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

(Mark One)

[X] Annual Report Pursuant To Section 13 Or 15(D) Of The Securities Exchange
Act of 1934
For the fiscal ended December 31, 2008.

or

[ ] Transition Report Pursuant To Section 13 Or 15(D) Of The Securities
Exchange Act of 1934
For the transition period from ___________ to ___________.

Commission file number: 000-50275

BCB BANCORP, INC.
(Exact name of registrant as specified in its charter)

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

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

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

Title of each class	Name of each exchange on which registered
Common Stock, $0.01 par value	The NASDAQ Stock Market, LLC

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
YES [ ] NO [X]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
YES [ ] NO [X]

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 [X] NO [ ]

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

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

Large accelerated filer [ ] Accelerated filer [ ] Non-accelerated filer [ ] Smaller reporting company [X]
(Do not check if a smaller reporting company)

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant, computed by reference to the last sale price on June 30, 2008, as reported by the Nasdaq Capital Market, was approximately $48.2 million.

As of March 9, 2009, there were issued and outstanding 5,183,731 shares of the Registrant's Common Stock.

DOCUMENTS INCORPORATED BY REFERENCE:

(1) Proxy Statement for the 2009 Annual Meeting of Stockholders of the Registrant (Part III).

(2) Annual Report to Stockholder (Part II and IV).

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

PART I

ITEM 1. BUSINESS BCB

Bancorp, Inc.

BCB Bancorp, Inc. (the "Company") is a New Jersey corporation, which on May 1, 2003 became the holding company parent of BCB Community Bank (the "Bank"). The Company has not engaged in any significant business activity other than owning all of the outstanding common stock of BCB Community Bank. Our executive office is located at 104-110 Avenue C, Bayonne, New Jersey 07002. Our telephone number is (201) 823-0700. At December 31, 2008 we had $578.6 million in consolidated assets, $410.5 million in deposits and $49.7 million in consolidated stockholders' equity. The Company is subject to extensive regulation by the Board of Governors of the Federal Reserve System.

BCB Community Bank

BCB Community Bank, formerly known as Bayonne Community Bank, was chartered as a New Jersey bank on October 27, 2000, and we opened for business on November 1, 2000. We changed our name from Bayonne Community Bank to BCB Community Bank in April of 2007. We operate through three branches in Bayonne and Hoboken, New Jersey and through our executive office located at 104-110 Avenue C, Bayonne, New Jersey 07002. Our deposit accounts are insured by the Federal Deposit Insurance Corporation and we are a member of the Federal Home Loan Bank System.

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

o 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;

o FDIC-insured deposit products, including savings and club accounts, non-interest bearing accounts, money market accounts, certificates of deposit and individual retirement accounts; and

o retail and commercial banking services including wire transfers, money orders, traveler's checks, safe deposit boxes, a night depository, federal payroll tax deposits, bond coupon redemption and automated teller services.

Business Strategy

Our business strategy is to operate as a well-capitalized, profitable and independent community-oriented financial institution dedicated to providing quality customer service. Managements' and the Board of Directors' extensive knowledge of the Hudson County market differentiates us from our competitors. Our business strategy incorporates the following elements: maintaining a community focus, focusing on profitability, continuing our growth,

concentrating on real estate based lending, capitalizing on market dynamics, providing attentive and personalized service and attracting highly qualified and experienced personnel.

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

Focusing on profitability. On an operational basis, we achieved profitability in our tenth month of operation. For the year ended December 31, 2008, our return on average equity was 7.00% and our return on average assets was 0.60%. Our earnings per diluted share decreased from $0.93 for the year ended December 31, 2004 to $0.74 for the year ended December 31, 2008. Although earnings per share results have come under pressure recently, primarily as a result of the pervasive economic downturn in both the national and local economy as well as several one-time events, management is committed to maintaining profitability by diversifying the products, pricing and services we offer.

Continuing our growth. We have consistently increased our assets. From December 31, 2004 to December 31, 2008, our assets have increased from $378.3 million to $578.6 million. Over the same time period, our loan balances have increased from $246.4 million to $406.8 million, while deposits have increased from $337.2 million to $410.5 million. In addition, we have maintained our asset quality ratios while growing the loan portfolio. At December 31, 2008, our non-performing assets to total assets ratio was 0.89%.

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

Capitalizing on market dynamics. The consolidation of the banking industry in Hudson County has created the need for a customer focused banking institution. This consolidation has moved decision making away from local, community-based banks to much larger banks headquartered outside of New Jersey.

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

Attracting highly experienced and qualified personnel. An important part of our strategy is to hire bankers who have prior experience in the Hudson County market as well as pre-existing business relationships. Our management team has an average of 30 years of banking experience, while our lenders and branch personnel have significant prior experience at community banks and regional banks in Hudson County. Management believes that its knowledge of the Hudson County market has been a critical element in the success of BCB Community Bank.

Management's extensive knowledge of the local communities has allowed us to develop and implement a highly focused and disciplined approach to lending and has enabled the Bank to attract a high percentage of low cost deposits.

Recent Market Developments

In response to the financial crises affecting the banking system and financial markets and going concern threats to investment banks and other financial institutions, on October 3, 2008, the Emergency Economic Stabilization Act of 2008 (the "EESA") was signed into law. Under the EESA, the U.S. Department of the Treasury was given the authority to, among other things, purchase up to $700 billion of securities and certain other financial instruments from financial institutions for the purpose of stabilizing and providing liquidity to the U.S. financial markets.

On October 14, 2008, the Treasury Department announced a Capital Purchase Program under which it would acquire equity investments, usually preferred stock, in banks and thrifts and their holding companies. In conjunction with the purchase of preferred stock, the Treasury Department also received warrants to purchase common stock from participating financial institutions. Participating financial institutions also were required to adopt the Treasury Department's standards for executive compensation and corporate governance for the period during which the department holds equity issued under the Capital Purchase Program. We have determined that we would not participate in the Capital Purchase Program.

On November 21, 2008, the FDIC adopted a final rule relating to a Temporary Liquidity Guarantee Program, which the FDIC had previously announced as an initiative to counter the system-wide crisis in the nation's financial sector. Under the Temporary Liquidity Guarantee Program the FDIC will (i) guarantee, through the earlier of maturity or June 30, 2012, certain newly issued senior unsecured debt issued by participating institutions on or after October 14, 2008, and before June 30, 2009 and (ii) provide full FDIC deposit insurance coverage for non-interest bearing transaction deposit accounts, Negotiable Order of Withdrawal ("NOW") accounts paying less than 0.5% interest per annum and certain other accounts held at participating FDIC-insured institutions through December 31, 2009. Coverage under the Temporary Liquidity Guarantee Program was available for the first 30 days without charge. The fee assessment for coverage of senior unsecured debt ranges from 50 basis points to 100 basis points per annum, depending on the initial maturity of the debt. The fee assessment for deposit insurance coverage is 10 basis points per quarter on amounts in covered accounts exceeding $250,000. We have elected to participate in the deposit insurance program.

The American Recovery and Reinvestment Act of 2009 ("ARRA"), more commonly known as the economic stimulus or economic recovery package, was signed into law on February 17, 2009, by President Obama. ARRA includes a wide variety of programs intended to stimulate the economy and provide for extensive infrastructure, energy, health, and education needs. In addition, ARRA imposes certain new executive compensation and corporate expenditure limits on all current and future TARP recipients until the recipient has repaid the Treasury, which is now permitted under ARRA without penalty and without the need to raise new capital, subject to the Treasury's consultation with the recipient's appropriate regulatory agency.

For further information regarding regulatory and legislative developments affecting our business see "Supervision and Regulation".

Our Market Area

We are located in the City of Bayonne and Hoboken, Hudson County, New Jersey. The Bank's locations are easily accessible to provide convenient services to businesses and individuals throughout our market area.

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

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

Competition

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

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

In the financial services industry in recent years, intense market demands, technological and regulatory changes and economic pressures have eroded industry classifications that were once clearly defined. Banks have diversified their services, increased rates paid on deposits and become more cost effective as a result of competition with one another and with new types of financial service companies, including non-banking competitors. Some of the results of these market dynamics in the financial services industry have been a number of new bank and non-bank competitors, increased merger activity, and increased customer awareness of product and service differences among competitors.

Lending Activities

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

	At December 31,									
	2008		2007		2006		2005		2004	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
	(Dollars in Thousands)									
Type of loans:										
Real estate loans:										
One- to four-family.......	$ 74,039	17.94%	$ 55,248	14.96%	$ 43,993	13.64%	$ 34,901	12.11%	$ 34,855	13.98%
Construction..............	62,483	15.14	49,984	13.53	38,882	12.06	28,743	9.98	19,209	7.70
Home equity...............	38,065	9.22	35,397	9.58	32,321	10.02	24,297	8.43	20,629	8.27
Commercial and multi-family	223,179	54.07	208,108	56.35	192,141	59.60	185,170	64.26	158,755	63.68
Commercial business.........	14,098	3.42	19,873	5.38	14,705	4.56	14,578	5.06	15,123	6.07
Consumer....................	920	0.21	739	0.20	396	0.12	456	0.16	744	0.30
Total..................	412,784	100.00%	369,349	100.00%	322,438	100.00%	288,145	100.00%	249,315	100.00%
Less:										
Deferred loan fees, net.....	654		630		575		604		429	
Allowance for loan losses...	5,304		4,065		3,733		3,090		2,506	
Total loans, net.......	$406,826		$364,654		$318,130		$284,451		$246,380	

Loan Maturities. The following table sets forth the contractual maturity of our loan portfolio at December 31, 2008. The amount shown represents outstanding principal balances. Demand loans, loans having no stated schedule of repayments and no stated maturity and overdrafts are reported as being due in one year or less. Variable-rate loans are shown as due at the time of repricing. The table does not include prepayments or scheduled principal repayments.

	Due within 1 Year	Due after 1 through 5 Years	Due after 5 Years	Total
		(In Thousands)		
One- to four-family	$ 5,845	$ 7,999	$ 60,195	$ 74,039
Construction	51,048	8,750	2,685	62,483
Home equity	75	5,314	32,676	38,065
Commercial and multi-family	28,821	38,293	156,065	223,179
Commercial business	1,890	8,010	4,198	14,098
Consumer	487	433	--	920
Total amount due	$ 88,166	$ 68,799	$ 255,819	$ 412,784

Loans with Predetermined or Floating or Adjustable Rates of Interest. The following table sets forth the dollar amount of all loans at December 31, 2008 that are due after December 31, 2008, and have predetermined interest rates and that have floating or adjustable interest rates.

	Fixed Rates	Floating or Adjustable Rates	Total
		(In Thousands)	
One- to four-family	$ 33,421	$ 34,773	$ 68,194
Construction	1,835	9,600	11,435
Home equity	31,128	6,862	37,990
Commercial and multi-family	44,312	150,046	194,358
Commercial business	4,058	8,150	12,208
Consumer	433	--	433
Total amount due	$ 115,187	$ 209,431	$ 324,618

The Bank has strengthened certain loan underwriting criteria in an effort to more prudently make loan facility determinations and mitigate increased potential loan loss provisions prospectively.

Commercial and Multi-family Real Estate Loans. Our commercial and multi-family real estate loans are secured by commercial real estate (for example, shopping centers, medical buildings, retail offices) and multi-family residential units, consisting of five or more units. Permanent loans on commercial and multi-family properties are generally originated in amounts up to 75% of the appraised value of the property. Our commercial real estate loans are secured by improved property such as office buildings, retail stores, warehouses, church buildings and other non-residential buildings. Commercial and multi-family real estate loans are generally made at rates that adjust above the five year U.S. Treasury interest rate, with terms of up to 25 years, or are balloon loans with fixed interest rates which generally mature in three to five years with principal amortization for a period of up to 30 years. Our largest commercial loan had a principal balance of $2.4 million at December 31, 2008, and was secured by a mixed use property comprised of retail and office facilities. Our largest multi-family loan had a principal balance of $4.4 million at December 31, 2008. Both loans were performing in accordance with their terms on that date.

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

One- to Four-Family Lending. Our one- to four-family residential mortgage loans are secured by property located in the State of New Jersey. We generally originate one- to four-family residential mortgage loans in amounts up to 80% of the lesser of the appraised value or selling price of the mortgaged property without requiring mortgage insurance. We will originate loans with loan to value ratios up to 90% provided the borrowers obtain private mortgage insurance. We originate both fixed rate and adjustable rate loans. One- to four-family loans may have terms of up to 30 years. The majority of one- to four-family loans we originate for retention in our portfolio have terms no greater than 15 years. We offer adjustable rate loans with fixed rate periods of up to five years, with principal and interest calculated using a maximum 30-year amortization period. We offer these loans with a fixed rate for the first five years with repricing following every year after the initial period. Adjustable rate loans may adjust up to 200 basis points annually and 600 basis points over the term of the loan. We also broker for a third party lender one- to four-family residential loans, which are primarily fixed rate loans with terms of 30 years. Our loan brokerage activities permit us to offer customers longer-term fixed rate loans we would not otherwise originate while providing a source of fee income. During 2008, we brokered $6.6 million in one- to four-family loans and recognized gains of $137,000 from the sale of such loans.

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

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

Construction Loans. We offer loans to finance the construction of various types of commercial and residential property. We originated $15.6 million of such loans during the year ended December 31, 2008. Construction loans to builders generally are offered with terms of up to eighteen months and interest rates are tied to the prime rate plus a margin. These loans

generally are offered as adjustable rate loans. We will originate residential construction loans for individual borrowers and builders, provided all necessary plans and permits are in order. Construction loan funds are disbursed as the project progresses. At December 31, 2008, our largest construction loan was $5.0 million, of which $3.0 million was disbursed. This construction loan has been made for the construction of residential properties. At December 31, 2008, this loan was performing in accordance with its terms.

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

Home Equity Loans and Home Equity Lines of Credit. We offer home equity loans and lines of credit that are secured by the borrower's primary residence. Our home equity loans can be structured as loans that are disbursed in full at closing or as lines of credit. Home equity loans and lines of credit are offered with terms up to 15 years. Virtually all of our home equity loans are originated with fixed rates of interest and home equity lines of credit are originated with adjustable interest rates tied to the prime rate. Home equity loans and lines of credit are underwritten under the same criteria that we use to underwrite one- to four-family loans. Home equity loans and lines of credit may be underwritten with a loan-to-value ratio of 80% when combined with the principal balance of the existing mortgage loan. At the time we close a home equity loan or line of credit, we file a mortgage to perfect our security interest in the underlying collateral. At December 31, 2008, the outstanding balances of home equity loans and lines of credit totaled $38.1 million, or 9.22% of our loan portfolio.

Commercial Business Loans. Our commercial business loans are underwritten on the basis of the borrower's ability to service such debt from income. Our underwriting standards for commercial business loans include a review of the applicant's tax returns, financial statements, credit history and an assessment of the applicant's ability to meet existing obligations and payments on the proposed loan based on cash flow generated by the applicant's business. Commercial business loans are generally made to small and mid-sized companies located within the State of New Jersey. In most cases, we require collateral of equipment, accounts receivable, inventory, chattel or other assets before making a commercial business loan. Our largest commercial business loan at December 31, 2008 had a principal balance of $2.7 million and was secured by marketable equity securities. We have also received personal guarantees from the borrower, principals of the borrower and a director of BCB Bancorp, Inc. As of December 31, 2008, this loan was performing according to its terms. The Bank continues to monitor the value of the underlying collateral of this loan on a regular basis.

Commercial business loans generally have higher rates and shorter terms than one- to four-family residential loans, but they may also involve higher average balances and a higher

risk of default since their repayment generally depends on the successful operation of the borrower's business.

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

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

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

	Years Ended December 31,				
	2008	2007	2006	2005	2004
	(In Thousands)				
Beginning of period	$ 369,349	$ 322,438	$ 288,145	$ 249,315	$ 191,138
Originations by Type:					
Real estate mortgage:					
One- to four-family residential	9,683	6,454	9,203	4,299	4,103
Construction	15,591	48,415	34,889	35,765	19,326
Home equity	9,699	14,512	15,821	13,998	14,212
Commercial and multi-family	63,601	55,892	51,542	70,471	64,219
Commercial business	11,624	16,987	7,946	8,968	8,628
Consumer	492	215	222	203	284
Total loans originated	110,690	142,475	119,623	133,704	110,772
Purchases:					
Real estate mortgage:					
One- to four-family residential	--	--	--	--	--
Construction	113	3,726	4,870	3,645	4,289
Home equity	--	--	--	--	--
Commercial and multi-family	--	5,267	1,737	--	8,450
Commercial business	--	600	400	1,000	--
Consumer	--	--	--	--	--
Total loans purchased	113	9,593	7,007	4,645	12,739
Sales:					
Real estate mortgage:					
One- to four-family residential	--	--	--	--	--
Construction	2,523	5,040	2,044	1,273	959
Home equity	--	--	--	--	--
Commercial and multi-family	--	1,275	3,388	--	788
Commercial business	--	--	--	--	1,128
Consumer	--	--	--	--	--
Total loans sold	2,523	6,315	5,432	1,273	2,875
Principal repayments	63,651	97,396	86,905	98,246	62,459
Transfer of loans to real estate owned	1,194	1,446	--	--	--
Total reductions	64,845	98,842	92,337	99,519	65,334
Net increase	43,435	46,911	34,293	38,830	58,177
Ending balance	$ 412,784	$ 369,349	$ 322,438	$ 288,145	$ 249,315

Loan Approval Authority and Underwriting. We establish various lending limits for executive management and also maintain a loan committee. The loan committee is comprised of the Chairman of the Board, the President, the Senior Lending Officer and five non-employee

members of the Board of Directors. The President or the Senior Lending Officer, together with one other loan officer, have authority to approve applications for real estate loans up to $500,000, other secured loans up to $500,000 and unsecured loans up to $25,000. The loan committee considers all applications in excess of the above lending limits and the entire board of directors ratifies all such loans.

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

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

Loan Commitments. Written commitments are given to prospective borrowers on all approved real estate loans. Generally, we honor commitments for up to 60 days from the date of issuance. At December 31, 2008, our outstanding loan origination commitments totaled $5.7 million, outstanding construction loans in progress totaled $25.7 million and undisbursed lines of credit totaled $14.8 million.

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

Loans are reviewed and are placed on a non-accrual status and the accrual of interest is discontinued when the loan becomes more than 90 days delinquent or when, in our opinion, the collection of additional interest is doubtful. Subsequent interest payments, if any, are either applied to the outstanding principal balance or recorded as interest income, depending on the assessment of the ultimate collectability of the loan. At December 31, 2008, we had $3.7 million in non-accruing loans. Our largest exposure of non-performing loans at that date consisted of three loans, with one specific borrower with a total principal balance of $2.0 million, collateralized by several parcels of real estate whose total appraised value was approximately $3.2 million as of that date. Another loan relationship consisting of three loans with one specific borrower and a total balance of $1.1 million is also in non-accrual status. This borrower is in

foreclosure and there is the prospect, upon conveyance and disposition of the properties, that the Bank may incur a loss as the value of the properties secured as collateral for these loans have depreciated in value.

