BCB BANCORP INC
Form 10-Q
May 15, 2009

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

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2009.

Or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ______________________ to ________________________

Commission File Number: 0-50275

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

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
[X] Yes [ ] No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and larger accelerated filer" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer [ ] Accelerated Filer [ ] Non-Accelerated Filer [ ]
Smaller Reporting Company [X]

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

[ ] Yes [ ] No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. As of May 12, 2009, BCB Bancorp, Inc., had 4,648,125 shares of common stock, no par value, outstanding.

BCB BANCORP INC. AND SUBSIDIARIES

INDEX

Item 6. Exhibits

PART I. FINANCIAL INFORMATION
ITEM I. FINANCIAL STATEMENTS

BCB BANCORP INC. AND SUBSIDIARIES
Consolidated Statements of Financial Condition at
March 31, 2009 and December 31, 2008
(Unaudited)
(in thousands except for share data)

	At March 31, 2009	Decembe
ASSETS		
Cash and amounts due from depository institutions	$ 3,693	$
Interest-earning deposits	38,912	
Total cash and cash equivalents	42,605	
Securities available for sale	505	
Securities held to maturity, fair value $132,836 and $143,245, respectively	130,677	
Loans held for sale	2,109	
Loans receivable, net of allowance for loan losses of $5,642 and $5,304, respectively	401,089	
Premises and equipment	5,558	
Federal Home Loan Bank of New York stock	5,646	
Interest receivable	3,469	
Other real estate owned	1,435	
Deferred income taxes	3,463	
Other assets	1,340	
Total assets	$ 597,896	$
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Non-interest bearing deposits	$ 33,395	$
Interest bearing deposits	397,629	
Total deposits	431,024	
Short-term Borrowings	--	
Long-term Debt	114,124	
Other liabilities	2,481	
Total Liabilities	547,629	

STOCKHOLDERS' EQUITY		
Common stock, stated value $0.064; 10,000,000 shares authorized; 5,184,320 and 5,183,731 shares respectively, issued	331	
Additional paid-in capital	46,867	
Treasury stock, at cost, 536,195 and 533,680 shares, respectively	(8,705)	
Retained earnings	12,130	
Accumulated other comprehensive loss	(356)	
Total stockholders' equity	50,267	
Total liabilities and stockholders' equity	$ 597,896	$

See accompanying notes to consolidated financial statements.

1

BCB BANCORP INC. AND SUBSIDIARIES
Consolidated Statements of Income
For the three months ended
March 31, 2009 and 2008
(Unaudited)
(in thousands except for per share data)

	Three Months Ended March 31,	
	2009	2008
Interest income:		
Loans	$ 6,889	$ 6,645
Securities	1,980	2,339
Other interest-earning assets	4	73
Total interest income	8,873	9,057
Interest expense:		
Deposits:		
Demand	198	301
Savings and club	297	360
Certificates of deposit	2,221	2,441
	2,716	3,102
Borrowed money	1,236	1,278
Total interest expense	3,952	4,380
Net interest income	4,921	4,677

Provision for loan losses	350	250
Net interest income, after provision for loan losses	4,571	4,427
Non-interest income:		
Fees and service charges	130	158
Gain on sales of loans originated for sale	42	80
Other	9	10
Total non-interest income	181	248
Non-interest expense:		
Salaries and employee benefits	1,323	1,375
Occupancy expense of premises	264	263
Equipment	515	498
Advertising	47	51
Other	437	440
Total non-interest expense	2,586	2,627
Income before income tax provision	2,166	2,048
Income tax provision	803	744
Net Income	$ 1,363	$ 1,304
Net Income per common share-basic and diluted		
basic	$ 0.29	$ 0.28
diluted	$ 0.29	$ 0.28
Weighted average number of common shares outstanding-		
basic	4,649	4,617
diluted	4,678	4,721

See accompanying notes to consolidated financial statements.

