Section 1: 10-Q (10-Q)

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 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: 0-50275

BCB Bancorp, Inc.

(Exact name of registrant as specified in its charter)

New Jersey	**26-0065262**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer I.D. No.)**
104-110 Avenue C Bayonne, New Jersey	**07002**
(Address of principal executive offices)	**(Zip Code)**

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

Not Applicable
(Former name, former address and former fiscal year if changed since last report)

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, or an emerging growth company. See definition of "accelerated filer, larger accelerated filer, non-accelerated filer, smaller reporting company, or 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 an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. As of May 1, 2019, BCB Bancorp, Inc., had 16,398,459 shares of common stock, no par value, outstanding.

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, no par value	BCBP	The Nasdaq Stock Market, LLC

BCB BANCORP INC. AND SUBSIDIARIES

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PART I. CONSOLIDATED FINANCIAL INFORMATION

ITEM I. CONSOLIDATED FINANCIAL STATEMENTS

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

	March 31, 2019	December 31, 2018
ASSETS		
Cash and amounts due from depository institutions	$ 18,610	$ 18,970
Interest-earning deposits	174,938	176,294
Total cash and cash equivalents	193,548	195,264
Interest-earning time deposits	735	735
Debt securities available for sale	117,942	119,335
Equity investments	7,963	7,672
Loans held for sale	1,347	1,153
Loans receivable, net of allowance for loan losses of $23,004 and $22,359 respectively	2,307,140	2,278,492
Federal Home Loan Bank of New York stock, at cost	13,405	13,405
Premises and equipment, net	35,703	20,293
Accrued interest receivable	9,750	8,378
Other real estate owned	1,746	1,333
Deferred income taxes	13,302	13,601
Goodwill and other intangibles	5,584	5,604
Other assets	10,235	9,466
Total Assets	$ 2,718,400	$ 2,674,731
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Non-interest bearing deposits	$ 273,370	$ 263,960
Interest bearing deposits	1,915,263	1,916,764
Total deposits	2,188,633	2,180,724
FHLB advances	245,800	245,800
Subordinated debt	36,635	36,577
Other liabilities and accrued interest payable	30,614	11,415
Total Liabilities	2,501,682	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 preferred stock at March 31, 2019 and 7,807 shares of series C 6%, 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; 20,000,000 shares authorized; issued 18,365,677 and 18,352,748 at March 31, 2019 and December 31, 2018, respectively, outstanding 16,398,459 shares and 15,889,306 shares, at March 31, 2019 and December 31, 2018, respectively	-	-
Additional paid-in capital common stock	176,379	175,500
Retained earnings	40,750	38,405
Accumulated other comprehensive (loss)	(3,379)	(5,076)
Treasury stock, at cost, 1,967,218 and 2,463,442 shares at March 31, 2019 and December 31, 2018, respectively	(22,048)	(28,320)
Total Stockholders' Equity	216,718	200,215
Total Liabilities and Stockholders' Equity	$ 2,718,400	$ 2,674,731

See accompanying notes to unaudited consolidated financial statements

BCB BANCORP INC. AND SUBSIDIARIES
Consolidated Statements of Income
(In thousands, Except for Per Share Amounts, Unaudited)

	Three Months Ended March 31,	
	2019	2018
Interest income:		
Loans, including fees	**$ 28,233**	$ 19,521
Mortgage-backed securities	**770**	699
Municipal bonds and other debt	**128**	104
FHLB stock and other interest earning assets	**1,347**	618
Total interest income	**30,478**	20,942
Interest expense:		
Deposits:		
Demand	**1,576**	797
Savings and club	**113**	97
Certificates of deposit	**5,990**	2,730
	7,679	3,624
Borrowings	**1,897**	878
Total interest expense	**9,576**	4,502
Net interest income	**20,902**	16,440
Provision for loan losses	**889**	1,342
Net interest income after provision for loan losses	**20,013**	15,098
Non-interest income:		
Fees and service charges	**883**	710
Gain on sales of loans	**318**	583
Gain (loss) on bulk sale of impaired loans held in portfolio	**107**	(24)
Gain on sales of other real estate owned	**8**	-
Unrealized gain (loss) on equity investments	**291**	(127)
Other	**53**	2,244
Total non-interest income	**1,660**	3,386
Non-interest expense:		
Salaries and employee benefits	**6,915**	6,267
Occupancy and equipment	**2,630**	2,062
Data processing and service fees	**721**	729
Professional fees	**533**	505
Director fees	**318**	201
Regulatory assessments	**457**	239
Advertising and promotional	**73**	85
Other real estate owned, net	**(16)**	31
Merger related costs	**-**	145
Other	**2,146**	1,747
Total non-interest expense	**13,777**	12,011
Income before income tax provision	**7,896**	6,473
Income tax provision	**2,445**	1,841
Net Income	**$ 5,451**	$ 4,632
Preferred stock dividends	**317**	166
Net Income available to common stockholders	**$ 5,134**	$ 4,466
Net Income per common share-basic and diluted		
Basic	**$ 0.32**	$ 0.30
Diluted	**$ 0.32**	$ 0.29
Weighted average number of common shares outstanding		
Basic	**16,078**	15,048
Diluted	**16,111**	15,181

See accompanying notes to unaudited consolidated financial statements.

BCB BANCORP INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
(In thousands, Unaudited)

	Three Months Ended March 31,	
	2019	2018
Net Income	**$ 5,451**	$ 4,632
Other comprehensive (loss) income, net of tax:		
Unrealized (losses) gains on available-for-sale debt securities:		
Unrealized holding (losses) gains arising during the period	**2,266**	(2,380)
Tax Effect	**(569)**	669
Net of Tax Effect	**1,697**	(1,711)
Other comprehensive (loss) income	**1,697**	(1,711)
Comprehensive income	**$ 7,148**	$ 2,921

See accompanying notes to unaudited consolidated financial statements.

BCB BANCORP INC. AND SUBSIDIARIES
Consolidated Statement of Changes in Stockholders' Equity
(In thousands, Except Share and Per Share Data, Unaudited)

	Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total
Balance at January 1, 2019	**$ -**	**$ -**	**$ 195,206**	**$ 38,405**	**$ (28,320)**	**$ (5,076)**	**$ 200,215**
Issuance of common stock	**-**	**-**	**6,239**	**-**	**-**	**-**	**6,239**
Issuance of Series G Preferred Stock	**-**	**-**	**5,310**	**-**	**-**	**-**	**5,310**
Stock-based compensation expense	**-**	**-**	**190**	**-**	**-**	**-**	**190**
Treasury Stock allocated to Common Stock issuance	**-**	**-**	**(5,707)**	**(565)**	**6,272**	**-**	**-**
Dividends payable on Series C 6%, Series D 4.5%, Series F 6%, and Series G 6% noncumulative perpetual preferred stock	**-**	**-**	**-**	**(317)**	**-**	**-**	**(317)**
Cash dividends on common stock ($0.14 per share declared)	**-**	**-**		**(2,136)**	**-**	**-**	**(2,136)**
Dividend Reinvestment Plan	**-**	**-**	**88**	**(88)**	**-**	**-**	**-**
Stock Purchase Plan	**-**	**-**	**69**	**-**	**-**	**-**	**69**
Net income	**-**	**-**	**-**	**5,451**	**-**	**-**	**5,451**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**1,697**	**1,697**
Balance at March 31, 2019	**$ -**	**$ -**	**$ 201,395**	**$ 40,750**	**$ (22,048)**	**$ (3,379)**	**$ 216,718**

	Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total
Balance at January 1, 2018	$ -	$ -	$ 177,471	$ 31,241	$ (29,116)	$ (3,142)	$ 176,454
Exercise of stock options (200 shares)	-	-	2	-	-	-	2
Stock-based compensation expense	-	-	85	-	-	-	85
Dividends payable on Series C 6% and Series D 4.5% noncumulative perpetual preferred stock	-	-	-	(166)	-	-	(166)
Cash dividends on common stock ($0.14 per share declared)	-	-	-	(2,025)	-	-	(2,025)
Dividend Reinvestment Plan	-	-	80	(80)	-	-	-
Stock Purchase Plan	-	-	115	-	-		115
Net income	-	-	-	4,632	-	-	4,632
Reclassification of unrealized gains on AFS equity securities	-	-	-	126	-	(126)	-
Other comprehensive loss	-	-	-	-	-	(1,711)	(1,711)
Balance at March 31, 2018	$ -	$ -	$ 177,753	$ 33,728	$ (29,116)	$ (4,979)	$ 177,386

See accompanying notes to unaudited consolidated financial statements.