A loan is considered impaired when it is probable the borrower will not repay the loan according to the original contractual terms of the loan agreement. We have determined that first mortgage loans on one- to four-family properties and all consumer loans represent large groups of smaller-balance homogeneous loans that are collectively evaluated for impairment. Additionally, we have determined that an insignificant delay (less than 90 days) will not cause a loan to be classified as impaired and a loan is not impaired during a period of delay in payment, if we expect to collect all amounts due including interest accrued at the contractual interest rate for the period of delay. We independently evaluate all loans identified as impaired. We estimate credit losses on impaired loans based on the present value of expected cash flows or the fair value of the underlying collateral if the loan repayment is derived from the sale or operation of such collateral. Impaired loans, or portions of such loans, are charged off when we determine that a realized loss has occurred. Until such time, an allowance for loan losses is maintained for estimated losses. Cash receipts on impaired loans are applied first to accrued interest receivable unless otherwise required by the loan terms, except when an impaired loan is also a nonaccrual loan, in which case the portion of the receipts related to interest is recognized as income. At December 31, 2008, we had nine loans totaling $3.7 million which are classified as impaired and on which loan loss allowances totaling $881,000 have been established. During 2008, interest income of $138,000 was recognized on impaired loans.

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

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

	At December 31, 2006				At December 31, 2005			
	60-89 Days		90 Days or More		60-89 Days		90 Days or More	
	Number of Loans	Principal Balance of Loans	Number of Loans	Principal Balance of Loans	Number of Loans	Principal Balance of Loans	Number of Loans	Principal Balance of Loans
	(Dollars in Thousands)							
Real estate mortgage:								
One- to four-family residential	--	$ --	--	$ --	--	$ --	1	$ 79
Construction	1	1,356	--	--	--	--	--	--
Home equity	--	--	--	--	--	--	--	--
Commercial and multi-family	--	--	1	307	--	--	4	803
Total	1	1,356	1	307	--	--	5	882
Commercial business	--	--	--	--	--	--	1	150
Consumer	1	2	1	16	--	--	--	--
Total delinquent loans	2	$ 1,358	2	$ 323	--	$ --	6	$ 1,032
Delinquent loans to total loans		0.42%		0.10%		--%		0.36%

	At December 31, 2004			
	60-89 Days		90 Days or More	
	Number of Loans	Principal Balance of Loans	Number of Loans	Principal Balance of Loans
	(Dollars in Thousands)			
Real estate mortgage:				
One- to four-family residential	--	$ --	1	$ 173
Construction	--	--	--	--
Home equity	1	29	--	--
Commercial and multi-family	--	--	1	313
Total	1	29	2	486
Commercial business	1	123	3	515
Consumer	--	--	1	3
Total delinquent loans	2	$ 152	6	$ 1,004
Delinquent loans to total loans		0.06%		0.40%

The table below sets forth the amounts and categories of non-performing assets in the Bank's loan portfolio. Loans are placed on non-accrual status when the collection of principal and/or interest become doubtful. For all years presented, BCB Community Bank has had no troubled debt restructurings (which involve forgiving a portion of interest or principal on any loans or making loans at a rate materially less than that of market rates). Foreclosed assets include assets acquired in settlement of loans.

	At December 31,				
	2008	2007	2006	2005	2004
	(Dollars in Thousands)				
Non-accruing loans:					
One- to four-family residential	$ 1,213	$ 319	$ --	$ --	$ 173
Construction	--	1,247	--	--	--
Home equity	--	149	--	--	--
Commercial and multi-family	2,515	2,039	307	637	313
Commercial business	--	--	--	150	67
Consumer	--	--	16	--	--
Total	3,728	3,754	323	787	553
Accruing loans delinquent more than 90 days:					
One- to four-family residential	--	--	--	--	--
Construction	--	--	--	--	--
Home equity	--	--	--	--	--
Commercial and multi-family	--	519	--	166	--
Commercial business	--	--	--	--	448
Consumer	--	--	--	79	3
Total	--	519	--	245	451
Total non-performing loans	3,728	4,273	323	1,032	1,004
Foreclosed assets	1,435	287	--	--	6
Total non-performing assets	$ 5,163	$ 4,560	$ 323	$ 1,032	$ 1,010
Total non-performing assets as a percentage of total assets	0.89%	0.81%	0.06%	0.22%	0.27%
Total non-performing loans as a percentage of total loans	0.90%	1.16%	0.10%	0.36%	0.40%

For the year ended December 31, 2008, gross interest income which would have been recorded had our non-accruing loans been current in accordance with their original terms amounted to $289,000. We received and recorded $138,000 in interest income for such loans for the year ended December 31, 2008.

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

When we classify problem assets, we may establish general allowances for loan losses in an amount deemed prudent by management. General allowances represent loss allowances which have been established to recognize the inherent risk associated with lending activities, but which, unlike specific allowances, have not been allocated to particular problem assets. A portion of general loss allowances established to cover possible losses related to assets classified as substandard or doubtful may be included in determining our regulatory capital. Specific valuation allowances for loan losses generally do not qualify as regulatory capital. At December 31, 2008, we had $12,000 in assets classified as doubtful, $3.4 million in assets classified as substandard, all of which were also classified as impaired and $3.0 million in assets classified as special mention, of which $341,000 was classified as impaired. The loans classified as substandard represent primarily commercial loans secured either by residential real estate, commercial real estate or heavy equipment.

Allowances for Loan Losses. A provision for loan losses is charged to operations based on management's evaluation of the losses that may be incurred in our loan portfolio. The evaluation, including a review of all loans on which full collectability of interest and principal may not be reasonably assured, considers: (1) the risk characteristics of the loan portfolio; (2) current economic conditions; (3) actual losses previously experienced; (4) the level of loan growth; and (5) the existing level of reserves for loan losses that are possible and estimable.

We monitor our allowance for loan losses and make additions to the allowance as economic conditions dictate. Although we maintain our allowance for loan losses at a level that we consider adequate for the inherent risk of loss in our loan portfolio, future losses could exceed estimated amounts and additional provisions for loan losses could be required. In addition, our determination of the amount of the allowance for loan losses is subject to review by the New Jersey Department of Banking and Insurance and the FDIC, as part of their examination process. After a review of the information available, our regulators might require the establishment of an additional allowance. Any increase in the loan loss allowance required by regulators would have a negative impact on our earnings.

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

	Years Ended December 31,				
	2008	2007	2006	2005	2004
	(Dollars in Thousands)				
Balance at beginning of period	$ 4,065	$ 3,733	$ 3,090	$ 2,506	$ 2,113
Charge-offs:					
One- to four-family residential	--	--	--	--	--
Construction	90	270	--	--	--
Home equity	--	--	--	--	--
Commercial and multi-family	--	--	--	--	--
Commercial business	3	--	66	522	332
Consumer	8	15	1	24	--
Total charge-offs	101	285	67	546	332
Recoveries	40	17	85	12	35
Net charge-offs (recoveries)	61	268	(18)	534	297
Provisions charged to operations	1,300	600	625	1,118	690
Ending balance	$ 5,304	$ 4,065	$ 3,733	$ 3,090	$ 2,506
Ratio of non-performing assets to total assets at the end of period	0.89%	0.81%	0.06%	0.22%	0.27%
Allowance for loan losses as a percent of total loans outstanding	1.28%	1.10%	1.16%	1.07%	1.01%
Ratio of net charge-offs (recoveries) during the period to average loans outstanding during the period	0.02%	0.09%	(0.01)%	0.19%	0.13%
Ratio of net charge-offs (recoveries) during the period to non-performing loans	1.64%	6.27%	(5.57)%	51.74%	29.58%

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

	At December 31,									
	2008		2007		2006		2005		2004	
	Amount	Percent of Loans in each Category in Total Loans	Amount	Percent of Loans in each Category in Total Loans	Amount	Percent of Loans in each Category in Total Loans	Amount	Percent of Loans in each Category in Total Loans	Amount	Percent of Loans in each Category in Total Loans
	(Dollars in Thousands)									
Type of loan:										
One- to four-family....	$ 688	17.94%	$ 221	14.96%	$ 69	13.64%	$ 76	12.11%	$ 78	13.98%
Construction...........	941	15.14	885	13.53	1,068	12.06	329	9.98	217	7.70
Home equity............	167	9.22	172	9.58	126	10.02	91	8.43	82	8.27
Commercial and multi-family...............	3,175	54.07	2,476	56.35	2,285	59.60	2,180	64.26	1,669	63.68
Commercial business....	216	3.42	262	5.38	168	4.56	401	5.06	444	6.07
Consumer...............	117	0.21	49	0.20	17	0.12	13	0.16	16	0.30
Total................	$5,304	100.00%	$4,065	100.00%	$3,733	100.00%	$3,090	100.00%	$2,506	100.00%

Investment Activities

Investment Securities. We are required under federal regulations to maintain a minimum amount of liquid assets that may be invested in specified short-term securities and certain other investments. The level of liquid assets varies depending upon several factors, including: (i) the yields on investment alternatives, (ii) our judgment as to the attractiveness of the yields then available in relation to other opportunities, (iii) expectation of future yield levels, and (iv) our projections as to the short-term demand for funds to be used in loan origination and other activities. Investment securities, including mortgage-backed securities, are classified at the time of purchase, based upon management's intentions and abilities, as securities held-to-maturity or securities available for sale. Debt securities acquired with the intent and ability to hold to maturity are classified as held-to-maturity and are stated at cost and adjusted for amortization of premium and accretion of discount, which are computed using the level yield method and recognized as adjustments of interest income. All other debt and equity securities are classified as available for sale to serve principally as a source of liquidity. During 2008, the Bank recorded an other than temporary impairment (OTTI) charge of $2.9 million on a $3.0 million investment in Federal National Mortgage Association (FNMA) preferred stock. This OTTI charge resulted from a significant decline in the market value of these securities following the announcement by the Federal Housing Finance Agency (FHFA) that FNMA would be placed in conservatorship. Additionally, the FHFA eliminated the payment of dividends on common and preferred stock and assumed the powers of the Board and management of FNMA. Based on these factors, the Company evaluated the impairment as other than temporary.

Current regulatory and accounting guidelines regarding investment securities require us to categorize securities as held-to-maturity, available for sale or trading. As of December 31, 2008, we had $141.3 million of securities classified as held-to-maturity, $888,000 in securities classified as available for sale, and no securities classified as trading. Securities classified as available for sale are reported for financial reporting purposes at the fair value with net changes in the fair value from period to period included as a separate component of stockholders' equity, net of income taxes. At December 31, 2008, our securities classified as held-to-maturity had a fair value of $141.1 million. Changes in the fair value of securities classified as held-to-maturity do not affect our income. Management has the intent and we have the ability to hold securities classified as held-to-maturity. During the year ended December 31, 2008, we had no securities sales.

At December 31, 2008, our investment policy allowed investments in instruments such as: (i) U.S. Treasury obligations; (ii) U.S. federal agency or federally sponsored agency obligations; (iii) mortgage-backed securities; and
(iv) certificates of deposit. The Board of Directors may authorize additional investments. At December 31, 2008, our U.S. Government agency securities totaled $98.6 million, all of which were classified as held-to-maturity and which primarily consisted of callable securities issued by government sponsored enterprises.

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

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

Mortgage-backed securities typically are issued with stated principal amounts. The securities are backed by pools of mortgage loans that have interest rates that are within a set range and have varying maturities. The underlying pool of mortgages can be composed of either fixed rate or adjustable rate mortgage loans. Mortgage-backed securities are generally referred to as mortgage participation certificates or pass-through certificates. The interest rate risk characteristics of the underlying pool of mortgages (i.e., fixed rate or adjustable rate) and the prepayment risk, are passed on to the certificate holder. The life of a mortgage-backed pass-through security is equal to the life of the underlying mortgages. Expected maturities will differ from contractual maturities due to scheduled repayments and because borrowers may have the right to call or prepay obligations with or without prepayment penalties.

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

	At December 31,		
	2008	2007	2006
	(In Thousands)		
Securities available for sale:			
Equity securities	$ 888	$ 2,056	$ --
Securities held to maturity:			
U.S. Government and Agency securities	98,607	130,156	122,594
Mortgage-backed securities	42,673	34,861	26,078
Total securities held to maturity	141,280	165,017	148,672
Money market funds	--	3,500	17,500
FHLB stock	5,736	5,560	3,724
Total investment securities	$ 147,904	$ 176,133	$ 169,896

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

	Years Ended December 31,		
	2008	2007	2006
	(In Thousands)		
Purchases:			
Fixed-rate	$ 60,606	$ 37,338	$ 37,500
Total purchases	$ 60,606	$ 37,338	$ 37,500
Sales:			
Fixed-rate	$ --	$ --	$ --
Total sales	$ --	$ --	$ --
Principal Repayments:			
Repayment of principal	$ 84,400	$ 21,010	$ 28,845
Increase in other items, net	(58)	17	15
Net increases	$ (23,850)	$ 16,345	$ 8,670

Maturities of Securities Portfolio. The following table sets forth information regarding the scheduled maturities, carrying values, estimated market values, and weighted average yields for the Bank's debt securities at December 31, 2008 by contractual maturity. The following table does not take into consideration the effects of scheduled repayments or the effects of possible prepayments.

	As of December 31, 2008										
	Within one year		More than One to five years		More than five to ten years		More than ten years		Total debt investment securities		
	Carrying Value	Average Yield	Carrying Value	Average Yield	Carrying Value	Average Yield	Carrying Value	Average Yield	Fair Value	Carrying Value	Average Yield
	(Dollars in Thousands)										
U.S. government agency securities............	$ --	--%	$ 6,315	4.68%	$ 6,000	5.31%	$ 86,292	6.01%	$ 99,187	$ 98,607	5.89%
Mortgage-backed securities............	--	--	88	6.00	2,336	5.25	40,249	5.26	41,393	42,673	5.26
Total debt investment securities..........	$ --	--%	$ 6,403	4.70%	$ 8,336	5.29%	$126,541	5.77%	$140,580	$141,280	5.70%

Sources of Funds

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

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

The interest rates paid by us on deposits are set at the direction of our senior management. Interest rates are determined based on our liquidity requirements, interest rates paid by our competitors, our growth goals, and applicable regulatory restrictions and requirements. At December 31, 2008, we had no brokered deposits.

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

	December 31,					
	2008		2007		2006	
	Weighted Average Rate(1)	Amount	Weighted Average Rate(1)	Amount	Weighted Average Rate(1)	Amount
	(Dollars in Thousands)					
Demand	--%	$ 30,561	--%	$ 35,897	--%	$ 35,275
NOW	1.25	25,843	1.40	20,260	1.41	21,007
Money market	2.79	19,539	4.14	27,697	3.70	8,022
Savings and club accounts	1.36	99,586	1.71	100,441	1.91	117,617
Certificates of deposit	4.13	234,974	4.82	214,524	4.28	200,826
Total	2.84%	$ 410,503	3.30%	$ 398,819	2.99%	$ 382,747

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

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

	Years Ended December 31,		
	2008	2007	2006
	(Dollars in Thousands)		
Beginning of period	$ 398,819	$ 382,747	$ 362,851
Net deposits	107	3,135	9,241
Interest credited on deposit accounts	11,577	12,937	10,655
Total increase in deposit accounts	11,684	16,072	19,896
Ending balance	$ 410,503	$ 398,819	$ 382,747
Percent increase	2.93%	4.20%	5.48%

Jumbo Certificates of Deposit. As of December 31, 2008, the aggregate amount of outstanding certificates of deposit in amounts greater than or equal to $100,000 was approximately $118.4 million. The following table indicates the amount of our certificates of deposit of $100,000 or more by time remaining until maturity.

Maturity Period	At December 31, 2008 (In Thousands)
Within three months	$ 40,931
Three through twelve months	50,533
Over twelve months	26,903
Total	$ 118,367

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

	At December 31,					
	2008		2007		2006	
	Amount	Percent	Amount	Percent	Amount	Percent
	(Dollars in Thousands)					
Certificate of deposit rates:						
1.00% - 1.99%	$ 245	0.10%	$ 929	0.43%	$ 1,539	0.76%
2.00% - 2.99%	42,847	18.23	698	0.33	1,511	0.75
3.00% - 3.99%	107,017	45.54	41,048	19.14	27,595	13.74
4.00% - 4.99%	74,084	31.53	64,688	30.15	89,740	44.69
5.00% - 5.99%	10,781	4.60	107,161	49.95	80,441	40.06
Total	$ 234,974	100.00%	$ 214,524	100.00%	$ 200,826	100.00%

The following table presents, by rate category, the remaining period to maturity of certificate of deposit accounts outstanding as of December 31, 2008.

	Maturity Date				
	1 Year or Less	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 Years	Total
	(In Thousands)				
Interest rate:					
1.00% - 1.99%	$ 245	$ --	$ --	$ --	$ 245
2.00% - 2.99%	42,555	242	--	50	42,847
3.00% - 3.99%	93,747	1,766	3,387	8,117	107,017
4.00%-4.99%	42,650	27,394	3,922	118	74,084
5.00%-5.99%	8,915	1,779	87	--	10,781
Total	$188,112	$ 31,181	$ 7,396	$ 8,285	$ 234,974

Borrowings. Our advances from the FHLB of New York are secured by a pledge of our stock in the FHLB of New York and investment securities. Each FHLB credit program has its own interest rate, which may be fixed or adjustable, and range of maturities. If the need arises, we may also access the Federal Reserve Bank discount window to supplement our supply of funds that we can loan and to meet deposit withdrawal requirements. During the year ended December 31, 2008 we utilized short term borrowings in the form of an overnight line of credit with the FHLB of New York and during the year ended December 31, 2007, we had no short-term borrowings. Our maximum short-term borrowings outstanding during 2008 was $24.0 million. At December 31, 2008, we had the ability to borrow approximately $113.1 million under our credit facilities with the FHLB of New York.

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

	At or For the Years Ended December 31,		
	2008	2007	2006
	(Dollars in Thousands)		
Balance at end of period............	$ 2,000	$ --	$ --
Average balance during period........	$ 4,796	$ --	$ 705
Maximum outstanding at any month end	$ 20,500	$ --	$ 1,000
Weighted average interest rate at end of period	0.44%	--	--
Average interest rate during period	1.23%	--	4.93%

Employees

At December 31, 2008, we had 66 full-time and 27 part-time employees. None of our employees is represented by a collective bargaining group. We believe that our relationship with our employees is good.

Subsidiaries

We have one non-bank subsidiary. BCB Holding Company Investment Corp. was established in 2004 for the purpose of holding and investing in securities. Only securities authorized to be purchased by BCB Community Bank are held by BCB Holding Company Investment Corp. At December 31, 2008, this company held $130.3 million in securities.

Supervision and Regulation

Bank holding companies and banks are extensively regulated under both federal and state law. These laws and regulations are intended to protect depositors, not shareholders. To the extent that the following information describes statutory and regulatory provisions, it is qualified in its entirety by reference to the particular statutory and regulatory provisions. Any change in the applicable law or regulation may have a material effect on the business and prospects of the Company and the Bank.

Bank Holding Company Regulation. As a bank holding company registered under the Bank Holding Company Act of 1956, as amended, the Company is subject to the regulation and supervision applicable to bank holding companies by the Board of Governors of the Federal Reserve System. The Company is required to file with the Federal Reserve annual reports and other information regarding its business operations and those of its subsidiaries.

