

SECURITIES AND EXCHANGE COMMISSION

FORM S-1

General form of registration statement for all companies including face-amount certificate companies

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FILER

ConnectOne Bancorp, Inc.

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SIC: **6022** State commercial banks

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

**FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

ConnectOne Bancorp, Inc.

(Exact Name of Registrant as specified in its Charter)

New Jersey
(State of
Incorporation)

6022
(Primary Standard
Classification Code)

26-1998619
(IRS Employer
ID No.)

**301 Sylvan Ave
Englewood Cliffs, NJ 07632
(201) 816-8900**

(Address and Telephone Number of Registrant's Principal Executive Offices and Principal Place of Business)

**Frank Sorrentino III, Chairman and Chief Executive Officer
ConnectOne Bancorp, Inc.
301 Sylvan Ave
Englewood Cliffs, NJ 07632
(201) 816-8900**

(Name, Address and Telephone Number of Agent for Service)

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Approximate date of commencement of proposed sale to the public: As soon as practical after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box: ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☒ (Do not check if a smaller reporting company)

Smaller reporting company ☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee
Common stock, no par value	\$57,500,000	\$7,843

(1) Estimated solely for the purpose of computing the amount of the registration fee in accordance with Rule 457(o).

(2) Includes the offering price of shares to cover over-allotments, if any, pursuant to the options granted to the underwriters.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities, and no offer to buy these securities is being solicited in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED , 2013



CONNECTONE BANCORP, INC.

shares of common stock

This prospectus describes the public offering and sale of shares of common stock of ConnectOne Bancorp, Inc., a New Jersey corporation and bank holding company headquartered in the Borough of Englewood Cliffs, New Jersey. We currently estimate that the public offering price will be between \$ and \$ per share. The common stock is not traded on any national market or securities exchange or in the over-the-counter market. We expect the common stock to be approved for listing on the Nasdaq Global Market under the symbol "CNOB".

INVESTING IN THE COMMON STOCK IS SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK. PLEASE SEE "[RISK FACTORS](#)" BEGINNING ON PAGE 14.

We are an "emerging growth company" under the federal securities laws and will be subject to reduced public company reporting requirements.

	Per Share	Total
Public offering price of common stock	\$	\$
Underwriting discounts and commissions	\$	\$
Proceeds to us, before expenses	\$	\$

We have granted the underwriters a 30-day option to purchase up to additional shares of our common stock at the public offering price, less underwriting discounts and commissions, to cover over-allotments, if any.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THE PROSPECTIVE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The securities are not savings accounts, deposits, or other obligations of any bank and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.

We have not authorized anyone to provide any information or to make any representations other than those contained in this Prospectus. We take no responsibility for, and can provide no assurance as to the reliability of, any information that others may give you. This Prospectus is an offer to sell only the shares offered hereby and only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Prospectus is current only as of its date.

The underwriters expect to deliver the shares of our common stock against payment on , 2013.

Stifel Nicolaus Weisel

Keefe, Bruyette & Woods

Sandler O' Neill + Partners, L.P.

The date of this Prospectus is , 2013

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ABOUT THIS PROSPECTUS

You should rely only on the information contained in this Prospectus or in any free-writing prospectus we may authorize to be delivered or made available to you. We have not, and the underwriters have not, authorized any other person to provide you with additional, different, or inconsistent information. If anyone provides you with different or inconsistent information, you should not rely on it. For further information, please see the section of this Prospectus entitled “Where You Can Find More Information.” We are not making an offer to sell the common stock in any jurisdiction where the offer or sale is not permitted.

You should not assume that the information appearing in this Prospectus is accurate as of any date other than the date on the front cover of this Prospectus, regardless of the time of delivery of this prospectus or any sale of the common stock. Our business, financial condition, results of operations and prospects may have changed since those dates.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements in this document discuss future expectations, contain projections or results of operations or financial conditions or state other “forward-looking” information. Those statements are subject to known and unknown risk, uncertainties and other factors that could cause the actual results to differ materially from those contemplated by the statements. We based the forward-looking statements on various factors and using numerous assumptions. Important factors that may cause actual results to differ from those contemplated by forward-looking statements include those disclosed under “Risk Factors” as well as the following factors:

- the success or failure of our efforts to implement our business strategy;
- the effect of changing economic conditions and, in particular, changes in interest rates;
- changes in government regulations, tax rates and similar matters;
- our ability to attract and retain quality employees; and
- risks which may be described in our future filings with the Securities and Exchange Commission (referred to as the SEC).

We do not undertake to update forward-looking information to reflect actual results or changes in assumptions or other factors that could affect those statements.

PROSPECTUS SUMMARY

This summary highlights important features of this offering. Because this is a summary, it may not contain all of the information that you should consider before investing in our common stock. Therefore, you should read the entire prospectus carefully, especially the risks of investing in our common stock discussed under “Risk Factors,” as well as the consolidated financial statements included herein before making a decision to invest in our common stock. Unless the context otherwise requires, references in this prospectus to the “Company,” “we,” “us,” and “our” refer to ConnectOne Bancorp, Inc. and its wholly owned subsidiary, North Jersey Community Bank.

ConnectOne Bancorp, Inc.

We are a New Jersey corporation and a registered bank holding company pursuant to the Bank Holding Company Act of 1956, as amended, that was formed in 2008 to serve as the holding company for North Jersey Community Bank.

The Bank is a community-based, full-service commercial bank that was founded in 2005 with the belief that a high service institution can better identify and serve the banking needs of small to medium-sized businesses, professional entities and individuals than can a branch or subsidiary of a larger out-of-market institution. The Bank operates from its headquarters located at 301 Sylvan Avenue in the Borough of Englewood Cliffs, Bergen County, New Jersey, and through its seven other banking offices. We offer a broad range of commercial and consumer banking services to our customers and expect people living, working and shopping in our primary trade area to be the source of most of our customer deposits and lending business.

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Our business has experienced significant growth. Since inception we have concentrated our asset generation efforts on commercial real estate, construction and business loans and focused our deposit generation on relationship-based core deposit accounts. Since December 31, 2006, total assets have grown from \$179.8 million to \$883.8 million at September 30, 2012 and total deposits have grown from \$158.9 million to \$724.3 million over the same timeframe. We achieved profitability in our eighth quarter of operations and for the nine month period ended September 30, 2012 reported a return on average assets of 1.01%.

In recent years, we have achieved many milestones, including:

Growing our total assets to approximately \$883.8 million at September 30, 2012 from \$514.8 million at December 31, 2009, representing a 21.8% compound annual growth rate;

Growing non-interest-bearing deposits to \$148.7 million at September 30, 2012 from \$66.3 million at December 31, 2009;

Increasing our net income by 28.0% to \$6.1 million during the first nine months of 2012 from \$4.8 million during the first nine months of 2011. Net income for the full year 2011 was \$6.7 million, representing a 41.0% increase from net income of \$4.7 million earned in 2010;

Acquiring the deposits and former branch location of Citizens Community Bank, which is now our Ridgewood office, in a FDIC-assisted transaction in 2009;

Being named one of the 50 Fastest growing Companies by NJBIZ (New Jersey's only weekly business journal);

Expanding beyond our original northeastern New Jersey market place with the opening of our Holmdel branch in Monmouth County, New Jersey;

Winning a Forbes Enterprise Award honoring visionary small businesses; and

Being recognized as one of the top five performing community banks in 2010 and one of the top fifteen best performing community banks in 2011 with assets between \$500 million and \$5 billion in the United States by SNL Financial LC.

Our Competitive Strengths

We believe that the following strengths differentiate our company and create the foundation to capitalize on opportunities and to successfully grow our business:

Superior, Relationship-Based Customer Service. The Bank offers high-quality service by minimizing personnel turnover and by providing more direct, personal attention than the Bank believes is offered by competing financial institutions, the majority of which are branch offices of banks headquartered outside the Bank's primary trade area. By emphasizing the need for a professional, responsive and knowledgeable staff, the Bank offers a superior level of service to our customers.

Commercial Lending Expertise. Our ability to drive quality, commercial loan growth in an otherwise sluggish economic environment is a result of being able to provide clients with access to a knowledgeable, experienced officer with a relationship orientation and the ability to respond to a broad range of business needs on a customized basis. As a result of senior management's availability for consultation on a daily basis, the Bank believes it offers customers a quicker response time on loan applications and other banking transactions, as well as greater certainty that these transactions will actually close, than competitors, whose decisions may be made in distant headquarters. We believe that this response time and certainty to close results in a pricing advantage to us, in that we frequently may exceed competitors' loan pricing yet still win customers.

Strong Net Interest Margin. Our ability to expeditiously make lending decisions and provide certainty of execution translates into incremental yield, which when coupled with the Bank's stable funding base, consisting primarily of core deposits (deposits other than time deposits), results in an above average net interest margin. Our net interest margin for the nine months ended September 30, 2012 was 4.25%, an increase of 4 basis points compared to the net interest margin reported for the year ended December 31, 2011.

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Robust Operating Platform. We provide state-of-the-art banking technology, including remote deposit capture, internet banking and mobile banking, to provide our customers with the most choices and maximum flexibility. In addition, we have made investments in our infrastructure and technology in order to create a scalable platform to accommodate our future growth aspirations. We believe that our advanced technology combined with responsive and personal service provides the Bank's customers with a superior banking experience.

Engaged and Experienced Management and Board of Directors. The Bank was founded in 2005 by a group of local business leaders on the premise that an essential component of a vibrant local economy is a strong community bank that focuses on serving the financial needs of its customers. We believe that the long-standing ties to the community of our Board of Directors, led by Mr. Frank Sorrentino III, Chairman and Chief Executive Officer, and their significant business experience provide us with the ability to effectively assess and address the needs of the local markets. The interests of our executive management team and directors are aligned with those of our stockholders through common stock ownership. At September 30, 2012, our directors and officers beneficially owned approximately 26.9% of our common stock.

Effective October 1, 2012 Mr. William S. Burns joined the Company as Chief Financial Officer. Mr. Burns was previously the Chief Financial Officer of Somerset Hills Bancorp, a bank holding company located in north/central New Jersey, and of The Trust Company of New Jersey. Mr. Burns has over thirty (30) years of experience in the financial services industry. Mr. Burns succeeded Frank Baier as Chief Financial Officer. Mr. Baier resigned to pursue other opportunities, but remains as a member of the Board of the Company.

Effective January 7, 2013, Mr. Aditya Kishore joined the Company as Chief Information/Operations Officer. Mr. Kishore was previously the Chief Operations Officer and Chief Technology Officer of Carver Federal Savings Bank, a New York City based thrift, for approximately two years, served as the Chief Operating and Chief Information Officer of Hanover Community Bank, based on Long Island, New York for eighteen months prior thereto, and was Chief of Banking Products at Fidelity National Information Services, a financial institution technology and service provider. As Chief Operations Officer, Mr. Kishore will assume certain responsibilities previously undertaken by Ms. Laura Criscione as Chief Operations Officer. Ms. Criscione will now serve as the Company's Chief Compliance Officer.

Maintaining Solid Asset Quality. We have implemented a strong credit culture and have maintained solid asset quality. At September 30, 2012, our level of non-performing assets consisting of non-accrual loans and other real estate owned ("OREO") as a percentage of total assets was 0.64%, and our year-to-date annualized net charge-offs were 0.04%. We believe that this experience is the result of our underwriting standards, experienced loan officers, diligent monitoring of the loan portfolio and our close ties to and knowledge of our customers.

Exceptional Market Area. We operate in what we believe to be one of the most attractive markets in New Jersey, and by extension, the United States, in large part due to appealing market demographics. These demographics include nation leading household income levels, densely populated market areas and the presence of a diverse group of large and small businesses. Based on 2011 median data, New Jersey ranked second in the nation for highest household income levels, fourth in per capita income and second in population density. Our market areas rank highly in the state in relation to these demographic statistics. Furthermore, 21 Fortune 500 companies are headquartered in New Jersey, primarily concentrated in the northeast quarter of the state, our core market area. From a small business perspective, New Jersey ranked ninth in the nation in the number of business establishments with less than 500 employees (over 198,000 businesses). Bergen County ranked first in the state with small business establishments with less than 500 employees at approximately 31,200.

Our Market Area

Our banking offices are located in Bergen, Hudson and Monmouth Counties in New Jersey, which include some of the most affluent markets in the United States. We also attract business and customers from a broader region, primarily defined as the northeastern quarter of the State of New Jersey, from Route 195 to the south and Route 287 to the west to the New York state border on the north.

Bergen County, where 93.5% of our total deposits as of September 30, 2012 are located, is home to significant employers including Benjamin Moore, the Hertz Corporation, Pathmark and Volkswagen Group of America. Furthermore, CNBC, LG USA and Unilever of North America are headquartered in the Borough of Englewood Cliffs (our Company headquarters location). Looking at the broader state economic environment, 20 Fortune 500 companies are headquartered in New Jersey, primarily concentrated in the northeast quarter of the state, our core market area. Among Russell 3000 companies, 102 are headquartered in New Jersey, and Bergen County is home to more of these companies (17) than any other county in the State.

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From a small business perspective, New Jersey ranked ninth in the nation in the number of business establishments with less than 500 employees (over 198,000 businesses) according to United States Census Bureau 2010 Economic Development Data & Information (EDDI). Bergen County ranked first in the State in small business establishments with less than 500 employees at approximately 31,200.

Based on 2011 median data provided by ESRI (based primarily on US Census data as of 2011), New Jersey ranked second in the nation for the highest median household income level (\$67,128). Bergen and Monmouth Counties ranked sixth and fifth in the state with household income levels of \$79,903 and \$80,475, respectively. Furthermore, on a per capita income basis, New Jersey ranked fourth in the nation, and Bergen and Monmouth Counties ranked fourth and fifth, respectively, in the state. New Jersey also ranked second in the nation in relation to population density, while Bergen County ranked fourth in the state.

Our Business Strategy

We seek to position ourselves as “a better place to be” for our customers, community, employees and shareholders. Our primary strategy is to be the banking provider of choice in our demographically attractive market area and serve as a community banking alternative that can offer clients a comprehensive suite of products and services but with superior, relationship-based customer service. We strive to maintain a strong corporate culture paired with a clear vision that provides customers with uncompromising service and customized solutions to every financial need. The banking landscape has changed dramatically in our region over the past decade as a result of the heightened level of consolidation in which the largest institutions are now headquartered outside of the state. We feel that the opportunity created by this dislocation will enable us to continue to exhibit favorable growth trends as we distinguish ourselves from the competition through service oriented banking characterized by the ability to respond quickly to customers’ needs.

We have adopted a strategy of rapid franchise growth by focusing on brand awareness and referral based revenue, by providing state-of-the-art technology combined with personalized customer service typical of a community-based bank, and by hiring seasoned banking professionals familiar with our operating area. This strategy has resulted in a strong track record of increasing profitability, reflecting exceptional growth in both loans and core deposits. We believe our approach to growth has been disciplined as we have maintained sound credit quality and have prudently managed our infrastructure.

Over the past several years the regulatory and business environment has remained negative for larger financial institutions, which have focused on deleveraging and cost cutting. The Bank has been, and expects to continue to be, successful in attracting customers and employees displaced from other institutions due to these trends. A large portion of our customers come to the Bank through referrals from existing customers, because the Bank can offer a quicker response on loan applications and other banking transactions, as well as the greater certainty that these transactions will actually close, compared to our competitors. We believe that this quicker response time and increased certainty to close results in a pricing advantage to us, in that we frequently may exceed competitors’ loan pricing and still win customers. Our increasing capital base has allowed us to make larger loans, and thereby service the credit needs of larger customers and enhance our relationships with existing customers as they grow their businesses.

Historically, we have concentrated on organic growth, through opening new branches and offering new technology and product delivery channels to acquire new customers. While we expect to take an opportunistic approach to acquisitions, considering opportunities to purchase whole institutions, branches or lines of business that complement our existing strategy, we expect the bulk of our growth to continue to be organic. Our goal is to open new offices in the counties contained in our broader trade area discussed above. However, we do not believe that we need to establish a physical location in each market that we serve. We believe that advances in technology have created new delivery channels which allow us to service customers and maintain business relationships without a physical presence, and that these customers can also be serviced through a regional office. We believe the key to customer acquisition and retention is establishing quality teams of lenders and business relationship officers who will frequently go to the customer, rather than having the customer come into the branch. Our expansion into Monmouth County, through the opening of our Holmdel, New Jersey office, is an example of this strategy. We opened the branch in July, 2011 and, as of September 30, 2012, we had \$19.9 million in total deposits at the Holmdel branch.

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Effective in November, 2012, we changed our name to ConnectOne Bancorp, Inc. from North Jersey Community Bancorp, Inc. We also intend to change the name of the Bank to ConnectOne Bank, effective in the first half of 2013. We believe the name change better reflects our focus on servicing customers in a larger geographic area. When we started the Bank in 2005, we had one office located in Englewood Cliffs, New Jersey, in eastern Bergen County, and the name North Jersey Community Bank appropriately reflected the Bank's target customer base. However, as we have grown, we came to believe the name was too restrictive, as we now serve customers throughout New Jersey and in New York City, and have an office, and may look to establish future offices, in central New Jersey. We therefore believe the new name better reflects our mission to connect with our customers, regardless of where they are located.

Since inception in 2005, we have remained focused on execution of our strategy which has produced prodigious growth and consistent profitability as evidenced by our performance over the first nine months of 2012, in which we grew assets by \$154.1 million to \$883.8 million and attained an annualized return on average assets of 1.01%. While we have grown significantly, we have also focused on expense management. Our efficiency ratio for the nine months ended September 30, 2012 and for the year ended December 31, 2011 was 49.7% and 52.9%, respectively. While we cannot guarantee that this ratio will continue to improve as we grow, expense containment will continue to be one of management's top priorities.

Recent Preferred Stock Conversion

Over the past several years, we issued shares of convertible preferred stock in order to augment our capital base. In 2009, we issued 125,000 shares of our Series A Preferred Stock and 400,000 shares of our Series B Stock; in 2010, we issued 241,175 shares of our Series B Preferred Stock; in 2011, we issued 59,025 shares of our Series B Preferred Stock; and in 2012 we issued 7,500 shares of our Series C Preferred Stock. All of these shares were issued pursuant to exemptions from registration under Section 5 of the Securities Act. We received an aggregate of \$24.0 million in proceeds from the sale of these preferred shares. In accordance with the terms of each class of preferred stock, all of our outstanding preferred stock converted, during 2012, into shares of our common stock. We issued an aggregate of 909,921 shares of our common stock upon conversion of our outstanding preferred stock, and as of September 30, 2012, there were no shares of our preferred stock outstanding. We converted our outstanding preferred stock to common stock because (i) our Board believed the Company would be better served by maintaining a more simplified capital structure and (ii) the Board believed regulatory agencies look more favorably on common equity as a component of capital.

Additional Information

Our principal executive offices are located at 301 Sylvan Avenue, Englewood Cliffs, New Jersey, 07632. Our telephone number is (201) 819-8600. Our Internet address is www.njcb.com. Information on or accessible through our website is not incorporated by reference and is not part of this prospectus.

THE OFFERING

Common stock offered	shares
Common stock outstanding after the offering ^{1 2}	shares
Market for the common stock	We intend to apply to list our common stock on the Nasdaq Global Market under the trading symbol "CNOB."

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Dividend policy

We have never paid cash dividends to holders of our common stock. We intend to adopt a policy of retaining earnings, if any, to increase our net worth and capital ratios over the next few years. Any future determinations relating to our dividend policy will be made at the discretion of the Board of Directors. For additional information, see “Dividend Policy.”

Use of proceeds

We intend to contribute substantially all of the proceeds of this offering to the Bank to provide regulatory capital to support future asset growth and continued expansion of the Bank’s business. For additional information, see “Use of Proceeds.”

Purchases by Officers and Directors

Certain of our directors and officers have indicated an intent to participate in the offering through the purchase of approximately _____ shares of our common stock. In anticipation of this participation, we have directed _____ shares to be reserved specifically for purchases by such officers and directors.

Risk factors

An investment in the common stock involves certain risks. Prospective purchasers of the common stock should consider the information discussed under the heading “Risk Factors” on page 14.

¹ As of September 30, 2012.

² Unless otherwise indicated, the share information in the table above and in this prospectus excludes up to _____ shares that may be purchased by the underwriters from us to cover over-allotments. Unless otherwise indicated, information contained in this prospectus regarding the number of outstanding shares of common stock does not include 305,000 shares of common stock issuable upon the exercise of outstanding stock options or an aggregate of 413,000 shares of common stock reserved for future issuance under our stock option plans.

Exemptions under the Jumpstart Our Business Startups Act of 2012

We are an emerging growth company, or “EGC”, as defined in the Jumpstart Our Business Startups Act of 2012, or JOBS Act. We will cease to be an EGC at the earliest of (A) the last day of the fiscal year in which we have total annual gross revenues of \$1,000,000,000 (as such amount is indexed for inflation every 5 years by the Commission to reflect the change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics, setting the threshold to the nearest \$1,000,000); (B) the last day of the fiscal year in which the fifth anniversary of the date of the first sale of our common stock pursuant to an effective registration statement under the Securities Act of 1933 occurs; (C) the date on which we have, during the previous 3-year period, issued more than \$1,000,000,000 in non-convertible debt; or (D) the date on which we are deemed to be a “large accelerated filer,” as defined in Rule 12b-2 under the Exchange Act or any successor thereto. Our gross revenues are currently less than 5% of the annual gross revenue threshold described above, thus we expect to maintain our current EGC status for the five-year period provided by the JOBS Act.

Because we are an EGC, we have an exemption from Section 404(b) of Sarbanes-Oxley Act of 2002 and Section 14A(a) and (b) of the Securities Exchange Act of 1934. Under Section 404(b), we are now exempt from the internal control assessment required by subsection (a), which requires that the registered public accounting firm that prepares or issues the audit report for the issuer attest to, and report on, the assessment made by the management of the issuer. We also will have reduced reporting requirements in our documents filed with the SEC, including reduced disclosure requiring executive compensation matters and will not be required to receive a separate shareholder vote regarding either executive compensation or for any golden parachutes for our executives so long as we continue to operate as an emerging growth company.

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Further, Section 102(b)(1) of the JOBS Act exempts EGCs from complying with new or revised accounting standards until private companies (that is, those that have not had a Securities Act of 1933, as amended, registration statement declared effective or do not have a class of securities registered under the Securities Exchange Act of 1934, as amended) are required to comply with the new or revised financial accounting standards. We hereby elect to use the extended transition period for complying with new or revised accounting standards.

SUMMARY OF SELECTED FINANCIAL DATA

The following tables set forth selected consolidated historical financial data (i) as of and for the nine months ended September 30, 2012 and 2011 and (ii) as of and for the years ended December 31, 2011, 2010, and 2009. Selected consolidated financial data as of and for the years ended December 31, 2011, 2010 and 2009 have been derived from our audited financial statements. You should read the information as of and for the years ended December 31, 2011 and 2010 in conjunction with the audited financial statements and the related notes appearing in this prospectus beginning on Page F-1. Selected financial data as of and for the nine months ended September 30, 2012 and 2011 have not been audited but, in the opinion of our management, contain all adjustments (consisting of only normal or recurring adjustments) necessary to present fairly our financial position and results of operations for such periods in accordance with generally accepted accounting principles. Our results of operations for the nine months ended September 30, 2012 are not necessarily indicative of our results of operations that may be expected for the year ending December 31, 2012. The following selected consolidated financial data should be read in conjunction with our consolidated financial statements and related notes and our “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included elsewhere in this prospectus.

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	(unaudited)				
	At or for the Nine Months Ended		At or for the Year Ended		
	September 30,		December 31,		
	2012	2011	2011	2010	2009
(Dollars in thousands, except per share data)					
SELECTED BALANCE SHEET DATA					
Total assets	\$883,846	\$696,494	\$729,741	\$602,377	\$514,835
Total loans	804,514	622,440	629,459	494,186	398,286
Allowance for loan losses	12,248	9,526	9,617	7,414	4,759
Securities available for sale	21,982	31,232	27,435	24,025	27,537
Goodwill and other intangible assets	260	260	260	260	293
Deposits	724,281	563,854	609,421	482,685	429,387
Tangible common stockholders' equity (1)	69,969	38,348	40,093	33,715	29,090
Total stockholders' equity	70,229	55,112	56,857	49,299	39,850
Average total assets	806,026	646,052	665,292	560,851	473,929
Average common stockholders' equity	52,522	36,249	37,468	31,092	32,575

SELECTED INCOME STATEMENT DATA

Interest income	\$29,962	\$24,657	\$33,676	\$28,963	\$23,851
Interest expense	4,725	4,537	6,207	6,051	8,091
Net interest income	25,237	20,120	27,469	22,912	15,760
Provision for loan losses	2,840	2,202	2,355	2,930	1,455
Net interest income after provision for loan losses	22,397	17,918	25,114	19,982	14,305
Non-interest income	815	733	1,113	900	415
Non-interest expense	12,941	10,641	15,057	12,941	10,969
Income tax expense	4,154	3,230	4,504	3,212	1,538
Net income	6,117	4,780	6,666	4,729	2,213
Dividends on preferred shares	354	446	600	479	—
Net income available to common stockholders	\$5,763	\$4,334	\$6,066	\$4,250	\$2,213

	(unaudited)				
	At or for the Nine Months Ended		At or for the Year Ended		
	September 30,		December 31,		
	2012	2011	2011	2010	2009
PER COMMON SHARE DATA:					
Basic earnings per share	\$2.26	\$1.93	\$2.71	\$1.91	\$0.97
Diluted earnings per share (restated, 9/30/12) (5)	1.92	1.56	2.18	1.61	0.95
Book value per common share	22.27	17.21	17.99	15.16	13.20
Tangible book value per common share	22.19	17.10	17.87	15.04	13.09
Basic weighted average common shares	2,546,996	2,241,628	2,242,085	2,227,296	2,222,660
Diluted weighted average common shares (restated, 9/30/12) (5)	3,184,927	3,059,635	3,063,076	2,938,655	2,338,823

SELECTED PERFORMANCE RATIOS

Return on average assets (2)	1.01	%	0.99	%	1.00	%	0.84	%	0.47	%
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Return on average common stockholders' equity (2)	14.66	%	15.93	%	16.19	%	13.67	%	6.79	%
Net interest margin (2)	4.25	%	4.24	%	4.21	%	4.22	%	3.44	%
Efficiency ratio (1) (3)	49.7	%	51.3	%	52.9	%	54.3	%	67.8	%

SELECTED ASSET QUALITY RATIOS

Nonaccrual loans to total loans	0.70	%	1.04	%	1.02	%	0.82	%	0.55	%
Nonaccrual loans and loans past due 90 days and still accruing to total loans	0.85	%	1.04	%	1.02	%	0.97	%	0.55	%
Non-performing assets (4) to total assets	0.64	%	0.93	%	0.88	%	0.67	%	0.43	%
Allowance for loan losses to total loans	1.52	%	1.53	%	1.53	%	1.50	%	1.19	%
Allowance for loan losses to non-accrual loans	217.9	%	147.7	%	149.4	%	183.1	%	216.6	%
Net loan charge-offs to average loans (2)	0.04	%	0.02	%	0.03	%	0.06	%	0.00	%

CAPITAL RATIOS (Consolidated)

Leverage ratio	7.96	%	8.01	%	7.76	%	8.19	%	7.62	%
Risk-based Tier 1 capital ratio	9.52	%	9.03	%	9.90	%	10.16	%	9.75	%
Risk-based total capital ratio	10.77	%	10.28	%	11.15	%	11.41	%	10.94	%
Tangible common equity to tangible assets (1)	7.92	%	5.51	%	5.50	%	5.60	%	5.65	%

- (1) These measures are not measures recognized under generally accepted accounting principles (United States) ("GAAP"), and are therefore considered to be non-GAAP financial measures. See –“Non-GAAP Financial Measures” for a reconciliation of these measures to their most comparable GAAP measures.
- (2) Nine-month data has been annualized.
- (3) Efficiency ratio is total non-interest expense divided by the sum of net interest income and total non-interest income, (excluding securities gains/(losses)).
- (4) Non-performing assets are deemed to be nonaccrual loans and OREO.
- (5) Amount was restated for the nine months ended September 30, 2012. See footnote 19 of Notes to Consolidated Financial Statements.

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Non-GAAP Financial Measures

The information set forth above contains certain financial information determined by methods other than in accordance with GAAP. These non-GAAP financial measures are “efficiency ratio,” “tangible common equity,” “tangible common equity to tangible assets” and “tangible book value per common share.” Although we believe these non-GAAP financial measures provide a greater understanding of our business, these measures are not necessarily comparable to similar measures that may be presented by other companies.

“Efficiency ratio” is defined as non-interest expenses divided by our operating revenue, which is equal to net interest income plus non-interest income excluding gains and losses on sales of securities. In our judgment, the adjustments made to operating revenue allow investors and analysts to better assess our operating expenses in relation to our core operating revenue by removing the volatility that is associated with certain one-time items and other discrete items that are unrelated to our core business.

“Tangible common equity” is defined as common stockholders’ equity reduced by goodwill. We believe that this measure is important to many investors in the marketplace who are interested in changes from period to period in common stockholders’ equity exclusive of changes in intangible assets. Goodwill, an intangible asset that is recorded in a purchase business combination, has the effect of increasing both common equity and assets while not increasing our tangible common equity or tangible assets.

“Tangible common equity to tangible assets” is defined as the ratio of common equity reduced by goodwill divided by total assets reduced by goodwill. We believe that this measure is important to many investors in the marketplace who are interested in relative changes from period to period in common equity and total assets, each exclusive of changes in intangible assets. Goodwill, an intangible asset that is recorded in a purchase business combination, has the effect of increasing both common equity and assets while not increasing our tangible common equity or tangible assets.

“Tangible book value per common share” is defined as tangible common stockholders’ equity divided by total common shares outstanding. We believe that this measure is important to many investors in the marketplace who are interested in changes from period to period in book value per common share exclusive of changes in intangible assets. Goodwill, an intangible asset that is recorded in a purchase business combination, has the effect of increasing book value while not increasing our tangible book value.

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The information provided below reconciles each non-GAAP measure to its most comparable GAAP measure.

	(unaudited)				
	For the Nine Months Ended		For the Year Ended		
	September 30,		December 31,		
	2012	2011	2011	2010	2009
(Dollars in thousands, except per share data)					
Efficiency Ratio					
Non-interest expense (numerator)	\$12,941	\$10,641	\$15,057	\$12,941	\$10,969
Net interest income	25,237	20,120	27,469	22,912	15,760
Non-interest income	815	733	1,113	900	415
Less: gains on sales of securities	—	(96)	(96)	—	—
Adjusted operating revenue (denominator)	\$26,052	\$20,757	\$28,486	\$23,812	\$16,175
<i>Efficiency Ratio</i>	49.7 %	51.3 %	52.9 %	54.3 %	67.8 %
Tangible Common Equity and Tangible Common Equity/					
Tangible Assets					
Common equity	\$70,229	\$38,608	\$40,353	\$33,975	\$29,350
Less: intangible assets	(260)	(260)	(260)	(260)	(260)
<i>Tangible common equity</i>	\$69,969	\$38,348	\$40,093	\$33,715	\$29,090
Total assets	\$883,846	\$696,494	\$729,741	\$602,377	\$514,835
Less: Intangible assets	(260)	(260)	(260)	(260)	(260)
<i>Tangible assets</i>	\$883,586	\$696,234	\$729,481	\$602,117	\$514,575
<i>Tangible Common Equity/Tangible Assets</i>	7.92 %	5.51 %	5.50 %	5.60 %	5.65 %
Tangible Book Value per Common Share					
Book Value Per Common Share	\$22.27	\$17.21	\$17.99	\$15.16	\$13.20
Less: Effects of intangible assets	(0.08)	(0.11)	(0.12)	(0.12)	(0.12)
<i>Tangible Book Value per Common Share</i>	\$22.19	\$17.10	\$17.87	\$15.04	\$13.09

RECENT DEVELOPMENTS

Impact of Hurricane Sandy

On October 29 and 30, 2012, Hurricane Sandy struck the New York metropolitan area, affecting our Northern and Central New Jersey trade area. The storm disrupted the operations of many businesses and caused significant property damage in many parts of New Jersey, including in our trade area. While the Bank was closed on October 29, all offices were reopened by October 30. Under our disaster recovery plan, those locations that did not have electrical service were powered by generators. None of our locations suffered significant damage. We were able to receive and process customer payments. While we waived overdraft and certain other fees for customers in the immediate aftermath of the storm, the costs incurred by the Bank were not significant, and the storm did not have a significant impact on our operations.

After the storm, we began contacting those customers located in areas known to have been damaged by Sandy. We saw an increase in loan delinquencies at October 31, 2012, and attempted to contact these customers to determine if, and to what extent, they were affected by the storm. By November 30, 2012, our loans past due thirty days or more had returned to a level comparable to that at September 30, 2012. While a number of our borrowers reported property damage and some disruption to their business operations, we do not believe that the storm's adverse impact, if any, on the repayment ability of our borrowers or on the underlying collateral securing our loans, had or will have a material adverse effect on our financial condition, results of operations or cash flows. We base this assessment on the small number of borrowers affected and the fact that our borrower payment delinquency level had returned to pre-storm levels by November 30, 2012.

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Recent Financial Performance

The following tables contain certain information concerning the financial position and results of operations of ConnectOne Bancorp, Inc. at November 30, 2012, September 30, 2012 and December 31, 2011 and for the two months and eleven months ended November 30, 2012 and 2011. You should read this information in conjunction with the audited financial statements included in this prospectus beginning on page F-1. The financial information data at November 30, 2012 and September 30, 2012 and for the two months and eleven months ended November 30, 2012 and 2011 have not been audited but, in the opinion of management, contains all adjustments (consisting of only normal or recurring adjustments) necessary to present fairly our financial position and results of operations for such periods in accordance with generally accepted accounting principles. Financial information at December 31, 2011 is derived from ConnectOne Bancorp, Inc. audited consolidated financial statements. Results for the two-month and eleven-month periods ended November 30, 2012 may not be indicative of operations of ConnectOne Bancorp, Inc. for the year ending December 31, 2012.

	At November 30, <u>2012</u>	At December 31, <u>2011</u>
	(Unaudited)	
	(Dollars in thousands, except per share data)	
SELECTED BALANCE SHEET DATA		
Total assets	\$ 919,897	\$ 729,741
Total loans	816,027	629,459
Allowance for loan losses	12,946	9,617
Securities available for sale	19,875	27,435
Goodwill and other intangible assets	260	260
Deposits	760,609	609,421
Tangible common equity (1)	71,379	40,093
Total stockholders' equity	71,639	56,857
Book value per common share	\$ 22.64	\$ 17.99
Tangible book value per common share (1)	22.56	17.87

SELECTED ASSET QUALITY RATIOS

Nonaccrual loans to total loans	0.98	%	1.02	%
Nonaccrual loans and loans past due 90 days and still accruing to total loans	1.06	%	1.02	%
Non-performing assets (2) to total assets	0.93	%	0.88	%
Allowance for loan losses to total loans	1.59	%	1.53	%
Allowance for loan losses to non-accrual loans	161.7	%	149.4	%

CAPITAL RATIOS (Consolidated)

Leverage ratio	7.89	%	7.76	%
Risk-based Tier 1 capital ratio	9.64	%	9.90	%
Risk-based total capital ratio	10.90	%	11.15	%
Tangible common equity to tangible assets (1)	7.76	%	5.50	%

	For the Two Months Ended		For the Eleven Months	
	November 30,		Ended November 30,	
	2012	2011	2012	2011
	(Unaudited)		(Unaudited)	
	(Dollars in thousands, except per share amounts)			

SELECTED INCOME STATEMENT DATA				
Interest income	\$7,243	\$5,997	\$37,205	\$30,654
Interest expense	1,054	1,111	5,779	5,648

Net interest income	6,189	4,886	31,426	25,006
Provision for loan losses	750	153	3,590	2,355
Net interest income after provision for loan losses	5,439	4,733	27,836	22,651
Non-interest income	186	258	1,001	991
Non-interest expense	3,068	2,923	16,009	13,564
Income tax expense	1,027	833	5,181	4,063
Net income	1,530	1,235	7,647	6,015
Dividends on preferred shares	—	102	354	548
Net income available to common stockholders	<u>\$1,530</u>	<u>\$1,133</u>	<u>\$7,293</u>	<u>\$5,467</u>

PER COMMON SHARE DATA:

Basic earnings per share	\$0.48	\$0.51	\$2.74	\$2.43
Diluted earnings per share	0.47	0.42	2.39	1.96
Basic weighted average common shares	3,166,127	2,241,628	2,664,923	2,241,628
Diluted weighted average common shares	3,260,523	2,990,397	3,197,435	3,059,877

SELECTED PERFORMANCE RATIOS

Return on average assets (3)	1.02	%	1.04	%	1.02	%	1.00	%
Return on average common stockholders' equity (3)	12.79	%	18.51	%	14.51	%	16.31	%
Net interest margin (3)	4.16	%	4.15	%	4.23	%	4.21	%
Efficiency ratio (1) (4)	48.1	%	56.8	%	49.4	%	52.4	%
Net loan charge-offs to average loans (3)	0.04	%	0.06	%	0.04	%	0.03	%

- (1) These measures are not measures recognized under GAAP, and are therefore considered to be non-GAAP financial measures. See –"Non-GAAP Financial Measures" for a reconciliation of these measures to their most comparable GAAP measures.
- (2) Non-performing assets are deemed to be nonaccrual loans and OREO.
- (3) Data has been annualized.
- (4) Efficiency ratio is total non-interest expense divided by the sum of net interest income and total non-interest income (excluding securities gains/(losses)).

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Non-GAAP Financial Measures

The information set forth above contains certain financial information determined by methods other than in accordance with GAAP. These non-GAAP financial measures are “efficiency ratio,” “tangible common equity,” “tangible common equity to tangible assets” and “tangible book value per common share.” We have defined these terms, in the way that we use them, on page 9. Although we believe these non-GAAP financial measures provide a greater understanding of our business, these measures are not necessarily comparable to similar measures that may be presented by other companies. The following tables provide a reconciliation of these measures to the closest GAAP financial measures:

	At November 30,		At December 31,	
	2012		2011	
	(Unaudited)			
	(Dollars in thousands, except per share data)			
Tangible Common Equity and Tangible Common Equity/Tangible Assets				
Common equity	\$ 71,639		\$ 40,353	
Less: intangible assets	(260)		(260)	
Tangible common equity	\$ 71,379		\$ 40,093	
Total assets	919,897		729,741	
Less: Intangible assets	(260)		(260)	
Tangible assets	\$ 919,637		\$ 729,481	
Tangible Common Equity/Tangible Assets	7.76	%	5.50	%
Tangible Book Value per Common Share				
Book Value Per				
Common Share	\$ 22.64		\$ 17.99	
Less: Effects of intangible assets	(0.08)		(0.12)	
Tangible Book Value per Common Share	\$ 22.56		\$ 17.87	
	For the Two Months Ended November 30,		For the Eleven Months Ended November 30,	
	2012	2011	2012	2011
	(Unaudited)		(Unaudited)	
	(Dollars in thousands, except per share amounts)			
Efficiency Ratio				
Non-interest expense (numerator)	\$3,068	\$2,923	\$16,009	\$13,564
Net interest income	6,189	4,886	31,426	25,006
Non-interest income	186	258	1,001	991
Less: gains on sales of securities	—	—	—	(96)
Adjusted operating revenue (denominator)	\$6,375	\$5,144	\$32,427	\$25,901
Efficiency Ratio	48.1 %	56.8 %	49.4 %	52.4 %

Operating Results Overview

Net income for the two months ended November 30, 2012 and 2011 was \$1.5 million and \$1.2 million, respectively, while net income for the eleven months ended November 30, 2012 and 2011 was \$7.6 million and \$6.0 million, respectively. Net income available

to common stockholders and diluted earnings per common share were \$1.5 million and \$0.47, respectively, for the two months ended November 30, 2012, versus \$1.1 million and \$0.42, respectively, for 2011. Net income available to common stockholders and diluted earnings per common share were \$7.3 million and \$2.39, respectively, for the eleven months ended November 30, 2012, versus \$5.5 million and \$1.96, respectively, for 2011. During 2012, all three series of preferred stock were converted into common shares and, as of November 30, 2012, stockholders' equity was comprised solely of common equity.

The increases in net income, net income available to common stockholders, and diluted earnings per share were primarily attributable to significant increases in net interest income due to the Company's rapid growth in loans and deposits. Partially offsetting the revenue increases were higher employee, occupancy and other operating expenses, commensurate with the Company's growing infrastructure. Credit costs have kept pace with both loan growth and the changing mix of the loan portfolio, while benefiting from overall sound credit quality.

In our subsequent review of financial information for the nine months ended September 30, 2012 included in our initial confidential draft registration statement on Form S-1 filed with the Securities and Exchange Commission, we identified an error in the diluted earnings per share calculation for that period. The error resulted from an incorrect mathematical calculation used in the "if converted" method of calculating diluted earnings per share, specifically with respect to the number of days outstanding for the convertible preferred stock issuances which were converted entirely in 2012. The error had no impact on equity, net income, or net income available to common stockholders. As a result, we restated our diluted earnings per share disclosure in this prospectus, as disclosed in Note 19 – Restatement to the financial statements included herein.

When such errors occur, we evaluate the impact on our internal controls over financial reporting. Because our controls did not timely identify the error in the financial statements included in our initial confidential draft registration statement with respect to the nine months ended September 30, 2012, we have concluded that a material weakness existed with respect to this matter at September 30, 2012, which ultimately necessitated the aforementioned restatement. In reviewing calculations of diluted earnings per share for periods subsequent to September 30, 2012, our controls discovered the error and our calculation was modified to properly reflect the correct number of days outstanding, including the restatement of September 30, 2012 and the other affected period, the eleven months ended November 30, 2012 included in this prospectus. There was no effect on other periods presented as the error occurred only in the periods where preferred stock was converted to common stock. Furthermore, since all of the shares of convertible preferred stock have been converted, there will be no effect on future period presentations. Management has concluded that the material weakness has been fully remediated as of November 30, 2012.

Net Interest Income

For the two months ended November 30, 2012, net interest income was \$6.2 million, an increase of \$1.3 million, or 26.7%, compared to net interest income of \$4.9 million for the same period in 2011. The increase in net interest income was largely attributable to growth in average interest-earning assets, principally loans, which increased by 26.4% to \$893.3 million for 2012 from \$706.9 million for the same period in 2011. The net interest margin remained relatively stable at 4.16% for the two months ended November 30, 2012 as compared to 4.15% in the prior year period, as reduced yields on our loan portfolio resulting from the continuing declining interest rate environment were offset by the lower weighted average cost of interest-bearing deposits combined with growth in non-interest-bearing demand deposits.

For the eleven months ended November 30, 2012, net interest income was \$31.4 million, an increase of \$6.4 million, or 25.6%, compared to net interest income of \$25.0 million for the same period in 2011. The increase in net interest income was largely attributable to growth in average interest-earning assets, principally loans, which increased by 25.2% to \$812.0 million for the eleven months dated November 30, 2012 from \$648.7 million for the same period in 2011. The net interest margin remained relatively stable at 4.23% for the eleven months ended November 30, 2012 as compared to 4.21% in the prior year period, as reduced yields on our loan portfolio resulting from the continuing declining interest rate environment were offset by the lower weighted average cost of interest-bearing deposits combined with growth in non-interest-bearing demand deposits.

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Provision for Loan Losses

The provision for loan losses was \$0.8 million for the two months ended November 30, 2012 and \$0.2 million for the comparable prior year period. For the eleven months ended November 30, 2012, the provision for loan losses was \$3.6 million, while for the eleven months ended November 30, 2011 the provision for loan losses was \$2.4 million. Although loan loss provisioning in all periods presented resulted, in part, from the growth in the loan portfolio, the increase in the two months ended and eleven months ended November 30, 2012 versus the prior year periods resulted largely from an increase in specific reserves.

Non-Interest Income

The Company's non-interest income consists primarily of service charges on deposit accounts, gains on sale of residential mortgages, card (ATM, credit and debit cards) income and fees from a title insurance agency in which the Bank is a 49% owner. To date, the Bank has de-emphasized fee income, focusing instead on customer growth and retention.

Non-interest income amounted to \$0.2 million for the two months ended November 30, 2012 versus \$0.3 million for the two months ended November 30, 2011. Non-interest income was \$1.0 million for both the eleven months ended November 30, 2012 and 2011.