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

	Three Months Ended March 31,	
	2019	2018
Cash Flows from Operating Activities :		
Net Income	**$ 5,451**	$ 4,632
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of premises and equipment	**716**	600
Amortization and accretion, net	**(765)**	(266)
Provision for loan losses	**889**	1,342
Deferred income tax (benefit)	**(270)**	(331)
Loans originated for sale	**(4,240)**	(4,747)
Proceeds from sales of loans	**4,364**	6,417
Gain on sales of loans originated for sale	**(318)**	(583)
Gains on sales of other real estate owned	**(8)**	-
Fair value adjustment of OREO	**-**	1
Unrealized (gain) loss on equity investments	**(291)**	127
(Gain) loss on bulk sale of impaired loans held in portfolio	**(107)**	24
Stock-based compensation expense	**190**	85
(Increase) decrease in interest receivable	**(1,372)**	101
(Increase) decrease in other assets	**(769)**	172
(Decrease) increase in accrued interest payable	**(264)**	77
Increase in other liabilities	**3,404**	1,484
Net Cash Provided by Operating Activities	**6,610**	9,135
Cash flows from investing activities:		
Proceeds from repayments, calls, and maturities on securities available for sale	**3,614**	7,330
Purchases of securities available for sale	**-**	(14,645)
Proceeds from sales of other real estate owned	**142**	-
Proceeds from bulk sale of impaired loans held	**402**	250
Net increase in loans receivable	**(29,451)**	(123,078)
Additions to premises and equipment	**(107)**	(127)
Purchase of Federal Home Loan Bank of New York stock	**-**	(675)
Net Cash Used In Investing Activities	**(25,400)**	(130,945)
Cash flows from financing activities:		
Net increase in deposits	**7,909**	121,983
Proceeds from Federal Home Loan Bank of New York advances	**-**	60,000
Repayments of Federal Home Loan Bank of New York advances	**-**	(45,000)
Cash dividends paid on common stock	**(2,136)**	(2,025)
Cash dividends paid on preferred stock	**(317)**	(166)
Net proceeds from issuance of common stock	**6,308**	115
Net proceeds from issuance of preferred stock	**5,310**	-
Exercise of stock options	**-**	2
Net Cash Provided by Financing Activities	**17,074**	134,909
Net (Decrease) Increase In Cash and Cash Equivalents	**(1,716)**	13,099
Cash and Cash Equivalents-Beginning	**195,264**	124,235
Cash and Cash Equivalents-Ending	**$ 193,548**	$ 137,334
Supplementary Cash Flow Information:		
Cash paid during the year for:		
Income taxes	**$ 218**	$ 143
Interest	**$ 9,840**	$ 4,425
Non-cash items:		
Transfer of loans to other real estate owned	**$ 547**	$ 881

See accompanying notes to unaudited consolidated financial statements

Note 1 – Basis of Presentation

The accompanying unaudited consolidated financial statements include the accounts of BCB Bancorp, Inc. (the "Company") and the Company's wholly owned subsidiaries, BCB Community Bank (the "Bank"), BCB Holding Company Investment Company, BCB New York Asset Management, Inc., Pamrapo Service Corporation, REO Special Asset I, LLC., and REO Special Asset II, LLC. The Company's business is conducted principally through the Bank. All significant intercompany accounts and transactions have been eliminated in consolidation.

The accompanying unaudited consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and Regulation S-X and, therefore, do not necessarily include all information that would be included in audited consolidated financial statements. The information furnished reflects all adjustments that are, in the opinion of management, necessary for a fair presentation of consolidated financial condition and results of operations. All such adjustments are of a normal recurring nature. These results are not necessarily indicative of the results to be expected for the fiscal year ending December 31, 2019 or any other future period. The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the consolidated statement of financial condition and revenues and expenses for the periods then ended. Actual results could differ significantly from those estimates.

These unaudited consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and related notes for the year ended December 31, 2018, which are included in the Company's Annual Report on Form 10-K as filed with the Securities and Exchange Commission. In preparing these consolidated financial statements, the Company evaluated the events and transactions that occurred between March 31, 2019, and the date these consolidated financial statements were issued.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("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 will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of income. Currently, leases are 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 will be generally consistent with the current guidance. The new guidance became effective for the Company in 2019. The standard has been applied using a modified retrospective transition method. The right-of-use asset and lease liability are reported on the Company's consolidated statement of financial condition. The adoption of the provisions of this update did not have a significant impact to our consolidated statements of income.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses. ASU 2016-13 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 2020. The Company is 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.

In January 2016, the FASB issued ASU 2016-01, Financial Instruments- Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities. This guidance amends existing guidance to improve accounting standards for financial instruments including clarification and simplification of accounting and disclosure requirements and the requirement for public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes. These amendments are effective for public business entities for annual periods and interim periods within those annual periods beginning after December 15, 2017. The Company recorded a cumulative effect adjustment to the balance sheet as of January 1, 2018 in the amount of $126,000, representing the unrealized gain of $175,000 at December 31, 2017 net of taxes of $49,000. The Company recorded a gain to the income statement in the amount of $291,000 for the three months ended March 31, 2019 and a loss of $127,000 for the three months ended March 31, 2018.

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. Early adoption is permitted for annual and interim goodwill impairment testing dates after January 1, 2017. The Company is currently evaluating the impact of the pending adoption on its consolidated financial statements.

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 2 – 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. 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.

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 $5.2 million 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 March 31, 2019.

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.

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	182,578
Premises and equipment, net	2,834
Other real estate owned, net	328
Accrued interest receivable	612
Core deposit intangible	430
Deferred tax asset	5,843
Other assets	1,122
Total assets acquired	216,318
Liabilities assumed:	
Deposits	178,436
Borrowings	20,015
Accrued interest payable	120
Other liabilities	3,024
Total liabilities assumed	201,595
Net assets acquired	14,723
Goodwill recorded in acquisition	$ 5,232

Note 2 – Acquisition of IA Bancorp, Inc. (continued)

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 might employ in estimating the entire fair value adjustment necessary under ASC 820-10 for the acquired loan portfolio. The three separate 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.

The table below illustrates the fair value adjustments made to the amortized cost basis to present a fair value of the loans acquired.

	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	(3,964)
Fair value of acquired loans	$ 182,578

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	$ 18,732
Contractual cash flows not expected to be collected (non-accretable discount, includes principal and interest)	(4,750)
Expected cash flows at acquisition	13,982
Interest component of expected cash flows (accretable discount)	(1,338)
Fair value of loans acquired accounted for under ASC 310-30	12,644

For loans acquired without evidence of credit quality deterioration, the Company prepared interest rate loan fair value and credit fair value adjustments. Loans were grouped into homogeneous pools by characteristics such as loan type, term, collateral and rate. Market rates for similar loans were obtained 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 fair value adjustment related to loans acquired without evidence of credit quality deterioration will be substantially 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 $5.8 million related to IAB's net operating loss carryforward, as well as other tax attributes of the acquired company, along with the effects of fair value adjustments resulting from applying the acquisition method of accounting.

The fair value of savings and transaction deposit accounts acquired from IAB provide value to the Company as a source of below market rate funds. 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 March 31, 2019 was $78,000.

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 five years.

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 10, Fair Value Measurements, for a discussion of the fair value hierarchy.

Investment Securities

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.

Direct costs related to the merger were accrued and expensed as incurred. During the three months ended March 31, 2018, the Company incurred $145,000 in merger-related expenses, and there were no such expenses incurred for the three months ended March 31, 2019.

Note 2 – Acquisition of IA Bancorp, Inc. (continued)

Supplemental Pro Forma Financial Information

The following table presents unaudited condensed pro forma financial information assuming the IAB acquisition had been completed as of January 1, 2018 and for the three months ended March 31, 2018. The table has been prepared for comparative purposes only and is not necessarily indicative of the actual results that would have been attained had the acquisition occurred at the beginning of the periods presented, nor is it indicative of future results.

Furthermore, the unaudited pro forma financial information includes merger-related expenses but does not reflect management's estimate of any revenue-enhancing opportunities, cost savings or the impact of conforming certain accounting policies of IAB to the Company's policies that may have occurred as a result of the integration and consolidation of IAB's operations. The combined pro forma information reflects adjustments related to certain purchase accounting fair value adjustments and amortization of the core deposit intangibles.

	Actual Combined Three Months Ended March 31, 2019	Pro forma Combined Three Months Ended March 31, 2018
Interest income	$ 30,478	$ 23,534
Interest expense	9,576	5,236
Provision for loan losses	889	1,342
Non-interest income	1,660	3,433
Non-interest expense	13,777	13,395
Income Taxes	2,445	1,997
Net Income	5,451	4,997
Earnings per diluted share	$ 0.32	$ 0.32

Note 3 – Reclassification

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

Note 4 – Pension and Equity Incentive Plans

Pension Plan

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

Net periodic pension cost (benefit) for the three months ended March 31, 2019 and March 31, 2018 was $40,000 and ($10,000), respectively. Net periodic postretirement cost for the SERP plan for each of the three months ended March 31, 2019 and March 31, 2018 was $3,000.

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 and a Form 4 was filed for each Director who received a grant with the Securities and Exchange Commission consistent with their filing requirements. 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.

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. On September 13, 2017, a grant of 275,000 options was declared for certain members of the Board of Directors of the Bank and the Company which vest at a rate of 10% per year, over ten years commencing on the first

anniversary of the grant date. The exercise price was recorded as of the close of business on September 13, 2017 and a Form 4 was filed for each Director who received a grant with the Securities and Exchange Commission consistent with their filing requirements. There were 75,000 stock options granted to employees in the fourth quarter of 2017 which vests at a rate of 20% per year.

Note 4 – Pension and Equity Incentive Plans (continued)

The following table presents a summary of the status of the Company's restricted shares as of March, 31, 2019.

	Number of Shares Awarded		Weighted Average Grant Date Fair Value
Non-vested at December 31, 2018	**67,321**	**$**	**11.26**
Granted	**-**		
Vested	**-**		
Forfeited	**-**		
Non-vested at March 31, 2019	**67,321**	**$**	**11.26**

Expected future expenses relating to the non-vested restricted shares outstanding as of March 31, 2019 was $624,000 over a weighted average period of 1.71 years.

The following tables present a summary of the status of the Company's outstanding stock option awards as of March 31, 2019 and March 31, 2018.

	Number of Option Shares		**Range of Exercise Prices**		**Weighted Average Exercise Price**
Outstanding at December 31, 2018	**1,104,600**	**$**	**8.93 - 13.32**	**$**	**11.36**
Options granted	**-**				
Options exercised	**-**				
Options forfeited	**-**				
Options expired	**-**				
Outstanding at March 31, 2019	**1,104,600**	**$**	**8.93 - 13.32**	**$**	**11.36**

As of March 31, 2019, stock options which were granted and were exercisable totaled 268,633 stock options.

It is Company policy to issue new shares upon share option exercise. Expected future compensation expense relating to the 835,967 shares of unvested options outstanding as of March 31, 2019 was $1.6 million over a weighted average period of 5.21 years.

	Number of Option Shares		Range of Exercise Prices		Weighted Average Exercise Price
Outstanding at December 31, 2017	**889,300**	**$**	**8.93-13.32**	**$**	**11.42**
Options granted	**-**		**-**		**-**
Options exercised	**(200)**		**10.55**		**10.55**
Options forfeited	**-**		**-**		**-**
Options expired	**-**		**-**	**-**	
Outstanding at March 31, 2018	**889,100**	**$**	**8.93-13.32**	**$**	**10.91**

As of March 31, 2018, stock options which were granted and were exercisable totaled 183,867 stock options.