BCB BANCORP INC. AND SUBSIDIARIES
Consolidated Statement of Changes in Stockholders' Equity
For the three months ended March 31, 2009
(Unaudited)
(in thousands except for share data)

Common Stock	Additional Paid-In Capital	Treasury Stock	R E

Balance, December 31, 2008	$ 331	$ 46,864	$ (8,680)	$
Exercise of Stock Options (589 shares)	--	3	--	
Treasury Stock Purchases (2,515 shares)	--	--	(25)	
Cash dividend ($0.12 per share) declared	--	--	--	
Comprehensive Income:				
Net income for the three months ended March 31, 2009	--	--	--	
Unrealized loss on securities, available for sale, net of deferred income tax of $152	--	--	--	
Total Comprehensive income	--	--	--	
Balance, March 31, 2009	$ 331	$ 46,867	$ (8,705)	$

See accompanying notes to consolidated financial statements.

BCB BANCORP INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the three months ended
March 31, 2009 and 2008
(Unaudited)
(in thousands)

	Three Months Ended March 31,	
	2009	2008
Cash flows from operating activities:		
Net Income	$ 1,363	$ 1,304
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	91	102
Accretion, net	(115)	(124)
Provision for loan losses	350	250
Deferred income tax	(198)	(77)
Loans originated for sale	(3,603)	(3,788)
Proceeds from sale of loans originated for sale	2,958	4,363
Gain on sale of loans originated for sale	(42)	(80)
Decrease in interest receivable	415	442
Decrease (increase) in other assets	312	(79)
Decrease in accrued interest payable	(19)	(51)

Increase (decrease) in other liabilities	218	(111)
Net cash provided by operating activities	1,730	2,151
Cash flows from investing activities:		
Proceeds from calls of securities held to maturity	8,500	58,670
Purchases of securities held to maturity	--	(42,858)
Proceeds from repayments on securities held to maturity	2,110	1,308
Proceeds from sale of real estate owned	--	287
Net decrease (increase) in loans receivable	5,495	(10,390)
Redemption of Federal Home Loan Bank of New York Stock	90	--
Additions to premises and equipment	(22)	--
Improvements to other real estate owned	--	(36)
Net cash provided by investing activities	16,173	6,981
Cash flows from financing activities:		
Net increase in deposits	20,521	2,546
Net change in short-term borrowings	(2,000)	--
Purchases of treasury stock	(25)	(793)
Cash dividend paid	(558)	(417)
Exercise of stock options	3	--
Net cash provided by financing activities	17,941	1,336
Net increase in cash and cash equivalents	35,844	10,468
Cash and cash equivalents-beginning	6,761	11,780
Cash and cash equivalents-ending	$ 42,605	$ 22,248
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Income taxes	$ 35	$ 750
Interest	$ 3,971	$ 4,431
Transfer of loan to real estate owned	$ --	$ 1,194

See accompanying notes to consolidated financial statements.

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

Note 1 - Basis of Presentation

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

The accompanying unaudited consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and, therefore, do not necessarily include all information that would be included in audited financial statements. The information furnished reflects all adjustments that are, in the opinion of management, necessary for a fair presentation of consolidated financial condition and results of operations. All such adjustments are of a normal recurring nature. The results of operations for the three months ended March 31, 2009 are not necessarily indicative of the results to be expected for the fiscal year ended December 31, 2009 or any other future interim period.

These unaudited consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and related notes for the year ended December 31, 2008, which are included in the Company's Annual Report on Form 10-K as filed with the Securities and Exchange Commission.

Note 2 - Earnings Per Share

Basic net income per common share is computed by dividing net income by the weighted average number of shares of common stock outstanding. The diluted net income per common share is computed by adjusting the weighted average number of shares of common stock outstanding to include the effects of outstanding stock options, if dilutive, using the treasury stock method.

Note 3 - Fair Values of Financial Instruments

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("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.

In December 2007, the FASB issued FSP FAS 157-2, "Effective Date of FASB Statement No. 157". FSP FAS 157-2 delayed the effective date of Statement No. 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. FSP FAS 157-2 was adopted for the Company's March 31, 2009 consolidated financial statements. The adoption of Statement FSP FAS 157-2 had no impact on the amounts reported in the consolidated financial statements as of and for the three months ended March 31, 2009.

