 2018. The Bank had non-accrual loans totaling $4.2 million, or 0.19 percent, of gross loans at December 31, 2019 as compared to $7.2 million, or 0.31 percent, of gross loans at December 31, 2018. The allowance for loan losses was $23.7 million, or 1.08 percent of gross loans at December 31, 2019, and $22.4 million, or 0.97 percent of gross loans at December 31, 2018. 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 Company 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 December 31, 2019 and December 31, 2018.

Total non-interest income decreased by $2.6 million, or 32.3 percent, to $5.4 million for the year ended December 31, 2019 from $8.0 million for the year ended December 31, 2018. The decrease in total non-interest income was mainly related to a decrease in other non-interest income of $2.2 million to $249,000 for the year ended December 31, 2019 from $2.5 million for the year ended December 31, 2018, which was mainly attributed to $2.0 million received from a legal settlement in the first quarter of 2018. The decrease in total non-interest income also included decreases of $1.3 million in gains on sales of loans, and a decrease of $426,000 in fees and service charges, both related to lower levels of sales of loans. The decrease in total non-interest income was partly offset by increases of $823,000 in unrealized gains on equity securities, $262,000 in gains on sales of investment securities, $147,000 in gains on sales of other real estate owned properties, as well as an increase of $131,000 in gains on sales of impaired loans.

Total non-interest expense decreased by $683,000, or 1.2 percent, to $55.6 million for the year ended December 31, 2019 from $56.3 million for the year ended December 31, 2018.

Merger-related expenses decreased $2.4 million, which was incurred for the IAB transaction during the year ended December 31, 2018 with no comparable figure for the year ended December 31, 2019.

Regulatory fees associated with FDIC assessments decreased by $521,000, or 36.3 percent, to $914,000 for the year ended December 31, 2019 from $1.4 million for the year ended December 31, 2018. The decrease was primarily due to a decrease in the assessment rate and a credit of $548,000 that related to the receipt of an FDIC Small Bank Assessment Credit, which came as a result of the FDIC exceeding its stated Deposit Fund Reserve Ratio, partly offset by an increase in the assessment base.

Fees associated with other real estate owned properties, net decreased by $201,000, or 73.9 percent, to $71,000 for the year ended December 31, 2019 from $272,000 for the year ended December 31, 2018.

Occupancy expense increased by $1.1 million or 11.3 percent, to $10.7 million for the year ended December 31, 2019 from $9.6 million for the year ended December 31, 2018, largely related to the opening of two de novo branches during the year, as well as a relocation of one of our existing branches.

Salaries and benefits expense increased by $866,000, or 3.1 percent, to $28.5 million for the year ended December 31, 2019 from $27.6 million for the year ended December 31, 2018, primarily related to normal compensation increases.

Director fees increased by $629,000, or 83.6 percent, to $1.4 million for the year ended December 31, 2019 from $752,000 for the year ended December 31, 2018, primarily related to the awarding of stock options and restricted stock under the 2018 Equity Incentive Plan during the second quarter of 2019 and the end of the fourth quarter of 2018.

There were also less significant variances in professional fee expense, other expenses, data processing expense, and advertising expense, which netted to a decrease in expenses of $129,000 from the prior year. Other non-interest expense consisted of loan expense, business development, office supplies, correspondent bank fees, telephone and communication and miscellaneous fees and expenses.

The income tax provision increased by $1.8 million, or 24.4 percent, to $9.3 million for the year ended December 31, 2019 from $7.5 million for the year ended December 31, 2018. The increase in the income tax provision was a result of higher taxable income for the year ended December 31, 2019 as compared to that same period for 2018. The consolidated effective tax rate for the year ended December 31, 2019 was 30.7 percent compared to 30.9 percent for the year ended December 31, 2018.

Liquidity and Capital Resources

The overall objective of our liquidity management practices is to ensure the availability of sufficient funds to meet financial commitments and to take advantage of lending and investment opportunities. The Company manages liquidity in order to meet deposit withdrawals on demand or at contractual maturity, to repay borrowings and other obligations as they mature, and to fund loan and investment portfolio opportunities as they arise.

The Company's primary sources of funds to satisfy its objectives are net growth in deposits (primarily retail), principal and interest payments on loans and investment securities, proceeds from the sale of originated loans and FHLB and other borrowings. The scheduled amortization of loans is a predictable source of funds. Deposit flows and mortgage prepayments are greatly influenced by general interest rates, economic conditions and competition. The Company has other sources of liquidity if a need for additional funds arises, including unsecured overnight lines of credit and other collateralized borrowings from the FHLB and other correspondent banks.

At December 31, 2019 and December 31, 2018, the Company had no overnight borrowings outstanding with the FHLB. The Company utilizes overnight borrowings from time to time to fund short-term liquidity needs. The Company had total outstanding borrowings of $282.6 million at December 31, 2019 as compared to $282.4 million at December 31, 2018.

At December 31, 2019, the Company had the ability to obtain additional funding from the FHLB of $218.6 million, utilizing unencumbered loan collateral. The Company expects to have sufficient funds available to meet current loan commitments in the normal course of business through typical sources of liquidity. Time deposits scheduled to mature in one year or less totaled $879.9 million at December 31, 2019. Based upon historical experience data, management estimates that a significant portion of such deposits will remain with the Company.

At December 31, 2019 and December 31, 2018, the capital ratios of the Bank exceeded the quantitative capital ratios required for an institution to be considered "well-capitalized".

Off-Balance Sheet Arrangements

The Bank engages in a variety of financial transactions that, in accordance with generally accepted accounting principles, are not recorded in the financial statements. These transactions include commitments to extend credit and unused lines of credit. While these contractual obligations represent future cash requirements, a portion of our commitments to extend credit may expire without being drawn upon.

Contractual Obligations and Commitments

The following table sets forth our contractual obligations and commercial commitments at December 31, 2019.

		Payments due by period			
Contractual obligations	**Total**	**Less than 1 Year**	**1-3 Years**	**More than 3-5 Years**	**More than 5 Years**
			(In Thousands)		
Benefit Plans	$ 385	$ 290	$ 63	$ 32	$ 0
Borrowed money	282,610	50,000	135,800	60,000	36,810
Lease obligations (discounted)	13,380	2,590	4,713	2,736	3,341
Certificates of deposit	1,129,952	879,867	227,295	21,582	1,208
Core Processing System	9,582	2,533	4,947	2,102	0
Total	$ 1,435,909	$ 935,280	$ 372,818	$ 86,452	$ 41,359

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, 2019. 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, 2019. The following sets forth the Company's NPV as of December 31, 2019.

				NPV as a % of Assets	
Change in calculation	**Net Portfolio Value**	**$ Change from PAR**	**% Change from PAR**	**NPV Ratio**	**Change**
(Dollars in Thousands)					
+300bp	$ 220,051	$ (49,684)	(18.42) %	8.01 %	(123) bps
+200bp	237,862	(31,873)	(11.82)	8.48	(76) bps
+100bp	255,770	(13,965)	(5.18)	8.94	(30) bps
PAR	269,735	-	-	9.24	- bps
-100bp	282,243	12,508	4.64	9.46	22 bps

____

bp-basis points

The table above indicates that at December 31, 2019, in the event of a 100-basis point increase in interest rates, we would experience a 5.18% decrease in NPV, as compared to a 12.70% decrease at December 31, 2018.

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

Report of Independent Registered Public Accounting Firm

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

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial condition of BCB Bancorp, Inc. and subsidiaries (the "Company") as of December 31, 2019 and 2018, the related consolidated statements of operations, comprehensive income, changes in stockholders' equity and cash flows, for each of the years then ended, and the related notes (collectively, the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated March 11, 2020 expressed an unqualified opinion.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. 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, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as the Company's auditor since 2018.

/s/ Wolf & Company, P.C.

Boston, Massachusetts
March 11, 2020

Report of Independent Registered Public Accounting Firm

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

Opinion on Internal Control Over Financial Reporting

We have audited BCB Bancorp Inc. and subsidiaries' (the "Company") internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated financial statements of the Company and our report dated March 11, 2020 expressed an unqualified opinion.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying *Management's Annual Report on Internal Control over Financial Reporting*. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) 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 the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Wolf & Company, P.C.

Boston, Massachusetts
March 11, 2020

BCB Bancorp, Inc. and Subsidiaries

Consolidated Statements of Financial Condition

	December 31, 2019	December 31, 2018
	(In Thousands, Except Share and Per Share Data)	
ASSETS		
Cash and amounts due from depository institutions	$ 24,985	$ 18,970
Interest-earning deposits	525,368	176,294
Total cash and cash equivalents	550,353	195,264
Interest-earning time deposits	735	735
Debt securities available for sale	91,613	119,335
Equity investments	2,500	7,672
Loans held for sale	917	1,153
Loans receivable, net of allowance for loan losses of $23,734 and $22,359, respectively	2,178,407	2,278,492
Federal Home Loan Bank of New York stock, at cost	13,821	13,405
Premises and equipment, net	19,920	20,293
Accrued interest receivable	8,318	8,378
Other real estate owned	1,623	1,333
Deferred income taxes	11,180	13,601
Goodwill and other intangibles	5,552	5,604
Operating lease right-of-use assets	13,246	-
Other assets	9,283	9,466
Total Assets	$ 2,907,468	$ 2,674,731
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Non-interest-bearing deposits	$ 271,702	$ 263,960
Interest bearing deposits	2,090,361	1,916,764
Total deposits	2,362,063	2,180,724
FHLB Advances	245,800	245,800
Subordinated debentures	36,810	36,577
Operating lease liability	13,380	-
Other liabilities	9,942	11,415
Total Liabilities	2,667,995	2,474,516
STOCKHOLDERS' EQUITY		
Preferred stock: $0.01 par value, 10,000,000 shares authorized, issued and outstanding 8,340 shares of series C 6%, series D 4.5%, Series G 6% (liquidation value $10,000 per share) and Series F 6% (liquidation value $1,000 per share), noncumulative perpetual convertible preferred stock at December 31, 2019 and 7,807 shares of series C 6% and series D 4.5% (liquidation value $10,000 per share) and Series F 6% (liquidation value $1,000 per share) noncumulative perpetual preferred stock at December 31, 2018	-	-
Additional paid-in capital preferred stock	25,016	19,706
Common stock: no par value; 40,000,000 shares authorized, issued 19,484,046 and 18,352,748 at December 31, 2019 and December 31, 2018 respectively, outstanding 17,516,828 shares and 15,889,306 shares, at December 31, 2019 and December 31, 2018 respectively	-	-
Additional paid-in capital common stock	190,294	175,500
Retained earnings	48,429	38,405
Accumulated other comprehensive (loss)	(2,218)	(5,076)
Treasury stock, at cost, 1,967,218 and 2,463,442 shares at December 31, 2019 and December 31, 2018 respectively	(22,048)	(28,320)
Total Stockholders' Equity	239,473	200,215
Total Liabilities and Stockholders' Equity	$ 2,907,468	$ 2,674,731

See accompanying notes to consolidated financial statements.

BCB Bancorp, Inc. and Subsidiaries
Consolidated Statements of Operations

	Years Ended December 31,	
	2019	2018
	(In Thousands, Except for Per Share Data)	
Interest and dividend income:		
Loans, including fees	$ **113,981**	$ 97,831
Mortgage-backed securities	**2,743**	3,154
Other investment securities	**567**	607
FHLB stock dividends and other interest earning assets	**6,264**	3,505
Total interest and dividend income	**123,555**	105,097
Interest expense:		
Deposits:		
Demand	**7,247**	4,314
Savings and club	**428**	444
Certificates of deposit	**25,394**	16,400
	33,069	21,158
Borrowings	**7,882**	6,258
Total interest expense	**40,951**	27,416
Net interest income	**82,604**	77,681
Provision for loan losses	**2,069**	5,130
Net interest income, after provision for loan losses	**80,535**	72,551
Non-interest income:		
Fees and service charges	**3,359**	3,785
Gain on sales of loans	**1,036**	2,333
Gain (loss) on bulk sale of impaired loans held in portfolio	**107**	(24)
Gain on sales of other real estate owned	**177**	30
Gain on sale of investment securities	**262**	-
Unrealized gain (loss) on equity investments	**201**	(622)
Other	**249**	2,458
Total non-interest income	**5,391**	7,960
Non-interest expense:		
Salaries and employee benefits	**28,456**	27,590
Occupancy and equipment	**10,660**	9,579
Data processing service fees	**3,187**	3,375
Professional fees	**2,033**	1,937
Director fees	**1,381**	752
Regulatory assessments	**914**	1,435
Advertising and promotional	**334**	422
Other real estate owned, net	**71**	272
Merger related expenses	**-**	2,408
Other	**8,547**	8,496
Total non-interest expense	**55,583**	56,266
Income before income tax provision	**30,343**	24,245
Income tax provision	**9,309**	7,482
Net Income	$ **21,034**	$ 16,763
Preferred stock dividends	**1,346**	953
Net Income available to common stockholders	$ **19,688**	$ 15,810
Net Income per common share-basic and diluted		
Basic	$ **1.20**	$ 1.02
Diluted	$ **1.20**	$ 1.01
Weighted average number of common shares outstanding		
Basic	**16,367**	15,567
Diluted	**16,423**	15,661

See accompanying notes to consolidated financial statements.

BCB Bancorp, Inc. and Subsidiaries

Consolidated Statements of Comprehensive Income

	Years Ended December 31,	
	2019	2018
	(In Thousands)	
Net Income	**$ 21,034**	$ 16,763
Other comprehensive income (loss), net of tax:		
Unrealized gains (losses) on available-for-sale securities:		
Unrealized holding gains (losses) arising during the period	**3,254**	(1,643)
Income tax (expense) benefit	**(803)**	329
Other comprehensive income (loss) on available-for-sale securities	**2,451**	(1,314)
Benefit Plans:		
Actuarial gain (loss)	**591**	(702)
Income tax (expense) benefit	**(184)**	208
Other comprehensive income (loss) on benefit plans	**407**	(494)
Total other comprehensive income (loss)	**2,858**	(1,808)
Comprehensive income	**$ 23,892**	$ 14,955

See accompanying notes to consolidated financial statements.

BCB Bancorp, Inc. and Subsidiaries
Consolidated Statements of Changes in Stockholders' Equity

	Preferred Stock	Common Stock	Additional Paid In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	(In Thousands, Except Per Share Data)						
Balance at December 31, 2017	**$ -**	**$ -**	**$ 177,471**	**$ 31,241**	**$ (29,116)**	**$ (3,142)**	**$ 176,454**
Net income	-	-	-	16,763	-	-	16,763
Other comprehensive loss	-	-	-	-	-	(1,808)	(1,808)
Acquisition of IA Bancorp	-	-	17,405	-	-	-	17,405
Exercise of Stock Options (15,400 shares)	-	-	38	-	-	-	38
Stock-based compensation expense	-	-	251	-	-	-	251
Dividends payable on Series C 6%, Series D 4.5%, and Series F 6% noncumulative perpetual preferred stock	-	-	-	(953)	-	-	(953)
Cash dividends on common stock ($0.56 per share)	-	-	-	(8,402)	-	-	(8,402)
Dividend Reinvestment Plan	-	-	332	(332)	-	-	-
Stock Purchase Plan	-	-	467	-	-	-	467
Treasury stock allocated to restricted stock plan (67,321 shares)			(758)	(38)	796	-	-
Adoption of ASU 2016-01	-	-	-	126	-	(126)	-
Balance at December 31, 2018	**$ -**	**$ -**	**$ 195,206**	**$ 38,405**	**$ (28,320)**	**$ (5,076)**	**$ 200,215**
Net income	-	-	-	**21,034**	-	-	**21,034**
Other comprehensive income	-	-	-	-	-	**2,858**	**2,858**
Issuance of Common Stock	-	-	**18,739**	-	-	-	**18,739**
Issuance of Series G Preferred Stock	-	-	**5,310**	-	-	-	**5,310**
Exercise of Stock Options (1,500 shares)	-	-	**16**	-	-	-	**16**
Stock-based compensation expense	-	-	**987**	-	-	-	**987**
Dividends payable on Series C 6%, Series D 4.5%, Series F 6%, and Series G 6% noncumulative perpetual preferred stock	-	-	-	**(1,346)**	-	-	**(1,346)**
Cash dividends on common stock ($0.56 per share)	-	-	-	**(8,714)**	-	-	**(8,714)**
Dividend Reinvestment Plan	-	-	**385**	**(385)**	-	-	-
Stock Purchase Plan	-	-	**374**	-	-	-	**374**
Treasury stock utilized in Common Stock issuance (496,224 shares)			**(5,707)**	**(565)**	**6,272**	-	-
Ending balance at December 31, 2019	**$ -**	**$ -**	**$ 215,310**	**$ 48,429**	**$ (22,048)**	**$ (2,218)**	**$ 239,473**

See accompanying notes to consolidated financial statements.