It is Company policy to issue new shares upon share option exercise. Expected future compensation expense relating to 705,233 shares of unvested options outstanding as of March 31, 2018 was $1.5 million over a weighted average period of 7.18 years.

Note 5 – 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 three months ended March 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 three months ended March 31, 2019 and 2018 the weighted average number of outstanding options considered to be anti-dilutive were 21,026 and 1,388 respectively. At March 31, 2019, the Company has 6,465 shares of its Series F 6% noncumulative perpetual preferred stock ("Series F shares") issued and outstanding, which are convertible into the Company's common stock. The conversion of Series F shares to common shares was not included in the computation of diluted earnings per share as they would be anti-dilutive.

The following is a reconciliation of the numerators and denominators of the basic and diluted earnings per share computations:

	For the Three Months Ended March 31,					
	2019			2018		
	Income (Numerator)	Shares (Denominator)	Per Share Amount	Income (Numerator)	Shares (Denominator)	Per Share Amount
	(In Thousands, except per share data)					
Net income available to common stockholders	$ 5,134			$ 4,466		
Basic earnings per share-						
Income available to Common stockholders	$ 5,134	16,078	$ 0.32	$ 4,466	15,048	$ 0.30
Effect of dilutive securities:						
Stock options	-	33		-	133	
Diluted earnings per share-						
Income available to Common stockholders	$ 5,134	16,111	$ 0.32	$ 4,466	15,181	$ 0.29

Note 6 –Debt Securities Available for Sale

The following tables present by maturity the amortized cost, gross unrealized gains and losses on, and fair value of, securities available for sale as of March 31, 2019 and December 31, 2018:

	March 31, 2019			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Thousands)			
Mortgage-backed securities:				
Due after one year through five years	$ 5,553	$ 25	$ 96	$ 5,482
Due after five years through ten years	3,049	31	-	3,080
Due after ten years	107,312	252	1,915	105,649
Municipal obligations:				
Due within one year	496	-	-	496
Due after one year through five years	918	22	-	940
Due after five years through ten years	1,224	34	-	1,258
Due after ten years	1,031	6	-	1,037
	$ 119,583	$ 370	$ 2,011	$ 117,942

	December 31, 2018			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Thousands)			
Mortgage-backed securities:				
Due after one year through five years	$ 5,613	$ 10	$ 124	$ 5,499
Due after five years through ten years	3,246	2	1	3,247
Due after ten years	110,710	52	3,868	106,894
Municipal obligations:				
Due within one year	495	-	-	495
Due after one year through five years	917	10	-	927
Due after five years through ten years	1225	13	1	1237
Due after 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)					
March 31, 2019						
Residential mortgage-backed securities	**$ 2,770**	**$ 21**	**$ 83,464**	**$ 1,990**	**$ 86,234**	**$ 2,011**
	$ 2,770	**$ 21**	**$ 83,464**	**$ 1,990**	**$ 86,234**	**$ 2,011**
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 March 31, 2019 and December 31, 2018, management performed an assessment for possible OTTI of the Company's residential mortgage-backed securities on an issue-by-issue basis, 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 March 31, 2019 and December 31, 2018, to be temporary.

Note 7 - Loans Receivable and Allowance for Loan Losses

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

	March 31, 2019	December 31, 2018
	(In Thousands)	
Originated loans:		
Residential one-to-four family	$ 214,971	$ 213,200
Commercial and multi-family	1,572,932	1,540,766
Construction	114,462	106,187
Commercial business[1]	140,103	136,966
Home equity[2]	49,102	54,271
Consumer	686	726
Sub-total	2,092,256	2,052,116
Acquired loans initially recorded at fair value:		
Residential one-to-four family	41,833	43,495
Commercial and multi-family	145,722	150,239
Construction	-	1,596
Commercial business[1]	25,968	27,373
Home equity[2]	17,599	18,376
Consumer	45	83
Sub-total	231,167	241,162
Acquired loans with deteriorated credit:		
Residential one-to-four family	1,380	1,390
Commercial and multi-family	5,672	6,832
Construction	-	-
Commercial business[1]	996	854
Home equity[2]	245	248
Consumer	-	-
Sub-total	8,293	9,324
Total Loans	2,331,716	2,302,602
Less:		
Deferred loan fees, net	(1,572)	(1,751)
Allowance for loan losses	(23,004)	(22,359)
Sub-total	(24,576)	(24,110)
Total Loans, net	$ 2,307,140	$ 2,278,492

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(1) Includes business lines of credit.

(2) Includes home equity lines of credit.

Note 7 - 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 $6.2 million at March 31, 2019, which was $1.0 million less than the balance at December 31, 2018. 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 and lease losses. Valuation allowances (recognized in the allowance for loan and lease 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 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):

(Dollars in thousands)	**Three months ended March 31, 2019**	**Three months ended March 31, 2018**
Balance, beginning of Period	$ **2,704**	$ **2,230**
Accretion recorded to interest income	**(253)**	**(84)**
Balance, end of Period	$ **2,451**	$ **2,146**

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

	March 31, 2019	December 31, 2018
Unpaid principal balance	$ **292,628**	$ 301,357
Recorded investment	**239,460**	250,486

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

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 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 bases the loan loss provision accordingly.

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

Residential single family real estate loans involve certain risks such as interest rate risk and risk of non-repayment. Adjustable-rate residential family real estate loans 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 most cases, any repossessed collateral for a defaulted commercial business loans will not provide an adequate source of repayment of the outstanding loan balance.

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

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

The following table sets forth the activity in the Company's allowance for loan losses for the three months ended March 31, 2019. The table also details the amount of total loans receivable, 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, as of March 31, 2019 (In thousands):

	Residential	Commercial & Multi-family	Construction	Commercial Business [1]	Home Equity	Consumer	Unallocated	Total
Allowance for loan 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, December 31, 2018	2,748	14,168	1,003	3,933	316	2	189	22,359
Charge-offs:								
Originated Loans:	-	111	-	145	-	-	-	256
Sub-total:	-	111	-	145	-	-	-	256
Recoveries:								
Originated Loans:	-	-	-	9	-	-	-	9
Acquired loans initially recorded at fair value:	-	-	-	-	3	-	-	3
Sub-total:	-	-	-	9	3	-	-	12
Provisions:								
Originated Loans:	97	1,188	206	(405)	(48)	(2)	(157)	879
Acquired loans initially recorded at fair value:	69	-	-	-	(3)	-	-	66
Acquired loans with deteriorated credit:	(7)	(24)	-	(25)	-	-	-	(56)
Sub-total:	159	1,164	206	(430)	(51)	(2)	(157)	889
Totals:								
Originated Loans:	2,471	15,077	1,209	3,328	265	-	32	22,382
Acquired loans initially recorded at fair value:	404	-	-	-	-	-	-	404
Acquired loans with deteriorated credit:	32	144	-	39	3	-	-	218
Ending Balance, March 31, 2019	$ 2,907	$ 15,221	$ 1,209	$ 3,367	$ 268	$ -	$ 32	$ 23,004
Loans Receivable:								
Ending Balance Originated Loans:	$ 214,971	$ 1,572,932	$ 114,462	$ 140,103	$49,102	$ 686	$ -	$2,092,256
Ending Balance Acquired loans initially recorded at fair value:	41,833	145,722	-	25,968	17,599	45	-	231,167
Ending Balance Acquired loans with deteriorated credit:	1,380	5,672	-	996	245	-	-	8,293
Total Gross Loans:	$ 258,184	$ 1,724,326	$ 114,462	$ 167,067	$66,946	$ 731	$ -	$2,331,716
Ending Balance: Loans individually evaluated for impairment:								
Ending Balance Originated Loans:	$ 5,985	$ 11,731	$ -	$ 1,482	$ 905	$ -	$ -	$ 20,103
Ending Balance Acquired loans initially recorded at fair value:	5,657	4,835	-	52	343	-	-	10,887
Ending Balance Acquired loans with deteriorated credit:	1,380	5,471	-	759	46	-	-	7,656
Ending Balance Loans individually evaluated for impairment:	$ 13,022	$ 22,037	$ -	$ 2,293	$ 1,294	$ -	$ -	$ 38,646
Ending Balance: Loans collectively evaluated for impairment:								
Ending Balance Originated Loans:	$ 208,986	$ 1,561,201	$ 114,462	$ 138,621	$48,197	$ 686	$ -	$2,072,153
Ending Balance Acquired loans initially recorded at fair value:	36,176	140,887	-	25,916	17,256	45	-	220,280
Ending Balance Acquired loans with deteriorated credit:	-	201	-	237	199	-	-	637
Ending Balance Loans collectively								

evaluated for impairment:	**$ 245,162**	**$ 1,702,289**	**$ 114,462**	**$ 164,774**	**$65,652**	**$ 731**	**$ -**	**$2,293,070**

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

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

The following table sets forth the activity in the Company's allowance for loan losses for the three months ended March 31, 2018.

	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	-	-	-	-	-	-	302
Acquired loans initially recorded at fair value:	72	-	-	-	6	-	-	78
Sub-total:	374	-	-	-	6	-	-	380
Recoveries:								
Originated Loans:	-	-	-	-	-	-	-	-
Acquired loans initially recorded at fair value:	-	-	-	-	-	-	-	-
Acquired loans with deteriorated credit:	-	-	-	-	-	-	-	-
Sub-total:	-	-	-	-	-	-	-	-
Provisions:								
Originated Loans:	179	224	(26)	658	46	(2)	21	1,100
Acquired loans initially recorded at fair value:	199	-	-	24	6	-	-	229
Acquired loans with deteriorated credit:	13	-	-	-	-	-	-	13
Sub-total:	391	224	(26)	682	52	(2)	21	1,342
Totals:								
Originated Loans:	2,245	11,880	492	2,676	384	4	198	17,879
Acquired loans initially recorded at fair value:	369	-	-	24	-	-	-	393
Acquired loans with deteriorated credit:	53	12	-	-	-	-	-	65
Ending Balance, March 31, 2018	$ 2,667	$ 11,892	$ 492	$ 2,700	$ 384	$ 4	$ 198	$18,337

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(1) Includes business lines of credit.