Non-Interest Expense

For the two months ended November 30, 2012, non-interest expenses totaled \$3.1 million, a \$0.2 million, or 5.0%, increase from \$2.9 million in the prior year period. This increase was primarily due to higher staff expenses (\$0.1 million) and other expenses (\$0.1 million) which include various items related to the Company's growth and increased volume of business. For the eleven months ended November 30, 2012, noninterest expenses totaled \$16.0 million, representing a \$2.4 million, or 18.0%, increase over \$13.6 million in the same period 2011. The year over year increase resulted from higher staff expenses (\$1.4 million), related to an increase in the number of employees, and other expenses (\$0.7 million), consistent with growth in the company's infrastructure.

Income Taxes

We recorded income tax expense of \$1.0 million for the two months ended November 30, 2012 compared to \$0.8 million for the same period 2011. We recorded income tax expense of \$5.2 million for the eleven months ended November 30, 2012 compared to \$4.1 million for the same period 2011. The effective tax rate was 40% for all periods presented representing the combined federal and state statutory tax rates for a New Jersey corporation, and reflecting no tax-advantaged investments such as municipal securities or bank owned life insurance. Management has thus far taken a conservative approach to the Company's tax position and is currently exploring various strategies to potentially lower our effective tax rates in the future.

Financial Condition

Total assets as of November 30, 2012 were \$919.9 million. This compares to total assets of \$729.7 million as of December 31, 2011. Assets increased by 26.1% or \$190.2 million from December 31, 2011 to November 30, 2012. This increase was primarily due to continued growth in our loan portfolio, specifically in commercial real estate loans (\$156.2 million increase) and commercial loans (\$24.2 million increase).

Liabilities totaled \$848.3 million as of November 30, 2012. This compares to total liabilities of \$672.9 million at December 31, 2011. Total liabilities increased by 26.1% or \$175.4 million from December 31, 2011 to November 30, 2012. The increase was mainly due to an increase in deposits (\$151.2 million) from \$609.4 million at December 31, 2011 to \$760.6 million at November 30, 2012. Our Federal Home Loan Bank borrowings also increased \$24.0 million from \$55.6 million at December 31, 2011 to \$79.6 million at November 30, 2012. The increase in deposits was mainly seen in the following line items: non-interest demand (\$48.4 million increase), certificates of deposit greater than \$100,000 (\$39.9 million increase), money market accounts (\$33.5 million increase), and brokered certificates of deposit (\$20.4 million increase), which was partially offset by a \$10.6 million decline in savings account balances.

Total shareholders' equity at November 30, 2012 was \$71.6 million, an increase of \$14.7 million from \$56.9 million at December 31, 2011. The increase was largely due to net income (\$7.3 million) as well as the proceeds from the issuance of preferred stock (\$7.5 million).

Non-Performing Assets, TDRs, and Loans 90 Days Past Due and Accruing

The following table sets forth information concerning our non-performing assets, TDRs, and past-due accruing loans as of the dates indicated:

<u>(dollars in thousands)</u>	<u>As of</u> <u>November 30,</u> <u>2012</u>	<u>As of</u> <u>September 30,</u> <u>2012</u>	<u>As of</u> <u>December 31,</u> <u>2011</u>
Nonaccrual loans:			
Commercial	\$ 3,152	\$ 3,135	\$ 388
Commercial real estate	2,487	2,487	6,049
Commercial construction	—	—	—
Residential real estate	2,369	—	—
Home equity	—	—	—
Consumer	—	—	—
Total nonaccrual loans	8,008 (1)	5,622	6,437
Other real estate owned	533	—	—
Total non-performing assets (2)	\$ 8,541	\$ 5,622	\$ 6,437
Loans past due 90 days and still accruing	\$ 638	\$ 1,237	\$ —
Performing troubled debt restructured loans	\$ 1,909	\$ 2,494	\$ 4,831
Nonaccrual loans to total loans	0.98 %	0.70 %	1.02 %
Nonaccrual loans and loans past due 90 days and still accruing to total loans	1.06 %	0.85 %	1.02 %
Non-performing assets to total assets	0.93 %	0.64 %	0.88 %

- 1) The increase in nonaccrual loans is due to a single residential loan that became past due greater than 90 days during two-month period ending November 30, 2012. The loan is well secured and no specific impairment charges were required.
- 2) Non-performing assets are defined as nonaccrual loans plus OREO.

RISK FACTORS

An investment in our common stock involves a substantial degree of risk and should be undertaken only by persons who can afford an investment involving such risks. An investment in our common stock is suitable only for persons who are interested in a long-term investment and can afford to lose their entire investment. Money invested in our common stock, unlike money deposited in a bank, will not be insured by the Federal Deposit Insurance Corporation (the "FDIC") or any other entity or governmental authority and will not be interest earning. Persons interested in purchasing our common stock should carefully consider, among others, the following risks:

Risks Applicable to Our Business:

Nationwide economic weakness may adversely affect our business by reducing real estate values in our trade area and stressing the ability of our customers to repay their loans.

Our trade area, like the rest of the United States, is currently experiencing weak economic conditions. In addition, the financial services industry is a major employer in our trade area. The financial services industry has been adversely affected by current economic and regulatory factors. As a result, many companies have experienced reduced revenues and have laid off employees. These factors have stressed the ability of both commercial and consumer customers to repay their loans, and may result in higher levels of non-accrual loans. In addition, real estate values have declined in our trade area. Since the number of our loans secured by real estate represents a material segment of our overall loan portfolio, declines in the market value of real estate impact the value of the collateral securing our loans, and could lead to greater losses in the event of defaults on loans secured by real estate.

Our recent growth has substantially increased our expenses and impacted our results of operations.

As a strategy, we have focused on growth by aggressively pursuing business development opportunities, and we have grown rapidly since our incorporation. Our assets have grown from \$179.8 million at December 31, 2006, to \$883.8 million at September 30, 2012, representing a compound annual growth rate in excess of 30%. During that time, we have opened four new offices. Although we believe that our growth strategy will support our long term profitability and franchise value, the expense associated with our growth, including compensation expense for the employees needed to support this growth and leasehold and other expenses associated with our locations, has and may continue to negatively affect our results. In addition, in order for our most recently opened branches to contribute to our long term profitability, we will need to be successful in attracting and maintaining cost efficient deposits at these locations. In order to successfully manage our growth, we need to adopt and effectively implement policies, procedures and controls to maintain our credit quality and oversee our operations. We can give you no assurance that we will be successful in this strategy.

Our growth-oriented business strategy could be adversely affected if we are not able to attract and retain skilled employees.

We may not be able to successfully manage our business as a result of the strain on our management and operations that may result from growth. Our ability to manage growth will depend upon our ability to continue to attract, hire and retain skilled employees. Our success will also depend on the ability of our officers and key employees to continue to implement and improve our operational and other systems, to manage multiple, concurrent customer relationships and to hire, train and manage our employees.

We may need to raise additional capital to execute our growth oriented business strategy.

In order to continue our historic rate of growth, we will be required to maintain our regulatory capital ratios at levels higher than the minimum ratios set by our regulators. In light of current economic conditions, our regulators have been seeking higher capital bases for insured depository institutions experiencing strong growth. In addition, the implementation of certain new regulatory requirements, such as the Basel III accord and the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), may establish higher tangible capital requirements for financial institutions. These developments may require us to raise additional capital in the future. We can offer you no assurances that we will be able to raise capital in the future, or that the terms of any such capital will be beneficial to our existing security holders. In the event we are unable to raise capital in the future, we may not be able to continue our growth strategy.

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We have a significant concentration in commercial real estate loans and commercial business loans.

Our loan portfolio is made up largely of commercial real estate loans and commercial business loans. These types of loans generally expose a lender to a higher degree of credit risk of non-payment and loss than do residential mortgage loans because of several factors, including dependence on the successful operation of a business or a project for repayment, the collateral securing these loans may not be sold as easily as residential real estate, and loan terms with a balloon payment rather than full amortization over the loan term. In addition, commercial real estate and commercial loans typically involve larger loan balances to single borrowers or groups of related borrowers compared to one-to four-family residential mortgage loans. Underwriting and portfolio management activities cannot completely eliminate all risks related to these loans. Any significant failure to pay on time by our customers or a significant default by our customers would materially and adversely affect us.

At September 30, 2012, we had \$526.0 million of commercial real estate loans, which represented 65.4% of our total loan portfolio. Our commercial real estate loans include loans secured by multi-family, owner occupied and non-owner occupied properties for commercial uses. In addition, we make both secured and unsecured commercial and industrial loans. At September 30, 2012, we had \$131.5 million of commercial business loans, which represented 16.3% of our total loan portfolio. Unsecured loans generally involve a higher degree of risk of loss than do secured loans because, without collateral, repayment is wholly dependent upon the success of the borrowers' businesses. Secured commercial and industrial loans are generally collateralized by accounts receivable, inventory, equipment or other assets owned by the borrower and typically include a personal guaranty of the business owner. Compared to real estate, that type of collateral is more difficult to monitor, its value is harder to ascertain, it may depreciate more rapidly and it may not be as readily saleable if repossessed.

The real estate markets in our market area have deteriorated in the last several years. However, various sources, including the Federal Reserve Open Market Committee, Reuters and Reis, Inc. now indicate that both the U.S. economy generally and the economy in our trade area are expanding at a moderate pace. Reuters, (globally) and Reis, Inc., locally, indicated that they feel the rental market will remain strong and improve throughout 2013 and for the two years beyond. Further, the FOMC indication that rates will remain stable throughout 2013 and perhaps even as far as 2015 will contribute to a stable market in this sector.

With regard to multi-family properties, according to the Reis report, the local vacancy rate of roughly 4% was half of the 8% reported in 2009, and fell to its locally lowest level in more than a decade. REIS reported earlier in 2012, that they expected the market to remain strong through the balance of 2012 and throughout 2013.

With regard to non-owner occupied commercial real estate, The Bergen Record, a newspaper covering our Northern New Jersey trade area, reported in October that the amount of empty retail space along highways in Northern and Central New Jersey reached the lowest level in 3 1/2 years in July, dropping to 7.7%, according to a survey performed by the retail brokerage firm known as the Goldstein Group. In that survey it was indicated that the vacancy rates would continue to decline in 2012 and 2013, although the survey acknowledged that a longer period of time would be required for this area to return to the 4% and 5% vacancy rates experienced in 2007 and 2008.

That survey also indicated that commercial (including office) space vacancy remained at approximately 17% largely as a result of continuing negative absorption as additional space continues to come on the market. Class B space vacancies also remains at approximately 16%, also largely as a result of negative absorption.

Loans secured by owner-occupied real estate and commercial and industrial loans are both reliant on the operating businesses to provide cash flow to meet debt service obligations, and as a result they are more susceptible to the general impact on the economic environment affecting those operating companies as well as the real estate. As discussed above, the general consensus is that both the national economy generally and the economy in our service area are improving slowly. PNC's Northern New Jersey Outlook indicates that the economy in Northern New Jersey will grow slowly and that payroll growth will be softer than the national average in 2013 as the impact of the European economy and reduced European imports is felt more in the Northeast and as the federal income tax increases cut into disposable income and increase the drag on spending. The Outlook does predict increased growth in the second half of 2013.

Although the economy in our market area generally, and the real estate market in particular, is improving slowly, we can give you no assurance that it will continue to grow or that the rate of growth will accelerate to historical levels. Many factors, including continuing European economic difficulties could reduce or halt growth in our local economy and real estate market. Accordingly, it may be more difficult for commercial real estate borrowers to repay their loans in a timely manner in the current economic climate, as commercial real estate borrowers' ability to repay their loans frequently depends on the successful development of their properties. The deterioration of one or a few of our commercial real estate loans could cause a material increase in our level of nonperforming loans, which would result in a loss of revenue from these loans and could result in an increase in the provision for loan losses and/or an increase in charge-offs, all of which could have a material adverse impact on our net income. We also may incur losses on commercial real estate loans due to declines in occupancy rates and rental rates, which may decrease property values and may decrease the likelihood that a borrower may find permanent financing alternatives. Given the continued weaknesses in the commercial real estate market in general, there may be loans where the value of our collateral has been negatively impacted. The weakening of the commercial real estate market may increase the likelihood of default of these loans, which could negatively impact our loan portfolio's performance and asset quality. If we are required to liquidate the collateral securing a loan to satisfy the debt during a period of reduced real estate values, we could incur material losses. Any of these events could increase our costs, require management time and attention, and materially and adversely affect us.

Federal banking agencies have issued guidance regarding high concentrations of commercial real estate loans within bank loan portfolios. The guidance requires financial institutions that exceed certain levels of commercial real estate lending compared with their total capital to maintain heightened risk management practices that address the following key elements: board and management oversight and strategic planning, portfolio management, development of underwriting standards, risk assessment and monitoring through market analysis and stress testing, and maintenance of increased capital levels as needed to support the level of commercial real estate lending. If there is any deterioration in our commercial real estate portfolio or if our regulators conclude that we have not implemented appropriate risk management practices, it could adversely affect our business, and could result in the requirement to maintain increased capital levels. Such capital may not be available at that time, and may result in our regulators requiring us to reduce our concentration in commercial real estate loans.

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The nature of our commercial loan portfolio may expose us to increased lending risks.

Given the significant growth in our loan portfolio, many of our commercial real estate loans are unseasoned, meaning that they were originated relatively recently. As of November 30, 2012, we had \$531.9 million in commercial real estate loans outstanding. Approximately seventy-five percent (75%) of the loans, or \$401.5 million, had been originated in the past three years. Our limited experience with these loans does not provide us with a significant payment history pattern with which to judge future collectability. As a result, it may be difficult to predict the future performance of our loan portfolio. These loans may have delinquency or charge-off levels above our expectations, which could negatively affect our performance.

The small to medium-sized businesses that the Bank lends to may have fewer resources to weather a downturn in the economy, which may impair a borrower's ability to repay a loan to the Bank that could materially harm our operating results.

The Bank targets its business development and marketing strategy primarily to serve the banking and financial services needs of small to medium-sized businesses. These small to medium-sized businesses frequently have smaller market share than their competition, may be more vulnerable to economic downturns, often need substantial additional capital to expand or compete and may experience significant volatility in operating results. Any one or more of these factors may impair the borrower's ability to repay a loan. In addition, the success of a small to medium-sized business often depends on the management talents and efforts of one or two persons or a small group of persons, and the death, disability or resignation of one or more of these persons could have a material adverse impact on the business and its ability to repay a loan. Economic downturns and other events that negatively impact our market areas could cause the Bank to incur substantial credit losses that could negatively affect our results of operations and financial condition.

Regulatory changes allowing the payment of interest on commercial accounts may negatively impact our core deposit strategy and our net interest income.

Our current core deposit strategy includes continuing to increase our noninterest-bearing commercial accounts in order to lower our cost of funds. Recent changes effected by the Dodd-Frank Act, however, permit the payment of interest on such accounts, which was previously prohibited. If our competitors begin paying interest on commercial accounts, this may increase competition from other financial institutions for these deposits and negatively affect our ability to continue to increase commercial deposit accounts, may require us to consider paying interest on such accounts, or may otherwise require us to revise our core deposit strategy, any of which could increase our interest expense and therefore our cost of funds and, as a result, decrease our net interest income which would adversely impact our results of operations.

The loss of our Chairman and Chief Executive Officer could hurt our operations.

We rely heavily on our Chairman and Chief Executive Officer, Frank Sorrentino III. Mr. Sorrentino has served as Chief Executive Officer of the Bank for five years. It was Mr. Sorrentino who originally conceived of the business idea of organizing North Jersey Community Bank, and he spearheaded the efforts to organize the Bank in 2005. The loss of Mr. Sorrentino could have a material adverse effect on us, as he is central to virtually all aspects of our business operations and management. In addition, as a small community bank, we have fewer management-level personnel who are in position to succeed and assume the responsibilities of Mr. Sorrentino. For further information, see "Management."

Our lending limit may restrict our growth.

We are limited in the amount we can loan to a single borrower by the amount of our capital. Generally, under current law, we may lend up to 15% of our unimpaired capital and surplus to any one borrower. Based upon our current capital levels, the amount we may lend is significantly less than that of many of our competitors and may discourage potential borrowers who have credit needs in excess of our lending limit from doing business with us. We accommodate larger loans by selling participations in those loans to other financial institutions, but this strategy may not always be available.

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We are a community bank and our ability to maintain our reputation is critical to the success of our business and the failure to do so may materially adversely affect our performance.

We are a community bank, and our reputation is one of the most valuable components of our business. As such, we strive to conduct our business in a manner that enhances our reputation. This is done, in part, by recruiting, hiring and retaining employees who share our core values of being an integral part of the communities we serve, delivering superior service to our customers and caring about our customers and associates. If our reputation is negatively affected, by the actions of our employees or otherwise, our business and, therefore, our operating results may be materially adversely affected.

Historically low interest rates may adversely affect our net interest income and profitability.

During the last four years it has been the policy of the Board of Governors of the Federal Reserve System (the “Federal Reserve”) to maintain interest rates at historically low levels through its targeted federal funds rate and the purchase of mortgage-backed securities. As a result, yields on securities we have purchased, and to a lesser extent, market rates on the loans we have originated, have been at levels lower than were available prior to 2008. Consequently, the average yield on our interest-earning assets has decreased during the recent low interest rate environment. As a general matter, our interest-bearing liabilities re-price or mature more quickly than our interest-earning assets, which has contributed to increases in net interest income (the difference between interest income earned on assets and interest expense paid on liabilities) in the short term. However, our ability to lower our interest expense is limited at these interest rate levels, while the average yield on our interest-earning assets may continue to decrease. The Federal Reserve has indicated its intention to maintain low interest rates in the near future. Accordingly, our net interest income may decrease, which may have an adverse effect on our profitability. For information with respect to changes in interest rates, see “Risk Factors—Changes in interest rates may adversely affect our earnings and financial condition.”

Anti-takeover provisions in our corporate documents and in New Jersey corporate law may make it difficult and expensive to remove current management.

Anti-takeover provisions in our corporate documents and in New Jersey law may render the removal of our existing board of directors and management more difficult. Consequently, it may be difficult and expensive for our stockholders to remove current management, even if current management is not performing adequately. See “Description of our Capital Stock” for a description of anti-takeover provisions in our corporate documents and under New Jersey law.

Competition from other financial institutions in originating loans and attracting deposits may adversely affect our profitability.

We face substantial competition in originating loans. This competition comes principally from other banks, savings institutions, mortgage banking companies, credit unions and other lenders. Many of our competitors enjoy advantages, including greater financial resources and higher lending limits, a wider geographic presence, more accessible branch office locations, the ability to offer a wider array of services or more favorable pricing alternatives, as well as lower origination and operating costs. This competition could reduce our net income by decreasing the number and size of loans that we originate and the interest rates we may charge on these loans.

In attracting deposits, we face substantial competition from other insured depository institutions such as banks, savings institutions and credit unions, as well as institutions offering uninsured investment alternatives, including money market funds. Many of our competitors enjoy advantages, including greater financial resources, more aggressive marketing campaigns, better brand recognition and more branch locations. These competitors may offer higher interest rates than we do, which could decrease the deposits that we attract or require us to increase our rates to retain existing deposits or attract new deposits. Increased deposit competition could adversely affect our ability to generate the funds necessary for lending operations which may increase our cost of funds.

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We also compete with non-bank providers of financial services, such as brokerage firms, consumer finance companies, insurance companies and governmental organizations which may offer more favorable terms. Some of our non-bank competitors are not subject to the same extensive regulations that govern our operations. As a result, such non-bank competitors may have advantages over us in providing certain products and services. This competition may reduce or limit our margins on banking services, reduce our market share and adversely affect our earnings and financial condition.

Hurricanes or other adverse weather events could negatively affect our local economies or disrupt our operations, which would have an adverse effect on our business or results of operations.

Hurricanes and other weather events can disrupt our operations, result in damage to our properties and negatively affect the local economies in which we operate. In addition, these weather events may result in a decline in value or destruction of properties securing our loans and an increase in delinquencies, foreclosures and loan losses.

Risks Related to Investing in Our Common Stock:

No public market currently exists for our common stock.

Prior to this offering, there has not been a public trading market for our common stock. An active trading market may not develop or be sustained after this offering. If an active trading market does not develop, you may have difficulty selling your shares of common stock at an attractive price, or at all. The initial public offering price for our common stock sold in this offering will be determined by negotiations between us and the underwriters. This price may not be indicative of the price at which our common stock will trade after this offering. The market price of our common stock may decline below the initial offering price, and you may not be able to sell your common stock at or above the price you paid in this offering, or at all.

Investors in this offering will experience immediate and substantial dilution in the tangible book value of their investment.

We expect the public offering price of our common stock in this offering to be higher than the tangible book value per share of our common stock immediately after this offering. Therefore, if you invest in our common stock in this offering, you will incur an immediate dilution of \$[] in tangible book value per share from the price you paid. The exercise of outstanding options would result in further dilution in tangible book value per share from the price you paid since the weighted average exercise price of outstanding stock options is \$[] per share. For a further description of the dilution you will experience immediately after this offering, see “Dilution.”

We have broad discretion to use the proceeds of this offering.

We have broad discretion in applying the net proceeds received from this offering. We have not allocated specific amounts of the net proceeds to specific purposes and will have considerable discretion in the application of the net proceeds, and you will not have the opportunity, as part of your investment decision, to assess whether the proceeds are being used appropriately. See the “Use of Proceeds” section.

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We are an emerging growth company, and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our common stock less attractive to investors. In addition, our election not to opt out of the JOBS Act extended accounting transition period may make our financial statements less easily comparable to the financial statements of other companies.

We are an EGC, as defined in the JOBS Act, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not EGCs, including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act. We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock, and our stock price may be more volatile.

In addition, Section 102(b)(1) of the JOBS Act exempts EGCs from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Securities Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such an election to opt out is irrevocable. We have elected to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, we, as an EGC, will adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of our financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

We do not expect to pay cash dividends on shares of our common stock after completion of this offering.

We have not paid cash dividends on our common stock since the formation of the Bank in 2005, and expect that we will continue to retain earnings to augment our capital base and finance future growth. Therefore, investors should not purchase shares of common stock in this offering with a view for a current return on their investment in the form of cash dividends.

The market price of our common stock may be volatile, which could cause the value of an investment in our common stock to decline.

The market price of our common stock may fluctuate substantially due to a variety of factors, many of which are beyond our control, including:

- general market conditions;
- domestic and international economic factors unrelated to our performance;
- actual or anticipated fluctuations in our quarterly operating results;
- downgrades in securities analysts' estimates of our financial performance or lack of research and reports by industry analysts;
- changes in market valuations or earnings of similar companies;
- any future sales of our common stock or other securities; and
- additions or departures of key personnel.

The stock markets in general have experienced substantial volatility that has often been unrelated to the operating performance of particular companies.

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Risks Applicable to the Banking Industry Generally:

The financial services industry is undergoing a period of great volatility and disruption.

Beginning in mid 2007, there has been significant turmoil and volatility in global financial markets. Nationally, economic factors including inflation, recession, a rise in unemployment, a weakened US dollar, dislocation and volatility in the credit markets, and rising consumer costs persist. Recent market uncertainty regarding the financial sector has increased. In addition to the impact on the economy generally, changes in interest rates, in the shape of the yield curve, or in valuations in the debt or equity markets or disruptions in the liquidity or other functioning of financial markets, all of which have been seen recently, could directly impact us in one or more of the following ways:

Net interest income, the difference between interest earned on our interest earning assets and interest paid on interest bearing liabilities, represents a significant portion of our earnings. Both increases and decreases in the interest rate environment may reduce our profits. We expect that we will continue to realize income from the spread between the interest we earn on loans, securities and other interest-earning assets, and the interest we pay on deposits, borrowings and other interest-bearing liabilities. The net interest spread is affected by the differences between the maturity and repricing characteristics of our interest-earning assets and interest-bearing liabilities. Our interest-earning assets may not reprice as slowly or rapidly as our interest-bearing liabilities.

The market value of our securities portfolio may decline and result in other than temporary impairment charges. The value of securities in our portfolio is affected by factors that impact the U.S. securities market in general as well as specific financial sector factors and entities. Recent uncertainty in the market regarding the financial sector has negatively impacted the value of securities within our portfolio. Further declines in these sectors may result in future other than temporary impairment charges.

Asset quality may deteriorate as borrowers become unable to repay their loans.

Our allowance for loan losses may not be adequate to cover actual losses.

Like all financial institutions, we maintain an allowance for loan losses to provide for loan defaults and nonperformance. The process for determining the amount of the allowance is critical to our financial results and conditions. It requires difficult, subjective and complex judgments about the future, including the impact of national and regional economic conditions on the ability of our borrowers to repay their loans. If our judgment proves to be incorrect, our allowance for loan losses may not be sufficient to cover losses inherent in our loan portfolio. Further, state and federal regulatory agencies, as an integral part of their examination process, review our loans and allowance for loan losses and may require an increase in our allowance for loan losses.

At September 30, 2012, our allowance for loan losses as a percentage of total loans was 1.52% and as a percentage of total non-accrual loans was 217.9%. Although we believe that our allowance for loan losses is adequate to cover known and probable incurred losses included in the portfolio, we cannot assure you that we will not further increase the allowance for loan losses or that our regulators will not require us to increase this allowance. Either of these occurrences could adversely affect our earnings.

Changes in interest rates may adversely affect our earnings and financial condition.

Our net income depends primarily upon our net interest income. Net interest income is the difference between interest income earned on loans, investments and other interest-earning assets and the interest expense incurred on deposits and borrowed funds. The level of net interest income is primarily a function of the average balance of our interest-earning assets, the average balance of our interest-bearing liabilities, and the spread between the yield on such assets and the cost of such liabilities. These factors are influenced by both the pricing and mix of our interest-earning assets and our interest-bearing liabilities which, in turn, are impacted by such external factors as the local economy, competition for loans and deposits, the monetary policy of the Federal Open Market Committee of the Federal Reserve Board of Governors (the "FOMC"), and market interest rates.

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A sustained increase in market interest rates could adversely affect our earnings if our cost of funds increases more rapidly than our yield on our earning assets, and compresses our net interest margin. In addition, the economic value of portfolio equity would decline if interest rates increase. For example, we estimate that as of September 30, 2012, a 200 basis point increase in interest rates would have resulted in our economic value of portfolio equity declining by approximately \$14.3 million or 13.76%. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Interest Rate Sensitivity Analysis.”

Different types of assets and liabilities may react differently, and at different times, to changes in market interest rates. We expect that we will periodically experience gaps in the interest rate sensitivities of our assets and liabilities. That means either our interest-bearing liabilities will be more sensitive to changes in market interest rates than our interest-earning assets, or vice versa. When interest-bearing liabilities mature or re-price more quickly than interest-earning assets, an increase in market rates of interest could reduce our net interest income. Likewise, when interest-earning assets mature or re-price more quickly than interest-bearing liabilities, falling interest rates could reduce our net interest income. We are unable to predict changes in market interest rates, which are affected by many factors beyond our control, including inflation, deflation, recession, unemployment, money supply, domestic and international events and changes in the United States and other financial markets.

We also attempt to manage risk from changes in market interest rates, in part, by controlling the mix of interest rate sensitive assets and interest rate sensitive liabilities. However, interest rate risk management techniques are not exact. A rapid increase or decrease in interest rates could adversely affect our results of operations and financial performance.

The banking business is subject to significant government regulations.

We are subject to extensive governmental supervision, regulation and control. These laws and regulations are subject to change, and may require substantial modifications to our operations or may cause us to incur substantial additional compliance costs. In addition, future legislation and government policy could adversely affect the commercial banking industry and our operations. Such governing laws can be anticipated to continue to be the subject of future modification. Our management cannot predict what effect any such future modifications will have on our operations. In addition, the primary focus of Federal and state banking regulation is the protection of depositors and not the shareholders of the regulated institutions.

For example, the Dodd-Frank Act may result in substantial new compliance costs. The Dodd-Frank Act was signed into law on July 21, 2010. Generally, the Dodd-Frank Act is effective the day after it was signed into law, but different effective dates apply to specific sections of the law, many of which will not become effective until various Federal regulatory agencies have promulgated rules implementing the statutory provisions. Uncertainty remains as to the ultimate impact of the Dodd-Frank Act, which could have a material adverse impact either on the financial services industry as a whole, or on our business, results of operations and financial condition.

The following aspects of the financial reform and consumer protection act are related to the operations of the Bank:

A new independent consumer financial protection bureau was established within the Federal Reserve, empowered to exercise broad regulatory, supervisory and enforcement authority with respect to both new and existing consumer financial protection laws. However, smaller financial institutions, like the Bank, are subject to the supervision and enforcement of their primary federal banking regulator with respect to the federal consumer financial protection laws.

Tier 1 capital treatment for “hybrid” capital items like trust preferred securities is eliminated subject to various grandfathering and transition rules.

The prohibition on payment of interest on demand deposits was repealed, effective July 21, 2011.

Deposit insurance is permanently increased to \$250,000 and unlimited deposit insurance for noninterest-bearing transaction accounts extended through the end of 2012.

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The deposit insurance assessment base calculation now equals the depository institution's total assets minus the sum of its average tangible equity during the assessment period.

The minimum reserve ratio of the Deposit Insurance Fund increased to 1.35 percent of estimated annual insured deposits or assessment base; however, the FDIC is directed to "offset the effect" of the increased reserve ratio for insured depository institutions with total consolidated assets of less than \$10 billion.

The following aspects of the financial reform and consumer protection act are related to the operations of the Company:

The Federal Deposit Insurance Act was amended to direct federal regulators to require depository institution holding companies to serve as a source of strength for their depository institution subsidiaries.

The Securities and Exchange Commission is authorized to adopt rules requiring public companies to make their proxy materials available to shareholders for nomination of their own candidates for election to the board of directors.

Public companies are now required to provide their shareholders with a non-binding vote: (i) at least once every three years on the compensation paid to executive officers, and (ii) at least once every six years on whether they should have a "say on pay" vote every one, two or three years.

A separate, non-binding shareholder vote is now required regarding golden parachutes for named executive officers when a shareholder vote takes place on mergers, acquisitions, dispositions or other transactions that would trigger the parachute payments.

Securities exchanges are now required to prohibit brokers from using their own discretion to vote shares not beneficially owned by them for certain "significant" matters, which include votes on the election of directors, executive compensation matters, and any other matter determined to be significant.

Stock exchanges are prohibited from listing the securities of any issuer that does not have a policy providing for (i) disclosure of its policy on incentive compensation payable on the basis of financial information reportable under the securities laws, and (ii) the recovery from current or former executive officers, following an accounting restatement triggered by material noncompliance with securities law reporting requirements, of any incentive compensation paid erroneously during the three-year period preceding the date on which the restatement was required that exceeds the amount that would have been paid on the basis of the restated financial information.

Disclosure in annual proxy materials will be required concerning the relationship between the executive compensation paid and the financial performance of the issuer.

Item 402 of Regulation S-K will be amended to require companies to disclose the ratio of the Chief Executive Officer's annual total compensation to the median annual total compensation of all other employees.

Smaller reporting companies are exempt from complying with the internal control auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act.

The Group of Governors and Heads of Supervision, the oversight body of the Basel Committee on Banking Supervision, adopted Basel III in September 2010, which constitutes a strengthened set of capital requirements for banking organizations in the United States and around the world. Basel III is currently the subject of notices of proposed rulemakings released in June of 2012 by the respective U.S. federal banking agencies. The comment period for these notices of proposed rulemakings ended on October 22, 2012. Basel III is intended to be implemented beginning January 1, 2013 and to be fully-phased in on a global basis on January 1, 2019. Basel III would require capital to be held in the form of tangible common equity, generally increase the required capital ratios, phase out certain kinds of intangibles treated as capital and certain types of instruments and change the risk weightings of assets used to determine required capital ratios. However, on November 9, 2012, the U.S. federal banking agencies announced that they do not expect that any of the proposed rules would become effective on January 1, 2013. They did not indicate the likely new effective date.

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These provisions, as well as any other aspects of current or proposed regulatory or legislative changes to laws applicable to the financial industry, may impact the profitability of our business activities and may change certain of our business practices, including the ability to offer new products, obtain financing, attract deposits, make loans, and achieve satisfactory interest spreads, and could expose us to additional costs, including increased compliance costs. These changes also may require us to invest significant management attention and resources to make any necessary changes to operations in order to comply, and could therefore also materially and adversely affect our business, financial condition and results of operations.

Our management is actively reviewing the provisions of the Dodd-Frank Act and Basel III, many of which are to be phased-in over the next several months and years, and assessing the probable impact on our operations. However, the ultimate effect of these changes on the financial services industry in general, and us in particular, is uncertain at this time.

See “Supervision and Regulation.”

Our securities are not FDIC insured.

Our securities are not savings or deposit accounts or other obligations of any bank and are not insured by the FDIC, the Deposit Insurance Fund or any other governmental agency and are subject to investment risk, including the possible loss of principal.

The laws that regulate our operations are designed for the protection of depositors and the public, not our shareholders.

The federal and state laws and regulations applicable to our operations give regulatory authorities extensive discretion in connection with their supervisory and enforcement responsibilities, and generally have been promulgated to protect depositors and the Deposit Insurance Fund and not for the purpose of protecting shareholders. These laws and regulations can materially affect our future business. Laws and regulations now affecting us may be changed at any time, and the interpretation of such laws and regulations by bank regulatory authorities is also subject to change.

We can give no assurance that future changes in laws and regulations or changes in their interpretation will not adversely affect our business. Legislative and regulatory changes may increase our cost of doing business or otherwise adversely affect us and create competitive advantages for non-bank competitors.

The potential impact of changes in monetary policy and interest rates may negatively affect our operations.

Our operating results may be significantly affected (favorably or unfavorably) by market rates of interest that, in turn, are affected by prevailing economic conditions, by the fiscal and monetary policies of the United States government and by the policies of various regulatory agencies. Our earnings will depend significantly upon our interest rate spread (i.e., the difference between income earned on our loans and investments and the interest paid on our deposits and borrowings). Like many financial institutions, we may be subject to the risk of fluctuations in interest rates, which, if significant, may have a material adverse effect on our operations.

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We cannot predict how changes in technology will impact our business; increased use of technology may expose us to service interruptions or breaches in security.

The financial services market, including banking services, is increasingly affected by advances in technology, including developments in:

- Telecommunications;
- Data processing;
- Automation;
- Internet-based banking, including personal computers, mobile phones and tablets;
- Telephone banking;
- Debit cards and so-called “smart cards”; and
- Remote deposit capture.

Our ability to compete successfully in the future will depend, to a certain extent, on whether we can anticipate and respond to technological changes. We offer electronic banking services for our consumer and business customers via our website, www.njcb.com, including internet banking and electronic bill payment, as well as mobile banking by phone. We also offer check cards, ATM cards, credit cards, and automatic and ACH transfers. The successful operation and further development of these and other new technologies will likely require additional capital investments in the future. In addition, increased use of electronic banking creates opportunities for interruptions in service or security breaches which could expose us to claims by customers or other third parties. We cannot assure you that we will have sufficient resources or access to the necessary proprietary technology to remain competitive in the future, or that we will be able to maintain a secure electronic environment.

If and when the Bank becomes subject to increased internal control reporting under FDIC regulations, if it cannot favorably assess the effectiveness of its internal controls over financial reporting or if its independent registered public accounting firm is unable to provide an unqualified attestation report on the Bank’s internal controls, we may be subject to additional regulatory scrutiny.

If and when the Bank’s total assets exceed \$1.0 billion, it will be subject to further reporting requirements under the rules of the FDIC as of for the fiscal year in which it exceeds such threshold. Pursuant to these rules, management will be required to prepare a report that contains an assessment by management of the Bank’s effectiveness of internal control structure and procedures for financial reporting as of the end of such fiscal year. The Bank will also be required to obtain an independent public accountant’s attestation report concerning its internal control structure over financial reporting that includes the call report and/or the FR Y-9C report. The rules that must be met for management to assess the Bank’s internal controls over financial reporting are complex, and require significant documentation, testing and possible remediation. The effort to comply with regulatory requirements relating to internal controls will likely cause us to incur increased expenses and will cause a diversion of management’s time and other internal resources. We also may encounter problems or delays in completing the implementation of any changes necessary to make a favorable assessment of the Bank’s internal controls over financial reporting. In addition, in connection with the attestation process, the Bank may encounter problems or delays in completing the implementation of any requested improvements or receiving a favorable attestation from its independent registered public accounting firm. If the Bank cannot favorably assess the effectiveness of its internal controls over financial reporting, or if its independent registered public accounting firm is unable to provide an unqualified attestation report on the Bank’s internal controls, investor confidence and the price of our common stock could be adversely affected and we may be subject to additional regulatory scrutiny.

USE OF PROCEEDS

Assuming an initial public offering price of \$ per share, which is the midpoint of the offering price range set forth on the cover page of this prospectus, we estimate that the net proceeds to us from the sale of our common stock in this offering will be

\$ (or \$ if the underwriters exercise in full their option to purchase additional shares of common stock from us), after deducting estimated underwriting discounts and offering expenses.

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We intend to contribute substantially all of the net proceeds of the offering to the Bank for use as follows: (i) to support growth in the Bank's loan and investment portfolios; (ii) to acquire other banks or financial institutions, to the extent such opportunities arise; and (iii) for general corporate purposes while maintaining our capital ratios at acceptable levels. In addition, a larger capital base will increase our legal lending limit and permit us to make larger loans, and to better penetrate our market areas.

Proceeds held by us will be invested in short term investments until needed for the uses described above. At the current time, we neither have any agreements nor are we engaged in any negotiations to make any acquisitions, but are constantly evaluating opportunities to do so.

DIVIDEND POLICY

We intend to follow a policy of retaining earnings, if any, to increase our net worth and capital ratios over the next few years. We have not historically declared or paid dividends on our common stock and any future determination relating to our dividend policy will be made at the discretion of our board of directors and will depend on a number of factors, including our earnings and financial condition, liquidity and capital requirements, the general economic and regulatory climate, our ability to service any equity or debt obligations senior to our common stock, and other factors deemed relevant by our board of directors.

DILUTION

If you invest in our common stock, your ownership interest will be diluted by the amount by which the initial offering price per share paid by the purchasers of common stock in this offering exceeds the tangible book value per share of our common stock immediately following this offering. As of September 30, 2012, our tangible book value was approximately \$70.0 million or \$22.19 per share based on 3,152,951 shares of common stock issued and outstanding. Tangible book value per share represents common stockholders' equity less intangible assets and goodwill, divided by the number of shares of common stock outstanding.

Our pro forma tangible book value, as of September 30, 2012 would have been approximately \$ _____, or \$ _____ per share based on _____ shares of common stock issued and outstanding, after giving effect to the sale by us of _____ shares of common stock in this offering at an assumed initial public offering price of \$ _____ per share, the midpoint of the offering price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discounts and offering expenses.

This represents an immediate increase in the tangible book value of \$ _____ per share to existing stockholders and an immediate dilution in the tangible book value of \$ _____ per share to the new investors who purchase our common stock in this offering.

The following table illustrates the immediate per share dilution to new investors as of September 30, 2012:

Offering price per share	\$ _____
Tangible common book value per share before offering	\$22.19
Increase in tangible book value per share attributable to this Offering	_____
Pro forma tangible book value per share after this offering	\$ _____
Dilution per share to new investors	\$ _____

The following table compares the average price paid per share by all existing shareholders of the Company with the price to be paid by investors purchasing our common stock in this offering:

	Existing Stockholders	New Investors
Shares purchased	3,152,951	
Total consideration	\$51,205,000	\$
Average price per share	\$16.24	\$

CAPITALIZATION

The following table sets forth our consolidated capitalization as of September 30, 2012, on an actual basis and on a pro forma basis as adjusted to give effect to this offering, at an offering price of \$ (the midpoint of the offering price range set forth on the cover page of this prospectus), after deducting the estimated underwriting discounts and offering expenses per share and no exercise of the underwriter' s over-allotment option. You should read this information together with our consolidated financial statements and related notes, which are included elsewhere in this prospectus.

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September 30, 2012		
	<u>Actual</u>	<u>Pro forma</u>
	(Dollars in thousands, except per share data)	
Long-term debt:		
Long-term borrowings	\$79,829	\$79,829
Stockholders' equity:		
Preferred stock, no par value, 1,000,000 shares authorized	\$-	
Common stock, no par value, per share, 10,000,000 shares authorized, 3,152,951 shares outstanding and shares outstanding, as adjusted	51,205	
Retained earnings	18,357	18,357
Accumulated other comprehensive income	667	607
Total stockholders' equity:	\$70,229	
Total capitalization	\$150,058	
Book value per common share	\$22.27	
Tangible book value per common share	\$22.19	

The Company and the Bank both meet the regulatory capital requirements applicable to them under federal banking regulations. The following table sets forth our capital ratios as of September 30, 2012, and as adjusted to give effect, after deducting estimated offering expenses and underwriting discounts, to the sale of the common stock offered by this prospectus, as well as the minimum required regulatory capital.

	AMOUNT		RATIO		Minimum Requirement
	<u>Actual:</u>	<u>Adjusted:</u>	<u>Actual:</u>	<u>Adjusted (1):</u>	
The Company:					
Leverage Capital	\$69,252		7.96 %		4.00 %
Risk-Based Tier 1 Capital	69,252		9.52 %		4.00 %
Risk-Based Total Capital	78,385		10.77%		8.00 %
The Bank (2):					
Leverage Capital	\$69,182		7.95 %		4.00 %
Risk-Based Tier 1 Capital	69,182		9.51 %		4.00 %
Risk-Based Total Capital	78,315		10.77%		8.00 %

- (1) Assumes net proceeds of the offering are invested in assets with a 20% risk weighting.
- (2) Assumes substantially all of the net proceeds are contributed to the Bank.

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MANAGEMENT' S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Critical Accounting Policies and Estimates

"Management' s Discussion and Analysis of Financial Condition and Results of Operations," is based upon our consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Note 1 to our audited consolidated financial statements included in this prospectus contains a summary of our significant accounting policies. Management believes our policy with respect to the methodology for the determination of the allowance for loan losses involves a higher degree of complexity and requires management to make difficult and subjective judgments which often require assumptions or estimates about highly uncertain matters. Changes in these judgments, assumptions or estimates could materially impact results of operations. This critical policy and its application are periodically reviewed with the Audit Committee and our Board of Directors.

The allowance for loan losses is based upon management' s evaluation of the adequacy of the allowance, including an assessment of known and probable incurred losses included in the portfolio, including giving consideration to the size and composition of the loan portfolio, actual loan loss experience, level of delinquencies, detailed analysis of individual loans for which full collectability may not be assured, the existence and estimated net realizable value of any underlying collateral and guarantees securing the loans, and current economic and market conditions. Although management uses the best information available, the level of the allowance for loan losses remains an estimate which is subject to significant judgment and short-term change. Various regulatory agencies, as an integral part of their examination process, periodically review our allowance for loan losses. Such agencies may require us to make additional provisions for loan losses based upon information available to them at the time of their examination. Furthermore, the majority of our loans are secured by real estate in the State of New Jersey. Accordingly, the collectability of a substantial portion of the carrying value of our loan portfolio is susceptible to changes in local market conditions and may be adversely affected by declines in real estate values, or if the Central or Northern areas of New Jersey experience an adverse economic shock. Future adjustments to the allowance for loan losses may be necessary due to economic, operating, regulatory and other conditions beyond our control.

As indicated in Note 19 to the Notes to Consolidated Financial Statements, the Company has restated its diluted earnings per share disclosure for the nine months ended September 30, 2012. The discussion in this "Management' s Discussion and Analysis of Financial Condition and Results of Operations" gives effect to the restatement. See also "Recent Developments-Operating Results Overview".

Overview and Strategy

We serve as a holding company for the Bank, which is our primary asset and only operating subsidiary. We follow a business plan that emphasizes the delivery of customized banking services in our market area to customers who desire a high level of personalized service and responsiveness. The Bank conducts a traditional banking business, making commercial loans, consumer loans and residential and commercial real estate loans. In addition, the Bank offers various non-deposit products through non-proprietary relationships with third party vendors. The Bank relies upon deposits as the primary funding source for its assets. The Bank offers traditional deposit products.

Many of our customer relationships start with referrals from existing customers. We then seek to cross sell our products to customers to grow the customer relationship. For example, we will frequently offer an interest rate concession on credit products for customers that maintain a non-interest bearing deposit account at the Bank. This strategy has lowered our funding costs and helped slow the growth of our interest expense even as we have substantially increased our total deposits. It has also helped fuel our significant loan growth. We believe that the Bank' s significant growth and increasing profitability demonstrate the need for and success of our brand of banking.

Our results of operations depend primarily on our net interest income, which is the difference between the interest earned on our interest-earning assets and the interest paid on funds borrowed to support those assets, primarily deposits. Net interest margin is the difference between the weighted average rate received on interest-earning assets and the weighted average rate paid to fund those

interest-earning assets, which is also affected by the average level of interest-earning assets as compared with that of interest-bearing liabilities. Net income is also affected by the amount of non-interest income and non-interest expenses.