BCB Bancorp, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

	Years Ended December 31,	
	2019	2018
Cash flows from Operating Activities :	**(In Thousands)**	
Net income	**$ 21,034**	$ 16,763
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of premises and equipment	**2,886**	2,766
Amortization and accretion, net	**(3,038)**	(2,941)
Provision for loan losses	**2,069**	5,130
Deferred income tax expense (benefit)	**1,280**	(2,075)
Loans originated for sale	**(21,950)**	(22,615)
Proceeds from sale of loans	**23,222**	45,276
Gain on sales of loans originated for sale	**(1,036)**	(2,333)
Fair value adjustment of other real estate owned	**-**	101
Gain on sales of securities	**(262)**	-
Unrealized (gain) loss on equity investments	**(201)**	622
Gain from sales of other real estate owned	**(177)**	(30)
(Gain) loss on bulk sale of impaired loans held in portfolio	**(107)**	24
Stock-based compensation expense	**987**	251
Decrease (increase) in accrued interest receivable	**60**	(1,765)
Decrease in other assets	**183**	1,275
Increase in accrued interest payable	**147**	1,770
(Decrease) in other liabilities	**(830)**	(2,191)
Net Cash Provided by Operating Activities	**24,267**	40,028
Cash flows from Investing Activities:		
Proceeds from repayments, calls and maturities on securities	**22,522**	23,285
Purchases of securities	**(1,153)**	(16,370)
Sale of interest-earning time deposits	**-**	245
Proceeds from sales of securities	**14,996**	-
Proceeds from sales of other real estate owned	**2,417**	1,156
Proceeds from bulk sale of impaired loans held in portfolio	**402**	250
Net decrease (increase) in loans receivable	**98,849**	(476,219)
Additions to premises and equipment	**(2,513)**	(1,567)
Purchase of Federal Home Loan Bank of New York stock	**(416)**	(2,031)
Cash acquired in acquisition	**-**	7,597
Cash paid in acquisition	**-**	(2,550)
Net Cash Provided (Used In) Investing Activities	**135,104**	(466,204)
Cash flows from Financing Activities:		
Net increase in deposits	**181,339**	432,918
Proceeds from Federal Home Loan Bank of New York Advances	**50,000**	175,800
Repayments of Federal Home Loan Bank of New York Advances	**(50,000)**	(135,000)
Cash dividends paid on common stock	**(8,714)**	(8,402)
Cash dividends paid on preferred stock	**(1,346)**	(953)
Net proceeds from issuance of common stock	**19,113**	467
Net proceeds from issuance of preferred stock	**5,310**	-
Net proceeds from issuance of subordinated debt	**-**	32,337
Exercise of stock options	**16**	38
Net Cash Provided by Financing Activities	**195,718**	497,205
Net Increase in Cash and Cash Equivalents	**355,089**	71,029
Cash and Cash Equivalents-Beginning	**195,264**	124,235
Cash and Cash Equivalents-Ending	**$ 550,353**	$ 195,264

BCB Bancorp, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

	Years Ended December 31,	
	2019	2018
Supplementary Cash Flow Information		
Cash paid during the year for:		
Income taxes	**$ 10,092**	$ 9,163
Interest	**$ 40,804**	$ 25,645
Acquisition of IA Bancorp		
Fair value for non-cash assets other than goodwill acquired in purchase transaction	**(219)**	216,318
Fair value for liabilities assumed in purchase transaction	**(198)**	201,595
Goodwill related to acquisition	**20**	5,232
Common stock issued	**-**	9,952
Non-cash items:		
Transfer of loans to other real estate owned	**$ 2,530**	$ 1,700

See accompanying 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 Global Market and trades under the symbol "BCBP".

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, 2019, operated at thirty locations in Bayonne, Carteret, Colonia, Edison, Fairfield, Hoboken, Holmdel, Jersey City, Lodi, Lyndhurst, Maplewood, Monroe Township, Parsippany, Plainsboro, South Orange, River Edge, Rutherford, Union, and Woodbridge New Jersey, as well as Staten Island and Hicksville, New York 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, business and consumer loans. BCB Holding Company Investment Corp. (the "New Jersey 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. The Pamrapo Service Corporation has been inactive since May 2010. BCB New York Management, Inc. (the "New York Management Company") was organized in October 2012 under New York law as a New York investment company primarily to hold various loan products, investment and mortgage-backed securities. New York Management Company has been inactive since 2012, and was dissolved on December 16, 2019. As a part of the merger with IA Bancorp, Inc., the Company acquired Special Asset REO 1, LLC and Special Asset REO 2, LLC, both of which were inactive at December 31, 2019.

On December 30, 2019, the Company entered into a Stock Purchase Agreement with MFP Partners, L.P. ("MFP"), pursuant to which the Company sold 1,020,408 shares of the Company's common stock, no par value per share, at a purchase price of $12.25 per share to MFP for gross proceeds of approximately $12.5 million. The shares were registered under the Act, as amended, pursuant to the Company's shelf registration statement on Form S-3.

On February 25, 2019, the Company closed a private placement offering of 496,224 shares of its common stock, of which directors and officers of the Company purchased 286,244 shares. The Offering resulted in gross proceeds of $6.3 million to the Company. There were no underwriting discounts or commissions. The Offering price was $12.64 per share, which was the closing price for the Company's common stock on the Nasdaq Global Market on February 22, 2019, the trading day prior to the closing of the Offering. Directors and officers paid the same price as other investors. The Company relied on the exemption from registration provided under Rule 506 of Regulation D promulgated under the Act. The Offering was made only to accredited investors as that term is defined in Rule 501(a) of Regulation D under the Act.

On January 30, 2019, the Company closed a private placement of Series G Noncumulative Perpetual Preferred Stock, resulting in the issuance of 533 shares of Series G 6% Noncumulative Perpetual Preferred Stock for gross proceeds of $5.3 million. The shares issued are callable by the Company after January 1, 2022, at $10,000 per share (liquidation preference value). There is no ability to convert the preferred shares to common shares. Dividends on the preferred shares, if and when declared, will be paid quarterly in arrears.

On April 17, 2018, the Company completed its acquisition of IA Bancorp, Inc. ("IAB") and its wholly-owned subsidiary, Indus-American Bank, of Edison, New Jersey. IAB shareholders received 0.189 shares of the Company's common stock for each share of IAB common stock they owned as of the effective date of the acquisition. In addition, the Company issued two series of preferred stock, Series E and F, in exchange for two outstanding series, Series C and D, respectively, of IAB preferred stock. The two series of Company preferred shares have terms substantially similar to the terms of the two series of IAB preferred stock. On May 16, 2018, all Series E preferred shares were converted to common shares, at the request of the shareholder. The aggregate consideration paid to IAB shareholders was $20.0 million.

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 New Jersey Investment Company, and Pamrapo Service Corporation, Special Asset REO 1, LLC, and Special Asset REO 2, LLC have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP"). 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, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses for the years then ended. Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for loan losses, the identification of other-than-temporary impairment of securities, and the determination as to whether deferred tax assets are realizable. Management believes that the allowance for loan losses is adequate; no securities in unrealized loss positions are other-than-temporarily impaired; and net deferred tax assets have been reduced to an amount which is more-likely-than-not realizable. 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. The realizability of deferred tax assets is partially based on projections of future taxable income, which is 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, 2019 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-earning deposits in other banks having original maturities of three months or less.

Debt Securities Available for Sale and Held to Maturity

Investments in debt securities that the Bank has the positive intent and ability to hold to maturity are classified as held to maturity securities and reported at amortized cost. Debt 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 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. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

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, impairments 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 operations. 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, net of deferred taxes, in OCI.

Discounts on securities are amortized/accreted to maturity using the interest method. Premiums on securities are amortized to maturity or the earliest call date for callable securities 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.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

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 more than ninety days is discontinued and the related loans are placed on nonaccrual status. All payments received while in nonaccrual status, are applied to principal until the loan has performed as expected for a minimum of six (6) months or until the loan is determined to qualify for return to normal accruing status. Loans may be returned to accrual status when all the principal and interest contractually due are brought current and future payments are reasonably assured.

Acquired Loans

Loans that were acquired in acquisitions 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.

Purchase Credit-Impaired ("PCI") loans are loans acquired at a discount, due in part to credit quality. PCI loans are accounted for in accordance with ASC Subtopic 310-30, *Loans and Debt Securities Acquired with Deteriorated Credit Quality*, and are initially recorded at fair value. 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 an evaluation to determine 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 is then reclassified as accretable discount that is recognized into interest income over the remaining life of the loan using the interest method. The evaluation of the amount of future cash flows that is expected to be collected 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.

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.

Impaired loans and performing TDRs are analyzed on an individual basis for collateral impairment or are measured based on the present value of expected 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 individually. The Bank does not aggregate such loans for evaluation purposes.

When a loan is classified as nonaccrual, interest accruals discontinue and generally, until the loan becomes current, any payments received from the borrower are applied to outstanding principal under the cost recovery method until such time as management determines that the financial condition of the borrower and other factors merit recognition of a portion of such payments as interest income.

Note 2 - Summary of Significant Accounting Policies (continued)

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 and the New York metropolitan area as a result, credit risk related to loans is broadly dependent on the real estate market and general economic conditions in the area.

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 purchase and hold restricted stock of its district FHLB according to a predetermined formula. Such stock is carried at cost. The Company reviews for impairment based on the ultimate recoverability of the cost basis of the stock.

No impairment charges were recorded related to the FHLB of New York stock during 2019 or 2018.

Other 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, 2019, the Bank owned two properties totaling $1.6 million. At December 31, 2018, the Bank owned four properties totaling $1.3 million.

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 primarily 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.

Note 2 – Summary of Significant Accounting Policies (Continued)

Income Taxes (continued)

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 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 Operations. The Company did not recognize any interest and penalties for the years ended December 31, 2019 or 2018. The tax years subject to examination by the Federal taxing authority are the years ended December 31, 2018, 2017, and 2016. The tax years subject to examination by the State taxing authority are the years ended December 31, 2018, 2017, and 2016. In February 2020, the Company received a notice that it has been selected for audit by the State of New York for the years ended December 31, 2016 and 2017.

Net Income per Common Share

Basic net income per common share is computed by dividing net income less dividends on preferred stock 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. Dilution is not applicable in periods of net loss. For the years ended December 31, 2019 and 2018, 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, 2019 and 2018, the weighted average number of outstanding options and convertible preferred shares considered to be anti-dilutive was 28,861 and 11,788.

	For the Year Ended December 31,					
	2019			2018		
	Net Income (Numerator)	Shares (Denominator)	Per Share Amount	Net Income (Numerator)	Shares (Denominator)	Per Share Amount
	(In Thousands, Except per share data)					
Net income	**$ 21,034**			$ 16,763		
Basic earnings per share-						
Income available to						
Common stockholders	**$ 19,688**	**16,367**	**$ 1.20**	$ 15,810	15,567	$ 1.02
Effect of dilutive securities:						
Stock options		**56**			94	
Diluted earnings per share-						
Income available to						
Common stockholders	**$ 19,688**	**16,423**	**$ 1.20**	$ 15,810	15,661	$ 1.01

Stock-Based Compensation Plans

The Company, under plans approved by its stockholders in 2018 and 2011, has granted stock options to employees and outside directors. See note 12 for additional information as to option grants. Compensation expense recognized for option grants is net of estimated forfeitures and is recognized over the awards' respective requisite service periods. The fair values relating to 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 using the respective options' expected term. The Company used 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 option awards, which have graded vesting, on a straight-line basis.

Note 2 – Summary of Significant Accounting Policies (Continued)

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 January 1, 2010 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 Pension Plan generally are amortized over the estimated remaining service periods of employees.

Comprehensive Income (Loss)

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.

Reclassification

Certain amounts as of and for the year ended December 31, 2018 have been reclassified to conform to the current year's presentation. These changes had no effect on the Company's consolidated results of operations or financial position.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842), which will supersede the current lease requirements in Topic 840. The ASU requires lessees to recognize a right of use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases are now classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of income. Previously, leases were classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease related expenses in the statements of operations and cash flows is generally consistent with the previous guidance. The new guidance became effective for the Company on January 1, 2019, and the standard was applied using a modified retrospective transition method to the beginning of the earliest period presented. The Company recorded a right-of-use asset and lease liability of $13.2 million and $13.4 million, respectively as of December 31, 2019 as due to the adoption of the provisions of this update. The right-of-use asset and lease liability is included in other assets and other liabilities, respectively, on the Company's consolidated statement of condition. The adoptions of this standard did not have a significant impact to the Company's consolidated statements of operations.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses* ASU 2016-13, and related guidance, requires entities to report "expected" credit losses on financial instruments and other commitments to extend credit rather than the current "incurred loss" model. These expected credit losses for financial assets held at the reporting date are to be based on historical experience, current conditions, and reasonable and supportable forecasts. This ASU will also require enhanced disclosures to help investors and other financial statement users better understand significant estimates and judgments used in estimating credit losses, as well as the credit quality and underwriting standards of an entity's portfolio. These disclosures include qualitative and quantitative requirements that provide additional information about the amounts recorded in the consolidated financial statements. The amendments are effective for the Company in 2023. The Company has begun evaluating the impact the adoption of ASU 2016-13 will have on its consolidated financial statements and results of operations. The effect of this change cannot be ascertained at this point, and will depend upon factors including asset components, asset quality and market conditions at the adoption date. The Company has created a Current Expected Credit Loss ("CECL") task group comprised of members of its finance, credit administration, lending, internal audit, loan operations, compliance, and information systems units. The CECL task group has become familiar with the provisions of ASU 2016-13 and is in the process of implementing the new guidance, which includes, but is not limited to: (1) identifying segments and sub-segments within the loan portfolio that have similar risk characteristics; (2) determining the appropriate methodology for each segment; (3) implementing changes that are necessary to its core operating system and interfaces to be able to capture appropriate data requirements; and (4) evaluating qualitative factors and economic to develop appropriate forecasts for integration into the model. The Company is currently evaluating the effect this guidance may have on its operating results and/or financial position, including assessing any potential impact on its capital.

In January 2017, FASB issued ASU 2017-04, *Simplifying the Test for Goodwill Impairment* (Topic 350). The main objective of this ASU is to simplify the accounting for goodwill impairment by requiring impairment charges be based upon the first step in the current two-step impairment test under Accounting Standards Codification ASC 350. Currently, if the fair value of a reporting unit is lower than its carrying amount (Step 1), an entity calculates any impairment charge by comparing the implied fair value of goodwill with its carrying amount (Step 2). This ASU's objective is to simplify how all entities assess goodwill for impairment by eliminating Step 2 from the goodwill impairment test. As amended, the goodwill impairment test will consist of one step comparing the fair value of a reporting unit with its carrying amount. An entity should recognize a goodwill impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. The standard will be applied prospectively and is effective for annual and interim impairment tests performed in periods beginning after December 15, 2019. The Company early adopted the pronouncement in 2019 and there was no goodwill impairment.

In June 2018, the FASB issued ASU 2018-07, *Compensation-Stock Compensation* (Topic 718): "Improvements to Nonemployee Share-Based Payment Accounting". The amendments in this update expand the scope of Topic 718 to include share-based payment transactions for acquiring goods and services from nonemployees and to apply the guidance therein except for specific guidance on inputs to an option pricing model and the attribution of cost; i.e., the period of time over which share-based payment awards vest and the pattern of cost recognition over that period. The amendments also clarify that Topic 718 does not apply to share-based payments used to effectively provide financing to the issuer or awards granted in conjunction with selling goods and services to customers as part of a contract accounted for under Topic 606, Revenue from Contracts with Customers. ASU 2018-07 is effective for fiscal years beginning after December 15, 2018, with early adoption permitted if the entity has already adopted Topic 606. Upon adoption, an entity should remeasure liability-classified awards that have not been settled at date of adoption and equity-classified awards for which a measurement date has not been established through a cumulative-effect adjustment to retained earnings as of the first day of the fiscal year of adoption. Upon transition, an entity should measure these nonemployee awards at fair value as of the adoption date but must not remeasure assets that are completed. The Company currently applies the guidance of Topic 718 to its accounting for share-based payment awards to its Board of Directors, and, therefore, ASU 2018-07 did not have an impact on the Company's consolidated financial position, results of operations or cash flows.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement* (Topic 820) Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement as a result of a broader disclosure project. The Update amends the disclosure requirements for fair value measurements to improve the effectiveness of the disclosure. The Update removes and modifies certain disclosure requirements, as well as adds requirements for public business entities. The ASU is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. An entity is permitted to early adopt any removed or modified disclosures upon issuance of the Update and delay adoption of the additional disclosures until their effective date. This ASU will affect the Company’s disclosures only and will not have a financial statement impact.

Note 3 - Related Party Transactions

The Bank leases a property from New Bay LLC ("New Bay"), a limited liability company 100% owned by a majority of the Directors of the Bank and the Company. 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 New Bay 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 6).

On May 1, 2006, the Bank renegotiated the lease to a twenty-five-year term. The Bank paid New Bay $165,000 a year ($13,750 per month) which is included in the Consolidated Statements of Operations for 2019 and 2018, within occupancy expense. The rent is to be adjusted every five years thereafter at the fair market rental value at the end of each preceding five-year period. The Bank expects to pay New Bay $165,000 for the year 2020.

The Bank leased a property in Woodbridge, New Jersey from ACB Development LLC, a portion of which was owned by one Director of the Bank and the Company. As of December 31, 2019, the Bank no longer leases this location. The Bank paid $45,014 and $180,867 in rent in the years 2019 and 2018, respectively, which is reflected in the Consolidated Statement of Operations within occupancy expense.

On March 6, 2014, the Bank entered into a ten-year lease of property in Rutherford, New Jersey with 190 Park Avenue, LLC, which is owned by two Directors of the Bank and the Company. The rent is $6,944 per month and lease payments of $93,683 and $91,122 were made in years 2019 and 2018, which is reflected in the Consolidated Statement of Operations within occupancy expense. The Bank expects to pay $84,985 for the year 2020.

On May 12, 2016, the Bank entered into a five-year lease of property in Lyndhurst, New Jersey with 734 Ridge Realty, LLC, which is owned by two Directors of the Bank and the Company. The rent is $7,350 per month and lease payments of $88,200 and $88,200 were made in years 2019 and 2018, which is reflected in the Consolidated Statement of Operations within occupancy expense. The Bank expects to pay $88,200 for the year 2020.

On August 3, 2018, the Bank entered in to a ten-year lease of property in River Edge, New Jersey with 876 Kinderkamack, LLC, which is owned by a majority of the directors of the Bank and the Company. The rent is $8,000 per month, which is reflected in the Consolidated Statements of Operations within occupancy expense. The Bank expects to pay $96,000 for the year 2020.