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 and 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:

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

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

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

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

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

Description	Total	(Level 1) Quoted Prices in Active Markets for Identical Assets	(Level 2) Significant Other Observable Inputs	(Level 3) Significant Unobservable Inputs
As of March 31, 2009:				
Securities available for sale	$ 505	$ 505	$ --	$ --
As of December 31, 2008:				
Securities available for sale	$ 888	$ 888	$ --	$ --

The fair value for the securities illustrated in the aforementioned table were obtained through a primary broker/dealer from readily available price quotes.

6

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

Description	Total	(Level 1) Quoted Prices in Active Markets for Identical Assets	(Level 2) Significant Other Observable Inputs	(Level 3) Significant Unobservable Inputs
As of March 31, 2009:				
Impaired loans	$ 1,867	$ --	$ --	$ 1,867
As of December 31, 2008:				
Impaired Loans	$ 2,847	$ --	$ --	$ 2,847

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 $2,265,000 and $3,728,000, net of a valuation allowance of $398,000 and $881,000 at March 31, 2009 and December 31, 2008, respectively.

New Accounting Pronouncements

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 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 adoption of EITF 03-6-1 did not have an impact on our consolidated financial statements.

In November 2008, the SEC released a proposed roadmap regarding the potential use by U.S. insurers 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 adoption of EITF 08-6 did not have an impact on our 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 announcement will impact the Company's accounting for any defensive intangible assets acquired in a business combination completed beginning January 1, 2009.

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.

In April 2009, the FASB issued Statement No. 157, FSP FAS 157-4, "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly". Statement No. 157, "Fair Value Measurements", defines fair value as the price that would be received to sell the asset or transfer the liability in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. FSP FAS 157-4 provides additional guidance on determining when the volume and level of activity for the asset or liability has significantly decreased. The FSP also includes guidance on identifying circumstances when a transaction may not be considered orderly. FSP FAS 157-4 provides a list of factors that a reporting entity should evaluate to determine whether there has been a

significant decrease in the volume and level of activity for the asset or liability in relation to normal market activity for the asset or liability. When the reporting entity concludes there has been a significant decrease in the volume and level of activity for the asset or liability, further analysis of the information from that market is needed and significant adjustments to the related prices may be necessary to estimate fair value in accordance with Statement No. 157. This FSP clarifies that when there has been a significant decrease in the volume and level of activity for the asset or liability, some transactions may not be orderly. In those situations, the entity must evaluate the weight of the evidence to determine whether the transaction is orderly. The FSP provides a list of circumstances that may indicate that a transaction is not orderly. A transaction price that is not associated with an orderly transaction is given little, if any, weight when estimating fair value. This FSP is effective for interim and annual reporting periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. An entity early adopting FSP FAS 157-4 must also early adopt FSP FAS 115-2 and FAS 124-2, "Recognition and Presentation of Other-Than-Temporary Impairments". The Company has not early adopted this pronouncement and does not believe the adoption of this pronouncement will have an impact on its consolidated financial statements.