(2) Includes home equity lines of credit.

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

The table below sets forth the amounts and types of non-accrual loans in the Company's loan portfolio as of March 31, 2019 and December 31, 2018. 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 March 31, 2019 and December 31, 2018, total 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 and until the borrower has demonstrated its ability to satisfy the terms of the restructured loan.

	As of March 31, 2019 (In Thousands)	As of December 31, 2018 (In Thousands)
Non-Accruing Loans:		
Originated loans:		
Residential one-to-four family	$ 1,415	$ 1,160
Commercial and multi-family	1,364	2,568
Commercial business[1]	256	356
Home equity[2]	272	277
Sub-total:	3,307	4,361
Acquired loans initially recorded at fair value:		
Residential one-to-four family	1,704	2,165
Commercial and multi-family	597	605
Commercial business[1]	-	48
Home equity[2]	62	42
Sub-total:	2,363	2,860
Total	$ 5,670	$ 7,221

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(1) Includes business lines of credit.

(2) Includes home equity lines of credit.

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 $5.8 million at March 31, 2019, and $7.0 million at December 31, 2018.

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

The following table summarizes the average recorded investment and interest income recognized on impaired loans with no related allowance recorded by portfolio class for the three months ended March 31, 2019 and 2018 (In thousands):

	Three Months Ended March 31,			
	2019	**2019**	2018	2018
Originated loans	**Average Recorded Investment**	**Interest Income Recognized**	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:				
Residential one-to-four family	**$ 3,073**	**$ 28**	$ 1,981	$ 7
Commercial and Multi-family	**12,221**	**134**	11,897	77
Commercial business[1]	**1,063**	**42**	382	4
Home equity[2]	**758**	**6**	897	7
Sub-total:	**$ 17,115**	**$ 210**	$ 15,157	$ 95
Acquired loans initially recorded at fair value				
With no related allowance recorded:				
Residential one-to-four family	**$ 2,753**	**$ 25**	$ 3,876	$ 30
Commercial and Multi-family	**3,946**	**55**	3,793	59
Commercial business[1]	**53**	**1**	-	-
Home equity[2]	**230**	**3**	231	-
Consumer	**11**	**-**	-	4
Sub-total	**$ 6,993**	**$ 84**	$ 7,900	$ 93
Acquired loans with deteriorated credit				
With no related allowance recorded:				
Residential one-to-four family[3]	**$ 1,019**	**$ 16**	$ 1,225	$ 16
Commercial and Multi-family[3]	**6,050**	**6**	512	7
Commercial business[1][3]	**785**	**-**	-	-
Home equity[2][3]	**48**	**-**	-	-
Sub-total:	**$ 7,902**	**$ 22**	$ 1,737	$ 23
Total Impaired Loans				
With no related allowance recorded:	**$ 32,010**	**$ 316**	$ 24,794	$ 211

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(1) Includes business lines of credit.
(2) Includes home equity lines of credit.
(3) Does not include accretable yield on loans acquired with deteriorated credit.

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

The following table summarizes the average recorded investment and interest income recognized on impaired loans with allowance recorded by portfolio class for the three months ended March 31, 2019 and 2018. (In thousands):

	Three Months Ended March 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	**$ 2,941**	**$ 25**	$ 5,527	$ 57
Commercial and Multi-family	**56**	**-**	243	-
Commercial business[1]	**865**	**27**	1,332	16
Home equity[2]	**153**	**2**	157	2
Sub-total:	**$ 4,015**	**$ 54**	$ 7,259	$ 75
Acquired loans initially recorded at fair value with an allowance recorded:				
Residential one-to-four family	**$ 3,146**	**$ 24**	$ 3,580	$ 32
Commercial and Multi-family	**912**	**4**	1,093	5
Home equity[2]	**84**	**2**	86	1
Sub-total	**$ 4,142**	**$ 30**	$ 4,759	$ 38
Acquired loans with deteriorated credit with an allowance recorded:				
Residential one-to-four family	**$ 366**	**$ 5**	$ 185	$ 5
Sub-total:	**$ 366**	**$ 5**	$ 185	$ 5
Total Impaired Loans with an allowance recorded:	**$ 8,523**	**$ 89**	$ 12,203	$ 118

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(1) Includes business lines of credit.

(2) Includes home equity lines of credit.

Note 7 - 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 by portfolio class at
March 31, 2019 and December 31, 2018. (In thousands):

	As of March 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	$ 3,523	$ 3,577	$ -	$ 2,623	$ 2,689	$ -
Commercial and multi-family	11,731	12,215	-	12,711	13,308	-
Commercial business[1]	1,151	3,743	-	974	3,411	-
Home equity[2]	753	772	-	762	779	-
Sub-total:	$ 17,158	$ 20,307	$ -	$ 17,070	$ 20,187	$ -
Acquired loans initially recorded at fair value with no related allowance recorded:						
Residential one-to-four family	$ 2,382	$ 2,504	$ -	$ 3,123	$ 3,254	$ -
Commercial and Multi-family	3,931	3,931	-	3,961	3,961	-
Commercial business[1]	52	52	-	53	53	-
Home equity[2]	259	263	-	222	222	-
Sub-total:	$ 6,624	$ 6,750	$ -	$ 7,359	$ 7,490	$ -
Acquired loans with deteriorated credit with no related allowance recorded:						
Residential one-to-four family	$ 1,015	$ 1,571	$ -	$ 1,023	$ 1,579	$ -
Commercial and Multi-family	5,471	6,586	-	6,628	7,957	-
Commercial business[1]	759	6,210	-	810	6,253	-
Home equity[2]	46	54	-	49	57	-
Sub-total:	$ 7,291	$ 14,421	$ -	$ 8,510	$ 15,846	$ -
Total Impaired Loans with no related allowance recorded:	$ 31,073	$ 41,478	$ -	$ 32,939	$ 43,523	$ -

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(1) Includes business lines of credit.

(2) Includes home equity lines of credit.

Note 7 - 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 by portfolio class at March 31, 2019 and December 31, 2018. (In thousands):

	As of March 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	**$ 2,462**	**$ 2,467**	**$ 98**	$ 3,420	$ 3,420	$ 229
Commercial and Multi-family	**-**	**-**	**-**	111	153	111
Commercial business[1]	**331**	**1,479**	**292**	1,398	1,549	905
Home equity[2]	**152**	**152**	**20**	153	153	21
Sub-total:	**$ 2,945**	**$ 4,098**	**$ 410**	$ 5,082	$ 5,275	$ 1,266
Acquired loans initially recorded at fair value with an allowance recorded:						
Residential one-to-four family	**$ 3,275**	**$ 3,436**	**$ 513**	$ 3,016	$ 3,166	$ 532
Commercial and Multi-family	**904**	**1,087**	**360**	920	1,094	369
Commercial business[1]	**-**	**-**	**-**	-	-	-
Home equity[2]	**84**	**84**	**5**	84	84	5
Sub-total	**$ 4,263**	**$ 4,607**	**$ 878**	$ 4,020	$ 4,344	$ 906
Acquired loans with deteriorated credit with an allowance recorded:						
Residential one-to-four family	**$ 365**	**$ 413**	**$ 8**	$ 367	$ 414	$ 9
Sub-total:	**$ 365**	**$ 413**	**$ 8**	$ 367	$ 414	$ 9
Total Impaired Loans with an allowance recorded:	**$ 7,573**	**$ 9,118**	**$ 1,296**	$ 9,469	$ 10,033	$ 2,181
Total Impaired Loans with no related allowance recorded:	**$ 31,073**	**$ 41,478**	**$ -**	$ 32,939	$ 43,523	$ -
Total Impaired Loans:	**$ 38,646**	**$ 50,596**	**$ 1,296**	$ 42,408	$ 53,556	$ 2,181

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

Note 7 - 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 March 31, 2019	At December 31, 2018
	(In thousands)	
Recorded investment in TDRs:		
Accrual status	$ **23,059**	$ 22,477
Non-accrual status	**3,395**	4,136
Total recorded investment in TDRs	$ **26,454**	$ 26,613

The following table summarizes information with regard to troubled debt restructurings which occurred during the three months ended March 31, 2019.

Three Months Ended March 31, 2019 (Dollars in Thousands)	**Number of Contracts**	**Pre-Modification Outstanding Recorded Investments**	**Post-Modification Outstanding Recorded Investments**
Originated loans:			
Residential one-to-four family	$ **1**	**$ 181**	**$ 186**
Commercial and multi-family	**1**	**877**	**1,039**
Commercial business[(1)]	**1**	**145**	**153**
Total	$ **3**	**$ 1,203**	**$ 1,378**

The following table summarizes information with regard to troubled debt restructurings which occurred during the three months ended March 31, 2018.

Three Months Ended March 31, 2018 (Dollars in Thousands)	Number of Contracts	Pre-Modification Outstanding Recorded Investments	Post-Modification Outstanding Recorded Investments
Originated loans:			
Residential one-to-four family	1	$ 640	$ 640
Sub-total:	1	$ 640	$ 640
Acquired loans initially recorded at fair value:			
Residential one-to-four family	1	$ 179	$ 179
Sub-total:	1	$ 179	$ 179
Total	2	$ 819	$ 819

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(1) Includes business lines of credit.

The loans included above are considered TDRs as a result of the Company implementing one or more of the following concessions: granting a material extension of time, issuing a forbearance agreement, 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.

Troubled debt restructurings for which there was a payment default within twelve months of restructuring during the three months ended March 31, 2019 totaled $0 for zero contracts and $3,376,000 for three contracts during the three months ended March 31, 2018.