Note 4- Securities

Equity Securities

Equity securities are reported at fair value on the Company's Consolidated Statements of Financial Condition. The Company's portfolio of equity securities had an estimated fair value of $2.5 million and $7.7 million as of December 31, 2019 and December 31, 2018, respectively. Realized gains and losses from sales of equity securities and, beginning January 1, 2018, the change in fair value of equity securities still held at the reporting date are recognized in the Consolidated Statements of Operations. The Company adopted FASB ASU 2016-01 on January 1, 2018 resulting in the cumulative-effect adjustment of $126,000 reflected in the consolidated statement of stockholders' equity. The update requires equity securities with readily determinable fair values to be measured at fair value with changes in the fair value recognized through net income rather than other comprehensive income (loss).

The following table presents the disaggregated net losses on equity securities reported in the Consolidated Statements of Income (In Thousands):

	For the Twelve Months Ended December 31, 2019	For the Twelve Months Ended December 31, 2018
Unrealized gains (losses) on equity securities recognized during the period	$ 222	$ (622)
Net losses recognized during the period on equity securities sold	(21)	-
Net gains (losses) recognized during the period on equity securities	$ 201	$ (622)

Debt Securities Available for Sale

The following table sets forth information regarding the amortized cost, estimated fair values, and weighted average yields for the Bank's debt securities portfolio at December 31, 2019 by final contractual maturity. The following table does not take into consideration the effects of scheduled repayments, the effects of possible prepayments. Certain securities have interest rates that are adjustable and will reprice annually within the various maturity ranges. The effect of these repricings are not reflected in the table below.

	December 31, 2019			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Thousands)			
Residential Mortgage-backed securities:				
More than one to five years	**$ 3,431**	**$ 8**	**$ 72**	**$ 3,367**
More than five to ten years	**1,566**	**33**	**-**	**1,599**
More than ten years	**87,269**	**574**	**1,196**	**86,647**
	$ 92,266	**$ 615**	**$ 1,268**	**$ 91,613**

Note 4- Securities (continued)

	December 31, 2018			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Thousands)			
Residential Mortgage-backed securities				
More than one to five years	$ 5,613	$ 10	$ 124	$ 5,499
More than five to ten years	3,246	2	1	3,247
More than ten years	110,710	52	3,868	106,894
Municipal obligations:				
Within one year	495	-	-	495
More than one to five years	917	10	-	927
More than five to ten years	1,225	13	1	1,237
More than ten years	1,036	-	-	1,036
	$ 123,242	$ 87	$ 3,994	$ 119,335

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, 2019						
Residential mortgage-backed securities	**$ 13,073**	**$ 656**	**$ 23,212**	**$ 612**	**$ 36,285**	**$ 1,268**
	$ 13,073	**$ 656**	**$ 23,212**	**$ 612**	**$ 36,285**	**$ 1,268**
December 31, 2018						
Residential mortgage-backed securities	$ 39,289	$ 879	$ 62,860	$ 3,114	$ 102,149	$ 3,993
Municipal obligations	1,879	1	-	-	1,879	1
	$ 41,168	$ 880	$ 62,860	$ 3,114	$ 104,028	$ 3,994

Management evaluates securities for other-than-temporary impairment ("OTTI") at least on a quarterly basis, and more frequently when economic or market conditions warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) whether the Company intends to sell the security or more likely than not will be required to sell the security before its anticipated recovery. At December 31, 2019 and 2018, management performed an assessment for possible OTTI of the Company's residential mortgage-backed securities and municipal obligations relying on information obtained from various sources, including publicly available financial data, ratings by external agencies, brokers and other sources. The extent of individual analysis applied to each security depended on the size of the Company's investment, as well as management's perception of the credit risk associated with each security. Based on the results of the assessment, management believes impairment of these securities, at December 31, 2019 and 2018 to be temporary.

Note 5 - Loans Receivable and Allowance for Loan Losses

The following table presents the recorded investment in loans receivable at December 31, 2019 and December 31, 2018 by segment and class:

	December 31, 2019	December 31, 2018
	(In Thousands)	
Originated loans:		
Residential one-to-four family	**$ 248,381**	$ 258,085
Commercial and multi-family	**1,606,976**	1,697,837
Construction	**104,996**	107,783
Commercial business[(1)]	**177,642**	165,193
Home equity[(2)]	**64,638**	72,895
Consumer	**682**	809
Total Loans	**2,203,315**	2,302,602
Less:		
Deferred loan fees, net	**(1,174)**	(1,751)
Allowance for loan losses	**(23,734)**	(22,359)
	(24,908)	(24,110)
Total Loans, net	**$ 2,178,407**	$ 2,278,492

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(1) Includes business lines of credit.

(2) Includes home equity lines of credit.

The Company occasionally transfers a portion of its originated commercial loans to participating lending partners. The amounts transferred have been accounted for as sales and are therefore not included in the Company's accompanying consolidated Statements of Financial Condition. The Company and its lending partners share proportionally in any gains or losses that may result from a borrower's lack of compliance with contractual terms of the loan. The Company continues to service the loans, collects cash payments from the borrowers, remits payments (net of servicing fees), and disburses required escrow funds to relevant parties.

At December 31, 2019 and 2018, loans serviced by the Bank for the benefit of others totaled approximately $274.9 million and $302.4 million, respectively.

Note 5 - Loans Receivable and Allowance for Loan Losses (Continued)

Purchased Credit Impaired Loans

The carrying value of loans acquired in the IAB acquisition and accounted for in accordance with ASC Subtopic 310-30, *Loans and Debt Securities Acquired with Deteriorated Credit Quality*, was $3.8 million at December 31, 2019. Under ASC Subtopic 310-30, these loans, referred to as purchased credit impaired ("PCI") loans, may be aggregated and accounted for as pools of loans if the loans being aggregated have common risk characteristics. The Company elected to account for the loans with evidence of credit deterioration individually rather than aggregate them into pools. The difference between the undiscounted cash flows expected at acquisition and the investment in the acquired loans, or the "accretable yield," is recognized as interest income utilizing the level-yield method over the life of each loan. Contractually required payments for interest and principal that exceed the undiscounted cash flows expected at acquisition, or the "non- accretable difference," are not recognized as a yield adjustment, as a loss accrual or as a valuation allowance.

Increases in expected cash flows subsequent to the acquisition are recognized prospectively through an adjustment of the yield on the loans over the remaining life, while decreases in expected cash flows are recognized as impairments through a loss provision and an increase in the allowance for loan losses. Valuation allowances (recognized in the allowance for loan losses) on these impaired loans reflect only losses incurred after the acquisition (representing all cash flows that were expected at acquisition but currently are not expected to be received).

The following table presents the unpaid principal balance and the related recorded investment of all acquired loans included in the Company's Consolidated Statements of Financial Condition. (In Thousands):

	December 31, 2019	December 31, 2018
Unpaid principal balance	**$ 226,333**	$ 301,357
Recorded investment	**192,826**	250,486

The following table presents changes in the accretable discount on loans acquired with deteriorated credit quality for which the Company applies the provisions of ASC 310-30 (In Thousands):

	Years Ended December 31,	
	2019	2018
Balance, Beginning of Period	**$ 2,704**	$ 2,230
Additions from acquisition of IAB	**-**	1,338
Accretion recorded to interest income	**(1,023)**	(864)
Balance, End of Period	**$ 1,681**	$ 2,704

There were no transfers from non-accretable differences for the periods stated above.

The Bank grants loans to its officers and directors and to their associates. The activity with respect to loans to directors, officers and associates of such persons, is as follows:

	Years Ended December 31,	
	2019	2018
	(In Thousands)	
Balance – beginning	**$ 34,394**	$ 21,101
Loans originated	**250**	14,773
Collections of principal	**(873)**	(595)
Change in related party status	**-**	(885)
Balance - ending	**$ 33,771**	$ 34,394

Allowance for Loan Losses

The allowance for loan loss is evaluated regularly by management and reflects consideration of all significant factors that affect the collectability of the loan portfolio. 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 performing 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 qualitative factors that include:

- Lending Policies and Procedures
- Personnel responsible for the particular portfolio - relative to experience and ability of staff
- Trend for past due, criticized and classified loans
- Relevant economic factors
- Quality of the loan review system
- Value of collateral for collateral dependent loans

- The effect of any concentrations of credit and the changes in the level of such concentrations
- Other external factors

Note 5 - Loans Receivable and Allowance for Loan Losses (Continued)

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 by loan class or loan type. The allowance for performing loans is evaluated based on historical loan loss experience with an adjustment for qualitative factors referred to above. Impaired loans are loans which are more than 90 days delinquent, troubled debt restructured, or adversely classified. These loans are individually evaluated for loan loss either by current appraisal, or net present value. Management reviews the overall estimate for feasibility and establishes the loan loss provision accordingly.

The loan portfolio is segmented into the following loan segments, where the risk level for each class is analyzed when determining the allowance for loan losses:

Residential one-to-four family real estate loans involve certain risks such as interest rate risk and risk of non-repayment. Adjustable-rate residential real estate loans decrease the interest rate risk to the Bank that is associated with changes in interest rates but involve other risks, primarily because as interest rates rise, the payment by the borrower rises to the extent permitted by the terms of the loan, thereby increasing the potential for default. At the same time, the marketability of the underlying properties may be adversely affected by higher interest rates. Repayment risk may be affected by a number of factors including, but not necessarily limited to, job loss, divorce, illness and personal bankruptcy of the borrower.

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

Construction lending is generally considered to involve a high risk due to the concentration of principal in a limited number of loans and borrowers and the effects of the general economic conditions on developers and builders. Moreover, a construction loan can involve additional risks because of the inherent difficulty in estimating both a property’s value at completion of the project and the estimated cost (including interest) of the project. The nature of these loans is such that they are generally difficult to evaluate and monitor. In addition, speculative construction loans to a builder are not necessarily pre-sold and thus pose a greater potential risk to the Bank than construction loans to individuals on their personal residence.

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

Home equity lending entails certain risks such as interest rate risk and risk of non-repayment. The marketability of the underlying property may be adversely affected by higher interest rates, decreasing the collateral value securing the loan. Repayment risk can be affected by job loss, divorce, illness and personal bankruptcy of the borrower. Home equity line of credit lending entails securing an equity interest in the borrower’s home. In many cases, the Bank’s position in these loans is as a junior lien holder to another institution’s superior lien. This type of lending is often priced on an adjustable rate basis with the rate set at or above a predefined index. Adjustable-rate loans decrease the interest rate risk to the Bank that is associated with changes in interest rates but involve other risks, primarily because as interest rates rise, the payment by the borrower rises to the extent permitted by the terms of the loan, thereby increasing the potential for default.

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

An unallocated component is maintained to cover uncertainties that could affect management’s estimates of probable losses. The unallocated component of the allowance reflects the margin of imprecision inherent in underlying assumptions used in the methodologies for estimating allocated and general reserves in the portfolio.

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Note 5 - Loans Receivable and Allowance for Loan Losses (Continued)

The following tables set forth the activity in the Bank's allowance for loan losses for the year ended December 31, 2019 and recorded investment in loans receivable at December 31, 2019. The table also details the amount of total loans receivable, that are evaluated individually, and collectively, for impairment, and the related portion of the allowance for loan losses that is allocated to each loan class (In Thousands):

	Residential	Commercial & Multi-family	Construction	Commercial Business (1)	Home Equity (2)	Consumer	Unallocated	Total
Allowance for credit losses:								
Originated Loans	$ 2,374	$ 14,000	$ 1,003	$ 3,869	$ 313	$ 2	$ 189	$ 21,750
Acquired loans initially recorded at fair value	335	-	-	-	-	-	-	335
Acquired loans with deteriorated credit	39	168	-	64	3	-	-	274
Beginning Balance, January 1, 2019	2,748	14,168	1,003	3,933	316	2	189	22,359
Charge-offs:								
Originated Loans	1	111	-	145	-	-	-	257
Acquired loans initially recorded at fair value	65	118	-	303	-	-	-	486
Sub-total	66	229	-	448	-	-	-	743
Recoveries:								
Originated Loans	-	-	-	15	-	-	-	15
Acquired loans initially recorded at fair value	3	10	-	5	16	-	-	34
Sub-total	3	10	-	20	16	-	-	49
Provisions:								
Originated Loans	49	1,346	241	(794)	17	(2)	84	941
Acquired loans initially recorded at fair value	(12)	166	-	1,101	(16)	-	-	1,239
Acquired loans with deteriorated credit	-	(89)	-	(22)	-	-	-	(111)
Sub-total	37	1,423	241	285	1	(2)	84	2,069
Totals:								
Originated Loans	2,422	15,235	1,244	2,945	330	-	273	22,449
Acquired loans initially recorded at fair value	261	58	-	803	-	-	-	1,122
Acquired loans with deteriorated credit	39	79	-	42	3	-	-	163
Ending Balance, December 31, 2019	$ 2,722	$ 15,372	$ 1,244	$ 3,790	$ 333	$ -	$ 273	$ 23,734
Ending Balance attributable to loans:								
Individually evaluated for impairment	380	342	-	2,518	24	-	-	3,264
Collectively evaluated for impairment	2,342	15,030	1,244	1,272	309	-	273	20,470
Totals:	$ 2,722	$ 15,372	$ 1,244	$ 3,790	$ 333	$ -	$ 273	$ 23,734
Loans Receivables:								
Ending Balance Originated Loans	212,020	1,485,286	104,996	157,413	50,100	674	-	2,010,489
Ending Balance Acquired Loans initially recorded at fair value	35,010	118,577	-	19,319	14,302	8	-	187,216
Ending Balance Acquired loans with deteriorated credit	1,351	3,113	-	910	236	-	-	5,610
Total Gross Loans	$ 248,381	$ 1,606,976	$ 104,996	$ 177,642	$64,638	$ 682	-	$2,203,315
Ending Balance: Loans individually evaluated for impairment:								
Ending Balance Originated Loans	2,983	4,469	-	2,511	963	-	-	10,926
Ending Balance Acquired Loans initially recorded at fair value	4,121	5,649	-	560	288	-	-	10,618
Ending Balance Acquired loans with deteriorated credit	1,351	3,113	-	867	37	-	-	5,368
Ending Balance Loans individually evaluated for impairment	$ 8,455	$ 13,231	$ -	$ 3,938	$ 1,288	$ -	$ -	$ 26,912
Ending Balance: Loans collectively evaluated for impairment:							-	
Ending Balance Originated Loans	209,037	1,480,817	104,996	154,902	49,137	674	-	1,999,563
Ending Balance Acquired Loans initially recorded at fair value	30,889	112,928	-	18,759	14,014	8	-	176,598
Ending Balance Acquired loans with deteriorated credit	-	-	-	43	199	-	-	242
Ending Balance Loans collectively evaluated								

for impairment	$ 239,926	$ 1,593,745	$ 104,996	$ 173,704	$63,350	$ 682	$ -	$2,176,403

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

Note 5 - Loans Receivable and Allowance for Loan Losses (Continued)

The following tables set forth the activity in the Bank's allowance for loan losses for the year ended December 31, 2018 and recorded investment in loans receivable at December 31, 2018. The table also details the amount of total loans receivable, that are evaluated individually, and collectively, for impairment, and the related portion of the allowance for loan losses that is allocated to each loan class (In Thousands):

	Residential	Commercial & Multi-family	Construction	Commercial Business [(1)]	Home equity [(2)]	Consumer	Unallocated	Total
Allowance for credit losses:								
Originated Loans	$ 2,368	$ 11,656	$ 518	$ 2,018	$ 338	$ 6	$ 177	$ 17,081
Acquired loans initially recorded at fair value	242	-	-	-	-	-	-	242
Acquired loans with deteriorated credit	40	12	-	-	-	-	-	52
Beginning Balance, January 1, 2018	2,650	11,668	518	2,018	338	6	177	17,375
Charge-offs:								
Originated Loans	302	-	-	15	9	42	-	368
Acquired loans initially recorded at fair value	72	-	-	-	6	-	-	78
Acquired loans with deteriorated credit	-	-	-	-	-	-	-	-
Sub-total	374	-	-	15	15	42	-	446
Recoveries:								
Originated Loans	1	-	-	14	-	2	-	17
Acquired loans initially recorded at fair value	85	-	-	48	6	-	-	139
Acquired loans with deteriorated credit	-	-	-	143	1	-	-	144
Sub-total	86	-	-	205	7	2	-	300
Provisions:								
Originated Loans	307	2,344	485	1,852	(16)	36	12	5,020
Acquired loans initially recorded at fair value	80	-	-	(48)	-	-	-	32
Acquired loans with deteriorated credit	(1)	156	-	(79)	2	-	-	78
Sub-total	386	2,500	485	1,725	(14)	36	12	5,130
Totals:								
Originated Loans	2,374	14,000	1,003	3,869	313	2	189	21,750
Acquired loans initially recorded at fair value	335	-	-	-	-	-	-	335
Acquired loans with deteriorated credit	39	168	-	64	3	-	-	274
Ending Balance, December 31, 2018	$ 2,748	$ 14,168	$ 1,003	$ 3,933	$ 316	$ 2	$ 189	$ 22,359
Ending allowance balance attributable to loans:								
Individually evaluated for impairment	770	480	-	905	26	-	-	2,181
Collectively evaluated for impairment	1,978	13,688	1,003	3,028	290	2	189	20,178
Totals:	$ 2,748	$ 14,168	$ 1,003	$ 3,933	$ 316	$ 2	$ 189	$ 22,359
Loans Receivables:								
Ending Balance Originated Loans	213,200	1,540,766	106,187	136,966	54,271	726	-	2,052,116
Ending Balance Acquired Loans	43,495	150,239	1,596	27,373	18,376	83	-	241,162
Ending Balance Acquired loans with deteriorated credit	1,390	6,832	-	854	248	-	-	9,324
Total Gross Loans	$ 258,085	$ 1,697,837	$ 107,783	$ 165,193	$ 72,895	$ 809	$ -	$ 2,302,602
Ending Balance: Loans individually evaluated for impairment:								
Ending Balance Originated Loans	6,043	12,822	-	2,372	915	-	-	22,152
Ending Balance Acquired Loans initially recorded at fair value	6,139	4,881	-	53	306	-	-	11,379
Ending Balance Acquired loans with deteriorated credit	1,390	6,628	-	810	49	-	-	8,877
Ending Balance Loans individually evaluated for impairment	$ 13,572	$ 24,331	$ -	$ 3,235	$ 1,270	$ -	$ -	$ 42,408
Ending Balance: Loans collectively evaluated for impairment:								
Ending Balance Originated Loans	207,157	1,527,944	106,187	134,594	53,356	726	-	2,029,964

Ending Balance Acquired Loans initially recorded at fair value	37,356	145,358	1,596	27,320	18,070	83	-	229,783
Ending Balance Acquired loans with deteriorated credit	-	204	-	44	199	-	-	447
Ending Balance Loans collectively evaluated for impairment	$ 244,513	$ 1,673,506	$ 107,783	$ 161,958	$ 71,625	$ 809	$ -	$ 2,260,194

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(1) Includes business lines of credit.