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

capital adequacy and other financial and managerial resources and future prospects of the companies and the banks concerned, together with the convenience and needs of the community to be served, when reviewing acquisitions or mergers.

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

The Bank Holding Company Act has been amended to permit bank holding companies and banks, which meet certain capital, management and Community Reinvestment Act standards, to engage in a broader range of non-banking activities. In addition, bank holding companies which elect to become financial holding companies may engage in certain banking and non-banking activities without prior Federal Reserve approval. At this time, the Company has elected not to become a financial holding company, as it does not engage in any activities not permissible for banks.

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

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

The Company is subject to regulatory capital requirements and guidelines imposed by the Federal Reserve, which are substantially similar to those imposed by the FDIC on depository institutions within their jurisdictions. At December 31, 2008, BCB Bancorp, Inc., was considered to be a well capitalized Bank Holding Company.

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

From time to time, the Federal Reserve Board and the other federal bank regulatory agencies propose changes to, and issue interpretations of, risk-based capital guidelines and related reporting instructions. Such changes or interpretations could, if implemented in the future, affect the Company's capital ratios and risk-adjusted assets.

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

Insurance of Deposit Accounts. Our deposit accounts are insured by the Federal Deposit Insurance Corporation, generally up to a maximum of $250,000 per separately insured depositor, pursuant to the Federal Deposit Insurance Corporation's recently announced increase in deposit insurance available which will remain effective until December 31, 2009. Congress has recently proposed legislation to make this increased deposit insurance limit permanent. Our deposits are subject to Federal Deposit Insurance Corporation deposit insurance assessments. The Federal Deposit Insurance Corporation has adopted a risk-based system for determining deposit insurance assessments.

On December 22, 2008, the FDIC published a final rule that raises the current deposit insurance assessment rates uniformly for all institutions by 7 basis points (to a range from 12 to 50 basis points) effective for the first quarter of 2009. On February 27, 2009, the FDIC also issued a final rule that revises the way the FDIC calculates federal deposit insurance assessment rates beginning in the second quarter of 2009. Under the new rule, the FDIC will first establish an institution's initial base assessment rate. This initial base assessment rate will range, depending on the risk category of the institution, from 12 to 45 basis points. The FDIC will then adjust the initial base assessment (higher or lower) to obtain the total base assessment rate. The adjustments to the initial base assessment rate will be based upon an institution's levels of unsecured debt, secured liabilities, and brokered deposits. The total base assessment rate will range from 7 to 77.5 basis points of the institution's deposits. Additionally, the FDIC issued an interim rule that would impose a special 20 basis points assessment on June 30, 2009, which would be collected on September 30, 2009. However, the FDIC has indicated a willingness to decrease the special assessment under certain circumstances concerning the overall financial health of the insurance fund. Special assessments of 10 and 20 basis points would result in additional expense of approximately $450,000 to $900,000, respectively. The interim rule also allows for additional special assessments.

Insurance of deposits may be terminated by the FDIC upon finding that an institution has engaged in unsafe or unsound practices, is in an unsafe condition to continue operations or has

violated any applicable law, regulation, rule, order or condition imposed by the FDIC. We do not know of any practice, condition or violation that might lead to termination of deposit insurance.

In addition to the Federal Deposit Insurance Corporation assessments, the Financing Corporation ("FICO") is authorized to impose and collect, with the approval of the Federal Deposit Insurance Corporation, assessments for anticipated payments, issuance costs and custodial fees on bonds issued by the FICO in the 1980s to recapitalize the former Federal Savings and Loan Insurance Corporation. The bonds issued by the FICO are due to mature in 2017 through 2019. For the quarter ended September 30, 2008, the annualized FICO assessment was equal to 1.12 basis points for each $100 in domestic deposits maintained at an institution.

On October 14, 2008, the FDIC announced a new program - the Temporary Liquidity Guarantee Program ("TLGP"). This program has two components. One guarantees newly issued senior unsecured debt of the participating organizations, up to certain limits established for each institution, issued between October 14, 2008 and June 30, 2009. The FDIC will pay the unpaid principal and interest on an FDIC-guaranteed debt instrument upon the uncured failure of the participating entity to make a timely payment of principal or interest in accordance with the terms of the instrument. The guarantee will remain in effect until June 30, 2012. On February 27, 2009, the FDIC issued an interim rule allowing participants to apply to have the FDIC guarantee newly issued senior unsecured debt that mandatorily converts into common shares on a specified date that is on or before June 30, 2012. In return for the FDIC's guarantee, participating institutions will pay the FDIC a fee based on the amount and maturity of the debt. The Company has opted not to participate in this component of the TLGP. The other component of the program provides full FDIC insurance coverage for non-interest bearing transaction deposit accounts, regardless of dollar amount, until December 31, 2009. An annualized 10 basis point assessment on balances in noninterest-bearing transaction accounts that exceed the existing deposit insurance limit of $250,000 will be assessed on a quarterly basis to insured depository institutions participating in this component of the TLGP. The Company has chosen to participate in this component of the TLGP. The additional expense related to this coverage is not expected to be significant for the Bank.

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

In addition to the risk-based capital rules, the FDIC has adopted a minimum Tier 1 capital (leverage) ratio. This measurement is substantially similar to the Federal Reserve leverage capital measurement discussed above. At December 31, 2008, the Bank's ratio of total capital to risk-weighted assets was 14.63%. Our Tier 1 capital to risk-weighted assets was 13.38%, and our Tier 1 capital to average assets was 9.22%.

Dividends. The Bank may pay dividends as declared from time to time by the Board of Directors out of funds legally available, subject to certain restrictions. Under the New Jersey

Banking Act of 1948, as amended, the Bank may not pay a cash dividend unless, following the payment, the Bank's capital stock will be unimpaired and the Bank will have a surplus of no less than 50% of the Bank capital stock or, if not, the payment of the dividend will not reduce the surplus. In addition, the Bank cannot pay dividends in amounts that would reduce the Bank's capital below regulatory imposed minimums.

The USA PATRIOT Act

In response to the terrorist events of September 11, 2001, the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, or the USA PATRIOT Act, was signed into law on October 26, 2001. The USA PATRIOT Act gave the federal government new powers to address terrorist threats through enhanced domestic security measures, expanded surveillance powers, increased information sharing and broadened anti-money laundering requirements. For years, financial institutions such as the Bank have been subject to federal anti-money laundering obligations. As such, the Bank does not believe the USA PATRIOT Act will have a material impact on its operations.

Sarbanes-Oxley Act of 2002

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

Under Sarbanes-Oxley, longer prison terms will apply to corporate executives who violate federal securities laws; the period during which certain types of suits can be brought against a company or its officers is extended; and bonuses issued to top executives prior to restatement of a company's financial statements are now subject to disgorgement if such restatement was due to corporate misconduct. Executives are also prohibited from trading the company's securities during retirement plan "blackout" periods, and loans to company executives (other than loans by financial institutions permitted by federal rules and regulations) are restricted. In addition, a provision directs that civil penalties levied by the Securities and Exchange Commission as a result of any judicial or administrative action under Sarbanes-Oxley

be deposited to a fund for the benefit of harmed investors. The Federal Accounts for Investor Restitution provision also requires the Securities and Exchange Commission to develop methods of improving collection rates. The legislation accelerates the time frame for disclosures by public companies, as they must immediately disclose any material changes in their financial condition or operations. Directors and executive officers must also provide information for most changes in ownership in a company's securities within two business days of the change.

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

Under Section 404 of the Sarbanes-Oxley Act of 2002, we are required to conduct a comprehensive review and assessment of the adequacy of our existing financial systems and controls. For the year ending December 31, 2009, we expect that our auditors will have to audit our internal control over financial reporting.

AVAILABILITY OF ANNUAL REPORT

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

ITEM 1A. RISK FACTORS

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

At December 31, 2008, $223.2 million, or 54.1% of our loan portfolio consisted of commercial and multi-family real estate loans. We intend to continue to emphasize the origination of these types of loans. These loans generally expose a lender to greater risk of

nonpayment and loss than one- to four-family residential mortgage loans because repayment of the loans often depends on the successful operation and income stream of the borrower's business. Such loans typically involve larger loan balances to single borrowers or groups of related borrowers compared to one- to four-family residential mortgage loans. Consequently, an adverse development with respect to one loan or one credit relationship can expose us to a significantly greater risk of loss compared to an adverse development with respect to a one- to four-family residential mortgage loan.

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

Since December 31, 2004, our assets have grown at a compound annual growth rate of 11.2%, our loan balances have grown at a compound annual growth rate of 13.4% and our deposits have grown at a compound annual growth rate of 5.0%. Our ability to continue to grow depends, in part, upon our ability to expand our market presence, successfully attract core deposits, and identify attractive commercial lending opportunities.

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

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

Our loan customers may not repay their loans according to the terms of their loans, and the collateral securing the payment of their loans may be insufficient to assure repayment. We may experience significant credit losses, which could have a material adverse effect on our operating results. We make various assumptions and judgments about the collectability of our loan portfolio, including the creditworthiness of our borrowers and the value of the real estate and other assets serving as collateral for the repayment of many of our loans. In determining the amount of the allowance for loan losses, we review our loans and our loss and delinquency experience, and we evaluate economic conditions. If our assumptions prove to be incorrect, our allowance for loan losses may not cover losses in our loan portfolio at the date of the financial statements. Material additions to our allowance would materially decrease our net income. At December 31, 2008, our allowance for loan losses totaled $5.3 million, representing 1.28% of total loans.

While we have only been operating for seven years, we have experienced significant growth in our loan portfolio, particularly our loans secured by commercial real estate. Although we believe we have underwriting standards to manage normal lending risks, and although we had $5.2 million, or 0.89% of total assets consisting of non-performing assets at December 31, 2008, it is difficult to assess the future performance of our loan portfolio due to the relatively recent origination of many of these loans. We can give you no assurance that our non-performing loans will not increase or that our non-performing or delinquent loans will not adversely affect our future performance.

In addition, federal and state regulators periodically review our allowance for loan losses and may require us to increase our allowance for loan losses or recognize further loan charge-offs. Any increase in our allowance for loan losses or loan charge-offs as required by these regulatory agencies could have a material adverse effect on our results of operations and financial condition.

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

Net interest income is the most significant component of our operating income. We do not rely on traditional sources of fee income utilized by some community banks, such as fees from sales of insurance, securities or investment advisory products or services. For the years ended December 31, 2008 and 2007, our net interest income was $20.0 million and $17.2 million, respectively. The amount of our net interest income is influenced by the overall interest rate environment, competition, and the amount of interest-earning assets relative to the amount of interest-bearing liabilities. In the event that one or more of these factors were to result in a decrease in our net interest income, we do not have significant sources of fee income to make up for decreases in net interest income.

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

We own common stock of the Federal Home Loan Bank of New York (FHLB-NY). We hold the FHLB-NY common stock to qualify for membership in the Federal Home Loan Bank System and to be eligible to borrow funds under the FHLB-NY's advance program. The aggregate cost and fair value of our FHLB-NY common stock as of December 31, 2008 was $5.7 million based on its par value. There is no market for our FHLB-NY common stock.

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

Fluctuations in interest rates could reduce our profitability.

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

response to these interest rate changes may work against us, and our earnings may be negatively affected.

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

o inflation rates;

o business activity levels;

o money supply; and

o domestic and foreign financial markets.

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

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

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

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

In addition, the market value of the real estate securing loans as collateral could be adversely affected by unfavorable changes in market and economic conditions. As of December 31, 2008, approximately 96.4% of our total loans were secured by real estate. Adverse developments affecting commerce or real estate values in the local economies in our primary market areas could increase the credit risk associated with our loan portfolio. In addition, substantially all of our loans are to individuals and businesses in New Jersey. Our business

customers may not have customer bases that are as diverse as businesses serving regional or national markets. Consequently, any decline in the economy of our market area could have an adverse impact on our revenues and financial condition. In particular, we may experience increased loan delinquencies, which could result in a higher provision for loan losses and increased charge-offs. Any sustained period of increased non-payment, delinquencies, foreclosures or losses caused by adverse market or economic conditions in our market area could adversely affect the value of our assets, revenues, results of operations and financial condition.

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

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

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

Our expenses will increase as a result of increases in FDIC insurance premiums.

The Federal Deposit Insurance Corporation imposes an assessment against institutions for deposit insurance. This assessment is based on the risk category of the institution and ranges from 5 to 43 basis points of the institution's deposits. Federal law requires that the designated reserve ratio for the deposit insurance fund be established by the FDIC at 1.15% to 1.50% of estimated insured deposits. If this reserve ratio drops below 1.15% or the FDIC expects that it to do so within six months, the FDIC must, within 90 days, establish and implement a plan to restore the designated reserve ratio to 1.15% of estimated insured deposits within five years (absent extraordinary circumstances).

Recent bank failures coupled with deteriorating economic conditions have significantly reduced the deposit insurance fund's reserve ratio. As of June 30, 2008, the designated reserve ratio was 1.01% of estimated insured deposits at March 31, 2008. As a result of this reduced reserve ratio, on October 16, 2008, the FDIC published a proposed rule that would restore the reserve ratios to its required level. The proposed rule would raise the current deposit insurance

assessment rates uniformly for all institutions by 7 basis points (to a range from 12 to 50 basis points) for the first quarter of 2009. The proposed rule would also alter the way the FDIC calculates federal deposit insurance assessment rates beginning in the second quarter of 2009 and thereafter.

On December 22, 2008, the FDIC published a final rule that raises the current deposit insurance assessment rates uniformly for all institutions by 7 basis points (to a range from 12 to 50 basis points) effective for the first quarter of 2009. On February 27, 2009, the FDIC also issued a final rule that revises the way the FDIC calculates federal deposit insurance assessment rates beginning in the second quarter of 2009. Under the new rule, the total base assessment rate will range from 7 to 77.5 basis points of the institution's deposits, depending on the risk category of the institution and the institution's levels of unsecured debt, secured liabilities, and brokered deposits. Additionally, the FDIC issued an interim rule that would impose a special 20 basis points assessment on June 30, 2009, which would be collected on September 30, 2009. However, the FDIC has indicated a willingness to decrease the special assessment to 10 basis points under certain circumstances concerning the overall financial health of the insurance fund. Special assessments of 10 and 20 basis points would result in additional expense of approximately $450,000 to $900,000, respectively. The interim rule also allows for additional special assessments.

In addition, the Emergency Economic Stabilization Act of 2008 (EESA) temporarily increased the limit on FDIC insurance coverage for deposits to $250,000 through December 31, 2009, and the FDIC took action to provide coverage for newly-issued senior unsecured debt and non-interest bearing transaction and certain NOW accounts in excess of the $250,000 limit, for which institutions will be assessed additional premiums. These actions will significantly increase our non-interest expense in 2009 and in future years as long as the increased premiums are in place.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

At December 31, 2008, we conducted our business from our executive office located at 104-110 Avenue C, Bayonne, New Jersey, and our three branch offices, which are located in Bayonne and Hoboken. The aggregate book value of our premises and equipment was $5.6 million at December 31, 2008. We own our executive office facility and lease our three branch offices.

ITEM 3. LEGAL PROCEEDINGS

We are involved, from time to time, as plaintiff or defendant in various legal actions arising in the normal course of its business. At December 31, 2008, we were not involved in any material legal proceedings the outcome of which would have a material adverse affect on our financial condition or results of operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of stockholders during the fourth quarter of the year under report.

PART II

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

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

The following table sets forth the high and low closing prices for BCB Bancorp, Inc. common stock for the periods indicated. As of December 31, 2008, there were 4,649,691 shares of BCB Bancorp, Inc. common stock outstanding. At December 31, 2008, BCB Bancorp, Inc. had approximately 1,500 stockholders of record.

Fiscal 2008	High	Low	Cash Dividend Declared
Quarter Ended December 31, 2008.......	$ 13.25	$ 9.98	$ 0.12
Quarter Ended September 30, 2008......	14.87	12.61	0.10
Quarter Ended June 30, 2008...........	14.86	13.25	0.10
Quarter Ended March 31, 2008..........	15.67	13.00	0.09

Fiscal 2007	High	Low	Cash Dividend Declared
Quarter Ended December 31, 2007.......	$ 16.70	$ 14.80	$ 0.09
Quarter Ended September 30, 2007......	16.50	15.06	0.08
Quarter Ended June 30, 2007...........	18.38	16.24	0.08
Quarter Ended March 31, 2007..........	17.87	16.16	0.07

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

Compensation Plans

Set forth below is information as of December 31, 2008 regarding equity compensation plans that have been approved by shareholders. The Company has no equity based benefit plans that were not approved by shareholders.

Plan	Number of securities to be issued upon exercise of outstanding options and rights	Weighted average Exercise price(2)	Number of securities remaining available for issuance under plan
Equity compensation plans approved by shareholders................	295,339(1)	$ 10.19	-0-
Equity compensation plans not approved by shareholders.......	--	--	-0-
Total.........................	295,339	$ 10.19	-0-

(1) Consists of options to purchase (i) 88,488 shares of common stock under the 2002 Stock Option Plan and (ii) 206,851 shares of common stock under the 2003 Stock Option Plan.

(2) The weighted average exercise price reflects the exercise prices ranging from $9.34 to $15.65 per share for options granted under the 2003 Stock Option Plan and ranging from $5.29 to $15.65 per share for options under the 2002 Stock Option Plan.

Stock Performance Graph

Set forth hereunder is a stock performance graph comparing (a) the cumulative total return on the common stock for the period beginning with the closing sales price on May 1, 2004 through December 31, 2008, (b) the cumulative total return on all publicly traded commercial bank stocks over such period, and
(c) the cumulative total return of Nasdaq Market Index over such period. Cumulative return assumes the reinvestment of dividends, and is expressed in dollars based on an assumed investment of $100.

BCB BANCORP, INC.

Total Return Performance

[THE FOLLOWING TABLE WAS REPRESENTED BY A LINE GRAPH IN THE PRINTED MATERIAL.]

	Period Ending					
Index	12/31/03	12/31/04	12/31/05	12/31/06	12/31/07	12/31/08
BCB Bancorp, Inc.	100.00	108.81	110.80	121.40	114.82	79.08
NASDAQ Composite	100.00	108.59	110.08	120.56	132.39	78.72
SNL Bank	100.00	112.06	113.59	132.87	103.25	58.91

On November 20, 2007, the Company announced a third stock repurchase plan to repurchase 5% or 234,002 shares of the Company's common stock. Set forth below is information regarding purchases of our common stock made by or on behalf of the Company during the fourth quarter of 2008.

Period	Total number of shares purchased	Average price per share paid	Total number of shares purchased as part of a publicly announced program	Number of shares remaining to be purchased under program
October 1-31	--	$ --	--	162,186
November 1-30	7,925	10.22	7,925	154,261
December 1-31	17,763	11.50	25,688	136,498
Total	25,688	$ 11.11	--	--

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

The following tables set forth selected consolidated historical financial and other data of BCB Bancorp, Inc. at and for the years ended December 31, 2008, 2007, 2006, 2005 and 2004. The information is derived in part from, and should be read together with, the audited Consolidated Financial Statements and Notes thereto of BCB Bancorp, Inc. Per share data has been adjusted for all periods to reflect the common stock dividends paid by the Company.