In April 2009, the FASB issued FSP FAS 115-2 and FAS 124-2, "Recognition and Presentation of Other-Than-Temporary Impairments". FSP FAS 115-2 and FAS 124-2 clarifies the interaction of the factors that should be considered when determining whether a debt security is other-than-temporarily impaired. For debt securities, management must assess whether (a) it has the intent to sell the security and (b) it is more likely than not that it will be required to sell the security prior to its anticipated recovery. These steps are done before assessing whether the entity will recover the cost basis of the investment. Previously, this assessment required management to assert it has both the intent and ability to hold a security for a period of time sufficient to allow for an anticipated recovery in fair value to avoid recognizing an other-than-temporary impairment. This change does not affect the need to forecast recovery of the value of the security through either cash flows or market price. In instances when a determination is made that an other-than-temporary impairment exists but the investor does not intend to sell the debt security and it is not more likely than not that it will be required to sell debt security prior to its anticipated recovery, FSP FAS 115-2 and FAS 124-2 changes the presentation and amount of other-than-temporary impairment recognized in the income statement. The other-than-temporary impairment is separated into (a) the amount of the total other-than-temporary impairment related to a decrease in cash flows expected to be collected from the debt security (the credit loss) and (b) the amount of the total other-than-temporary impairment related to all other factors. The amount of the total other-than-temporary impairment related to the credit loss is recognized in earnings. The amount of the total other-than-temporary impairment related to all other factors is recognized in other comprehensive income. This FSP is effective for interim and annual reporting periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. An entity early adopting FSP FAS 115-2 and FAS 124-2 must early adopt FSP FAS 157-4, "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly". The Company has not early adopted this pronouncement and does not believe the adoption of this pronouncement will have an impact on its consolidated financial statements.

In April 2009, the FASB issued FSP FAS 107-1 and APB 28-1, "Interim Disclosures about Fair Value of Financial Instruments". FSP FAS 107-1 and APB 28-1 amends FASB Statement No. 107, "Disclosures about Fair Value of Financial Instruments", to require disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies as well as in annual financial statements. This FSP also amends APB Opinion No. 28, "Interim Financial Reporting", to require those disclosures in summarized financial information at interim reporting periods. This FSP is effective for interim and annual reporting periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. An entity early adopting FSP FAS 107-1 and APB 28-1 must early adopt FSP FAS 157-4, "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly", and FSP FAS 115-2 and FAS 124-2, "Recognition and Presentation of Other-Than-Temporary Impairments". The Company has not early adopted this pronouncement and does not believe the adoption of this pronouncement will have an impact on its consolidated financial statements.

ITEM 2.

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

Financial Condition

Total assets increased by $19.3 million or 3.3% to $597.9 million at March 31, 2009 from $578.6 million at December 31, 2008. The Bank continued to grow assets, funded primarily through cash flow provided by retail deposit growth, and repayments and prepayments of loans and mortgage backed securities. During the first quarter the Company's balance in interest earning assets increased primarily as a result of an increase in cash and cash equivalents, partially offset by a decrease in loans receivable and a decrease in investment securities categorized as held-to-maturity. Asset growth stabilized as management is concentrating on controlled balance sheet growth and maintaining adequate liquidity in the anticipation of funding loans in the loan pipeline as well as seeking opportunities in the secondary market that provide reasonable returns absent the invocation of undue levels of various forms of risk. During the first quarter, the composition of the Bank's assets has increased to cash and cash equivalents reflecting management's desire to maintain higher than usual liquid investments during the current recessionary and low interest rate period. This decision reflects the lower return available to the Bank in the current environment versus the risk of aggressive lending or investment activity during the current economic downturn. We intend to continue to grow at a measured pace consistent with our capital levels and as business opportunities permit.

Total cash and cash equivalents increased by $35.8 million or 526.5% to $42.6 million at March 31, 2009 from $6.8 million at December 31, 2008. Investment securities classified as held-to-maturity decreased by $10.6 million or 7.5% to $130.7 million at March 31, 2009 from $141.3 million at December 31, 2008. This decrease was primarily attributable to call options exercised on $8.5 million of callable agency securities during the three months ended March 31, 2009 and $2.1 million in repayments and prepayments in the mortgage backed security portfolio. These proceeds were allocated to cash and cash equivalents in an effort to accumulate liquidity in anticipation of future loan closings or investment security purchase opportunities.

Loans receivable decreased by $5.7 million or 1.4% to $401.1 million at March 31, 2009 from $406.8 million at December 31, 2008. The decrease resulted primarily from a $5.5 million decrease in real estate mortgages comprising residential, commercial, construction and participation loans with other financial institutions, net of amortization, and a $771,000 decrease in consumer loans, net of amortization, partially offset by a $1.7 million increase in commercial loans comprising business loans and commercial lines of credit, net of amortization and a $338,000 increase in the allowance for loan losses. The balance in the loan pipeline as of March 31, 2009 stood at $13.0 million. At March 31, 2009, the allowance for loan losses was $5.6 million or 205.46% of non-performing loans.