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Operating Results Overview

Net income for the nine months ended September 30, 2012 and 2011 was \$6.1 million and \$4.8 million, respectively, while net income for the years ended December 31, 2011 and 2010 was \$6.7 million and \$4.7 million, respectively. Net income available to common shareholders and diluted earnings per common share, which were impacted by three series of convertible preferred stock issued at various times between 2009 and 2012, was \$5.8 million and \$1.92 (Restated) respectively, for the nine months ended September 30, 2012 compared with \$4.3 million and \$1.56, respectively, for the prior year period. Net income available to common shareholders and diluted earnings per common share were \$6.1 million and \$2.18, respectively, for 2011, versus \$4.3 million and \$1.61, respectively, for 2010. During 2012, all three series of preferred stock were converted into common shares and, as of September 30, 2012, stockholders' equity was comprised solely of common equity.

The increases in net income, net income available to common shareholders, and diluted earnings per share were primarily attributable to significant increases in net interest income and other operating income due to the Company's rapid growth in loans and deposits, and in its customer base. Partially offsetting the revenue increases were higher employee, occupancy and other operating expenses, commensurate with the Company's growing infrastructure. Credit costs have kept pace with both loan growth and a changing mix in the loan portfolio, while benefitting from overall sound credit quality.

Net Interest Income

For the nine months ended September 30, 2012, net interest income was \$25.2 million, an increase of \$5.1 million, or 25.4%, compared to net interest income of \$20.1 million for the same period in 2011. The increase in net interest income was largely attributable to growth in average interest-earning assets, principally loans, which increased by 29.4% to \$718.3 million for 2012 from \$555.3 million for the same period in 2011. The net interest margin remained relatively stable at 4.25% in 2012 as compared to 4.24% for the prior year period, as reduced yields on our loan portfolio resulting from the continuing declining interest rate environment were offset by the lower weighted average cost of interest-bearing deposits combined with growth in non-interest-bearing demand deposits.

For the year ended December 31, 2011, net interest income was \$27.5 million, an increase of \$4.6 million, or 19.9%, compared to net interest income of \$22.9 million for the year ended December 31, 2010. The increase in net interest income was largely attributable to growth in average interest-earning assets, principally average loans, which increased by 28.6% to \$573.6 million for 2011 from \$446.0 million for 2010. The net interest margin remained relatively stable at 4.21% in 2011 as compared to 4.22% for 2010, as reduced yields on our loan portfolio resulting from the declining interest rate environment were offset by the lower weighted average cost of interest-bearing deposits and the growth in noninterest-bearing demand deposits.

Average Balance Sheets

The following table sets forth certain information relating to our average assets and liabilities for the nine months ended September 30, 2012 and 2011 and the years ended December 31, 2011, 2010 and 2009 and reflects the average yield on assets and average cost of liabilities for the periods indicated. Such yields are derived by dividing income or expense by the average balance of assets or liabilities, respectively, for the periods shown. Securities available for sale are reflected in the following table at amortized cost. The average balance of loans includes non-accrual loans, and associated yields include loan fees, which are considered an adjustment to yields.

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	For The Nine Months Ended						
	September 30, 2012				September 30, 2011		
	(dollars in thousands)						
	Average Balance	Interest	Average Rate (5)		Average Balance	Interest	Average Rate (5)
Interest-earning assets:							
Investment securities (1)	\$32,589	\$833	3.41 %		\$46,258	\$1,183	3.41 %
Loans receivable (2) (3)	718,270	29,076	5.41 %		555,300	23,431	5.62 %
Federal funds sold and interest- bearing deposits with banks	42,869	53	0.17 %		31,312	43	0.18 %
Total interest-earning assets	793,728	29,962	5.04 %		632,870	24,657	5.19 %
Allowance for loan losses	(10,721)				(8,332)		
Non-interest earning assets	23,019				21,514		
Total assets	<u>\$806,026</u>				<u>\$646,052</u>		
Interest-bearing liabilities:							
Savings, NOW, Money Market, Interest Checking	\$307,671	1,101	0.48 %		\$263,490	1,823	0.92 %
Time deposits	218,112	2,478	1.52 %		151,062	1,750	1.54 %
Total interest-bearing deposits	525,783	3,579	0.91 %		414,552	3,573	1.15 %
Borrowings	76,728	1,001	1.74 %		69,771	815	1.56 %
Capital lease obligation	3,233	145	5.99 %		3,301	149	6.01 %
Total interest-bearing liabilities	605,744	4,725	1.04 %		487,624	4,537	1.24 %
Non-interest-bearing deposits	130,617				103,242		
Other liabilities	4,139				2,818		
Stockholders' equity	65,526				52,368		
Total liabilities and stockholders' equity	<u>\$806,026</u>				<u>\$646,052</u>		
Net interest income/interest rate spread		<u>\$25,237</u>	4.00 %			<u>\$20,120</u>	3.95 %
Net interest margin (4)			4.25 %				4.24 %

- (1) Average balances are calculated on amortized cost.
- (2) Includes loan fee income.
- (3) Loans receivable include non-accrual loans.
- (4) Represents net interest income divided by average total interest-earning assets.
- (5) Rates are annualized.

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	For the Year Ended										
	December 31, 2011				December 31, 2010				December 31, 2009		
	(dollars in thousands)										
	Average Balance	Interest	Average Rate		Average Balance	Interest	Average Rate		Average Balance	Interest	Average Rate
Interest earning assets:											
Investment securities (1)	\$43,980	\$1,505	3.42 %		\$48,154	\$1,805	3.75 %		\$45,538	\$1,962	4.31 %
Loans receivable (2) (3)	573,648	32,113	5.60 %		446,048	27,054	6.07 %		347,796	21,785	6.26 %
Federal funds sold and interest- bearing deposits with banks	35,339	58	0.16 %		49,110	104	0.21 %		65,308	104	0.16 %
Total interest-earning assets	652,967	33,676	5.16 %		543,312	28,963	5.33 %		458,642	23,851	5.20 %
Allowance for loan losses	(8,651)				(5,855)				(3,807)		
Non-interest earning assets	20,976				23,394				19,094		
Total assets	<u>\$665,292</u>				<u>\$560,851</u>				<u>\$473,929</u>		
Interest-bearing liabilities:											
Savings, NOW, Money Market, Interest											
Checking	\$270,374	2,356	0.87 %		\$242,918	2,621	1.08 %		\$195,016	3,474	1.78 %
Time deposits	160,580	2,532	1.58 %		134,355	2,273	1.69 %		140,679	3,627	2.58 %
Total interest-bearing deposits	430,954	4,888	1.13 %		377,273	4,894	1.30 %		335,695	7,101	2.12 %
Borrowings	68,217	1,121	1.64 %		57,720	956	1.66 %		42,238	786	1.86 %
Capital lease obligation	3,293	198	6.01 %		3,346	201	6.01 %		3,404	203	5.96 %
Total interest-bearing liabilities	502,464	6,207	1.24 %		438,339	6,051	1.38 %		381,337	8,090	2.12 %
Non-interest-bearing deposits	106,174				77,722				55,899		
Other liabilities	2,970				2,214				3,114		
Stockholders' equity	<u>53,684</u>				<u>42,576</u>				<u>33,579</u>		
Total liabilities and stockholders' equity	<u>\$665,292</u>				<u>\$560,851</u>				<u>\$473,929</u>		
Net interest income/interest rate spread		<u>\$27,469</u>	<u>3.92 %</u>			<u>\$22,912</u>	<u>3.95 %</u>			<u>\$15,761</u>	<u>3.08 %</u>
Net interest margin (4)			4.21 %				4.22 %				3.44 %

(1) Average balances are calculated on amortized cost

(2) Includes loan fee income

(3) Loans receivable include non-accrual loans

(4) Represents net interest income divided by average total interest-earning assets

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Rate/Volume Analysis

The following table presents, by category, the major factors that contributed to the changes in net interest income. Changes due to both volume and rate have been allocated in proportion to the relationship of the dollar amount change in each.

	For the Nine Months Ended September 30, 2012 versus 2011		
	Increase (Decrease)		
	Due to Change in Average		
	Volume	Rate	Net
Interest Income:			
Investment securities	\$ (353)	\$ 3	\$ (350)
Loan receivable	6,485	(840)	5,645
Federal funds sold and interest-bearing deposits with banks	14	(4)	10
Total interest income	<u>\$ 6,146</u>	<u>\$ (841)</u>	<u>\$ 5,305</u>
Interest Expense:			
Savings, NOW, Money Market, Interest Checking	\$ 386	\$ (1,108)	\$ (722)
Time deposits	756	(28)	728
Borrowings	84	102	186
Capital lease obligation	(3)	(1)	(4)
Total interest expense	<u>1,223</u>	<u>(1,035)</u>	<u>188</u>
Net interest income	<u><u>\$ 4,922</u></u>	<u><u>\$ 195</u></u>	<u><u>\$ 5,117</u></u>

	For the Year Ended December 31, 2011 versus 2010			For the Year Ended December 31, 2010 versus 2009		
	Increase (Decrease)			Increase (Decrease)		
	Due to Change in Average			Due to Change in Average		
	Volume	Rate	Net	Volume	Rate	Net
Interest Income:						
Investment securities	\$(150)	\$(150)	\$(300)	\$124	\$(281)	\$(157)
Loan receivable	6,923	(1,864)	5,059	5,935	(666)	5,269
Federal funds sold and interest- bearing deposits with banks	(26)	(20)	(46)	—	—	—
Total interest income	<u>\$6,748</u>	<u>\$(2,035)</u>	<u>\$4,713</u>	<u>\$6,059</u>	<u>\$(947)</u>	<u>\$5,112</u>
Interest Expense:						
Savings, NOW, Money Market, Interest Checking	\$377	\$(642)	\$(265)	\$1,409	\$(2,262)	\$(853)
Time deposits	397	(138)	259	(157)	(1,197)	(1,354)
Borrowings	172	(7)	165	243	(73)	170
Capital lease obligation	(3)	—	(3)	(4)	2	(2)
Total interest expense	<u>944</u>	<u>(788)</u>	<u>156</u>	<u>1,492</u>	<u>(3,531)</u>	<u>(2,039)</u>
Net interest income	<u><u>\$5,804</u></u>	<u><u>\$(1,247)</u></u>	<u><u>\$4,557</u></u>	<u><u>\$4,567</u></u>	<u><u>\$2,584</u></u>	<u><u>\$7,151</u></u>

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Provision for Loan Losses

The provision for loan losses was \$2.8 million for the nine months ended September 30, 2012 and \$2.2 million for the comparable prior year period due largely, in both periods, to growth in the Bank's loan portfolio. For the year ended December 31, 2011, the provision for loan losses was \$2.4 million, while for the year ended December 31, 2010 the provision for loan losses was \$2.9 million. A substantial portion of the loan loss provisioning was due to loan growth in both full year periods. In addition, the 2010 loan loss provision was increased further due to rising economic uncertainty during that period, including persistently high levels of unemployment and low consumer spending, which increased risks inherent in the portfolio. This led to an increase in the allowance for loan losses to total loans ratio from 1.19% at December 31, 2009 to 1.50% at December 31, 2010. The allowance for loan losses ratio was 1.53% at September 30, 2011 and December 31, 2011 and 1.52% at September 30, 2012.

Non-Interest Income

The Company's non-interest income consists primarily of service charges on deposit accounts, gains on sale of residential mortgages, card (ATM, credit and debit cards) income and fees from a title insurance agency in which the Bank is a 49% owner. To date, the Bank has de-emphasized fee income, focusing instead on customer growth and retention.

Non-interest income amounted to \$0.8 million for the first nine months of 2012 versus \$0.7 million for the first nine months of 2011. The increase was due to increased gains on sales of residential mortgages (\$0.1 million) and increased card (ATM, credit and debit) income (\$0.1 million) partially offset by lower securities gains (\$0.1 million). Noninterest income for 2011 totaled \$1.1 million versus \$0.9 million in 2010. The increase for the year over year comparison was due to higher fees on deposits (\$0.1 million) and securities gains (\$0.1 million).

Non-Interest Expense

Noninterest expenses, in absolute terms, have increased significantly over the past few years as we have expanded our geographic reach and invested in our infrastructure to support our strong asset growth. For the nine months ended September 30, 2012, noninterest expenses totaled \$12.9 million, a \$2.3 million, or 21.6%, increase from \$10.6 million in the prior year period. This increase was primarily due to higher staff expenses (\$1.3 million), occupancy, equipment and data processing (\$0.4 million) and other expenses (\$0.4 million) which include various items related to the Company's growth and increased volume of business. For the full year 2011, noninterest expenses totaled \$15.1 million, representing a \$2.2 million, or 16.4%, increase over \$12.9 million in 2010. The year over year increase resulted from higher staff expenses (\$1.0 million), occupancy, equipment and data processing (\$0.5 million) and professional fees (\$0.4 million).

Management continues to focus efforts on supporting growth primarily by adding to staff, investing in technology, and by enhancing risk controls. At the same time, management seeks to contain costs whenever prudent. Our success in this regard is evident in the favorable trend in our efficiency ratio, a widely-followed metric in the banking industry which measures operating expenses as a percentage of net revenue. (The ratio is computed by dividing total noninterest expense by the sum of net interest income and noninterest income less securities gains). The Company's efficiency ratio has improved in recent years, from 67.8% in 2009 to 54.3% in 2010, to 52.9% in 2011 and to 49.7% for the first nine months of 2012.

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Income Taxes

We recorded income tax expense of \$4.2 million for the first nine months of 2012, \$3.2 million for the first nine months of 2011, \$4.5 million for the year ended December 31, 2011 and \$3.2 million for the year ended December 31, 2010. The effective tax rate was 40% for all periods presented representing the combined federal and state statutory tax rates for a New Jersey corporation, and reflecting no tax-advantaged investments such as municipal securities or bank owned life insurance. Management has thus far taken a conservative approach to the Company's tax position and is currently exploring various strategies to potentially lower our effective tax rates in the future.

Financial Condition

General

At September 30, 2012, our total assets were \$883.8 million, net loans were \$792.0 million and total deposits were \$724.3 million, compared to total assets of \$729.7 million, net loans of \$619.8 million and total deposits of \$609.4 million at December 31, 2011 and total assets of \$602.4 million, net loans of \$486.4 million and total deposits of \$482.7 million at December 31, 2010.

Loan Portfolio

The Bank's lending activities are generally oriented to small-to-medium sized businesses, high net worth individuals, professional practices and consumer and retail customers living and working in the Bank's market area of Hudson, Bergen and Monmouth Counties, New Jersey. The Bank has not made loans to borrowers outside of the United States. The Bank believes that its strategy of high-quality customer service, competitive rate structures and selective marketing have enabled it to gain market entry.

Commercial loans are loans made for business purposes and are primarily secured by collateral such as cash balances with the Bank, marketable securities held by or under the control of the Bank, business assets including accounts receivable, taxi medallions, inventory and equipment and liens on commercial and residential real estate. Commercial construction loans are loans to finance the construction of commercial or residential properties secured by first liens on such properties. Commercial real estate loans include loans secured by first liens on completed commercial properties, including multi-family properties, to purchase or refinance such properties. Residential mortgages include loans secured by first liens on residential real estate, and are generally made to existing customers of the Bank to purchase or refinance primary and secondary residences. Home equity loans and lines of credit include loans secured by first or second liens on residential real estate for primary or secondary residences. Consumer loans are made to individuals who qualify for auto loans, cash reserve, credit cards and installment loans.

During 2011 and the first nine months of 2012, loan portfolio growth was positively impacted in several ways including (i) an increase in demand for small business lines of credit and business term loans as economic conditions have stabilized and begun to improve, (ii) industry consolidation and lending restrictions involving larger competitors allowing the Bank to gain market share, (iii) an increase in refinancing strategies employed by borrowers during the current low rate environment, and (iv) the Bank's success in attracting highly experienced commercial loan officers with substantial local market knowledge.

Our loans at September 30, 2012 totaled \$804.5 million, an increase of \$175.0 million, or 27.8%, over loans at December 31, 2011 of \$629.5 million. The biggest component of our loan portfolio at September 30, 2012 and December 31, 2011 was commercial real estate loans. Our commercial real estate loans at September 30, 2012 were \$526.0 million, an increase of \$150.3 million, or 39.9%, over gross commercial real estate loans at December 31, 2011 of \$375.7 million. Our commercial loans were \$131.5 million at September 30, 2012, an increase of \$23.4 million, or 21.7%, over commercial loans at December 31, 2011 of \$108.1 million. Our commercial construction loans at September 30, 2012 were \$31.2 million, an increase of \$2.7 million, or 9.3%, over commercial construction loans at December 31, 2011 of \$28.5 million. Our residential real estate loans were \$82.5 million at September 30, 2012, a decrease of \$6.2 million, or 6.9%, over residential real estate loans at December 31, 2011 of \$88.7 million.

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Our home equity loans were \$31.9 million at September 30, 2012, an increase of \$4.3 million, or 15.7%, over home equity loans of \$27.6 million at December 31, 2011. Our consumer loans at September 30, 2012 were \$1.4 million, an increase of \$0.5 million, or 58.4%, over consumer loans of \$0.9 million at December 31, 2011. The growth in our loan portfolio reflects the success of our business strategy, in particular emphasizing high-quality customer service strategy, which has led to continued customer referrals.

The following table sets forth the classification of our loans held for investment by major category as of September 30, 2012, and at December 31, 2011, 2010, 2009, 2008 and 2007, respectively:

(dollars in thousands)	As of September 30,			As of December 31,											
	2012			2011			2010			2009			2008		
	Amount	Percent		Amount	Percent		Amount	Percent		Amount	Percent		Amount	Percent	
Commercial	\$131,471	16.34	%	\$108,066	17.17	%	\$106,544	21.56	%	\$78,217	19.64	%	\$58,686	19.32	%
Commercial real estate	526,021	65.38	%	375,719	59.69	%	259,694	52.55	%	230,324	57.83	%	155,272	51.13	%
Commercial construction	31,193	3.88	%	28,543	4.53	%	37,065	7.50	%	24,111	6.05	%	36,473	12.01	%
Residential real estate	82,516	10.26	%	88,666	14.09	%	64,648	13.08	%	39,764	9.98	%	31,033	10.22	%
Home equity	31,903	3.97	%	27,575	4.38	%	25,056	5.07	%	25,000	6.28	%	21,617	7.12	%
Consumer	1,410	0.18	%	890	0.14	%	1,179	0.24	%	870	0.22	%	617	0.20	%
Total gross loans	<u>\$804,514</u>	<u>100.00</u>	<u>%</u>	<u>\$629,459</u>	<u>100.00</u>	<u>%</u>	<u>\$494,186</u>	<u>100.00</u>	<u>%</u>	<u>\$398,286</u>	<u>100.00</u>	<u>%</u>	<u>\$303,698</u>	<u>100.00</u>	<u>%</u>

The following table sets forth fixed and adjustable rate loans in the loan portfolio as of September 30, 2012, and December 31, 2011 in terms of contractual maturity (in thousands):

(dollars in thousands)	As of September 30, 2012			As of December 31, 2011		
	Due Under	Due 1-5	Due More than	Due Under	Due 1-5	Due More than
	One Year	Years	Five Years	One Year	Years	Five Years
By Loan Portfolio Class:						
Commercial	\$63,683	\$55,805	\$ 11,983	\$49,561	\$46,068	\$ 12,437
Commercial real estate	11,243	57,191	457,587	13,718	35,632	326,369
Commercial construction	28,007	3,186	–	21,006	7,537	–
Residential real estate	1,438	7,300	73,778	3,318	6,713	78,635
Home equity	–	3,511	28,392	–	3,558	24,017
Consumer	26	747	637	38	644	208
Total loans	<u>\$104,397</u>	<u>\$127,740</u>	<u>\$ 572,377</u>	<u>\$87,641</u>	<u>\$100,152</u>	<u>\$ 441,666</u>
By Interest Rate Type:						
Fixed	\$96,631	\$108,868	\$ 533,420	\$36,297	\$87,021	\$ 406,350
Adjustable	7,766	18,872	38,957	51,344	13,131	35,316
Total loans	<u>\$104,397</u>	<u>\$127,740</u>	<u>\$ 572,377</u>	<u>\$87,641</u>	<u>\$100,152</u>	<u>\$ 441,666</u>

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Asset Quality

General. One of our key objectives is to maintain a high level of asset quality. When a borrower fails to make a scheduled payment, we attempt to cure the deficiency by making personal contact with the borrower. Initial contacts typically are made 15 days after the date the payment is due, and late notices are sent approximately 15 days after the date the payment is due. In most cases, deficiencies are promptly resolved. If the delinquency continues, late charges are assessed and additional efforts are made to collect the deficiency. All loans which are delinquent 30 days or more are reported to the board of directors of the Bank on a monthly basis.

On loans where the collection of principal or interest payments is doubtful, the accrual of interest income ceases (“non-accrual” loans). Except for loans that are well secured and in the process of collection, it is our policy to discontinue accruing additional interest and reverse any interest accrued on any loan which is 90 days or more past due. On occasion, this action may be taken earlier if the financial condition of the borrower raises significant concern with regard to his/her ability to service the debt in accordance with the terms of the loan agreement. Interest income is not accrued on these loans until the borrower’s financial condition and payment record demonstrate an ability to service the debt.

Real estate which is acquired as a result of foreclosure is classified as OREO until sold. OREO is recorded at the lower of cost or fair value less estimated selling costs. Costs associated with acquiring and improving a foreclosed property is usually capitalized to the extent that the carrying value does not exceed fair value less estimated selling costs. Holding costs are charged to expense. Gains and losses on the sale of OREO are charged to operations, as incurred.

We account for our impaired loans in accordance with GAAP. An impaired loan generally is one for which it is probable, based on current information, that the lender will not collect all the amounts due under the contractual terms of the loan. Large groups of smaller balance, homogeneous loans are collectively evaluated for impairment. Loans collectively evaluated for impairment include smaller balance residential real estate loans and consumer loans. These loans are evaluated as a group because they have similar characteristics and performance experience. Larger commercial and construction loans are individually evaluated for impairment. Our total impaired loans amounted to \$8.1 million at September 30, 2012, compared to \$13.0 million and \$4.3 million at December 31, 2011 and 2010, respectively.

In limited situations we will modify or restructure a borrower’s existing loan terms and conditions. A restructured loan is considered a troubled debt restructuring (“TDR”) when, for economic or legal reasons related to a borrower’s financial difficulties, we grant a concession to the borrower in modifying or renewing a loan that the institution would not otherwise consider. We had five TDRs totaling \$2.5 million, which, as of September 30, 2012, were currently performing under their restructured terms. Subsequent to September 30, 2012 one of these credits, with a balance of \$0.5 million was taken into OREO, with a related charge off of \$53,000.

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Asset Classification. Federal regulations and our policies require that we utilize an internal asset classification system as a means of reporting problem and potential problem assets. We have incorporated an internal asset classification system, substantially consistent with Federal banking regulations, as a part of our credit monitoring system. Federal banking regulations set forth a classification scheme for problem and potential problem assets as “substandard,” “doubtful” or “loss” assets. An asset is considered “substandard” if it is inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. “Substandard” assets include those characterized by the “distinct possibility” that the insured institution will sustain “some loss” if the deficiencies are not corrected. Assets classified as “doubtful” have all of the weaknesses inherent in those classified “substandard” with the added characteristic that the weaknesses present make “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. Assets which do not currently expose the insured institution to sufficient risk to warrant classification in one of the aforementioned categories but possess weaknesses are required to be designated “special mention.”

When an insured institution classifies one or more assets, or portions thereof, as “substandard” or “doubtful,” it is required that a general valuation allowance for loan losses be established for loan losses in an amount deemed prudent by management. General valuation allowances represent loss allowances which have been established to recognize the inherent losses associated with lending activities, but which, unlike specific allowances, have not been allocated to particular problem assets. When an insured institution classifies one or more assets, or portions thereof, as “loss,” it is required either to establish a specific allowance for losses equal to 100% of the amount of the asset so classified or to charge off such amount.

A bank’s determination as to the classification of its assets and the amount of its valuation allowances is subject to review by Federal bank regulators which can order the establishment of additional general or specific loss allowances. The Federal banking agencies, have adopted an interagency policy statement on the allowance for loan and lease losses. The policy statement provides guidance for financial institutions on both the responsibilities of management for the assessment and establishment of allowances and guidance for banking agency examiners to use in determining the adequacy of general valuation guidelines. Generally, the policy statement recommends that institutions have effective systems and controls to identify, monitor and address asset quality problems; that management analyze all significant factors that affect the collectability of the portfolio in a reasonable manner; and that management establish acceptable allowance evaluation processes that meet the objectives set forth in the policy statement. Our management believes that, based on information currently available, our allowance for loan losses is maintained at a level which covers all known and probable incurred losses in the portfolio at each reporting date. However, actual losses are dependent upon future events and, as such; further additions to the level of allowances for loan losses may become necessary.

The table below sets forth information on our classified assets and assets designated special mention at the dates indicated.

(dollars in thousands)	As of September 30, 2012	As of December 31, 2011 2010	
Classified assets:			
Substandard	\$ 17,138	\$20,323	\$7,127
Doubtful	—	—	—
Loss	—	—	—
Total classified assets	17,138	20,323	7,127
Special mention assets	26,602	11,810	25,790
Total classified and special mention assets	<u>\$ 43,740</u>	<u>\$32,133</u>	<u>\$32,917</u>

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Delinquent Loans. The following tables show the delinquencies in our loan portfolio as of the dates indicated.

	At September 30, 2012 Loans Delinquent For:								At September 30, 2012			
	30-89 Days				90 Days or more				Total Delinquent Loans			
	% of Total Delinquent Loans 30-89 Days				% of Total Delinquent Loans 90 Days or more				% of Total Delinquent Loans 90 Days or more			
(dollars in thousands)	Number	Amount			Number	Amount			Number	Amount		
Commercial	—	\$—	0.0	%	2	\$274	6.9	%	2	\$274	4.3	%
Commercial real estate	—	—	0.0	%	3	3,067	76.8	%	3	3,067	48.2	%
Commercial construction	1	2,372	100.0	%	—	—	0.0	%	1	2,372	37.3	%
Residential real estate	—	—	0.0	%	1	638	16.0	%	1	638	10.0	%
Home equity	—	—	0.0	%	—	—	0.0	%	—	—	0.0	%
Consumer	—	—	0.0	%	1	13	0.3	%	1	13	0.2	%
Total	1	\$2,372	100.0	%	7	\$3,992	100.0	%	8	\$6,364	100.0	%

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Non-Performing Assets, TDRs, and Loans 90 Days Past Due and Accruing. The following table sets forth information concerning our non-performing assets, TDRs, and past-due accruing loans as of the dates indicated:

(dollars in thousands)	As of September 30,	As of December 31,				
	2012	2011	2010	2009	2008	2007
Nonaccrual loans:						
Commercial	\$ 3,135	\$388	\$–	\$–	\$–	\$–
Commercial real estate	2,487	6,049	2,538	–	–	–
Commercial construction	–	–	–	–	–	–
Residential real estate	–	–	1,511	2,197	–	–
Home equity	–	–	–	–	–	–
Consumer	–	–	–	–	–	–
Total nonaccrual loans	5,622	6,437	4,049	2,197	–	–
Other real estate owned	–	–	–	–	–	–
Total non-performing assets (1)	\$ 5,622	\$6,437	\$4,049	\$2,197	\$–	\$–
Loans past due 90 days and still accruing	\$ 1,237	\$–	\$723	\$–	\$–	\$–
Performing troubled debt restructured loans	\$ 2,494	\$4,831	\$–	\$–	\$–	\$–
Nonaccrual loans to total loans	0.70 %	1.02 %	0.82 %	0.55 %	0.00%	0.00%
Nonaccrual loans and loans past due 90 days and still accruing to total loans	0.85 %	1.02 %	0.97 %	0.55 %	0.00%	0.00%
Non-performing assets to total assets (1)	0.64 %	0.88 %	0.67 %	0.43 %	0.00%	0.00%

(1) Non-performing assets are defined as nonaccrual loans plus OREO.

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Allowance for Loan Losses

The allowance for loan losses is a reserve established through charges to earnings in the form of a provision for loan losses. We maintain an allowance for loan losses at a level considered adequate to provide for all known and probable incurred losses in the portfolio. The level of the allowance is based on management's evaluation of estimated losses in the portfolio, after consideration of risk characteristics of the loans and prevailing and anticipated economic conditions. Loan charge-offs (i.e., loans judged to be uncollectible) are charged against the reserve and any subsequent recovery is credited. Our officers analyze risks within the loan portfolio on a continuous basis, and through an external independent loan review function, and by our Audit Committee. A risk system, consisting of multiple grading categories for each portfolio class, is utilized as an analytical tool to assess risk and appropriate reserves. In addition to the risk system, management further evaluates risk characteristics of the loan portfolio under current and anticipated economic conditions and considers such factors as the financial condition of the borrower, past and expected loss experience, and other factors which management feels deserve recognition in establishing an appropriate reserve. These estimates are reviewed at least quarterly, and, as adjustments become necessary, they are recognized in the periods in which they become known. Although management strives to maintain an allowance it deems adequate, future economic changes, deterioration of borrowers' creditworthiness, and the impact of examinations by regulatory agencies all could cause changes to our allowance for loan losses.

At September 30, 2012, the allowance for loan losses was \$12.2 million, an increase of \$2.7 million from year-end 2011. Net charge-offs totaled \$209,000 during the first nine months of 2012 and \$90,000 for the first nine months of 2011. The allowance for loan losses as a percentage of loans receivable was 1.52% at September 30, 2012 and 1.53 % at December 31, 2011.

The following is a summary of the reconciliation of the allowance for loan losses for the periods indicated:

(dollars in thousands)	For the Nine Months Ended September 30,	For the Year Ended December 31,				
	2012	2011	2010	2009	2008	2007
Balance at beginning of period	\$ 9,617	\$7,414	\$4,759	\$3,316	\$2,034	\$1,319
Provision charged to operating expenses	2,840	2,355	2,930	1,455	1,288	715
Recoveries of loans previously charged-off:						
Commercial	–	–	18	1	–	–
Consumer	31	–	–	–	–	–
Real estate	–	–	–	–	–	–
Total recoveries	31	–	18	1	–	–
Loans charged-off:						
Commercial	(240)	–	(293)	(13)	(6)	–
Consumer	–	(62)	–	–	–	–
Real estate	–	(90)	–	–	–	–
Total charge-offs	(240)	(152)	(293)	(13)	(6)	–
Net charge-offs	(209)	(152)	(275)	(13)	(6)	–
Balance at end of period	\$ 12,248	\$9,617	\$7,414	\$4,759	\$3,316	\$2,034
Net charge-offs to average loans outstanding (annualized)	0.04 %	0.03 %	0.06 %	0.00 %	0.00 %	0.00 %
Allowance for loan losses to period-end loans	1.52 %	1.53 %	1.50 %	1.19 %	1.09 %	0.97 %

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The following table sets forth, for each of our major lending areas, the amount and percentage of our allowance for loan losses attributable to such category, and the percentage of total loans represented by such category, as of the dates indicated:

Allocation of the Allowance for Loan Losses by Category

(dollars in thousands)	As of September 30, 2012				As of December 31, 2011				As of December 31, 2010			
	Amount	% of	% of		Amount	% of	% of		Amount	% of	% of	
		ALL	Total Loans			ALL	Total Loans			ALL	Total Loans	
Commercial	\$1,586	12.9 %	16.3 %		\$653	6.8 %	17.2 %		\$634	8.6 %	21.6 %	
Commercial real estate	6,920	56.5 %	65.4 %		5,658	58.8 %	59.7 %		2,902	39.1 %	52.5 %	
Commercial construction	518	4.2 %	3.9 %		430	4.5 %	4.5 %		808	10.9 %	7.5 %	
Residential real estate	2,686	21.9 %	10.3 %		2,534	26.3 %	14.1 %		2,773	37.4 %	13.1 %	
Home equity	521	4.3 %	4.0 %		339	3.5 %	4.4 %		292	3.9 %	5.1 %	
Consumer	17	0.1 %	0.2 %		3	0.0 %	0.1 %		5	0.1 %	0.2 %	
Total	\$12,248	100.0%	100.0 %		\$9,617	100.0%	100.0 %		\$7,414	100.0%	100.0 %	

(dollars in thousands)	As of December 31, 2009					As of December 31, 2008					As of December 31, 2007				
	Amount	% of		Total Loans		Amount	% of		Total Loans		Amount	% of		Total Loans	
		ALL	%				ALL	%				ALL	%		
Commercial	\$407	8.6	%	19.6	%	\$284	8.6	%	17.2	%	\$174	8.6	%	17.5	%
Commercial real estate	1,863	39.1	%	57.8	%	1,298	39.1	%	59.7	%	796	39.1	%	52.4	%
Commercial construction	519	10.9	%	6.1	%	361	10.9	%	4.5	%	222	10.9	%	10.8	%
Residential real estate	1,780	37.4	%	10.0	%	1,240	37.4	%	14.1	%	761	37.4	%	9.8	%
Home equity	187	3.9	%	6.3	%	131	3.9	%	4.4	%	80	3.9	%	9.3	%
Consumer	3	0.1	%	0.2	%	2	0.1	%	0.1	%	1	0.1	%	0.2	%
Total	\$4,759	100.0%		100.0	%	\$3,316	100.0%		100.0	%	\$2,034	100.0%		100.0	%

Investment Securities

We maintain an investment portfolio to fund increased loan demand or deposit withdrawals and other liquidity needs and to provide an additional source of interest income. The portfolio is composed of obligations of U.S. Government Agencies, mortgage-backed securities and Community Reinvestment Act ("CRA") related investments.

Securities are classified as "held-to-maturity" (HTM), "available for sale" (AFS), or "trading" at time of purchase. Securities are classified as HTM based upon management's intent and our ability to hold them to maturity. Such securities are stated at cost, adjusted for unamortized purchase premiums and discounts. Securities which are bought and held principally for resale in the near term are classified as trading securities, which are carried at market

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value. Realized gains and losses as well as gains and losses from marking the portfolio to market value are included in trading revenue. We have no trading securities. Securities not classified as HTM or trading securities are classified as AFS and are stated at fair value. Unrealized gains and losses on AFS securities are excluded from results of operations, and are reported as a component of accumulated other comprehensive (loss) income, net of taxes, which is included in stockholders' equity. Securities classified as AFS include securities that may be sold in response to changes in interest rates, changes in prepayment risks, the need to increase regulatory capital, or other similar requirements.

Management determines the appropriate classification of securities, whether AFS or HTM, at the time of purchase. The carrying value of our AFS investment securities portfolio at September 30, 2012 was \$22.0 million, a decrease of \$5.4 million, or 19.9%, from December 31, 2011 of \$27.4 million. The carrying value of our HTM investment securities portfolio at September 30, 2012 was \$2.3 million, a decrease of \$1.4 million, or 37.6%, from \$3.7 million at December 31, 2011. The decreases in both AFS and HTM portfolios were primarily due to paydowns of mortgage-backed securities.

The following table summarizes the fair value of our non-equity AFS investment securities portfolio for the dates presented:

(Dollars in thousands) Available for sale	September 30,	December 31,		
	2012	2011	2010	2009
U.S. Government agency	\$ 2,010	\$4,036	\$6,762	\$7,105
Mortgage backed-securities	13,682	17,226	11,274	14,432
CRA investment fund	6,290	6,173	5,989	6,000
Total available for sale	<u>\$ 21,982</u>	<u>\$ 27,435</u>	<u>\$ 24,025</u>	<u>\$ 27,537</u>

The following table sets the maturity distribution of our non-equity AFS investment securities portfolio for the periods presented:

September 30, 2012 (dollars in thousands)	Due Under 1 Year		Due 1-5 Years		Due >5 Years	
	Amount	Yield	Amount	Yield	Amount	Yield
U.S. Government agency	\$1,008	1.78%	\$—	—	\$1,002	1.90%
Mortgage backed-securities	—	—	—	—	13,682	3.89%
Total	<u>\$ 1,008</u>	<u>1.78%</u>	<u>\$—</u>	<u>—</u>	<u>\$ 14,684</u>	<u>3.75%</u>

December 31, 2011 (dollars in thousands)	Due Under 1 Year		Due 1-5 Years		Due >5 Years	
	Amount	Yield	Amount	Yield	Amount	Yield
U.S. Government agency	\$—	—	\$ 3,025	1.59%	\$1,011	2.00%
Mortgage backed-securities	—	—	—	—	17,226	3.94%
Total	<u>\$—</u>	<u>—</u>	<u>\$3,025</u>	<u>1.59%</u>	<u>\$18,237</u>	<u>3.83%</u>

Refer to Note 2-Securities in the consolidated financial statements included in this prospectus for more information regarding our AFS securities and information regarding our HTM securities.

Deposits

Deposits are our primary source of funds. Average total deposits increased \$82.1 million, or 18.1 %, to \$537.1 million in 2011 from \$455.0 million in 2010. Average total deposits increased \$138.6 million, or 26.8 %, to \$656.4 million for the nine months ended September 30, 2012 from \$517.8 million for the nine months ended September 30, 2011. Transaction and non-transaction (time) deposits have grown as the Bank's customer base has expanded.

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The following table sets forth the average amount of various types of deposits for each of the periods indicated:

(Dollars in thousands)	For the Nine Months Ended September 30,			
	2012 Average		2011 Average	
	Balance	Rate	Balance	Rate
Demand, non-interest bearing	\$130,617	—	\$103,242	—
NOW accounts and interest checking	56,407	0.28%	20,213	0.80%
Money market accounts	171,188	0.54%	163,530	0.87%
Savings	80,076	0.49%	79,747	1.07%
Time	218,112	1.52%	151,062	1.54%
Total Deposits	<u>\$656,400</u>	0.73%	<u>\$517,794</u>	0.92%

(Dollars in thousands)	For the Year Ended December 31,					
	2011 Average		2010 Average		2009 Average	
	Balance	Rate	Balance	Rate	Balance	Rate
Demand, non-interest bearing	\$106,174	—	\$77,722	—	\$55,899	—
NOW accounts and interest checking	25,813	0.79%	16,089	0.96%	17,800	0.87%
Money market accounts	163,561	0.83%	174,055	1.06%	142,714	1.29%
Savings	81,000	0.99%	52,774	1.18%	34,502	1.80%
Time	160,580	1.58%	134,355	1.69%	140,679	2.58%
Total Deposits	<u>\$537,128</u>	0.91%	<u>\$454,995</u>	1.07%	<u>\$391,594</u>	1.60%

We do not typically rely on short-term brokered deposits of \$100,000 or more because of the liquidity risks posed by such deposits. The following table summarizes the maturity distribution of time deposits in denominations of \$100,000 or more as of September 30, 2012 and December 31, 2011:

(Dollars in thousands)	September 30,	December 31,
	2012	2011
3 months or less	\$ 34,110	\$ 19,462
3 to 6 months	30,073	34,887
6 to 12 months	61,292	13,485
Over 12 months	32,711	55,582
Total	<u>\$ 158,186</u>	<u>\$ 123,416</u>

Borrowings

Long-term borrowings consist of long term advances from the Federal Home Loan Bank. These advances are secured under terms of a blanket collateral agreement by commercial mortgage loans. As of September 30, 2012 and December 31, 2011, the Company had \$79.8 million in notes outstanding at a weighted average interest rate of 1.7% and \$55.6 million in notes outstanding at a weighted average interest rate of 2.1%, respectively. By comparison, at December 31, 2010, the Company had \$41.5 million in notes outstanding with a weighted average interest rate of 2.4%.

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The following table summarizes short-term borrowings (borrowings with maturities of one year or less) which consists of federal funds purchased and weighted average interest rates paid:

(Dollars in thousands)	Nine Months Ended			Year Ended		
	September 30, 2012	September 30, 2011	December 31, 2011	December 31, 2010	December 31, 2009	
Average daily amount of short-term borrowings outstanding during the period	\$ –	\$ 24,410	\$ 19,263	\$ 22,408	\$ 20,942	
Weighted average interest rate on average daily short-term borrowings	–	0.27 %	0.33 %	0.39 %	0.59 %	
Maximum outstanding short-term borrowings outstanding at any month-end	\$ –	\$ 28,860	\$ 28,860	\$ 26,631	\$ 25,168	
Short-term borrowings outstanding at period end	\$ –	\$ 15,177	\$ –	\$ 22,188	\$ 17,201	
Weighted average interest rate on short-term borrowings at period end	–	0.43 %	–	0.50 %	0.71 %	

Liquidity

Liquidity is a measure of a bank's ability to fund loans, withdrawals or maturities of deposits, and other cash outflows in a cost-effective manner. Our principal sources of funds are deposits, scheduled amortization and prepayments of loan principal, maturities of investment securities, and funds provided by operations. While scheduled loan payments and maturing investments are relatively predictable sources of funds, deposit flow and loan prepayments are greatly influenced by general interest rates, economic conditions and competition.

At September 30, 2012, the amount of liquid assets remained at a level management deemed adequate to ensure that, on a short- and long-term basis, contractual liabilities, depositors' withdrawal requirements, and other operational and customer credit needs could be satisfied. As of September 30, 2012, liquid assets (cash and due from banks, interest-bearing deposits at other banks and unencumbered investment securities) were \$66.7 million, which represented 7.5% of total assets and 8.3% of total deposits and borrowings, compared to \$89.9 million at December 31, 2011, which represented 12.3% of total assets and 13.5% of total deposits and borrowings on such date.

The Bank is a member of the Federal Home Loan Bank of New York and, based on available qualified collateral as of September 30, 2012, had the ability to borrow \$311.6 million. In addition, the Bank has in place additional borrowing capacity of \$5.0 million through a correspondent bank. The Bank also has a credit facility established with the Federal Reserve Bank of New York for direct discount window borrowings, although no securities have been pledged as collateral at the current time. At September 30, 2012, the Bank had aggregate available and unused credit of \$236.8 million, which represents the aforementioned facilities totaling \$316.6

million net of \$79.8 million in outstanding borrowings. At September 30, 2012, outstanding commitments for the Bank to extend credit were \$123.8 million.

Our cash and cash equivalents decreased by \$12.8 million from \$59.2 million at December 31, 2011 to \$46.4 million at September 30, 2012. The decrease was primarily due to a \$170.0 million increase in investing activities, largely an increase in loans receivable, partially offset by \$146.2 million in financing activities, including an increase in deposits and a net increase in FHLB borrowings, and by \$11.0 million from operating activities.

Our cash and cash equivalents increased by \$6.1 million from \$53.1 million at December 31, 2010 to \$59.2 million at December 31, 2011. The increase was primarily due to \$119.1 million provided by financing activities, largely an increase in deposits, and \$11.5 million from operating activities, partially offset by \$124.5 million in investing activities, largely an increase in loans outstanding.

Off-Balance Sheet Arrangements

We are a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of our customers. These financial instruments include commitments to extend credit and standby letters of credit. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated statements of financial condition. Our exposure to credit loss in the event of non-performance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual amount of those instruments. We use the same credit analyses in making commitments and conditional obligations as we do for on-balance-sheet instruments. Commitments under standby letters of credit, both financial and performance do not necessarily represent future cash requirements, in that these commitments often expire without being drawn upon.

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Further discussion of these commitments is included in Note 13 to the consolidated financial statements included in this prospectus.

Contractual Obligations

The following table shows our contractual obligations by expected payment period, as of September 30, 2012 and December 31, 2011. Further discussion of these commitments is included in Notes 4 and 7 to the Consolidated Financial Statements.

	September 30, 2012					December 31, 2011			
		4th Qtr.			2018				2017
<u>Contractual Obligation</u>	<u>Total</u>	<u>2012</u>	<u>2013-2014</u>	<u>2015-2017</u>	<u>and later</u>	<u>Total</u>	<u>2012-2014</u>	<u>2015-2016</u>	<u>and later</u>
(in thousands)									
Operating Lease Obligations	\$4,281	\$183	\$1,580	\$1,813	\$705	\$4,733	\$2,215	\$1,492	\$1,026
Capital Lease Obligations	5,133	66	557	876	3,634	5,332	824	584	3,924
Federal Home Loan Bank									
Borrowings	79,829	8,221	46,608	10,000	15,000	55,556	22,850	17,706	15,000
Time Deposits	258,316	41,011	170,080	22,907	24,319	186,741	161,894	20,891	3,956

Operating leases represent obligations entered into by us for the use of land, premises and equipment. The leases generally have escalation terms based upon certain defined indexes.