	Selected financial condition data at December 31,				
	2008	2007	2006	2005	2004
			(In Thousands)		
Total assets	$ 578,624	$ 563,477	$ 510,835	$ 466,242	$ 378,289
Cash and cash equivalents	6,761	11,780	25,837	25,147	4,534
Securities, held to maturity	141,280	165,017	148,672	140,002	117,036
Loans receivable	406,826	364,654	318,130	284,451	246,380
Deposits	410,503	398,819	382,747	362,851	337,243
Borrowings	116,124	114,124	74,124	54,124	14,124
Stockholders' equity	49,715	48,510	51,963	47,847	26,036

	Selected operating data for the year ended December 31,				
	2008	2007	2006	2005	2004
	(In thousands, except for per share amounts)				
Net interest income	$ 19,960	$ 17,173	$ 17,784	$ 15,883	$ 13,755
Provision for loan losses	1,300	600	625	1,118	690
Non-interest income (loss)	(2,054)	1,092	1,260	915	623
Non-interest expense	11,314	10,718	9,632	8,206	7,661
Income tax	1,820	2,509	3,220	2,745	2,408
Net income	$ 3,472	$ 4,438	$ 5,567	$ 4,729	$ 3,619
Net income per share:					
Basic	$ 0.75	$ 0.92	$ 1.11	$ 1.25	$ 0.97
Diluted	$ 0.74	$ 0.90	$ 1.08	$ 1.20	$ 0.93
Dividends declared per share	$ 0.41	$ 0.32	$ 0.30	$ --	$ --

	At or for the Years Ended December 31,				
	2008	2007	2006	2005	2004
Selected Financial Ratios and Other Data:					
Return on average assets (ratio of net income to average total assets)...........	0.60%	0.83%	1.13%	1.14%	1.01%
Return on average stockholders' equity (ratio of net income to average stockholders' equity).....................	7.00	8.86	11.12	16.00	15.45
Non-interest income (loss) to average assets..................................	(0.36)	0.20	0.26	0.21	0.17
Non-interest expense to average assets......	1.97	1.99	1.96	1.98	2.15
Net interest rate spread during the period..	3.09	2.71	3.19	3.69	3.73
Net interest margin (net interest income to average interest earning assets).......	3.54	3.26	3.69	3.98	3.96
Ratio of average interest-earning assets to average interest-bearing liabilities...	115.05	116.94	118.09	112.33	111.63
Cash dividend payout ratio.................	54.67	34.78	26.98	--	--
Asset Quality Ratios:					
Non-performing loans to total loans at end of period............................	0.90	1.16	0.10	0.36	0.40
Allowance for loan losses to non-performing loans at end of period.....	142.27	95.13	1,155.73	299.42	249.60
Allowance for loan losses to total loans at end of period.........................	1.28	1.10	1.16	1.07	1.01
Capital Ratios:					
Stockholders' equity to total assets at end of period............................	8.59	8.61	10.17	10.26	6.88
Average stockholders' equity to average total assets.............................	8.61	9.32	10.19	7.14	6.57
Tier 1 capital to average assets............	9.22	8.81	10.91	7.75	7.75
Tier 1 capital to risk weighted assets......	13.38	13.05	15.36	11.59	11.84

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

General

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

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

negative of these terms. The Company's ability to predict results or the actual effects of its plans or strategies is inherently uncertain. Accordingly, actual results may differ materially from anticipated results.

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

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

Critical Accounting Policies

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

Allowance for Loan Losses

Loans receivable are presented net of an allowance for loan losses. In determining the appropriate level of the allowance, management considers a combination of factors, such as economic and industry trends, real estate market conditions, size and type of loans in portfolio, nature and value of collateral held, borrowers' financial strength and credit ratings, and prepayment and default history. The calculation of the appropriate allowance for loan losses requires a substantial amount of judgment regarding the impact of the aforementioned factors, as well as other factors, on the ultimate realization of loans receivable.

Other-than-Temporary Impairment of Securities

We evaluate on a quarterly basis whether any securities are other-than-temporarily impaired. In making this determination, we consider the extent and duration of the impairment, the nature and financial health of the issuer and our ability and intent to hold securities for a

period sufficient to allow for any anticipated recovery in market value. Other considerations include a review of the credit quality of the issuer and the existence of a guarantee or insurance, if applicable to the security. If a security is determined to be other-than-temporarily impaired, we record an impairment loss as a charge to income for the period in which the impairment loss is determined to exist, resulting in a reduction to our earnings for that period.

Financial Condition

Comparison at December 31, 2008 and at December 31, 2007

Since we commenced operations in 2000 we have sought to grow our assets and deposit base consistent with our capital requirements. We offer competitive loan and deposit products and seek to distinguish ourselves from our competitors through our service and availability. Total assets increased by $15.1 million or 2.7% to $578.6 million at December 31, 2008 from $563.5 million at December 31, 2007 as the Company continued to grow the Bank's balance sheet with loans funded primarily through growth in the Bank's deposit base and the utilization of wholesale funding sources, specifically Federal Home Loan Bank advances.

Total cash and cash equivalents decreased by $5.0 million or 42.4% to $6.8 million at December 31, 2008 from $11.8 million at December 31, 2007 reflecting management's decision, with money market rates at historically low levels, to deploy those liquid assets into loans in an effort to achieve higher returns. Securities held-to-maturity decreased by $23.7 million or 14.4% to $141.3 million at December 31, 2008 from $165.0 million at December 31, 2007. The decrease was primarily attributable to call options exercised on $78.9 million of callable agency securities and $5.5 million of repayments and prepayments in the mortgage backed securities portfolio during the year ended December 31, 2008, partially offset by purchases of $47.3 million of callable agency securities and $13.3 million in the mortgage backed securities.

Loans receivable increased by $42.1 million or 11.5% to $406.8 million at December 31, 2008 from $364.7 million at December 31, 2007. The increase resulted primarily from a $46.4 million increase in real estate mortgages comprising residential, commercial, construction and participation loans with other financial institutions, net of amortization, and a $2.8 million increase in consumer loans, net of amortization, partially offset by a $5.8 million decrease in commercial loans comprising business loans and commercial lines of credit, net of amortization, and a $1.2 million increase in the allowance for loan losses. At December 31, 2008, the allowance for loan losses was $5.3 million or 1.28% of loans receivable. The growth in loans receivable was primarily attributable to competitive pricing in a lower than historically normal interest rate environment.

Deposit liabilities increased by $11.7 million or 2.9% to $410.5 million at December 31, 2008 from $398.8 million at December 31, 2007. The increase resulted primarily from an increase of $20.5 million or 9.6% in time deposits to $235.0 million from $214.5 million, partially offset by a decrease of $8.0 million or 9.5% in demand deposits to $75.9 million from $83.9 million and a decrease of $855,000 or 0.9% in savings and club accounts to $99.6 million from $100.4 million. The decrease in demand, savings and club account balances resulted primarily from internal disintermediation brought on by an increasingly competitive local market

for deposit growth. The Bank has been able to achieve overall growth in deposits through competitive pricing on select deposit products.

Total borrowed money increased by $2.0 million or 1.8% to $116.1 million at December 31, 2008 from $114.1 million at December 31, 2007. The increase in borrowings reflects the use of Federal Home Loan Bank advances to augment deposits as the Bank's funding source for originating loans.

Total stockholders' equity increased by $1.2 million or 2.5% to $49.7 million at December 31, 2008 from $48.5 million at December 31, 2007. The increase in stockholders' equity primarily reflects net income of $3.5 million for the year ended December 31, 2008 and the exercise of stock options during the year to purchase 104,873 shares of the Company's common stock for a total of approximately $925,000, partially offset by the repurchase of 93,029 shares of the Company's common stock through the stock repurchase plans in place at a cost during the year of $1.3 million and cash dividends paid through the year totaling $1.9 million. At December 31, 2008 the Bank's Tier 1 leverage, Tier 1 risk-based and Total risk-based capital ratios were 9.22%, 13.38%, and 14.63% respectively.

Analysis of Net Interest Income

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

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

	At December 31, 2008		The year ended December 31, 2008			The year ended December 31, 2007		
	Actual Balance	Actual Yield/ Cost	Average Balance	Interest earned/paid	Average Yield/ Cost (5)	Average Balance	Interest earned/paid	Average Yield/ Cost (5)
	(Dollars in Thousands)							
Interest-earning assets:								
Loans receivable (1)	$ 413,552	7.09%	$ 393,198	$ 27,248	6.96%	$ 339,057	$ 24,365	7.19%
Investment securities(2)	147,904	5.55	161,281	9,185	5.70	161,707	8,843	5.47
Interest-earning deposits	3,266	0.06	10,034	190	1.89	26,010	1,182	4.54
Total interest-earning assets	564,722	6.65%	564,513	36,623	6.49%	526,774	34,390	6.53%
Interest-earning liabilities:								
Interest-bearing demand deposits	$ 25,843	1.25%	$ 23,930	$ 300	1.25%	$ 21,076	$ 294	1.40%
Money market deposits	19,539	2.43	26,697	746	2.79	17,212	712	4.14
Savings deposits	99,586	1.32	100,754	1,370	1.36	108,921	1,866	1.71
Certificates of deposit	234,974	3.87	220,375	9,106	4.13	209,828	10,109	4.82
Borrowings	116,124	4.28	118,920	5,141	4.32	93,412	4,236	4.54
Total interest-bearing liabilities	496,066	3.27%	490,676	16,663	3.40%	450,449	17,217	3.82%
Net interest income				$ 19,960			$ 17,173	
Interest rate spread(3)		3.38%			3.09%			2.71%
Net interest margin(4)					3.54%			3.26%
Ratio of interest-earning assets to interest-bearing liabilities	113.84%		115.05%			116.94%		

(1) Excludes allowance for loan losses.

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

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

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

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

	The year ended December 31, 2006		
	Average Balance	Interest earned/paid	Average Yield/Cost (5)
	(Dollars in Thousands)		
Interest-earning assets:			
Loans receivable (1)	$ 315,493	$ 22,770	7.22%
Investment securities(2)	153,628	8,046	5.24
Interest-earning deposits	12,569	445	3.54
Total interest-earning assets	481,690	31,261	6.49%
Interest-earning liabilities:			
Interest-bearing demand deposits	$ 21,397	302	1.41%
Money market deposits	3,353	124	3.70
Savings deposits	137,046	2,611	1.91
Certificates of deposit	182,340	7,807	4.28
Borrowings	63,775	2,633	4.13
Total interest-bearing liabilities	407,911	13,477	3.30%
Net interest income		$ 17,784	
Interest rate spread(3)			3.19%
Net interest margin(4)			3.69%
Ratio of average interest-earning assets to average interest-bearing liabilities	118.09%		

(1) Excludes allowance for loan losses.

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

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

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

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

Rate/Volume Analysis

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

	Years Ended December 31,							
	2008 vs. 2007				2007 vs. 2006			
	Increase/(Decrease) Due to			Total Increase (Decrease)	Increase/(Decrease) Due to			Total Increase (Decrease)
	Volume	Rate	Rate/ Volume		Volume	Rate	Rate/ Volume	
	(In Thousands)							
Interest income:								
Loans receivable	$ 3,891	$ (869)	$ (139)	$ 2,883	$ 1,701	$ (98)	$ (8)	$ 1,595
Investment securities	(23)	366	(1)	342	423	355	19	797
Interest-earning deposits with other banks	(726)	(689)	423	(992)	476	126	135	737
Total interest-earning assets	3,142	(1,192)	283	2,233	2,600	383	146	3,129
Interest expense:								
Interest-bearing demand accounts	40	(30)	(4)	6	(4)	(4)	--	(8)
Money market	392	(231)	(127)	34	512	15	61	588
Savings and club	(140)	(385)	29	(496)	(536)	(263)	54	(745)
Certificates of Deposits	508	(1,439)	(72)	(1,003)	1,177	978	147	2,302
Borrowed funds	1,157	(198)	(54)	905	1,224	259	120	1,603
Total interest-bearing liabilities ..	1,957	(2,283)	(228)	(554)	2,373	985	382	3,740
Change in net interest income	$ 1,185	$ 1,091	$ 511	$ 2,787	$ 227	$ (602)	$ (236)	$ (611)

Results of Operations for the Years Ended December 31, 2008 and 2007

Net income decreased by $970,000 or 21.8% to $3.47 million for the year ended December 31, 2008 from $4.44 million for the year ended December 31, 2007. The decrease in net income resulted primarily from a decrease in non-interest income and increases in the provision for loan losses and non-interest expense, partially offset by an increase in net interest income and a decrease in income taxes. Net interest income increased by $2.8 million or 16.3% to $20.0 million for the year ended December 31, 2008 from $17.2 million for the year ended December 31, 2007. The increase in net interest income resulted primarily from an increase of $37.7 million or 7.2% in the average balance of interest earning assets to $564.5 million for the year ended December 31, 2008 from $526.8 million for the year ended December 31, 2007 offset by a decrease in the average yield on interest earning assets to 6.49% for the year ended December 31, 2008 from 6.53% for the year ended December 31, 2007. The average balance of interest bearing liabilities increased by $40.3 million or 8.9% to $490.7 million at December 31, 2008 from $450.4 million at December 31, 2007 while the average cost of interest bearing liabilities decreased to 3.40% for the year ended December 31, 2008 from 3.82% for the year ended December 31, 2007. As a result of the aforementioned, our net interest margin increased to 3.54% for the year ended December 31, 2008 from 3.26% for the year ended December 31, 2007.

The decrease in non-interest income resulted primarily from an other than temporary impairment (OTTI) charge of $2.9 million on a $3.0 million investment in Federal National Mortgage Association (FNMA) preferred stock. The increase in non-interest expense reflected a change to income resulting from the discovery of a deposit fraud scheme by a commercial client of the Bank. The Bank recorded a $560,000 loss in other non-interest expense related to this incident. The Bank and Company anticipate that any future recoveries may partially offset this loss; however there can be no assurance of the level or probability of any recovery. The Bank and the Company have notified its insurance carriers.

Interest income on loans receivable increased by $2.8 million or 11.5% to $27.2 million for the year ended December 31, 2008 from $24.4 million for the year ended December 31, 2007. The increase was primarily due to an increase in average loans receivable of $52.6 million or 15.5% to $393.2 million for the year ended December 31, 2008 from $339.1 million for the year ended December 31, 2007, partially offset by a decrease in the average yield on loans receivable to 6.96% for the year ended December 31, 2008 from 7.19% for the year ended December 31, 2007. The increase in the average balance of loans reflects management's philosophy of deploying funds in higher yielding instruments, specifically commercial real estate loans, in an effort to achieve higher returns. The decrease in average yield reflects the competitive price environment prevalent in the Bank's primary market area for commercial and construction loans as well as the effect of the actions taken by the Federal Open Market Committee to reduce interest rates during 2008.

Interest income on securities increased by $342,000 or 3.9% to $9.2 million for the year ended December 31, 2008 from $8.8 million for the year ended December 31, 2007. The increase was primarily attributable to an increase in the average yield on securities to 5.70% for the year ended December 31, 2008 from 5.47% for the year ended December 31, 2007, partially offset by a slight decrease in the average balance of securities of $426,000 or 0.3% to $161.3 million for the year ended December 31, 2008 from $161.7 million for the year ended December 31, 2007. The decrease in average balances reflects the issuing agencies decision to exercise their call options on a select number of securities which resulted in decreases to the investment portfolio. The increase in average yield reflects the fact that the exercise of call options discussed above occurred on seasoned securities whose yield was less than those securities remaining in the investment portfolio.

Interest income on other interest-earning assets consisting primarily of federal funds sold decreased by $992,000 or 83.9% to $190,000 for the year ended December 31, 2008 from $1.2 million for the year ended December 31, 2007. This decrease was primarily due to an decrease in the average balance of other interest-earning assets of $16.0 million or 61.5% to $10.0 million for the year ended December 31, 2008 from $26.0 million for the year ended December 31, 2007 and a decrease in the average yield on other interest-earning assets to 1.89% for the year ended December 31, 2008 from 4.54% for the year ended December 31, 2007. As a result of the lower interest rate environment for overnight deposits during the year ended December 31, 2008, a decrease in the average balance resulted, as management deployed funds into loans in an effort to achieve higher returns.

Total interest expense decreased by $554,000 or 3.2% to $16.7 million for the year ended December 31, 2008 from $17.2 million for the year ended December 31, 2007. This decrease resulted primarily from a decrease in the average cost of interest bearing liabilities to 3.40% for the year ended December 31, 2008 from 3.82% for the year ended December 31, 2007, partially offset by an increase in the balance of total interest bearing deposit liabilities of $14.8 million or 4.1% to $371.8 million for the year ended December 31, 2008 from $357.0 million for the year ended December 31, 2007, and an increase in the balance of average borrowings of $25.5 million or 27.3% to $118.9 million for the year ended December 31, 2008, from $93.4 million for the year ended December 31, 2007.

The provision for loan losses totaled $1.3 million and $600,000 for the years ended December 31, 2008 and 2007, respectively. The provision for loan losses is established based upon management's review of the Bank's loans and consideration of a variety of factors including, but not limited to, (1) the risk characteristics of the loan portfolio, (2) current economic conditions, (3) actual losses previously experienced, (4) the significant level of loan growth and (5) the existing level of reserves for loan losses that are possible and estimable. During 2008, the Bank experienced $61,000 in net charge-offs (consisting of $101,000 in charge-offs and $40,000 in recoveries). During 2007, the Bank experienced $268,000 in net charge-offs (consisting of $285,000 in charge-offs and $17,000 in recoveries). The Bank had non-accrual loans totaling $3.7 million at December 31, 2008 and $3.8 million at December 31, 2007. The allowance for loan losses stood at $5.3 million or 1.28% of gross total loans at December 31, 2008 as compared to $4.1 million or 1.10% of gross total loans at December 31, 2007. 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 loses on loans, future loan loss provisions may be necessary based on changes in the aforementioned criteria. In addition, various regulatory agencies, as an integral part of their examination process, periodically review the allowance for loan losses and may require the Bank to recognize additional provisions based on their judgment of information available to them at the time of their examination. Management believes that the allowance for loan losses was adequate at both December 31, 2008 and 2007.

Total non-interest income decreased by $3.2 million to a loss of $2.1 million for the year ended December 31, 2008 from income of $1.1 million for the year ended December 31, 2007. The decrease in non-interest income resulted primarily from an other than temporary impairment (OTTI) charge of $2.9 million on a $3.0 million investment in Federal National Mortgage Association (FNMA) preferred stock as well as a $283,000 decrease in gain on sales of loans originated for sale, to $137,000 for the year ended December 31, 2008 from $420,000 for the year ended December 31, 2007, and a $12,000 decrease in gain on sale of real estate owned, partially offset by a $64,000 or 9.7% increase in fees, service charges and other income to $723,000 for the year ended December 31, 2008 from $659,000 for the year ended December 31, 2007. The decrease in gain on sale of loans originated for sale reflects the softening one-to four-family residential real estate market during 2008.