Deposit liabilities increased by $20.5 million or 5.0% to $431.0 million at March 31, 2009 from $410.5 million at December 31, 2008. The increase resulted primarily from an increase of $15.6 million in time deposit accounts, a $2.8 million increase in transaction accounts, and a $2.1 million increase in savings and club accounts. During the three months ended March 31, 2009, the Federal Open Market Committee, (FOMC) has continued its philosophy of keeping short term interest rates at historically low levels in an effort to lessen the recession in the American economy. This has resulted in a steepening of the yield curve, helping decrease short term time deposit account yields which in turn has had the effect of decreasing interest expense.

The balance of borrowed money decreased by $2.0 million or 1.8% to $114.1 million at March 31, 2009 from $116.1 million at December 31, 2008. The decrease resulted primarily from the repayment of an overnight line of credit at the Federal Home Loan Bank of New York during the three months ended March 31, 2009 utilizing the increase in retail deposits to facilitate the borrowing reduction. The purpose of the borrowings reflects the use of long term Federal Home Loan Bank advances to augment deposits as the Bank's funding source for originating loans and investing in Government Sponsored Enterprise, (GSE) investment securities.

Stockholders' equity increased by $552,000 or 1.1% to $50.3 million at March 31, 2009 from $49.7 million at December 31, 2008. The increase in stockholders' equity is primarily attributable to net income of the Company for the three months ended March 31, 2009 of $1.36 million, partially offset by the payment of a quarterly cash dividend totaling $558,000 representing a $0.12/share payment during the three months ended March 31, 2009, a $231,000 decrease in the market value of our available-for-sale securities portfolio, net of tax, and $25,000 paid to repurchase 2,515 shares of common stock. At March 31, 2009 the Bank's Tier 1, Tier 1 Risk-Based and Total Risk Based Capital Ratios were 9.37%, 13.49% and 14.75% respectively.

Results of Operations

Net income increased by $59,000 or 4.5% to $1.36 million for the three months ended March 31, 2009 from $1.30 million for the three months ended March 31, 2008. The increase in net income primarily reflects an increase in net interest income and a decrease in non-interest expense, partially offset by a decrease in non-interest income and increases in the provision for loan losses and income taxes. Net interest income increased by $244,000 or 5.2% to $4.9 million for the three months ended March 31, 2009 from $4.7 million for the three months ended March 31, 2008. This increase resulted primarily from an increase in average earning assets of $21.6 million or 3.9% to $571.6 million for the three months ended March 31, 2009 from $550.0 million for the three months ended March 31, 2008, funded primarily through an increase in average interest bearing liabilities of $24.4 million or 5.1% to $501.5 million for the three months ended March 31, 2009 from $477.1 million for the three months ended March 31, 2008 and an increase in the net interest margin to 3.44% for the three months ended March 31, 2009 from 3.40% for the three months ended March 31, 2008. Our results have been positively

affected by the steepening yield curve over the past year as our cost of interest bearing liabilities has decreased faster than our yield on interest earning assets.

Interest income on loans receivable increased by $244,000 or 3.7% to $6.89 million for the three months ended March 31, 2009 from $6.65 million for the three months ended March 31, 2008. The increase was primarily attributable to an increase in the balance of average loans receivable of $36.4 million or 9.7% to $410.3 million for the three months ended March 31, 2009 from $373.9 million for the three months ended March 31, 2008, partially offset by a decrease in the average yield on loans receivable to 6.72% for the three months ended March 31, 2009 from 7.08% for the three months ended March 31, 2008. The increase in average loans reflects management's philosophy to deploy funds in higher yielding assets, specifically commercial real estate loans in an effort to achieve higher returns. The decrease in average yield reflects the competitive pricing environment for attracting quality loan product in an increasingly challenging lending landscape.