Interest Rate Sensitivity Analysis

The principal objective of our asset and liability management function is to evaluate the interest-rate risk included in certain balance sheet accounts; determine the level of risk appropriate given our business focus, operating environment, and capital and liquidity requirements; establish prudent asset concentration guidelines; and manage the risk consistent with Board approved guidelines. We seek to reduce the vulnerability of our operations to changes in interest rates, and actions in this regard are taken under the guidance of the Bank's Asset Liability Committee (the "ALCO"). The ALCO generally reviews our liquidity, cash flow needs, maturities of investments, deposits and borrowings, and current market conditions and interest rates.

We currently utilize net interest income simulation and economic value of portfolio equity ("EVPE") models to measure the potential impact to the Bank of future changes in interest rates. As of September 30, 2012 and December 31, 2011 the results of the models were within guidelines prescribed by our Board of Directors. If model results were to fall outside prescribed ranges, action, including additional monitoring and reporting to the Board, would be required by the ALCO and Bank's management.

The net interest income simulation model attempts to measure the change in net interest income over the next one-year period, and the next three-year period on a cumulative basis, assuming certain changes in the general level of interest rates. In our model, which was run as of September 30 2012 and December 31, 2011, we estimated that, over the next one-year period, a 200 basis-point increase in the general level of interest rates will increase our net interest income by 0.05% and 0.85%, respectively, while a 100 basis-point decrease in interest rates will decrease net interest income by 1.14% and 1.79%, respectively. As of September 30, 2012 and December 31, 2011, over the next three years on a cumulative basis, we estimated that a 200 basis-point increase in the general level of interest rates will increase our net interest income by 1.84% and 3.89%, respectively, while a 100 basis-point decrease in interest rates will decrease net interest income by 4.27% and 4.86%, respectively.

An EVPE analysis is also used to dynamically model the present value of asset and liability cash flows with rate shocks of up 200 basis points and down 100 basis points. The economic value of equity is likely to be different as interest rates change. Our EVPE as of September 30, 2012, would decline by 13.76% with a rate shock of up 200 basis points, and increase by 6.03% with a rate shock of down 100 basis points. Our EVPE as of December 31, 2011, would decline by 13.05% with a rate shock of up 200 basis points, and increase by 5.85% with a rate shock of down 100 basis points.

Capital

A significant measure of the strength of a financial institution is its capital base. The Federal regulators of the Company and the Bank have classified and defined capital into the following components: (1) Tier 1 Capital, which includes tangible stockholders' equity for common stock, qualifying preferred stock and certain qualifying hybrid instruments, and (2) Tier 2 Capital, which includes a portion of the allowance for probable loan losses, certain qualifying long-term debt, and preferred stock which does not qualify for Tier 1 Capital. Minimum capital levels are regulated by risk-based capital adequacy guidelines which require certain capital as a percent of the Bank's assets and certain off-balance sheet items adjusted for predefined credit risk factors (risk-adjusted assets).

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The Company and the Bank are required to maintain, at a minimum, Tier 1 Capital as a percentage of risk-adjusted assets of 4.0% and combined Tier 1 and Tier 2 Capital as a percentage of risk-adjusted assets of 8.0%.

In addition to the risk-based guidelines, the regulators require that an institution which meets the regulator's highest performance and operation standards maintain a minimum leverage ratio (Tier 1 Capital as a percentage of average tangible assets) of 4.0%. For those institutions with higher levels of risk or that are experiencing or anticipating significant growth, the minimum leverage ratio will be evaluated through the ongoing regulatory examination process.

The following table summarizes the risk-based and leverage capital ratios for the Company and the Bank as well as the required minimum regulatory capital ratios:

	At September 30, 2012					At December 31, 2011					At December 31, 2010				
			Well					Well					Well		
	Actual Ratio	Minimum Requirement	Capitalized Requirement			Actual Ratio	Minimum Requirement	Capitalized Requirement			Actual Ratio	Minimum Requirement	Capitalized Requirement		
The Company:															
Leverage ratio	7.96 %	4.00 %	n/a			7.76 %	4.00 %	n/a			8.19 %	4.00 %	n/a		
Tier 1 Risk-based capitalization	9.52 %	4.00 %	n/a			9.90 %	4.00 %	n/a			10.16 %	4.00 %	n/a		
Total Risk-based capitalization	10.77 %	8.00 %	n/a			11.15 %	8.00 %	n/a			11.41 %	8.00 %	n/a		
The Bank:															
Leverage ratio	7.95 %	4.00 %	5.00 %			7.76 %	4.00 %	5.00 %			8.18 %	4.00 %	5.00 %		
Tier 1 Risk-based capitalization	9.51 %	4.00 %	6.00 %			9.89 %	4.00 %	6.00 %			10.15 %	4.00 %	6.00 %		
Total Risk-based capitalization	10.77 %	8.00 %	10.00 %			11.15 %	8.00 %	10.00 %			11.41 %	8.00 %	10.00 %		

Our tangible common equity ratio was 7.92% as of September 30, 2012, 5.50% as of December 31, 2011 and 5.60% as of December 31, 2010.

Over the past several years, we issued shares of preferred stock in order to augment our capital base. In 2009, we issued 125,000 shares of our Series A Preferred Stock and 400,000 shares of our Series B Stock; in 2010, we issued 241,175 shares of our Series B Preferred Stock; in 2011, we issued 59,025 shares of our Series B Preferred Stock; and in 2012 we issued 7,500 shares of our Series C Preferred Stock. All of these shares were issued pursuant to exemptions from registration under Section 5 of the Securities Act. We received an aggregate of \$24.0 million in proceeds from the sale of these preferred shares. In accordance with the terms of each class of preferred stock, all of our outstanding preferred stock converted, during 2012, into shares of our common stock. We issued an aggregate of 909,921 shares of our common stock upon conversion of our outstanding preferred stock, and as of September 30, 2012, no shares of our preferred stock were outstanding. We converted our outstanding preferred stock to common stock because (i) our Board believed the Company would be better served by maintaining a more simplified capital structure and (ii) the Board believed regulatory agencies look more favorably on common stock as a capital component.

Impact of Inflation and Changing Prices

Our consolidated financial statements and notes thereto, presented elsewhere herein, have been prepared in accordance with generally accepted accounting principles which require the measurement of financial position and operating results in terms of historical dollars without considering the change in the relative purchasing power of money over time and due to inflation. The impact of inflation is reflected in the increased cost of our operations. Unlike most industrial companies, nearly all of our assets and liabilities are monetary.

Therefore, interest rates have a greater impact on our performance than do the effects of general levels of inflation. Interest rates do not necessarily move in the same direction or to the same extent as the prices of goods and services.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk Management

Interest rate risk management is our primary market risk. See “Interest Rate Sensitivity Analysis” herein for a discussion of our management of our interest rate risk.

Inflation Risk Management

Inflation has an important impact on the growth of total assets in the banking industry and causes a need to increase equity capital higher than normal levels in order to maintain an appropriate equity-to-assets ratio. We cope with the effects of inflation by managing our interest rate sensitivity position through our asset/liability management program, and by periodically adjusting our pricing of services and banking products to take into consideration current costs.

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BUSINESS

General

We are a New Jersey corporation formed in 2008 to become the holding company for the Bank. Our sole activity currently is ownership and control of the Bank. The Bank operates as a locally headquartered, community-oriented bank serving customers throughout New Jersey from offices in Bergen, Hudson, and Monmouth Counties, New Jersey.

We offer a broad range of deposit and loan products and services to the general public and, in particular, to small and mid-sized businesses, local professionals and individuals residing, working and shopping in the communities serviced by our offices.

The Bank's organizers originally incorporated the Bank, in part, because they did not believe that the targeted segments of our primary trade area were being adequately served by the then existing financial institutions operating in our market area. Through increased bank consolidation in recent years in New Jersey, many banks have been acquired by larger institutions. In our trade area, a number of the acquiring institutions are headquartered outside of the region and the state. We believe that one effect of bank consolidation is to make it difficult for small to mid-sized businesses to obtain direct access to credit decision-makers because the decision-makers are not located in the customer's market area. Further, we believe that many larger, multi-state institutions have curtailed lending to small and mid-sized businesses during the current economic turbulence. In response, we emphasize superior customer service and relationship banking. The Bank offers high-quality service by minimizing personnel turnover and by providing more direct, personal attention than the Bank believes is offered by competing financial institutions, the majority of which are branch offices of banks headquartered outside the Bank's primary trade area. By emphasizing the need for a professional, responsive and knowledgeable staff, the Bank offers a superior level of service to our customers. As of result of senior management's availability for consultation on a daily basis, the Bank believes it offers customers a quicker response on loan applications and other banking transactions, as well as greater certainty that these transactions will actually close, than competitors, whose decisions may be made in distant headquarters. We believe that this response time and certainty to close results in a pricing advantage to us, in that we frequently may exceed competitors' loan pricing and still win customers. We also provide state-of-the-art banking technology, including remote deposit capture, internet banking and mobile banking, to provide our customers with the most choices and maximum flexibility. We believe that this combination of quick, responsive and personal service and advanced technology provides the Bank's customers with a superior banking experience.

As of September 30, 2012, we had 94 full time and 4 part time employees. None of our employees are subject to a collective bargaining agreement.

Our Market Area

Our banking offices are located in Bergen, Hudson and Monmouth Counties in New Jersey, which include some of the most affluent markets in the United States. We also attract business and customers from a broader region, primarily defined as the northeastern quarter of the State of New Jersey, from Route 195 to the south and Route 287 to the west to the New York state border on the north.

Bergen County, where 93.5% of our total deposits as of September 30, 2012 are located, is home to significant employers including Benjamin Moore, the Hertz Corporation, Pathmark and Volkswagen Group of America. Furthermore, CNBC, LG USA and Unilever of North America are headquartered in the Borough of Englewood Cliffs (our Company headquarters location). Looking at the broader state economic environment, 20 Fortune 500 companies are headquartered in New Jersey, primarily concentrated in the northeast quarter of the state, our core market area. Among Russell 3000 companies, 102 are headquartered in New Jersey, and Bergen County is home to more of these companies (17) than any other county in the state.

From a small business perspective, New Jersey ranked ninth in the nation in the number of business establishments with less than 500 employees (over 198,000 businesses) according to United States Census Bureau 2010 Economic Development Data & Information (EDDI). Bergen County ranked first in the State in small business establishments with less than 500 employees at approximately 31,200.

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Based on 2011 median data provided by ESRI (based primarily on US Census data as of 2011), New Jersey ranked second in the nation for the highest median household income level (\$67,128). Bergen and Monmouth Counties ranked sixth and fifth in the state with household income levels of \$79,903 and \$80,475, respectively. Furthermore, on a per capita income basis, New Jersey ranked fourth in the nation, and Bergen and Monmouth Counties ranked fourth and fifth, respectively, in the state. New Jersey also ranked second in the nation in population density, while Bergen County ranked fourth in the state.

Products and Services

We derive substantially all of our income from our net interest income, i.e. the difference between the interest we receive on our loans and securities and the interest we pay on deposits and other borrowings. The Bank offers a broad range of deposit and loan products. In addition, to attract the business of consumer and business customers, we also provide a broad array of other banking services. Products and services provided include personal and business checking accounts, retirement accounts, money market accounts, time and savings accounts at competitive interest rates, credit cards, wire transfers, access to automated teller services, personal computerized internet banking, Treasury Direct, ACH origination, lockbox services and mobile banking by phone. In addition, the Bank offers safe deposit boxes. The Bank also offers remote deposit capture banking, which allows business and professional customers to use a desktop scanner to scan and transmit checks for deposit, reducing time and cost.

The following is a summary of our deposits as of September 30, 2012:

Type	Total Deposits (Dollars in thousands)	# of Accts
Checking	\$177,313	5,760
Now	30,601	677
Money Market	184,466	1,487
Savings	73,585	6,636
Time	258,316	3,438
Total Deposits	\$724,281	17,998

Checking consists of both retail and business demand deposit products. Retail products include Totally Free checking and, for businesses, both interest-bearing accounts, which require a minimum balance, and non-interest bearing accounts. NOW accounts consist of both retail and business interest-bearing transaction accounts that have minimum balance requirements. Money market accounts consist of products that provide a market rate of interest to depositors but have limited check writing capabilities. Our savings accounts consist of both passbook and statement type accounts. Time deposits consist of certificates of deposit, including those held in IRA accounts, generally with initial maturities ranging from 7 days to 60 months and brokered certificates of deposit, which the Company primarily uses for asset liability management purposes.

Deposits serve as the primary source of funding for the Bank's interest-earning assets, but also generate non-interest revenue through insufficient funds fees, stop payment fees, safe deposit rental fees, card income, including foreign ATM fees and credit and debit card interchange, gift card fees, and other miscellaneous fees. In addition, the Bank generates additional non-interest revenue associated with residential loan origination and sale, loan servicing, late fees and merchant services.

The Bank offers personal and commercial business loans on a secured and unsecured basis, revolving lines of credit, commercial mortgage loans, and residential mortgages on both primary and secondary residences, home equity loans, bridge loans and other personal purpose loans. However, the Bank is not and has not been a participant in the sub-prime lending market.

Commercial loans are loans made for business purposes and are primarily secured by collateral such as cash balances with the Bank, marketable securities held by or under the control of the Bank, business assets including accounts receivable, taxi medallions, inventory and equipment and liens on commercial and residential real estate. Commercial construction loans are loans to finance the

construction of commercial or residential properties secured by first liens on such properties. Commercial real estate loans include loans secured by first liens on completed commercial properties, including multi-family properties, to purchase or refinance such properties. Residential mortgages include loans secured by first liens on residential real estate, and are generally made to existing customers of the Bank to purchase or refinance primary and secondary residences. Home equity loans and lines of credit include loans secured by first or second liens on residential real estate for primary or secondary residences. Consumer loans are made to individuals who qualify for auto loans, cash reserve, credit cards and installment loans.

The following table sets forth loan origination activity:

	Loan Originations			
	Total Loans		Total Loans	
	For the nine	Number	For the nine	Number
	months ended		months ended	
	September 30, 2012	of Loans	September 30, 2011	of Loans
Commercial	\$ 37,155	67	\$ 37,622	58
Commercial Real Estate	197,245	101	132,135	105
Commercial Construction	12,012	20	3,063	7
Residential Real Estate	32,684	71	38,500	80
Home Equity	4,130	10	2,510	11
Consumer	335	23	295	17
Total	\$ 283,561	292	\$ 214,125	278

The Board of Directors has approved a loan policy granting designated lending authorities to members of the Senior Lending Group, which is comprised of the Chief Executive Officer, Chief Lending Officer and Chief Credit Officer. Combined authorities allow the group to approve loans up to the Bank's legal lending limit (currently \$12.4 million for most loans), provided that (i) the credit does not involve an exception to policy, and (ii) the credit does not exceed a certain dollar amount threshold set forth in our policy, which varies by loan type. The Board Loan Committee (which includes the Chief Executive Officer and four other Board members) approves credits that are both exceptions to policy and are above prescribed amounts related to loan type and collateral.

The Bank's lending policies generally provide for lending inside of our primary trade area. However, the Bank will make loans to persons outside of our primary trade area when the Bank deems it prudent to do so. In an effort to promote a high degree of asset quality, the Bank focuses primarily upon offering secured loans. However, the Bank is willing to make short-term unsecured loans to borrowers with high net worth and income profiles. The Bank generally requires loan customers to maintain deposit accounts with the Bank. In addition, the bank generally provides for a minimum required rate of interest in its variable rate loans. We believe that having senior management on-site allows for an enhanced local presence and rapid decision-making that attracts borrowers. The Bank's legal lending limit to any one borrower is 15% of capital for most loans (\$12.4 million) and 25% of capital for loans secured by readily marketable collateral (\$20.7 million). At September 30, 2012, the Bank's largest borrower had an aggregate borrowing outstanding of \$11.4 million. The largest single loan outstanding at the Bank at September 30, 2012 was \$9.1 million.

Our business model includes using industry best practices for community banks, including personalized service, state-of-the-art technology and extended hours. We believe that this will generate deposit accounts with somewhat larger average balances than are found at many other financial institutions. We also use pricing techniques in our efforts to attract banking relationships having larger than average balances.

Competition

The banking business is highly competitive. We face substantial immediate competition and potential future competition both in attracting deposits and in originating loans. We compete with numerous commercial banks, savings banks and savings and loan associations, many of which have assets, capital and lending limits larger than those that we have or will have upon completion of this offering. Other competitors include money market mutual funds, mortgage bankers, insurance companies, stock brokerage firms, regulated small loan companies, credit unions and issuers of commercial paper and other securities.

Our larger competitors have greater financial resources to finance wide-ranging advertising campaigns.

Additionally, we endeavor to compete for business by providing high quality, personal service to customers, customer access to our decision-makers and competitive interest rates and fees. We seek to hire and retain quality employees who desire greater responsibility than may be available working for a larger employer. Additionally, the local real estate and other business activities of our Directors help us develop business relationships by increasing our profile in our communities.

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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. As a result of increased competition, existing banks have been forced to diversify their services, increase rates paid on deposits and become more cost effective. Corresponding changes in the regulatory framework have resulted in increasing homogeneity in the financial services offered by financial institutions. Some of the results of those market dynamics in the financial services industry include an increase in the number of new bank and non-bank competitors and increased customer awareness of product and service differences among competitors. Those results may be expected to affect our business prospects.

Bank Premises

The Bank leases its main office and seven branch locations. The Bank's headquarters and main branch is a three story brick and glass building located on Sylvan Avenue in Englewood Cliffs, in the heart of Englewood Cliffs' commercial business district, easily accessible from major highways including Route 80, the New Jersey Turnpike and the Palisades Parkway. In addition, Sylvan Avenue is a major north-south corridor and approach to the George Washington Bridge.

The Lemoine Avenue, Fort Lee office is located at 1620 Lemoine Avenue in a strip mall on a major north south through way in the center of town. The strip mall has seven parking spaces, two of which are dedicated to the Bank.

The Palisades Avenue, Fort Lee office is located at 899 Palisades Avenue on the corner of Palisades Avenue and Columbia Avenue which is right on the border with Cliffside Park. This location features a drive-through and on site parking. This branch was a former Bridgeview Bank branch location and is familiar to many of our customers who had banked there in the past.

The Cresskill office is located at One Union Avenue in Cresskill, a prominent corner location on Piermont and Union Avenues in the heart of Cresskill. The facility has a drive-through and on site parking.

The Hackensack office is located at the intersection of Essex Street and Railroad Avenue, is a high visibility location between the County Courthouse and Hackensack University Medical Center. This facility has a two lane drive-through and plenty of parking. It is convenient to all the major highways, and especially to the legal and medical professions in the area.

The West New York office is located at the intersection of Park Avenue and 60th Street. The facility has a drive-through and onsite parking, a rarity in the Hudson County Market.

The Ridgewood office is located on Ridgewood Avenue. The facility is located in a highly visible position between the Post Office and Starbucks in downtown Ridgewood. This branch was formerly a branch of Citizens Community Bank; we acquired it from FDIC receivership in May 2009 when we entered into a purchase and assumption agreement with the FDIC to acquire certain assets and assume certain liabilities of the failed bank.

The Holmdel office is located at 963 Holmdel Road. The facility is located one block from Main St., has a two lane drive-through and shares a location with a prominent local realtor.

Legal Proceedings

From time to time we are a party to various litigation matters incidental to the conduct of our business. We are not presently party to any such legal proceeding the resolution of which we believe would have a material adverse effect on our business, operating results, financial condition or cash flow.

SUPERVISION AND REGULATION

We are a bank holding company within the meaning of the BHCA. As a bank holding company, we are subject to regulation and examination by the Board of Governors of the Federal Reserve System (the “Federal Reserve”). In addition, the Bank is subject to examination and supervision by the FDIC, as the insurer of our deposits, and the New Jersey Department of Banking and Insurance, as the chartering entity of the Bank.

Recently Enacted Regulatory Reform

On July 21, 2010, the President signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) which imposes new restrictions and an expanded framework of regulatory oversight for financial institutions, including depository institutions. Although the Dodd-Frank Act is primarily aimed at the activities of investment banks and large, national commercial banks, many of the provisions of the Dodd-Frank Act will impact the operations of community banks like the Bank. The following discussion summarizes significant aspects of the new law that may affect the Bank and the Company. Many regulations implementing these changes have not been promulgated, so we cannot determine the full impact on our business and operations at this time.

The following aspects of the financial reform and consumer protection act are related to the operations of the Bank:

A new independent consumer financial protection bureau was established within the Federal Reserve, empowered to exercise broad regulatory, supervisory and enforcement authority with respect to both new and existing consumer financial protection laws. However, smaller financial institutions, like the Bank, are subject to the supervision and enforcement of their primary federal banking regulator with respect to the federal consumer financial protection laws.

Tier 1 capital treatment for “hybrid” capital items like trust preferred securities is eliminated subject to various grandfathering and transition rules.

The prohibition on payment of interest on demand deposits was repealed, effective July 21, 2011.

Deposit insurance is permanently increased to \$250,000 and unlimited deposit insurance for noninterest-bearing transaction accounts extended through the end of 2012.

The deposit insurance assessment base calculation now equals the depository institution’s total assets minus the sum of its average tangible equity during the assessment period.

The minimum reserve ratio of the Deposit Insurance Fund increased to 1.35 percent of estimated annual insured deposits or assessment base; however, the FDIC is directed to “offset the effect” of the increased reserve ratio for insured depository institutions with total consolidated assets of less than \$10 billion.

The following aspects of the financial reform and consumer protection act are related to the operations of the Company:

The Federal Deposit Insurance Act was amended to direct federal regulators to require depository institution holding companies to serve as a source of strength for their depository institution subsidiaries.

The Securities and Exchange Commission is authorized to adopt rules requiring public companies to make their proxy materials available to shareholders for nomination of their own candidates for election to the board of directors.

Public companies are now required to provide their shareholders with a non-binding vote: (i) at least once every three years on the compensation paid to executive officers, and (ii) at least once every six years on whether they should have a “say on pay” vote every one, two or three years.

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A separate, non-binding shareholder vote is now required regarding golden parachutes for named executive officers when a shareholder vote takes place on mergers, acquisitions, dispositions or other transactions that would trigger the parachute payments.

Securities exchanges are now required to prohibit brokers from using their own discretion to vote shares not beneficially owned by them for certain “significant” matters, which include votes on the election of directors, executive compensation matters, and any other matter determined to be significant.

Stock exchanges are prohibited from listing the securities of any issuer that does not have a policy providing for (i) disclosure of its policy on incentive compensation payable on the basis of financial information reportable under the securities laws, and (ii) the recovery from current or former executive officers, following an accounting restatement triggered by material noncompliance with securities law reporting requirements, of any incentive compensation paid erroneously during the three-year period preceding the date on which the restatement was required that exceeds the amount that would have been paid on the basis of the restated financial information.

Disclosure in annual proxy materials will be required concerning the relationship between the executive compensation paid and the financial performance of the issuer.

Item 402 of Regulation S-K will be amended to require companies to disclose the ratio of the Chief Executive Officer’s annual total compensation to the median annual total compensation of all other employees.

Smaller reporting companies are exempt from complying with the internal control auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act.

Holding Company Supervision and Regulation

General

As a bank holding company registered under the Bank Holding Company Act (the “BHCA”), the Company is subject to the regulation and supervision applicable to bank holding companies by the Federal Reserve. 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 BHCA 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.

Among other things, the BHCA requires regulatory filings by a stockholder or other party that seeks to acquire direct or indirect “control” of an FDIC-insured depository institution. The determination whether an investor “controls” a depository institution is based on all of the facts and circumstances surrounding the investment. As a general matter, a party is deemed to control a depository institution or other company if the party owns or controls 25% or more of any class of voting stock. A party may be presumed to control a depository institution or other company if the investor owns or controls 10% or more of any class of voting stock. Ownership by affiliated parties, or parties acting in concert, is typically aggregated for these purposes. If a party’s ownership of the Company were to exceed certain thresholds, the investor could be deemed to “control” the Company for regulatory purposes. This could subject the investor to regulatory filings or other regulatory consequences.

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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 was substantially amended through the Gramm-Leach Bliley Financial Modernization Act of 1999 (“Financial Modernization Act”). The Financial Modernization Act permits 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 that elect to become financial holding companies may engage in certain banking and non-banking activities without prior Federal Reserve approval. Finally, the Financial Modernization Act imposes certain privacy requirements on all financial institutions and their treatment of consumer information. At this time, the Company has elected not to become a financial holding company, as it does not engage in any activities that are 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 fund in the event the depository institution becomes in danger of default. Under provisions of the Federal Deposit Insurance Act, 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 requirement. 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. These requirements apply on a consolidated basis to bank holding companies with consolidated assets of \$500 million or more and to certain bank holding companies with less than \$500 million in consolidated assets if they are engaged in substantial non-banking activities or meet certain other criteria.

In addition to the risk-based capital guidelines, the Federal Reserve has adopted a minimum Tier I capital (leverage) ratio, under which a bank holding company must maintain a minimum level of Tier I capital to average total consolidated assets of at least 3% in the case of a bank holding company that has the highest regulatory examination rating and is not contemplating significant growth or expansion. All other bank holding companies are expected to maintain a leverage ratio of at least 100 to 200 basis points above the stated minimum. This minimum leverage requirement only applies to bank holding companies on a consolidated basis if the risk based capital requirements discussed above apply.

These capital requirements are substantially similar to those imposed on the Bank under FDIC regulation. See “SUPERVISION AND REGULATION – Supervision and Regulation of the Bank – Capital Adequacy Guidelines.”

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Payment of Dividends

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

Limitations on Transactions with Affiliates

Transactions between a bank and any affiliate are governed by Sections 23A and 23B of the Federal Reserve Act. An affiliate of a bank includes any company or entity which controls the bank or that is controlled by a company that controls the bank. In a holding company context, the parent holding company of a bank (such as the Company) and any companies which are controlled by such parent holding company are affiliates of the bank. Generally, Section 23A (i) limits the extent to which the bank or its subsidiaries may engage in "covered transactions" with any one affiliate to an amount equal to 10% of such bank's capital stock and surplus, and (ii) contains an aggregate limit on all such transactions with all affiliates to an amount equal to 20% of such capital stock and surplus. Section 23B applies to "covered transactions" as well as certain other transactions and requires that all transactions be on terms substantially the same, or at least favorable, to the bank or subsidiary as those provided to a non-affiliate. The term "covered transaction" includes the making of loans to, purchase of assets from, issuance of a guarantee to an affiliate and similar transactions. Section 23B transactions also include the provision of services and the sale of assets by a bank to an affiliate.

In addition, Sections 22(h) and (g) of the Federal Reserve Act place restrictions on loans to executive officers, directors and principal stockholders. Under Section 22(h), loans to a director, an executive officer and a greater than 10% stockholder of a bank, and certain affiliated interests of either, may not exceed, together with all other outstanding loans to such person and affiliated interests, the bank's loans to one borrower limit (generally equal to 15% of the bank's unimpaired capital and surplus). Section 22(h) also requires that loans to directors, executive officers and principal stockholders be made on terms substantially the same as offered in comparable transactions to other persons and also requires prior board approval for certain loans. In addition, the aggregate amount of extensions of credit by a bank to all insiders cannot exceed the bank's unimpaired capital and surplus. Furthermore, Section 22(g) places additional restrictions on loans to executive officers.

Sarbanes-Oxley Act of 2002

The Sarbanes-Oxley Act of 2002 generally established a comprehensive framework to modernize and reform the oversight of public company auditing, improve the quality and transparency of financial reporting by those companies and strengthen the independence of auditors. Among other things, the legislation (i) created a public company accounting oversight board which is empowered to set auditing, quality control and ethics standards, to inspect registered public accounting firms, to conduct investigations and to take disciplinary actions, subject to SEC oversight and review; (ii) strengthened auditor independence from corporate management by, among other things, limiting the scope of consulting services that auditors can offer their public company audit clients; (iii) heightened the responsibility of public company directors and senior managers for the quality of the financial reporting and disclosure made by their companies; (iv) adopted a number of provisions to deter wrongdoing by corporate management; (v) imposed a number of new corporate disclosure requirements; (vi) adopted provisions which generally seek to limit and expose to public view possible conflicts of interest affecting securities analysts; and (vii) imposed a range of new criminal penalties for fraud and other wrongful acts, as well as extended the period during which certain types of lawsuits can be brought against a company or its insiders.

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Supervision and Regulation of the Bank

As a New Jersey-chartered commercial bank, the Bank is subject to the regulation, supervision, and control of the New Jersey Department of Banking and Insurance (the “Banking Department”). As an FDIC-insured institution, the Bank is subject to regulation, supervision and control of the FDIC, an agency of the federal government. The regulations of the FDIC and the Banking Department affect virtually all of the Bank’s activities, including the minimum level of capital, the ability to pay dividends, the ability to expand through new branches or acquisitions and various other matters.

Insurance of Deposits

The deposits of the Bank are insured by the Deposit Insurance Fund, which is administered by the FDIC. The Dodd-Frank Act permanently increased deposit insurance on most accounts to \$250,000. In addition, pursuant to Section 13(c)(4)(G) of the Federal Deposit Insurance Act, the FDIC has implemented two temporary programs to provide deposit insurance for the full amount of most noninterest bearing transaction deposit accounts and to guarantee certain unsecured debt of financial institutions and their holding companies. Under the unsecured debt program, the FDIC’s guarantee expires on the earlier of the maturity date of the debt or December 31, 2012. The Bank does not participate in this program. The unlimited deposit insurance for non-interest-bearing transaction accounts was extended by the recently enacted legislation through the end of 2012 for all insured institutions without a separate insurance assessment (but the cost of the additional insurance coverage will be considered under the risk-based assessment system).

The FDIC’s risk-based premium system provides for quarterly assessments. Each insured institution is placed in one of four risk categories depending on supervisory and capital considerations. Within its risk category, an institution is assigned to an initial base assessment rate which is then adjusted to determine its final assessment rate based on its brokered deposits, secured liabilities and unsecured debt. The FDIC recently amended its deposit insurance regulations (1) to change the assessment base for insurance from domestic deposits to average assets minus average tangible equity and (2) to lower overall assessment rates. The revised assessments rates are between 2.5 to 9 basis points for banks in the lowest risk category and between 30 to 45 basis points for banks in the highest risk category. The amendments became effective during the second quarter of 2011 and reduced the Bank’s insurance premium expense.

In addition, all institutions with deposits insured by the FDIC are required to pay assessments to fund interest payments on bonds issued by the Financing Corporation, a mixed-ownership government corporation established to recapitalize a predecessor to the Deposit Insurance Fund. The assessment rate for the fourth quarter of fiscal 2012 was .00165% of insured deposits and is adjusted quarterly. These assessments will continue until the Financing Corporation bonds mature in 2019.

The FDIC may terminate the deposit insurance of any insured depository institution, including the Bank, if it determines after a hearing that the institution has engaged or is engaging in unsafe or unsound practices, is in an unsafe or unsound condition to continue operations, or has violated any applicable law, regulation, order or any condition imposed by an agreement with the FDIC. It also may suspend deposit insurance temporarily during the hearing process for the permanent termination of insurance, if the institution has no tangible capital. If insurance of accounts is terminated, the accounts at the institution at the time of the termination, less subsequent withdrawals, shall continue to be insured for a period of six months to two years, as determined by the FDIC. Management is aware of no existing circumstances which would result in termination of the Bank’s deposit insurance.

Interstate Acquisitions

The Interstate Banking Act allows federal regulators to approve mergers between adequately capitalized banks from different states regardless of whether the transaction is prohibited under any state law, unless one of the banks’ home states has enacted a law expressly prohibiting out-of-state mergers before June 1997. This act also allows a state to permit out-of-state banks to establish and operate new branches in that state. The State of New Jersey has not “opted out” of this interstate merger provision. Therefore, the federal provision permitting interstate acquisitions applies to banks chartered in New Jersey. New Jersey law, however, retained the requirement that an acquisition of a New Jersey institution by a New Jersey or a non-New Jersey -based holding company must be approved by the Banking Department. The Interstate Banking Act also allows a state to permit out-of-state banks to establish and operate new branches in this state. New Jersey law permits an out of state banking institution to establish additional branch offices in

New Jersey if the out of state banking institution has at least one existing branch office location in New Jersey and complies with certain other requirements.

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Dividend Rights

Under the New Jersey Corporation Act, we are permitted to pay cash dividends provided that the payment does not leave us insolvent. As a bank holding company under the BHCA, we would be prohibited from paying cash dividends if we are not in compliance with any capital requirements applicable to it. However, as a practical matter, for so long as our major operations consist of ownership of the Bank, the Bank will remain our source of dividend payments, and our ability to pay dividends will be subject to any restrictions applicable to the Bank.

Under the New Jersey Banking Act of 1948, as amended, dividends may be paid by the Bank only if, after the 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. The payment of dividends is also dependent upon the Bank's ability to maintain adequate capital ratios pursuant to applicable regulatory requirements.

We have not paid cash dividends on our shares of common stock since the formation of the Bank in 2005, and expect that we will continue to use our earnings to augment our capital base, rather than for cash dividends.

Capital Adequacy Guidelines

The FDIC has promulgated risk-based capital guidelines that 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 those 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.

Bank assets are given risk-weights of 0%, 20%, 50% and 100%. In addition, certain off-balance sheet items are given similar credit conversion factors to convert them to asset equivalent amounts to which an appropriate risk-weight will apply. Those computations result in the total risk-weighted assets. Most loans are assigned to the 100% risk category, except for performing first mortgage loans fully secured by residential property, which carry a 50% risk weighting. Most investment securities (including, primarily, general obligation claims of states or other political subdivisions of the United States) are assigned to the 20% category, except for municipal or state revenue bonds, which have a 50% risk-weight, and direct obligations of the U.S. Treasury or obligations backed by the full faith and credit of the U.S. Government, which have a 0% risk-weight. In converting off-balance sheet items, direct credit substitutes, including general guarantees and standby letters of credit backing financial obligations, are given a 100% risk weighting. Transaction-related contingencies such as bid bonds, standby letters of credit backing nonfinancial obligations, and undrawn commitments (including commercial credit lines with an initial maturity of more than one year), have a 50% risk weighting. Short-term commercial letters of credit have a 20% risk weighting, and certain short-term unconditionally cancelable commitments have a 0% risk weighting.

The minimum ratio of total capital to risk-weighted assets required by FDIC regulations (including certain off-balance sheet activities, such as standby letters of credit) is 8%. At least 4% of the total capital is required to be "Tier 1 Capital," consisting of common stockholders' equity and qualifying preferred stock or hybrid instruments, less certain goodwill items and other intangible assets. The remainder ("Tier 2 Capital") may consist of (a) the allowance for loan losses of up to 1.25% of risk weighted assets, (b) excess of qualifying preferred stock, (c) hybrid capital instruments, (d) perpetual debt, (e) mandatory convertible securities, and (f) qualifying subordinated debt and intermediate-term preferred stock up to 50% of Tier 1 Capital. Total capital is the sum of Tier 1 and Tier 2 Capital less reciprocal holdings of other banking organizations' capital instruments, investments in unconsolidated subsidiaries and any other deductions as determined by the FDIC (determined on a case-by-case basis or as a matter of policy after formal rule-making).

In addition to the risk-based capital guidelines, the FDIC has adopted a minimum Tier 1 Capital (leverage) ratio, under which a bank must maintain a minimum level of Tier 1 Capital to average total consolidated assets of at least 3% in the case of a bank that has the highest regulatory examination rating and is not contemplating significant growth or expansion. All other banks are expected to maintain a leverage ratio of at least 100 to 200 basis points above the stated minimum.

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The Group of Governors and Heads of Supervision, the oversight body of the Basel Committee on Banking Supervision, adopted Basel III in September 2010, which constitutes a strengthened set of capital requirements for banking organizations in the United States and around the world. Basel III is currently the subject of notices of proposed rulemakings released in June of 2012 by the respective U.S. federal banking agencies. The comment period for these notices of proposed rulemakings ended on October 22, 2012. Basel III is intended to be implemented beginning January 1, 2013 and to be fully-phased in on a global basis on January 1, 2019. Basel III would require a minimum amount of capital to be held in the form of tangible common equity, generally increase the required capital ratios, phase out certain kinds of intangibles treated as capital and certain types of instruments and change the risk weightings of assets used to determine required capital ratios. In addition, institutions that seek the freedom to make capital distributions and pay discretionary bonuses to executive officers without restriction must also maintain 2.5% in common equity attributable to a capital conservation buffer to be phased in from January 1, 2016 until January 1, 2019. However, on November 9, 2012, the U.S. federal banking agencies announced that they do not expect that any of the proposed rules would become effective on January 1, 2013. They did not indicate the likely new effective date.

These provisions, as well as any other aspects of current or proposed regulatory or legislative changes to laws applicable to the financial industry, may impact the profitability of our business activities and may change certain of our business practices, including the ability to offer new products, obtain financing, attract deposits, make loans, and achieve satisfactory interest spreads, and could expose us to additional costs, including increased compliance costs. These changes also may require us to invest significant management attention and resources to make any necessary changes to operations in order to comply, and could therefore also materially and adversely affect our business, financial condition and results of operations.

Prompt Corrective Action

Under Section 38 of the FDIA, each federal banking agency is required to implement a system of prompt corrective action for institutions which it regulates. The federal banking agencies (including the FDIC) have adopted substantially similar regulations to implement Section 38 of the FDIA. Under the regulations, a bank shall be deemed to be (i) “well capitalized” if it has total risk-based capital of 10.0% or more, has a Tier 1 risk-based ratio of 6.0% or more, has a Tier 1 leverage capital ratio of 5.0% or more and is not subject to any order or final capital directive to meet and maintain a specific capital level for any capital measure, (ii) “adequately capitalized” if it has a total risk-based capital ratio of 8.0% or more, a Tier 1 risk-based capital ratio of 4.0% or more and a Tier 1 leverage capital ratio of 4.0% or more (3.0% under certain circumstances) and does not meet the definition of “well capitalized”, (iii) “undercapitalized” if it has a total risk-based capital ratio that is less than 8.0%, a Tier 1 risk-based capital ratio that is less than 4.0% or a Tier 1 leverage capital ratio that is less than 4.0% (3.0% under certain circumstances), (iv) “significantly undercapitalized” if it has a total risk-based ratio that is less than 6.0%, a Tier 1 risk-based capital ratio that is less than 3.0% or a Tier 1 leverage capital ratio that is less than 3.0%, and (v) “critically undercapitalized” if it has a ratio of tangible equity to total assets that is equal to or less than 2.0%. Section 38 of the FDIA and the regulations promulgated thereunder also specify circumstances under which the FDIC may reclassify a well capitalized bank as adequately capitalized and may require an adequately capitalized bank or an undercapitalized bank to comply with supervisory actions as if it were in the next lower category (except that the FDIC may not reclassify a significantly undercapitalized bank as critically undercapitalized). At September 30, 2012, the Bank was in the “well capitalized” category.

Activities and Investments of Insured State-Chartered Banks

Section 24 of the FDIA generally limits the activities and equity investments of FDIC-insured, state-chartered banks to those that are permissible for national banks. Under regulations dealing with equity investments, an insured state bank generally may not directly or indirectly acquire or retain any equity investment of a type, or in an amount, that is not permissible for a national bank. An insured state bank is not prohibited from, among other things, (i) acquiring or retaining a majority interest in a subsidiary, (ii) investing as a limited partner in a partnership the sole purpose of which is direct or indirect investment in the acquisition, rehabilitation or new construction of a qualified housing project, provided that such limited partnership investments may not exceed 2% of the bank's total

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assets, (iii) acquiring up to 10% of the voting stock of a company that solely provides or reinsures directors' , trustees' and officers' liability insurance coverage or bankers' blanket bond group insurance coverage for insured depository institutions, and (iv) acquiring or retaining the voting shares of a depository institution if certain requirements are met.

Pursuant to FDIC regulations promulgated under Section 24 of the FDIA, insured banks engaging in impermissible activities may seek approval from the FDIC to continue such activities. Banks not engaging in such activities but that desire to engage in otherwise impermissible activities may apply for approval from the FDIC to do so; however, if such bank fails to meet the minimum capital requirements or the activities present a significant risk to the FDIC insurance funds, such application will not be approved by the FDIC.

Safety and Soundness

The federal banking agencies, including the FDIC, have implemented rules and guidelines concerning standards for safety and soundness required pursuant to Section 39 of the FDIA. In general, the standards relate to (1) operational and managerial matters; (2) asset quality and earnings; and (3) compensation. The operational and managerial standards cover (a) internal controls and information systems, (b) internal audit systems, (c) loan documentation, (d) credit underwriting, (e) interest rate exposure, (f) asset growth, and (g) compensation, fees and benefits. Under the asset quality and earnings standards, the Bank is required to establish and maintain systems to (i) identify problem assets and prevent deterioration in those assets, and (ii) evaluate and monitor earnings and ensure that earnings are sufficient to maintain adequate capital reserves. Finally, the compensation standard states that compensation will be considered excessive if it is unreasonable or disproportionate to the services actually performed by the individual being compensated. The federal banking agencies have also adopted asset quality and earnings standards. If an insured state-chartered bank fails to meet any of the standards promulgated by regulation, then such institution will be required to submit a plan within 30 days to the FDIC specifying the steps it will take to correct the deficiency. In the event that an insured state-chartered bank fails to submit or fails in any material respect to implement a compliance plan within the time allowed by the federal banking agency, Section 39 of the FDIA provides that the FDIC must order the institution to correct the deficiency and may (1) restrict asset growth; (2) require the bank to increase its ratio of tangible equity to assets; (3) restrict the rates of interest that the bank may pay; or (4) take any other action that would better carry out the purpose of prompt corrective action. The Bank believes that it has been and will continue to be in compliance with each of the standards as they have been adopted by the FDIC.

Regulatory Enforcement Authority

Federal banking regulators have substantial enforcement authority over the financial institutions that they regulate including, among other things, the ability to assess civil money penalties, to issue cease-and-desist or removal orders and to initiate injunctive actions against banking organizations and institution-affiliated parties, as defined. In general, these enforcement actions may be initiated for violations of laws and regulations and unsafe or unsound practices. Other actions or inactions may provide the basis for enforcement action, including misleading or untimely reports filed with regulatory authorities. Except under certain circumstances, federal law requires public disclosure of final enforcement actions by the federal banking agencies.

Federal Reserve System

The Federal Reserve Board requires all depository institutions to maintain reserves against their transaction accounts (primarily NOW and Super NOW checking accounts) and non-personal time deposits. The required reserves must be maintained in the form of vault cash or an account at a Federal Reserve Bank. At December 31, 2012, the Bank was in compliance with its reserve requirements.

Community Reinvestment Act

All insured depository institutions have a responsibility under the Community Reinvestment Act and related regulations to help meet the credit needs of their communities, including low- and moderate-income neighborhoods. An institution's failure to comply with the provisions of the Community Reinvestment Act could result in restrictions on its activities. The Bank received a "satisfactory" Community Reinvestment Act rating in its most recently completed examination.

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Privacy Requirements of the Gramm-Leach-Bliley Act

Federal law places limitations on financial institutions like the Bank regarding the sharing of consumer financial information with unaffiliated third parties. Specifically, these provisions require all financial institutions offering financial products or services to retail customers to provide such customers with the financial institution's privacy policy and provide such customers the opportunity to "opt out" of the sharing of personal financial information with unaffiliated third parties. The Bank currently has a privacy protection policy in place and believes such policy is in compliance with the regulations.

Anti-Money Laundering

Federal anti-money laundering rules impose various requirements on financial institutions intended to prevent the use of the U.S. financial system to fund terrorist activities. These provisions include a requirement that financial institutions operating in the United States have anti-money laundering compliance programs, due diligence policies and controls to ensure the detection and reporting of money laundering. Such compliance programs supplement existing compliance requirements, also applicable to financial institutions, under the Bank Secrecy Act and the Office of Foreign Assets Control Regulations. The Bank has established policies and procedures to ensure compliance with the federal anti-laundering provisions.

MANAGEMENT

Pursuant to New Jersey law and our Certificate of Incorporation, oversight and supervision is vested in our Board of Directors. Our Certificate of Incorporation provides for a Board of from 1 to 25 members, with the exact number to be determined by the Board of Directors from time to time. The Board of Directors has currently fixed the number of Directors at 9.

The following sets forth information regarding our executive officers and directors as of the date of this prospectus. Each director who was a founding organizer of the Bank has served on the Board of Directors of the Bank since its formation in 2005, and on the Board of Directors of the Company since it was formed in 2008.

Board of Directors

Frank Sorrentino III, Chairman of the Board and Chief Executive Officer, 51: Mr. Sorrentino was one of the founding organizers of the Bank, has served as our Chairman since our founding, and has been our Chief Executive Officer since 2007. Prior to becoming an officer of the Company and the Bank, Mr. Sorrentino was a builder and construction manager in Bergen County. Through his business contacts in our market, Mr. Sorrentino has been able to bring customers and investors to the Company, and his real estate experience in our market is of great value to the Board. In addition, as the Company's senior operating officer, his insight on the Company's operations is invaluable to the Board.