Total non-interest expense increased by $596,000 or 5.6% to $11.3 million for the year ended December 31, 2008 from $10.7 million for the year ended December 31, 2007. The

increase in non-interest expense resulted primarily from the discovery of a deposit fraud scheme by a commercial client of the Bank during 2008. The Bank recorded a $560,000 loss related to this incident. The Bank and Company anticipate that future recoveries may partially offset this loss; however there can be no assurance of the level or probability of any recovery. The Bank and the Company have notified its insurance carrier. Salaries and employee benefits expense decreased by $207,000 or 3.6% to $5.5 million for the year ended December 31, 2008 from $5.7 million for the year ended December 31, 2007. This decrease resulted from a decrease in full time equivalent employees to eighty-five (85) at December 31, 2008 from ninety-three (93) at December 31, 2007 and from eighty-seven (87) at December 31, 2006. Occupancy expense increased by $59,000 or 5.9% to $1.1 million for the year ended December 31, 2008 from $1.0 million for the year ended December 31, 2007. Equipment expense increased by $113,000 or 5.9% to $2.0 million for the year ended December 31, 2008 from $1.9 million for the year ended December 31, 2007. The primary component of this expense item is data service provider expense which increases with the growth of the Bank's assets. Advertising expense decreased by $85,000 or 26.1% to $241,000 for the year ended December 31, 2008 from $326,000 for the year ended December 31, 2007. Other non-interest expense increased by $156,000 or 8.7% to $1.9 million for the year ended December 31, 2008 from $1.8 million for the year ended December 31, 2007. The increase in other non-interest expense is primarily attributable to increases in expenses commensurate with a growing franchise. Other non-interest expense is comprised of directors' fees, stationary, forms and printing, professional fees, legal fees, check printing, correspondent bank fees, telephone and communication, shareholder relations and other fees and expenses.

Income tax expense decreased $689,000 or 27.5% to $1.8 million for the year ended December 31, 2008 from $2.5 million for the year ended December 31, 2007 reflecting decreased pre-tax income earned during 2008. The consolidated effective income tax rate for the year ended December 31, 2008 was 34.4% and for the year ended December 31, 2007 was 36.1%.

Results of Operations for the Years Ended December 31, 2007 and 2006

Net income decreased by $1.13 million or 20.3% to $4.44 million for the year ended December 31, 2007 from $5.57 million for the year ended December 31, 2006. The decrease in net income resulted primarily from decreases in net interest income and non-interest income and an increase in non-interest expense, partially offset by decreases in the provision for loan losses, and income taxes. Net interest income decreased by $611,000 or 3.4% to $17.2 million for the year ended December 31, 2007 from $17.8 million for the year ended December 31, 2006. This decrease in net interest income resulted primarily from an increase of $42.6 million or 10.4% in the average balance of interest-bearing liabilities to $450.5 million for the year ended December 31, 2008 from $407.9 million for the year ended December 31, 2006 and an increase in the cost of interest-bearing liabilities to 3.82% for the year ended December 31, 2008 from 3.30% for the year ended December 31, 2006. The average balance of interest-earning assets increased by $45.1 million or 9.4% to $526.8 million at December 31, 2008 from $481.7 million at December 31, 2006 while the yield on interest-earning assets increased slightly to 6.53% for the year ended December 31, 2008 from 6.49% for the year ended December 31, 2006. As a consequence of the

aforementioned, our net interest margin decreased to 3.26% for the year ended December 31, 2008 from 3.69% for the year ended December 31, 2006.

Interest income on loans receivable increased by $1.6 million or 7.0% to $24.4 million for the year ended December 31, 2007 from $22.8 million for the year ended December 31, 2006. The increase was primarily due to an increase in average loans receivable of $23.6 million or 7.5% to $339.1 million for the year ended December 31, 2008 from $315.5 million for the year ended December 31, 2006, partially offset by a slight decrease in the average yield on loans receivable to 7.19% for the year ended December 31, 2007 from 7.22% for the year ended December 31, 2006. The increase in the average balance of loans reflects management's philosophy of deploying funds in higher yielding instruments, specifically commercial real estate loans in an effort to achieve higher returns. The decrease in average yield reflects the competitive price environment prevalent in the Bank's primary market area for commercial and construction loans as well as the effect of the actions taken by the Federal Open Market Committee to reduce interest rates during the latter half of 2007.

Interest income on securities increased by $797,000 or 9.9% to $8.8 million for the year ended December 31, 2007 from $8.0 million for the year ended December 31, 2006. The increase was primarily attributable to an increase in the average balance of securities of $8.1 million or 5.3% to $161.7 million for the year ended December 31, 2007 from $153.6 million for the year ended December 31, 2006, and an increase in the average yield on securities to 5.47% for the year ended December 31, 2007 from 5.24% for the year ended December 31, 2006. The increase in average balances reflects management's philosophy to deploy funds in investments, absent an opportunity to originate higher yielding loans, in an effort to achieve higher returns.

Interest income on other interest-earning assets consisting primarily of federal funds sold increased by $737,000 or 165.6% to $1.2 million for the year ended December 31, 2007 from $445,000 for the year ended December 31, 2006. This increase was primarily due to an increase in the average balance of other interest-earning assets of $13.4 million or 106.3% to $26.0 million for the year ended December 31, 2007 from $12.6 million for the year ended December 31, 2006 and an increase in the average yield on other interest-earning assets to 4.54% for the year ended December 31, 2007 from 3.54% for the year ended December 31, 2006. During 2007, as short term interest rates remained elevated and the yield curve remained inverted through the majority of the year, increased balances in cash and cash equivalent accounts, in the absence of higher yielding loan product, provided a competitive yield while affording management the latitude to research more profitable investment opportunities.

Total interest expense increased by $3.7 million or 27.4% to $17.2 million for the year ended December 31, 2007 from $13.5 million for the year ended December 31, 2006. This increase resulted from an increase in the average balance of total interest-bearing deposit liabilities of $12.9 million or 3.7% to $357.0 million for the year ended December 31, 2007 from $344.1 million for the year ended December 31, 2006, and an increase of $29.6 million or 46.4% in average borrowings to $93.4 million for the year ended December 31, 2007, from $63.8 million for the year ended December 31, 2006, as well as an increase in the average cost of interest-bearing liabilities to 3.82% for the year ended December 31, 2007 from 3.30% for the year ended December 31, 2006.

The provision for loan losses totaled $600,000 and $625,000 for the years ended December 31, 2007 and 2006, respectively. The provision for loan losses is established based upon management's review of the Bank's loans and consideration of a variety of factors including, but not limited to, (1) the risk characteristics of the loan portfolio, (2) current economic conditions, (3) actual losses previously experienced, (4) the significant level of loan growth and (5) the existing level of reserves for loan losses that are probable and estimable. During 2007, the Bank experienced $268,000 in net charge-offs (consisting of $285,000 in charge-offs and $17,000 in recoveries). During 2006, the Bank experienced $18,000 in net recoveries (consisting of $85,000 in recoveries and $67,000 in charge-offs). The Bank had non-accrual loans totaling $3.8 million at December 31, 2007 and $323,000 at December 31, 2006. The allowance for loan losses stood at $4.1 million or 1.10% of gross total loans at December 31, 2007 as compared to $3.7 million or 1.16% of gross total loans at December 31, 2006. 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 loses on loans, future loan loss provisions may be necessary based on changes in the aforementioned criteria. In addition, various regulatory agencies, as an integral part of their examination process, periodically review the allowance for loan losses and may require the Bank to recognize additional provisions based on their judgment of information available to them at the time of their examination. Management believes that the allowance for loan losses was adequate at both December 31, 2007 and 2006.

Total non-interest income decreased by $168,000 or 13.3% to $1.1 million for the year ended December 31, 2007 from $1.3 million for the year ended December 31, 2006. The decrease in non-interest income resulted primarily from a $215,000 decrease in gain on sales of loans originated for sale, to $420,000 for the year ended December 31, 2007 from $635,000 for the year ended December 31, 2006, partially offset by a $34,000 increase in fees, service charges and other income to $659,000 for the year ended December 31, 2007 from $625,000 for the year ended December 31, 2006 and a $13,000 increase in gain on sale of non-performing loans. The decrease in gain on sale of loans originated for sale reflects the softening one-to four-family residential real estate market during the year 2007.

Total non-interest expense increased by $1.1 million or 11.5% to $10.7 million for the year ended December 31, 2007 from $9.6 million for the year ended December 31, 2006. The increase in 2007 was primarily due to an increase of $489,000 or 9.4% in salaries and employee benefits expense to $5.7 million for the year ended December 31, 2007 from $5.2 million for the year ended December 31, 2006 as the Bank increased staffing levels and compensation in an effort to service its growing customer base. Full time equivalent employees increased to ninety-three (93) at December 31, 2007 from eighty-seven (87) at December 31, 2006 and eighty-two (82) at December 31, 2005. Occupancy expense increased by $100,000 or 11.1% to $1.0 million for the year ended December 31, 2007 from $900,000 for the year ended December 31, 2006. Equipment expense increased by $172,000 or 9.9% to $1.9 million for the year ended December 31, 2007 from $1.7 million for the year ended December 31, 2006. The primary component of this expense item is data service provider expense which increases with the growth of the Bank's assets. Advertising expense remained relatively stable at $326,000 for the year ended December 31, 2007 as compared to $329,000 for the year ended December 31, 2006. Other non-interest

expense increased by $328,000 or 22.5% to $1.8 million for the year ended December 31, 2007 from $1.5 million for the year ended December 31, 2006. The increase in other non-interest expense is primarily attributable to increases in expenses commensurate with a growing franchise. Other non-interest expense is comprised of directors' fees, stationary, forms and printing, professional fees, legal fees, check printing, correspondent bank fees, telephone and communication, shareholder relations and other fees and expenses.

Income tax expense decreased $711,000 or 22.1% to $2.5 million for the year ended December 31, 2007 from $3.2 million for the year ended December 31, 2006 reflecting decreased pre-tax income earned during 2007. The consolidated effective income tax rate for the year ended December 31, 2007 was 36.1% and for the year ended December 31, 2006 was 36.6%.

Liquidity and Capital Resources

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

Our primary investing activities are the origination of commercial and multi-family real estate loans, one- to four-family mortgage loans, construction, commercial business and consumer loans, as well as the purchase of mortgage-backed and other investment securities. During 2008 loan originations totaled $110.7 million compared to $142.5 million and $119.6 million for 2007 and 2006, respectively. The continued strength of loan originations reflects management's efforts to increase our total assets, the continued focus on increasing commercial and multi-family lending operations and the refinance market in 2008.

During 2008, cash flow provided by the calls, maturities and principal repayments and prepayments received on securities held-to-maturity amounted to $84.4 million compared to $21.0 million and $28.8 million in 2007 and 2006. Deposit growth provided $11.7 million, $16.1 million and $19.9 million of funding to facilitate asset growth for the years ending December 31, 2008, 2007 and 2006, respectively. Borrowings increased $2.0 million in 2008 with additional short-term borrowings of $24.0 million and repayments of $22.0 million through the FHLB.

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

originate and fund loans of approximately $46.1 million and $57.4 million at December 31, 2008 and 2007, respectively.

The following tables sets forth our contractual obligations and commercial commitments at December 31, 2008.

Contractual obligations	Total	Payments due by period Less than 1 Year	1-3 Years	More than 3-5 Years	More than 5 Years
			(In Thousands)		
Borrowed money	$ 116,124	$ 2,000	$ --	$ --	$ 114,124
Lease obligations	4,297	425	610	402	2,860
Certificates of deposit	234,974	188,112	38,577	8,235	50
Total	$ 355,395	$ 190,537	$ 39,187	$ 8,637	$ 117,034

Recent Accounting Pronouncements

In December 2007, the Financial Accounting Standards Board ("FASB") issued Statement No. 160 "Noncontrolling Interests in Consolidated Financial Statements--an amendment of ARB No. 51". This Statement establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. The guidance will become effective as of the beginning of a company's fiscal year beginning after December 15, 2008. The Company believes that this new pronouncement will not have a material impact on its consolidated financial statements.

In May 2008, the FASB issued Statement No. 162, "The Hierarchy of Generally Accepted Accounting Principles." This Statement identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements. This Statement is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to AU Section 411, "The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles." The Company believes that this new pronouncement will not have a material impact on its consolidated financial statements.

In June 2008, the FASB issued FASB Staff Position ("FSP") EITF 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities." This FSP clarifies that all outstanding unvested share-based payment awards that contain rights to nonforfeitable dividends participate in undistributed earnings with common shareholders. Awards of this nature are considered participating securities and the two-class method of computing basic and diluted earnings per share must be applied. This FSP is effective for fiscal years beginning after December 15, 2008. The Company does not expect that EITF 03-6-1 will have an impact on its consolidated financial statements.

In November 2008, the SEC released a proposed roadmap regarding the potential use by U.S. issuers of financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). IFRS is a comprehensive series of accounting standards published by the International Accounting Standards Board ("IASB"). Under the proposed roadmap, the Company may be required to prepare financial statements in accordance with IFRS

as early as 2014. The SEC will make a determination in 2011 regarding the mandatory adoption of IFRS. The Company is currently assessing the impact that this potential change would have on its consolidated financial statements, and it will continue to monitor the development of the potential implementation of IFRS.

In November 2008, the FASB ratified Emerging Issues Task Force ("EITF") Issue No. 08-6, "Equity Method Investment Accounting Considerations". EITF 08-6 clarifies the accounting for certain transactions and impairment considerations involving equity method investments. EITF 08-6 is effective for fiscal years beginning after December 15, 2008, with early adoption prohibited. The Company does not expect that EITF 08-6 will have an impact on its consolidated financial statements.

In November 2008, the FASB ratified EITF Issue No. 08-7, "Accounting for Defensive Intangible Assets". EITF 08-7 clarifies the accounting for certain separately identifiable intangible assets which an acquirer does not intend to actively use but intends to hold to prevent its competitors from obtaining access to them. EITF 08-7 requires an acquirer in a business combination to account for a defensive intangible asset as a separate unit of accounting which should be amortized to expense over the period the asset diminishes in value. EITF 08-7 is effective for fiscal years beginning after December 15, 2008, with early adoption prohibited. This new pronouncement will impact the Company's accounting for any defensive intangible assets acquired in a business combination completed beginning January 1, 2009.

In December 2008, the FASB issued FSP SFAS 140-4 and FASB Interpretation ("FIN") 46(R)-8, "Disclosures by Public Entities (Enterprises) about Transfers of Financial Assets and Interests in Variable Interest Entities". FSP SFAS 140-4 and FIN 46(R)-8 amends FASB SFAS 140 "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities", to require public entities to provide additional disclosures about transfers of financial assets. It also amends FIN 46(R), "Consolidation of Variable Interest Entities", to require public enterprises, including sponsors that have a variable interest in a variable interest entity, to provide additional disclosures about their involvement with variable interest entities. Additionally, this FSP requires certain disclosures to be provided by a public enterprise that is (a) a sponsor of a qualifying special purpose entity ("SPE") that holds a variable interest in the qualifying SPE but was not the transferor of financial assets to the qualifying SPE and (b) a servicer of a qualifying SPE that holds a significant variable interest in the qualifying SPE but was not the transferor of financial assets to the qualifying SPE. The disclosures required by FSP SFAS 140-4 and FIN 46(R)-8 are intended to provide greater transparency to financial statement users about a transferor's continuing involvement with transferred financial assets and an enterprise's involvement with variable interest entities and qualifying SPEs. FSP SFAS 140-4 and FIN 46(R) is effective for reporting periods (annual or interim) ending after December 15, 2008. The adoption of this pronouncement did not have a material impact on our consolidated financial statements.

In January 2009, the FASB issued FSP EITF 99-20-1, "Amendments to the Impairment of Guidance of EITF Issue No. 99-20". FSP EITF 99-20-1 amends the impairment guidance in EITF Issue No. 99-20, "Recognition of Interest Income and Impairment on Purchased Beneficial Interests and Beneficial Interests That Continue to Be Held by a Transferor in Securitized

Financial Assets", to achieve more consistent determination of whether an other-than-temporary impairment has occurred. FSP EITF 99-20-1 also retains and emphasizes the objective of an other-than-temporary impairment assessment and the related disclosure requirements in SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities", and other related guidance. FSP EITF 99-20-1 is effective for interim and annual reporting periods ending after December 15, 2008, and shall be applied prospectively. Retrospective application to a prior interim or annual reporting period is not permitted. The adoption of EITF 99-20-1 did not have a material impact on our consolidated financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Management of Market Risk

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

Quantitative Analysis. The following table presents the Company's net portfolio value ("NPV"). These calculations were based upon assumptions believed to be fundamentally sound, although they may vary from assumptions utilized by other financial institutions. The information set forth below is based on data that included all financial instruments as of December 31, 2008. Assumptions have been made by the Company relating to interest rates, loan prepayment rates, core deposit duration, and the market values of certain assets and liabilities under the various interest rate scenarios. Actual maturity dates were used for fixed rate loans and certificate accounts. Investment securities were scheduled at either the maturity date or the next scheduled call date based upon management's judgment of whether the particular security would be called in the current interest rate environment and under assumed interest rate scenarios. Variable rate loans were scheduled as of their next scheduled interest rate repricing date. Additional assumptions made in the preparation of the NPV table include prepayment rates on loans and mortgage-backed securities, core deposits without stated maturity dates were scheduled with an assumed term of 48 months, and money market and noninterest bearing accounts were scheduled with an assumed term of 24 months. The NPV at "PAR" represents the difference between the Company's estimated value of assets and estimated value of liabilities assuming no change in interest rates. The NPV for a decrease of 100 to 300 basis points has

been excluded since it would not be meaningful, in the interest rate environment as of December 31, 2008. The following sets forth the Company's NPV as of December 31, 2008.

Change in calculation	Net Portfolio Value	$ Change from PAR	% Change from PAR	NPV as a % of Assets	
				NPV Ratio	Change
+300bp	$ 33,632	$ (34,528)	-50.66%	6.21%	(528)bp
+200bp	59,526	(8,634)	-12.67	10.61	(88)bp
+100bp	70,348	2,188	3.21	12.07	58 bp
PAR	68,160	--	--	11.49	--
-100bp	--	--	--	--	--
-200bp	--	--	--	--	--
-300bp	--	--	--	--	--

bp-basis points

The table above indicates that at December 31, 2008, in the event of a 100 basis point increase in interest rates, we would experience a 3.21% increase in NPV.

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

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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

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

None.

ITEM 9A.(T) CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures.

Under the supervision and with the participation of our management, including our Chief Executive Officer, Chief Financial Officer and Principal Accounting Officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the fiscal year (the "Evaluation Date"). Based upon that evaluation, the Chief Executive Officer, Chief Financial Officer and Principal Accounting Officer concluded that, as of the Evaluation Date, our

disclosure controls and procedures were effective in timely alerting them to the material information relating to us (or our consolidated subsidiaries) required to be included in our periodic SEC filings.

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

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

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

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

As of December 31, 2008, management assessed the effectiveness of the Company's internal control over financial reporting based upon the framework established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based upon its assessment, management believes that the Company's internal control over financial reporting as of December 31, 2008 is effective using these criteria. This annual report does not include an attestation report of the company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the company to provide only management's report in this annual report.