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

The following table sets forth the delinquency status of total loans receivable as of March 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	$ 1,223	$ 1,867	$ 1,013	$ 4,103	$ 210,868	$ 214,971	$ -
Commercial and multi-family	15,234	-	-	15,234	1,557,698	1,572,932	-
Construction	-	-	-	-	114,462	114,462	-
Commercial business[1]	6,259	400	60	6,719	133,384	140,103	-
Home equity[2]	101	-	37	138	48,964	49,102	-
Consumer	-	-	-	-	686	686	-
Sub-total:	$ 22,817	$ 2,267	$ 1,110	$ 26,194	$ 2,066,062	$ 2,092,256	$ -
Acquired loans initially recorded at fair value:							
Residential one-to-four family	$ 601	$ -	$ 1,301	$ 1,902	$ 39,931	41,833	$ -
Commercial and multi-family	2,949	-	2	2,951	142,771	145,722	-
Construction	-	-	-	-	-	-	-
Commercial business[1]	2,684	377	-	3,061	22,907	25,968	-
Home equity[2]	239	279	42	560	17,039	17,599	-
Consumer	-	-	-	-	45	45	-
Sub-total:	$ 6,473	$ 656	$ 1,345	$ 8,474	$ 222,693	$ 231,167	$ -
Acquired loans with deteriorated credit:							
Residential one-to-four family	$ -	$ -	$ -	$ -	$ 1,380	1,380	$ -
Commercial and multi-family	-	-	4,868	4,868	804	5,672	-
Commercial business[1]	194	-	53	247	749	996	-
Home equity[2]	-	46	-	46	199	245	-
						-	
Sub-total:	$ 194	$ 46	$ 4,921	$ 5,161	$ 3,132	$ 8,293	$ -
Total	$ 29,484	$ 2,969	$ 7,376	$ 39,829	$ 2,291,887	$ 2,331,716	$ -

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(1) Includes business lines of credit.

(2) Includes home equity lines of credit.

Note 7 - 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

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

Criticized and Classified Assets.

Company 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 March 31, 2019, we had $0 in assets classified as losses, and $24.0 million in assets classified as substandard, all of which $24.0 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 ratings (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.

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

The following table presents the loan portfolio types summarized by the aggregate pass rating and the classified ratings of special mention, substandard, doubtful, and loss within the Company's internal risk rating system as of March 31, 2019. (In thousands):

	Pass	Special Mention	Substandard	Doubtful	Loss	Total
Originated loans:						
Residential one-to-four family	$ 209,888	$ 2,022	$ 3,061	$ -	$ -	$ 214,971
Commercial and multi-family	1,559,284	4,168	9,480	-	-	1,572,932
Construction	113,794	668	-	-	-	114,462
Commercial business[1]	137,068	1,927	1,108	-	-	140,103
Home equity[2]	48,767	63	272	-	-	49,102
Consumer	680	6	-	-	-	686
Sub-total:	$ 2,069,481	$ 8,854	$ 13,921	$ -	$ -	$ 2,092,256
Acquired loans initially recorded at fair value:						
Residential one-to-four family	$ 39,811	$ -	$ 2,022	$ -	$ -	41,833
Commercial and multi-family	142,221	1,344	2,157	-	-	145,722
Construction	-	-	-	-	-	-
Commercial business[1]	24,867	1,101	-	-	-	25,968
Home equity[2]	17,513	-	86	-	-	17,599
Consumer	45	-	-	-	-	45
Sub-total:	$ 224,457	$ 2,445	$ 4,265	$ -	$ -	$ 231,167
Acquired loans with deteriorated credit:						
Residential one-to-four family	$ 807	$ 559	$ 14	$ -	$ -	1,380
Commercial and multi-family	201	499	4,972	-	-	5,672
Construction	-	-	-	-	-	-
Commercial business[1]	-	237	759	-	-	996
Home equity[2]	199	-	46	-	-	245
Consumer	-	-	-	-	-	-
Sub-total:	$ 1,207	$ 1,295	$ 5,791	$ -	$ -	$ 8,293
Total Gross Loans	$ 2,295,145	$ 12,594	$ 23,977	$ -	$ -	$ 2,331,716

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(1) Includes business lines of credit.

(2) Includes home equity lines of credit.

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

The following table presents the loan portfolio types summarized by the aggregate pass rating and the classified ratings of special mention, substandard, doubtful, and loss within the Company's internal risk rating system as of 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
Sub-total:	$ 1,211	$ 1,112	$ 7,001	$ -	$ -	$ 9,324
Total Gross Loans	$ 2,263,252	$ 13,189	$ 26,161	$ -	$ -	$ 2,302,602

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

Note 8 – Stockholders' Equity

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.

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 January 30, 2019, BCB Bancorp, Inc. (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 February 25, 2019, BCB Bancorp, Inc. (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.

Note 9 – 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.

We believe that the fair values of our intangible assets were in excess of their carrying amounts and therefore there was no impairment to intangible assets at March 31, 2019.

Amortization expense of the core deposit intangibles was $19,000 for the three months ended March 31, 2019. The unamortized balance of the core deposit intangibles and the amount of goodwill at March 31, 2019 were $352,000 and $5.2 million, respectively.

Note 10 – Fair Values of Financial Instruments

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

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

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

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

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

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

Description	Total	(Level 1) Quoted Prices in Active Markets for Identical Assets	(Level 2) Significant Other Observable Inputs	(Level 3) Significant Unobservable Inputs
As of March 31, 2019:				
Securities Available for Sale				
Residential mortgage backed securities	**$ 114,211**	**$ -**	**$ 114,211**	**$ -**
Municipal obligations	**3,731**	**-**	**3,731**	**-**
Total Securities Available for Sale	**117,942**	**-**	**117,942**	**-**
Preferred Stock				
Equity Investments	**7,963**	**7,963**	**-**	**-**
Total Securities Available for Sale	**$ 7,963**	**$ 7,963**	**$ -**	**$ -**
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				
Equity Investments	7,672	7,672	-	-
Total Securities	$ 7,672	$ 7,672	$ -	$ -

The Company's policy is to recognize transfers between levels as of the actual date of the event or change in circumstances that caused the transfer. There were no transfers of assets or liabilities into or out of Level 1, Level 2, or Level 3 of the fair value hierarchy during the three months ended March 31, 2019 and 2018.

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

Description	Total	(Level 1) Quoted Prices in Active Markets for Identical Assets	(Level 2) Significant Other Observable Inputs	(Level 3) Significant Unobservable Inputs
As of March 31, 2019				
Impaired Loans	**$ 6,277**	**$ -**	**$ -**	**$ 6,277**
Other real estate owned	**$ 1,746**	**$ -**	**$ -**	**$ 1,746**
As of December 31, 2018:				
Impaired Loans	$ 7,288	$ -	$ -	$ 7,288
Other real estate owned	$ 1,333	$ -	$ -	$ 1,333

The following tables present additional quantitative information as of March 31, 2019 and December 31, 2018 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
March 31, 2019:				
Impaired Loans	**$ 6,277**	Appraisal of collateral (1)	Appraisal adjustments (2)	0%-10%
Other real estate owned	**$ 1,746**	Appraisal of collateral (1)	Appraisal adjustments (2)	0%-10%

	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 objectively determinable.
(2) Appraisals may be adjusted by management for qualitative factors such as 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 as of March 31, 2019 and December 31, 2018.

Cash and Cash Equivalents and Interest-Earning Time Deposits (Carried at Cost)

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

Securities Available for Sale

The fair value of securities available for sale (carried at fair value) are determined by 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.

Equity Securities

The fair values of available-for-sale securities are based on quoted market prices (Level 1).

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

The fair value of loans held for sale is determined, when possible, using quoted secondary-market prices. If no such quoted prices exist, the fair value of a loan is determined using quoted prices for a similar loan or loans, adjusted for specific attributes of that loan. Loans held for sale are carried at their cost as of March 31, 2019 and December 31, 2018.

Loans Receivable (Carried at Cost)

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

Note 10 – Fair Values of Financial Instruments (Continued)

Impaired Loans

A loan is impaired when, based on current information and events, it is probable that a creditor will be unable to collect all amounts due according to the original contractual terms of the loan agreement. Impaired loans are measured based on the present value of expected future cash flows discounted at the loan's effective interest rate, or as a practical expedient, at the loans observable market price or the fair value of the collateral if the loan is collateral dependent. Fair value is generally determined based upon independent third-party appraisals of the properties, or discounted cash flows based upon the expected proceeds. These assets are included as Level 3 fair values, based upon the lowest level of input that is significant to the fair value measurements. The fair value at March 31, 2019 and December 31, 2018 consisted of the loan balances of $7.6 million and $9.5 million, net of a valuation allowance of $1.3 million and $2.2 million, respectively.

Real Estate Owned (Generally Carried at Lower of Cost or Fair Value)

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

FHLB of New York Stock (Carried at Cost)

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

Interest Receivable and Payable (Carried at Cost)

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

Deposits (Carried at Cost)

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

Borrowings and Subordinated Debt (Carried at Cost)

Fair values 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. Prices obtained from this active market represent a market value that is deemed to represent the transfer price if the liability were assumed by a third party.