Stephen Boswell, Lead Independent Director, 59: Mr. Boswell was a founding organizer of the Bank. His firm, Boswell Engineering, Inc., for which he has served as President and Chief Executive Officer since 1990, is involved in many projects in our market. Through his business activities, Mr. Boswell has a strong sense of business conditions in our market that is invaluable to the Board.

Frank Baier, Director, 47: Prior to joining the Board in October of 2012, Mr. Baier served as our Executive Vice President and Chief Financial Officer from July 2011 through September 2012. He currently serves as Executive Vice President and Chief Financial Officer of Continental Grain Company, a diversified operating and investment company. Mr. Baier has an extensive background in finance, including service as Executive Vice President and Chief Financial Officer of Independence Community Bank Corp. from June 2001 until September 2005, Chief Financial Officer and Chief Accounting Officer of Securities Industry and Financial Markets Association from June until September of 2008, Special Advisor to Washington Mutual from September 2008 until October 2008, Chief Financial Officer of Capital Access Network, Inc from February 2009 until February 2010, and a Partner at Columbia Financial Partners LP, from May 2010 until June 2011. Mr. Baier also currently serves as a Board Member of the Summit Police Athletic League. Mr. Baier's extensive background and understanding of finance proves invaluable to the Board.

Frank Cavuoto, Director, 61: Mr. Cavuoto was a founding organizer of the Bank. He has been a certified public accountant for over 30 years and has owned Frank J. Cavuoto & Co since 2003. His accounting experience and his leadership of the Audit Committee are invaluable to the Board.

Dale Creamer, Director, 50: Mr. Creamer was a founding organizer of the Bank. Mr. Creamer has served as Vice President of J. Fletcher Creamer & Son, Inc., a construction company, for more than ten years. As a leading businessman in the Bergen County area, Mr. Creamer brings valuable insight into the market conditions of the surrounding communities.

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Steven M. Goldman, Director, 61: Mr. Goldman's experience both as a practicing attorney and, from March 2006 until July 2009, as the Commissioner of the New Jersey Department of Banking and Insurance, allow him to provide the Board with valuable insight on matters of corporate governance, regulatory compliance and relations and structuring of transactions. Mr. Goldman has served as a Partner at the law firm of Kramer Levin Naftalis & Frankel LLP since July 2009. Mr. Goldman joined the Board in 2011.

Frank Huttie III, Director, 57: Mr. Huttie was a founding organizer of the Bank. He has over 30 years of experience in the insurance, mortgage banking and real estate industries formerly as a practicing attorney and partner at DeCotiis, Fitzpatrick and Cole, prior to taking his current position, and as a certified public accountant and Partner at Touche Ross & Co. Mr. Huttie has served as Executive Vice President and General Counsel to Hudson Media, Inc., a diversified magazine service and holding company since February, 2010. His experience as a transactional attorney and as a businessman in our market allows him to provide unique insight to the Board on a variety of matters, including current business conditions impacting our customers. Mr. Huttie also currently serves as the mayor of the Borough of Englewood, New Jersey.

Michael Kempner, Director, 54: Mr. Kempner was a founding organizer of the Bank. He has over 30 years of public relations and media experience and has served as President and Chief Executive Officer for MWW Group, Inc since 1985. His insight has assisted the Company in establishing and maintaining its public image, and he has helped guide the Bank's marketing campaign.

Joseph Parisi, Jr., Director, 51: Mr. Parisi was a founding organizer of the Bank. Mr. Parisi has served as President and Chief Executive Officer of Otterstedt Insurance Agency since 1979, as well as Mayor for the Borough of Englewood Cliffs, New Jersey. His experience both in the insurance industry and as the Mayor of a town in our market allow him to provide valuable insight to the Board on conditions affecting our customers.

There are no arrangements between any of our directors and any other individuals pursuant to which he was selected as a director. No director is related to any other director or executive officer by blood, marriage, or adoption. No director is also a director of a company having a class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended, or subject to the requirements of Section 15(d) of such Act or any company registered as an investment company under the Investment Company Act of 1940; ; except for (i) Frank Baier, who was a director of Doral Financial Corporation from 2007 until 2011, and (ii) Michael Kempner, who served as a director of Lighting Science Group Corporation from January 2010 until May 2012.

Non-Director Executive Management

William S. Burns, Executive Vice President and Chief Financial Officer, 53: Prior to joining us in October of 2012, Mr. Burns was the Chief Financial Officer of Somerset Hills Bancorp, a bank holding company located in New Jersey, from April 2009 through September, 2012 and of The Trust Company of New Jersey, a commercial banking institution which was acquired by North Fork Bancorporation. Mr. Burns has over thirty years of experience in the financial services industry including senior positions at The Dime Savings Bank of New York, Summit Bank, The Bank of New York and Ten Rock Capital Fund, L.P. (from 2005-2009). Mr. Burns received an M.B.A. from the Stern School of Business at New York University and a B.S., cum laude, from Syracuse University.

Laura Criscione, Executive Vice President and Chief Compliance Officer, 44: With more than 22 years of experience in the banking industry, Ms. Criscione has extensive knowledge of banking operations, auditing procedures, and regulatory compliance and reporting. Prior to joining us in 2005, Ms. Criscione held previous roles in the banking industry, including service as Controller at Ridgewood Savings Bank of New Jersey, and Senior Vice President, Chief Financial Officer and Bank Secrecy Act Officer at NorCrown Bank. Prior to serving as our Executive Vice and Chief Compliance Officer, Ms. Criscione was our Chief Financial Officer and, subsequently, our Chief Operations Officer.

Elizabeth Magennis, Executive Vice President and Chief Lending Officer, 43: Ms. Magennis began her career with us in 2006 as a Commercial Loan Officer and was promoted to Chief Lending Officer in 2007. Previously, she was a Vice President and Commercial Loan Officer at Bergen Commercial Bank and an SBA Lender/Underwriter at Sovereign Bank. She has over 24 years of banking experience and graduated from Ramapo College with a B.S. in Psychology and St. John's University with an A.S. in Business Administration.

Peter Tomasi, Chief Credit Officer, 63: Mr. Tomasi received his BSIE from the New Jersey Institute of Technology, and an MBA from Seton Hall University in Finance. He received further training from the National Commercial Lending School, the National Commercial Lending Graduate School, and the University of Virginia, Darden Graduate School of Business, Commercial Lending Decisions in addition to many other programs. He has 40 years experience in Credit and Lending. During the last 10 years he has served as our Chief Credit Officer, Senior Credit Officer for Valley National Bank from 2005 until 2008, and Chief Credit Officer for Hudson Valley Bank from 2008 until 2010. He was a member of the Board of Directors for the Federation of Credit and Financial Professionals (NACM) from 1998 until 2009; and is a member of the Board of Advisors for NJIT' s Dorman Honors College since 1998.

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Aditya Kishore, Chief Technology/Operations Officer, 49: Prior to joining us in January 2013, he served as Chief Operations and Chief Information Officer for Carver Federal Savings Bank from February 2011 until January 2013. Prior to his service at Carver, Mr. Kishore served as the Chief Operations and Chief Information Officer of Hanover Community Bank from August 2009 through February 2011. Mr. Kishmore served as Chief of Banking Products at Fidelity National Information Services, a financial institution technology service provider from July 2008 to July 2009, and he served as the Chief Information Officer of Mutual Bank of Chicago, Illinois, from 2005 to 2008.

Independence

A majority of the Board consists of individuals who are “independent” under the Nasdaq listing standards. In making this determination with regard to Board member Michael Kempner, the Board considered the fact that the Company and the Bank have used Mr. Kempner’s firm, MWW Group, to provide advertising and public relations assistance and advice. The Board considered, among other factors, the fees paid to MWW Group as a percentage of the firm’s total revenue (less than 1%) and Mr. Kempner’s personal income and determined that the engagement of MWW Group did not interfere with Mr. Kempner’s exercise of independent judgment in carrying out the responsibilities of a director. In addition, the Board has considered the fact that several directors, including Messrs. Boswell, Creamer, Cavuoto, Huttie, Kempner and Parisi, each own a direct or indirect interest in a limited liability company which acts as a landlord for two of the Bank’s branches. See – CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS. The Board has concluded that based on each director’s respective interest in the rental payments compared to their overall net worth and cash, membership in such limited liability company does not interfere with their exercise of independent judgment in carrying out the responsibilities of a director. Mr. Sorrentino, who serves as the Chairman and Chief Executive Officer is not independent, nor is Mr. Baier, since he recently served as the Chief Financial Officer of the Company. Stockholders wishing to communicate directly with the independent members of the Board of Directors may send correspondence to ConnectOne Bancorp, Inc., attn.: Stephen Boswell, Lead Independent Director, 301 Sylvan Avenue, Englewood Cliffs, New Jersey 07632.

Diversity Statement

Although we have not adopted a formal policy on diversity, the Board considers diversity when selecting candidates for board service. When the Board determines there is a need to fill a director position, we begin to identify qualified individuals for consideration. We seek individuals that possess skill sets that a prospective director will be required to draw upon in order to contribute to the Board, including professional experience, education, and local knowledge. While education and skills are important factors, we also consider how candidates will contribute to the overall balance of the Board, so that we will benefit from directors with different perspectives, varying view points and wide-ranging backgrounds and experiences. We view and define diversity in its broadest sense, which includes gender, ethnicity, education, experience and leadership qualities.

Code of Conduct

The Board of Directors has adopted a Code of Conduct governing our Chief Executive Officer and senior financial officers, as required by the Sarbanes-Oxley Act and SEC regulations, as well as the Board of Directors and other senior members of management. Our Code of Business Conduct governs such matters as conflicts of interest, use of corporate opportunity, confidentiality, compliance with law and the like. Our Code of Ethics is available on our website at www.njcb.com.

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Board Leadership; Lead Independent Director

The Board of Directors has appointed Mr. Sorrentino as both the Company's Chief Executive Officer and Chairman of the Board. The Board believes that the combination of these two roles provides more consistent communication and coordination throughout the organization, which results in a more effective and efficient implementation of corporate strategy, and is important in unifying the Company's strategy behind a single vision. Our Board has also appointed Mr. Stephen Boswell, an independent director, to serve as Lead Independent Director of the Board. As Lead Independent Director, Mr. Boswell presides over all Board meetings when the Chairman is not present, and presides over meetings of the non-management directors held in executive session. The Lead Independent Director has the responsibility of meeting and consulting with the Chairman and Chief Executive Officer on Board and committee meeting agendas, acting as a liaison between management and the non-management directors, including maintaining frequent contact with the Chairman and Chief Executive and advising him on the efficiency of the Board meetings, and facilitating teamwork and communication between the non-management directors and management.

Risk Oversight

Risk is an inherent part of the business of banking. Risks faced by the Bank include credit risk relating to its loans and interest rate risk related to its entire balance sheet. The Board of Directors oversees these risks through the adoption of policies and by delegating oversight to certain committees, including the Audit Committee and the Loan and Asset/Liability Committees of the Bank. These committees exercise oversight by establishing a corporate environment that promotes timely and effective disclosure, fiscal accountability and compliance with all applicable laws and regulations.

Committees of Our Board of Directors

Audit Committee. We maintain an Audit Committee. The Audit Committee is responsible for the selection of the independent registered public accounting firm for the annual audit and to establish, and oversee the adherence to, a system of internal controls. The Audit Committee reviews and accepts the reports of our independent auditors and regulatory examiners. The Audit Committee arranges for an annual audit through its registered independent public accounting firm, evaluates and implements the recommendations of the auditors as well as interim audits performed by our outsourced internal auditors, receives all reports of examination by bank regulatory agencies, analyzes such regulatory reports, and reports to the Board the results of its analysis of the regulatory reports. The Audit Committee met four times during 2011. The Board of Directors has adopted a written charter for the Audit Committee which is available on our website at www.njcb.com. The Audit Committee currently consists of Frank Cavuoto (Chair), Stephen Boswell and Frank Huttie, all of whom are "independent" under the Nasdaq listing standards and meet the independence standards of the Sarbanes-Oxley Act. Although Mr. Cavuoto is a certified public accountant and has extensive experience in financial matters, it has not been determined by the Board that he is a "financial expert", as such term is defined by SEC regulations.

Compensation Committee. The Compensation Committee consists of directors Stephen Boswell (Chair), Steven Goldman and Joseph Parisi. Each member of the Compensation Committee is independent, as such term is defined in the Nasdaq listing standards. The purpose of the Compensation Committee is to review senior management's performance and determine compensation, and review and set guidelines for compensation of all employees. The Compensation Committee does not delegate its authority regarding compensation. Mr. Sorrentino our Chairman and Chief Executive Officer, provides input to the Committee regarding the compensation of our executive officers. In 2011, the Compensation Committee engaged Compensation Resources, Inc. to undertake an assessment of the Company's executive compensation program and a competitive market study of the Company's Board compensation. In 2011, the Compensation Committee met twice. The Board of Directors has adopted a written charter for the Compensation Committee which is available on our website at www.njcb.com.

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Nominating and Corporate Governance Committee. The Company has a Nominating and Corporate Governance Committee consisting of Directors Michael Kempner (Chair), Frank Huttler and Dale Creamer. Each member of the Compensation Committee is independent, as such term is defined in the Nasdaq listing standards. The Nominating and Corporate Governance Committee has responsibility for identifying and evaluating candidates for director and recommending the nomination of directors to the full Board. This Committee:

Reviews and assesses the adequacy of our corporate governance guidelines, personal codes of conduct and related internal policies and guidelines; and

Assists the Board in interpreting and applying corporate governance guidelines, and recommends any proposed changes to the Board of Directors for approval.

The Nominating and Corporate Governance Committee was first formed in late 2012.

Compensation Committee Interlocks and Insider Participation

There are no compensation committee “interlocks,” which generally means that no executive officer of the Company or the Bank served as a director or member of the compensation committee of another entity, one of whose executive officers serves as a director or member of the Compensation Committee.

EXECUTIVE COMPENSATION

The following table sets forth for the prior two years the compensation paid to our Chief Executive Officer and up to three other most highly compensated executive officers earning in excess of \$100,000 (the “named executive officers”) as of the fiscal year ended December 31, 2012.

Name and principal position	Year	Salary	Bonus	Stock awards	Option awards	All other compensation	Total	
		(\$)	(\$)	(\$) (2)	(\$)(3)	(\$)	(1)	(\$)
Frank Sorrentino III, Chairman and Chief Executive Officer	2012	410,000	185,000	92,500	92,500	15,993	(1)	795,993
	2011	370,000	164,062	72,187	—	15,000	(1)	621,249
	2010	350,000	96,250	—	—	9,000		455,250
William S. Burns, Chief Financial Officer	2012	60,000 (4)	—	37,057	—	2,271		99,328
Laura Criscione, Chief Operations Officer	2012	199,000	45,732	15,244	15,244	9,178		284,398
	2011	190,550	50,616	9,324	—	9,000		259,490
	2010	185,000	41,580	—	—	6,000		232,580
Elizabeth Magennis, Chief Lending Officer	2012	184,000	42,000	14,000	14,000	9,158		263,158
	2011	175,000	33,060	6,090	—	—		214,150
	2010	145,000	17,000	—	—	6,000		158,000
Peter Tomasi Chief Credit Officer	2012	156,000	32,400	6,300	6,300	9,000		210,000
	2011	150,000	12,840	—	—	9,000		171,890
	2010	67,500	—	—	—	—		67,500

(1) Represents a car allowance

(2) Awards of restricted stock are valued at the book value as of grant date, which is deemed to be fair value.

(3) Represents the grant date fair value computed in accordance with FASB ASC Topic 718

(4) Mr. Burns joined the Company in October, 2012 at an initial annual salary of \$240,000.

Employment Agreement

The Company and the Bank are parties to employment agreements with Messrs Frank S. Sorrentino, III, our Chief Executive Officer, and Mr. William S. Burns, Chief Financial Officer.

The employment agreement with Mr. Sorrentino has an initial three-year term, and will automatically renew for one additional year unless any party provides written notice of its intention not to renew. Under the agreement, Mr. Sorrentino will receive an annual base salary of \$475,000, subject to increase as determined by the Board. He will also be eligible to participate in the Company's incentive plans and other benefit plans for executive officers. Under the agreement, the Company or Bank will reimburse Mr. Sorrentino for his reasonable business expenses, and provide him with a \$1,250 monthly car allowance. In the event that Mr. Sorrentino's employment is terminated without cause, he is entitled to receive a lump sum payment equal to the sum of (i) his then current base salary for the remaining term of the agreement, but no less than an amount equal to one year of base salary and (ii) the greater of the highest bonus paid to him over the prior 36 months, or the amount accrued for his bonus in the year of termination. In the event a merger, acquisition or change-in-control transaction after which Mr. Sorrentino does not continue employment at the resulting entity in substantially the same position, under substantially the same terms and conditions under which he was employed prior to the change in control, he will receive a severance payment equal to the sum of (i) the highest annual base salary paid to him over the prior 36 month period, and (ii) the greater of the highest bonus paid to him over the prior 36 months, or the amount accrued for his bonus in the year of termination, multiplied by two plus one twelfth for each year of service completed by Mr. Sorrentino after the effective date of his agreement, [January 1, 2013]. The severance benefits are subject to reduction in the event the benefits would constitute an "excess parachute payment" under Section 280G of the Internal Revenue Code of 1986, as amended. Had a change in control occurred as of December 31, 2012, and had his contract then been in effect, Mr. Sorrentino would have been entitled to receive severance benefits of approximately \$1,320,000.

The employment agreement with Mr. Burns has an initial two-year term, and will automatically renew for one additional year unless either party provides written notice of its intention not to renew. Under the agreement, Mr. Burns will receive an annual base salary of \$240,000, subject to increase as determined by the Board. He will also be eligible to participate in the Company's bonus plan for executive officers, with the potential to receive a bonus of 25%-50% of his base salary. Additionally, Mr. Burns received a sign-on bonus of 1,667 shares of the Company's common stock, subject to vesting (fifty percent (50%) of the award vests on the first anniversary of employment, with the remainder vesting on the second anniversary of employment) and a cash payment of \$25,000, to be paid on January 2, 2013, provided that Mr. Burns is still employed by the Company at that time. Finally, in the event the Company implements an equity compensation program in connection with this offering, Mr. Burns will be entitled to participate in the program and receive a grant equal to between 25% and 40% of the shares allocated for grant to our Chief Executive Officer under the program. Mr. Burns is also entitled to participate in all benefit programs of the Company and the Bank. Under the agreement, the Company or Bank will reimburse Mr. Burns for his reasonable business expenses, and provide him with a \$750 monthly car allowance. In the event that Mr. Burns's employment is terminated without cause, he is entitled to receive his then current monthly base salary for a period of one year, paid in a lump sum. In the event a merger, acquisition or change-of-control transaction after which Mr. Burns does not continue employment at the resulting entity, he will receive a severance payment equal fifteen (15) times his then current monthly Base Salary, plus an additional payment equal to his then current monthly Base Salary (or one-twelfth (1/12) of his then current annual Base Salary) for every additional year of service which he has provided to the Company and the Bank. Any remaining unvested portion of the stock award discussed above will also vest. The severance benefits are subject to reduction in the event the benefits would constitute an "excess parachute payment" under Section 280G of the Internal Revenue Code of 1986, as amended. Had a change in control occurred as of December 31, 2012, he would have been entitled to receive severance benefits of approximately \$300,000.

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Agreements upon Change in Control

Each of Mr. Sorrentino, Ms. Criscione and Ms. Magennis has entered into change of control agreements with the Company. Under these agreements, in the event of a reorganization, merger, consolidation or sale of all or substantially all of the assets of the Company, or any similar transaction which results in our shareholders holding less than a majority of the voting power of the resulting entity, the employee is to be employed by our successor for a period of twelve (12) months plus one month for each year of service following the change in control. In the event they are terminated without cause, or they resign for good reason (as both terms are defined in the agreements), they are entitled to a lump sum payment equal to their highest base salary and bonus over the past thirty-six (36) months, plus an additional payment equal to one month, at the same annual rate, for each year of service to the Company or its subsidiaries. They are also entitled to receive their benefits for a period of twelve (12) months after the change in control. Had a change in control occurred as of December 31, 2012, each of Ms. Criscione and Ms. Magennis would have been entitled to severance benefits of \$371,800 and \$342,333 (including the value of benefits to be paid), respectively.

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Outstanding Equity Awards at Fiscal Year-End

Name	Option awards(1)				Stock awards(1)	
	Number of securities underlying unexercised options (#) exercisable	Number of securities underlying unexercised options (#) unexercisable	Option exercise price (\$)	Option expiration date	Number of shares or units of stock that have not vested (#)	Market value of shares or units of stock that have not vested (#) (2)
	(b)	(c)	(e)	(f)	(g)	(h)
Frank Sorrentino III	30,000		\$10.00	6/21/2015	5,199	118,069
	4,098		16.00	11/11/2016		
	10,000		16.00	1/11/2018		
	4,181		16.00	1/21/2018		
	4,508		16.00	11/11/2018		
	19,975		12.00	11/26/2018		
	4,495		12.00	1/9/2019		
	5,000		12.00	2/25/2019		
		13,295	18.18	1/24/22		
William S. Burns	–		–	–	1,667 (3)	37,857
Laura Criscione	10,000		10.00	6/21/2015	792	17,986
	1,200		12.50	5/23/2016		
	2,386		16.00	1/11/2018		
	3,000		16.00	1/21/2018		
	2,007		12.00	1/9/2019		
	1,500		12.00	2/25/2019		
		2,160	18.18	1/24/22		
Elizabeth Magennis	2,000		16.00	11/11/2016	672	15,261

	963	12.00	1/9/ 2019		
		1,984	18.18	1/24/ 2022	
Peter Tomasi	–	1,275	18.18	1/24/ 2022	– –

- (1) All option and stock awards (other than those granted to Mr. Burns) were granted subject to a three year vesting requirement, with one-third of the award vesting on the first anniversary of the date of grant, one third of the award vesting on the second anniversary of the date of grant, and the final third vesting on the third anniversary of the date of grant.
- (2) Awards of restricted stock are valued at the book value as of the last date of the most recently completed reporting period.
- (3) One half of this grant vests on the first anniversary of the date of grant, and the second half vests on the second anniversary of the date of grant.

Director Compensation

Name	Fees earned or paid in cash (\$)	Option Awards (\$)	Restricted Stock awards (\$)	Total (\$)
Frank Sorrentino III (1)	–	–	–	–
Stephen Boswell (2)(8)	28,550	2,500	3,000	34,050
Frank Cavuoto (3)(8)	28,250	2,500	3,000	34,750
Dale Creamer (4)(8)	24,050	2,500	3,000	29,550
Steven M. Goldman (8)	24,550	2,500	3,000	31,050
Frank Huttle III (5)(8)	20,450	2,500	3,000	30,990
Michael Kempner (6)(8)	22,450	2,500	3,000	27,950
Joseph Parisi, Jr.(7)(8)	24,150	2,500	3,000	29,650

- (1) Mr. Sorrentino serves as an executive officer of the Company, and is compensated as an employee of the Company. He does not receive any additional compensation for serving on the Board of Directors. At December 31, 2012, Mr. Sorrentino held options to purchase 99,164 shares of common stock.
- (2) At December 31, 2012, Mr. Boswell held options to purchase 28,885 shares of common stock.
- (3) At December 31, 2012, Mr. Cavuoto held options to purchase 28,885 shares of common stock.
- (4) At December 31, 2012, Mr. Creamer held options to purchase 29,734 shares of common stock.
- (5) At December 31, 2012, Mr. Huttle held options to purchase 25,710 shares of common stock.
- (6) At December 31, 2012, Mr. Kempner held options to purchase 29,734 shares of common stock.
- (7) At December 31, 2012, Mr. Parisi held options to purchase 27,529 shares of common stock.
- (8) Each director was granted 165 restricted shares in 2012 with an aggregate grant date fair value of \$3,000 each and options to purchase 607 shares valued in accordance with FASB ASC Topic 718 at \$2,500.

We pay the non-employee members of the Bank's Board a fee of \$1,000 per Bank Board meeting attended and \$850 per bank Board Committee meeting attended. Our Directors also participate in our equity compensation plans, although no grants were made in 2012. Each director was granted 165 restricted shares which vest one year from issuance and options to purchase 607 shares of the Company's common stock at an exercise price of \$18.18 per share. One third of the options vest after one year from issuance, one-third after two years from issuance and one-third after three years from issuance.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information as of November 10, 2012 regarding the number of shares of common stock beneficially owned by all directors, and named executive officers described in the compensation table, and by all directors and executive officers as a group. Beneficial ownership includes shares, if any, held in the name of the spouse, minor children or other relatives of the nominee living in such person's home, as well as shares, if any, held in the name of another person under an arrangement whereby the director or executive officer can vest title in himself at once or within sixty days. Beneficially owned shares also include shares over which the named person has sole or shared voting or investment power, shares owned by corporations controlled by the named person, and shares owned by a partnership in which the named person is a general partner. There are no stockholders other than those set forth below who are known to us who beneficially own 5% or more of our common stock.

<u>Name</u>	<u>Common Stock</u>	<u>Percentage of Common Stock Beneficially Owned</u>
Directors		
Frank Sorrentino III	207,202(1)	6.40 %
Frank Baier	17,683 (8)	0.56 %
Stephen Boswell	107,776(2)	3.39 %
Frank Cavuoto	85,006 (3)	2.67 %
Dale Creamer	112,297(4)	3.53 %
Steven M. Goldman	23,542 (13)	0.75 %
Frank Huttie III	93,502 (5)	2.94 %
Michael Kempner	152,640(6)	4.79 %
Joseph Parisi, Jr.	101,581(7)	3.19 %
Executive Officers Who Are Not Directors		
William S. Burns	1,667 (10)	0.05 %
Laura Criscione	23,973 (9)	0.76 %
Elizabeth Magennis	3,903 (11)	0.12 %
Peter Tomasi	1,793 (12)	0.06 %
As a Group (13 persons)	932,565	27.22 %

- (1) Includes (i) 12,500 shares held in the name of Citigroup Global Markets f/b/o Frank Sorrentino III, IRA, (ii) 53,241 shares held in street name at Citigroup Global Markets, (iii) 2,011 shares held in trust for Mr. Sorrentino's children, (iii) 82,257 shares purchasable upon the exercise of stock options, and (iv) 5,199 shares of restricted stock subject to forfeiture.
- (2) Includes (i) 28,278 shares purchasable upon the exercise of stock options; and (ii) 165 shares of restricted stock subject to forfeiture.

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- (3) Includes (i) 3,725 shares held in the name of Citigroup Global Markets f/b/o Frank Cavuoto, IRA, (ii) 1,500 shares held in the name of Citigroup Global Markets f/b/o Patricia Cavuoto, IRA, (iii) 31,760 shares held in the name of Mr. Cavuoto's spouse, (iv) 28,278 shares purchasable upon the exercise of stock options, and (v) 165 shares of restricted stock subject to forfeiture.
- (4) Includes (i) 4,375 shares held in the name of Mr. Creamer's wife, (ii) 18,750 shares held by Mr. Creamer as custodian for his children, (iii) 6,250 shares held in the name of River Cousins, of which Mr. Creamer's children are part owners in, (iv) 29,127 shares purchasable upon the exercise of stock options, and (v) 165 shares of restricted stock subject to forfeiture.
- (5) Includes (i) 1,250 shares held as trustee of the Melissa Sanzari Irrevocable Trust, (ii) 2,500 shares held as trustee of the Alfred L. Sanzari Irrevocable Trust, (iii) 14,487 shares held in the name of Citigroup Global Markets f/b/o Frank Huttie III, IRA, (iv) 3,375 shares held by Mr. Huttie and his wife in a joint tenancy, (v) 2,500 shares held as trustee of the Francesca Huttie 2004 Family Trust, (vi) 2,500 shares held as trustee of the Alexandra Huttie 2004 Family Trust, (vii) 5,031 shares held in the name of Mr. Huttie's spouse, (viii) 25,103 shares purchasable upon the exercise of stock options, and (ix) 165 shares of restricted stock subject to forfeiture.
- (6) Includes (i) 29,127 shares purchasable upon the exercise of stock options, (ii) 22,982 common shares pledged as collateral for a loan, and (iii) 165 shares of restricted stock subject to forfeiture.
- (7) Includes (i) 10,000 shares held in the name of Hudson Real Estate Holding, LLC, of which Mr. Parisi is managing director and one-third owner, (ii) 11,296 shares held in the name of Otterstedt Insurance Agency, of which Mr. Parisi is part owner and (iii) 2,323 shares held by Mr. Parisi as custodian for his children, (iv) 31,508 shares held at Bear Stearns Security Corp, (v) 26,922 shares purchasable upon the exercise of stock options and (vi) 165 shares of restricted stock subject to forfeiture.
- (8) Includes (i) 606 shares purchasable upon the exercise of stock options.
- (9) Includes (i) 300 shares held for her daughter, (ii) 20,093 shares purchasable upon the exercise of stock options, and (iii) 792 shares of restricted stock subject to forfeiture.
- (10) Includes 1,667 shares of restricted stock subject to forfeiture.
- (11) Includes (i) 2,963 shares purchasable upon the exercise of stock options, and (ii) 672 shares of restricted stock subject to forfeiture.
- (12) Includes 347 shares of restricted stock subject to forfeiture.
- (13) Includes (i) 425 shares purchasable upon the exercise of stock options, and (ii) 347 shares of restricted stock subject to forfeiture.

Other than as disclosed in the footnotes above, none of the shares disclosed in the table above are pledged as security for extensions of credit.

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Bank has made in the past and, assuming continued satisfaction of generally applicable credit standards, expects to continue to make loans to directors, executive officers and their associates (i.e. corporations or organizations for which they serve as officers or directors or in which they have beneficial ownership interests of ten percent or more). These loans have all been made in the ordinary course of the Bank's business on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with persons not affiliated with the Company and do not involve more than the normal risk of collectability or present other unfavorable features.

We utilize the MWW Group to provide advertising and public relations assistance and advice. Michael Kempner, one of our directors, is the President and CEO of the MWW Group. During 2012, we paid the MWW Group a total of \$525,800 for its services. We believe the fees charged the Bank by the MWW Group are at least as favorable to the Bank as we could receive from an unaffiliated third party. We have continued to use the services of the MWW Group during 2012 and expect that we will continue to use the services of the MWW Group upon completion of the offering.

Members of our Board of Directors, including our Chairman and CEO Frank Sorrentino, and Messrs. Boswell, Cavuoto, Creamer, Huttle, Kempner and Parisi, are, either directly or through their interests in family limited liability companies, members of a limited liability company that is the sole member of two other limited liability companies which each own one of our branches, which are leased to the Bank. Our Board members collectively own 52.4% of the membership interests in this limited liability company. Each of Messrs. Sorrentino, Huttle III, Parisi Jr., and Kempner owns an 11.1% interest in the limited liability company. No director is the managing member or a manager or officer or any of the limited liability companies which serve as the landlords or the parent limited liability company.

The lease for our Cresskill branch has an initial term ending on June 30, 2026. The Bank has the option to extend the lease term for up to three additional five year periods, or a total of fifteen additional years. The initial rent for the branch was \$157,795 per year, and the rent will increase annually by the greater of 2-1/2 % or the rate of increase of the consumer price index for the greater New York metropolitan area. In 2016, the rent will be reset to the greater of the prior year's rent, or the "market rent" as defined under the lease, and will thereafter increase annually by the greater of 2-1/2 % or the rate of increase of the consumer price index for the greater New York metropolitan area. During any option period, the rent will be reset to the greater of the prior year's rent or the "market rent", as defined in the lease, and will then increase annually by the greater of 2-1/2 % or the rate of increase of the consumer price index for the greater New York metropolitan area. For 2012, the Bank paid total rent of \$184,509 for the Cresskill branch.

The lease for our John Street, Hackensack branch has a term ending on December 31, 2016. The Bank has the option to extend the lease term for up to three additional five year periods, or a total of fifteen additional years. The initial rent for the branch was \$148,000 per year, and the rent will increase annually by the greater of 2-1/2 % or the rate of increase of the consumer price index for the greater New York metropolitan area. During any option period, the rent will be reset to the greater of the prior year's rent or the "market rent", as defined in the lease, and will then increase annually by the greater of 2-1/2 % or the rate of increase of the consumer price index for the greater New York metropolitan area. For 2012, the Bank paid total rent of \$192,017 for the John Street, Hackensack branch.

Because of the interests of Board members in these leases, the Board determined that the rent should be set at "fair market rent." Under regulations of the New Jersey Department of Banking and Insurance, any real estate transaction with members of a bank's board of directors must be subject to an appraisal by an independent appraisal firm, which must opine that the terms of the transaction are arm's length terms and as beneficial to the bank as it could obtain from a third party. The Bank therefore retained an independent appraisal firm to review the properties and determine the fair market rent, and this rent was used for the leases. These leases were then submitted to and approved by the New Jersey Department of Banking and Insurance. Based upon appraisals we obtained prior to entering into each lease, we believe the lease terms are as fair to the Bank as it would have received from an unaffiliated third party.

DESCRIPTION OF OUR CAPITAL STOCK

General

Our certificate of incorporation provides for an authorized capitalization consisting of 10,000,000 shares of common stock, without par value and 1,000,000 shares of series preferred stock, the terms, conditions and designations of which may be set by the Board of Directors at the time of issuance. As of September 30, 2012, no shares of our preferred stock were outstanding, as all outstanding shares of preferred stock converted to common stock.

Trading Market for Common Stock

There is no established public trading market for our common stock. Our common stock is not actively traded nor listed for trading on any securities exchange and an active market may not develop or be sustained after this offering. We do not make a market in our securities, nor do we attempt to negotiate prices for trades of such securities. We intend to apply to list our common stock on the Nasdaq Global Market under the trading symbol “CNOB”, but we can give no assurance an active or liquid trading market will develop for our common stock, even if it is listed on the Nasdaq Global Market.

Dividends Rights on Common Stock

The holders of the common stock are entitled to dividends, when, as, and if declared by our Board of Directors, subject to the restrictions imposed by New Jersey law. The only statutory limitation applicable to us is that dividends may not be paid if we are insolvent. However, by regulation, the Federal Reserve has the authority to limit our ability to pay cash dividends in the event that we become undercapitalized. Furthermore, as a practical matter, unless we expand our activities, our only source of income will be the Bank. Therefore, the dividend restrictions applicable to the Bank will continue to impact our ability to pay dividends.

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We intend to follow a policy of retaining earnings, if any, to increase our net worth and capital ratios over the next few years. We have not previously declared or paid dividends on our common stock and any future determination relating to our dividend policy will be made at the discretion of our board of directors and will depend on a number of factors, including our earnings and financial condition, liquidity and capital requirements, the general economic and regulatory climate, our ability to service any equity or debt obligations senior to our common stock, and other factors deemed relevant by our board of directors.

As the Company's only business currently is ownership of the Bank, the Bank will be the source of funds for the Company to pay dividends. The Bank's ability to pay dividends to the Company may be limited. The Federal Deposit Insurance Act generally prohibits all payments of dividends by any insured bank that is in default of any assessment to the FDIC. Additionally, since the FDIC may prohibit a bank from engaging in unsafe or unsound practices, it is possible that under certain circumstances the FDIC could claim that a dividend payment constitutes an unsafe or unsound practice. Under New Jersey law, the directors of a New Jersey state-chartered bank are permitted to declare dividends on common stock only if, after payment of the dividend, the capital stock will be unimpaired and the bank either will have a surplus (additional paid-in capital) of not less than 50% of its capital stock or the payment of the dividend will not reduce surplus. In addition, the Commissioner of Banking and Insurance has similar power to issue cease and desist orders to prohibit what might constitute unsafe or unsound practices at the Bank. The payment of dividends may also be affected by other factors (e.g., the need to maintain adequate capital or to meet loan loss reserve requirements).

Liquidation Rights

In the event of our liquidation, dissolution or winding up, holders of common stock are entitled to receive, on a pro rata per share basis, any assets distributable to stockholders, after the payment of debts and liabilities and after the distribution to holders of any outstanding shares hereafter issued which have prior rights upon liquidation.

Voting Rights

Each share of common stock is entitled to one vote per share. Cumulative voting is not permitted.

Preemptive Rights

Holders of the common stock do not have preemptive rights.

RESTRICTION ON ACQUISITION OF THE COMPANY

Classified Board of Directors. Pursuant to our Certificate of Incorporation, the Board of Directors is divided into three classes, each of which contains approximately one-third of the whole number of the members of the board. Each class serves a staggered term, with approximately one-third of the total number of directors being elected each year. The Certificate of Incorporation and Bylaws provide that the size of the board shall be determined by a majority of the directors. The Certificate of Incorporation and the Bylaws provide that any vacancy occurring in the Board, including a vacancy created by an increase in the number of directors or resulting from death, resignation, retirement, disqualification, removal from office or other cause, shall be filled for the remainder of the unexpired term exclusively by a majority vote of the directors then in office. The classified Board is intended to provide for continuity of the Board of Directors and to make it more difficult and time consuming for a stockholder group to use its voting power to gain control of the Board of Directors without the consent of the incumbent Board of Directors of the company.

Supermajority Voting Requirements. Pursuant to our Certificate of Incorporation, no merger, sale of substantially all of our assets, or offer to exchange our securities for securities of another entity may be approved unless by the vote of at least seventy-five percent (75%) of the outstanding shares of our common stock. Notwithstanding the foregoing, if such action has been approved prior to the vote of shareholders by a majority of our Board of Directors, then only a majority of the outstanding shares shall be required. The supermajority voting provision is designed to provide an incentive to a third party to deal with the Board on any proposed significant transaction, thereby permitting the Board the ability to act in the best interests of all our shareholders and constituencies. A proposed transaction without the consent of the Board will be substantially more difficult.

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Action by Written Consent. Pursuant to our Certificate of Incorporation, any shareholder action by written consent in lieu of a meeting, must be unanimous. The requirement that any actions taken by written consent be unanimous, ensure that a significant shareholder is not able to effect corporate action, most prominently a transaction involving our acquisition, without the knowledge and involvement of all of the Company's shareholders.

New Jersey Shareholders Protection Act. A provision of New Jersey law, the New Jersey Shareholders Protection Act, prohibits certain transactions involving an "interested stockholder" and a corporation. An "interested stockholder" is generally defined as one who is the beneficial owner, directly or indirectly, of 10% or more of the voting power of the outstanding stock of the corporation. The Shareholders Protection Act prohibits certain business combinations between an interested stockholder and a New Jersey corporation subject to the Shareholders Protection Act for a period of five years after the date the interested stockholder acquired his stock, unless the transaction was approved by the corporation's board of directors prior to the time the interested stockholder acquired his stock. After the five-year period expires, the prohibition on business combinations with an interested stockholder continues unless certain conditions are met. The conditions include (i) that the business combination is approved by the board of directors of the target corporation; (ii) that the business combination is approved by a vote of two-thirds of the voting stock not owned by the interested stockholder; and (iii) that the stockholders of the corporation receive a price in accordance with the Shareholders Protection Act.

Bank Regulatory Requirements. Under the Federal Change in Bank Control Act (the "Control Act"), a 60 day prior written notice must be submitted to the Federal Reserve Bank ("FRB") if any person, or any group acting in concert, seeks to acquire 10% or more of any class of outstanding voting securities of a bank holding company, unless the FRB determines that the acquisition will not result in a change of control. Under the Control Act, the FRB has 60 days within which to act on such notice taking into consideration certain factors, including the financial and managerial resources of the acquirer, the convenience and needs of the community served by the bank holding company and its subsidiary banks and the antitrust effects of the acquisition. Under the Bank Holding Company Act of 1956, as amended ("BHCA"), a company is generally required to obtain prior approval of the FRB before it may obtain control of a bank holding company. Under the BHCA, control is generally described to mean the beneficial ownership of 25% or more of the outstanding voting securities of a company, although a presumption of control may exist if a party beneficially owns 10% or more of the outstanding voting securities of a company and certain other circumstances are present.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no established public market for our common stock and we cannot predict the effect, if any, that sales of shares or availability of any shares for sale will have on the market price of our common stock prevailing from time to time. Sales of substantial amounts of common stock (including shares issued on the exercise of options, warrants or convertible securities, if any) or the perception that such sales could occur, could adversely affect the market price of our common stock and our ability to raise additional capital through a future sale of securities.

UNDERWRITING

Subject to the terms and conditions stated in the underwriting agreement with Stifel, Nicolaus & Company, Incorporated as the representative for the underwriters named below, each underwriter named below has severally agreed to purchase from us the respective number of shares of common stock set forth opposite its name in the table below:

Name	Number of Shares of Common Stock
Stifel Nicolaus and Company, Incorporated	
Keefe, Bruyette & Woods, Inc.	
Sandler O' Neill & Partners, L.P.	
Total	

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The underwriting agreement provides that the underwriters are obligated to purchase all the shares of common stock in this offering if any are purchased, other than those shares covered by the over-allotment option described below. The underwriting agreement also provides that if an underwriter defaults the purchase commitments of non-defaulting underwriters may be increased or this offering may be terminated. The underwriters reserve the right to withdraw, cancel or modify the offer and to reject orders in whole or in part.

Over-Allotment Option

We have granted to the underwriters a 30-day option to purchase on a pro rata basis up to additional shares from us and additional outstanding shares from the at the initial public offering price less the underwriting discounts and commissions. The option may be exercised only to cover any over-allotments of common stock, if any.

Commissions and Expenses

The underwriters propose to offer the shares of common stock initially at the public offering price on the cover page of this prospectus at that price less a selling concession of not more than \$ per share. After the initial public offering the representatives may change the public offering price and concession.

The following table summarizes the compensation and estimated expenses we will pay:

	Per Share	Total Without Over-Allotment	Total With Over-Allotment
Public offering price	\$	\$	\$
Underwriting discounts and commissions paid by us			

We estimate that our out-of-pocket expenses for this offering will be approximately \$.

We have agreed, subject to certain exceptions, that we will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file with the SEC a registration statement under the Securities Act relating to, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, without the prior written consent of for a period of days after the date of this prospectus, except issuances pursuant to the exercise of employee stock options outstanding on the date hereof as described herein and the filing of a shelf registration statement pursuant to the registration rights agreement entered into by us and our stockholders in connection with our private placements.

Lock-Up Agreements

Our officers, and directors have agreed, subject to certain exceptions, that they will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, enter into a transaction that would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of our common stock, whether any of these transactions are to be settled by delivery of our common stock or other securities, in cash or otherwise, or publicly disclose the intention to make any offer, sale, pledge or disposition, or to enter into any transaction, swap, hedge or other arrangement, without, in each case, the prior written consent of for a period of 180 days after the date of this prospectus.

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Indemnity

We have agreed to indemnify the several underwriters against liabilities under the Securities Act of 1933, or contribute to payments that the underwriters may be required to make in that respect.

We have applied to list the shares of common stock on the Nasdaq stock market under the symbol “CNOB.”

Offering Price

Prior to this offering, there has been no public market for our common stock. The initial public offering price has been negotiated among us and our representatives. Among the principal factors to be considered in determining the initial public offering price of the shares, in addition to prevailing market conditions, will include the following:

our results of operations in recent periods;

the price to earnings, price to book value and price to tangible book value multiples of publicly-traded common stock of comparable companies;

our current financial position, including, but not limited to, our stockholders' equity and the composition of assets and liabilities reflected on our balance sheet;

our business potential and prospects in our principal market area;

an assessment of our management; and

the history of, and prospects for, the industry in which we operate.

In determining the final price, the factors described above were not assigned any particular weight. Rather, these factors were considered as a totality setting our offering price. It is also possible that, after this offering, the shares will not trade in the public market at or above the initial offering price.

Stabilization

In connection with this offering the underwriters may engage in stabilizing transactions, over-allotment transactions, syndicate covering transactions and penalty bids and passive market making in accordance with Regulation M under the Securities Exchange Act of 1934.

Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum

Over-allotment involves sales by the underwriters of shares in excess of the number of shares the underwriters are obligated to purchase, which creates a syndicate short position. The short position may be either a covered short position or a naked short position. In a covered short position, the number of shares over-allotted by the underwriters is not greater than the number of shares that they may purchase in the over-allotment option. In a naked short position, the number of shares involved is greater than the number of shares in the over-allotment option. The underwriters may close out any covered short position by either exercising their over-allotment option and/or purchasing shares in the open market.

Syndicate covering transactions involve purchases of the common stock in the open market after the distribution has been completed in order to cover syndicate short positions. In determining the source of shares to close out the short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option. If the underwriters sell more shares than could be covered by the over-allotment option, a naked short position, the position can only be closed out by buying shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there could be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in this offering.