(c) Changes in Internal Controls over Financial Reporting.

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

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

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

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

The "Proposal I--Election of Directors" section of the Company's definitive Proxy Statement for the Company's 2009 Annual Meeting of Stockholders (the "2009 Proxy Statement") is incorporated herein by reference in response to the disclosure requirements of Items 401, 405, 406, 407(d)(4) and 407(d)(5) of Regulation S-K.

The information concerning directors and executive officers of the Company under the caption "Proposal I-Election of Directors" and information under the captions "Section 16(a) Beneficial Ownership Compliance" and "The Audit Committee" of the 2009 Proxy Statement is incorporated herein by reference.

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

ITEM 11. EXECUTIVE COMPENSATION

The "Executive Compensation" section of the Company's 2009 Proxy Statement is incorporated herein by reference.

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

The "Proposal I--Election of Directors" section of the Company's 2009 Proxy Statement is incorporated herein by reference.

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

The "Transactions with Certain Related Persons" section and "Proposal I-Election of Directors--Board Independence" of the Company's 2009 Proxy Statement is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information required by Item 14 is incorporated by reference to the Company's Proxy Statement for the 2009 Annual Meeting of Stockholders, "Proposal II-Ratification of the Appointment of Independent Auditors--Fees Paid to Beard Miller Company LLP."

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) Financial Statements

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

(A) Report of Independent Registered Public Accounting Firm

(B) Consolidated Statements of Financial Condition as of December 31, 2008 and 2007

(C) Consolidated Statements of Income for each of the Years in the Three-Year period ended December 31, 2008

(D) Consolidated Statements of Changes in Stockholders' Equity for each of the Years in the Three-Year period ended December 31, 2008

(E) Consolidated Statements of Cash Flows for each of the Years in the Three-Year period ended December 31, 2008

(F) Notes to Consolidated Financial Statements

(a)(2) Financial Statement Schedules

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

(b) Exhibits

3.1 Certificate of Incorporation of BCB Bancorp, Inc.****

3.2 Bylaws of BCB Bancorp, Inc.**

3.3 Specimen Stock Certificate*

10.1 BCB Community Bank 2002 Stock Option Plan***

10.2 BCB Community Bank 2003 Stock Option Plan***

10.3 2005 Director Deferred Compensation Plan****

10.4 Change in Control Agreement with Donald Mindiak*******

10.5 Change in Control Agreement with James E. Collins*******

10.6 Change in Control Agreement with Thomas M. Coughlin*******

10.7 Executive Agreement with Donald Mindiak*******

10.8 Executive Agreement with James E. Collins*******

10.9 Executive Agreement with Thomas M. Coughlin*******

10.10 Amendment to 2002 and 2003 Stock Option Plans******

13 Consolidated Financial Statements

14 Code of Ethics***

21 Subsidiaries of the Company****

23 Accountant's Consent to incorporate consolidated financial statements in Form S-8

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

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

32 Certification of Chief Executive Officer and Principal Accounting Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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* Incorporated by reference to the Form 8-K-12g3 filed with the Securities and Exchange Commission on May 1, 2003.

** Incorporated by reference to the Form 8-K filed with the Securities and Exchange Commission on October 12, 2007.

*** Incorporated by reference to the Annual Report on Form 10-K for the year ended December 31, 2004.

**** Incorporated by reference to the Company's Registration Statement on Form S-1, as amended, (Commission File Number 333-128214) originally filed with the Securities and Exchange Commission on September 9, 2005.

***** Incorporated by reference to Exhibit 10.10 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on November 10, 2005.

****** Incorporated by reference to the Annual Report on Form 10-K for the year ended December 31, 2005.

******* Incorporated by reference to Exhibit 10.4, 10.5, 10.6, 10.7, 10.8 and 10.9 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on December 15, 2008.

Signatures

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

BCB BANCORP, INC.

Date: March 27, 2009

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

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

Signatures	Title	Date
/s/ Donald Mindiak Donald Mindiak	President, Chief Executive Officer, Chief Financial Officer and Director (Principal Executive Officer)	March 27, 2009
/s/ Thomas M. Coughlin Thomas M. Coughlin	Vice President, Chief Operating Officer (Principal Accounting Officer) and Director	March 27, 2009
/s/ Mark D. Hogan Mark D. Hogan	Chairman of the Board	March 27, 2009
/s/ Robert Ballance Robert Ballance	Director	March 27, 2009
/s/ Judith Q. Bielan Judith Q. Bielan	Director	March 27, 2009

/s/ Joseph J. Brogan --------------------------- Joseph J. Brogan	Director	March 27, 2009
/s/ James E. Collins --------------------------- James E. Collins	Director	March 27, 2009
/s/ Joseph Lyga --------------------------- Joseph Lyga	Director	March 27, 2009
/s/ Alexander Pasiechnik --------------------------- Alexander Pasiechnik	Director	March 27, 2009
/s/ August Pellegrini, Jr. --------------------------- August Pellegrini, Jr.	Director	March 27, 2009
/s/ Joseph Tagliareni --------------------------- Joseph Tagliareni	Director	March 27, 2009

EXHIBIT INDEX

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******* Incorporated by reference to Exhibit 10.4, 10.5, 10.6, 10.7, 10.8 and 10.9 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on December 15, 2008.

EXHIBIT 13
CONSOLIDATED FINANCIAL STATEMENTS

Exhibit 13

BCB Bancorp, Inc. and Subsidiaries

Consolidated Financial Report

December 31, 2008

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[BMC LOGO]

Report of Independent Registered Public Accounting Firm

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

We have audited the accompanying consolidated statements of financial condition of BCB Bancorp, Inc. and Subsidiaries (the "Company") as of December 31, 2008 and 2007, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2008. The Company's management is responsible for these consolidated financial statements. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of BCB Bancorp, Inc. and Subsidiaries as of December 31, 2008 and 2007, and the consolidated results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2008, in conformity with accounting principles generally accepted in the United States of America.

/s/ Beard Miller Company LLP

Beard Miller Company LLP
Clark, New Jersey
March 25, 2009

Consolidated Statements of Financial Condition

	December 31, 2008	December 31, 2007
	(In Thousands, except for share data and per share data)	
Assets		
Cash and amounts due from depository institutions	$ 3,495	$ 2,970
Interest-bearing deposits	3,266	8,810
Cash and Cash Equivalents	6,761	11,780
Securities available for sale	888	2,056
Securities held to maturity, fair value $143,245 and $165,660 respectively	141,280	165,017
Loans held for sale	1,422	2,132
Loans receivable, net of allowance for loan losses of $5,304 and $4,065 respectively	406,826	364,654
Premises and equipment	5,627	5,929
Federal Home Loan Bank of New York stock	5,736	5,560
Interest receivable	3,884	3,776
Real Estate Owned	1,435	287
Deferred income taxes	3,113	1,352
Other assets	1,652	934
Total Assets	$ 578,624	$ 563,477
Liabilities and Stockholders' Equity		
Liabilities		
Non-interest bearing deposits	$ 30,561	$ 35,897
Interest bearing deposits	379,942	362,922
Total deposits	410,503	398,819
Short-term borrowings	2,000	--
Long-term debt	114,124	114,124
Other liabilities	2,282	2,024
Total Liabilities	528,909	514,967
Stockholders' Equity		
Common stock, stated value $0.064; 10,000,000 shares authorized; 5,183,731 and 5,078,858 shares, respectively, issued	331	325
Paid-in capital	46,864	45,795
Treasury stock, at cost, 533,680 and 440,651 shares, respectively	(8,680)	(7,385)
Retained earnings	11,325	9,749
Accumulated other comprehensive (loss) income	(125)	26
Total Stockholders' Equity	49,715	48,510
Total Liabilities and Stockholders' Equity	$ 578,624	$ 563,477

See notes to consolidated financial statements.

Consolidated Statements of Income

	Years Ended December 31,		
	2008	2007	2006
	(In Thousands, Except for Per Share Data)		
Interest Income			
Loans, including fees	$ 27,248	$ 24,365	$ 22,770
Securities	9,185	8,843	8,046
Other interest-earning assets	190	1,182	445
Total Interest Income	36,623	34,390	31,261
Interest Expense			
Deposits:			
Demand	1,046	1,006	426
Savings and club	1,370	1,866	2,611
Certificates of deposit	9,106	10,109	7,807
	11,522	12,981	10,844
Borrowed money	5,141	4,236	2,633
Total Interest Expense	16,663	17,217	13,477
Net Interest Income	19,960	17,173	17,784
Provision for Loan Losses	1,300	600	625
Net Interest Income after Provision for Loan Losses	18,660	16,573	17,159
Non-Interest Income			
Fees and service charges	689	629	595
Gain on sales of loans originated for sale	137	420	635
Gain on sale of real estate owned	1	13	--
Other than temporary impairment on security	(2,915)	--	--
Other	34	30	30
Total Non-Interest (Loss) Income	(2,054)	1,092	1,260
Non-Interest Expenses			
Salaries and employee benefits	5,492	5,699	5,210
Occupancy expense of premises	1,059	1,000	900
Equipment	2,019	1,906	1,734
Advertising	241	326	329
Loss on overdrafts	560	--	--
Other	1,943	1,787	1,459
Total Non-Interest Expenses	11,314	10,718	9,632
Income before Income Taxes	5,292	6,947	8,787
Income Taxes	1,820	2,509	3,220
Net Income	$ 3,472	$ 4,438	$ 5,567
Net Income per Common Share			
Basic	$ 0.75	$ 0.92	$ 1.11
Diluted	$ 0.74	$ 0.90	$ 1.08
Weighted Average Number of Common Shares Outstanding			
Basic	4,629	4,818	5,005
Diluted	4,706	4,943	5,172

See notes to consolidated financial statements.

Consolidated Statements of Changes in Stockholders' Equity

	Common Stock	Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
	(In Thousands, except for share and per share amounts)					
Balance - December 31, 2005	$ 323	$45,518	$ (795)	$ 2,801	$ --	$47,847
Stock-based compensation	--	25	--	--	--	25
Stock issuance cost	--	(9)	--	--	--	(9)
Exercise of stock options (12,816 shares)	1	98	--	--	--	99
Treasury stock purchases (3,977 shares)	--	--	(64)	--	--	(64)
Cash dividend ($0.30 per share) declared	--	--	--	(1,502)	--	(1,502)
Net income	--	--	--	5,567	--	5,567
Balance - December 31, 2006	324	45,632	(859)	6,866	--	51,963
Stock-based compensation	--	6	--	--	--	6
Exercise of stock options (15,426 shares)	1	157	--	--	--	158
Treasury stock purchases (385,358 shares)	--	--	(6,526)	--	--	(6,526)
Cash dividend ($0.32 per share) declared	--	--	--	(1,555)	--	(1,555)
Net income	--	--	--	4,438	--	4,438
Unrealized gain on securities available for sale, net of deferred income tax of $18	--	--	--	--	26	26
Total Comprehensive income						4,460
Balance - December 31, 2007	325	45,795	(7,385)	9,749	26	48,510
Tax benefit from exercise of stock options	--	150	--	--	--	150
Exercise of stock options (104,873 shares)	6	919	--	--	--	925
Treasury stock purchases (93,029 shares)	--	--	(1,295)	--	--	(1,295)
Cash dividend ($0.41 per share) declared	--	--	--	(1,896)	--	(1,896)
Net income	--	--	--	3,472	--	3,472
Loss on other than temporary impairment on security, net of deferred income tax benefit of $1,164	--	--	--	--	1,751	1,751
Unrealized loss on securities available for sale, net of deferred income tax of $1,266	--	--	--	--	(1,902)	(1,902)
Total Comprehensive income						3,321
Balance - December 31, 2008	$ 331	$46,864	$ (8,680)	$11,325	$ (125)	$49,715

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

	Years Ended December 31,		
	2008	2007	2006
	(In Thousands)		
Cash Flows from Operating Activities			
Net income	$ 3,472	$ 4,438	$ 5,567
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation of premises and equipment	401	394	342
Amortization (accretion), net	(684)	(664)	(657)
Provision for loan losses	1,300	600	625
Stock-based compensation	--	6	25
Deferred income tax (benefit)	(1,659)	(132)	(241)
Other than temporary impairment loss	2,915	--	--
Loans originated for sale	(6,705)	(22,993)	(36,277)
Proceeds from sales of loans originated for sale	7,552	24,257	34,716
Gain on sales of loans originated for sale	(137)	(420)	(635)
Gain on sale of real estate owned	(1)	(13)	--
(Increase) in interest receivable	(108)	(79)	(593)
Decrease in stock subscriptions receivable	--	--	2,353
(Increase) decrease in other assets	(718)	(258)	436
(Decrease) increase in accrued interest payable	(59)	214	313
Increase (decrease) in other liabilities	317	(191)	268
Net Cash Provided by Operating Activities	5,886	5,159	6,242
Cash Flows from Investing Activities			
Proceeds from repayments and calls on securities held to maturity	84,400	21,010	28,845
Proceeds from sales of securities held to maturity	--	--	--
Purchases of securities held to maturity	(60,606)	(37,338)	(37,500)
Purchases of securities available for sale	(2,000)	(2,012)	--
Proceeds from sales of participation interests in loans	2,523	6,315	5,432
Proceeds from sale of real estate owned	288	1,172	--
Purchases of loans	(113)	(9,593)	(7,007)
Net increase in loans receivable	(46,449)	(44,645)	(32,087)
Improvements to real estate owned	(241)	--	--
Additions to premises and equipment	(99)	(438)	(709)
Purchases of Federal Home Loan Bank of New York stock	(176)	(1,836)	(946)
Net Cash Used in Investing Activities	(22,473)	(67,365)	(43,972)
Cash Flows from Financing Activities			
Net increase in deposits	11,684	16,072	19,896
Proceeds of long-term debt	--	55,000	70,000
Repayment of long-term debt	--	(15,000)	(50,000)
Net change in short-term borrowings	2,000	--	--
Purchase of treasury stock	(1,295)	(6,526)	(64)
Cash dividends paid	(1,896)	(1,555)	(1,502)
Net proceeds from issuance of common stock	925	158	90
Tax benefit from exercise of stock options	150	--	--
Net Cash Provided by Financing Activities	11,568	48,149	38,420
Net Increase (Decrease) in Cash and Cash Equivalents	(5,019)	(14,057)	690
Cash and Cash Equivalents - Beginning	11,780	25,837	25,147
Cash and Cash Equivalents - Ending	$ 6,761	$ 11,780	$ 25,837
Supplementary Cash Flows Information			
Cash paid during the year for:			
Income taxes	$ 3,903	$ 2,860	$ 3,120
Interest	$ 16,722	$ 17,003	$ 13,164
Transfer of loans to real estate owned	$ 1,194	$ 1,446	$ --

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Note 1 - Organization and Stock Offerings

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

On April 27, 2005, the Company announced that the Board of Directors had approved a stock repurchase program for the repurchase of up to 5% of the Company's outstanding common stock equal to approximately 187,096 shares. The repurchases may be made from time to time as market conditions warrant. During 2006, 3,977 shares were purchased under the repurchase program at an approximate cost of $64,000 or $15.93 per share. In 2007, the Company completed the initial stock repurchase plan. On April 26, 2007, the Company announced a second stock repurchase plan which provided for the repurchase of 5% or 249,080 shares of the Company's common stock. During 2007, the Company began and completed the repurchase of all of the shares associated with the second 5% stock repurchase plan. Consequently, on November 20, 2007, the Company announced a third stock repurchase plan which provided for the repurchase of 5% or 234,002 shares of the Company's common stock. During 2008 and 2007, a total of 93,029 and 385,358 shares of the Company's common stock was repurchased at a cost of approximately $1.3 and $6.5 million or $13.92 and $16.93 per share, respectively.

The Company's primary business is the ownership and operation of BCB Community Bank (the "Bank"). The Bank is a New Jersey commercial bank which, as of December 31, 2008, operated at four locations in Bayonne and Hoboken, New Jersey, and is subject to regulation, supervision, and examination by the New Jersey Department of Banking and Insurance and the Federal Deposit Insurance Corporation. The Bank is principally engaged in the business of attracting deposits from the general public and using these deposits, together with borrowed funds, to invest in securities and to make loans collateralized by residential and commercial real estate and, to a lesser extent, consumer loans. BCB Holding Company Investment Corp. (the "Investment Company") was organized in January 2005 under New Jersey law as a New Jersey investment company primarily to hold investment and mortgage-backed securities.

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Note 2 - Summary of Significant Accounting Policies

Basis of Consolidated Financial Statement Presentation

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

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the consolidated statement of financial condition and revenues and expenses for the periods then ended. Actual results could differ significantly from those estimates. A material estimate that is particularly susceptible to significant change relates to the determination of the allowance for loan losses. Management believes that the allowance for loan losses is adequate. While management uses available information to recognize losses on loans, future additions to the allowance for loan losses may be necessary based on changes in economic conditions in the market area.

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

Cash and Cash Equivalents

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

Securities Available for Sale and Held to Maturity

Investments in debt securities that the Company has the positive intent and ability to hold to maturity are classified as held to maturity securities and reported at amortized cost. Debt and equity securities that are bought and held principally for the purpose of selling them in the near term are classified as trading securities and reported at fair value, with unrealized holding gains and losses included in earnings. Debt and equity securities not classified as trading securities nor as held to maturity securities are classified as available for sale securities and reported at fair value, with unrealized holding gains or losses, net of applicable deferred income taxes, reported in the accumulated other comprehensive income component of stockholders' equity.

On a quarterly basis, the Company makes an assessment to determine whether there have been any events or economic circumstances to indicate that a security on which there is an unrealized loss is impaired on an other-than-temporary basis. The Company considers many factors including the severity and duration of the impairment; the intent and ability of the Company to hold the security for a period of time sufficient for a recovery in value; recent events specific to the issuer or industry; and for debt securities, external credit ratings and recent downgrades. Securities on which there is an unrealized loss that is deemed to be other-than-temporary are written down to fair value with the write-down recorded as a realized loss.

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

Notes to Consolidated Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Loans Held For Sale

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

Loans Receivable

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

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

Allowance for Loan Losses

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

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

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

Notes to Consolidated Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Concentration of Risk

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

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

Premises and Equipment

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

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

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

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

Real Estate Owned

Assets acquired through, or in lieu of, loan foreclosures are held for sale and are initially recorded at fair value less cost to sell at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell. Revenue and expenses from operations and changes in the valuation allowance are included in net expenses from foreclosed assets. At December 31, 2008, the Bank owned one property totaling $1,435,000.

Interest Rate Risk

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

Notes to Consolidated Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Income Taxes

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

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

Effective January 1, 2007, the Company adopted the provisions of FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes." The Interpretation provides clarification on accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB No. 109, "Accounting for Income Taxes." The Interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Company has evaluated its tax positions as of January 1, 2007, December 31, 2007 and December 31, 2008, respectively. A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that has a likelihood of being realized on examination of more than 50 percent. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. Under the "more-likely-than-not" threshold guidelines, the Company believes no significant uncertain tax positions exist, either individually or in the aggregate, that would give rise to the non-recognition of an existing tax benefit. As of January 1, 2007, December 31, 2007 and December 31, 2008, respectively, the Company had no material unrecognized tax benefits or accrued interest and penalties. The Company recognizes interest and penalties on unrecognized tax benefits in income taxes expense in the Consolidated Statement of Income. The Company did not recognize any interest and penalties for the year ended December 31, 2008 and 2007. The tax years subject to examination by the taxing authorities are the years ended December 31, 2007, 2006, and 2005.