Interest income on securities held-to-maturity decreased by $359,000 or 15.4% to $1.98 million for the three months ended March 31, 2009 from $2.34 million for the three months ended March 31, 2008. The decrease was primarily attributable to a decrease in the average balance of securities held-to-maturity of $21.1

million or 13.0% to $141.7 million for the three months ended March 31, 2009 from $162.8 million for the three months ended March 31, 2008, and a decrease in the average yield on securities to 5.59% for the three months ended March 31, 2009 from 5.75% for the three months ended March 31, 2008. The decrease in average balance was primarily attributable to call options exercised on a select number of GSE investment securities. The decrease in the average yield reflects the reduction in yield on the remaining investment portfolio subsequent to the higher yielding securities having had their call options exercised by the issuing Government agency.

Interest income on other interest-earning assets decreased by $69,000 or 94.5% to $4,000 for the three months ended March 31, 2009 from $73,000 for the three months ended March 31, 2008. The decrease was primarily due to a decrease in the average yield on other interest-earning assets to 0.08% for the three months ended March 31, 2009 from 2.56% for the three months ended March 31, 2008, partially offset by an increase in the average balance of other interest earning assets of $8.2 million or 71.9% to $19.6 million for the three months ended March 31, 2009 from $11.4 million for the three months ended March 31, 2008. The decrease in the average yield reflects the lower short-term interest rate environment for overnight deposits in 2009 as compared to 2008. The increase in the average balance primarily reflects management's philosophy to have greater liquidity in anticipation of future loan closings or investment security purchase opportunities as the current environment offers limited risk/reward opportunities.

Total interest expense decreased by $428,000 or 9.8% to $3.95 million for the three months ended March 31, 2009 from $4.38 million for the three months ended March 31, 2008. The decrease resulted primarily from a decrease in the average cost of interest bearing liabilities to 3.15% for the three months ended March 31, 2009 from 3.67% for the three months ended March 31, 2008, partially offset by an increase in average interest

bearing liabilities of $24.4 million or 5.1% to $501.5 million for the three months ended March 31, 2009 from $477.1 million for the three months ended March 31, 2008. The decrease in average yield reflects the continuing easing philosophy adopted by the Federal Open Market Committee for the three months ended March 31, 2009 and the ability of the Company to reduce pricing on a select number of retail deposit products thereby reducing interest expense.

The provision for loan losses totaled $350,000 and $250,000 for the three month periods ended March 31, 2009 and 2008, respectively. The provision for loan losses is established based upon management's review of the Bank's loans and consideration of a variety of factors including, but not limited to, (1) the risk characteristics of the loan portfolio, (2) current economic conditions, (3) actual losses previously experienced, (4) level of loan growth and (5) the existing level of reserves for loan losses that are probable and estimable. During the three months ended March 31, 2009, the Bank experienced $13,000 in net charge-offs (consisting of no recoveries and $13,000 in charge-offs). During the three months ended March 31, 2008, the Bank experienced $57,000 in net charge-offs (consisting of $33,000 in recoveries and $90,000 in charge-offs). The Bank had non-performing loans totaling $2.7 million or 0.67% of gross loans at March 31, 2009, $3.7 million or 0.90% of gross loans at December 31, 2008 and $1.5 million or 0.41% of gross loans at March 31, 2008. The allowance for loan losses stood at $5.6 million or 1.38% of gross loans at March 31, 2009, $5.3 million or 1.28% of gross loans at December 31, 2008 and $4.3 million or 1.13% of gross loans at March 31, 2008. The amount of the allowance is based on estimates and the ultimate losses may vary from such estimates. Management assesses the allowance for loan losses on a quarterly basis and makes provisions for loan losses as necessary in order to maintain the adequacy of the allowance. While management uses available information to recognize losses on loans, future loan loss provisions may be necessary based on changes in the aforementioned criteria. In addition, various regulatory agencies, as an integral part of their examination process, periodically review the allowance for loan losses and may require the Bank to recognize additional provisions based on their judgment of information available to them at the time of their examination. Management believes that the allowance for loan losses was adequate at March 31, 2009, December 31, 2008 and March 31, 2008.