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Penalty bids permit the representatives to reclaim a selling concession from a syndicate member when the common stock originally sold by the syndicate member is purchased in a stabilizing or syndicate covering transaction to cover syndicate short positions.

In passive market making, market makers in the common stock who are underwriters or prospective underwriters may, subject to limitations, make bids for or purchases of our common stock until the time, if any, at which a stabilizing bid is made.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of the common stock. As a result the price of our common stock may be higher than the price that might otherwise exist in the open market. These transactions may be effected on Nasdaq or otherwise and, if commenced, may be discontinued at any time.

Electronic Prospectus Delivery

A prospectus in electronic format may be made available on the websites maintained by one or more of the underwriters, or selling group members, if any, participating in this offering and one or more of the underwriters participating in this offering may distribute prospectuses electronically. Other than the prospectus in electronic format, the information on any underwriter's or selling group member's website and any information contained in any other website maintained by an underwriter or selling group member is not part of the prospectus or the registration statement of which this prospectus forms a part has not been approved and/or endorsed by us or any underwriter or selling group member in its capacity as an underwriter or selling group member and should not be relied upon by investors.

Other Considerations

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for us, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of the Company. The underwriters and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to customers that they acquire, long and/or short positions in such securities and instruments. In addition, in the ordinary course of their business, certain of the underwriters or their affiliates may have purchased mortgages, including mortgages originated by us. Under certain circumstances, disputes could arise based on the representations and warranties made in, and the terms and conditions of, these transactions and whether any repurchases resulting from the foregoing disputes are required.

LEGAL MATTERS

The validity of common stock and other certain legal matters will be passed upon for us by Windels Marx Lane & Mittendorf, LLP, in New Brunswick, New Jersey. Certain legal matters related to the offering will be passed upon for the underwriters by Elias, Matz, Tiernan & Herrick L.L.P., Washington, D.C.

EXPERTS

The consolidated financial statements of North Jersey Community Bancorp, Inc. as of December 31, 2011 and 2010 and for the years then ended, included in this prospectus and in the registration statement have been included in reliance on the report of Crowe Horwath LLP, independent registered public accounting firm, appearing elsewhere herein given on the authority of said firm as experts in auditing and accounting matters.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act of 1933, as amended with respect to the common stock offered hereby. This prospectus does not contain all of the information set forth in the registration statement and the exhibits and schedules thereto. For further information with respect to us and our common stock, reference is made to the registration statement and the exhibits and any schedules filed therewith. Statements contained in this prospectus as to the content of any contract or other document referred to are not necessarily complete and in each instance, if such contract or document is filed as an exhibit, reference is made to the copy of such contract or other document filed as an exhibit to the registration statement, each statement being qualified in all respects by such reference. A copy of the registration statement, including the exhibits and schedules thereto, may be read and copied at the SEC's Public Reference Room at 100 F Street, N.E., Washington, DC 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet website that contains reports, proxy and information statements and other information about issuers, like us, that file electronically with the SEC. The address of that website is www.sec.gov.

REGISTRATION REQUIREMENTS

In connection with the offering, the Company will register its common stock with the SEC under Section 12 (b) of the Securities Exchange Act of 1934, and, upon such registration, the Company and the holders of its stock will become subject to the proxy solicitation rules, reporting requirements and restrictions on stock purchases and sales by directors, officers and greater than 10% shareholders, the annual and periodic reporting requirements and certain other requirements of the Securities Exchange Act of 1934.

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NORTH JERSEY COMMUNITY BANCORP, INC.
Englewood Cliffs, New Jersey

CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2012, December 31, 2011 and 2010

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
North Jersey Community Bancorp, Inc.
Englewood Cliffs, New Jersey

We have audited the accompanying consolidated balance sheets of North Jersey Community Bancorp, Inc. as of December 31, 2011 and 2010, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North Jersey Community Bancorp, Inc. as of December 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

/s/ Crowe Horwath LLP

Livingston, New Jersey
November 21, 2012

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NORTH JERSEY COMMUNITY BANCORP, INC.
CONSOLIDATED BALANCE SHEETS
September 30, 2012, December 31, 2011 and 2010
(Dollars in thousands, except per share data)

	(Unaudited) September 30, 2012	December 31, 2011	2010
ASSETS			
Cash and due from banks	\$2,480	\$5,147	\$7,951
Interest-bearing deposits with banks	43,872	54,029	45,115
Cash and cash equivalents	46,352	59,176	53,066
Securities available for sale	21,982	27,435	24,025
Securities held to maturity, fair value of \$2,419 at 2012, \$3,844 at 2011 and \$20,309 at 2010	2,305	3,694	20,078
Loans held for sale	453	140	732
Loans, net of allowance for loan losses of \$12,248 at 2012, \$9,617 at 2011 and \$7,414 at 2010	792,044	619,754	486,379
Investment in restricted stock, at cost	4,756	3,378	2,638
Bank premises and equipment, net	8,063	8,612	8,480
Accrued interest receivable	3,313	2,747	2,599
Deferred income taxes	3,469	2,168	2,607
Goodwill	260	260	260
Other assets	849	2,377	1,513
Total assets	<u>\$883,846</u>	<u>\$729,741</u>	<u>\$602,377</u>

(Continued)

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NORTH JERSEY COMMUNITY BANCORP, INC.
CONSOLIDATED BALANCE SHEETS
September 30, 2012, December 31, 2011 and 2010
(Dollars in thousands, except per share data)

	(Unaudited) September 30, 2012	December 31, 2011	2010
LIABILITIES AND STOCKHOLDERS' EQUITY			
Liabilities			
Deposits			
Non-interest-bearing	\$ 148,689	\$118,583	\$96,841
Interest-bearing	575,592	490,838	385,844
Total deposits	724,281	609,421	482,685
Securities sold under agreements to repurchase	–	–	17,189
Federal funds purchased	–	–	5,000
Long-term borrowings	79,829	55,556	41,524
Accrued interest payable	2,605	1,950	1,219
Capital lease obligation	3,204	3,257	3,324
Other liabilities	3,698	2,700	2,137
Total liabilities	813,617	672,884	553,078
Commitments and Contingencies			
Stockholders' Equity			
Preferred stock (Series A), no par value; \$20 liquidation value; No shares issued and outstanding at September 30, 2012; authorized 125,000 shares; issued and outstanding 125,000 at December 31, 2011 and 2010	–	2,500	2,500
Preferred stock (Series B), no par value; \$20 liquidation value; No shares issued and outstanding at September 30, 2012; authorized 700,200 shares; issued and outstanding 700,200 and 641,175 at December 31, 2011 and 2010, respectively	–	14,004	12,824
Preferred stock (Series C), no par value; \$1,000 liquidation value; authorized 7,500 shares; no shares issued and outstanding at September 30, 2012, December 31, 2011 and 2010	–	–	–
Common stock, no par value; authorized 10,000,000 shares at September 30, 2012 and 5,000,000 shares at December 31, 2011 and 2010; issued and outstanding 3,152,951 at September 30, 2012, 2,243,067 at December 31, 2011, and 2,241,053 at December 31, 2010	51,205	27,149	27,028
Retained earnings	18,357	12,594	6,528
Accumulated other comprehensive income	667	610	419
Total stockholders' equity	70,229	56,857	49,299
Total liabilities and stockholders' equity	\$ 883,846	\$729,741	\$602,377

See accompanying notes to consolidated financial statements.

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NORTH JERSEY COMMUNITY BANCORP, INC. CONSOLIDATED STATEMENTS OF INCOME

Nine months ended September 30, 2012 & 2011 and years ended December 31, 2011 & 2010

(Dollars in thousands, except per share data)

	(Unaudited)		Years Ended	
	Nine Months Ended		December 31,	
	September 30,		December 31,	
	2012	2011	2011	2010
Interest income				
Loans receivable, including fees	\$29,076	\$23,431	\$32,113	\$27,054
Securities - taxable	833	1,183	1,505	1,805
Other interest income	53	43	58	104
Total interest income	<u>29,962</u>	<u>24,657</u>	<u>33,676</u>	<u>28,963</u>
Interest expense				
Deposits	3,579	3,573	4,888	4,894
Short-term borrowings	—	—	66	110
Long-term borrowings	1,001	815	1,055	846
Capital lease	145	149	198	201
Total interest expense	<u>4,725</u>	<u>4,537</u>	<u>6,207</u>	<u>6,051</u>
Net interest income	25,237	20,120	27,469	22,912
Provision for loan losses	<u>2,840</u>	<u>2,202</u>	<u>2,355</u>	<u>2,930</u>
Net interest income after provision for loan losses	<u>22,397</u>	<u>17,918</u>	<u>25,114</u>	<u>19,982</u>
Non-interest income				
Service fees	281	278	396	257
Gains on sales of loans	338	241	458	487
Gains on sales of securities	—	96	96	—
Other income	196	118	163	156
Total non-interest income	<u>815</u>	<u>733</u>	<u>1,113</u>	<u>900</u>
Non-interest expenses				
Salaries and employee benefits	6,252	4,926	6,911	5,868
Occupancy and equipment	2,156	1,965	2,796	2,576
Professional fees	777	715	1,171	747
Advertising and promotion	352	240	356	285
Data processing	1,242	1,025	1,437	1,117
Other expenses	2,162	1,770	2,386	2,348
Total non-interest expenses	<u>12,941</u>	<u>10,641</u>	<u>15,057</u>	<u>12,941</u>
Income before income tax expense	10,271	8,010	11,170	7,941
Income tax expense	<u>4,154</u>	<u>3,230</u>	<u>4,504</u>	<u>3,212</u>
Net income	6,117	4,780	6,666	4,729
Dividends on preferred shares	<u>354</u>	<u>446</u>	<u>600</u>	<u>479</u>

Net income available to common stockholders	<u>\$5,763</u>	<u>\$4,334</u>	<u>\$6,066</u>	<u>\$4,250</u>
Earnings per common share - basic	<u>\$2.26</u>	<u>\$1.93</u>	<u>\$2.71</u>	<u>\$1.91</u>
Earnings per common share - diluted (restated, 9/30/12 - see Note 19)	<u>\$1.92</u>	<u>\$1.56</u>	<u>\$2.18</u>	<u>\$1.61</u>

See accompanying notes to consolidated financial statements.

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NORTH JERSEY COMMUNITY BANCORP, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Nine months ended September 30, 2012 & 2011 and years ended December 31, 2011 & 2010
(Dollars in thousands, except per share data)

	(Unaudited)			
	Nine Months Ended		Years Ended	
	September 30,		December 31,	
	2012	2011	2011	2010
Net income	\$6,117	\$4,780	\$6,666	\$4,729
Unrealized holdings gains on available for sale securities arising during the period	94	464	413	27
Reclassification adjustment for gains realized in income	–	(96)	(96)	–
Net change in unrealized gains	94	368	317	27
Tax effect	37	147	126	11
Other comprehensive income	57	221	191	16
Comprehensive income	<u>\$6,174</u>	<u>\$5,001</u>	<u>\$6,857</u>	<u>\$4,745</u>

See accompanying notes to consolidated financial statements.

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NORTH JERSEY COMMUNITY BANCORP, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
Nine months ended September 30, 2012 and years ended December 31, 2011 and 2010
(In thousands, except per share data)

	Common Stock	Preferred Stock, Series A	Preferred Stock, Series B	Preferred Stock Series C	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance at January 1, 2010	\$26,669	\$2,500	\$8,000	\$ –	\$2,278	\$ 403	\$39,850
Net income	–	–	–	–	4,729	–	4,729
Other comprehensive income, net of taxes	–	–	–	–	–	16	16
Stock options exercised	203	–	–	–	–	–	203
Issuance of preferred stock, Series B, 241,175 shares	–	–	4,824	–	–	–	4,824
Cash dividends paid on preferred stock	–	–	–	–	(479)	–	(479)
Stock option compensation expense	156	–	–	–	–	–	156
Balance at December 31, 2010	27,028	2,500	12,824	–	6,528	419	49,299
Net income	–	–	–	–	6,666	–	6,666
Other comprehensive income, net of taxes							191
Issuance of preferred stock, Series B, 59,025 shares	–	–	1,180	–	–	–	1,180
Cash dividends paid on preferred stock	–	–	–	–	(600)	–	(600)
Stock compensation expense	121	–	–	–	–	–	121
Balance at December 31, 2011	27,149	2,500	14,004	–	12,594	610	56,857

(Continued)

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NORTH JERSEY COMMUNITY BANCORP, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
Nine months ended September 30, 2012 and years ended December 31, 2011 and 2010
(In thousands, except per share data)

	Common Stock	Preferred Stock, Series A	Preferred Stock, Series B	Preferred Stock Series C	Retained Earnings	Accumulated Other Comprehensive Income	Total
<u>Unaudited</u>							
Balance at January 1, 2012	\$27,149	\$2,500	\$14,004	\$-	\$12,594	\$ 610	\$56,857
Net income	-	-	-	-	6,117	-	6,117
Other comprehensive income, net of taxes	-	-	-	-	-	57	57
Issuance of convertible preferred stock; Series C, 7,500 shares	-	-	-	7,500	-	-	7,500
Conversion of preferred stock; Series A, Series B, and Series C	24,004	(2,500)	(14,004)	(7,500)	-	-	-
Cash dividends paid on preferred stock					(354)		(354)
Stock compensation expense	52	-	-	-	-	-	52
Balance at September 30, 2012	<u>\$51,205</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$18,357</u>	<u>\$ 667</u>	<u>\$70,229</u>

See accompanying notes to consolidated financial statements.

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NORTH JERSEY COMMUNITY BANCORP, INC. CONSOLIDATED STATEMENTS OF CASH FLOWS

Nine Months Ended September 30, 2012 & 2011 and Years Ended December 31, 2011 & 2010

	(Unaudited)		Years Ended	
	Nine Months Ended		December 31,	
	September 30,		December 31,	
	2012	2011	2011	2010
Cash flows from operating activities				
Net income	\$6,117	\$4,780	\$6,666	\$4,729
Adjustments to reconcile net income to net cash provided by operating activities:				
Provision for loan losses	2,840	2,202	2,355	2,930
Depreciation and amortization	966	826	1,219	1,136
Net amortization of securities discounts and premiums	44	45	50	220
Amortization of intangible assets	6	11	14	14
Stock compensation earned	52	83	121	156
Gain on sales of securities	–	(96)	(96)	–
Proceeds from sale of loans	29,804	13,047	23,925	24,279
Origination of loans held for sale	(29,779)	(12,913)	(22,875)	(24,006)
Gain on sales of loans	(338)	(241)	(458)	(487)
Increase in accrued interest receivable	(566)	(66)	(148)	(482)
(Increase) decrease in deferred income taxes	(1,340)	234	312	(985)
Increase (decrease) in accrued interest payable	655	175	731	(274)
Increase in other liabilities	998	177	563	598
(Increase) decrease in other assets	1,522	(1,231)	(877)	1,165
Net cash provided by operating activities	10,981	7,033	11,502	8,993
Cash flows from investing activities				
Net increase in loans	(175,130)	(127,898)	(135,730)	(96,425)
Purchases of securities available for sale	–	(15,984)	(20,984)	(8,497)
Purchases of securities held to maturity	–	(2,000)	(2,000)	(17,008)
Maturities, calls and principal repayments of securities held to maturity and available for sale	6,894	22,506	31,542	27,016
Proceed from sales of securities available for sale	–	4,779	4,779	–
Net increase in investments in restricted stock, at cost	(1,378)	(751)	(740)	(1,073)
Purchases of premises and equipment	(417)	(1,053)	(1,351)	(1,157)
Net cash used in investing activities	(170,031)	(120,401)	(124,484)	(97,144)
Cash flows from financing activities				
Net increase in deposits	114,860	81,169	126,736	53,297
Decrease in securities sold under agreements to repurchase	–	(2,012)	(17,189)	(12)
Net change in federal funds purchased	–	–	(5,000)	5,000
Proceeds from long-term borrowing	60,000	30,000	20,000	22,000
Repayments of long-term borrowings	(35,727)	(20,643)	(5,968)	(2,476)
Proceeds from sale of preferred stock	7,500	1,180	1,180	4,824
Proceeds from exercise of stock options	–	–	–	203
Decrease in capital lease obligation	(53)	(50)	(67)	(41)

Preferred stock dividends	(354)	(446)	(600)	(479)
Net cash provided by financing activities	<u>146,226</u>	<u>89,198</u>	<u>119,092</u>	<u>82,316</u>
Net increase (decrease) in cash and cash equivalents	(12,824)	(24,170)	6,110	(5,835)
Cash and cash equivalents - beginning	<u>59,176</u>	<u>53,066</u>	<u>53,066</u>	<u>58,901</u>
Cash and cash equivalents - ending	<u>\$46,352</u>	<u>\$28,896</u>	<u>\$59,176</u>	<u>\$53,066</u>
Supplementary cash flows information				
Interest paid	<u>\$4,070</u>	<u>\$4,360</u>	<u>\$5,476</u>	<u>\$6,325</u>
Income taxes paid	<u>\$3,800</u>	<u>\$3,875</u>	<u>\$5,102</u>	<u>\$3,102</u>

See accompanying notes to consolidated financial statements.

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NORTH JERSEY COMMUNITY BANCORP, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Nine Months Ended September 30, 2012 & 2011 and Years Ended December 31, 2011 & 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations and Principles of Consolidation: The consolidated financial statements include North Jersey Community Bancorp, Inc. and its wholly owned subsidiary, North Jersey Community Bank (“the Bank”), together referred to as “the Company.”

Intercompany transactions and balances are eliminated in consolidation.

The Company provides financial services through its offices in Bergen, Hudson, and Monmouth counties, New Jersey. Its primary deposit products are checking, savings, and term certificate accounts, and its primary lending products are residential mortgage, commercial, and installment loans. Substantially all loans are secured by specific items of collateral including business assets, consumer assets, and commercial and residential real estate. Commercial loans are expected to be repaid from cash flow from operations of businesses. There are no significant concentrations of loans to any one industry or customer. However, the customers’ ability to repay their loans is dependent on the real estate and general economic conditions in the area.

Use of Estimates: To prepare financial statements in conformity with U.S. generally accepted accounting principles, management makes estimates and assumptions based on available information. These estimates and assumptions affect the amounts reported in the financial statements and the disclosures provided, and actual results could differ. The allowance for loan losses, deferred tax assets, and fair values of financial instruments are particularly subject to change.

Cash Flows: Cash and cash equivalents include cash, deposits with other financial institutions with maturities fewer than 90 days, and federal funds sold. Net cash flows are reported for customer loan and deposit transactions, interest bearing deposits in other financial institutions, and federal funds purchased and repurchase agreements.

Securities: Debt securities are classified as held to maturity and carried at amortized cost when management has the positive intent and ability to hold them to maturity. Debt securities are classified as available for sale when they might be sold before maturity. Equity securities with readily determinable fair values are classified as available for sale. Securities available for sale are carried at fair value, with unrealized holding gains and losses reported in other comprehensive income, net of tax.

Interest income includes amortization of purchase premium or discount. Premiums and discounts on securities are amortized on the level-yield method without anticipating prepayments, except for mortgage backed securities where prepayments are anticipated. Gains and losses on sales are recorded on the trade date and determined using the specific identification method.

Management evaluates securities for other-than-temporary impairment (“OTTI”) on at least a quarterly basis, and more frequently when economic or market conditions warrant such an evaluation. For securities in an unrealized loss position, management considers the extent and duration of the unrealized loss, and the financial condition and near-term prospect of the issuer. Management also assesses whether it intends to sell, or it is more likely than not that it will be required to sell, a security in an unrealized loss position before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the entire difference between amortized cost and fair value is recognized as impairment through earnings. For debt securities that do not meet the aforementioned criteria, the amount of impairment is split into two components as follows: 1) OTTI related to credit loss, which must be recognized in the income statement and 2) OTTI related to other factors, which is recognized in other comprehensive income. The credit loss is defined as the difference between the present value of the cash flows expected to be collected and the amortized cost basis. For equity securities, the entire amount of the impairment is recognized through earnings.

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NORTH JERSEY COMMUNITY BANCORP, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Nine Months Ended September 30, 2012 & 2011 and Years Ended December 31, 2011 & 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loans Held for Sale: Mortgage loans originated and intended for sale in the secondary market are carried at the lower of aggregate cost or fair value, as determined by outstanding commitments from investors. Net unrealized losses, if any, are recorded as a valuation allowance and charged to earnings. Loans are sold servicing released.

Loans: Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at the principal balance outstanding, net of deferred loan fees and costs, and an allowance for loan losses. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized in interest income using the level-yield method without anticipating prepayments.

Interest income on mortgage and commercial loans is discontinued at the time the loan is 90 days delinquent unless the loan is well-secured and in process of collection. Consumer and credit card loans are typically charged off no later than 120 days past due. Past due status is based on the contractual terms of the loan. In all cases, loans are placed on nonaccrual or charged-off at an earlier date if collection of principal or interest is considered doubtful. Nonaccrual loans and loans past due 90 days still on accrual include both smaller balance homogeneous loans that are collectively evaluated for impairment and individually classified impaired loans. A loan is moved to non-accrual status in accordance with the Company's policy, typically after 90 days of non-payment.

All interest accrued but not received for loans placed on nonaccrual is reversed against interest income. Interest received on such loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Allowance for Loan Losses: The allowance for loan losses is a valuation allowance for probable incurred credit losses. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance. Management estimates the allowance balance required using past loan loss experience, the nature and volume of the portfolio, information about specific borrower situations and estimated collateral values, economic conditions, and other factors. Allocations of the allowance may be made for specific loans, but the entire allowance is available for any loan that, in management's judgment, should be charged off. The allowance consists of specific and general components. The specific component relates to loans that are individually classified as impaired.

A loan is impaired when, based on current information and events, it is probable that the Company will be unable to collect all amounts due according to the contractual terms of the loan agreement. Loans, for which the terms have been modified, and for which the borrower is experiencing financial difficulties, are considered troubled debt restructurings and classified as impaired.

Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed.

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NORTH JERSEY COMMUNITY BANCORP, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Nine Months Ended September 30, 2012 & 2011 and Years Ended December 31, 2011 & 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Commercial and commercial real estate loans are individually evaluated for impairment. If a loan is impaired, a portion of the allowance is allocated so that the loan is reported, net, at the present value of estimated future cash flows using the loan's existing rate or at the fair value of collateral if repayment is expected solely from the collateral. Large groups of smaller balance homogeneous loans, such as consumer and residential real estate loans are collectively evaluated for impairment, and accordingly, they are not separately identified for impairment disclosures.

Troubled debt restructurings are separately identified for impairment disclosures and are measured at the present value of estimated future cash flows using the loan's effective rate at inception. If a troubled debt restructuring is considered to be a collateral dependent loan, the loan is reported, net, at the fair value of the collateral. For troubled debt restructurings that subsequently default, the Company determines the amount of reserve in accordance with the accounting policy for the allowance for loan losses.

The general component covers non-impaired loans and is based on historical loss experience adjusted for current factors. This actual loss experience is supplemented with other economic factors based on the risks present for each portfolio segment. These economic factors include consideration of the following: levels of and trends in delinquencies and impaired loans; levels of and trends in charge-offs and recoveries; trends in volume and terms of loans; effects of any changes in risk selection and underwriting standards; other changes in lending policies, procedures, and practices; experience, ability, and depth of lending management and other relevant staff; national and local economic trends and conditions; industry conditions; and effects of changes in credit concentrations. The following portfolio segments have been identified: commercial, commercial real estate, commercial construction, residential real estate, home equity and consumer loans.

Restricted Stock: The Bank is a member of the Federal Home Loan Bank ("FHLB") of New York. Members are required to own a certain amount of stock based on the level of borrowings and other factors, and may invest in additional amounts. FHLB stock is carried at cost, classified as a restricted security, and periodically evaluated for impairment based on ultimate recovery of par value. Both cash and stock dividends are reported as income.

Transfers of Financial Assets: Transfers of financial assets are accounted for as sales, when control over the assets has been relinquished. Control over transferred assets is deemed to be surrendered when the assets have been isolated from the Company, the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Foreclosed Assets: Assets acquired through deed in lieu or loan foreclosure are initially recorded at fair value less costs to sell when acquired, establishing a new cost basis. These assets are subsequently accounted for at lower of cost or fair value less estimated costs to sell. If fair value declines subsequent to foreclosure, a valuation allowance is recorded through expense. Operating costs after acquisition are expensed.

Premises and Equipment: Premises and equipment are stated at cost less accumulated depreciation. Buildings and related components are depreciated using the straight-line method with useful lives ranging from 4 to 39 years. Furniture, fixtures and equipment are depreciated using the straight-line (or accelerated) method with useful lives ranging from 1 to 10 years.

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NORTH JERSEY COMMUNITY BANCORP, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS Nine Months Ended September 30, 2012 & 2011 and Years Ended December 31, 2011 & 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill and Other Intangible Assets: Goodwill resulting from business combinations is generally determined as the excess of the fair value of the consideration transferred, plus the fair value of any noncontrolling interests in the acquiree, over the fair value of the net assets acquired and liabilities assumed as of the acquisition date. Goodwill and intangible assets acquired in a purchase business combination and determined to have an indefinite useful life are not amortized, but tested for impairment at least annually. The Company has selected December 31 as the date to perform the annual impairment test. Intangible assets with definite useful lives are amortized over their estimated useful lives to their estimated residual values. Goodwill is the only intangible asset with an indefinite life on our balance sheet.

Other intangible assets consist of a core deposit intangible asset arising from a business combination. It was initially measured at fair value and then is being amortized on an accelerated method over its estimated useful life, which is 3 years.

Stock-Based Compensation: Compensation cost is recognized for stock options and restricted stock awards issued to employees, based on the fair value of these awards at the date of grant. A Black-Scholes model is utilized to estimate the fair value of stock options, while the market price of the Company's common stock at the date of grant is used for restricted stock awards. Compensation cost is recognized over the required service period, generally defined as the vesting period.

Income Taxes: Income tax expense is the total of the current year income tax due or refundable and the change in deferred tax assets and liabilities. Deferred tax assets and liabilities are the expected future tax amounts for the temporary differences between carrying amounts and tax bases of assets and liabilities, computed using enacted tax rates. A valuation allowance, if needed, reduces deferred tax assets to the amount expected to be realized.

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 is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. The company recognizes interest and/or penalties related to income tax matters in other expense.

Retirement Plans: Employee 401(k) and profit sharing plan expense is the amount of matching contributions.

Earnings Per Common Share: Basic earnings per common share is net income divided by the weighted average number of common shares outstanding during the period. Diluted earnings per common share includes the dilutive effect of additional potential common shares issuable under stock option plans and convertible preferred stock.

Comprehensive Income: Comprehensive income consists of net income and other comprehensive income. Other comprehensive income includes unrealized gains and losses on securities available for sale which are also recognized as separate components of equity.

Loan Commitments and Related Financial Instruments: Financial instruments include off-balance sheet credit instruments, such as commitments to make loans and commercial letters of credit, issued to meet customer financing needs. The face amount for these items represents the exposure to loss, before considering customer collateral or ability to repay. Such financial instruments are recorded when they are funded.

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NORTH JERSEY COMMUNITY BANCORP, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Nine Months Ended September 30, 2012 & 2011 and Years Ended December 31, 2011 & 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loss Contingencies: Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. Management does not believe there now are such matters that will have a material effect on the financial statements.

Restrictions on Cash: Cash on hand or on deposit with the Federal Reserve Bank was required to meet regulatory reserve and clearing requirements.

Dividend Restriction: Banking regulations require maintaining certain capital levels and may limit the dividends paid by the Bank to the Company or by the Company to shareholders.

Fair Value of Financial Instruments: Fair values of financial instruments are estimated using relevant market information and other assumptions, as more fully disclosed in a separate note. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect the estimates.

Reclassifications: Some items in the prior year financial statements were reclassified to conform to the current presentation. Reclassifications had no effect on prior year net income or stockholders' equity.

Adoption of New Accounting Guidance: In July 2010, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2010-20, *Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses*. This ASU requires significantly more information about credit quality in a financial institution's portfolio and the allowance for credit losses. The disclosure requirements are effective for interim and annual reporting periods ending on or after December 15, 2010. Required disclosures have been added to these financial statements.

In May 2011, the FASB issued ASU No. 2011-04, *Fair Value Measurement (Topic 820) - Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs* which represents to convergence of the FASB's and the International Accounting Standards Board's ("IASB") guidance on fair value measurement. ASU 2011-04 reflects the common requirements under U.S. GAAP and International Financial Reporting Standards ("IFRS") for measuring fair value and for disclosing information about fair value measurements, including a consistent meaning from the term "fair value". The new guidance does not extend the use of fair value but, rather, provides guidance about how fair value should be applied where it is already required or permitted under IFRS or U.S. GAAP. For U.S. GAAP, most of the changes are clarifications of existing guidance or wording changes to align with IFRS 13. A public company is required to apply the ASU prospectively for interim and annual periods beginning after December 15, 2011. The adoption of this ASU did not have a material impact on the Company's financial condition or results of operations. Required disclosures have been added to these financial statements.

In June 2011, the FASB issued ASU No. 2011-05, *Comprehensive Income (Topic 220) - Presentation of Comprehensive Income* the provisions of which allow an entity the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. Under both options, an entity is required to present each component of net income along with total net income, each component of other comprehensive income along with a total for other comprehensive income, and a total amount for comprehensive income. ASU 2011-05 eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholders' equity. ASU 2011-05 does not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income.

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NORTH JERSEY COMMUNITY BANCORP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Nine Months Ended September 30, 2012 & 2011 and Years Ended December 31, 2011 & 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASU 2011-05 should be applied retrospectively and is effective for public companies for fiscal years, and interim periods within those years, beginning after December 15, 2011. The adoption of this ASU did not have a material impact on the Company's financial condition or results of operations. Required disclosure of separate statements of comprehensive income have been presented in these financial statements.

NOTE 2 - SECURITIES

The amortized cost, gross unrealized gains and losses and fair value of securities available for sale at September 30, 2012, December 31, 2011 and 2010 are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In thousands)			
<u>September 30, 2012 (Unaudited)</u>				
Securities available for sale:				
U.S. Government agencies	\$2,000	\$ 10	\$ –	\$2,010
Mortgage-backed securities - residential	12,865	817	–	13,682
CRA investment fund	<u>6,000</u>	<u>290</u>	<u>–</u>	<u>6,290</u>
	<u>\$20,865</u>	<u>\$ 1,117</u>	<u>\$ –</u>	<u>\$21,982</u>
<u>December 31, 2011</u>				
Securities available for sale:				
U.S. Government agencies	\$4,000	\$ 36	\$ –	\$4,036
Mortgage-backed securities - residential	16,414	812	–	17,226
CRA investment fund	<u>6,000</u>	<u>173</u>	<u>–</u>	<u>6,173</u>
	<u>\$26,414</u>	<u>\$ 1,021</u>	<u>\$ –</u>	<u>\$27,435</u>
<u>December 31, 2010</u>				
Securities available for sale:				
U.S. Government agencies	\$6,672	\$ 90	\$ –	\$6,762
Mortgage-backed securities - residential	10,649	625	–	11,274
CRA investment fund	<u>6,000</u>	<u>–</u>	<u>(11)</u>	<u>5,989</u>
	<u>\$23,321</u>	<u>\$ 715</u>	<u>\$ (11)</u>	<u>\$24,025</u>

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NORTH JERSEY COMMUNITY BANCORP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Nine Months Ended September 30, 2012 & 2011 and Years Ended December 31, 2011 & 2010

NOTE 2 - SECURITIES (Continued)

The amortized cost, gross unrecognized gains and losses and fair value of securities held to maturity at September 30, 2012, December 31, 2011 and 2010, are as follows:

	Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Fair Value
	(In thousands)			
September 30, 2012 (Unaudited)				
Securities held-to-maturity:				
Mortgage-backed securities – residential	\$2,305	\$ 114	\$ –	\$2,419
December 31, 2011				
Securities held-to-maturity:				
Mortgage-backed securities – residential	\$3,694	\$ 150	\$ –	\$3,844
December 31, 2010				
Securities held-to-maturity:				
U.S. Government agencies	\$14,045	\$ 42	\$ –	\$14,087
Mortgage-backed securities – residential	6,033	189	–	6,222
	\$20,078	\$ 231	\$ –	\$20,309

The amortized cost and fair value of debt securities held to maturity and available for sale at September 30, 2012 and December 31, 2011, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Securities not due at a single maturity date are shown separately.

	Available for Sale		Held to Maturity	
	Amortized	Fair	Amortized	Fair
	Cost	Value	Cost	Value
	(In thousands)			
<u>September 30, 2012 (Unaudited)</u>				
U.S. Government agencies:				
Due in under one year or less	\$1,000	\$1,008	\$—	\$—
Due after one year through five years	—	—	—	—
Due after five years through ten years	1,000	1,002	—	—
Due after ten years	—	—	—	—
Mortgage-backed securities – residential	12,865	13,682	2,305	2,419
	\$14,865	\$15,692	\$2,305	\$2,419

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NORTH JERSEY COMMUNITY BANCORP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Nine Months Ended September 30, 2012 & 2011 and Years Ended December 31, 2011 & 2010

NOTE 2 - SECURITIES (Continued)

	Available for Sale		Held to Maturity	
	Amortized	Fair	Amortized	Fair
	Cost	Value	Cost	Value
(In thousands)				
<u>December 31, 2011</u>				
U.S. Government agencies:				
Due in under one year or less	\$-	\$-	\$-	\$-
Due after one year through five years	3,000	3,025	-	-
Due after five years through ten years	1,000	1,011	-	-
Due after ten years	-	-	-	-
Mortgage-backed securities - residential	16,414	17,226	3,694	3,844
	<u>\$20,414</u>	<u>\$21,262</u>	<u>\$3,694</u>	<u>\$3,844</u>

There were no sales of securities available for sale during the nine months ended September 30, 2012 (unaudited). For the nine months ended September 30, 2011 (unaudited) and for the year ended December 31, 2011, there was one sale of an available for sale security which resulted in a pre-tax gain of \$96,000. There were no sales of securities available for sale in 2010.

Securities with a carrying value of \$3,890,000, \$426,000 and \$18,289,000 at September 30, 2012 (unaudited), December 31, 2011 and 2010, respectively, were pledged to secure public deposits, securities sold under agreements to repurchase and for other purposes as required or permitted by law.

The table below shows the Company's securities, their gross unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at December 31, 2010. There were no securities in an unrealized loss position at December 31, 2011 and September 30, 2012 (unaudited).

	Less than		12 Months or More		Total	
	12 Months		12 Months or More		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
(In thousands)						
<u>December 31, 2010</u>						
CRA investment fund	<u>\$-</u>	<u>\$ -</u>	<u>\$5,989</u>	<u>\$ (11)</u>	<u>\$5,989</u>	<u>\$ (11)</u>

The CRA investment fund recovered its unrealized loss in 2011.

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NORTH JERSEY COMMUNITY BANCORP, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Nine Months Ended September 30, 2012 & 2011 and Years Ended December 31, 2011 & 2010

NOTE 3 - LOAN RECEIVABLE

The composition of loans receivable (which excludes loans held for sale) at September 30, 2012, December 31, 2011 and 2010, is as follows:

	(Unaudited) September 30, 2012	December 31, 2011	2010
		(In thousands)	
Commercial	\$ 131,471	\$108,066	\$106,544
Commercial real estate	526,021	375,719	259,694
Commercial construction	31,193	28,543	37,065
Residential real estate	82,516	88,666	64,648
Home equity	31,903	27,575	25,056
Consumer	1,410	890	1,179
Total loans	804,514	629,459	494,186
Unearned net origination fees and costs	(222)	(88)	(393)
Allowance for loan losses	(12,248)	(9,617)	(7,414)
Net loans	<u>\$ 792,044</u>	<u>\$619,754</u>	<u>\$486,379</u>

The portfolio classes in the above table have unique risk characteristics with respect to credit quality:

The repayment of commercial loans is generally dependent on the creditworthiness and cash flow of borrowers, and if applicable, guarantors, which may be negatively impacted by adverse economic conditions. While the majority of these loans are secured, collateral type, marketing, coverage, valuation and monitoring is not as uniform as in other portfolio classes and recovery from liquidation of such collateral may be subject to greater variability.

Payment on commercial mortgages is driven principally by operating results of the managed properties or underlying business and secondarily by the sale or refinance of such properties. Both primary and secondary sources of repayment, and value of the properties in liquidation, may be affected to a greater extent by adverse conditions in the real estate market or the economy in general.

Properties underlying construction, land and land development loans often do not generate sufficient cash flows to service debt and thus repayment is subject to ability of the borrower and, if applicable, guarantors, to complete development or construction of the property and carry the project, often for extended periods of time. As a result, the performance of these loans is contingent upon future events whose probability at the time of origination is uncertain.

The ability of borrowers to service debt in the residential, home equity and consumer loan portfolios is generally subject to personal income which may be impacted by general economic conditions, such as increased unemployment levels. These loans are predominately collateralized by first and/or second liens on single family properties. If a borrower cannot maintain the loan, the Company's ability to recover against the collateral in sufficient amount and in a timely manner may be significantly influenced by market, legal and regulatory conditions.

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NORTH JERSEY COMMUNITY BANCORP, INC.
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NOTE 3 - LOANS RECEIVABLE (Continued)

The following table represents the allocation of allowance for loan losses and the related loans by loan portfolio segment disaggregated based on the impairment methodology at September 30, 2012, December 31, 2011 and 2010:

	Commercial	Commercial Real Estate	Commercial Construction	Residential Real Estate	Home Equity Lines of Credit	Consumer	Total
(In thousands)							
<u>September 30, 2012 (Unaudited)</u>							
Allowance for loan losses:							
Individually evaluated for impairment	\$165	\$1,034	\$50	\$-	\$-	\$-	\$1,249
Collectively evaluated for impairment	1,421	5,886	468	2,686	521	17	10,999
Total	<u>\$1,586</u>	<u>\$6,920</u>	<u>\$518</u>	<u>\$2,686</u>	<u>\$521</u>	<u>\$17</u>	<u>\$12,248</u>
Loans receivable:							
Individually evaluated for impairment	\$3,135	\$4,277	\$586	\$-	\$119	\$-	\$8,117
Collectively evaluated for impairment	128,336	521,744	30,607	82,516	31,784	1,410	796,397
Total	<u>\$131,471</u>	<u>\$526,021</u>	<u>\$31,193</u>	<u>\$82,516</u>	<u>\$31,903</u>	<u>\$1,410</u>	<u>\$804,514</u>
<u>December 31, 2011</u>							
Allowance for loan losses:							
Individually evaluated for impairment	\$2	\$990	\$17	\$-	\$-	\$-	\$1,009
Collectively evaluated for impairment	651	4,668	430	2,517	339	3	8,608
Total	<u>\$653</u>	<u>\$5,658</u>	<u>\$447</u>	<u>\$2,517</u>	<u>\$339</u>	<u>\$3</u>	<u>\$9,617</u>
Loans receivable:							
Individually evaluated for impairment	\$402	\$10,713	\$84	\$1,796	\$-	\$-	\$12,995
Collectively evaluated for impairment	107,664	365,006	28,459	86,870	27,575	890	616,464
Total	<u>\$108,066</u>	<u>\$375,719</u>	<u>\$28,543</u>	<u>\$88,666</u>	<u>\$27,575</u>	<u>\$890</u>	<u>\$629,459</u>
<u>December 31, 2010</u>							
Allowance for loan losses:							
Individually evaluated for impairment	\$-	\$160	\$-	\$-	\$-	\$-	\$160
Collectively evaluated for impairment	634	2,742	808	2,773	292	5	7,254
Total	<u>\$634</u>	<u>\$2,902</u>	<u>\$808</u>	<u>\$2,773</u>	<u>\$292</u>	<u>\$5</u>	<u>\$7,414</u>

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NORTH JERSEY COMMUNITY BANCORP, INC.
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NOTE 3 - LOANS RECEIVABLE (Continued)

				Residential	Home		
		Commercial	Commercial	Real	Equity		
	Commercial	Real Estate	Construction	Estate	Lines of	Consumer	Total
					Credit		

The following table presents information related to impaired loans by class of loans as of and for the periods ended September 30, 2012 and 2011 and December 31, 2011 and 2010:

	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Losses Allocated	Average Recorded Investment	Interest Income Recognized	Cash Basis Interest Recognized
	(In thousands)					
September 30, 2012 (Unaudited)						
With no related allowance recorded:						
Commercial	\$273	\$ 303	\$–	\$ 281	\$ –	\$ –
Commercial real estate	1,243	1,275	–	1,134	31	–
Commercial construction	–	–	–	–	–	–
Residential real estate	–	–	–	–	–	–
Home equity lines of credit	119	119	–	119	6	–
Consumer	–	–	–	–	–	–
	<u>1,635</u>	<u>1,697</u>	<u>–</u>	<u>1,534</u>	<u>37</u>	<u>–</u>
With an allowance recorded:						
Commercial	2,862	2,873	165	2,865	102	–
Commercial real estate	3,034	3,454	1,034	3,176	43	–
Commercial construction	586	602	50	590	33	–
Residential real estate	–	–	–	–	–	–
Home equity lines of credit	–	–	–	–	–	–
Consumer	–	–	–	–	–	–
	<u>6,482</u>	<u>6,929</u>	<u>1,249</u>	<u>6,631</u>	<u>178</u>	<u>–</u>
Total	\$8,117	\$8,626	\$1,249	\$8,165	\$ 215	\$ –

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NORTH JERSEY COMMUNITY BANCORP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 3 – LOANS RECEIVABLE (Continued)

	Unpaid Principal <u>Balance</u>	Recorded Investment <u>Investment</u>	Allowance for Loan Losses <u>Allocated</u>	Average Recorded Investment <u>Investment</u>	Interest Income <u>Recognized</u>	Cash Basis Interest <u>Recognized</u>
				(In thousands)		
September 30, 2011 (Unaudited)						
With no related allowance recorded:						
Commercial				\$1,486	\$ 46	\$ -
Commercial real estate				6,115	77	-
Commercial construction				588	25	-
Residential real estate				-	-	-
Home equity lines of credit				122	6	-
Consumer				-	-	-
				<u>8,311</u>	<u>154</u>	<u>-</u>
With an allowance recorded:						
Commercial				-	-	-
Commercial real estate				2,617	43	-
Commercial construction				764	51	-
Residential real estate				-	-	-
Home equity lines of credit				-	-	-
Consumer				-	-	-
				<u>3,381</u>	<u>94</u>	<u>-</u>
Total				\$11,692	\$ 248	\$ -

	Unpaid Principal <u>Balance</u>	Recorded Investment <u>Investment</u>	Allowance for Loan Losses <u>Allocated</u>	Average Recorded Investment <u>Investment</u>	Interest Income <u>Recognized</u>	Cash Basis Interest <u>Recognized</u>
			(In thousands)			
<u>December 31, 2011</u>						
With no related allowance recorded:						
Commercial	\$388	\$388	\$—	\$388	\$ 2	\$ —
Commercial real estate	6,480	6,493	—	6,199	41	—
Commercial construction	—	—	—	—	—	—
Residential real estate	1,796	1,803	—	1,811	127	—
Home equity lines of credit	—	—	—	—	—	—
Consumer	—	—	—	—	—	—
	8,664	8,684	—	8,398	170	—

With an allowance recorded:

Commercial	14	14	2	19	2	–
Commercial real estate	4,233	4,246	990	4,318	123	–
Commercial construction	84	84	17	425	59	–
Residential real estate	–	–	–	–	–	–
Home equity lines of credit	–	–	–	–	–	–
Consumer	–	–	–	–	–	–
	<u>4,331</u>	<u>4,344</u>	<u>1,009</u>	<u>4,762</u>	<u>184</u>	<u>–</u>
Total	<u>\$12,995</u>	<u>\$13,028</u>	<u>\$1,009</u>	<u>\$13,160</u>	<u>\$ 354</u>	<u>\$ –</u>

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NORTH JERSEY COMMUNITY BANCORP, INC.
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Nine Months Ended September 30, 2012 & 2011 and Years Ended December 31, 2011 & 2010

NOTE 3 - LOANS RECEIVABLE (Continued)

	Unpaid Principal <u>Balance</u>	Recorded Investment <u>Investment</u>	Allowance for Loan Losses <u>Allocated</u>	Average Recorded Investment <u>Investment</u>	Interest Income <u>Recognized</u>	Cash Basis Interest <u>Recognized</u>
				(In thousands)		
<u>December 31, 2010</u>						
With no related allowance recorded:						
Commercial	\$273	\$273	\$ –	\$278	\$ 18	\$ –
Commercial real estate	1,356	1,356	–	1,387	31	–
Commercial construction	–	–	–	–	–	–
Residential real estate	1,433	1,433	–	1,442	72	–
Home equity lines of credit	–	–	–	–	–	–
Consumer	–	–	–	–	–	–
	<u>3,062</u>	<u>3,062</u>	<u>–</u>	<u>3,107</u>	<u>121</u>	<u>–</u>
With an allowance recorded:						
Commercial	–	–	–	–	–	–
Commercial real estate	1,260	1,260	160	1,192	19	–
Commercial construction	–	–	–	–	–	–
Residential real estate	–	–	–	–	–	–
Home equity lines of credit	–	–	–	–	–	–
Consumer	–	–	–	–	–	–
	<u>1,260</u>	<u>1,260</u>	<u>160</u>	<u>1,192</u>	<u>19</u>	<u>–</u>
Total	\$4,322	\$4,322	\$ 160	\$4,299	\$ 140	\$ –

The recorded investment in loans include accrued interest receivable and other capitalized costs such as real estate taxes paid on behalf of borrower and loan origination fees, net.