(2) Includes home equity lines of credit.

Note 5- Loans Receivable and Allowance for Loan Losses (Continued)

The table below sets forth the amounts and types of non-accrual loans in the Bank's loan portfolio at December 31, 2019 and 2018, respectively. 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. As of December 31, 2019 and 2018, non-accrual loans differed from the amount of total loans past due greater than 90 days due to troubled debt restructuring of loans which are maintained on non-accrual status for a minimum of six months until the borrower has demonstrated its ability to satisfy the terms of the restructured loan.

	As of December 31, 2019 (In Thousands)	As of December 31, 2018 (In Thousands)
Non-Accruing Loans:		
Originated loans:		
Residential one-to-four family	**$ 590**	$ 1,160
Commercial and multi-family	**761**	2,568
Commercial business[1]	**1,428**	356
Home equity[2]	**347**	277
Sub-total:	**$ 3,126**	$ 4,361
Acquired loans initially recorded at fair value:		
Residential one-to-four family	**$ 291**	$ 2,165
Commercial and multi-family	**217**	605
Commercial business[1]	**513**	48
Home equity[2]	**13**	42
Sub-total:	**$ 1,034**	$ 2,860
Total	**$ 4,160**	$ 7,221

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

Had non-accrual loans been performing in accordance with their original terms, the interest income recognized for the years ended December 31, 2019 and 2018 would have been approximately $967,000 and $1.0 million, respectively. Interest income recognized on loans returned to accrual was approximately $1.1 million and $1.1 million, 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, 2019 and 2018, there were $795,000 and $1.4 million, respectively, of loans which were more than ninety days past due and still accruing interest.

Nonaccrual loans in the preceding table do not include loans acquired with deteriorated credit quality which were recorded at their fair value at acquisition and totaled $3.5 million at December 31, 2019, and $7.0 million at December 31, 2018.

Note 5 - Loans Receivable and Allowance for Loan Losses (Continued)

The following table summarizes the recorded investment and unpaid principal balances where there is no related allowance on impaired loans for the years ended December 31, 2019 and December 31, 2018. (In Thousands):

	As of December 31, 2019			As of December 31, 2018		
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Recorded Investment	Unpaid Principal Balance	Related Allowance
Originated loans with no related allowance recorded:						
Residential one-to-four family	$ 2,010	$ 2,098	$ -	$ 2,623	$ 2,689	$ -
Commercial and multi-family	4,469	4,527	-	12,711	13,308	-
Commercial business[1]	1,108	4,069	-	974	3,411	-
Home equity[2]	584	593	-	762	779	-
Sub-total:	$ 8,171	$ 11,287	$ -	$ 17,070	$ 20,187	$ -
Acquired loans initially recorded at fair value with no related allowance recorded:						
Residential one-to-four family	$ 1,843	$ 1,950	$ -	$ 3,123	$ 3,254	$ -
Commercial and Multi-family	4,401	4,402	-	3,961	3,961	-
Commercial business[1]	183	589	-	53	53	-
Home equity[2]	205	206	-	222	222	-
Sub-total:	$ 6,632	$ 7,147	$ -	$ 7,359	$ 7,490	$ -
Acquired loans with deteriorated credit with no related allowance recorded:						
Residential one-to-four family	$ 827	$ 1,383	$ -	$ 1,023	$ 1,579	$ -
Commercial and Multi-family	3,113	4,166	-	6,628	7,957	-
Commercial business[1]	867	5,052	-	810	6,253	-
Home equity[2]	37	47	-	49	57	-
Sub-total:	$ 4,844	$ 10,648	$ -	$ 8,510	$ 15,846	$ -
Total Impaired Loans with no related allowance recorded:	$ 19,647	$ 29,082	$ -	$ 32,939	$ 43,523	$ -

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

Note 5 - Loans Receivable and Allowance for Loan Losses (Continued)

The following table summarizes the recorded investment, unpaid principal balance, and the related allowance on impaired loans for the years ended December 31, 2019 and December 31, 2018. (In Thousands):

	As of December 31, 2019			As of December 31, 2018		
Originated loans with an allowance recorded:	**Recorded Investment**	**Unpaid Principal Balance**	**Related Allowance**	Recorded Investment	Unpaid Principal Balance	Related Allowance
Residential one-to-four family	**$ 973**	**$ 973**	**$ 48**	$ 3,420	$ 3,420	$ 229
Commercial business[1]	**1,403**	**3,037**	**1,029**	1,398	1,549	905
Home equity[2]	**379**	**382**	**20**	153	153	21
Sub-total:	**$ 2,755**	**$ 4,392**	**$ 1,097**	$ 5,082	$ 5,275	$ 1,266
Acquired loans initially recorded at fair value with an allowance recorded:						
Residential one-to-four family	**$ 2,278**	**$ 2,293**	**$ 325**	$ 3,016	$ 3,166	$ 532
Commercial and Multi-family	**1,248**	**1,442**	**342**	920	1,094	369
Commercial business[1]	**377**	**1,489**	**1,489**	-	-	-
Home equity[2]	**83**	**83**	**4**	84	84	5
Sub-total	**$ 3,986**	**$ 5,307**	**$ 2,160**	$ 4,020	$ 4,344	$ 906
Acquired loans with deteriorated credit with an allowance recorded:						
Residential one-to-four family	**$ 524**	**$ 571**	**$ 7**	$ 367	$ 414	$ 9
Sub-total:	**$ 524**	**$ 571**	**$ 7**	$ 367	$ 414	$ 9
Total Impaired Loans with an allowance recorded:	**$ 7,265**	**$ 10,270**	**$ 3,264**	$ 9,469	$ 10,033	$ 2,181
Total Impaired Loans with no related allowance recorded:	**$ 19,647**	**$ 29,082**	**$ -**	$ 32,939	$ 43,523	$ -
Total Impaired Loans:	**$ 26,912**	**$ 39,352**	**$ 3,264**	$ 42,408	$ 53,556	$ 2,181

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

Note 5 - Loans Receivable and Allowance for Loan Losses (Continued)

The following table summarizes the average recorded investment and actual interest income recognized on impaired loans with no related allowance recorded for the years ended December 31, 2019 and 2018. (In Thousands):

	Years Ended December 31,			
	2019	**2019**	2018	2018
Originated loans with no related allowance recorded:	**Average Recorded Investment**	**Interest Income Recognized**	Average Recorded Investment	Interest Income Recognized
Residential one-to-four family	**$ 2,473**	**$ 86**	$ 2,089	$ 70
Commercial and multi-family	**8,378**	**355**	12,246	527
Commercial business[1]	**1,130**	**167**	926	168
Home equity[2]	**633**	**24**	873	26
Sub-total:	**$ 12,614**	**$ 632**	$ 16,134	$ 791
Acquired loans initially recorded at fair value with no related allowance recorded:				
Residential one-to-four family	**$ 2,022**	**$ 93**	$ 3,363	$ 101
Commercial and Multi-family	**4,023**	**225**	3,810	221
Commercial business[1]	**118**	**15**	39	3
Home equity[2]	**272**	**12**	223	13
Consumer	**-**	**-**	11	1
Sub-total:	**$ 6,435**	**$ 345**	$ 7,446	$ 339
Acquired loans with deteriorated credit with no related allowance recorded:				
Residential one-to-four family	**$ 880**	**$ 58**	$ 1,030	$ 64
Commercial and Multi-family	**4,278**	**27**	7,274	435
Construction	**-**	**-**	668	-
Commercial business[1]	**854**	**2**	663	98
Home equity[2]	**41**	**-**	125	18
Consumer	**-**	**-**	14	3
Sub-total:	**$ 6,053**	**$ 87**	$ 9,774	$ 618
Total Impaired Loans with no related allowance recorded:	**$ 25,102**	**$ 1,064**	$ 33,354	$ 1,748

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(1) Includes business lines of credit.

(2) Includes home equity lines of credit.

Note 5 - Loans Receivable and Allowance for Loan Losses (Continued)

The following table summarizes the average recorded investment and actual interest income recognized on impaired loans with an allowance recorded by portfolio class for the years ended December 31, 2019 and 2018. (In Thousands):

	Years Ended December 31,			
	2019	**2019**	2018	2018
Originated loans with an allowance recorded:	**Average Recorded Investment**	**Interest Income Recognized**	Average Recorded Investment	Interest Income Recognized
Residential one-to-four family	**$ 1,875**	**$ 78**	$ 4,306	$ 154
Commercial and Multi-family	**-**	**-**	392	7
Commercial business[1]	**844**	**73**	1,249	83
Home equity[2]	**267**	**6**	155	6
Consumer	**-**	**-**	11	-
Sub-total:	**$ 2,986**	**$ 157**	$ 6,113	$ 250
Acquired loans initially recorded at fair value with an allowance recorded:				
Residential one-to-four family	**$ 3,034**	**$ 110**	$ 3,292	$ 97
Commercial and Multi-family	**979**	**36**	919	56
Commercial business[1]	**283**	**-**	62	-
Home equity[2]	**84**	**5**	85	6
Sub-total	**$ 4,380**	**$ 151**	$ 4,358	$ 159
Acquired loans with deteriorated credit with an allowance recorded:				
Residential one-to-four family	**$ 486**	**$ 26**	$ 369	$ 21
Commercial and Multi-family	**472**	**-**	-	-
Sub-total:	**$ 958**	**$ 26**	$ 369	$ 21
Total Impaired Loans with an allowance recorded:	**$ 8,324**	**$ 334**	$ 10,840	$ 430

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

Note 5 - Loans Receivable and Allowance for Loan Losses (Continued)

A troubled debt restructured ("TDR") is a loan that has been modified whereby the Company has agreed to make certain concessions to a borrower to meet the needs of both the borrower and the Company to maximize the ultimate recovery of a loan. A TDR occurs when a borrower is experiencing, or is expected to experience, financial difficulties and the loan is modified using a concession that would otherwise not be granted to the borrower. The types of concessions granted generally include, but are not limited to, interest rate reductions, limitations on the accrued interest charged, term extensions, and deferment of principal. All TDRs were considered impaired and therefore were individually evaluated for impairment in the calculation of the allowance for loan losses. Prior to their classification as TDRs, certain of these loans had been collectively evaluated for impairment in the calculation of the allowance for loan losses.

	At December 31, 2019	At December 31, 2018
	(In thousands)	
Recorded investment in TDRs:		
Accrual status	**$ 17,030**	$ 22,477
Non-accrual status	**702**	4,136
Total recorded investment in TDRs	**$ 17,732**	$ 26,613

The following tables summarize information with regard to troubled debt restructurings which occurred during the years ended December 31, 2019 and 2018 (Dollars in Thousands).

Year Ended December 31, 2019	Number of Contracts	Pre-Modification Outstanding Recorded Investments	Post-Modification Outstanding Recorded Investments
Residential one-to-four family	**1**	**$ 181**	**$ 186**
Commercial and multi-family	**2**	**1,022**	**1,194**
Commercial business	**2**	**528**	**567**
Home equity	**1**	**99**	**130**
Consumer	**1**	**100**	**105**
Total	**7**	**$ 1,930**	**$ 2,182**

Year Ended December 31, 2018	Number of Contracts	Pre-Modification Outstanding Recorded Investments	Post-Modification Outstanding Recorded Investments
Residential one-to-four family	1	640	640
Commercial and Multi-family	1	643	778
Total	2	$ 1,283	$ 1,418

Troubled debt restructurings for which there was a payment default within twelve months of restructuring totaled $105,000 for one contract in 2019 and $640,000 for one contract during the year ended December 31, 2018.

The loans included above are considered TDRs as a result of the Company implementing the following concessions: adjusting the interest rate to a below market rate and/or accepting interest only for a period of time or a change in amortization period.

Note 5 - Loans Receivable and Allowance for Loan Losses (Continued)

The following table sets forth the delinquency status of total loans receivable at December 31, 2019:

	30-59 Days Past Due	60-90 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Loans Receivable	Loans Receivable >90 Days and Accruing
				(In Thousands)			
Originated loans:							
Residential one-to-four family	$ 1,087	$ 401	$ -	$ 1,488	$ 210,532	$ 212,020	$ -
Commercial and multi-family	1,290	940	616	2,846	1,482,440	1,485,286	-
Construction	-	-	-	-	104,996	104,996	-
Commercial business(1)	1,874	278	1,265	3,417	153,996	157,413	142
Home equity(2)	161	63	116	340	49,760	50,100	-
Consumer	-	-	-	-	674	674	-
Sub-total:	$ 4,412	$ 1,682	$ 1,997	$ 8,091	$ 2,002,398	$ 2,010,489	$ 142
Acquired loans initially recorded at fair value:							
Residential one-to-four family	$ 265	$ 217	$ 330	$ 812	$ 34,198	35,010	$ 97
Commercial and multi-family	318	-	631	949	117,628	118,577	556
Construction	-	-	-	-	-	-	-
Commercial business(1)	300	-	513	813	18,506	19,319	-
Home equity(2)	190	75	-	265	14,037	14,302	-
Consumer	-	-	-	-	8	8	-
Sub-total:	$ 1,073	$ 292	$ 1,474	$ 2,839	$ 184,377	$ 187,216	$ 653
Acquired loans with deteriorated credit:							
Residential one-to-four family	$ -	$ -	$ -	$ -	$ 1,351	$ 1,351	$ -
Commercial and multi-family	-	-	2,500	2,500	613	3,113	-
Construction	-	-	-	-	-	-	-
Commercial business(1)	-	-	856	856	54	910	-
Home equity(2)	37	199	-	236	-	236	-
Consumer	-	-	-	-	-	-	-
Sub-total:	$ 37	$ 199	$ 3,356	$ 3,592	$ 2,018	$ 5,610	$ -
Total	$ 5,522	$ 2,173	$ 6,827	$ 14,522	$ 2,188,793	$ 2,203,315	$ 795

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

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Note 5 - Loans Receivable and Allowance for Loan Losses (Continued)

The following table sets forth the delinquency status of total loans receivable at December 31, 2018:

	30-59 Days Past Due	60-90 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Loans Receivable	Loans Receivable >90 Days and Accruing
				(In Thousands)			
Originated loans:							
Residential one-to-four family	$ 980	$ 1,014	$ 1,452	$ 3,446	$ 209,754	$ 213,200	$ 545
Commercial and multi-family	7,074	299	988	8,361	1,532,405	1,540,766	877
Construction	-	-	-	-	106,187	106,187	-
Commercial business[1]	1,331	-	349	1,680	135,286	136,966	-
Home equity[2]	498	87	-	585	53,686	54,271	-
Consumer	-	-	-	-	726	726	-
Sub-total:	$ 9,883	$ 1,400	$ 2,789	$ 14,072	$ 2,038,044	$ 2,052,116	$ 1,422
Acquired loans initially recorded at fair value:							
Residential one-to-four family	$ 1,117	$ 520	$ 1,917	$ 3,554	$ 39,941	43,495	$ -
Commercial and multi-family	1,480	78	-	1,558	148,681	150,239	-
Construction	594	-	-	594	1,002	1,596	-
Commercial business[1]	1,876	-	46	1,922	25,451	27,373	-
Home equity[2]	682	22	42	746	17,630	18,376	-
Consumer	-	-	-	-	83	83	-
Sub-total:	$ 5,749	$ 620	$ 2,005	$ 8,374	$ 232,788	$ 241,162	$ -
Acquired loans with deteriorated credit:							
Residential one-to-four family	$ -	$ -	$ -	$ -	$ 1,390	$ 1,390	$ -
Commercial and multi-family	-	-	6,012	6,012	820	6,832	-
Construction	-	-	-	-	-	-	-
Commercial business[1]	-	-	806	806	48	854	-
Home equity[2]	-	-	48	48	200	248	-
Consumer	-	-	-	-	-	-	-
Sub-total:	$ -	$ -	$ 6,866	$ 6,866	$ 2,458	$ 9,324	$ -
Total	$ 15,632	$ 2,020	$ 11,660	$ 29,312	$ 2,273,290	$ 2,302,602	$ 1,422

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

Note 5 - Loans Receivable and Allowance for Loan Losses (Continued)

Criticized and Classified Assets.

The Company's policies provide for a classification system for problem assets. Under this classification system, problem assets are classified as "substandard," "doubtful," or "loss."

When the Company classifies problem assets, the Company 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. As of December 31, 2019, the Company had $13.5 million in assets classified as substandard, of which $13.5 million were 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 due to payment status, because 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 1-5) are treated as "pass" for grading purposes. The "criticized" risk rating (6) and the "classified" risk rating (7-9) are detailed below:

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

7 – *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.