Note 2 - Summary of Significant Accounting Policies (Continued)

Net Income per Common Share

Basic net income per common share is computed by dividing net income by the weighted average number of shares of common stock outstanding. The diluted net income per common share is computed by adjusting the weighted average number of shares of common stock outstanding to include the effects of outstanding stock options, if dilutive, using the treasury stock method. For the years ended December 31, 2008, 2007 and 2006, 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.

Stock-Based Compensation Plans

The Company, under plans approved by its stockholders in 2003 and 2002, has granted stock options to employees and outside directors. See note 12 for additional information as to option grants. Through December 31, 2005, the Company accounted for options granted using the intrinsic value method, in accordance with Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations. Under APB No. 25, generally, when the exercise price of the Company's stock options equaled the market price of the underlying stock on the date of the grant, no compensation expense was recognized. Accordingly, prior to January 1, 2006, no compensation expense has been reflected in net income for the options granted as all such grants have an exercise price equal to the market price of the underlying stock at the date of grant.

On January 1, 2006, we adopted Statement of Financial Accounting Standards ("Statement") No. 123(R) using the modified prospective method and, accordingly, implemented a policy of recording compensation expense for all new awards granted and any awards modified after January 1, 2006. In addition, the transition rules under Statement No. 123(R) require that, for all awards outstanding at January 1, 2006, for which the requisite service had not yet been rendered, compensation cost be recorded as such service is rendered after January 1, 2006. Statement No. 123(R) also requires that the benefits of realized tax deductions in excess of previously recognized tax benefits on compensation expense are to be reported as a financing cash flow rather than an operating cash flow, as previously required. In accordance with Staff Accounting Bulletin ("SAB") No. 107, the Company classifies share-based compensation within salaries and employee benefits and directors compensation expenses to correspond with the same line items as the cash compensation paid to such individuals.

Compensation expense recognized for all option grants is net of estimated forfeitures and is recognized over the awards' respective requisite service periods. The fair values relating to all options granted are estimated using a Black-Scholes option pricing model. Expected volatilities are based on historical volatility of our stock and other factors, such as implied market volatility. As permitted by SAB No. 110, we use the mid-point of the original vesting period and original option life to estimate the options' expected term, which represents the period of time that the options granted are expected to be outstanding. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant. We recognize compensation expense for the fair values of these option awards, which have graded vesting, on a straight-line basis over the requisite service period of these awards.

Notes to Consolidated Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Comprehensive Income

The Company records unrealized gains and losses, net of deferred income taxes, on securities available for sale in accumulated other comprehensive income. Realized gains and losses, if any, are reclassified to non-interest income upon sale of the related securities or upon the recognition of an impairment loss. The Company has elected to report the effects of other comprehensive income in the consolidated statements of changes in stockholders' equity.

Recent Accounting Pronouncements

In December 2007, the Financial Accounting Standards Board ("FASB") issued Statement No. 160 "Noncontrolling Interests in Consolidated Financial Statements--an amendment of ARB No. 51". This Statement establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. The guidance will become effective as of the beginning of a company's fiscal year beginning after December 15, 2008. The Company believes that this new pronouncement will not have a material impact on its consolidated financial statements.

In May 2008, the FASB issued Statement No. 162, "The Hierarchy of Generally Accepted Accounting Principles." This Statement identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements. This Statement is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to AU Section 411, "The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles." The Company believes that this new pronouncement will not have a material impact on its consolidated financial statements.

In June 2008, the FASB issued FASB Staff Position ("FSP") EITF 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities." This FSP clarifies that all outstanding unvested share-based payment awards that contain rights to nonforfeitable dividends participate in undistributed earnings with common shareholders. Awards of this nature are considered participating securities and the two-class method of computing basic and diluted earnings per share must be applied. This FSP is effective for fiscal years beginning after December 15, 2008. The Company does not expect that EITF 03-6-1 will have an impact on its consolidated financial statements.

In November 2008, the SEC released a proposed roadmap regarding the potential use by U.S. issuers of financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). IFRS is a comprehensive series of accounting standards published by the International Accounting Standards Board ("IASB"). Under the proposed roadmap, the Company may be required to prepare financial statements in accordance with IFRS as early as 2014. The SEC will make a determination in 2011 regarding the mandatory adoption of IFRS. The Company is currently assessing the impact that this potential change would have on its consolidated financial statements, and it will continue to monitor the development of the potential implementation of IFRS.

In November 2008, the FASB ratified Emerging Issues Task Force ("EITF") Issue No. 08-6, "Equity Method Investment Accounting Considerations". EITF 08-6 clarifies the accounting for certain transactions and impairment considerations involving equity method investments. EITF 08-6 is effective for fiscal years beginning after December 15, 2008, with early adoption prohibited. The Company does not expect that EITF 08-6 will have an impact on its consolidated financial statements.

Notes to Consolidated Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

In November 2008, the FASB ratified EITF Issue No. 08-7, "Accounting for Defensive Intangible Assets". EITF 08-7 clarifies the accounting for certain separately identifiable intangible assets which an acquirer does not intend to actively use but intends to hold to prevent its competitors from obtaining access to them. EITF 08-7 requires an acquirer in a business combination to account for a defensive intangible asset as a separate unit of accounting which should be amortized to expense over the period the asset diminishes in value. EITF 08-7 is effective for fiscal years beginning after December 15, 2008, with early adoption prohibited. This new pronouncement will impact the Company's accounting for any defensive intangible assets acquired in a business combination completed beginning January 1, 2009.

In December 2008, the FASB issued FSP SFAS 140-4 and FASB Interpretation ("FIN") 46(R)-8, "Disclosures by Public Entities (Enterprises) about Transfers of Financial Assets and Interests in Variable Interest Entities". FSP SFAS 140-4 and FIN 46(R)-8 amends FASB SFAS 140 "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities", to require public entities to provide additional disclosures about transfers of financial assets. It also amends FIN 46(R), "Consolidation of Variable Interest Entities", to require public enterprises, including sponsors that have a variable interest in a variable interest entity, to provide additional disclosures about their involvement with variable interest entities. Additionally, this FSP requires certain disclosures to be provided by a public enterprise that is (a) a sponsor of a qualifying special purpose entity ("SPE") that holds a variable interest in the qualifying SPE but was not the transferor of financial assets to the qualifying SPE and (b) a servicer of a qualifying SPE that holds a significant variable interest in the qualifying SPE but was not the transferor of financial assets to the qualifying SPE. The disclosures required by FSP SFAS 140-4 and FIN 46(R)-8 are intended to provide greater transparency to financial statement users about a transferor's continuing involvement with transferred financial assets and an enterprise's involvement with variable interest entities and qualifying SPEs. FSP SFAS 140-4 and FIN 46(R) is effective for reporting periods (annual or interim) ending after December 15, 2008. The adoption of this pronouncement did not have a material impact on our consolidated financial statements.

In January 2009, the FASB issued FSP EITF 99-20-1, "Amendments to the Impairment of Guidance of EITF Issue No. 99-20". FSP EITF 99-20-1 amends the impairment guidance in EITF Issue No. 99-20, "Recognition of Interest Income and Impairment on Purchased Beneficial Interests and Beneficial Interests That Continue to Be Held by a Transferor in Securitized Financial Assets", to achieve more consistent determination of whether an other-than-temporary impairment has occurred. FSP EITF 99-20-1 also retains and emphasizes the objective of an other-than-temporary impairment assessment and the related disclosure requirements in SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities", and other related guidance. FSP EITF 99-20-1 is effective for interim and annual reporting periods ending after December 15, 2008, and shall be applied prospectively. Retrospective application to a prior interim or annual reporting period is not permitted. The adoption of EITF 99-20-1 did not have a material impact on our consolidated financial statements.

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Note 3 - Related Party Transactions

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

The original lease term began on November 1, 2000, and concluded on October 31, 2005. On May 1, 2006, the Company renegotiated the lease to a twenty-five year term. The Company will pay NEW BAY $165,000 a year ($13,750 per month) for the first 60 months. The rent shall be reset every five years thereafter at the fair market rental value at the end of each preceding five year period.

Note 4 - Securities Available for Sale

	December 31, 2008			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Thousands)			
Equity securities	$ 1,097	$ --	$ 209	$ 888

	December 31, 2007			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Thousands)			
Equity securities	$ 2,012	$ 44	$ --	$ 2,056

The age of unrealized losses and fair value of related securities available for sale were as follows:

	Less than 12 Months		More than 12 Months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(In Thousands)					
December 31, 2008						
Preferred Stock	$ 791	$ 209	$ --	$ --	$ 791	$ 209

See notes to consolidated financial statements.

Note 4 - Securities Available for Sale (Continued)

At December 31, 2008, management concluded that the unrealized losses above (which relate to one equity issue) are temporary in nature as they primarily relate to general market fluctuations. Additionally, the Company has the ability and intent to hold these securities for a time necessary to recover their cost.

During 2008, there was a pre-tax other than temporary impairment (OTTI) charge recorded of $2.9 million on the $3.0 million investment in Federal National Mortgage Association (FNMA) preferred stock. The OTTI charge resulted from a significant decline in the market value of these securities following the announcement by the Federal Housing Finance Agency (FHFA) that FNMA would be placed under conservatorship. Additionally, the FHFA eliminated the payment of dividends on common stock and preferred stock and assumed the powers of the Board and management of FNMA. Based on these factors, the Company evaluated the impairment as other than temporary.

Note 5 - Securities Held to Maturity

	December 31, 2008			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Thousands)			
U.S. Government Agencies:				
Due after one through five years	$ 6,315	$ 323	$ --	$ 6,638
Due after five through ten years	6,000	6	--	6,006
Due after ten years	86,292	449	198	86,543
	98,607	778	198	99,187
Mortgage-backed securities:				
Due after one year through five years	88	2	--	90
Due after five years through ten years	2,336	81	--	2,417
Due after ten years	40,249	1,144	--	41,393
	42,673	1,227	--	43,900
	$ 141,280	$ 2,005	$ 198	$ 143,087

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Note 5 - Securities Held to Maturity (Continued)

	December 31, 2007			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Thousands)			
U.S. Government Agencies:				
Due within one year	$ 4,000	$ --	$ 1	$ 3,999
Due after one through five years	25,312	153	12	25,453
Due after five through ten years	15,988	25	20	15,993
Due after ten years	84,856	744	23	85,577
	130,156	922	56	131,022
Mortgage-backed securities:				
Due after one year through five years	157	3	--	160
Due after five years through ten years	1,334	29	--	1,363
Due after ten years	33,370	28	283	33,115
	34,861	60	283	34,638
	$ 165,017	$ 982	$ 339	$ 165,660

There were no sales of securities during the years ended December 31, 2008, 2007 and 2006. At December 31, 2008 and 2007, mortgage-backed securities with a carrying value of approximately $759,000 and $924,000, respectively, were pledged to secure public deposits (see Note 10 for information on securities pledged for borrowings).

The age of unrealized losses and fair value of related securities held to maturity were as follows:

	Less than 12 Months		More than 12 Months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(In Thousands)					
December 31, 2008						
U.S. Government Agencies	$16,301	$ 198	$ --	$ --	$16,301	$ 198
	$16,301	$ 198	$ --	$ --	$16,301	$ 198

See notes to consolidated financial statements.

Note 5 - Securities Held to Maturity (Continued)

December 31, 2007:						
U.S. Government Agencies	$ --	$ --	$11,440	$ 56	$11,440	$ 56
Mortgage-backed securities	7,291	10	16,592	273	23,883	283
	$7,291	$ 10	$28,032	$329	$35,323	$339

At December 31, 2008, management concluded that the unrealized losses above (which related to 4 U.S. Government Agency bonds) are temporary in nature since they are not related to the underlying credit quality of the issuers and the Company has the ability and intent to hold these securities for a time necessary to recover their cost. The losses above are primarily related to market interest rates.

See notes to consolidated financial statements.

Note 6 - Loans Receivable

	December 31, 2008	December 31, 2007
	(In Thousands)	
Real estate mortgage:		
Residential	$ 74,039	$ 55,248
Commercial	223,179	208,108
Construction	62,483	49,984
	359,701	313,340
Commercial:		
Business loans	10,859	17,933
Lines of credit	3,239	1,940
	14,098	19,873
Consumer:		
Passbook or certificate	297	92
Home equity lines of credit	5,564	4,343
Home equity	32,501	31,054
Automobile	93	51
Personal	76	93
	38,531	35,633
Deposit overdrafts	454	503
Total Loans	412,784	369,349
Deferred loan fees, net	(654)	(630)
Allowance for loan losses	(5,304)	(4,065)
	(5,958)	(4,695)
	$406,826	$364,654

At December 31, 2008 and 2007, loans serviced by the Bank for the benefit of others, which consist of participation interests in loans originated by the Bank, totaled approximately $15,211,000 and $10,451,000.

See notes to consolidated financial statements.

Note 6 - Loans Receivable (Continued)

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

	Years Ended December 31,	
	2008	2007
	(In Thousands)	
Balance - beginning	$ 6,825	$ 8,575
Loans originated	1,598	1,566
Collections of principal	(1,362)	(3,316)
Balance - ending	$ 7,061	$ 6,825

The following is an analysis of the allowance for loan losses:

	Years Ended December 31,		
	2008	2007	2006
	(In Thousands)		
Balance - beginning	$ 4,065	$ 3,733	$ 3,090
Provision charged to operations	1,300	600	625
Recoveries of loans previously charged off	40	17	85
Loans charged off	(101)	(285)	(67)
Balance - ending	$ 5,304	$ 4,065	$ 3,733

At December 31, 2008 and 2007, nonaccrual loans for which the accrual of interest had been discontinued totaled approximately $3,728,000 and $3,754,000, respectively. Had these loans been performing in accordance with their original terms, the interest income recognized for the years ended December 31, 2008, 2007 and 2006 would have been approximately $289,000, $287,000, and $26,000, respectively. Interest income recognized on such loans was approximately $138,000, $64,000, and $6,000, respectively. The Bank is not committed to lend additional funds to the borrowers whose loans have been placed on a nonaccrual status. At December 31, 2008 and 2007, loans which were ninety days or more past due and still accruing interest totaled $0 and $519,000, respectively.

At December 31, 2008 and 2007, impaired loans were $3,728,000 and $3,754,000, respectively, and the related specific allocation of allowance for loan losses totaled $881,000 and $728,000, respectively. There were no impaired loans which did not have a specific allocation of the allowance for loan losses. During the years ended December 31, 2008, 2007, and 2006, the average balance of impaired loans was $2,759,000, $2,104,000, and $568,000 respectively, and interest income recognized during the period of impairment totaled $138,000, $64,000, and $6,000, respectively.

Note 7 - Premises and Equipment

	December 31, 2008	December 31, 2007
	(In Thousands)	
Land	$ 890	$ 890
Buildings and improvements	3,572	3,558
Leasehold improvements	976	976
Furniture, fixtures and equipment	2,366	2,281
	7,804	7,705
Accumulated depreciation and amortization	(2,177)	(1,776)
	$ 5,627	$ 5,929

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

Rental expenses related to the occupancy of premises totaled $415,000, $413,000, and $386,000 for the years ended December 31, 2008, 2007, and 2006, respectively. The minimum obligation under lease agreements expiring through April 30, 2031, for each of the years ended December 31 is as follows (in thousands):

2009	$ 425
2010	366
2011	244
2012	237
2013	165
Thereafter	2,860
	$ 4,297

Note 8 - Interest Receivable

	December 31, 2008	December 31, 2007
	(In Thousands)	
Loans	$ 2,284	$ 2,048
Securities	1,600	1,728
	$ 3,884	$ 3,776

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Note 9 - Deposits

	December 31, 2008	December 31, 2007
	(In Thousands)	
Demand:		
Non-interest bearing	$ 30,561	$ 35,897
NOW	25,843	20,260
Money market	19,539	27,697
	75,943	83,854
Savings and club	99,586	100,441
Certificates of deposit	234,974	214,524
	$ 410,503	$ 398,819

At December 31, 2008 and 2007, certificates of deposit of $100,000 or more totaled approximately $118,367,000 and $102,830,000, respectively.

The scheduled maturities of certificates of deposit at December 31, 2008, were as follows (in thousands):

	Amount
2009	$ 188,112
2010	31,181
2011	7,396
2012	420
2013	7,815
Thereafter	50
	$ 234,974

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

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

Long-term debt consists of the following:

	December 31,	
	2008	2007
	(In Thousands)	
Long-term debt:		
Federal Home Loan Bank of New York ("FHLB") Fixed Rate Repurchase Agreements:		
4.50% maturing May 22, 2016	$ 10,000	$ 10,000
4.30% maturing August 16, 2016	20,000	20,000
4.17% maturing August 31, 2016	25,000	25,000
4.76% maturing June 18, 2017	20,000	20,000
4.30% maturing July 30, 2017	15,000	15,000
4.08% maturing July 30, 2017	20,000	20,000
Trust preferred floating rate junior subordinated debenture maturing June 17, 2034; interest rate adjusts quarterly to LIBOR plus 2.65% (4.52% at December 31, 2008 and 7.64% at December 31, 2007)	4,124	4,124
	$ 114,124	$ 114,124

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

At December 31, 2008, the Bank has available to it two borrowing facilities aggregating $113,059,000 from the FHLB of New York, an overnight line of credit and a companion commitment, both of which expire on July 31, 2009. There was $2,000,000 and $0 outstanding under these borrowing facilities at December 31, 2008 and 2007, respectively.

Additional information regarding short-term borrowings is as follows:

	December 31,		
	2008	2007	2006
	(In Thousands)		
Average balance outstanding during the year	$ 4,796	--	$ 705
Highest month-end balance during the year	20,500	--	1,000
Average interest rate during the year	1.23%	--	4.93%
Weighted average interest rate at year-end	0.44%	--	-

At December 31, 2008 and 2007 securities held to maturity with a carrying value of approximately $140,519,000 and $146,811,000, respectively, were pledged to secure the above noted Federal Home Loan Bank of New York borrowings.

See notes to consolidated financial statements.

Note 11 - Regulatory Matters

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary, actions by regulators that, if undertaken, could have a direct material effect on the Bank. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

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

	Actual		For Capital Adequacy Purposes		To be Well Capitalized under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(Dollars in Thousands)			
As of December 31, 2008:						
Total capital (to risk-weighted assets)	$ 58,667	14.63%	$ 32,079	=>8.00%	$ =>40,098	=>10.00%
Tier 1 capital (to risk-weighted assets)	53,642	13.38	=>16,039	=>4.00	=>24,059	=>6.00
Tier 1 capital (to average assets)	53,642	9.22	=>23,282	=>4.00	=>29,102	=>5.00
As of December 31, 2007:						
Total capital (to risk-weighted assets)	$ 53,761	14.12%	$ =>30,457	=>8.00%	$ =>38,072	=>10.00%
Tier 1 capital (to risk-weighted assets)	49,696	13.05	=>15,228	=>4.00	=>22,843	=>6.00
Tier 1 capital (to average assets)	49,696	8.81	=>22,566	=>4.00	=>28,207	=>5.00

As of December 31, 2008, the most recent notification from the Bank's regulators categorized the Bank as "well capitalized" under the regulatory framework for prompt corrective action. There are no conditions or events occurring since that notification that management believes have changed the Bank's category.