The following tables present the recorded investment in nonaccrual and loans past due over 90 days still on accrual by class of loans:

				Loans Past Due Over		
	Nonaccrual			90 Days Still Accruing		
	(Unaudited)	12/31/	12/31/	(Unaudited)	12/	12/
	9/30/2012	2011	2010	9/30/2012	31/	31/
					2011	2010
	(In thousands)					
Commercial	\$ 3,135	\$388	\$–	\$ –	\$–	\$–
Commercial real estate	2,487	6,049	2,538	586	–	–
Commercial construction	–	–	–	–	–	–
Residential real estate	–	–	1,511	638	–	719
Home equity lines of credit	–	–	–	–	–	–

Consumer	<u>—</u>	<u>—</u>	<u>—</u>	<u>13</u>	<u>—</u>	<u>4</u>
Total	<u>\$ 5,622</u>	<u>\$6,437</u>	<u>\$4,049</u>	<u>\$ 1,237</u>	<u>\$—</u>	<u>\$723</u>

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NORTH JERSEY COMMUNITY BANCORP, INC.
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NOTE 3 - LOANS RECEIVABLE (Continued)

The following table presents past due and current loans by the loan portfolio class as of September 30, 2012, December 31, 2011 and 2010:

	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days Past Due	Total Past Due	Current	Total Loans Receivable
(In thousands)						
<u>September 30, 2012 (Unaudited)</u>						
Commercial	\$—	\$—	\$274	\$274	\$131,197	\$131,471
Commercial real estate	—	—	3,067	3,067	522,954	526,021
Commercial construction	—	2,372	—	2,372	28,821	31,193
Residential real estate	—	—	638	638	81,878	82,516
Home equity lines of credit	—	—	—	—	31,903	31,903
Consumer	—	—	13	13	1,397	1,410
Total	<u>\$—</u>	<u>\$2,372</u>	<u>\$3,992</u>	<u>\$6,364</u>	<u>\$798,150</u>	<u>\$804,514</u>
<u>December 31, 2011</u>						
Commercial	\$—	\$—	\$388	\$388	\$107,678	\$108,066
Commercial real estate	—	—	6,049	6,049	369,670	375,719
Commercial construction	—	289	—	289	28,254	28,543
Residential real estate	83	—	—	83	88,583	88,666
Home equity lines of credit	10	—	—	10	27,565	27,575
Consumer	—	—	—	—	890	890
Total	<u>\$93</u>	<u>\$289</u>	<u>\$6,437</u>	<u>\$6,819</u>	<u>\$622,640</u>	<u>\$629,459</u>
<u>December 31, 2010</u>						
Commercial	\$—	\$24	\$—	\$24	\$106,520	\$106,544
Commercial real estate	2,900	—	2,538	5,438	254,256	259,694
Commercial construction	—	2,235	—	2,235	34,830	37,065
Residential real estate	—	—	2,230	2,230	62,418	64,648
Home equity lines of credit	443	183	4	630	24,426	25,056
Consumer	—	—	—	—	1,179	1,179
Total	<u>\$3,343</u>	<u>\$2,442</u>	<u>\$4,772</u>	<u>\$10,557</u>	<u>\$483,629</u>	<u>\$494,186</u>

Troubled Debt Restructurings

During the nine months ended September 30, 2012 (unaudited) and the year ending December 31, 2011, the terms of certain loans were modified as troubled debt restructurings. The modification of the terms of such loans included one or a combination of the following: a

reduction of the stated interest rate of the loan; an extension of the maturity date at a stated rate of interest lower than the current market rate for new debt with similar risk; or a permanent reduction of the recorded investment in the loan.

The balance of troubled debt restructurings at September 30, 2012 consists of five loans that were performing at such date under their restructured terms and for which the Bank had no commitment to lend additional funds and one credit that was classified as a non-accrual loan. The balance of troubled debt restructurings at December 31, 2011 consisted of seven loans that were performing at such date under their restructured terms and for which the Bank has no commitment to lend additional funds and three credits that at such date currently classified as non-accrual loans. The Company had allocated \$256,000 of specific allocations with respect to loans whose loan terms had been modified in troubled debt restructurings as of September 30, 2012. The Company has allocated \$17,000 and \$0 of specific allocations with respect to loans whose terms have been modified in troubled debt restructurings as of December 31, 2011 and 2010, respectively.

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NOTE 3 - LOANS RECEIVABLE (Continued)

The following table presents loans by class that were modified during the nine months ended September 30, 2012 (Unaudited) and as a result were classified as troubled debt restructurings:

	Number of	Pre- Modification Outstanding Recorded Investment	Post- Modification Outstanding Recorded Investment
	Loans		
(Dollars in thousands)			
Troubled Debt Restructurings:			
Commercial	1	\$ 2,862	\$ 2,862
Commercial real estate	—	—	—
Commercial construction	—	—	—
Residential real estate	—	—	—
Home equity lines of credit	—	—	—
Consumer Total	—	—	—
	<u>1</u>	<u>\$ 2,862</u>	<u>\$ 2,862</u>

There were no troubled debt restructurings for which there was a payment default within twelve months following the modification during the nine months ended September 30, 2012 (Unaudited).

A loan is considered to be in payment default once it is 90 days contractually past due under the modified terms.

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NORTH JERSEY COMMUNITY BANCORP, INC.
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NOTE 3 - LOANS RECEIVABLE (Continued)

The following table presents loans by class that were modified during the year ended December 31, 2011 and as a result were classified as troubled debt restructurings:

	Number of Loans	Pre- Modification Outstanding Recorded Investment	Post- Modification Outstanding Recorded Investment
(Dollars in thousands)			
Troubled Debt Restructurings:			
Commercial	—	\$ —	\$ —
Commercial real estate	3	5,317	5,317
Commercial construction	—	—	—
Residential real estate	5	1,880	1,880
Home equity lines of credit	—	—	—
Consumer Total	—	—	—
	<u>8</u>	<u>\$ 7,197</u>	<u>\$ 7,197</u>

The following table presents loans by class classified as troubled debt restructurings for which there was a payment default within twelve months following the modification during the year ending December 31, 2011:

	Number of Loans	Recorded Investment
(Dollars in thousands)		
Troubled Debt Restructurings That Subsequently Defaulted:		
Commercial	2	\$ 273
Commercial real estate	—	—
Commercial construction	1	2,366
Residential real estate	—	—
Home equity lines of credit	—	—
Consumer	—	—
Total	<u>3</u>	<u>\$ 2,639</u>

The troubled debt restructurings that subsequently defaulted described above increased the allowance for loan losses by \$75,000 and resulted in charge offs of \$0 during the year ending December 31, 2011.

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NORTH JERSEY COMMUNITY BANCORP, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 3 - LOANS RECEIVABLE (Continued)

Credit Quality Indicators

The Bank categorizes loans into risk categories based on relevant information about the quality and realizable value of collateral, if any, and the ability of borrowers to service their debts such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The Bank analyzes loans individually by classifying the loans as to credit risk. This analysis is performed whenever a credit is extended, renewed or modified, or when an observable event occurs indicating a potential decline in credit quality, and no less than annually for large balance loss. The Bank used the following definitions for risk ratings:

Special Mention - Loans classified as special mention have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or the Bank's credit position at some future date.

Substandard - Loans classified as substandard are inadequately protected by the current sound worth and paying capacity of the obligor, or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the repayment and liquidation of the debt. They are characterized by distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected. Normal payment from the borrower is in jeopardy, although loss of principal, while still possible, is not imminent.

Doubtful - Loans classified as doubtful have all the weaknesses inherent in those classified as Substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently known facts, conditions, and values, highly questionable and improbable.

The following table presents the risk category of loans by class of loans based on the most recent analysis performed as of September 30, 2012, December 31, 2011 and 2010:

<u>Credit Risk Profile by Internally Assigned Grades</u>	<u>Special</u>				
	<u>Pass</u>	<u>Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Total</u>
	(In thousands)				
<u>September 30, 2012 (Unaudited)</u>					
Commercial	\$109,265	\$16,360	\$ 5,846	\$ –	\$131,471
Commercial real estate	505,376	10,242	10,403	–	526,021
Commercial construction	<u>30,304</u>	<u>–</u>	<u>889</u>	<u>–</u>	<u>31,193</u>
Total	<u>\$644,945</u>	<u>\$26,602</u>	<u>\$ 17,138</u>	<u>\$ –</u>	<u>\$688,685</u>
<u>December 31, 2011</u>					
Commercial	\$100,044	\$3,822	\$4,200	\$ –	\$108,066
Commercial real estate	355,133	6,020	14,566	–	375,719
Commercial construction	<u>25,018</u>	<u>1,968</u>	<u>1,557</u>	<u>–</u>	<u>28,543</u>
Total	<u>\$480,195</u>	<u>\$11,810</u>	<u>\$ 20,323</u>	<u>\$ –</u>	<u>\$512,328</u>

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NOTE 3 - LOANS RECEIVABLE (Continued)

Credit Risk Profile by Internally Assigned Grades	Pass	Special	Substandard	Doubtful	Total
		Mention			
(In thousands)					
December 31, 2010					
Commercial	\$96,750	\$9,138	\$ 656	\$ –	\$106,544
Commercial real estate	239,711	13,512	6,471	–	259,694
Commercial construction	33,925	3,140	–	–	37,065
Total	\$370,386	\$25,790	\$ 7,127	\$ –	\$403,303

Residential real estate, home equity lines of credit, and consumer loans are not rated. The Company evaluates credit quality of those loans by aging status of the loan and by payment activity, which was previously presented.

The following table presents the activity in the Company's allowance for loan losses by class of loans:

	Commercial	Commercial Real Estate	Commercial Construction	Residential Real Estate	Home Equity Lines of Credit	Consumer	Total
(In thousands)							
Allowance for loan losses (unaudited):							
Beginning Balance 1/1/12	\$ 653	\$ 5,658	\$ 430	\$ 2,534	\$339	\$ 3	\$9,617
Charge-offs	–	(224)	(16)	–	–	–	(240)
Recoveries	–	–	–	–	–	31	31
Provision for loan losses	<u>933</u>	<u>1,486</u>	<u>104</u>	<u>152</u>	<u>182</u>	<u>(17)</u>	<u>2,840</u>
Total ending allowance balance 9/30/12	<u>\$ 1,586</u>	<u>\$ 6,920</u>	<u>\$ 518</u>	<u>\$ 2,686</u>	<u>\$521</u>	<u>\$ 17</u>	<u>\$12,248</u>
Allowance for loan losses (unaudited):							
Beginning Balance 1/1/11	\$ 634	\$ 2,902	\$ 808	\$ 2,773	\$292	\$ 5	\$7,414
Charge-offs	–	–	–	–	–	(90)	(90)
Recoveries	–	–	–	–	–	–	–
Provision for loan losses	<u>101</u>	<u>2,305</u>	<u>(192)</u>	<u>(339)</u>	<u>238</u>	<u>89</u>	<u>2,202</u>
Total ending allowance balance 9/30/11	<u>\$ 735</u>	<u>\$ 5,207</u>	<u>\$ 616</u>	<u>\$ 2,434</u>	<u>\$530</u>	<u>\$ 4</u>	<u>\$9,526</u>
Allowance for loan losses:							
Beginning Balance 1/1/11	\$ 634	\$ 2,902	\$ 808	\$ 2,773	\$292	\$ 5	\$7,414
Charge-offs	–	–	–	(90)	–	(62)	(152)
Recoveries	–	–	–	–	–	–	–
Provision for loan losses	<u>19</u>	<u>2,756</u>	<u>(378)</u>	<u>(149)</u>	<u>47</u>	<u>60</u>	<u>2,355</u>
Total ending allowance balance 12/31/11	<u>\$ 653</u>	<u>\$ 5,658</u>	<u>\$ 430</u>	<u>\$ 2,534</u>	<u>\$339</u>	<u>\$ 3</u>	<u>\$9,617</u>

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Nine Months Ended September 30, 2012 & 2011 and Years Ended December 31, 2011 & 2010

NOTE 3 - LOANS RECEIVABLE (Continued)

The following table presents the activity in the Company's allowance for loan losses for 2010:

	(In thousands)
Allowance for loan losses:	
Beginning balance, January 1, 2010	\$ 4,759
Charge-offs	(293)
Recoveries	18
Provision for loan losses	<u>2,930</u>
Total ending allowance balance, December 31, 2010	\$ 7,414

NOTE 4 - BANK PREMISES AND EQUIPMENT

The components of premises and equipment at September 30, 2012, December 31, 2011 and 2010, are as follows:

	(Unaudited)		
	September 30,	December 31,	
	2012	2011	2010
		(In thousands)	
Building	\$ 3,422	\$3,422	\$3,422
Leasehold improvements	5,895	5,817	5,393
Furniture, fixtures and equipment	2,822	2,751	2,331
Computer equipment and data processing software	1,920	1,652	1,249
Vehicles	152	152	48
	14,211	13,794	12,443
Accumulated depreciation and amortization	(6,148)	(5,182)	(3,963)
	\$ 8,063	\$8,612	\$8,480

Depreciation expense amounted to \$966,000 and \$826,000 for the nine months ended September 30, 2012 and 2011 (unaudited), respectively. Depreciation expense amounted to \$1,219,000 and \$1,136,000 for the years ended December 31, 2011 and 2010, respectively.

Capital Leases: The Company has entered into a lease agreement for land and a building under a capital lease. The lease arrangement requires monthly payments through 2028.

The Company has included these leases in premises and equipment as follows:

	(Unaudited)		
	September 30,	December 31,	
	2012	2011	2010
	(In thousands)		
Building	\$ 3,422	\$3,422	\$3,422

Accumulated depreciation	<u>(642)</u>	<u>(513)</u>	<u>(342)</u>
	<u>\$ 2,780</u>	<u>\$2,909</u>	<u>\$3,080</u>

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NORTH JERSEY COMMUNITY BANCORP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Nine Months Ended September 30, 2012 & 2011 and Years Ended December 31, 2011 & 2010

NOTE 4 - BANK PREMISES AND EQUIPMENT (Continued)

The following is a schedule by year of future minimum lease payments under the capitalized lease, together with the present value of net minimum lease payments at September 30, 2012 (in thousands and unaudited):

From 10/1/12 through 12/31/12	\$66
2013	265
2014	292
2015	292
2016	292
2017	292
Thereafter	<u>3,634</u>
Total minimum lease payments	5,133
Less amount representing interest	<u>1,930</u>
Present value of net minimum lease payments	<u>\$3,203</u>

The following is a schedule by year of future minimum lease payments under the capitalized lease, together with the present value of net minimum lease payments at December 31, 2011 (in thousands):

2012	\$265
2013	267
2014	292
2015	292
2016	292
Thereafter	<u>3,924</u>
Total minimum lease payments	5,332
Less amount representing interest	<u>2,075</u>
Present value of net minimum lease payments	<u>\$3,257</u>

Operating Leases: The Company leases certain branch properties under operating leases. Rent expense was \$756,000 and \$645,000 for the nine months ending September 30, 2012 and 2011 (unaudited) and \$899,000 and \$892,000 for the years ended December 31, 2011 and 2010, respectively. Rent commitments, before considering renewal options that generally are present were as follows (in thousands):

	<u>September 30, 2012 (Unaudited)</u>
From 10/1/12 - 12/31/12	\$183
2013	783
2014	797
2015	813
2016	679
2017	321
Thereafter	<u>705</u>
	\$4,281

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NORTH JERSEY COMMUNITY BANCORP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Nine Months Ended September 30, 2012 & 2011 and Years Ended December 31, 2011 & 2010

NOTE 4 - BANK PREMISES AND EQUIPMENT (Continued)

	<u>December 31, 2011</u>
2012	\$635
2013	783
2014	797
2015	813
2016	679
Thereafter	<u>1,026</u>
	\$4,733

NOTE 5 - DEPOSITS

The components of deposits at September 30, 2012, December 31, 2011 and 2010 are as follows:

	(Unaudited)		
	September 30,	December 31,	
	2012	2011	2010
		(In thousands)	
Demand, non-interest bearing	\$ 148,689	\$118,583	\$96,841
Demand, interest-bearing	59,225	50,122	16,123
Money market accounts	184,466	170,096	168,892
Savings	73,585	83,879	70,195
Time, \$100,000 and over	158,186	123,416	79,256
Time, other	100,130	63,325	51,378
	\$ 724,281	\$609,421	\$482,685

At September 30, 2012, the scheduled maturities of time deposits are as follows (in thousands and unaudited):

From 10/1/12 through 12/31/12	\$41,011
2013	144,568
2014	25,512
2015	3,392
2016	14,624
2017	4,891
Thereafter	<u>24,318</u>
	\$258,316

At December 31, 2011, the scheduled maturities of time deposits are as follows (in thousands):

2012	\$105,603
2013	50,690

2014	5,601
2015	3,787
2016	17,104
Thereafter	<u>3,956</u>
	<u>\$186,741</u>

At September 30, 2012 (unaudited), December 31, 2011 and 2010, the Company had \$24,319,000, \$3,956,000 and \$0 in brokered certificates of deposit, respectively.

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NORTH JERSEY COMMUNITY BANCORP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Nine Months Ended September 30, 2012 & 2011 and Years Ended December 31, 2011 & 2010

NOTE 6 - SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

Securities sold under agreements to repurchase represent overnight or less than 30-day borrowings for the Company. There were no short-term borrowings for the nine months ended September 30, 2012 (unaudited). Short-term borrowings consisted of the following at December 31, 2011 and 2010:

	Ending Balance	Average Balance	Maximum Month- End Balance	Average Rate
	(Dollars in thousands)			
<u>2011</u>				
Securities sold under agreements to repurchase	<u>\$-</u>	<u>\$19,263</u>	<u>\$28,860</u>	<u>0.33 %</u>
<u>2010</u>				
Securities sold under agreements to repurchase	<u>\$17,189</u>	<u>\$22,408</u>	<u>\$26,631</u>	<u>0.39 %</u>

Securities sold under repurchase agreements were retained under the Company's control at its safekeeping agent. During December 2011, the Company terminated its sweep product thereby terminating its need to pledge its securities. In the past, the Company may have been required to provide additional collateral based on the fair value of the underlying securities.

The Company has a \$5.0 million line of credit for the sale of federal funds with Atlantic Central Bankers Bank ("ACBB"). There was no amount outstanding in overnight borrowings with ACBB at September 30, 2012 (unaudited), December 31, 2011 and 2010, under this line. The line of credit with ACBB expires on June 30, 2013.

NOTE 7 - LONG-TERM BORROWINGS

The components of FHLB borrowings are as follows (dollars in thousands):

(unaudited) September 30, 2012			December 31, 2011			December 31, 2010		
Maturity Date	Interest Rate	Outstanding	Maturity Date	Interest Rate	Outstanding	Maturity Date	Interest Rate	Outstanding
3/11/ 13	1.16 %	\$5,000	3/11/ 13	1.16 %	\$5,000	3/10/ 11	2.38 %	\$5,000
7/22/ 13	1.47	2,000	7/22/ 13	1.47	2,000	7/22/ 13	1.47	2,000
5/12/ 14	2.44	10,000	5/12/ 14	2.44	10,000	5/12/ 14	2.44	10,000
8/05/ 14	1.08	3,000	8/05/ 14	1.08	3,000	5/11/ 15	2.17	4,524
2/23/ 15	0.88	10,000	5/11/ 15	2.17	3,556	5/11/ 15	2.91	5,000
5/07/ 15	0.81	15,000	5/11/ 15	2.91	5,000	4/02/ 18	2.51	2,500

5/11/ 15	2.17	2,829	8/05/ 15	1.49	2,000	4/02/ 18	1.98	7,500
5/11/ 15	2.91	5,000	8/03/ 16	1.93	10,000	7/16/ 18	2.99	<u>5,000</u>
8/05/ 15	1.49	2,000	4/02/ 18	2.51	2,500			
8/03/ 16	1.93	10,000	4/02/ 18	1.98	7,500			
4/02/ 18	2.51	2,500	7/16/ 18	2.99	<u>5,000</u>			
4/02/ 18	1.98	7,500						
7/16/ 18	2.99	<u>5,000</u>						
		<u>\$ 79,829</u>			<u>\$55,556</u>			<u>\$41,524</u>

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NORTH JERSEY COMMUNITY BANCORP, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Nine Months Ended September 30, 2012 & 2011 and Years Ended December 31, 2011 & 2010

NOTE 7 - LONG-TERM BORROWINGS (Continued)

Three of the FHLB notes (\$2.5 million and \$7.5 million each due 04/02/18 and \$5.0 million due 07/16/18) contain a convertible option which allows the FHLB, at quarterly intervals, to convert the fixed convertible advance into replacement funding for the same or lesser principal based on any advance then offered by the FHLB at their current market rate. The Company has the option to repay these advances, if converted, without penalty. The advances were collateralized by \$311,622,000, \$208,905,000 and \$188,772,000 of commercial mortgage loans net of required over-collateralization amounts under a blanket lien arrangement at September 30, 2012 (unaudited), December 31, 2011 and December 31, 2010, respectively.

Payments over the next five years are as follows (in thousands):

<u>September 30, 2012 (unaudited)</u>	
2013	\$8,221
2014	13,977
2015	32,631
2016	10,000
2017	0
Thereafter	15,000

<u>December 31, 2011</u>	
2012	\$977
2013	7,896
2014	13,977
2015	7,706
2016	10,000
Thereafter	15,000

NOTE 8 - SEGMENT REPORTING

FASB ASC 28, "Segment Reporting" requires companies report certain information about operating segments. The Company is managed as one segment; a community bank. All decisions including but not limited to loan growth, deposit funding, interest rate risk, credit risk and pricing are determined after assessing the effect on the totality of the organization. For example, loan growth is dependent on the ability of the organization to fund this growth through deposits or other borrowings. As a result, the Company is managed as one operating segment.

NOTE 9 - STOCKHOLDERS' EQUITY

In September 2009, the Company completed its offering of Series A preferred stock and issued 125,000 shares of common stock at \$20 per share for net proceeds of \$2,500,000. The Series A shares have no right to require the Company to redeem the shares. The Series A shares are entitled to receive their liquidation preference before any distribution is made on common stock. The shares are convertible after the third anniversary of issuance by the holder or the Company to that number of common shares equal to the liquidation preference divided by the then current tangible book value per common share of stock. The Series A shares vote together with the common stock and are entitled to noncumulative dividends at the Prime Rate, as reported in the Wall Street Journal, plus 1.5% reset quarterly, with a floor of 4.75%. Dividends are payable only when declared by the Board of Directors.

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NORTH JERSEY COMMUNITY BANCORP, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS Nine Months Ended September 30, 2012 & 2011 and Years Ended December 31, 2011 & 2010

NOTE 9 - STOCKHOLDERS' EQUITY (Continued)

In December of 2009, the Company completed its first offering of Series B preferred stock and issued 400,000 shares at \$20 per share for net proceeds of \$8,000,000. The Series B shares have substantially the same rights as the Series A shares with a few differences. The Series B shares are convertible after the third anniversary of issuance by the holder or the Company to that number of common shares equal to the stated value of the shares divided by one-and-a-half times the then book value of the Company upon 60 days' notice. The Series B shares are non-voting and are entitled to a 4% non-cumulative dividend for the first year, and non-cumulative dividends after the first year at the Prime Rate with a maximum dividend rate of 7%. The Series B shares rank *pari passu* with the Series A shares.

In January of 2010, the Company completed another offering of Series B preferred stock and issued 50,200 shares at \$20 per share for net proceeds of \$1,004,000.

In December of 2010, the Company completed a third offering of Series B preferred stock and issued 190,975 shares at \$20 per share for net proceeds of \$3,820,000.

In January of 2011, the Company completed its most recent offering of Series B preferred stock and issued 59,025 shares at \$20 per share for net proceeds of \$1,180,000.

In March of 2012 (unaudited), the Company completed its first offering of Series C preferred stock and issued 7,500 shares at \$1,000 per share for net proceeds of \$7,500,000. The Shares do not bear voting rights, except in certain circumstances required by law, and are entitled to non-cumulative dividends at a variable rate equal to the prime rate as reported in the Wall Street Journal from time to time, with a maximum dividend rate of 7% per annum. In addition, the Shares are convertible into shares of our common stock at the election of the holder, and the Company may require conversion of the Shares into shares of our common stock, any time after they have issued the Shares, at a ratio equal to the purchase price (\$1,000) divided by the product of 1.25 multiplied by the then current book value per common share of our common stock. The series C shares rank *pari passu* with Series A and B shares.

For the nine months ended September 30, 2012 (unaudited), the Series A preferred shares were converted into 127,676 common shares at an average conversion price of \$19.58, the Series B preferred shares were converted into 475,857 common shares at an average conversion price of \$29.42, and the Series C preferred shares were converted into 306,388 common shares at an average price of \$24.48.

NOTE 10 - STOCK OPTION PLANS AND EQUITY COMPENSATION PLAN

In 2005, the Company adopted two stock option plans that were approved by stockholders on April 29, 2005. The 2005 A Stock Option Plan provides for granting of stock options to directors and employees to purchase up to 120,000 shares. The determination of the recipients of these options and the vesting of these options is at the discretion of the Board of Directors. The shares granted under this plan may be either non-qualified options or "incentive stock options," which are subject to the limitations under Section 422 of the Internal Revenue Code. Under this plan, "incentive stock options" must have an exercise price of no less than 100% of the fair market value of the common stock on the date of grant, and non-qualified options may have an exercise price to be determined by the Board of Directors at grant, but no less than 85% of the fair market value of the common stock on the date of grant.

The 2005 B Stock Option plan permits grants of options to directors and employees to purchase up to 60,000 shares of common stock. The terms of this plan are substantially the same as the A Plan, with the exception that under the B Stock Option Plan, only non-qualified options may be granted.

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NORTH JERSEY COMMUNITY BANCORP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Nine Months Ended September 30, 2012 & 2011 and Years Ended December 31, 2011 & 2010

NOTE 10 - STOCK OPTION PLANS AND EQUITY COMPENSATION PLAN (Continued)

In 2006, the Company adopted the 2006 Equity Compensation Plan. This plan provides for granting of 45,300 stock options or restricted stock awards to directors and employees. The determination of the recipients of the equity compensation and the related vesting is at the discretion of the Board of Directors. Stock options granted under this plan may be either non-qualified options or “incentive stock options,” which are subject to the limitations under Section 422 of the Internal Revenue Code. Under this plan, the non-qualified options and “incentive stock options” must have an exercise price of no less than 100% of the fair market value of the common stock on the date of grant.

In 2008, the Company adopted the 2008 Equity Compensation Plan. The plan provides for granting of 108,099 stock options or restricted awards to directors and employees. The determination of the recipients of the equity compensation and the related vesting is at the discretion of the Board of Directors. Stock options granted under this plan may be either non-qualified options or “incentive stock options,” which are subject to the limitations under Section 422 of the Internal Revenue Code. Under this plan, the non-qualified options and “incentive stock options” must have an exercise price of no less than 100% of the fair market value of the common stock on the date of grant.

In 2009, the Company adopted the 2009 Equity Compensation Plan. The plan provides for granting of 111,113 stock options or restricted awards to directors and employees. The determination of the recipients of the equity compensation and the related vesting is at the discretion of the Board of Directors. Stock options granted under this plan may be either non-qualified or incentive stock options, which are subject to the limitations under Section 422 of the Internal Revenue Code. Under this plan, the non-qualified options must have an exercise price of no less than 100% of the fair market value of the common stock on the date of grant.

The fair value of each option award is estimated on the date of grant using a closed form option valuation (Black-Scholes) model. Expected volatilities are based on historical volatilities of the Company’s common stock. The expected term of options granted is based on historical data and represents the period of time that options granted are expected to be outstanding, which takes into account that the options are not transferable. The risk-free interest rate for the expected term of the option is based on the U.S. Treasury yield curve in effect at the time of the grant. The fair value of stock options granted during 2012 was \$4.94 on the date of grant using the Black-Scholes option pricing model with the following assumptions for 2012 (unaudited): stock price volatility of 27.63%, risk free interest rate of .84%, 0% dividend rate and expected life of 5.5 years. No options were granted in 2011 or 2010.

At September 30, 2012 (unaudited) and December 31, 2011, there were 107,892 and 135,353 options available for grants under the plans, respectively.

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NORTH JERSEY COMMUNITY BANCORP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Nine Months Ended September 30, 2012 & 2011 and Years Ended December 31, 2011 & 2010

NOTE 10 - STOCK OPTION PLANS AND EQUITY COMPENSATION PLAN (Continued)

A summary of the activity in the stock option plan for the nine months ended September 30, 2012 (unaudited) follows:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at beginning of period	280,766	\$11.88		
Granted	25,484	18.18		
Exercised	—			
Forfeited	(1,212)	18.18		
Expired	—			
Outstanding at end of period	<u>305,038</u>	<u>\$12.52</u>	<u>4.79</u>	<u>\$3,095,000</u>
Fully vested and expected to vest	<u>305,038</u>	<u>\$12.52</u>	<u>4.79</u>	<u>\$3,095,000</u>
Exercisable at end of period	<u>279,266</u>	<u>\$12.27</u>	<u>4.58</u>	<u>\$3,086,000</u>

As of September 30, 2012, there was \$13,128 total unrecognized compensation cost related to nonvested stock options granted under the Plan. The cost is expected to be recognized over a weighted-average period of less than one month. Aggregate intrinsic value is based on a fair value share price of \$22.43 which is derived from the book value per share at September 30, 2012.

A summary of the activity in the stock option plan for 2011 follows:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at beginning of year	281,216	\$11.88		
Granted	—	—		
Exercised	—	—		
Forfeited	(450)	11.11		
Expired	—	—		
Outstanding at end of year	<u>280,766</u>	<u>\$11.88</u>	<u>5.03</u>	<u>\$1,716,000</u>
Fully vested and expected to vest	<u>280,766</u>	<u>\$11.88</u>	<u>5.03</u>	<u>\$1,716,000</u>
Exercisable at end of year	<u>267,912</u>	<u>\$11.82</u>	<u>4.93</u>	<u>\$1,652,000</u>

As of December 31, 2011 and 2010, there was \$3,000 and \$89,000, respectively, of total unrecognized compensation cost related to nonvested stock options granted under the Plan. The cost is expected to be recognized over a weighted-average period of less than one month. Aggregate intrinsic value is based on a fair value share price of \$17.97 which is derived from the book value per share at December 31, 2011.

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NORTH JERSEY COMMUNITY BANCORP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Nine Months Ended September 30, 2012 & 2011 and Years Ended December 31, 2011 & 2010

NOTE 10 - STOCK OPTION PLANS AND EQUITY COMPENSATION PLAN (Continued)

In conjunction with the plans above, the Company granted restricted shares to certain executive officers. Compensation expense is recognized over the vesting period of the awards based on the fair value of the stock at issue date. The fair value of the stock was based on the book value of stock on the date of grant. One third of the shares immediately vested on the date of grant, with another third vesting six months after grant date, and the final third vesting one and a half years after the grant date.

A summary of changes in the Company's nonvested restricted shares for the year ended December 31, 2011 and the nine months ended September 30, 2012 follows:

	<u>Nonvested Shares</u>	<u>Shares</u>	Weighted- Average Grant- Date Fair Value
Nonvested at January 1, 2011	—		\$—
Granted		7,556	15.17
Vested		(1,977)	15.17
Forfeited		(110)	
Nonvested at December 31, 2011		5,469	15.17
Granted		6,925	
Vested		(2,734)	
Forfeited		(1,252)	
Nonvested at September 30, 2012 (unaudited)		<u>8,408</u>	\$ 18.18

As of September 30, 2012, there was \$106,757 of total unrecognized compensation cost related to nonvested shares granted under the Plan. The cost is expected to be recognized over a weighted average period of 2 years. The total fair value of shares vested during the nine months ended September 30, 2012 (unaudited), was \$41,475.

As of December 31, 2011, there was \$61,000 of total unrecognized compensation cost related to nonvested shares granted under the Plan. The cost is expected to be recognized over a weighted average period of 1.1 years. The total fair value of shares vested during the year ended December 31, 2011, was \$31,000.

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NORTH JERSEY COMMUNITY BANCORP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Nine Months Ended September 30, 2012 & 2011 and Years Ended December 31, 2011 & 2010

NOTE 11 - FEDERAL INCOME TAXES

The components of income tax expense (benefit) for the nine months ended September 30, 2012 and 2011 and for the years ended December 31, 2011 and 2010 are as follows:

	(Unaudited)			
	Nine months ended		Year ended	
	September 30,		December 31,	
	2012	2011	2011	2010
	(In thousands)			
Current expense (benefit)				
Federal	\$4,173	\$2,305	\$3,224	\$3,155
State	1,321	691	968	1,042
Deferred expense (benefit)				
Federal	(994)	173	231	(667)
State	(346)	61	81	(318)
	<u>\$4,154</u>	<u>\$3,230</u>	<u>\$4,504</u>	<u>\$3,212</u>

A reconciliation of the statutory federal income tax to the income tax expense (benefit) included in the statements of income for the nine months ended September 30, 2012 and 2011 and years ended December 31, 2011 and 2010, is as follows:

	(Unaudited)			
	Nine months ended		Year ended	
	September 30,		December 31,	
	2012	2011	2011	2010
	(In thousands)			
Income before income tax expense	\$10,270	\$8,010	\$11,170	\$7,941
Federal statutory rate	34 %	34 %	34 %	34 %
Federal income tax at statutory rate	\$3,492	\$2,723	\$3,798	\$2,700
State income taxes, net of federal benefit	643	497	693	478
Other	19	10	13	34
	<u>\$4,154</u>	<u>\$3,230</u>	<u>\$4,504</u>	<u>\$3,212</u>

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NORTH JERSEY COMMUNITY BANCORP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Nine Months Ended September 30, 2012 & 2011 and Years Ended December 31, 2011 & 2010

NOTE 11 - FEDERAL INCOME TAXES (Continued)

The components of the net deferred tax asset at September 30, 2012 and the years ended December 31, 2011 and 2010, are as follows:

	(Unaudited) As of September 30, 2012	As of December 31, 2011	2010
	(In thousands)		
Deferred tax assets:			
Allowance for loan losses	\$ 4,848	\$3,776	\$2,895
Premises and equipment	–	–	52
Organization and start-up costs	29	32	36
Stock options expense	191	162	131
Deferred loan fees	89	–	–
Other	52	55	58
Total deferred tax assets	<u>5,209</u>	<u>4,025</u>	<u>3,172</u>
Deferred tax liabilities			
Capital lease	37	58	32
Cash basis conversion	–	–	48
Prepays	42	111	88
Deferred loan costs	–	166	113
Premises and equipment	1,060	1,111	–
Section 481 adjustment	151	–	–
Unrealized gain on securities available for sale	450	411	284
	<u>1,740</u>	<u>1,857</u>	<u>565</u>
Net deferred tax asset	<u>\$ 3,469</u>	<u>\$2,168</u>	<u>\$2,607</u>

Based upon the level of historical taxable income and projections for future taxable income over periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Company will realize the benefits of these deductible differences.

At September 30, 2012 (unaudited), December 31, 2011 and 2010, the Company had no unrecognized tax benefits. The Company does not expect the total amount of unrecognized tax benefits to significantly increase within the next twelve months. The Company's policy is to account for interest as a component of interest expense and penalties as a component of other expense. There was no amount of interest and penalties recorded in the income statement related to unrecognized tax benefits for the nine months ended September 30, 2012 (unaudited) and the years ended December 31, 2011 and 2010.

The Company and its subsidiary are subject to U.S. federal income tax as well as income tax of the State of New Jersey. The Company is no longer subject to examination by taxing authorities for years before 2009.

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NORTH JERSEY COMMUNITY BANCORP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Nine Months Ended September 30, 2012 & 2011 and Years Ended December 31, 2011 & 2010

NOTE 12 - TRANSACTIONS WITH EXECUTIVE OFFICERS, DIRECTORS AND PRINCIPAL STOCKHOLDERS

Loans to principal officers, directors, and their affiliates during the nine months ended September 30, 2012 and the years ended December 31, 2011 and 2010 were as follows:

	(Unaudited) September 30, 2012	December 31, 2011	2010
		(In thousands)	
Beginning balance	\$ 22,984	\$17,267	\$16,389
New loans	8,480	9,418	2,978
Repayments	(5,969)	(3,701)	(2,100)
Ending balance	<u>\$ 25,495</u>	<u>\$22,984</u>	<u>\$17,267</u>

Deposits from principal officers, directors, and their affiliates at September 30, 2012 (unaudited), December 31, 2011 and 2010 were \$26,849,000, \$26,111,000 and \$21,856,000, respectively.

The Company has had, and may be expected to have in the future, banking transactions in the ordinary course of business with its executive officers, directors, principal stockholders, their immediate families and affiliated companies (commonly referred to as related parties). The Company also leases branch facilities from related party entities. Total expenses to these entities was \$409,000, \$436,000 and \$330,000 for the nine months ended September 30, 2012 (unaudited), for the years ended December 31, 2011 and 2010, respectively. The Company also utilizes an advertising and public relations agency in which one of the Company's directors is President and CEO. Advertising expense with this agency was \$253,000, \$254,000 and \$234,000 for the nine months ended September 30, 2012 (unaudited), for the years ended December 31, 2011 and 2010, respectively.

NOTE 13 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

The Company 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 include commitments to extend credit. Such commitments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the balance sheet.

The Company'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 Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments.

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NORTH JERSEY COMMUNITY BANCORP, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS Nine Months Ended September 30, 2012 & 2011 and Years Ended December 31, 2011 & 2010

NOTE 13 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK (Continued)

The contract or notional amount of financial instruments where contract amounts represent credit risk at September 31, 2012, December 31, 2011 and 2010, are as follows:

	(Unaudited) September 30, 2012	December 31, 2011	2010
		(In thousands)	
Commitments to grant loans	\$ 29,576	\$31,632	\$28,271
Unused lines of credit	92,339	107,289	59,086
Standby letters of credit	1,930	1,000	1,804

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. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. The Company evaluates each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Company upon extension of credit, is based on management's credit evaluation. Collateral held varies but may include personal or commercial real estate, accounts receivable, inventory and equipment.

Outstanding letters of credit written are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. The majority of these standby letters of credit expire within the next twelve months. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending other loan commitments. The Company requires collateral supporting these letters of credit as deemed necessary. The current amount of the liability as of September 30, 2012 (unaudited), December 31, 2011 and 2010, for guarantees under standby letters of credit issued was not material.

NOTE 14 - REGULATORY MATTERS

The Company and Bank are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet the minimum capital requirements can initiate certain mandatory and possibly additional discretionary-actions by regulators that, if undertaken, could have a direct material effect on the Company's and Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and Bank must meet specific capital guidelines that involve quantitative measures of the Company's and Bank's assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. The Company's and Bank's capital amounts and classification 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 and the Company to maintain minimum amounts and ratios (set forth below) of total and Tier 1 capital (as defined in the regulations) to risk-weighted asset and of Tier 1 capital to average assets. Management believes, as of September 30, 2012 and December 31, 2011, that the Company and the Bank meet all capital adequacy requirements to which they are subject. At September 30, 2012 (unaudited) and year-end 2011 and 2010, the most recent regulatory notifications categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the institutions category.

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NORTH JERSEY COMMUNITY BANCORP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Nine Months Ended September 30, 2012 & 2011 and Years Ended December 31, 2011 & 2010

NOTE 14 - REGULATORY MATTERS (Continued)

Actual and required capital (in thousands) and ratios are presented below September 30, 2012, December 31, 2011 and 2010.

	Actual		For Capital Adequacy Requirements		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
<u>September 30, 2012 (Unaudited)</u>						
Total capital to risk-weighted assets						
Company	\$78,385	10.77%	\$58,199	8.0 %	N/A	N/A
Bank	78,315	10.77	58,199	8.0	\$72,749	10.0%
Tier 1 capital to risk-weighted assets						
Company	69,252	9.52	29,100	4.0	N/A	N/A
Bank	69,182	9.51	29,100	4.0	43,649	6.0
Tier 1 capital to total assets						
Company	69,252	7.96	34,811	4.0	N/A	N/A
Bank	69,182	7.95	34,811	4.0	43,513	5.0
<u>December 31, 2011</u>						
Total capital to risk-weighted assets						
Company	\$63,088	11.15%	\$45,248	8.0 %	N/A	N/A
Bank	63,041	11.15	45,248	8.0	\$56,599	10.0%
Tier 1 capital to risk-weighted assets						
Company	55,987	9.90	22,624	4.0	N/A	N/A
Bank	55,939	9.89	22,624	4.0	33,936	6.0
Tier 1 capital to total assets						
Company	55,987	7.76	28,843	4.0	N/A	N/A
Bank	55,939	7.76	28,843	4.0	36,054	5.0
<u>December 31, 2010</u>						
Total capital to risk-weighted assets						
Company	\$54,622	11.41%	\$38,296	8.0 %	N/A	N/A
Bank	54,595	11.41	38,296	8.0	47,869	10.0
Tier 1 capital to risk-weighted assets						
Company	48,621	10.16	19,148	4.0	N/A	N/A
Bank	48,594	10.15	19,148	4.0	28,721	6.0
Tier 1 capital to total assets						
Company	48,621	8.19	23,750	4.0	N/A	N/A
Bank	48,594	8.18	23,750	4.0	29,688	5.0

The Bank is subject to certain regulatory restrictions on the amount of dividends that it may declare without regulatory approval.

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NORTH JERSEY COMMUNITY BANCORP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Nine Months Ended September 30, 2012 & 2011 and Years Ended December 31, 2011 & 2010

NOTE 15 - FAIR VALUE MEASUREMENTS AND FAIR VALUE 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. The estimated fair value amounts have been measured as of September 30, 2012 and as of December 31, 2011 and 2010, and have not been re-evaluated or updated for purposes of these consolidated financial statements subsequent to those respective dates. As such, the estimated fair values of these financial instruments subsequent to the respective reporting dates may be different than the amounts reported at each year end.

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The Company used the following methods and significant assumptions to estimate fair value:

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.

Investment Securities: The fair values for investment securities are determined by quoted market prices, if available (Level 1). For securities where quoted prices are not available, fair values are calculated based on market prices of similar securities (Level 2). For securities where quoted prices or market prices of similar securities are not available, fair values are calculated using discounted cash flows or other market indicators (Level 3). Discounted cash flows are calculated using spread to swap and LIBOR curves that are updated to incorporate loss severities, volatility, credit spread and optionality. During times when trading is more liquid, broker quotes are used (if available) to validate the model. Rating agency and industry research reports as well as defaults and deferrals on individual securities are reviewed and incorporated into the calculations.

Impaired Loans: The fair value of impaired loans with specific allocations of the allowance for loan losses is generally based on recent real estate appraisals. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales and income data available. Such adjustments are usually significant and typically result in a Level 3 classification of the inputs for determining fair value.