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

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

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, 2019. (In Thousands):

	Pass	Special Mention	Substandard	Doubtful	Loss	Total
Originated loans:						
Residential one-to-four family	$ 210,094	$ 1,336	$ 590	$ -	$ -	$ 212,020
Commercial and multi-family	1,478,472	4,043	2,771	-	-	1,485,286
Construction	104,996	-	-	-	-	104,996
Commercial business(1)	153,464	1,796	2,153	-	-	157,413
Home equity(2)	49,753	-	347	-	-	50,100
Consumer	670	4	-	-	-	674
Sub-total:	$ 1,997,449	$ 7,179	$ 5,861	$ -	$ -	$ 2,010,489
Acquired loans initially recorded at fair value:						
Residential one-to-four family	$ 34,624	$ -	$ 386	$ -	$ -	35,010
Commercial and multi-family	115,130	583	2,864	-	-	118,577
Construction	-	-	-	-	-	-
Commercial business(1)	17,648	1,159	512	-	-	19,319
Home equity(2)	14,270	-	32	-	-	14,302
Consumer	8	-	-	-	-	8
Sub-total:	$ 181,680	$ 1,742	$ 3,794	$ -	$ -	$ 187,216
Acquired loans with deteriorated credit:						
Residential one-to-four family	$ 788	$ 248	$ 315	$ -	$ -	1,351
Commercial and multi-family	-	493	2,620	-	-	3,113
Construction	-	-	-	-	-	-
Commercial business(1)	-	54	856	-	-	910
Home equity(2)	199	-	37	-	-	236
Consumer	-	-	-	-	-	-
Sub-total:	$ 987	$ 795	$ 3,828	$ -	$ -	$ 5,610
Total Gross Loans	$ 2,180,116	$ 9,716	$ 13,483	$ -	$ -	$ 2,203,315

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(1) Includes business lines of credit.

(2) Includes home equity lines of credit.

Note 5 - 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, 2018. (In Thousands):

	Pass	Special Mention	Substandard	Doubtful	Loss	Total
Originated loans:						
Residential one-to-four family	$ 207,991	$ 2,400	$ 2,809	$ -	$ -	$ 213,200
Commercial and multi-family	1,526,591	3,608	10,567	-	-	1,540,766
Construction	105,886	301	-	-	-	106,187
Commercial business[1]	133,054	1,923	1,989	-	-	136,966
Home equity[2]	53,903	91	277	-	-	54,271
Consumer	719	7	-	-	-	726
Sub-total:	$ 2,028,144	$ 8,330	$ 15,642	$ -	$ -	$ 2,052,116
Acquired loans initially recorded at fair value:						
Residential one-to-four family	$ 41,009	$ 1	$ 2,485	$ -	$ -	43,495
Commercial and multi-family	146,701	2,618	920	-	-	150,239
Construction	1,596	-	-	-	-	1,596
Commercial business[1]	26,199	1,128	46	-	-	27,373
Home equity[2]	18,309	-	67	-	-	18,376
Consumer	83	-	-	-	-	83
Sub-total:	$ 233,897	$ 3,747	$ 3,518	$ -	$ -	$ 241,162
Acquired loans with deteriorated credit:						
Residential one-to-four family	$ 812	$ 562	$ 16	$ -	$ -	1,390
Commercial and multi-family	204	502	6,126	-	-	6,832
Construction	-	-	-	-	-	-
Commercial business[1]	(4)	48	810	-	-	854
Home equity[2]	199	-	49	-	-	248
Consumer	-	-	-	-	-	-
Sub-total:	$ 1,211	$ 1,112	$ 7,001	$ -	$ -	$ 9,324
Total Gross Loans	$ 2,263,252	$ 13,189	$ 26,161	$ -	$ -	$ 2,302,602

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(1) Includes business lines of credit.

(2) Includes home equity lines of credit.

Note 6 - Premises and Equipment

	December 31,	
	2019	2018
	(In Thousands)	
Land	**$ 2,116**	$ 2,116
Buildings and improvements	**15,237**	14,990
Leasehold improvements	**10,033**	8,805
Furniture, fixtures and equipment	**13,155**	12,117
	40,541	38,028
Accumulated depreciation and amortization	**(20,621)**	(17,735)
	$ 19,920	$ 20,293

Depreciation and amortization expense for the years ended December 31, 2019 and 2018 was $2,886,000 and $2,766,000, respectively.

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

Rental expenses, included in occupancy expense of premises, related to the occupancy of premises and related shared costs for common areas totaled $3,407,000 and $2,986,000 for the years ended December 31, 2019 and 2018, respectively. The minimum obligation under non-cancelable, non-discounted lease agreements expiring through December 31, 2032, for each of the years ended December 31 is as follows (In Thousands):

2020	$ **3,287**
2021	**2,881**
2022	**2,675**
2023	**1,903**
2024	**1,460**
Thereafter	**4,513**
	$ **16,719**

Note 7 - Interest Receivable

The distribution of interest receivable at December 31, 2019 and 2018 was as follows:

	December 31,	
	2019	2018
	(In Thousands)	
Loans	**$ 7,786**	$ 8,073
Securities	**532**	305
	$ 8,318	$ 8,378

Note 8 – Deposits

The distribution of deposits at December 31, 2019 and 2018 were as follows:

	December 31,	
	2019	2018
	(In Thousands)	
Demand:		
Non-interest bearing	**$ 271,702**	$ 263,960
Interest bearing	**394,074**	330,474
Money market	**305,790**	221,898
	971,566	816,332
Savings and club	**260,545**	260,547
Certificates of deposit	**1,129,952**	1,103,845
	$ 2,362,063	$ 2,180,724

Deposits of certain municipalities and local government agencies are collateralized by $65.6 million of investment securities and by a $110 million Municipal Letter of Credit with the Federal Home Loan Bank ("FHLB").

At December 31, 2019 and 2018, certificates of deposit of $250,000 or more totaled approximately $461.7 million and $311.2 million, respectively.

At December 31, 2019, deposits from officers, directors and their associates totaled approximately $61.0 million.

Note 8 – Deposits (continued)

The scheduled maturities of certificates of deposit at December 31, 2019, were as follows (In thousands):

	Amount
2020	$ 879,867
2021	192,516
2022	34,779
2023	10,182
2024	11,400
Thereafter	1,208
	$ 1,129,952

As of December 31, 2019 we had no brokered deposits. Reciprocal deposits are not considered brokered deposits under recent regulatory reform.

Note 9 - Short-Term Debt and Long-Term Debt

Information regarding short-term borrowings is as follows:

	December 31, 2019	December 31, 2018
	Amount	Amount
	(In Thousands)	
Balance at end of period	$ -	$ -
Average balance outstanding during the year	$ 57	$ 749
Highest month-end balance during the year	$ 7,330	$ 44,000
Average interest rate during the year	2.41 %	2.09 %
Weighted average interest rate at year-end	-%	-%

Long-term debt consists of the following:

Federal Home Loan Bank Advances:		2019 Weighted Average Rate	2019 Amount ($000s)	2018 Weighted Average Rate	2018 Amount ($000s)
	Maturing by December 31,				
	2019	- %	$ -	1.86 %	$ 50,000
	2020	1.85	50,000	1.85	50,000
	2021	2.19	68,000	2.19	68,000
	2022	2.32	67,800	2.45	52,800
	2023	2.56	35,000	2.90	25,000
	2024	1.75	25,000	-	-
		2.16 %	$ 245,800	2.18 %	$ 245,800

At December 31, 2019 and 2018 loans with carrying values of approximately $772.8 million and $727.5 million, respectively, were pledged to secure the above noted Federal Home Loan Bank of New York borrowings. No securities were pledged at December 31, 2019 and 2018.

The Bank's total credit exposure cannot exceed 50% of its total assets, or $1.454 billion, based on the borrowing limitations outlined in the FHLB of New York's member products guide. The total credit exposure limit of 50% of total assets is recalculated each quarter.

Note 10 – Subordinated Debt:

On July 30, 2018, the Company issued $33.5 million of fixed-to-floating rate subordinated debentures (the "Notes") in a private placement. The Notes have a ten-year term and bear interest at a fixed annual rate of 5.625% for the first five years of the term (the "Fixed Interest Rate Period"). From and including August 1, 2023, the interest rate will adjust to a floating rate based on the three-month LIBOR plus 2.72% until redemption or maturity (the "Floating Interest Rate Period"). The Notes are scheduled to mature on August 1, 2028. Subject to limited exceptions, the Company cannot redeem the Notes for the first five years of the term. The Company will pay interest in arrears semi-annually during the Fixed Interest Rate Period and quarterly during the Floating Interest Rate Period during the term of the Notes. The Notes constitute an unsecured and subordinated obligation of the Company and rank junior in right of payment to any senior indebtedness and obligations to general and secured creditors. The Notes qualify as Tier 2 capital for the Company for regulatory purposes and the portion that the Company contributes to the Bank will qualify as Tier 1 capital for the Bank. The additional capital will be used for general corporate purposes including organic growth initiatives. Subordinated debt includes associated deferred costs of $814,000 and $1.0 million at December 31, 2019 and 2018, respectively.

The Company also has $4,124,000 of mandatory redeemable Trust Preferred securities. The interest rate on these floating rate junior subordinated debentures adjusts quarterly. The rate paid as of December 31, 2019 and 2018 was 4.550% and 5.438%, respectively. The trust preferred debenture became callable, at the Company's option, on June 17, 2009, and quarterly thereafter.

Note 11 - Regulatory Matters

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet the 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 Company's consolidated financial statements. 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 classification are also subject to qualitative judgments by the regulators about components, risk-weightings and other factors.

In July 2013, the FDIC and the other federal bank regulatory agencies issued a final rule that revised their leverage and risk-based capital requirements and the method for calculating risk-weighted assets to make them consistent with agreements that were reached by the Basel Committee on Banking Supervision and certain provisions of the Dodd-Frank Act. Among other things, the new rule established a new common equity Tier 1 minimum capital requirement (4.5% of risk-weighted assets), increased the minimum Tier 1 capital to risk-based assets requirement (from 4% to 6% of risk-weighted assets) and assigned a higher risk weight (150%) to exposures that are more than 90 days past due or are on nonaccrual status and to certain commercial real estate facilities that finance the acquisition, development or construction of real property.

The final rule also requires unrealized gains and losses on certain available-for-sale securities holdings and defined benefit plan obligations to be included for purposes of calculating regulatory capital requirements unless a one-time opt-in or opt-out is exercised. The Bank exercised the opt-out election. The rule limits a banking organization's capital distributions and certain discretionary bonus payments if the banking organization does not hold a "capital conservation buffer" consisting of 2.5% of common equity Tier 1 capital to risk-weighted assets in addition to the amount necessary to meet its minimum risk-based capital requirements.

The final rule became effective for the Bank on January 1, 2015. The capital conservation buffer was phased in starting at 0.625% in 2016 and increased by 0.625% annually until it reached 2.5% in 2019. The Bank currently complies with the minimum capital requirements set forth in the final rule. As a result of the Economic Growth, Regulatory Relief, and Consumer Protection Act, effective for September 30, 2018, bank holding companies with consolidated assets of less than $3 billion, and not involved in any significant non-banking activity, are no longer required to file Federal Reserve Board reports for holding companies. As such, the Company is no longer subject to capital adequacy requirements.

On September 17, 2019, the FDIC passed a final rule providing qualifying community banking organizations the ability to opt-in to a new community bank leverage ratio framework, (tier 1 capital to average consolidated assets) at 9% for institutions under $10 billion in assets that such institutions may elect to utilize in lieu of the general applicable risk-based capital requirements under Basel III. Such institutions that meet the community bank leverage ratio and certain other qualifying criteria will automatically be deemed to be well-capitalized. On November 4, 2019, the FDIC, Office of the Comptroller of the Currency and the Federal Reserve Board jointly issued a final rule that permits insured depository institutions and depository institution holding companies to implement the simplifications to the capital rule on January 1, 2020, rather than April 1, 2020. These banking organizations may elect to use the revised effective date of January 1, 2020, or wait until the quarter beginning April 1, 2020. The Company is evaluating the final rule to determine if it will opt-in to the new community bank leverage ratio.

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), Tier 1 capital to average assets (as defined) and Common Equity Tier 1 to risk-weighted assets. 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**
			(Dollars in Thousands)			
As of December 31, 2019						
Bank						
Total capital (to risk-weighted assets)	**$ 295,298**	**13.84 %**	**$ 170,750**	**8.00 %**	**$ 213,437**	**10.00 %**
Tier 1 capital (to risk-weighted assets)	**271,564**	**12.72**	**128,062**	**6.00**	**170,750**	**8.00**
Common Equity Tier 1 (to risk-weighted assets)	**271,564**	**12.72**	**96,047**	**4.50**	**138,734**	**6.50**
Tier 1 capital (to average assets)	**271,564**	**9.51**	**114,174**	**4.00**	**142,718**	**5.00**
As of December 31, 2018						
Bank						
Total capital (to risk-weighted assets)	$ 255,631	12.01 %	$ 170,222	8.00 %	$ 212,777	10.00 %
Tier 1 capital (to risk-weighted assets)	233,272	10.96	127,666	6.00	170,222	8.00
Common Equity Tier 1 (to risk-weighted assets)	233,272	10.96	95,750	4.50	138,305	6.50
Tier 1 capital (to average assets)	233,272	8.72	106,999	4.00	133,749	5.00

As of December 31, 2019 and 2018, 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.

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 Pension Plan generally are amortized over the estimated remaining service periods of employees.

The following tables set forth the Pension Plan's funded status at December 31, 2019 and 2018 and components of net periodic pension cost for the years ended December 31, 2019 and 2018:

Change in Benefit Obligation:	**December 31,**	
	2019	2018
	(In Thousands)	
Benefit obligation, beginning of year	**$ 7,581**	$ 7,925
Interest cost	**310**	277
Actuarial gain (loss)	**689**	(126)
Benefits paid	**(479)**	(481)
Lump sum distributions	**(267)**	(14)
Benefit obligation, ending	**$ 7,834**	$ 7,581
Change in Plan Assets:		
Fair value of assets, beginning of year	**$ 6,964**	$ 7,963
Actual return (loss) on plan assets	**1,358**	(504)
Benefits paid	**(479)**	(481)
Lump sum distributions	**(267)**	(14)
Fair value of assets, ending	**$ 7,576**	$ 6,964
Reconciliation of Funded Status:		
Projected benefit obligation	**$ 7,834**	$ 7,581
Fair value of assets	**7,576**	6,964
Unfunded status, included in other liabilities, net	**$ (258)**	$ (617)
Valuation assumptions used to determine benefit obligation at period end:		
Discount rate	**3.22%**	4.22%
Salary increase rate	**N/A**	N/A

Net Periodic Pension Expense:	**December 31,**	
	2019	2018
	(In Thousands)	
Interest cost	**$ 310**	$ 277
Expected return on assets	**(404)**	(463)
Amortization of net loss	**312**	144
Net Periodic Pension Cost (Credit)	**$ 218**	$ (42)
Valuation assumptions used to determine net periodic benefit cost for the year:		
Discount rate	**4.22%**	3.60%
Long term rate of return on plan assets	**6.00%**	6.00%
Salary increase rate	**N/A**	N/A

At December 31, 2019 and December 31, 2018, unrecognized net loss of $(2,365,000) and $(2,954,000), respectively, was included, net of deferred income tax, in accumulated other comprehensive loss in accordance with ASC 715-20 and ASC 715-30.

Note 12 - Benefits Plan (Continued)

Plan Assets

Investment Policies and Strategies

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

To achieve the Bank's long-term investment objectives, the trustee will invest the assets of the Pension 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 Pension 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 Pension 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

	Minimum	Target	Maximum
Equity			
Large-Cap U.S.		47%	
Mid/Small-Cap U.S.		12%	
Non-U.S.		0%	
Total-Equity	**40%**	**59%**	**60%**
Fixed Income			
Long/Short Duration		39%	
Money Market/Certificates of Deposit		2%	
Total-Fixed Income	**40%**	**41%**	**60%**

The parameters for each asset class provide the trustee with the latitude for managing the Pension 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 Pension 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 Pension 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 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 Pension 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 Pension Plan's target allocation, the result is an expected rate of return of 6% to 11%.

Note 12 - Benefits Plan (Continued)

The fair values of the Pension Plan assets at December 31, 2019, by asset category (see Note 19 for the definitions of levels), are as follows (In Thousands):

Asset Category	**Total**	**(Level 1)**	**(Level 2)**	**(Level 3)**
Mutual funds-Equity				
Large-Cap Value (a)	$ 2,109	$ 2,109	$ -	$ -
Mid-Cap Value (b)	325	325	-	-
Large Blend (e)	1,641	1,641	-	-
Mutual Funds-Fixed Income				
World Bond (c)	787	787	-	-
Multi-Sector Bond (d)	880	880	-	-
High Yield Bond (f)	933	933	-	-
Stock				
BCB Common Stock	715	715	-	-
Cash Equivalents				
Money Market	$ 186	$ 186	$ -	$ -
Total	$ 7,576	$ 7,576	$ -	$ -

The fair values of the Company's pension plan assets at December 31, 2018, by asset category (see Note 19 for the definitions of levels), are as follows (In Thousands):

Asset Category	**Total**	**(Level 1)**	**(Level 2)**	**(Level 3)**
Mutual funds-Equity				
Large-Cap Value (a)	$ 1,891	$ 1,891	$ -	$ -
Mid-Cap Value (b)	304	304	-	-
Large Blend (e)	1,404	1,404	-	-
Mutual Funds-Fixed Income				
World Bond (c)	877	877	-	-
Multi-Sector Bond (d)	894	894	-	-
High Yield Bond (f)	895	895	-	-
Stock				
BCB Common Stock	543	543	-	-
Cash Equivalents				
Money Market	$ 156	$ 156	$ -	$ -
Total	$ 6,964	$ 6,964	$ -	$ -

a) Large-value portfolios invest primarily in big U.S. companies that are less expensive or growing more slowly than other large-cap stocks. Stocks in the top 70% of the capitalization of the U.S. equity market are defined as large cap. Value is defined based on low valuations (low price ratios and high dividend yields) and slow growth (low growth rates for earnings, sales, book value, and cash flow.

b) Some mid-cap value portfolios focus on medium-size companies while others land here because they own a mix of small-, mid-, and large-cap stocks. All look for U.S. stocks that are less expensive or growing more slowly than the market. The U.S. mid-cap range for market capitalization typically falls between $1 billion and $8 billion and represents 20% of the total capitalization of the U.S. equity market. Value is defined based on low valuations (low price ratios and high dividend yields) and slow growth (low growth rates for earnings, sales, book value, and cash flow).

c) World-bond portfolios invest 40% or more of their assets in foreign bonds. Some world-bond portfolios follow a conservative approach, favoring high-quality bonds from developed markets. Others are more adventurous and own some lower-quality bonds from developed or emerging markets. Some portfolios invest exclusively outside the U.S., while others regularly invest in both U.S. and non- U.S. bonds.

d) Multi Sector portfolios seek income by diversifying their assets among several fixed-income sectors, usually U.S. government obligations, foreign bonds, and high-yield domestic debt securities.

e) This fund invests in 500 of the largest U.S. companies, which span many different industries and account for about three-fourths of the U.S. Stock Markets value.

f) High Yield Bond funds invest at least 65% of assets in bonds rated below BBB. This fund seeks to provide shareholders with a high level of current income with capital growth as a secondary objective.