Total non-interest income decreased by $67,000 or 27.0% to $181,000 for the three months ended March 31, 2009 from $248,000 for the three months ended March 31, 2008. The decrease in non-interest income resulted primarily from a $38,000 decrease in gains on sales of loans originated for sale to $42,000 for the three months ended March 31, 2009 from $80,000 for the three months ended March 31, 2008 and a $29,000 decrease in general fees, service charges and other income to $139,000 for the three months ended March 31, 2009 from $168,000 for the three months ended March 31, 2008. The decrease in gain on sale of loans originated for sale reflects the softening one- to four-family residential real estate market during the three months ended March 31, 2009.

Total non-interest expense decreased by $41,000 or 1.6% to $2.59 million for the three months ended March 31, 2009 from $2.63 million for the three months ended March 31,

2008. Salaries and employee benefits expense decreased by $52,000 or 3.8% to $1.32 million for the three months ended March 31, 2009 from $1.38 million for the three months ended March 31, 2008. This decrease was primarily attributable to a decrease in the number of full time equivalent employees to 82 for the three months ended March 31, 2009, from 84 for the three months ended March 31, 2008, partially offset by salary increases in conjunction with annual reviews. Equipment expense increased by $17,000 or 3.4% to $515,000 for the three months ended March 31, 2009 from $498,000 for the three months ended March 31, 2008. Occupancy expense increased marginally by $1,000 or 0.4% to $264,000 for the three months ended March 31, 2009 from $263,000 for the three months ended March 31, 2008. Advertising expense decreased by $4,000 or 7.8% to $47,000 for the three months ended March 31, 2009 from $51,000 for the three months ended March 31, 2008. Other non-interest expense decreased by $3,000 or 0.7% to $437,000 for the three months ended March 31, 2009 from $440,000 for the three months ended March 31, 2008. 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.

The income tax provision increased $59,000 or 7.9% to $803,000 for the three months ended March 31, 2009 from $744,000 for the three months ended March 31, 2008 reflecting increased income earned during the three month time period ended March 31, 2009. The consolidated effective income tax rate for the three months ended March 31, 2009 was 37.1% as compared to 36.3% the three months ended March 31, 2008.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Management of Market Risk

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

The following table presents the Company's net portfolio value ("NPV"). These calculations were based upon assumptions believed to be fundamentally sound, although they may vary from assumptions utilized by other financial institutions. The information set forth below is based on data that included all financial instruments as of 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 non-interest bearing accounts were scheduled with an assumed term of 24 months. The NPV at "PAR" represents the difference between the Company's estimated value of assets and estimated value of liabilities assuming no change in interest rates. The NPV for a decrease of 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 12/31/08.

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

17

ITEM 4T.

Controls and Procedures

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

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

18

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Provident Bank filed a Complaint on February 20, 2009, in the Superior Court of New Jersey, Law Division, Hudson County, Docket No. HUD-L-947-09, against BCB Community Bank seeking recovery of damages in the amount of $672,500.00. Provident's claim is broken down as follows: (1) it alleges that BCB breached its obligations under the Uniform Commercial Code, as codified in New Jersey, by failing to return at least seven checks drawn upon BCB, totaling $384,500.00, before the expiration of its midnight deadline, as allegedly required by the Uniform Commercial Code; and, (2) BCB failed to honor at least four cashier's checks that it issued in the aggregate amount of $288,000.00.

BCB has filed an Answer to Provident's Complaint denying the allegations. BCB has also filed and served an Amended Third-Party Complaint against Mr. Steven DeMaio, Bayonne Community Group, LLC, Mel-Eri Associates, Inc., Direct Leasing, Inc. and Szklarski Development Corporation, seeking the appropriate contribution, identification and damages from those third-party defendants for any potential damages Provident obtains against BCB. Those third-party defendants have recently been served with the Amended Third -Party Complaint.