Off-Balance Sheet Financial Instruments

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

Note 10 – Fair Values of Financial Instruments (Continued)

The carrying values and estimated fair values of financial instruments were as follows as of March 31, 2019 and December 31, 2018:

	As of March 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	**$ 193,548**	**$ 193,548**	**$ 193,548**	**$ -**	**$ -**
Interest-earning time deposits	**735**	**735**	**735**	**-**	**-**
Debt securities available for sale	**117,942**	**117,942**	**-**	**117,942**	**-**
Equity investments	**7,963**	**7,963**	**7,963**	**-**	**-**
Loans held for sale	**1,347**	**1,347**	**-**	**1,347**	**-**
Loans receivable, net	**2,307,140**	**2,291,599**	**-**	**-**	**2,291,599**
FHLB of New York stock, at cost	**13,405**	**13,405**	**-**	**13,405**	**-**
Accrued interest receivable	**9,750**	**9,750**	**-**	**9,750**	**-**
Other Real Estate Owned	**1,746**	**1,746**	**-**	**-**	**1,746**
Financial liabilities:					
Deposits	**2,188,633**	**2,197,683**	**1,106,248**	**1,091,435**	**-**
Borrowings	**245,800**	**245,305**	**-**	**245,305**	**-**
Subordinated debentures	**36,635**	**36,561**	**-**	**36,561**	**-**
Accrued interest payable	**2,297**	**2,297**	**-**	**2,297**	**-**

	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	-
Other Real Estate Owned	1,333	1,333	-	-	1,333
Financial liabilities:					
Deposits	2,180,724	2,189,404	1,075,539	1,113,865	-
Borrowings	245,800	244,049	-	244,049	-
Subordinated debentures	36,577	36,316	-	36,316	-
Accrued interest payable	2,561	2,561	-	2,561	-

Note 11 – 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 $989,000 at March 31, 2019.

The Company also has $4,124,000 of mandatory redeemable Trust Preferred securities. These interest rate on these floating rate junior subordinated debentures adjusts quarterly.

Note 12 – Lease Obligations

In February 2016, FASB issued ASU 2016-02, *Leases*, which requires a lessee to recognize the assets and liabilities that arise from all leases with a term greater than 12 months. The core principle requires the lessee to recognize a liability to make lease payments and a right-of-use ("ROU") asset. The Company adopted this standard in the first quarter of 2019 using the option to apply the transition provisions of the new standard at the adoption date instead of the earliest period presented as provided in ASU 2018-11.

The right-of-use asset and related liability included in the balance sheet at March 31, 2019 were as follows (dollars in thousands):

	Premises and Equipment, net	Other Liabilities
Operating Leases	$ **15,346**	$ **15,381**

The Company leases 28 of our 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 uses a discount rate based upon the applicable borrowing rates of the Federal Home Loan Bank for maturities corresponding to the termination dates of the specific leases.

The following table presents certain information related to the Company's adoption of ASU 2016-02 (in Thousands):

	Three Months Ended March 31, 2019
Operating lease cost	$ **750**
Variable lease cost-operating leases	$ **132**

	At March 31, 2019
Right-of-use assets obtained in exchange for lease obligations	
Operating leases	$ **15,991**
Supplemental balance sheet information related to leases:	
Operating Leases	
Operating lease right-of-use assets	$ **15,346**
Current liabilities	$ **2,650**
Operating lease liabilities (noncurrent portion)	**12,731**
Total operating lease liabilities	$ **15,381**

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

Weighted Average Remaining Lease Term	
Operating leases	**7 years**
Weighted Average Discount Rate	
Operating leases	**3.15 %**

The following table summarizes the Company's maturity of lease obligations for operating and finance leases at March 31, 2019:

Maturities of lease liabilities:

	At March 31, 2019 Operating Leases
2020	$ **3,089**
2021	**2,947**
2022	**2,652**
2023	**2,342**
2024	**1,662**
Thereafter	**4,592**
Total lease payments	**17,284**
Less imputed interest	**(1,903)**

Total	$	**15,381**

Note 13 – Subsequent Events

On April 25, 2019, at the Annual Meeting of Shareholders of BCB Bancorp, Inc. (the "Company"), upon the recommendation of the Board of Directors, the shareholders voted on and approved an amendment to the Company's Restated Certificate of Incorporation to increase the Company's authorized shares of common stock from 20,000,000 to 40,000,000 and the number of authorized shares of capital stock from 30,000,000 to 50,000,000 (the "Amendment").

ITEM 2.

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

Forward-Looking Statements

This report on Form 10-Q contains "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995, or the PSLRA. Such forward-looking statements, in addition to historical information, involve risk and uncertainties, and are based on the beliefs, assumptions and expectations of our management team. Words such as "expects," "believes," "should," "plans," "anticipates," "will," "potential," "could," "intend," "may," "outlook," "predict," "project," "would," "estimated," "assumes," "likely," and variation of such similar expressions are intended to identify such forward-looking statements. Forward-looking statements speak only as of the date they are made. Because forward-looking statements are subject to assumptions and uncertainties, actual results or future events could differ, possible materially, from those that we anticipated in our forward-looking statements and future results could differ materially from historical performance.

Factors that could cause future results to vary from current management expectations as reflected in our forward looking statements include, but are not limited to:

- unfavorable economic conditions in the United States generally and particularly in our primary market area;
- the effects of declines in housing markets and real estate values that may adversely impact the collateral underlying our loans;
- increase in unemployment levels and slowdowns in economic growth;
- our level of non-performing assets and the costs associated with resolving any problem loans including litigation and other costs;
- the impact of changes in interest rates and the credit quality and strength of underlying collateral and the effect of such changes on the market value of our loan and investment securities portfolios;
- the credit risk associated with our loan portfolio;
- changes in the quality and composition of the Bank's loan and investment portfolios;
- changes in our ability to access cost-effective funding;
- deposit flows;
- legislative and regulatory changes, including increases in Federal Deposit Insurance Corporation, or FDIC, insurance rates;
- monetary and fiscal policies of the federal government;
- changes in tax policies, rates and regulations of federal, state and local tax authorities;
- inflation;
- demands for our loan products;
- demand for financial services;
- competition;
- changes in the securities or secondary mortgage markets;
- changes in management's business strategies;
- our ability to enter new markets successfully;
- our ability to successfully integrate acquired businesses;
- changes in consumer spending;
- our ability to retain key employees;
- the effects of any reputational, credit, interest rate, market, operational, legal, liquidity, regulatory risk;
- expanded regulatory requirements as a result of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which could adversely affect operating results; and
- other factors discussed elsewhere in this report, and in other reports we filed with the SEC, including under "Risk Factors" in Part I, Item 1A of our annual Report on Form 10-K and our other periodic reports that we file with the SEC.

You should not place undue reliance on these forward-looking statements, which reflect our expectations only as of the date of this Form 10-Q. We do not assume any obligation to revise forward-looking statements except as may be required by law.

Overview

BCB Bancorp, Inc. is a New Jersey corporation, and is the holding company parent of BCB Community Bank, or 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. At March 31, 2019 we had approximately $2.718 billion in consolidated assets, $2.189 billion in deposits and $216.7 million in consolidated stockholders' equity.

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 March 31, 2019 the Bank operated through twenty-nine branches in Bayonne, Carteret, Colonia, Edison, Jersey City, Hoboken, Fairfield, Holmdel, Lodi, Lyndhurst, Maplewood, Monroe Township, Parsippany, Plainsboro, River Edge, Rutherford, South Orange, Union, and Woodbridge, New Jersey, as well as three branches in Hicksville and Staten Island, NY, 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 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, home equity loans, construction loans, consumer loans and commercial business loans. In recent years the primary growth in our loan portfolio has been in loans secured by commercial real estate and multi-family properties;

- 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.

For a description of the recently completed merger by the Company, see Note 2 to the Company's unaudited financial statements.

Critical Accounting Policies

The preparation of the Consolidated Financial Statements in accordance with U.S. GAAP requires us to make estimates and assumptions affecting the reported amounts of assets, liabilities, revenues and expenses. We regularly evaluate these estimates and assumptions including those used to determine the allowance for loan losses, deferred taxes, fair value measurements, goodwill and other intangible assets. We base our estimates on historical experience and various other factors and assumptions that are believed to be reasonable under the circumstances. These form the basis for making judgments on the carrying value of assets and liabilities that are not readily apparent from other sources. Although our current estimates contemplate current economic conditions and how we expect them to change in the future, for the remainder of 2019, it is reasonably possible that actual conditions may be worse than anticipated in those estimates, which could materially affect our results of operations and financial condition. Actual results may differ from these estimates under different assumptions or conditions.

See further discussion of these critical accounting policies in our Annual Report on Form 10-K for the year ended December 31, 2018 and Note 1, Basis of Presentation, to the unaudited Consolidated Financial Statements. There has been no change in critical accounting policies since the Company's last annual report on Form 10-K.

Recent Events

On February 25, 2019, 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. 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 Securities Act of 1933 (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, BCB Bancorp, Inc. (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 sale represents 21% of the gross proceeds of the Company's total issued and outstanding Noncumulative Perpetual Preferred Stock. The purchase price was $10,000 per share. The Company relied on the exemption from registration with the Securities and Exchange Commission ("SEC") provided under SEC Rule 506 of Regulation D.

Financial Condition

Total assets increased by $43.7 million, or 1.6 percent, to $2.718 billion at March 31, 2019 from $2.675 billion at December 31, 2018. The increase in total assets was primarily the result of organic loan growth as well as the inclusion of operating and finance leases as a result of accounting standards changes as mandated by the Financial Accounting Standards Board's Accounting Standards Update - *Leases Topic 842*.

Loans receivable increased by $28.6 million, or 1.3 percent, to $2.307 billion at March 31, 2019 from $2.278 billion at December 31, 2018. The organic growth in loans over the first three months of 2019 represented increases of $26.5 million in commercial real estate and multi-family loans, $6.7 million in construction loans, $1.9 million in commercial business loans, $100,000 in residential one-to-four family loans, partly offset by decreases of $6.0 million in home equity loans and $78,000 in consumer loans. The allowance for loan losses was $23.0 million, or 405.7 percent of non-accruing loans and 0.99 percent of gross loans, at March 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, at December 31, 2018.

Total cash and cash equivalents decreased by $1.7 million, or 0.9 percent, to $193.5 million at March 31, 2019 from $195.2 million at December 31, 2018. The Company's level of cash and cash equivalents is a part of the Company's strategy to maintain strong levels of liquidity.

Total investment securities decreased by $1.1 million, or 0.9 percent, to $125.9 million at March 31, 2019 from $127.0 million at December 31, 2018.

During the quarter ended June 30, 2019, the Company adopted Accounting Standards Update ("ASU") No. 2016-02 - Leases, requiring on-balance sheet reporting for all operating and financing leases, which resulted in the recording of $16.0 million in operating and financing lease right-of-use assets and a corresponding $16.0 million in operating and financing lease liabilities associated with the implementation of the standard.