The Company expects to contribute, based upon actuarial estimates, approximately $0 to the Pension Plan in 2020.

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

2020	$ 508
2021	496
2022	489
2023	490
2024	476
2025-2029	2,336

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 Savings Bank are covered. A SERP is an unfunded non-qualified deferred retirement plan. Participants who retire at the age of 65 (the “Normal Retirement Age”), are entitled to an annual retirement benefit equal to 75% of compensation reduced by their retirement plan annual benefits. Participants retiring before the Normal Retirement Age receive the same benefits reduced by a percentage based on years of service to the Company and the number of years prior to the Normal Retirement Age that participants retire. For the years ended December 31, 2019 and December 31, 2018, the benefit obligation was $121,000 and $176,000, respectively. Expense related to the Plan was $10,000 for 2019 and 2018.

Equity Incentive Plans

The Company, under the plan approved by its shareholders on April 26, 2018 (“2018 Equity Incentive Plan”), authorized the issuance of up to 1,000,000 shares of common stock of the Company pursuant to grants of stock options and restricted stock units. Employees and directors of the Company and the Bank are eligible to participate in the 2018 Stock Plan. All stock options will be granted in the form of either "incentive" stock options or "non-qualified" stock options. Incentive stock options have certain tax advantages that must comply with the requirements of Section 422 of the Internal Revenue Code. Only employees are permitted to receive incentive stock options. On December 14, 2018, a grant of 300,000 options was declared for members of the Board of Directors of the Bank and the Company which vest at a rate of 50% per year, over two years, commencing on the first anniversary of the grant date. The exercise price was recorded as of close of business on December 14, 2018. On December 14, 2018, an award of 54,000 shares of restricted stock was declared for members of the Board of Directors of the Bank and the Company, which vest over a 2-year period, commencing on the anniversary of the award date. On December 14, 2018, an award of 13,321 shares of restricted stock was declared for certain executive officers of the Bank and the Company, which vest over a 2-year period, commencing on the anniversary of the award date.

On June 14, 2019, a grant of 68,750 options was declared for members of the Board of Directors of the Bank and the Company, which vest over a 2-year period, commencing on the anniversary of the award date. On June 14, 2019, a grant of 30,125 options was declared for the Chief Executive Officer of the Bank and the Company, which vest over a 2-year period, commencing on the anniversary of the award date. On June 14, 2019, a grant of 47,618 shares of restricted stock was declared for members of the Board of Directors of the Bank and the Company, which vest over a 2-year period, commencing on the anniversary of the award date.

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

The following table presents the share-based compensation expense for the years ended December 31, 2019 and 2018 (Dollars in Thousands).

	Years Ended December 31,	
	2019	2018
Stock Option Expense	**$ 466**	$ 236
Restricted Stock Expense	**521**	15
Total share-based compensation expense	**$ 987**	$ 251

The following is a summary of the status of the Company’s restricted shares as of December 31, 2019.

	Number of Shares Awarded	Weighted Average Grant Date Fair Value
Non-vested at December 31, 2018	67,321	$ 11.26
Granted	47,618	12.46
Vested	33,661	11.26
Forfeited	-	-
Non-vested at December 31, 2019	**81,278**	$ 11.96

Expected future expenses relating to the non-vested restricted shares outstanding as of December 31, 2019 is $767,431 over a weighted average period of 1.23 years. Anticipated future expense relating to the non-vested restricted shares outstanding as of December 31, 2019 is $636,318 and $131,113 for the years ended December 31, 2020 and December 31, 2021, respectively.

Note 12 - Benefits Plan (Continued)

A summary of stock option activity, follows:

	Number of Options	Range of Exercise Price	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value (000's)
Outstanding at January 1, 2018	889,300	$ 8.93-13.32	$ 11.42	8.06 years	$ 1,855
Options forfeited	(69,300)	9.03-13.32	11.78		
Options exercised	(15,400)	9.03-13.32	10.96		
Options granted	300,000	11.26	11.26		
Options expired	-	-	-		
Outstanding at December 31, 2018	1,104,600	$ 8.93-13.32	$ 11.36	7.84 years	$ 194
Options forfeited	**(1,000)**	**10.55**	**10.55**		
Options exercised	**(1,500)**	**10.55**	**10.55**		
Options granted	**98,875**	**12.46**	**12.46**		
Options expired	-	-	-		
Outstanding at December 31, 2019	**1,200,975**	**$ 8.93-13.32**	**$ 11.45**	**7.05 years**	**$ 2,806**
Exercisable at December 31, 2019	**500,300**				

It is Company policy to issue new shares upon share option exercise. Expected future compensation expense relating to the 700,675 shares of unvested options outstanding as of December 31, 2019, is $1.4 million and will be recognized over a weighted average period of 4.68 years.

The key valuation assumptions and fair value of stock options granted during the twelve months ended December 31, 2019 were:

	Directors
Expected life	**7.49 years**
Risk-free interest rate	**1.97 %**
Volatility	**22.30 %**
Dividend yield	**4.49 %**
Fair value	**$1.54**

The key valuation assumptions and fair value of stock options granted during the twelve months ended December 31, 2018 were:

	Directors
Expected life	7.36 years
Risk-free interest rate	2.80 %
Volatility	23.39 %
Dividend yield	4.97 %
Fair value	$1.50

Note 13 – Stockholders' Equity

On December 30, 2019, the Company closed a public offering of 1,020,408 shares of its common stock. The offering resulted in gross proceeds of $12.5 million to the Company.

On February 25, 2019, the Company closed a private placement offering of 496,224 shares of its common stock, of which directors and officers of the Company purchased 286,244 shares (the "Offering"). The Offering resulted in gross proceeds of $6.272 million to the Company.

On January 30, 2019, the Company closed a private placement of Series G 6.0% Noncumulative Perpetual Preferred Stock, resulting in gross proceeds of $5,330,000 for 533 shares.

On May 16, 2018, the Company issued 82,950 shares of its common stock in connection with the conversion of the 438,889 shares of Series E preferred stock issued in connection with the acquisition of IA Bancorp, Inc.

On April 17, 2018, the Company issued 631,896 shares of its common stock, 438,889 shares of series E 6% non-cumulative convertible preferred stock and 6,465 shares of series F 6% non-cumulative convertible preferred stock in connection with its acquisition of IA Bancorp, Inc. The series E 6% non-cumulative convertible preferred stock was converted, at the shareholders' discretion, on July 10, 2018. The series F 6% non-cumulative perpetual convertible preferred stock is convertible at the shareholder's discretion.

Note 14 – Goodwill and Other Intangible Assets

The Company's intangible assets consist of goodwill and core deposit intangibles in connection with the acquisition of IA Bancorp, Inc. as of April 17, 2018. The initial recording of goodwill and other intangible assets requires subjective judgments concerning estimates of the fair value of the acquired assets and assumed liabilities. Goodwill is not amortized but is subject to annual tests for impairment or more often if events or circumstances indicate it may be impaired.

The Company's core deposit intangibles are amortized on an accelerated basis using an estimated life of 10 years and in accordance with U.S. GAAP are evaluated annually for impairment. An impairment loss will be recognized if the carrying amount of the intangible asset is not recoverable and exceeds fair value. The carrying amount of the intangible asset is not considered recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use of the asset.

The Company determined that the fair values of our goodwill intangible assets were in excess of their carrying amounts and therefore there was no impairment at December 31, 2019.

Amortization expense of the core deposit intangibles was $72,000 and $59,000 for the years ended December 31, 2019 and December 31, 2018, respectively. The unamortized balance of the core deposit intangibles and the amount of goodwill at December 31, 2019 were $299,000 and $5.2 million, respectively. The unamortized balance of the core deposit intangibles and the amount of goodwill at December 31, 2018 were $371,000 and $5.2 million, respectively.

Note 15 - Dividend Restrictions

Payment of cash dividends on common stock is conditional on earnings, financial condition, cash needs, capital considerations, the discretion of the Board of Directors of the Company, 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 Company 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 2019 and 2018, the Bank paid the Company total dividends of $12,033,000 and $13,936,000, respectively. The Company's ability to declare dividends is dependent upon the amount of dividends paid to the Company by the Bank.

Note 16 - Income Taxes

The components of income tax expense are summarized as follows:

	Years Ended December 31,	
	2019	2018
	(In Thousands)	
Current income tax expense:		
Federal	**$ 4,761**	$ 6,191
State	**3,268**	3,366
	8,029	9,557
Deferred income tax expense:		
Federal	**935**	(1,288)
State	**345**	(787)
	1,280	(2,075)
Total Income Tax Expense	**$ 9,309**	$ 7,482

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,	
	2019	2018
Deferred income tax assets:	**(In Thousands)**	
Allowance for loan losses	**$ 6,374**	$ 5,805
Other real estate owned expenses	**-**	29
Non-accrual interest	**762**	700
Depreciation	**391**	311
Benefit Plan-accumulated other comprehensive loss	**685**	850
Valuation adjustment on loans receivable acquired	**2,379**	4,113
Unrealized loss on securities available for sale	**162**	965
Net operating loss carry forwards	**1,551**	1,832
Other	**736**	725
	13,040	15,330
Deferred income tax liabilities:		
Valuation adjustment on premises and equipment acquired	**479**	548
SBA Servicing Asset	**805**	766

Benefit Plans	**576**	415
	1,860	1,729
Net Deferred Tax Asset	**$ 11,180**	$ 13,601

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. In making this assessment, management has considered the profitability of current core operations, future market growth, forecasted earnings, future taxable income, and ongoing, feasible and permissible tax planning strategies. If the Company was to determine that it would not be able to realize a portion of its net deferred tax asset in the future for which there is currently no valuation allowance, an adjustment to the net deferred tax asset would be charged to earnings in the period such determination was made. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which temporary differences are deductible and carry forwards are available.

Note 16 - Income Taxes (Continued)

In conjunction with the Company's acquisition of IA Bancorp in 2018, the Company acquired a federal net operating loss carry forward of $8.7 million. This carry forward is available for use through 2035; however, in accordance with Internal Revenue Code Section 382, usage of the carry forward is limited to $459,000 annually on a cumulative basis (portions of the $459,000 not used in a particular year may be added to subsequent usage). At December 31, 2019 and 2018, the Company had approximately $7.9 million and $8.4 remaining of this federal net operating loss carry forward available to offset future taxable income for federal tax reporting purposes.

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 21% to income before income tax expense.

	Years Ended December 31,	
	2019	2018
	(In Thousands)	
Federal income tax expense at statutory rate	**$ 6,372**	$ 5,091
Increases in income taxes resulting from:		
State income tax , net of federal income tax effect	**2,854**	2,252
Tax-exempt income	**(102)**	(108)
Meals and entertainment	**203**	164
Other items, net	**(18)**	83
Effective Income Tax Expense	**$ 9,309**	$ 7,482
Effective Income Tax Rate	**30.7** %	**30.9** %

Note 17- 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,	
	2019	2018
	(In Thousands)	
Loan origination	**$ 27,787**	$ 27,942
Standby letters of credit	**4,094**	3,108
Construction loans in process	**57,824**	96,657
Unused lines of credit	**109,255**	112,207
	$ 198,960	$ 239,914

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 leases 28 of its offices under various operating lease agreements. The leases have remaining terms of 1 year to 13 years. The leases contain provisions for the payment by the Company of its pro-rata share of real estate taxes, insurance, common area maintenance and other variable expenses. The Company will allocate payments made under such leases between lease and non-lease components. Some leases contain renewal options and options to purchase the assets.

The Company evaluates its contracts and service agreements in order to determine if there is an asset imbedded in such contracts and agreements. Such determination is based upon whether there is a specific asset covered by the agreement, whether the Company is entitled to all of the economic benefits to the asset over the term of the agreement, and whether the Company has full control and use of the asset over the term of the agreement without substitution rights or direction of use of the asset by the lessor.

The Company includes in its determination of its lease liability and concurrent right of use asset those renewal or purchase options for which it is reasonably certain it will exercise. Currently, the Company does not expect to exercise such options and, accordingly, they are excluded in the determination of the lease liabilities and the concurrent right of use assets.

The Company has elected not to recognize a lease liability and a right of use asset for leases with a lease term of 12 or fewer months.

To calculate its lease liabilities, the Company used a discount rate based upon the applicable borrowing rates of the Federal Home Loan Bank at the inception of the lease agreement, which corresponds to the length of the lease term.

Note 17- Commitments and Contingencies (Continued)

The following tables present certain information related to the Company's lease obligations (in thousands):

		Twelve Months Ended December 31, 2019
Operating lease cost	$	3,186
Variable lease cost-operating leases	$	752

		At December 31, 2019
Supplemental balance sheet information related to leases:		
Operating Leases		
Operating lease right-of-use assets	$	13,246
Current liabilities	$	2,590
Operating lease liabilities (noncurrent portion)		10,790
Total operating lease liabilities	$	13,380

The following tables summarize the Company's weighted average remaining lease terms and weighted average discount rates:

Weighted Average Remaining Lease Term	
Operating leases	6.69 years
Weighted Average Discount Rate	
Operating leases	3.16 %

The following table summarizes the Company's maturity of lease obligations for operating leases at December 31, 2019 (in thousands):

Maturities of lease liabilities (discounted):

		At December 31, 2019 Operating Leases
One year or less	$	2,590
Over one year through three years		4,713
Over three years through five years		2,736
Over five years		3,341
Total	$	13,380

The Company is involved, from time to time, as plaintiff or defendant in various legal actions arising in the normal course of business. As of December 31, 2019, the Company was not involved in any material legal proceedings the outcome of which, if determined in a manner adverse to the Company, would have a material adverse effect on our financial condition or results of operations.

The Company, as successor to Pamrapo Bancorp, Inc., and in its own corporate capacity, was named defendant in a shareholder class action lawsuit, *Kube v. Pamrapo Bancorp, Inc., et al.*, filed in the Superior Court of New Jersey, Hudson County, Chancery Division, General Equity (the "Action").

The Company and the other defendants in the Action ("Plaintiffs") brought suit (the "Carrier Suit") against Progressive Insurance Company ("Progressive"), the Directors' and Officers' Liability insurance carrier for Pamrapo Bancorp, Inc., at the time of its merger with the Company on July 6, 2010, and Colonial American Insurance Company ("Colonial"), the Directors' and Officers' Liability insurance carrier for the Company at the time of the merger. The Carrier Suit sought, among other claims, indemnification, payment of and/or contribution toward the above settlement, payment of and/or contribution toward the award of attorney's fees to the plaintiff class's counsel, and reimbursement of the attorney's fees and defense costs incurred by the Plaintiffs in defending the Action and pursuing the Carrier Suit.

Progressive made a motion to dismiss the Carrier Suit in 2014. The Plaintiffs opposed that motion. That motion was administratively terminated by Order of the court, dated December 3, 2014. By Order of the court, dated December 3, 2014, the Plaintiffs' motion to file an Amended Complaint was granted.

On or about January 6, 2015, Progressive again made a motion to dismiss the Carrier Suit. The Plaintiffs opposed that motion. That motion was denied by oral decision on October 22, 2015, and by written Order, dated January 20, 2016. A Mediation session ("Mediation") was held on March 11, 2015, among the parties. Following the Mediation, the Plaintiffs and Colonial agreed to settle the Plaintiffs' claims against Colonial for $1,750,000. A *Settlement Agreement and Release*, dated June 30, 2015, was entered into by the Plaintiffs and Colonial. The Plaintiffs received the settlement amount of $1,750,000 from Colonial on July 9, 2015.

The Plaintiffs and Progressive did not settle their respective claims at the Mediation. The Carrier Suit continued with respect to these parties. By Order of the court, dated August 10, 2016, the parties were granted permission to serve and file motions for summary judgment by November 9, 2016. Prior to consideration of these motions, a Settlement Conference was held before the court on November 16, 2016. The Plaintiffs and Progressive did not settle their respective claims at that Settlement Conference.

The Plaintiffs filed a motion for partial summary judgment. Progressive filed a motion for summary judgment. These motions were returnable before the court on December 5, 2016. By Order, dated September 18, 2017, the court granted the Plaintiffs' motion for partial summary judgment, and denied Progressive's motion for summary judgment.

A Status Conference was held before the court on October 26, 2017. As a result thereof, a Settlement Conference was scheduled for December 1, 2017, before the court. A Settlement Conference in the Carrier Suit was conducted on December 1, 2017, before the court. At the Settlement Conference, the terms of a preliminary settlement were discussed by the Plaintiffs and Progressive. A proposed *Settlement Agreement and Release* ("Release") was circulated among the parties for review.