Note 12 - Benefits Plan

Stock Options

The Company has two stock-related compensation plans, the 2002 Stock Option Plan and the 2003 Stock Option Plan (the "Plans"). All stock options granted have a ten year term and were scheduled to vest and become exercisable on a cumulative basis in equal installments (20% immediately upon grant and an additional 20% at each of the four succeeding grant anniversary dates). As of December 31, 2008, all options authorized under the Plans had been granted.

Notes to Consolidated Financial Statements

Note 12 - Benefits Plan (Continued)

Stock Options (Continued)

In anticipation of the adoption of Statement No. 123(R) on January 1, 2006, the Board of Directors of the Company, on December 14, 2005, approved the accelerated vesting and exercisability of all unvested and unexercisable stock options granted as a part of the Plans held by directors, officers or employees. As a result, options to purchase 218,195 shares of common stock, which would otherwise have vested and become exercisable from time to time over the next three years, became fully vested and immediately exercisable on December 20, 2005. The number of shares and exercise prices of the options subject to acceleration were unchanged. The accelerated options have exercise prices that range from $5.29 to $11.84 per share. The accelerated options include 194,964 options held by directors and executive officers and 23,231 options held by other employees. The acceleration of the vesting and exercisability of these options eliminates compensation expense, net of income tax, that would otherwise have been recorded in the Company's income statements for the years ending December 31, 2006, 2007, and 2008 of $379,000, $301,000, and $128,000, respectively. As required, the Company estimated the number of options that were expected to be exercised in the future which would not have been exercisable under their original vesting terms and therefore began recording additional compensation expense. This estimate is updated on a quarterly basis.

During the years ended December 31, 2008, 2007 and 2006, the Company recorded $0, $6,000 ($4,000 after tax) and $25,000 ($15,000 after tax) of share-based compensation expense, respectively.

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

	Number of Option Shares	Range of Exercise Prices	Weighted Average Exercise Price
Outstanding at December 31, 2006	415,638	5.29-15.65	9.86
Options granted	2,000	15.11	15.11
Options exercised	(15,426)	5.29-15.65	10.42
Options cancelled	(2,000)	15.60	15.60
Outstanding at December 31, 2007	400,212	5.29-15.65	9.83
Options Exercised	(104,873)	5.29-11.84	8.82
Outstanding at December 31, 2008	295,339	5.29-15.65	10.19

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Note 12 - Benefits Plan (Continued)

Stock Options (Continued)

At December 31, 2008, all stock options outstanding were exercisable, having a weighted-average remaining contractual term of 4.8 years and an aggregate intrinsic value of $393,000. The total intrinsic value of options exercised during the years ended December 31, 2008, 2007 and 2006, was $446,000, $85,000 and $102,000, respectively. It is Company policy to issue new shares upon share option exercise.

The weighted average grant-date fair values of the stock options granted during 2007, all of which have exercise prices equal to the market price of the common stock at the grant date, were estimated using the Black-Scholes option-pricing model. Such fair value and the weighted average assumptions used for estimating fair value are as follows:

	Years Ended December 31,		
	2008	2007	2006
Grant-date fair value per share	N/A	$ 2.91	N/A
Assumptions:			
Expected common stock dividend yield	N/A	2.38%	N/A
Expected option life	N/A	5.0 years	N/A
Risk-free interest rate	N/A	4.30%	N/A
Volatility	N/A	19.96%	N/A

Note 13 - Dividend Restrictions

Payment of cash dividends is conditional on earnings, financial condition, cash needs, the discretion of the Board of Directors, and compliance with regulatory requirements. State and federal law and regulations impose substantial limitations on the Bank's ability to pay dividends to the Company. Under New Jersey law, the Bank is permitted to declare dividends on its common stock only if, after payment of the dividend, the capital stock of the Bank will be unimpaired and either the Bank will have a surplus of not less than 50% of its capital stock or the payment of the dividend will not reduce the Bank's surplus. During the 2007, the Bank paid the Company total dividends of $8,500,000. There were no dividends paid to the Company in 2008. The Company's ability to declare dividends is dependent upon the amount of dividends declared by the Bank.

Notes to Consolidated Financial Statements

Note 14 - Income Taxes

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

	Years Ended December 31,		
	2008	2007	2006
	(In Thousands)		
Current income tax expense:			
Federal	$ 3,097	$ 2,391	$ 2,998
State	382	250	463
	3,479	2,641	3,461
Deferred income tax benefit:			
Federal	(1,324)	(102)	(193)
State	(335)	(30)	(48)
	(1,659)	(132)	(241)
Total Income Taxes	$ 1,820	$ 2,509	$ 3,220

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

	December 31,	
	2008	2007
	(In Thousands)	
Deferred income tax assets:		
Allowance for loan losses	$ 2,119	$ 1,623
Unrealized loss on securities available for sale	84	--
Other than temporary impairment on security	1,164	--
Other	33	10
	3,400	1,633
Deferred income tax liabilities:		
Depreciation	233	263
Unrealized gain on securities available for sale	--	18
Other	54	--
	287	281
Net Deferred Tax Asset	$ 3,113	$ 1,352

See notes to consolidated financial statements.

Note 14 - Income Taxes (Continued)

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

	Years Ended December 31,		
	2008	2007	2006
	(In Thousands)		
Federal income tax expense at statutory rate	$ 1,799	$ 2,362	$ 2,988
Increases (reductions) in income taxes resulting from:			
State income tax, net of federal income tax effect	31	145	274
Other items, net	(10)	2	(42)
Effective Income Tax	$ 1,820	$ 2,509	$ 3,220
Effective Income Tax Rate	34.4%	36.1%	36.6%

The Investment Company commenced operations in January 2005. Under New Jersey tax law, the Investment Company is subject to a 3.6% state income tax rate as compared to the 9.0% rate to which the Company and Bank are subject. The presence of the Investment Company during the year ended December 31, 2008, 2007, and 2006, resulted in an income tax savings of approximately $285,000, $297,000, and $282,000 respectively, and reduced the consolidated effective income tax rate by approximately 5.4%, 4.3%, and 3.2%, respectively.

Note 15- Commitments and Contingencies

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

Outstanding loan related commitments were as follows:

	December 31,	
	2008	2007
	(In Thousands)	
Loan origination	$ 5,692	$ 2,885
Construction loans in process	25,676	40,023
Unused lines of credit	14,761	14,470
	$46,129	$57,378

Note 15- Commitments and Contingencies (Continued)

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

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

The Company and its subsidiaries, from time to time, may be party to litigation which arises primarily in the ordinary course of business. In the opinion of management, the ultimate disposition of such litigation should not have a material effect on the financial statements. As of December 31, 2008, the Company and its subsidiaries were not parties to any material litigation.

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

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

In September 2006, the FASB issued Statement No. 157, "Fair Value Measurements", which defines fair value, establishes a framework for measuring fair value under GAAP, and expands disclosures about fair value measurements. Statement No. 157 applies to other accounting pronouncements that require or permit fair value measurements. The Company adopted Statement No. 157 effective for its fiscal year beginning January 1, 2008.

In December 2007, the FASB issued FSP 157-2, "Effective Date of FASB Statement No. 157". FSP 157-2 delays the effective date of SFAS 157 for all non-financial assets and liabilities, except those that are recognized or disclosed at fair value on a recurring basis (at least annually) to fiscal years beginning after November 15, 2008 and interim periods within those fiscal years. As such, the Company only partially adopted the provisions of Statement No. 157, and will begin to account and report for non-financial assets and liabilities in 2009. In October 2008, the FASB issued FSP 157-3, "Determining the Fair Value of a Financial Asset When the Market for that Asset is Not Active", to clarify the application of the provisions of Statement No. 157 in an inactive market and how an entity would determine fair value in an inactive market. FSP 157-3 is effective immediately and applies to the Company's December 31, 2008 consolidated financial statements. The adoption of Statement No. 157 and FSP 157-3 had no impact on the amounts reported in the consolidated financial statements.

Statement No. 157 establishes a fair value hierarchy that prioritizes the inputs to valuation methods used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under Statement No. 157 are as follows:

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

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

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

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

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

For financial assets measured at fair value on a recurring basis, the fair value measurements by level within the fair value hierarchy used at December 31, 2008 are as follows:

Description	December 31, 2008	(Level 1) Quoted Prices in Active Markets for Identical Assets	(Level 2) Significant Other Observable Inputs	(Level 3) Significant Unobservable Inputs
		(In Thousands)		
Securities available for sale	$ 888	$ 888	$ --	$ --

For financial assets measured at fair value on a nonrecurring basis, the fair value measurements by level within the fair value hierarchy used at December 31, 2008 are as follows:

Description	December 31, 2008	(Level 1) Quoted Prices in Active Markets for Identical Assets	(Level 2) Significant Other Observable Inputs	(Level 3) Significant Unobservable Inputs
		(In Thousands)		
Impaired loans	$ 2,847	$ --	$ --	$ 2,847

As discussed above, the Company has delayed its disclosure requirements of non-financial assets and liabilities. Certain real estate owned with write-downs subsequent to foreclosure are carried at fair value at the balance sheet date for which the Company has not yet adopted the provisions of Statement No. 157.

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

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

assumptions were used to estimate the fair values of the Company's financial instruments at December 31, 2008 and 2007:

Cash and Cash Equivalents (Carried at Cost)

The carrying amounts reported in the balance sheet for cash and short-term instruments approximate those assets' fair values.

Securities

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

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

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

Loans Receivable (Carried at Cost)

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

Impaired Loans (Generally Carried at Fair Value)

Impaired loans are those that are accounted for under FASB Statement No. 114, "Accounting by Creditors for Impairment of a Loan", in which the Company has measured impairment generally based on the fair value of the loan's collateral. Fair value is generally determined based upon independent third-party appraisals of the properties, or discounted cash flows based upon the expected proceeds. These assets are included as Level 3 fair values, based upon the lowest level of input that is significant to the fair value measurements. The fair value consists of the loan balances of $3,728,000, net of a valuation allowance of $881,000. Additional provisions of $881,000 for loan losses were recorded during the period.

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

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 noninterest 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.

Short-Term Borrowings (Carried at Cost)

The carrying amounts of short-term borrowings approximate their fair values.

Long-Term Debt (Carried at Cost)

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

Off-Balance Sheet Financial Instruments (Disclosed at Cost)

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

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Note 16- Estimated Fair Value of Financial Instruments (Continued)

The carrying values and estimated fair values of financial instruments were as follows at December 31, 2008 and 2007:

	December 31,			
	2008		2007	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(In Thousands)			
Financial assets:				
Cash and cash equivalents	$ 6,761	$ 6,761	$ 11,780	$ 11,780
Securities available for sale	888	888	2,056	2,056
Securities held to maturity	141,280	143,087	165,017	165,660
Loans held for sale	1,422	1,437	2,132	2,141
Loans receivable	406,826	413,372	364,654	367,336
FHLB of New York stock	5,736	5,736	5,560	5,560
Interest receivable	3,884	3,884	3,776	3,776
Financial liabilities:				
Deposits	410,503	409,370	398,819	399,178
Short-term borrowings	2,000	2,000	--	--
Long-term debt	114,124	116,317	114,124	115,679
Interest payable	967	967	1,026	1,026

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Note 17- Parent Only Condensed Financial Information

STATEMENTS OF FINANCIAL CONDITION

	December 31,	
	2008	2007
Assets	(In Thousands)	
Cash and due from banks	$ 323	$ 2,719
Investment in subsidiaries	53,180	49,722
Restricted common stock	124	124
Other assets	242	83
Total Assets	$ 53,869	$ 52,648
Liabilities and Stockholders' Equity		
Liabilities		
Long-term debt	$ 4,124	$ 4,124
Other liabilities	30	14
Total Liabilities	4,154	4,138
Stockholders' equity		
Common stock	331	325
Paid-in capital	46,864	45,795
Treasury stock	(8,680)	(7,385)
Retained earnings	11,325	9,749
Accumulated other comprehensive (loss) income	(125)	26
Total Stockholders' Equity	49,715	48,510
Total Liabilities and Stockholders' Equity	$ 53,869	$ 52,648

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Note 17- Parent Only Condensed Financial Information (Continued)

STATEMENTS OF INCOME

	Years Ended in December 31,		
	2008	2007	2006
	(In Thousands)		
Dividends from subsidiary	$ --	$ 8,500	$ --
Interest Income	3	10	27
Total Income	3	8,510	27
Interest Expense, borrowed money	238	329	310
Stock-Based Compensation	--	6	25
Other	--	--	3
Total Expense	238	335	338
Income (Loss) before Income Tax Benefit and Equity in Undistributed Earnings (Losses) of Subsidiaries	(235)	8,175	(311)
Income tax benefit	97	95	96
Income (Loss) before Equity in Undistributed Earnings (Losses) of Subsidiaries	(138)	8,270	(215)
Equity in undistributed earnings (losses) of	3,610	(3,832)	5,782
Net Income	$ 3,472	$ 4,438	$ 5,567

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Note 17 - Parent Only Condensed Financial Information (Continued)

STATEMENTS OF CASH FLOW

	Years Ended December 31,		
	2008	2007	2006
	(In Thousands)		
Cash Flows from Operating Activities			
Net income	$ 3,472	$ 4,438	$ 5,567
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Equity in undistributed (earnings) losses of subsidiaries	(3,610)	3,832	(5,782)
Stock based compensation	--	6	25
(Increase) decrease in other assets	(158)	8	5
(Increase) decrease in stock subscriptions receivable	--	--	2,353
Increase (decrease) in other liabilities	16	2	(142)
Net Cash Provided By (Used in) Operating Activities	(280)	8,286	2,026
Cash Flows from Investing Activities			
Additional investment in subsidiaries	--	--	(13,000)
Net Cash Used in Investing Activities	--	--	(13,000)
Cash Flows from Financing Activities			
Proceeds from issuance of common stock	925	158	90
Tax benefit from exercise of stock options	150	--	--
Cash dividends paid	(1,896)	(1,555)	(1,502)
Purchase of treasury stock	(1,295)	(6,526)	(64)
Net Cash Used in Financing Activities	(2,116)	(7,923)	(1,476)
Net Increase (Decrease) in Cash and Cash Equivalents	(2,396)	363	(12,450)
Cash and Cash Equivalents - Beginning	2,719	2,356	14,806
Cash and Cash Equivalents - Ending	$ 323	$ 2,719	$ 2,356

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Note 18 - Quarterly Financial Data (Unaudited)

	Quarter Ended			
	March 31, 2008	June 30, 2008	September 30, 2008	December 31, 2008
	(In Thousands, Except Per Share Amounts)			
Interest income	$ 9,057	$ 9,012	$ 9,304	$ 9,250
Interest expense	4,380	4,142	4,087	4,054
Net Interest Income	4,677	4,870	5,217	5,196
Provision for loan losses	250	300	300	450
Net Interest Income after Provision for Loan Losses	4,427	4,570	4,917	4,746
Non-interest income (loss)	248	173	(2,569)	94
Non-interest expenses	2,627	2,739	2,707	3,241
Income (Loss) before Income Taxes (Benefit)	2,048	2,004	(359)	1,599
Income taxes (benefit)	744	728	890	(542)
Net Income (Loss)	$ 1,304	$ 1,276	$ (1,249)	$ 2,141
Net income (loss) per common share:				
Basic	$ 0.28	$ 0.28	$ (0.27)	$ 0.46
Diluted	$ 0.28	$ 0.27	$ (0.27)	$ 0.46
Weighted average number of common shares outstanding:				
Basic	4,617	4,604	4,640	4,656
Diluted	4,721	4,691	4,640	4,699

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Note 18 - Quarterly Financial Data (Unaudited) (Continued)

	Quarter Ended			
	March 31, 2007	June 30, 2007	September 30, 2007	December 31, 2007
	(In Thousands, Except Per Share Amounts)			
Interest income	$ 8,088	$ 8,259	$ 8,947	$ 9,096
Interest expense	3,896	4,073	4,585	4,663
Net Interest Income	4,192	4,186	4,362	4,433
Provision for loan losses	--	--	200	400
Net Interest Income after Provision for Loan Losses	4,192	4,186	4,162	4,033
Non-interest income	270	287	261	274
Non-interest expenses	2,477	2,723	2,777	2,741
Income before Income Taxes	1,985	1,750	1,646	1,566
Income taxes	722	624	616	547
Net Income	$ 1,263	$ 1,126	$ 1,030	$ 1,019
Net income per common share:				
Basic	$ 0.25	$ 0.23	$ 0.22	$ 0.22
Diluted	$ 0.25	$ 0.23	$ 0.21	$ 0.21
Weighted average number of common shares outstanding:				
Basic	5,006	4,849	4,743	4,676
Diluted	5,136	4,982	4,862	4,794

See notes to consolidated financial statements.

EXHIBIT 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

BCB Bancorp, Inc.
Bayonne, New Jersey

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-112201) of BCB Bancorp, Inc. of our report dated March 25, 2009, relating to the consolidated financial statements, which appears in this Form 10-K.

/s/ Beard Miller Company LLP

Beard Miller Company LLP
Clark, New Jersey
March 25, 2009

EXHIBITS 31.1 AND 31.2

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

Exhibit 31.1

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

I, Donald Mindiak, certify that:

1. I have reviewed this Annual Report on Form 10-K of BCB Bancorp, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

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March 27, 2009                  /s/ Donald Mindiak
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Date                            Donald Mindiak
                                President, Chief Executive Officer and
                                Chief Financial Officer
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Exhibit 31.2

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

I, Thomas M. Coughlin, certify that:

1. I have reviewed this Annual Report on Form 10-K of BCB Bancorp, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 27, 2009 — *Date*

/s/ Thomas M. Coughlin
Thomas M. Coughlin
Principal Accounting Officer

EXHIBIT 32

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
AND PRINCIPAL ACCOUNTING OFFICER
PURSUANT TO SECTION 906 OF THE
SABANES-OXLEY ACT OF 2002

Exhibit 32

Certification pursuant to
18 U.S.C. Section 1350,
as adopted pursuant to

Section 906 of the Sarbanes-Oxley Act of 2002

Donald Mindiak, President, Chief Executive Officer and Chief Financial Officer and Thomas M. Coughlin, Chief Operating Officer of BCB Bancorp, Inc. (the "Company") each certify in his capacity as an officer of the Company that he has reviewed the annual report of the Company on Form 10-K for the fiscal year ended December 31, 2008 and that to the best of his knowledge:

(1) the report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Company.

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

March 27, 2009	*/s/ Donald Mindiak*
Date	*President, Chief Executive Officer and Chief Financial Officer*
March 27, 2009	*/s/ Thomas M. Coughlin*
Date	*Principal Accounting Officer and Chief Operating Officer*