Deposit liabilities increased by $7.9 million, or 0.4 percent, to $2.189 billion at March 31, 2019 from $2.181 billion at December 31, 2018. Increases over the first three months of 2019 included $43.2 million in certificates of deposit, excluding listing service and brokered deposits, $26.4 million in money market checking accounts, $4.3 million in transaction accounts and $2.4 million in savings and club accounts. The increases provided by the growth in these accounts was somewhat offset by reductions in the Company's listing service and brokered certificate of deposits, which saw decreases of $1.8 million and $63.6 million, respectively. The Company uses listing service and brokered certificates of deposits as additional sources of deposit liquidity, which totaled $35.1 million and $184.4 million, respectively, at March 31, 2019.

Debt obligations remained flat at $282.4 million at March 31, 2019 and December 31, 2018 and consisted of both Federal Home Loan Bank

(“FHLB”) borrowings and subordinated debt balances. FHLB borrowings reflect the use of long-term advances to augment deposits as the Company’s funding source for originating loans and investing in investment securities. The weighted average interest rate of FHLB advances was 2.18 percent at March 31, 2019. The issuance of subordinated debt was to maintain adequate capital ratios for further growth. The fixed interest rate of subordinated debt balances was 5.625% at March 31, 2019.

Stockholders’ equity increased by $16.5 million, or 8.2 percent, to $216.7 million at March 31, 2019 from $200.2 million at December 31, 2018. The increase in stockholders’ equity was primarily attributable to the Company’s issuance of $6.2 million of common stock in a private placement which closed in February, 2019 and the issuance of $5.3 million of preferred series G stock in a private placement, which was issued in January, 2019. Retained earnings increased by $2.3 million to $40.8 million at March 31, 2019 from $38.5 million at December 31, 2018, due primarily to the increase in net income, net of dividends paid. Accumulated other comprehensive losses decreased $1.7 million to $3.4 million at March 31, 2018 from $5.1 million at December 31, 2018.

Net Interest Income Analysis

Net interest income represents the difference between income earned on our interest-earning assets and the expense incurred on our interest-bearing liabilities, and is analyzed and monitored by the Company on a regular basis. The following table sets forth average balance sheets, yields, and costs. The yields include the effect of deferred fees, discounts, and premiums that are amortized or accreted to interest income or expense.

	Three Months Ended March 31,					
	2019			2018		
	Average Balance	Interest Earned/Paid	Average Yield/Rate (3)	Average Balance	Interest Earned/Paid	Average Yield/Rate (3)
	(Dollars in thousands)					
Interest-earning assets:						
Loans Receivable	**$ 2,317,250**	**$ 28,233**	**4.87%**	$ 1,720,865	$ 19,521	4.54%
Investment Securities	**139,171**	**898**	**2.58%**	123,450	803	2.60%
Interest-earning deposits	**173,076**	**1,347**	**3.11%**	123,193	618	2.01%
Total Interest-earning assets	**2,629,497**	**30,478**	**4.64%**	1,967,508	20,942	4.26%
Non-interest-earning assets	**60,741**			47,254		
Total assets	**$ 2,690,238**			$ 2,014,762		
Interest-bearing liabilities:						
Interest-bearing demand accounts	**$ 341,659**	**$ 604**	**0.71%**	$ 314,074	$ 426	0.54%
Money market accounts	**237,011**	**972**	**1.64%**	157,421	371	0.94%
Savings accounts	**260,524**	**113**	**0.17%**	258,805	97	0.15%
Certificates of Deposit	**1,085,299**	**5,990**	**2.21%**	720,696	2,730	1.52%
Total interest-bearing deposits	**1,924,493**	**7,679**	**1.60%**	1,450,996	3,624	1.00%
Borrowed funds	**283,460**	**1,897**	**2.68%**	182,013	878	1.93%
Total interest-bearing liabilities	**2,207,953**	**9,576**	**1.74%**	1,633,009	4,502	1.11%
Non-interest-bearing liabilities	**275,575**			205,033		
Total liabilities	**2,483,528**			1,838,042		
Stockholders' equity	**206,710**			176,720		
Total liabilities and stockholders' equity	**$ 2,690,238**			$ 2,014,762		
Net interest income		**$ 20,902**			$ 16,440	
Net interest rate spread[1]			**2.90%**			3.15%
Net interest margin[2]			**3.18%**			3.34%

(1) Net interest rate spread represents the difference between the average yield on average interest-earning assets and the average cost of average interest-bearing liabilities.
(2) Net interest margin represents net interest income divided by average total interest-earning assets.
(3) Annualized.

Results of Operations comparison for the Three Months Ended March 31, 2019 and 2018

Net income increased $819,000, or 17.7 percent, to $5.5 million for the three months ended March 31, 2019, compared with $4.6 million for the three months ended March 31, 2018. The increase in net income was primarily related to an increase in total interest income and a decrease in the provision for loan losses, partly offset by an increase in interest expense, a decrease in total non-interest income, and a higher income tax provision for the three months ended March 31, 2019 as compared to the three months ended March 31, 2018.

Net interest income increased by $4.5 million, or 27.1 percent, to $20.9 million for the three months ended March 31, 2019 from $16.4 million for the three months ended March 31, 2018. The increase in net interest income resulted primarily from an increase in the average balance of interest-earning assets of $662.2 million, or 33.7 percent, to $2.629 billion for the three months ended March 31, 2019 from $1.967 billion for the three months ended March 31, 2018. There was an increase in the average yield on interest-earning assets of 38 basis points to 4.64 percent for the three months ended March 31, 2019 from 4.26 percent for the three months ended March 31, 2018. There was also an increase in the average balance of interest-bearing liabilities of $574.9 million, or 35.2 percent, to $2.208 billion for the three months ended March 31, 2019 from $1.633 billion for the three months ended March 31, 2018, and an increase in the average rate on interest-bearing liabilities of 63 basis points to 1.73 percent for the three months ended March 31, 2019 from 1.10 percent for the three months ended March 31, 2018.

Interest income on loans receivable increased by $8.7 million, or 44.6 percent, to $28.2 million for the three months ended March 31, 2019 from $19.5 million for the three months ended March 31, 2018. The increase was primarily attributable to an increase in the average balance of loans receivable of $596.6 million, or 34.7 percent, to $2.317 billion for the three months ended March 31, 2019 from $1.720 billion for the three months ended March 31, 2018, as well as an increase in the average yield on loans of 34 basis points to 4.87 percent for the three months ended March 31, 2019 from 4.53 percent for the three months ended March 31, 2018. The increase in the average balance of loans receivable was in accordance with the Company’s growth strategy, which included growing the Bank’s geographic footprint vis-à-vis our organic branching strategy and the acquisition of IAB, which was completed in the second quarter of 2018, while the increase in the average yield on loans related to the rising interest rate environment. Interest income on loans also included $510,000 of amortization of purchase credit fair value adjustments related to the acquisition of IAB for the three months ended March 31, 2019, which added approximately nine basis points to the average yield on interest earning assets on an annualized basis.

Interest income on securities increased by $95,000, or 11.8 percent, to $898,000 for the three months ended March 31, 2019 from $803,000 for the three months ended March 31, 2018. This increase was primarily due to an increase in the average balance of securities of $15.7 million, or 11.8 percent, to $139.2 million for the three months ended March 31, 2019 from $123.5 million for the three months ended March 31, 2018, partly offset by a decrease in the average yield on securities of 2 basis points to 2.58 percent for the three months ended March 31, 2019 from 2.60 percent for the three months ended March 31, 2018. The increase in the average balance of securities related to the Company’s strategy to further strengthen its liquidity position and the acquisition of IAB.

Interest income on other interest-earning assets increased by $729,000, or 118.0 percent, to $1.3 million for the three months ended March 31, 2019 from $618,000 for the three months ended March 31, 2018. This increase was primarily due to an increase in the average balance of other interest earning assets of $49.9 million, or 40.5 percent, to $173.1 million for the three months ended March 31, 2019 from $123.2 million for the three months ended March 31, 2018 as well as an increase in the average yield on other interest-earning assets of 111 basis points to 3.11 percent for the three months ended March 31, 2019 from 2.00 percent for the three months ended March 31, 2018. The increase in the average balance of other interest-earning assets is consistent with the Company’s strategy of maintaining strong levels of liquidity. The increase in the average yield on other interest-earning assets correlates to the increases in the fed funds rate that have occurred over the last 12 months.

Total interest expense increased by $5.1 million, or 112.7 percent, to $9.6 million for the three months ended March 31, 2019 from $4.5 million for the three months ended March 31, 2018. This increase resulted, primarily, from an increase in the average balance of interest-bearing liabilities of $574.9 million, or 35.2 percent, to $2.208 billion for the three months ended March 31, 2019 from $1.633 billion for the three months ended March 31, 2018, as well as an increase in the average rate on interest-bearing liabilities of 63 basis points to 1.73 percent for the three months ended March 31, 2019 from 1.10 percent for the three months ended March 31, 2018. Interest expense, net related to the issuance of subordinated debt in July 2018, totaled $519,000 for the three months ended March 31, 2019, which added approximately six basis points to the average cost of funds on an annualized basis.

Net interest margin was 3.18 percent for the three-month period ended March 31, 2019 and 3.34 percent for the three-month period ended March 31, 2018. The decrease in the net interest margin was the result of the rising 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 $453,000, to $889,000 for the three months ended March 31, 2019 from $1.3 million for the three months ended March 31, 2018. 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 three months ended March 31, 2019, the Company experienced $244,000 in net charge-offs compared to $380,000 in net charge-offs for the three months ended March 31, 2018. The Bank had non-accrual loans totaling $5.7 million, or 0.24 percent, of gross loans at March 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 $23.0 million, or 0.99 percent, of gross loans at March 31, 2019, and $22.4 million, or 0.97 percent, of gross loans at December 31, 2018 and $18.3 million, or 1.03 percent, of gross loans at March 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 March 31, 2019 and December 31, 2018.