The last party to the Carrier Suit executed the Release on February 20, 2018. Pursuant to the Release, in consideration for the full settlement and release of all claims (as that term is defined in the Release) and the dismissal of the Carrier Suit with prejudice, Progressive agreed to pay the Company $2,200,000 by, on, or about March 10, 2018, which is included in other non-interest income in the Company's consolidated statements of operation.

Note 18 – Acquisition of IA Bancorp, Inc.

On April 17, 2018, the Company completed its acquisition of IA Bancorp, Inc. ("IAB") and its wholly-owned subsidiary, Indus-American Bank, of Edison, New Jersey. IAB shareholders received 0.189 shares of the Company's common stock for each share of IAB common stock they owned as of the effective date of the acquisition. In addition, the Company issued two series of preferred stock, Series E and F, in exchange for two outstanding series, Series C and D, respectively, of IAB preferred stock. The two series of Company preferred shares have terms substantially similar to the terms of the two series of IAB preferred stock. The aggregate consideration paid to IAB shareholders was $20.0 million.

Indus-American Bank was founded primarily to meet the banking needs of the South Asian-American community. The Company plans to operate BCB-Indus-American Bank, a division of BCB Community Bank, and it will continue to specialize in core business banking products for small- to medium-sized companies, with an emphasis on real estate-based lending. This transaction will allow the combined entities to further develop our existing markets in Jersey City and Edison, and will provide further opportunities in Parsippany, Plainsboro and Hicksville, New York, three new, attractive markets for the Company.

The acquisition of IAB was accounted for using the acquisition method of accounting and, accordingly, assets acquired, liabilities assumed and consideration paid were recorded at their estimated fair values as of the acquisition date. The excess consideration paid over the fair value of net assets acquired has been reported as goodwill in the Company's consolidated statements of financial condition as of December 31, 2019 and 2018.

The assets acquired and liabilities assumed and consideration paid in the acquisition of IAB were recorded at their estimated fair values based on management's best estimates using information available at the date of the acquisition and are subject to adjustment for up to one year after the closing date of the acquisition. While the fair values are not expected to be materially different from the estimates, any material adjustments to the estimates will be reflected, retroactively, as of the date of the acquisition. The items most susceptible to adjustment are the credit fair value adjustments on loans, core deposit intangible and the deferred income tax assets resulting from the acquisition. No adjustments to fair values were made after the one-year anniversary of the closing date.

In connection with the acquisition, the consideration paid and the fair value of identifiable assets acquired and liabilities assumed as of the date of acquisition are summarized in the following table:

	Estimated Fair Value At April 17, 2018 (in thousands)
Consideration paid:	
Common stock issued in acquisition	$ 9,952
Cash paid for exchange of IAB shares	2,550
Preferred stock	7,453
Total consideration paid	19,955
Assets acquired:	
Cash and cash equivalents	7,597
Investment securities available for sale	13,811
Restricted investment in bank stocks	1,163
Loans	182,513
Premises and equipment, net	2,834
Other real estate owned, net	328
Accrued interest receivable	612
Core deposit intangible	430
Deferred tax asset	5,689
Other assets	1,122
Total assets acquired	216,099
Liabilities assumed:	
Deposits	178,436
Borrowings	20,015
Accrued interest payable	120
Other liabilities	2,826
Total liabilities assumed	201,397
Net assets acquired	14,702
Goodwill recorded in acquisition	$ 5,253

Acquired loans (impaired and non-impaired) are initially recorded at their acquisition-date fair values using Level 3 inputs. Fair values are based on a discounted cash flow methodology that involves assumptions and judgments as to credit risk, expected lifetime losses, environmental factors, collateral values, discount rates, expected payments and expected prepayments. Specifically, the Company has prepared three separate loan fair value adjustments that it believes a market participant would employ in estimating the entire fair value adjustment necessary under ASC 820-10 for the acquired loan portfolio. The three separate fair valuation methodologies employed are: (i) an interest rate loan fair value adjustment, (ii) a general credit fair value adjustment, and (iii) a specific credit fair value adjustment for purchased credit impaired loans subject to ASC 310-30 provisions. The acquired loans were recorded at fair value at the acquisition date without carryover of IAB's previously established allowance for loan losses.

Note 18 – Acquisition of IA Bancorp, Inc. (continued)

The table below illustrates the fair value adjustments made to the amortized cost basis to present a fair value of the loans acquired as of the acquisition date, April 17, 2018.

		At April 17, 2018 (in thousands)
Gross principal balance	$	192,437
Fair value adjustment on pools of homogeneous loans		(5,895)
Fair value adjustment on acquired impaired loans		(4,029)
Fair value of acquired loans	$	182,513

The credit adjustment on acquired impaired loans is derived in accordance with ASC 310-30 and represents the portion of the loan balances that have been deemed uncollectible based on the Company's expectations of future cash flows for each respective loan.

		At April 17, 2018 (in thousands)
Contractually required principal and interest at acquisition	$	19,359
Contractual cash flows not expected to be collected (non-accretable discount, includes principal and interest)		(5,171)
Expected cash flows at acquisition		14,188
Interest component of expected cash flows (accretable discount)		(1,338)
Fair value of loans acquired accounted for under ASC 310-30		12,850

Fair Value Measurement of Assets Acquired and Liabilities Assumed

The methods used to determine the fair value of the assets acquired and the liabilities assumed in the IAB acquisition were as follows. Refer to Note 19, Fair Value Measurements, for a discussion of the fair value hierarchy.

The estimated fair values of investment securities were calculated utilizing Level 2 inputs. The securities acquired are bought and sold in active markets. Prices for these instruments were determined using 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.

For loans acquired without evidence of credit quality deterioration, the Company prepared interest rate loan fair value and credit fair value adjustments. Loans were analyzed by characteristics such as loan type, term, collateral, and rate. Discount rates for similar loans were developed from various internal and external data sources and reviewed for reasonableness. A present value approach was utilized to calculate the interest rate fair value discount of $1.9 million. Additionally, for loans acquired without credit deterioration, a credit fair value adjustment was calculated using a two-part credit fair value analysis: (i) expected lifetime credit migration losses, and (ii) estimated fair value adjustment for certain qualitative credit factors. The expected lifetime losses were calculated using historical losses observed at IAB. The environmental factor represents potential discount which may arise due to general credit and economic factors. A credit fair value discount of $3.9 million was determined. The excess of fair value adjustment related to loans acquired without evidence of credit quality deterioration will be recognized as interest income over the expected life of the loans.

In connection with the acquisition of IAB, the Company recorded a net deferred income tax asset of $5.7 million related to IAB's net operating loss carryforward, as well as other tax attributes of the acquired company, and the effects of fair value adjustments resulting from applying the acquisition method of accounting.

The fair value of the core deposit intangible was determined based on a discounted cash flow analysis using a discount rate based on the estimated cost of capital for a market participant. To calculate cash flows, the sum of deposit account servicing costs (net of deposit fee income) and interest expense on deposits were compared to the cost of alternative funding sources available to the Company. The expected cash-flows of the deposit base included estimated attrition rates. The core deposit intangible was valued at $430,000. The core deposit intangible asset is being amortized on an accelerated basis over ten years. Amortization from the April 17, 2018 acquisition date through December 31, 2019 was $131,000.

The fair value of certificate of deposit accounts was determined by compiling individual account data into groups of equal remaining maturities with corresponding calculated weighted average rates. Each maturity group's weighted average rate was compared to market rates for similar maturities and then priced to yield market rates. This valuation adjustment was determined to be a $751,000 premium and is being amortized in line with the expected cash flows driven by the maturities of these deposits, primarily over the next five years.

Direct costs related to the merger were accrued and expensed as incurred. During the year ended December 31, 2018, the Company incurred $2.4 million in merger-related expenses, including $2.0 million of early termination fees from IAB's core system provider.

The fair value of premises, which consisted of six branch facilities, was determined using the income approach and represents the expected current market rate lease payments to the first lease termination date, which approximated the contractual payments.

The fair value of borrowings was determined by an independent third party, which approximated the stated value.

Other assets, including equipment, and liabilities were reviewed by the Company and were recorded at IAB's net book value, which represented a reasonable estimate of fair value.

Note 19 - 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:

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)		
As of December 31, 2019:				
Securities Available for Sale				
Residential mortgage backed securities	**$ 91,613**	**$ -**	**$ 91,613**	**$ -**
Total Securities Available for Sale	**91,613**	**-**	**91,613**	**-**
Preferred stock	**2,500**	**2,500**	**-**	**-**
Equity Investments	**$ 2,500**	**$ 2,500**	**$ -**	**$ -**
As of December 31, 2018:				
Securities Available for Sale				
Residential mortgage backed securities	$ 115,640	$ -	$ 115,640	$ -
Municipal obligations	3,695	-	3,695	-
Total Securities Available for Sale	119,335	-	119,335	-
Preferred stock	7,672	7,672	-	-
Equity Investments	$ 7,672	$ 7,672	$ -	$ -

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:

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)		
As of December 31, 2019:				
Impaired loans	**$ 4,001**	**$ -**	**$ -**	**$ 4,001**
Other real estate owned	**$ 1,623**	**$ -**	**$ -**	**$ 1,623**
As of December 31, 2018:				
Impaired loans	$ 7,288	$ -	$ -	$ 7,288
Other real estate owned	$ 1,333	$ -	$ -	$ 1,333

Note 19 - Fair Value Measurements and Fair Values of Financial Instruments (Continued)

The following table presents additional quantitative information about assets measured at fair value on a nonrecurring basis and for which the Company has utilized adjusted Level 3 inputs to determine fair value, (Dollars in thousands):

	Quantitative Information about Level 3 Fair Value Measurements			
	Fair Value Estimate	**Valuation Techniques**	**Unobservable Input**	**Range**
December 31, 2019:				
Impaired Loans	$ **4,001**	Appraisal of collateral (1)	Appraisal adjustments (2)	0%-10%
Other Real Estate Owned	$ **1,623**	Appraisal of collateral (1)	Appraisal adjustments (2)	0%-10%

	Quantitative Information about Level 3 Fair Value Measurements			
	Fair Value Estimate	Valuation Techniques	Unobservable Input	Range
December 31, 2018:				
Impaired Loans	$ 7,288	Appraisal of collateral (1)	Appraisal adjustments (2)	0%-10%
Other Real Estate Owned	$ 1,333	Appraisal of collateral (1)	Appraisal adjustments (2)	0%-10%

(1) Fair value is generally determined through independent appraisals of the underlying collateral, which generally include various level 3 inputs which are not identifiable.
(2) Appraisals may be adjusted by management for qualitative factors such as age of appraisal, expected condition of property, economic conditions, and estimated liquidation expenses. The range of liquidation expenses and other appraisal adjustments are presented as a percent of the appraisal.

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, 2019 and 2018:

Cash and Cash Equivalents (Carried at Cost)

The carrying amounts reported in the consolidated statements of financial condition for cash and interest-earning deposits approximate those assets’ fair values.

Securities Available for Sale

The fair value of securities available for sale (carried at fair value) is 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 Cost)

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 the lower of cost or fair value.

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 date of the Statement of Financial Condition 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, less estimated costs to sell. 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, 2019 and 2018 consists of the loan balances of $7,265,000 and $9,469,000 net of a valuation allowance of $3,264,000 and $2,181,000, 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.

Accrued Interest Receivable and Payable (Carried at Cost)

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

Note 19 - 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.

Debt Including Subordinated Debentures (Carried at Cost)

Fair values of 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, 2019 and 2018:

	As of December 31, 2019				
	Carrying Value	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(In Thousands)				
Financial assets:					
Cash and cash equivalents	$ 550,353	$ 550,353	$ 550,353	$ -	$ -
Interest-earning time deposits	735	735	-	735	-
Debt securities available for sale	91,613	91,613	-	91,613	-
Equity investments	2,500	2,500	2,500	-	-
Loans held for sale	917	917	-	917	-
Loans receivable, net	2,178,407	2,199,497	-	-	2,199,497
FHLB of New York stock, at cost	13,821	13,821	-	13,821	-
Accrued interest receivable	8,318	8,318	-	8,318	-
Financial liabilities:					
Deposits	2,362,063	2,375,089	1,231,658	1,143,431	-
Debt	245,800	247,176	-	247,176	-
Subordinated debentures	36,810	36,947	-	36,947	-
Accrued interest payable	2,708	2,708	-	2,708	-

	As of December 31, 2018				
	Carrying Value	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(In Thousands)				
Financial assets:					
Cash and cash equivalents	$ 195,264	$ 195,264	$ 195,264	$ -	$ -
Interest-earning time deposits	735	735	-	735	-
Debt securities available for sale	119,335	119,335	-	119,335	-
Equity investments	7,672	7,672	7,672	-	-
Loans held for sale	1,153	1,153	-	1,153	-
Loans receivable, net	2,278,492	2,245,150	-	-	2,245,150
FHLB of New York stock, at cost	13,405	13,405	-	13,405	-
Accrued interest receivable	8,378	8,378	-	8,378	-
Financial liabilities:					
Deposits	2,180,724	2,189,404	1,075,539	1,113,865	-

Debt	245,800	244,049	-	244,049	-
Subordinated debentures	36,577	36,316	-	36,316	-
Accrued interest payable	2,561	2,561	-	2,561	-

Note 20 - Accumulated Other Comprehensive Loss

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

	At December 31,	
	2019	2018
	(In Thousands)	
Net unrealized loss on securities available for sale	$ (653)	$ (3,907)
Tax effect	162	965
Net of tax amount	(491)	(2,942)
Benefit plan adjustments	(2,392)	(2,984)
Tax effect	665	850
Net of tax amount	(1,727)	(2,134)
Accumulated other comprehensive loss	$ (2,218)	$ (5,076)

Note 21 - Parent Only Condensed Financial Information

STATEMENTS OF FINANCIAL CONDITION

	Years Ended December 31,	
	2019	2018
	(In Thousands)	
Assets		
Cash and due from banks	$ 199	$ 1,200
Investment in subsidiaries	276,450	235,728
Restricted common stock	124	124
Other assets	691	792
Total assets	277,464	237,844
Liabilities and Stockholders' Equity		
Liabilities		
Subordinated debentures	$ 36,810	$ 36,577
Other Liabilities	1,181	1,052
Total liabilities	37,991	37,629
Stockholder's Equity	239,473	200,215
Total Liabilities and Stockholders' Equity	$ 277,464	$ 237,844

STATEMENTS OF OPERATIONS

	Years Ended December 31,	
	2019	2018
	(In Thousands)	
Dividends from Bank	$ 12,033	$ 13,936
Interest and dividends from investments	7	9
Total Income	12,040	13,945
Interest expense, borrowed money	2,313	1,110
Other	419	215
Total Expense	2,732	1325
Income before Income Tax Expense and Equity in Undistributed Earnings of Subsidiaries	9,308	12,620
Income tax benefit	(618)	(270)
Income before Equity in Undistributed Earnings of Subsidiaries	9,926	12,890
Equity in undistributed earnings of subsidiaries	11,108	3,873
Net Income	$ 21,034	$ 16,763

Note 21 - Parent Only Condensed Financial Information (Continued)

STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2019	2018
	(In Thousands)	
Cash Flows from Operating Activities		
Net Income	**$ 21,034**	$ 16,763
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization	**233**	116
Equity in undistributed (earnings) of subsidiaries	**(11,108)**	(3,873)
Decrease (increase) in other assets	**101**	(109)
(Decrease) increase in other liabilities	**129**	851
Net Cash Provided By Operating Activities	**10,389**	13,748
Cash Flows from Investing Activities		
Additional investment in subsidiary	**(25,769)**	(36,887)
Net Cash Used In Investing Activities	**$ (25,769)**	$ (36,887)
Cash Flows from Financing Activities		
Proceeds from issuance of preferred stock	**5,310**	-
Proceeds from issuance of common stock	**19,129**	506
Proceeds from issuance of subordinated debt	**-**	32,337
Cash dividends paid	**(10,060)**	(9,356)
Net Cash Provided by (Used in) Financing Activities	**14,379**	23,487
Net Increase (Decrease) in Cash and Cash Equivalents	**(1,001)**	348
Cash and Cash Equivalents - Beginning	**$ 1,200**	$ 852
Cash and Cash Equivalents - Ending	**$ 199**	$ 1,200

Note 22 - Quarterly Financial Data (Unaudited)

	Year Ended December 2019			
	First Quarter	**Second Quarter**	**Third Quarter**	**Fourth Quarter**
	(In thousands, except per share data)			
Interest income	**$ 30,478**	**$ 30,742**	**$ 31,369**	**$ 30,966**
Interest expense	**9,576**	**9,877**	**10,609**	**10,889**
Net Interest Income	**20,902**	**20,865**	**20,760**	**20,077**
Provision for loan losses	**889**	**755**	**900**	**(475)**
Net Interest Income, after Provision for loan losses	**20,013**	**20,110**	**19,860**	**20,552**
Non-interest income	**1,660**	**1,328**	**1,383**	**1,020**
Non-interest expense	**13,777**	**13,894**	**13,652**	**14,260**
Income before Income Taxes	**7,896**	**7,544**	**7,591**	**7,312**
Income taxes	**2,445**	**2,317**	**2,359**	**2,188**
Net Income	**$ 5,451**	**$ 5,227**	**$ 5,232**	**$ 5,124**
Preferred stock dividends	**317**	**342**	**342**	**342**
Net income available to common stockholders:	**$ 5,134**	**$ 4,885**	**$ 4,890**	**4,782**
Net income per common share:				
	$ 0.32	**$ 0.30**	**$ 0.30**	**$ 0.29**
Diluted	**$ 0.32**	**$ 0.30**	**$ 0.30**	**$ 0.29**
Dividends per common share	**$ 0.14**	**$ 0.14**	**$ 0.14**	**$ 0.14**

	Year Ended December 2018			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(in thousands, except per share data)			
Interest income	$ 20,942	$ 25,696	$ 27,971	$ 30,488
Interest expense	4,502	5,706	7,891	9,317
Net Interest Income	16,440	19,990	20,080	21,171
Provision for loan losses	1,342	2,060	907	821
Net Interest Income, after Provision for loan losses	15,098	17,930	19,173	20,350
Non-interest income	3,386	1,563	1,852	1,159
Non-interest expense	12,011	15,980	14,391	13,884
Income before Income Taxes	6,473	3,513	6,634	7,625
Income taxes	1,841	1,200	2,040	2,401
Net Income	$ 4,632	$ 2,313	$ 4,594	$ 5,224
Preferred stock dividends	166	262	263	262
Net income available to common stockholders:	$ 4,466	$ 2,051	$ 4,331	4,962
Net income per common share:				
Basic	$ 0.30	$ 0.13	$ 0.27	$ 0.31
Diluted	$ 0.29	$ 0.13	$ 0.27	$ 0.31
Dividends per common share	$ 0.14	$ 0.14	$ 0.14	$ 0.14

Note 23 - Subsequent Events

As defined in FASB ASC 855, *Subsequent Events*, subsequent events are events or transactions that occur after the balance sheet date but before financial statements are issued or available to be issued. Financial statements are considered issued when they are widely distributed to stockholders and other financial statement users for general use and reliance in a form and format that complies with GAAP.