BCB has put its liability insurance carrier on notice of this claim. The carrier has acknowledged the claim, and authorized BCB to proceed under its policy to defend Provident's Complaint.

BCB and Provident are presently exchanging discovery demands and materials. The time within which the third-party defendants have to answer BCB's Amended Third-Party Complaint has not yet expired. None of the third-party defendants have yet served an Answer to BCB's Complaint.

ITEM 1.A. RISK FACTORS

In addition to the risk factors set forth in our 2008 Annual Report on Form 10-K, set forth below are additional factors for our investors to consider.

If Economic Conditions Deteriorate in our Primary Market, Our Results of Operations and Financial Condition could be Adversely Impacted as Borrowers' Ability to Repay Loans Declines and the Value of the Collateral Securing Loans Decreases.

Our financial results may be adversely affected by changes in prevailing economic conditions, including decreases in real estate values, changes in interest rates which may cause a decrease in interest rate spreads, adverse employment conditions, the monetary and fiscal policies of the federal government and other significant external events.

Decreases in real estate values could potentially adversely affect the value of property used as collateral for our mortgage loans. In the event that we are required to foreclose on a property securing a mortgage loan, there can be no assurance that we will recover funds in an amount equal to any remaining loan balance as a result of prevailing general economic conditions, real estate values and other factors associated with the ownership of real property. As a result, the market value of the real estate underlying the loans may not, at any given time, be sufficient to satisfy the outstanding principal amount of the loans. Consequently, we would sustain loan losses and potentially incur a higher provision for loan loss expense. Adverse changes in the economy may also have a negative effect of the ability of borrowers to make timely repayments of their loans, which could have an adverse impact on earnings.

Our Securities Portfolio may be Negatively Impacted by Fluctuations in Market Value.

Our securities portfolio may be impacted by fluctuations in market value, potentially reducing accumulated other comprehensive income and/or earnings. Fluctuations in market value may be caused by decreases in interest rates, lower market prices for securities and lower investor demand. Our securities portfolio is evaluated for other-than-temporary impairment on at least a quarterly basis. If this evaluation shows an impairment to cash flow connected with one or more securities, a potential loss to earnings may occur.

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

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

Other than as stated below, the Company has not sold any securities during the past three years.

The Company conducted a secondary public stock offering during the fourth quarter of 2005. The Company sold 1,265,000 shares of its common stock for an aggregate offering price of $19.3 million. The Company offered 1,100,000 shares of its common stock, (with an over-allotment option of 165,000 shares) to the public at a price of $15.25. The stock offering was underwritten by Janney Montgomery Scott LLC on a firm commitment basis. The Company's registration statement on Form S-1 (Commission File No. 333-128214) was declared effective by the Securities and Exchange Commission on December 13, 2005. The Company also filed a rule 462 registration statement on Form S-1 (Commission File No. 333-130307) which was effective upon filing December 14, 2005. The sale of 1.1 million shares was completed on December 19, 2005, and the over-allotment was exercised in full on January 5, 2006.

20

During 2005, the Company announced a stock repurchase plan which provides for the purchase of up to 187,096 shares, adjusted for the 25% stock dividend paid on October 27, 2005. On April 26, 2007, the Company announced a second stock repurchase plan which provides for the repurchase of 5% or 249,080 shares of the outstanding shares of the Company's common stock. On November 20, 2007, the Company announced a third stock repurchase plan to repurchase 5% or 234,002 shares of the Company's common stock. This plan commenced upon the completion of the prior plan. The Company's stock purchases for the three months ended March 31, 2009 are as follows:

Period	Shares Purchased	Average Price	Total Number of Shares Purchased	Maximum Number of Shares That May Yet be Purchased
1/1-1/31	250	$ 10.40	250	136,248
2/1-2/28	1,697	$ 10.08	1,947	134,551
3/1-3/31	568	$ 9.50	2,515	133,983
Total	2,515	$ 9.98	2,515	133,983

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

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

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

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

Exhibit 32.1 Officers' Certification filed pursuant to section 906 of the Sarbanes-Oxley Act of 2002.