Total non-interest income decreased by $1.7 million, or 51.0 percent, to $1.7 million for the three months ended March 31, 2019 from $3.4 million for the three months ended March 31, 2018. The decrease in total non-interest income mainly related to a decrease in the amount of other non-interest income of $2.2 million, or 97.6 percent, to $53,000 for the three months ended March 31, 2019 from $2.2 million for the three months ended March 31, 2018. The decrease in other non-interest income was the result of $2.2 million in proceeds from a legal settlement recognized in the first quarter of 2018. The decrease in total non-interest income also related to a decrease in the gain on sale of loans of $265,000,

or 45.5 percent, to $318,000 for the three months ended March 31, 2019 from $583,000 for the three months ended March 31, 2018. The decrease in total non-interest income was partly offset by increases in unrecognized gains on equity securities of $418,000, with a gain of $291,000 for the three months ended March 31, 2019 as compared to an unrecognized loss on equity securities of $127,000 for the three months ended March 31, 2018. There was also an increase in fees and service charges of $173,000, or 24.4 percent, to $883,000 for the three months ended March 31, 2019 from $710,000 for the three months ended March 31, 2018, partly related to the acquisition of IAB, and a gain on sale of impaired loans of $107,000 for the three months ended March 31, 2019 as compared to a loss on sale of impaired loans of $24,000 for the three months ended March 31, 2018.

Total non-interest expense increased by $1.8 million, or 14.7 percent, to $13.8 million for the three months ended March 31, 2019 from $12.0 million for the three months ended March 31, 2018. Salaries and employee benefits expense increased by $648,000, or 10.3 percent, to $6.9 million for the three months ended March 31, 2019 from $6.3 million for the three months ended March 31, 2018. Occupancy expense increased by $568,000, or 27.5 percent, to $2.6 million for the three months ended March 31, 2019 from $2.1 million for the three months ended March 31, 2018. Other non-interest expense increased by $399,000, or 22.8 percent, to $2.1 million for the three months ended March 31, 2019 from $1.7 million for the three months ended March 31, 2018. Other non-interest expense consisted of loan expense, business development, office supplies, correspondent bank fees, telephone and communication and other fees and expenses. Fees associated with regulatory assessments increased by $218,000,

or 91.2 percent, to $457,000 for the three months ended March 31, 2019 from $239,000 for the three months ended March 31, 2018. Director fees increased by $117,000, or 58.2 percent, to $318,000 for the three months ended March 31, 2019 from $201,000 for the three months ended March 31, 2018. The increases in non-interest expense over the prior year were largely attributable to the inclusion of IAB expenses since the merger in April, 2018. These increases in total non-interest expense were partly offset by a decrease in merger-related costs, of which $145,000 was recognized in the three months ended March 31, 2018 with no comparable expense for the three months ended March 31, 2019.

The income tax provision increased by $604,000, or 32.8 percent, to $2.4 million for the three months ended March 31, 2019 from $1.8 million for the three months ended March 31, 2018. The increase in the income tax provision comes as a result of higher taxable income for the three months ended March 31, 2019 as compared to that same period for 2018. The consolidated effective tax rate for the three months ended March 31, 2019 was 31.0 percent compared to 28.4 percent for the three months ended March 31, 2018. The higher effective tax rate in the current period primarily relates to an increase in the New Jersey corporate business tax of 2.5% which was enacted July 1, 2018 and effective retroactively to January 1, 2018.

Liquidity and Capital Resources

Liquidity

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.

The Company had total borrowings of $282.4 million at March 31, 2019 and $282.3 million at December 31, 2018. The average rate of FHLB advances was 2.18 percent at March 31, 2019, and December 31, 2018. The subordinated debentures have a ten-year term and will bear interest at a fixed annual rate of 5.625% for the first five years of the term. From and including August 1, 2023, the interest rate will adjust to a floating rate based on the LIBOR plus 2.72% until redemption or maturity.

The Company had the ability at March 31, 2019 to obtain additional funding from the FHLB of up to $252.8 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 $815.3 million at March 31, 2019. Based upon historical experience, management estimates that a significant portion of such deposits will remain with the Company.

Capital Resources

At March 31, 2019, and December 31, 2018, BCB Community Bank exceeded all of its regulatory capital requirements to which it was subject. The following table sets forth the regulatory capital ratios for BCB Community Bank as well as regulatory capital requirements for the periods presented.

	Actual		For Capital Adequacy Purposes		For Well Capitalized Under Prompt Corrective Action	
As of March 31, 2019:						
Bank						
Total capital (to risk-weighted assets)	**$ 270,805**	**12.41 %**	**$ 174,610**	**8.00 %**	**$ 218,263**	**10.00 %**
Tier 1 capital (to risk-weighted assets)	**247,801**	**11.35**	**130,958**	**6.00**	**174,610**	**8.00**
Common Equity Tier 1 Capital (to risk-weighted assets)	**247,801**	**11.35**	**98,218**	**4.50**	**141,871**	**6.50**
Tier 1 capital (to average assets)	**247,801**	**9.23**	**107,430**	**4.00**	**134,287**	**5.00**
As of December 31, 2018:						
Bank						
Common Equity Tier 1 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 Capital (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

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 and the Company on January 1, 2015. The capital conservation buffer was phased in starting at 0.625% in 2016 and increasing by 0.625% annually until it reached 2.5% in 2019. The Bank and the Company currently comply with the minimum capital requirements set forth in the final rule and operate under the 2.5% capital conservation buffer. The Company's capital adequacy guidelines are not materially different than the capital adequacy guidelines for the Bank.

Notwithstanding the foregoing, pursuant to recent regulatory reform, the FDIC proposed a rule that establishes a community bank leverage ratio (tangible equity 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. Until the FDIC's proposed rule is finalized, the Basel III risk-based and leverage ratios remain in effect.

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.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Management of Market Risk

General. The majority of our assets and liabilities are monetary in nature. Consequently, one of our most significant forms of market risk is interest rate risk. Our assets, consisting primarily of mortgage loans, have longer maturities than our liabilities, consisting primarily of deposits. As a result, a principal part of our business strategy is to manage interest rate risk and reduce the exposure of our net interest income to changes in market interest rates. Accordingly, our Board of Directors has established an Asset/Liability Committee which is responsible for evaluating the interest rate risk inherent in our assets and liabilities, for determining the level of risk that is appropriate given our business strategy, operating environment, capital, liquidity and performance objectives, and for managing this risk consistent with the guidelines approved by the Board of Directors. Senior management monitors the level of interest rate risk on a regular basis and the Asset/Liability Committee, which consists of senior management and outside directors operating under a policy adopted by the Board of Directors, meets quarterly to review our asset/liability policies and interest rate risk position.

The following table presents the Company's net portfolio value ("NPV"). These calculations were based upon assumptions believed to be fundamentally sound, although they may vary from assumptions utilized by other financial institutions. The information set forth below is based on data that included all financial instruments as of March 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 non-interest bearing accounts were scheduled with an assumed term of 24 months. The NPV at "PAR" represents the difference between the Company's estimated value of assets and estimated value of liabilities assuming no change in interest rates. The NPV for a decrease of 200 to 300 basis points has been excluded since it would not be meaningful, in the interest rate environment as of March 31, 2019. The following sets forth the Company's NPV as of that date.

				NPV as a % of Assets	
Change in Calculation	Net Portfolio Value	$ Change from PAR	% Change from PAR	NPV Ratio	Change
+300bp	$ 153,181	$ (84,277)	(35.49)%	6.13 %	(268)bps
+200bp	181,008	(56,450)	(23.77)	7.06	(175)bps
+100bp	212,936	(24,522)	(10.33)	8.10	(71)bps
PAR	237,458	-	-	8.81	-bps
-100bp	256,150	18,692	7.87	9.29	48 bps

bp – basis points

The table above indicates that as of March 31, 2019, in the event of a 100 basis point increase in interest rates, we would experience a decrease to 8.10% in NPV.

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

ITEM 4.

Controls and Procedures

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

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

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are involved, from time to time, as plaintiff or defendant in various legal actions arising in the normal course of business. As of March 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 1.A. RISK FACTORS

There have been no changes to the risk factors set forth under Item 1.A Risk Factors as set forth in the Company's Annual Report on Form 10-K for the year ended December 31, 2018.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFTEY DISCLOSURES

Not applicable

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit 31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 31.2	Certification of Principal Accounting Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 32	Officers' Certification filed pursuant to section 906 of the Sarbanes-Oxley Act of 2002.
Exhibit 101.INS	XBRL Instance Document
Exhibit 101.SCH	XBRL Taxonomy Extension Schema
Exhibit 101.CAL	XBRL Taxonomy Extension Calculation LinkBase
Exhibit 101.DEF	XBRL Taxonomy Extension Definition LinkBase
Exhibit 101.LAB	XBRL Taxonomy Extension Label LinkBase
Exhibit 101.PRE	XBRL Taxonomy Extension Presentation LinkBase

Signatures

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

BCB BANCORP, INC.

Date: May 8, 2019	By:	/s/ Thomas Coughlin Thomas Coughlin President and Chief Executive Officer (Principal Executive Officer)
Date: May 8, 2019	By:	/s/ Thomas P. Keating Thomas P. Keating Senior Vice President and Chief Financial Officer (Principal Accounting and Financial Officer)

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Section 2: 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 Quarterly Report on Form 10-Q of BCB Bancorp, Inc.;
2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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 quarterly 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 quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and;

   d) disclosed in this quarterly 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;

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: May 8, 2019

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

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Section 3: 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 Quarterly Report on Form 10-Q of BCB Bancorp, Inc.;

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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 quarterly 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 quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and;

d) disclosed in this quarterly 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;

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: May 8, 2019

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

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Section 4: 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, Senior Vice President and 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 quarterly report of the Company on Form 10-Q for the quarter ended March 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: May 8, 2019

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

Date: May 8, 2019

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

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