On January 15, 2020, the Company declared a cash dividend of $0.14 per share and was paid to stockholders on February 21, 2020, with a record date of February 7, 2020.

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

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial 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, 2019 (the "Evaluation Date"). Based upon that evaluation, the Chief Executive Officer and Chief Financial 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 Financial 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 accounting principles generally accepted in the United States of America ("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, 2019, management assessed the effectiveness of the Company's internal control over financial reporting based upon the framework established in *Internal Control – Integrated Framework (2013)* 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, 2019 is effective and meets the criteria of the *Internal Control – Integrated Framework (2013)*.

There were no changes in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the fourth fiscal quarter of 2019 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Wolf and Company, P.C., the independent registered public accounting firm that audited the Company's consolidated financial statements, has issued an audit report on the Company's internal control over financial reporting as of December 31, 2019 that appears in Item 8 of this Form 10-K.

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 2020 Annual Meeting of Stockholders (the “2020 Proxy Statement”) is incorporated herein by reference.

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 2020 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 2020 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 2020 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 2020 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 2020 Annual Meeting of Stockholders, “Proposal II-Ratification of the Appointment of Independent Auditors—Fees Paid to Wolf & Company, P.C.”

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, 2019 and 2018

(C) Consolidated Statements of Operations for the years ended December 31, 2019 and 2018

(D) Consolidated Statements of Comprehensive Income for the years ended December 31, 2019 and 2018

(E) Consolidated Statements of Changes in Stockholders' Equity for the years ended December 31, 2019 and 2018

(F) Consolidated Statements of Cash Flows for the years ended December 31, 2019 and 2018

(G) 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	Restated Certificate of Incorporation of BCB Bancorp, Inc. (1)
3.2	Bylaws of BCB Bancorp, Inc. (2)
4.1	Specimen Stock Certificate (3)
4.2	Subordinated Note Purchase Agreement (12)
4.3	Description of Common Stock
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 Thomas M. Coughlin (10)
10.6	BCB Bancorp, Inc. 2011 Stock Option Plan (8)
10.7	BCB Bancorp, Inc. 2018 Equity Incentive Plan (11)
10.8	Employment Agreement with Michael Lesler (13)
10.9	Stock Purchase Agreement (14)
14	Code of Ethics (9)
21	Subsidiaries of the Company
23	Consent of Independent Registered Public Accounting Firm – Wolf & Company, P.C..
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

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(1) Incorporated by reference to Exhibit 3.1 to the Form 8-K (Commission File Number 000-50275) filed with the Securities and Exchange Commission on December 30, 2019.

(2) Incorporated by reference to Exhibit 3.2 to the Form 8-K filed with the Securities and Exchange Commission on October 12, 2007.

(3) Incorporated by reference to Exhibit 4.1 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 10.3 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 10.4 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 Appendix A to the proxy statement for the Company's Annual Meeting of Shareholders (File No. 000-50275), filed by the Company with the Securities and Exchange Commission on Schedule 14A on March 28, 2011.

(9) 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.

(10) Incorporated by reference to Exhibit 10.5 to the Form 8-K filed with the Securities and Exchange Commission on February 27, 2020.

(11) Incorporated by reference to Exhibit 10.7 to the Company's Registration Statement on Form S-8 filed with the Securities and Exchange Commission on March 6, 2018.

(12) Incorporated by reference to Exhibit 4.2 to the Form 8-K filed with the Securities and Exchange Commission on July 31, 2018.

(13) Incorporated by reference to Exhibit 10.8 to the Form 8-K filed with the Securities and Exchange Commission on February 27, 2020.

(14) Incorporated by reference to Exhibit 10.9 to the Form 8-K filed with the Securities and Exchange Commission on March 2, 2020.

ITEM 16. FORM 10-K SUMMARY

None.

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 11, 2020

By: /s/ Thomas Coughlin
Thomas Coughlin
President and Chief Executive Officer
(Principal 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.

Signatures	Title	Date
/s/ Thomas Coughlin Thomas Coughlin	President, Chief Executive Officer and Director (Principal Executive Officer)	March 11, 2020
/s/ Thomas P. Keating Thomas P. Keating	Chief Financial Officer (Principal Financial and Accounting Officer)	March 11, 2020
/s/ Mark D. Hogan Mark D. Hogan	Chairman of the Board	March 11, 2020
/s/ Robert Ballance Robert Ballance	Director	March 11, 2020
/s/ Judith Q. Bielan Judith Q. Bielan	Director	March 11, 2020
/s/ Joseph J. Brogan Joseph J. Brogan	Director	March 11, 2020
/s/ James E. Collins James E. Collins	Director	March 11, 2020
/s/ Vincent DiDomenico, Jr. Vincent DiDomenico, Jr.	Director	March 11, 2020
/s/ Joseph Lyga Joseph Lyga	Director	March 11, 2020
/s/ August Pellegrini, Jr. August Pellegrini, Jr.	Director	March 11, 2020
/s/ John Pulomena John Pulomena	Director	March 11, 2020
/s/ James Rizzo James Rizzo	Director	March 11, 2020
/s/ Spencer B. Robbins Spencer B. Robbins	Director	March 11, 2020

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Section 2: EX-4.3 (EX-4.3)

DESCRIPTION OF COMMON STOCK

The following description sets forth certain general terms and provisions of our common stock. The statements below describing the common stock are in all respects subject to and qualified in their entirety by reference to the applicable provisions of our Certificate of Incorporation, as amended (the "charter"), Bylaws, as amended (the "bylaws"), and applicable provisions of the New Jersey Business Corporation Act (the "NJBCA").

Authorized and Outstanding Shares

As of March 11, 2020, we were authorized to issue 40,000,000 shares of common stock, having no par value, and 10,000,000 shares of preferred stock, par value $0.01 per share. As of March 11, 2020, we had 17,513,115 shares of common stock outstanding. On March 11, 2020, approximately 1.3 million shares of our common stock were issuable upon exercise of outstanding stock options or the vesting of unvested restricted stock units and approximately 2.8 million shares of our common stock were reserved for future issuance under our stock compensation plans.

Dividend Rights

Subject to all rights of holders of any other class or series of stock, holders of our common stock are entitled to receive dividends if and when our board of directors declares dividends from funds legally available therefor. Under New Jersey law, we are not permitted to pay dividends if, as a result, we would be unable to pay our debts as they come due in the ordinary course of business or if our total assets would be less than the sum of our total liabilities plus the amount that would be needed, if we were to be dissolved at the time the dividend is paid, to satisfy the preferential rights on dissolution of any stockholders whose preferential rights on dissolution are superior to those stockholders receiving the dividend.

Voting Rights

In general, each outstanding share of our common stock entitles the holder to vote for the election of directors and on all other matters requiring stockholder action. In addition, each holder of our common stock is generally entitled to one vote per share and does not have any right to cumulate votes in the election of directors.

Preemptive Rights; Conversion, Sinking Fund or Redemption

Holders of our common stock have no preemptive rights to purchase additional shares of our common stock. Our common stock is not subject to redemption.

Additional Shares

Our charter grants our board of directors the right to classify or reclassify any unissued shares of our common stock from time to time by setting or changing the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications and terms or conditions of redemption. Accordingly, our board of directors could authorize the issuance of additional shares of our common stock with terms and conditions that could have the effect of discouraging a takeover or other transaction which the holders of some, or a majority, of shares of our common stock might believe to be otherwise in their best interests or in which the holders of some, or a majority, of shares of our common stock might receive a premium for their shares of our common stock over the then market price of such shares. As of the date hereof, our board of directors has no plans to classify or reclassify any unissued shares of our common stock.

Restrictions on Ownership

The Bank Holding Company Act requires any "bank holding company," to obtain the approval of the Board of Governors of the Federal Reserve (the "FRB") before acquiring 5% or more of our common stock. Any person, other than a bank holding company, is required to obtain the approval of the FRB before acquiring 25% or more of our voting stock and in certain circumstances, more than 10% of our voting stock.

Liquidation Rights

If we voluntarily or involuntarily liquidate, dissolve or wind up, holders of our common stock are entitled to share ratably in our net assets remaining after the payment of liabilities and distributions, in accordance with their respective rights and interests.

Listing; Transfer Agent and Registrar

Our common stock is listed on The Nasdaq Global Market under the symbol "BCBP." The transfer agent and registrar for our common stock is Computershare, 480 Washington Boulevard, Jersey City, NJ 07310.

Anti-Takeover Provisions of New Jersey law and Our Charter and Bylaws

A number of provisions of New Jersey law, our charter and our bylaws deal with matters of corporate governance and certain rights of stockholders. The following discussion is a general summary of certain provisions of New Jersey law, our charter and bylaws that might be deemed to have a potential "anti-takeover" effect. The following description of certain of the provisions of our charter and bylaws is necessarily general and reference should be made in each case to our charter and bylaws.

New Jersey Anti-Takeover Statute

Business Combinations. Under the NJBCA, certain "business combinations" between a New Jersey corporation and an "Interested Stockholder" (as described in the NJBCA) are prohibited for five years after the most recent date on which the Interested Stockholder became an Interested Stockholder, unless an exemption is available. Thereafter a business combination with an Interested Stockholder may be effected if any of the following is met: (i) approval by the board of directors before the Interested Stockholder became an Interested Stockholder; (ii) approval by the affirmative vote of the holders of two-thirds of the voting stock not beneficially owned by the Interested Stockholder; (iii) payment of a fair price as defined in the NJBCA; or (iv) approval by the board of directors or a board committee consisting solely of persons who are not affiliated with the Interested Stockholder before the combination and the affirmative vote of the holders of a majority of the voting stock not beneficially owned by the Interested Stockholder.

New Jersey's business combination statute does not apply to business combinations that are approved or exempted by the board of directors prior to the time that the Interested Stockholder becomes an Interested Stockholder. In addition, New Jersey's business combination statute does not apply to any shareholder who was the beneficial owner of the 5% or more of the voting power of the New Jersey corporation's outstanding stock on June 30, 2013, if the New Jersey corporation did not on that date have its principal executive offices or significant business operations located in New Jersey.

Provisions of Our Charter and Bylaws

Classification of our Board of Directors. Our bylaws provide that we will have not less than one nor more than 25 directors, and our bylaws provide that the exact number shall be fixed by our board of directors and that the number of directors may be increased or decreased by our board of directors. Our board of directors is currently composed of 12 directors.

Our directors are divided into three classes. The members of each class are elected for a term of three years and only one class of directors will be elected annually. Thus, it would take at least two annual elections to replace a majority of our board of directors. Further, our policies impose certain notice and information requirements in connection with the nomination by shareholders of candidates for election to our board of directors at an annual meeting of shareholders.

Extraordinary Transactions. Pursuant to the NJBCA, a New Jersey corporation generally cannot (except under and in compliance with specifically enumerated provisions of the NJBCA) amend its certificate of incorporation, consolidate, merge, sell, lease or exchange all or substantially all of its assets, engage in a share exchange, or liquidate, dissolve or wind-up unless such acts are approved by the affirmative vote of a majority of the votes cast by the corporation's stockholders entitled to vote, unless a greater percentage is set forth in the corporation's certificate of incorporation.

Charter Amendments. In general, a proposed amendment to the charter will be adopted upon receiving the affirmative vote of a majority of the votes cast by the holders of shares entitled to vote thereon and, in addition, if any class or series of shares is entitled to vote thereon as a class, the affirmative vote of a majority of the votes cast in each class vote.

Bylaws Amendments. Our bylaws may be amended by a majority of the directors then in office or by a vote of the majority of the capital stock outstanding and entitled to vote. Any bylaw, whether adopted, amended or repealed by the shareholders or directors, may be amended or reinstated by the shareholders or directors.

Removal of Directors. Our charter provides that a director may only be removed, with or without cause, by the affirmative vote of the holders of the majority of shares issued and outstanding and entitled to be cast in the election of directors. In addition, the NJBCA provides that if a corporation's directors are divided into classes, a director may only be removed by a class vote of the holders of shares entitled to vote for such election.

Absence of Cumulative Voting. There is no cumulative voting in the election of our directors. Cumulative voting means that holders of stock of a corporation are entitled, in the election of directors, to cast a number of votes equal to the number of shares that they own multiplied by the number of directors to be elected. Because a stockholder entitled to cumulative voting may cast all of his, her or its votes for one nominee or disperse his, her or its votes among nominees as the stockholder chooses, cumulative voting is generally considered to increase the ability of minority stockholders to elect nominees to a corporation's board of directors. The absence of cumulative voting means that the holders of a majority of our voting shares can elect all of the directors then standing for election and the holders of the remaining shares will not be able to elect any directors.

Authorized Shares. As indicated above, our charter currently authorizes the issuance of 40,000,000 shares of common stock and 10,000,000 shares of preferred stock. The unissued authorized shares may be used by our board of directors consistent with its fiduciary duty to deter future attempts to gain control of the Company. Also, as indicated above, our board of directors' right to set the terms of one or more series of preferred stock may have anti-takeover effects.

Effect of Anti-Takeover Provisions

The foregoing provisions of our charter and bylaws and New Jersey law could have the effect of discouraging an acquisition of the Company or stock purchases in furtherance of an acquisition, and could accordingly, under certain circumstances, discourage transactions that might otherwise have a favorable effect on the price of our common stock. In addition, such provisions may make us less attractive to a potential acquirer and/or might result in stockholders receiving a lesser amount of consideration for their shares of our common stock than otherwise could have been available.

Our board of directors believes that the provisions described above are prudent and will reduce our vulnerability to takeover attempts and certain other transactions that are not negotiated with and approved by our board of directors. Our board of directors believes that these provisions are in our best interests and the best interests of our stockholders. In our board of directors' judgment, our board of directors is in the best position to determine our true value and to negotiate more effectively for what may be in the best interests of our stockholders. Accordingly, our board of directors believes that it is in our best interests and in the best interests of our stockholders to encourage potential acquirers to negotiate directly with our board of directors and that these provisions will encourage such negotiations and discourage hostile takeover attempts.

Despite our board of directors' belief as to the benefits of the foregoing provisions, these provisions also may have the effect of discouraging a future takeover attempt in which our stockholders might receive a substantial premium for their shares over then current market prices and may tend to perpetuate existing management. As a result, stockholders who might desire to participate in such a transaction may not have an opportunity to do so. Our board of directors, however, believes that the potential benefits of these provisions outweigh their possible disadvantages.

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Section 3: EX-21 (EX-21)

Exhibit 21

EXHIBIT 21

SUBSIDIARIES OF THE COMPANY

Subsidiaries of the Registrant

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

Name	State of Incorporation
BCB Bank	New Jersey
BCB Holding Company Investment Corp.	New Jersey
Pamrapo Service Corp.	New Jersey
Special Asset REO 1, LLC	New Jersey
Special Asset REO 2, LLC	New Jersey

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Section 4: EX-23 (EX-23)

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements (Nos. 333-219617, 333-199424, 333-197366, and 333-177502) on Form S-3 and (Nos. 333-224925, 333-175545, 333-174639, 333-169337, 333-165127 and 333-112201) on Form S-8 of our reports dated March 11, 2020 relating to the consolidated financial statements of BCB Bancorp, Inc. (the "Company") and the effectiveness of the Company's internal control over financial reporting, appearing in this Annual Report Form 10-K for the year ended December 31, 2019.

/s/ Wolf & Company, P.C.

Boston, Massachusetts
March 11, 2020

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Section 5: EX-31.1 (EX-31.1)

Exhibit 31.1

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

I, Thomas Coughlin, 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.

Date: March 11, 2020

/s/ Thomas Coughlin
Thomas Coughlin
President and Chief Executive Officer
(Principal Executive Officer)

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Section 6: EX-31.2 (EX-31.2)

Exhibit 31.2

Certification of Principal Accounting Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Thomas P. Keating, 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.

Date: March 11, 2020

/s/ Thomas P. Keating
Thomas P. Keating
Senior Vice President and Chief Financial Officer
(Principal Accounting and Financial Officer)

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Section 7: EX-32 (EX-32)

Exhibit 32

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

Thomas Coughlin, President and Chief Executive Officer and Thomas P. Keating, 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, 2019 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.

Date: March 11, 2020

/s/ Thomas Coughlin
President and Chief Executive Officer
(Principal Executive Officer)

Date: March 11, 2020

/s/ Thomas P. Keating
Senior Vice President and Chief Financial Officer
(Principal Accounting and Financial Officer)

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