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NORTH JERSEY COMMUNITY BANCORP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Nine Months Ended September 30, 2012 & 2011 and Years Ended December 31, 2011 & 2010

NOTE 15 - FAIR VALUE MEASUREMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

For financial assets measured at fair value on a recurring basis, the fair value measurements by level within the fair value hierarchy used at September 30, 2012 (unaudited), December 31, 2011 and 2010, are as follows (in thousands):

Assets and Liabilities Measured on a Recurring Basis

Assets and liabilities measured at fair value on a recurring basis are summarized below:

	Fair Value Measurements Using		
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(In thousands)	
<u>September 30, 2012 (Unaudited)</u>			
Securities:			
U.S. Government Agencies	\$ -	\$2,010	\$ -
Mortgage-backed - residential	-	13,682	-
CRA mutual fund	-	6,290	-
<u>December 31, 2011</u>			
Securities:			
U.S. Government Agencies	\$ -	\$4,036	\$ -
Mortgage-backed - residential	-	17,226	-
CRA mutual fund	-	6,173	-
<u>December 31, 2010</u>			
Securities:			
U.S. Government Agencies	\$ -	\$6,762	\$ -
Mortgage-backed - residential	-	11,274	-
CRA mutual fund	-	5,989	-

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NORTH JERSEY COMMUNITY BANCORP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Nine Months Ended September 30, 2012 & 2011 and Years Ended December 31, 2011 & 2010

NOTE 15 - FAIR VALUE MEASUREMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Assets measured at fair value on a non-recurring basis are summarized below (in thousands):

	Fair Value Measurements Using		
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(In thousands)	
<u>September 30, 2012 (Unaudited)</u>			
Impaired loans:			
Commercial real estate	\$ -	\$ -	\$ 2,000
Construction	-	-	536
<u>December 31, 2011</u>			
Impaired loans:			
Commercial	\$ -	\$ -	\$ 12
Commercial real estate	-	-	3,243
Construction	-	-	67
<u>December 31, 2010</u>			
Impaired loans:			
Commercial real estate	\$ -	\$ -	\$ 1,100

As of September 30, 2012, impaired loans, which are measured for impairment using the fair value of the collateral for collateral dependent loans, had an unpaid principal balance of \$3,620,000, with a valuation allowance of \$1,084,000 resulting in an additional provision for loan losses of \$609,000 for the period ended September 30, 2012 (unaudited).

As of December 31, 2011, impaired loans, which are measured for impairment using the fair value of the collateral for collateral dependent loans, had an unpaid principal balance of \$4,331,000, with a valuation allowance of \$1,009,000, resulting in an additional provision for loan losses of \$849,000 for the year ended December 31, 2011.

As of December 31, 2010, impaired loans measured at fair value had an unpaid principal balance of \$1,260,000 with a valuation allowance of \$160,000, resulting in an additional provision for loan losses of \$160,000 for the year ended December 31, 2010.

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NORTH JERSEY COMMUNITY BANCORP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Nine Months Ended September 30, 2012 & 2011 and Years Ended December 31, 2011 & 2010

NOTE 15 - FAIR VALUE MEASUREMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The following table presents quantitative information about level 3 fair value measurements for financial instruments measured at fair value on a non-recurring basis at September 30, 2012 (unaudited).

	Fair value	Valuation Technique(s)	Unobservable Input(s)	Discount Range
Impaired loans:				
Commercial Real Estate	\$2,000	Sales comparison and income approach.	Adjustments for maintenance, property type, selling and legal costs and date of appraisal.	12%-65%
Construction	536	Sales comparison and income approach.	Adjustments for maintenance, selling and legal costs.	25%

September 30, 2012 (unaudited)				
Fair Value Measurements Using				
	Carrying Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
(In thousands)				
Financial assets:				
Cash and due from banks	\$2,480	\$ 2,480	\$—	\$—
Interest bearing deposits	43,872	43,872	—	—
Securities available for sale	21,982	—	21,982	—
Securities held to maturity	2,305	—	2,419	—
Loans held for sale	453	—	453	—
Loans receivable, net	792,044	—	—	812,048
Accrued interest receivable	3,313	—	103	3,210
Financial liabilities:				
Deposits:				
Demand, NOW, MM and Savings	\$465,965	\$ 465,965	\$—	\$—
Certificates of Deposit	258,316	—	260,323	—
Long-term borrowings	79,829	—	82,050	—
Accrued interest payable	2,605	171	2,434	—

The methods and assumptions, not previously presented, used to estimate fair values for the nine months ended September 30, 2012 are described as follows:

Cash and due from banks - The carrying amounts of cash and short-term instruments approximate fair values and are classified as Level 1.

Loans - Fair value of loans, excluding loans held for sale, are estimated as follows: For variable rate loans that reprice frequently and with no significant change in credit risk, fair values are based on carrying values resulting in a Level 3 classification. Fair values for other loans are estimated using discounted cash flow analyses, using interest rates currently being offered for loans with similar terms to borrowers of similar credit quality resulting in a Level 3 classification. Impaired loans are valued at the lower of cost or fair value as described previously. The methods utilized to estimate the fair value of loans do not necessarily represent an exit price.

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NORTH JERSEY COMMUNITY BANCORP, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS Nine Months Ended September 30, 2012 & 2011 and Years Ended December 31, 2011 & 2010

NOTE 15 - FAIR VALUE MEASUREMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The fair value of loans held for sale is estimated based upon binding contracts and quotes from third party investors resulting in a Level 2 classification.

Deposits - The fair values disclosed for demand deposits (e.g., interest and non-interest checking, passbook savings, and certain types of money market accounts) are, by definition, equal to the amount payable on demand at the reporting date (i.e., their carrying amount) resulting in a Level 1 classification. The carrying amounts of variable rate, fixed-term money market accounts and certificates of deposit approximate their fair values at the reporting date resulting in a Level 1 classification. Fair values for fixed rate certificates of deposit are estimated using a discounted cash flows calculation that applies interest rates currently being offered on certificates to a schedule of aggregated expected monthly maturities on time deposits resulting in a Level 2 classification.

Long-term borrowings - Long-term borrowings consists of Federal Home Loan Bank of New York borrowings which are estimated using a discounted cash flow calculation that applies interest rates currently being offered to a schedule of aggregated expected monthly Federal Home Loan borrowings maturities.

Accrued interest receivable/payable - The carrying amounts of accrued interest approximate the fair value resulting in a Level 2 or Level 3 classification.

The carrying amounts and estimated fair values of financial instruments, at December 31, 2011 and 2010, are as follows:

	2011		2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
(In thousands)				
Financial assets				
Cash and due from banks	\$5,147	\$5,147	\$7,951	\$7,951
Interest bearing deposits	54,029	54,029	45,115	45,115
Securities available for sale	27,435	27,435	24,025	24,025
Securities held to maturity	3,694	3,844	20,078	20,309
Loans held for sale	140	140	732	732
Loans receivable, net	619,754	631,490	486,379	486,219
Accrued interest receivable	2,747	2,747	2,579	2,399
Financial liabilities				
Deposits	\$609,421	\$605,507	\$482,685	\$476,309
Securities sold under agreements to repurchase	—	—	17,189	17,189
Short-term borrowings	—	—	5,000	5,000
Long-term borrowings	55,556	58,064	41,524	41,147
Accrued interest payable	1,950	1,950	1,219	1,219

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NORTH JERSEY COMMUNITY BANCORP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15 - FAIR VALUE MEASUREMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The methods and assumptions, not previously presented, used to estimate fair values for the years ended December 31, 2011 and 2010 are described as follows:

Carrying amount is the estimated fair value for cash and cash equivalents, interest-bearing deposits, accrued interest receivable and payable, demand deposits, short-term debt, and variable-rate loans or deposits that reprice frequently and fully. The methods for determining the fair values for securities were described previously. For fixed-rate loans or deposits and for variable-rate loans or deposits with infrequent repricing or repricing limits, fair value is based on discounted cash flows using current market rates applied to the estimated life and credit risk, including consideration of widening credit spreads. Fair value of debt is based on current rates for similar financing.

NOTE 16 - PARENT COMPANY ONLY CONDENSED FINANCIAL INFORMATION

CONDENSED STATEMENTS OF FINANCIAL CONDITION

	(Unaudited) September 30, <u>2012</u>	December 31, <u>2011</u> <u>2010</u>	
		(In thousands)	
ASSETS			
Cash and cash equivalents	\$ 77	\$172	\$147
Investment in banking subsidiary	<u>70,159</u>	<u>56,839</u>	<u>49,273</u>
Total assets	<u>\$ 70,236</u>	<u>\$57,011</u>	<u>\$49,420</u>
LIABILITIES AND EQUITY			
Accrued expenses and other liabilities	\$ 7	\$154	\$121
Stockholders' equity	<u>70,229</u>	<u>56,857</u>	<u>49,299</u>
Total liabilities and stockholders' equity	<u>\$ 70,236</u>	<u>\$57,011</u>	<u>\$49,420</u>

CONDENSED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

	(Unaudited)			
	September 30,		December 31,	
	2012	2011	2011	2010
	(In thousands)			
Equity in undistributed subsidiary income	\$6,117	\$4,780	\$6,666	\$4,729
Net income	<u>\$6,117</u>	<u>\$4,780</u>	<u>\$6,666</u>	<u>\$4,729</u>
Comprehensive income	\$6,174	\$5,001	\$6,857	\$4,745

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NORTH JERSEY COMMUNITY BANCORP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Nine Months Ended September 30, 2012 & 2011 and Years Ended December 31, 2011 & 2010

NOTE 16 - PARENT COMPANY ONLY CONDENSED FINANCIAL INFORMATION (Continued)

CONDENSED STATEMENTS OF CASH FLOWS

	(Unaudited)			
	September 30,		December 31,	
	2012	2011	2011	2010
	(In thousands)			
Cash flows from operating activities				
Net income	\$6,117	\$4,780	\$6,666	\$4,729
Adjustments:				
Equity in undistributed subsidiary income	(6,117)	(4,780)	(6,666)	(4,729)
Change in other liabilities	(147)	33	33	(263)
Net cash from operating activities	(147)	33	33	(263)
Cash flows from investing activities				
Investments in subsidiaries	(7,094)	(748)	(588)	(4,554)
Net cash from investing activities	(7,094)	(748)	(588)	(4,554)
Cash flows from financing activities				
Proceeds from stock issue	7,500	1,180	1,180	4,824
Proceeds from exercise of stock options	—	—	—	203
Dividends paid	(354)	(446)	(600)	(479)
Net cash from financing activities	7,146	734	580	4,548
Net change in cash and cash equivalents	(95)	19	25	(269)
Beginning cash and cash equivalents	172	147	147	416
Ending cash and cash equivalents	<u>\$77</u>	<u>\$166</u>	<u>\$172</u>	<u>\$147</u>

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NORTH JERSEY COMMUNITY BANCORP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Nine Months Ended September 30, 2012 & 2011 and Years Ended December 31, 2011 & 2010

NOTE 17 - EARNINGS PER SHARE (RESTATED, SEPTEMBER 30, 2012)

The factors used in the earnings per share computation follow:

	(Unaudited)			
	September 30,		December 31,	
	2012	2011	2011	2010
	(dollars and share data in thousands)			
Basic				
Net income available to common stockholders	\$5,763	\$4,334	\$6,066	\$4,250
Weighted average common shares outstanding	2,547	2,242	2,242	2,227
Basic earnings per common share	\$2.26	\$1.93	\$2.71	\$1.91
Diluted				
Net income available to common stockholders	\$5,763	\$4,334	\$6,066	\$4,250
Add: Preferred dividends	354	446	600	479
Net income	6,117	4,780	6,666	4,729
Weighted average common shares outstanding for basic earnings per common share	2,547	2,242	2,242	2,227
Add: Dilutive effects of assumed exercises of stock options	89	55	55	52
Add: Dilutive effects of assumed conversion of preferred stock(1)	549	763	766	660
Average shares and dilutive potential common shares(1)	3,185	3,060	3,063	2,939
Diluted earnings per common share(1)	\$1.92	\$1.56	\$2.18	\$1.61

There were no stock options that resulted in anti-dilution for the periods presented.

(1) Amount restated as of September 30, 2012. See note 19 for explanation of restatement.

NOTE 18 - SUBSEQUENT EVENTS

The Company is in the process of assessing the impact of Hurricane Sandy that occurred in late October. The storm resulted in considerable damage throughout our market area, and may have adversely affected the collateral of some of our borrowers and their ability to repay their obligations to the Bank. These impacts could adversely affect our future earnings.

NOTE 19 - RESTATEMENT

In our subsequent review of financial information for the nine months ended September 30, 2012 included in our initial confidential draft registration statement on Form S-1 filed with the Securities and Exchange Commission, we identified an error in the diluted earnings per share calculation for that period. The error resulted from an incorrect mathematical calculation used in the "if converted" method of calculating diluted earnings per share, specifically with respect to the number of days outstanding for the convertible preferred stock issuances which were converted entirely in 2012. The error had no impact on equity, net income, or net income available to common stockholders. As a result, we restated our diluted earnings per share disclosure.

(Unaudited)

	September 30,	
	2012	2012
	(Restated)	(As previously presented)
	(dollars and share data in thousands)	
Basic		
Net income available to common stockholders	\$ 5,763	\$ 5,763
Weighted average common shares outstanding	2,547	2,547
Basic earnings per common share	\$ 2.26	\$ 2.26
Diluted		
Net income available to common stockholders	\$ 5,763	\$ 5,763
Add: Preferred dividends	354	354
Net income	6,117	6,117
Weighted average common shares outstanding for basic earnings per common share	2,547	2,547
Add: Dilutive effects of assumed exercises of stock options	89	89
Add: Dilutive effects of assumed conversion of preferred stock	549	881
Average shares and dilutive potential common shares	3,185	3,517
Diluted earnings per common share	\$ 1.92	\$ 1.74

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Shares

Common Stock

PROSPECTUS

, 2013

Stifel Nicolaus Weisel

Keefe, Bruyette & Woods

Sandler O' Neill + Partners, L.P.

Through and including , 2013 (25 days after the date of this prospectus), all dealers that buy, sell or trade our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

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PART II—INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth the costs and expenses, other than underwriting discounts and commissions, payable by us in connection with the sale of common stock being registered. All amounts, are estimates.

SEC registration fee	\$7,843
Printing fees and expenses	100,000
Legal and Accounting fees and expenses	200,000
Miscellaneous	10,000
Total	<u>\$317,843</u>

Item 14. Indemnification of Directors and Officers.

Our Certificate of Incorporation provides that we shall indemnify our officers, directors, employees and agents and former officers, directors, employees and agents, and any other persons serving at our the request as an officer, director, employee or agent of another corporation, association, partnership, joint venture, trust, or other enterprise, against expenses (including attorneys' fees, judgments, fines and amounts paid in settlement) incurred in connection with any pending or threatened action, suit, or proceeding, whether civil, criminal, administrative or investigative, with respect to which such officer, director, employee, agent or other person is a party, or is threatened to be made a party, to the fullest extent permitted by the New Jersey Business Corporation Act. The indemnification provided herein (i) shall not be deemed exclusive of any other right to which any person seeking indemnification may be entitled under any by-law, agreement, or vote of shareholders or disinterested directors or otherwise, both as to action in his or her official capacity and as to action in any other capacity, and (ii) shall inure to the benefit of the heirs, executors, and the administrators of any such person. We shall have the power, but shall not be obligated, to purchase and maintain insurance on behalf of any person or persons enumerated above against any liability asserted against or incurred by them or any of them arising out of their status as corporate directors, officers, employees, or agents whether or not we would have the power to indemnify them against such liability.

Our Certificate of Incorporation also provides that we shall, from time to time, reimburse or advance to any person referred to in the indemnification section the funds necessary for payment of expenses, including attorneys' fees, incurred in connection with any action, suit or proceeding referred to in this article, upon receipt of a written undertaking by or on behalf of such person to repay such amount(s) if a judgment or other final adjudication adverse to the director or officer establishes that the director's or officer's acts or omissions (i) constitute a breach of the director's or officer's duty of loyalty to us or our shareholders, (ii) were not in good faith, (iii) involved a knowing violation of law, (iv) resulted in the director or officer receiving an improper personal benefit, or (v) were otherwise of such a character that New Jersey law would require that such amount(s) be repaid.

Our By-laws provide that we shall indemnify our officers, Directors and employees to the fullest extent permitted under New Jersey law. The Banking Act provides indemnification provisions substantially similar to those found in our Certificate of Incorporation.

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Item 15. Recent Sales of Unregistered Securities.

Series B Preferred Stock. In four separate tranches we sold a total of 700,200 shares of our Series B Preferred Stock (the “Series B Shares”), as follows:

- (i) pursuant to a Private Placement Memorandum dated September 17, 2009 we sold (x) 400,000 shares on December 29, 2009, (y) 50,200 shares on February 3, 2010; and
- (ii) pursuant to a Private Placement Memorandum dated September 10, 2010, we sold (x) 190,975 shares on February 11, 2011 and (ii) 59,025 shares on April 18, 2011.

Each Series B Share was sold at a stated value of \$20 per share, for aggregate proceeds of \$14,004,000. There were no underwriting discounts or commissions on the sale. Each Series B Share was non-voting and paid non-cumulative cash dividends at the annual rate equal to 4% for the first year, and thereafter at the Prime Rate, as may be reported in the Wall Street Journal from time to time with a maximum rate of 7%. The Series B Shares were issued by us in reliance upon an exemption from registration under the Securities Act set forth in Section 4(2) of the Securities Act, of 1933, as amended (the “Securities Act”), and Rule 506 thereunder, as transactions not constituting a public offering of securities because the Shares were issued privately without general solicitation. Each Series B Share was convertible into such number of validly issued, fully paid and nonassessable shares of our common stock which are equal to the \$20 stated value plus any declared but unpaid dividends divided by the one-and-a-half times our then current tangible book value as of the month end prior to the conversion. The net proceeds from the sale of the Series B Shares were used to provide capital for general corporate purposes, to fund our continued growth and to support the Bank’s capital.

Series C Preferred Stock. On March 30, 2012 and April 6, 2012, we issued an aggregate of 7,500 shares of our Series C Preferred Stock pursuant to a Private Placement Memorandum dated March 15, 2012. Each Series C Share was sold at a stated value of \$1,000 per share, for aggregate proceeds of \$7,500,000. There were no underwriting discounts or commissions on the sale. Each Series C Share was non-voting and paid non-cumulative cash dividends at the Prime Rate, as may be reported in the Wall Street Journal from time to time with a maximum rate of 7%. The Series C Shares were issued by us in reliance upon an exemption from registration under the Securities Act set forth in Section 4(2) of the Securities Act, , and Rule 506 thereunder, as transactions not constituting a public offering of securities because the Shares were issued privately without general solicitation. Each Series C Share was convertible into such number of validly issued, fully paid and nonassessable shares of our common stock which are equal to the \$20 stated value plus any declared but unpaid dividends divided by the one-and-a-quarter times our then current tangible book value as of the month end prior to the conversion. The net proceeds from the sale of the Series C Shares were used to provide capital for general corporate purposes, to fund our continued growth and to support the Bank’s capital.

Conversion of Preferred Stocks. On or about September 30, 2012, we, pursuant to the rights accorded to us in the Certificate of Amendments designating the rights of the Series B Shares, Series C Shares, and the previously issued and outstanding shares of Series A preferred stock, required conversion of all outstanding preferred shares into an aggregate of 909,270 shares of our common stock. Such shares of common stock were issued in reliance upon the exemption accorded to transactions by an issuer involving an exchange of securities solely with existing security holders where no commission or other remuneration is paid or given directly or indirectly for soliciting such exchange, pursuant to Section 3(a)(9) of the Securities Act.

Item 16. Exhibits and Financial Statement Schedules.

(a) Exhibits

Exhibit 1.1	Form of Underwriting Agreement
Exhibit 3(i).1	Restated Certificate of Incorporation
Exhibit 3(i).2	Certificate of Amendment to the Restated Certificate of Incorporation
Exhibit 3(ii)	Bylaws
Exhibit 5	Opinion of Windels Marx Lane & Mittendorf, LLP

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Exhibit 10.1	Employment Agreement of Frank Sorrentino III effective as of January 1, 2013*
Exhibit 10.2	Change in Control Agreement of Laura Criscione dated May 7, 2008
Exhibit 10.3	Change in Control Agreement of Elizabeth Magennis dated October 22, 2007
Exhibit 10.4	Employment Agreement with William S. Burns dated September 18, 2012
Exhibit 10.5	North Jersey Community Bank 2005 Stock Option Plan - A
Exhibit 10.6	North Jersey Community Bank 2005 Stock Option Plan - B
Exhibit 10.7	North Jersey Community Bank 2006 Equity Compensation Plan
Exhibit 10.8	North Jersey Community Bank 2008 Equity Compensation Plan
Exhibit 10.9	North Jersey Community Bank 2009 Equity Compensation Plan
Exhibit 21	Subsidiaries of the Registrant
Exhibit 23	Consent of Crowe Horwath LLP
Exhibit 24	Power of Attorney

* To be filed by amendment

- (b) Financial Statement Schedule. No financial statement schedules are provided because the information called for is not applicable or is shown in the financial statements or notes thereto.

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Item 17. Undertakings.

The undersigned registrant hereby undertakes to provide to the underwriter at the closing specified in the underwriting agreements certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized in the Borough of Englewood Cliffs, State of New Jersey on January 10, 2013.

CONNECTONE BANCORP, INC.

By: /s/ Frank Sorrentino III

Frank Sorrentino
Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature & Title	Date
<u>/s/ Frank Sorrentino III</u> Frank Sorrentino III Chairman & Chief Executive Officer (Principal Executive Officer)	January 10, 2013
<u>/s/ William S. Burns</u> William S. Burns Executive Vice President & Chief Financial Officer (Principal Financial and Accounting Officer)	January 10, 2013
<u>/s/ Frank Baier</u> Frank Baier Director	January 10, 2013
<u>/s/ Stephen Boswell</u> Stephen Boswell Director	January 10, 2013
<u>/s/ Frank Cavuoto</u> Frank Cavuoto Director	January 10, 2013
<u>/s/ Dale Creamer</u> Dale Creamer Director	January 10, 2013

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<u>/s/ Stephen M. Goldman</u> Stephen M. Goldman Director	January 10, 2013
<u>/s/ Frank Huttie III</u> Frank Huttie III Director	January 10, 2013
<u>/s/ Michael Kempner</u> Michael Kempner Director	January 10, 2013
<u>/s/ Joseph Parisi Jr.</u> Josphe Parisi, Jr. Director	January 10, 2013

[Number of Firm Shares] Shares

[CONNECTONE BANCORP, INC.]

Common Stock

UNDERWRITING AGREEMENT

, 2013

STIFEL, NICOLAUS & COMPANY, INCORPORATED

As representative of the several Underwriters

named in Schedule I hereto

c/o Stifel, Nicolaus & Company, Incorporated

237 Park Ave, 8th Floor]

New York, NY 10017

Ladies and Gentlemen:

[ConnectOne Bancorp, Inc.], a New Jersey corporation (the “Company”), proposes to issue and sell to the several underwriters named in Schedule I hereto (the “Underwriters”) for whom you are acting as representative (the “Representative”) an aggregate of _____ shares (the “Firm Shares”) of the common stock, no par value per share, of the Company (“Common Stock”). The Company also proposes to sell to the several Underwriters, for the sole purpose of covering over-allotments in connection with the sale of the Firm Shares, at the option of the Underwriters, up to an additional _____ shares of Common Stock (the “Option Shares”). The Firm Shares and the Option Shares are hereinafter referred to collectively as the “Shares”.

The Company and the Underwriters agree that up to _____ of the Firm Shares (the “Reserved Shares”) shall be reserved for sale by the Underwriters to certain eligible officers, directors and employees of the Company and its subsidiaries **[, members of their families] [and certain persons having business relationships with the Company]** (“Reserved Shares Participants”), as part of the distribution of the Shares by the Underwriters, subject to the terms of this Agreement, the applicable rules, regulations and interpretations of the Financial Industry Regulatory Authority, Inc. (“FINRA”) and all other applicable laws, rules and regulations. To the extent that such Reserved Shares are not orally confirmed for purchase, and subject to an agreement to purchase, by such eligible officers, directors and employees **[, members of their families] [and persons having business relationships with the Company]** by the end of the first business day after the date of this Agreement, such Reserved Shares may be offered to the public as part of the public offering contemplated hereby.

The Company confirms as follows its agreements with the Representative and the several other Underwriters.

1. The Company represents and warrants to, and agrees with, each of the Underwriters that, as of the date hereof and as of the Closing Date and each Option Closing Date, if any:

(i) A registration statement on Form S-1 (File No.) in respect of the Shares and one or more pre-effective amendments thereto (together, the "Initial Registration Statement") have been filed with the Securities and Exchange Commission (the "Commission"); the Initial Registration Statement and any post-effective amendment thereto, each in the form heretofore delivered to you, have been declared effective by the Commission in such form; other than a registration statement, if any, increasing the size of the offering (a "Rule 462(b) Registration Statement"), filed pursuant to Rule 462(b) under the Securities Act of 1933, as amended (the "Securities Act"), which became effective upon filing, no other document with respect to the Initial Registration Statement has heretofore been filed with the Commission; no stop order suspending the effectiveness of the Initial Registration Statement, any post-effective amendment thereto or the Rule 462(b) Registration Statement, if any, has been issued, no proceeding for that purpose has been initiated or threatened by the Commission and any request on the part of the Commission for additional information from the Company has been satisfied in all material respects; any preliminary prospectus included in the Initial Registration Statement, as originally filed or as part of any amendment thereto, or filed with the Commission pursuant to Rule 424(a) of the rules and regulations of the Commission under the Securities Act is hereinafter called a "Preliminary Prospectus"; the various parts of the Initial Registration Statement and the Rule 462(b) Registration Statement, if any, including all schedules and exhibits thereto and including the information contained in the form of final prospectus filed with the Commission pursuant to Rule 424(b) under the Securities Act and deemed by virtue of Rule 430A under the Securities Act to be part of the Initial Registration Statement at the time it was declared effective or such part of the Rule 462(b) Registration Statement, if any, became or hereafter becomes effective, each as amended at the time such part of the Initial Registration Statement became effective, are hereinafter collectively called the "Registration Statement"; the Preliminary Prospectus relating to the Shares that was included in the Registration Statement immediately prior to the Applicable Time (as defined in Section 1(a) (iii) hereof) is hereinafter called the "Pricing Prospectus"; such final prospectus, in the form first filed pursuant to Rule 424(b) under the Securities Act, is hereinafter called the "Prospectus"; and any "issuer free writing prospectus" as defined in Rule 433 under the Securities Act relating to the Shares is hereinafter called an "Issuer Free Writing Prospectus"; and all references to the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus, the Prospectus, any Issuer Free Writing Prospectus or any amendment or supplement to any of the foregoing shall be deemed to include the copy filed with the Commission pursuant to its Electronic Data Gathering, Analysis and Retrieval system ("EDGAR"). From the time of initial confidential submission of the Registration Statement to the Commission (or, if earlier, the first date on which the Company engaged directly or through any person authorized to act on its behalf in any Testing-the-Waters Communication (as hereinafter defined)) through the date hereof, the Company has been and is an "emerging growth company," as defined in Section 2(a) of the Securities Act (an "Emerging Growth Company"). "Testing-the-Waters Communication" means any oral or written communication with potential investors undertaken in reliance on Section 5(d) of the Securities Act;

(ii) (1) at the respective times the Initial Registration Statement, any Rule 462(b) Registration Statement and any post-effective amendments thereto became effective and at the Closing Date (as defined herein) (and, if any Option Shares are purchased, at each Option Closing Date) (as defined herein)), the Initial Registration Statement, any Rule 462(b) Registration Statement and any amendments and supplements thereto complied and will comply in all material respects with the requirements of the Securities Act and the rules and regulations of the Commission thereunder (the “Rules and Regulations”) and did not and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and (2) at the time the Prospectus or any amendments or supplements thereto were issued and at the Closing Date (and, if any Option Shares are purchased, at each Option Closing Date), neither the Prospectus nor any amendment or supplement thereto included or will include an untrue statement of a material fact or omitted or will omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that the representations and warranties in clauses (1) and (2) above shall not apply to statements in or omissions from the Registration Statement or the Prospectus made in reliance upon and in strict conformity with information furnished to the Company in writing by any Underwriter through the Representative expressly for use in the Registration Statement or the Prospectus, it being understood and agreed that the only such information provided by any Underwriter is that described as such in Section 9(b) hereof. No order preventing or suspending the use of any Preliminary Prospectus, the Pricing Prospectus or any Issuer Free Writing Prospectus has been issued by the Commission. No document has been prepared or delivered in reliance on Rule 434 under the Securities Act.

Each Preliminary Prospectus, Pricing Prospectus, Issuer Free Writing Prospectus and the Prospectus filed as part of the Initial Registration Statement as originally filed or as part of any amendment thereto, or filed pursuant to Rule 424 under the Securities Act, complied when so filed in all material respects with the requirements of the Securities Act and the Rules and Regulations and each Preliminary Prospectus, Pricing Prospectus, Issuer Free Writing Prospectus and the Prospectus delivered to the Underwriters for use in connection with this offering was identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T;

(iii) For the purposes of this Agreement, the “Applicable Time” is : .m. (Eastern time) on the date of this Agreement; the Pricing Prospectus as supplemented by the Issuer Free Writing Prospectuses, Written Testing-the-Waters Communications (as hereinafter defined) and other documents listed in Schedule II hereto, taken together (collectively, the “Pricing Disclosure Package”) as of the Applicable Time, did not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and each Issuer Free Writing Prospectus and/or Written Testing-the-Waters Communication listed on Schedule II hereto does not conflict with the information contained in the Registration Statement, the Pricing Prospectus or the Prospectus and each such Issuer Free Writing Prospectus and/or Written Testing-the-Waters Communication, as

supplemented by and taken together with the Pricing Disclosure Package as of the Applicable Time, did not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to statements or omissions made in an Issuer Free Writing Prospectus or Written Testing-the-Waters Communication in reliance upon and in strict conformity with information furnished in writing to the Company by an Underwriter through the Representative expressly for use therein;

(iv) The Company has filed a registration statement pursuant to the Securities Exchange Act of 1934, as amended (the “Exchange Act”), to register the Common Stock, and such registration statement has been declared effective. At the time of filing the Initial Registration Statement, the Company was not and is not an “ineligible issuer,” as defined under Rule 405 under the Securities Act;

(v) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of New Jersey, with power and authority (corporate and other) to own, lease and operate its properties and conduct its business as described in the Pricing Prospectus and to enter into and perform its obligations under this Agreement, and has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties or conducts any business so as to require such qualification, except where the failure so to qualify or be in good standing would not have a material adverse effect on the Company and its subsidiaries, considered as one enterprise;

(vi) Each subsidiary of the Company (each a “Subsidiary”) has been duly incorporated (or organized) and is validly existing as a corporation (or other organization) in good standing under the laws of the jurisdiction of its incorporation (or organization), with power and authority to own, lease and operate its properties and conduct its business as described in the Pricing Prospectus, and has been duly qualified as a foreign corporation (or other organization) for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties or conducts any business so as to require such qualification, except where the failure so to qualify or be in good standing would not have a material adverse effect on the Company and the Subsidiaries, considered as one enterprise; all of the issued and outstanding capital stock (or other ownership interests) of each Subsidiary has been duly and validly authorized and issued, is fully paid and non-assessable and is owned by the Company, directly or through Subsidiaries, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity;

(vii) The Company has the authorized capitalization as set forth in the Pricing Prospectus, and all of the issued and outstanding shares of capital stock of the Company have been duly and validly authorized and issued, are fully paid and non-assessable and conform to the descriptions thereof contained in the Pricing Prospectus; and none of the issued and outstanding shares of capital stock of the Company are subject to any preemptive or similar rights;

(viii) The Shares have been duly and validly authorized and, when issued and delivered to and paid for by the Underwriters in accordance with the terms of this Agreement, will be duly and validly issued and fully paid and non-assessable and will conform to the description thereof contained in the Prospectus; and the issuance of such Shares is not subject to any preemptive or similar rights;

(ix) This Agreement has been duly authorized, executed and delivered by the Company;

(x) The issue and sale of the Shares, the execution of this Agreement by the Company and the compliance by the Company with all of the provisions of this Agreement and the consummation of the transactions herein contemplated will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of the Subsidiaries is a party or by which the Company or any of the Subsidiaries is bound or to which any of the property or assets of the Company or any of the Subsidiaries is subject, nor will such action result in any violation of the provisions of the certificate or articles of incorporation or bylaws (or other organization documents) of the Company or any of the Subsidiaries or any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of the Subsidiaries or any of their properties; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the issue and sale of the Shares or the consummation by the Company of the transactions contemplated by this Agreement, except the registration under the Securities Act of the Shares and such consents, approvals, authorizations, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Shares by the Underwriters;

(xi) Crowe Horwath LLP, who have certified certain financial statements of the Company and the Subsidiaries, are independent public accountants as required by the Securities Act and the Rules and Regulations and the regulations of the Public Company Accounting Oversight Board (the "PCAOB Regulations"). The financial statements, together with related schedules and notes, included in the Registration Statement and the Pricing Prospectus comply in all material respects with the requirements of the Securities Act and present fairly the consolidated financial position, results of operations and changes in financial position of the Company and the Subsidiaries on the basis stated in the Registration Statement at the respective dates or for the respective periods to which they apply; such statements and related schedules and notes have been prepared in accordance with generally accepted accounting principles consistently applied throughout the periods involved, except as disclosed therein; and the selected financial data and the summary financial data included in the Pricing Prospectus present fairly the information shown therein and have been compiled on a basis consistent with that of the financial statements included in the Registration Statement. The pro forma financial statements of the Company and the Subsidiaries and the related notes thereto included in the Registration Statement and the Pricing Prospectus present fairly the information shown therein, have been prepared in accordance with the Commission's rules and guidelines with respect to pro forma financial statements and have been properly compiled on the bases described therein, and the assumptions used in the preparation thereof are reasonable and the adjustments used therein are appropriate to give effect to the transactions and circumstances referred to therein;

(xii) Neither the Company nor any Subsidiary has sustained since the date of the latest audited financial statements included in the Pricing Prospectus any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the Pricing Prospectus; and, since the respective dates as of which information is given in the Registration Statement and the Pricing Prospectus, (1) there has not been any change in the capital stock or long-term debt of the Company or any of the Subsidiaries, (2) there has not been any material adverse change, or any development involving a prospective material adverse change, in or affecting the general affairs, business, prospects, management, financial position, shareholders' equity or results of operations of the Company and the Subsidiaries, considered as one enterprise, (3) there have been no transactions entered into by, and no obligations or liabilities, contingent or otherwise, incurred by the Company or any of the Subsidiaries, whether or not in the ordinary course of business, which are material to the Company and the Subsidiaries, considered as one enterprise or (4) there has been no dividend or distribution of any kind declared, paid or made by the Company on any class of its capital stock, in each case, otherwise than as set forth or contemplated in the Pricing Prospectus;

(xiii) Neither the Company nor any of the Subsidiaries is (1) in violation of its certificate or articles of incorporation or bylaws (or other organization documents) or (2) in violation of any law, ordinance, administrative or governmental rule or regulation applicable to the Company or any of the Subsidiaries, or (3) in violation of any decree of any court or governmental agency or body having jurisdiction over the Company or any of the Subsidiaries, or (4) in default in the performance of any obligation, agreement or condition contained in any bond, debenture, note or any other evidence of indebtedness or in any agreement, indenture, lease or other instrument to which the Company or any of the Subsidiaries is a party or by which any of them or any of their respective properties may be bound, except, in the case of clauses (2), (3) and (4), where any such violation or default, individually or in the aggregate, would not have a material adverse effect on the general affairs, business, prospects, management, financial position, shareholders' equity or results of operations of the Company and the Subsidiaries, considered as one enterprise;

(xiv) Each of the Company and each Subsidiary has good and marketable title to all real and personal property owned by it, in each case free and clear of all liens, encumbrances and defects except such as are described in the Pricing Prospectus or such as do not materially affect the value of such property and do not interfere with the use made and proposed to be made of such property by the Company or any Subsidiary; and any real property and buildings held under lease by the Company or any Subsidiary are held under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made and proposed to be made of such property and buildings by the Company or any Subsidiary;

(xv) Other than as set forth in the Pricing Prospectus, there are no legal or governmental proceedings pending to which the Company or any of the Subsidiaries is a party

or of which any property of the Company or any of the Subsidiaries is the subject which, if determined adversely to the Company or the Subsidiary, individually or in the aggregate, would have or may reasonably be expected to have a material adverse effect on the general affairs, business, prospects, management, financial position, shareholders' equity or results of operations of the Company and the Subsidiaries, considered as one enterprise, or would prevent or impair the consummation of the transactions contemplated by this Agreement, or which are required to be described in the Registration Statement or the Pricing Prospectus; and, to the best of the Company's knowledge, no such proceedings are threatened or contemplated by governmental authorities or others;

(xvi) The Company and the Subsidiaries possess all permits, licenses, approvals, consents and other authorizations (collectively, "Permits") issued by the appropriate federal, state, local or foreign regulatory agencies or bodies necessary to conduct the businesses now operated by them; the Company and the Subsidiaries are in compliance with the terms and conditions of all such Permits and all of the Permits are valid and in full force and effect, except, in each case, where the failure so to comply or where the invalidity of such Permits or the failure of such Permits to be in full force and effect, individually or in the aggregate, would not have a material adverse effect on the general affairs, business, prospects, management, financial position, shareholders' equity or results of operations of the Company and the Subsidiaries, considered as one enterprise; and neither the Company nor any Subsidiary has received any notice of proceedings relating to the revocation or material modification of any such Permits;

(xvii) The Company and the Subsidiaries own or possess, or can acquire on reasonable terms, all licenses, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks and trade names, patents and patent rights (collectively "Intellectual Property") material to carrying on their businesses as described in the Pricing Prospectus, and neither the Company nor any Subsidiary has received any correspondence relating to any Intellectual Property or notice of infringement of or conflict with asserted rights of others with respect to any Intellectual Property which would render any Intellectual Property invalid or inadequate to protect the interest of the Company and the Subsidiaries and which infringement or conflict (if the subject of any unfavorable decision, ruling or finding) or invalidity or inadequacy, individually or in the aggregate, would have or may reasonably be expected to have a material adverse effect on the general affairs, business, prospects, management, financial position, shareholders' equity or results of operations of the Company and the Subsidiaries, considered as one enterprise;

(xviii) No material labor dispute with the employees of the Company or the Subsidiaries exists, or, to the knowledge of the Company, is imminent. The Company is not aware of any existing or imminent labor disturbance by the employees of any of its or any Subsidiary's principal suppliers, manufacturers, customers or contractors, which, individually or in the aggregate, may reasonably be expected to result in a material adverse effect on the general affairs, business, prospects, management, financial position, shareholders' equity or results of operations of the Company and the Subsidiaries, considered as one enterprise;

(xix) The Company and the Subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are

prudent and customary in the businesses in which they are engaged; neither the Company nor any Subsidiary has been refused any insurance coverage sought or applied for; and the Company has no reason to believe that either it or any Subsidiary will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not have a material adverse effect on the Company and the Subsidiaries, considered as one enterprise;

(xx) The Company and each of its Subsidiaries have made and keep books, records and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company and its Subsidiaries. The Company maintains a system of internal accounting controls sufficient to provide reasonable assurance that (1) transactions are executed in accordance with management' s general or specific authorizations; (2) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain accountability for assets; (3) access to assets is permitted only in accordance with management' s general or specific authorization; and (4) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences;

(xxi) Since the date of the latest audited financial statements included in the Pricing Prospectus, (a) the Company has not been advised of (1) other than as disclosed on Disclosure Schedule Section 1(xxii), any significant deficiencies in the design or operation of internal controls that could adversely affect the ability of the Company and each of its Subsidiaries to record, process, summarize and report financial data, or any material weaknesses in internal controls and (2) any fraud, whether or not material, that involves management or other employees who have a significant role in the internal controls of the Company and each of its Subsidiaries, and (b) since that date, there has been no change in the Company' s internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company' s internal control over financial reporting;

(xxii) The Company maintains disclosure controls and procedures (as such term is defined in Rule 13a-15 (e) of the Exchange Act) that comply with the requirements of the Exchange Act; such disclosure controls and procedures are effective;

(xxiii) All United States federal income tax returns of the Company and the Subsidiaries required by law to be filed have been filed and all taxes shown by such returns or otherwise assessed, which are due and payable, have been paid, except assessments against which appeals have been or will be promptly taken and as to which adequate reserves have been provided. The Company and the Subsidiaries have filed all other tax returns that are required to have been filed by them pursuant to applicable foreign, state, local or other law, except insofar as the failure to file such returns, individually or in the aggregate, would not result in a material adverse effect on the general affairs, business, prospects, management, financial position, shareholders' equity or results of operations of the Company and the Subsidiaries, considered as one enterprise, and have paid all taxes due pursuant to such returns or pursuant to any assessment received by the Company or any Subsidiary except for such taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided. The charges, accruals and reserves on the books of the Company and the Subsidiaries in respect of any income and corporate tax liability for any years not finally determined are adequate to meet any assessments or re-assessments for additional income tax for any years not finally determined;

(xxiv) There are no statutes, regulations, documents or contracts of a character required to be described in the Registration Statement or the Pricing Prospectus or to be filed as an exhibit to the Registration Statement which are not described or filed as required;

(xxv) Neither the Company nor any of the Subsidiaries is in violation of any statute or any rule, regulation, decision or order of any governmental agency or body or any court, domestic or foreign, relating to the use, production, disposal or release of hazardous or toxic substances or relating to the protection or restoration of the environment or human exposure to hazardous or toxic substances (collectively, “environmental laws”), owns or operates any real property contaminated with any substance that is subject to any environmental laws, is liable for any off-site disposal or contamination pursuant to any environmental laws, or is subject to any claim relating to any environmental laws, which violation, contamination, liability or claim, individually or in the aggregate, would have a material adverse effect on the general affairs, business, prospects, management, financial position, shareholders’ equity or results of operations of the Company and the Subsidiaries, considered as one enterprise; and the Company is not aware of any pending investigation which might lead to such a claim;

(xxvi) Each employee benefit plan, within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), that is maintained, administered or contributed to by the Company or any Subsidiary for employees or former employees of the Company and its affiliates has been maintained in compliance with its terms and the requirements of any applicable statutes, orders, rules and regulations, including but not limited to ERISA and the Internal Revenue Code of 1986, as amended (the “Code”), except to the extent that failure to so comply, individually or in the aggregate, would not have a material adverse effect on the general affairs, business, prospects, management, financial position, shareholders’ equity or results of operations of the Company and the Subsidiaries, considered as one enterprise. No prohibited transaction, within the meaning of Section 406 of ERISA or Section 4975 of the Code has occurred with respect to any such plan excluding transactions effected pursuant to a statutory or administrative exemption;

(xxvii) Neither the Company nor any of its Subsidiaries, or any director, officer, agent, employee or other person associated with or acting on behalf of the Company or any of its Subsidiaries, has (1) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity, (2) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds, (3) violated or is in violation of any provision of the Foreign Corrupt Practices Act of 1977, or (4) made any bribe, unlawful rebate, payoff, influence payment, kickback or other unlawful payment;

(xxviii) There is and has been no failure on the part of the Company or any of the Company’s directors or officers, in their capacities as such, to comply with any provision of the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated in connection therewith, including Section 402 related to loans and Sections 302 and 906 related to certifications;

(xxix) There are no persons with registration rights or other similar rights to have securities registered pursuant to the Registration Statement or otherwise registered by the Company under the Securities Act;

(xxx) The Company is not and, after giving effect to the offering and sale of the Shares as contemplated herein and the application of the net proceeds therefrom as described in the Pricing Prospectus, will not be an “investment company”, as such term is defined in the Investment Company Act of 1940, as amended (the “Investment Company Act”);

(xxxi) The Company has not distributed and, prior to the later to occur of the Closing Date (as defined in Section 4 hereof) and completion of distribution of the Shares, will not distribute any offering materials in connection with the offering and sale of the Shares, other than the Pricing Prospectus, the Prospectus and, subject to compliance with Section 6 hereof, any Issuer Free Writing Prospectus; and the Company has not taken and will not take, directly or indirectly, any action designed to cause or result in, or which constitutes or might reasonably be expected to constitute, the stabilization or manipulation of the price of any security of the Company to facilitate the sale of the Shares. The Company (a) has not alone engaged in any Testing-the-Waters Communication other than Testing-the-Waters Communications with the consent of the Representative with entities that are qualified institutional buyers within the meaning of Rule 144A under the Securities Act or institutions that are accredited investors within the meaning of Rule 501 under the Securities Act and (b) has not authorized anyone other than the Representative to engage in Testing-the-Waters Communications. The Company reconfirms that the Representative has been authorized to act on its behalf in undertaking Testing-the-Waters Communications. The Company has not distributed any Written Testing-the-Waters Communications other than those listed on Schedule II hereto. “Written Testing-the-Waters Communication” means any Testing-the-Waters Communication that is a written communication within the meaning of Rule 405 under the Securities Act;

(xxxii) The statistical and market and industry-related data included in the Pricing Prospectus and the Prospectus are based on or derived from sources which the Company believes to be reliable and accurate or represent the Company’s good faith estimates that are made on the basis of data derived from such sources, and the Company has obtained the written consent to the use of such data from sources to the extent required;

(xxxiii) The Company has not offered, or caused the Underwriters to offer, Reserved Shares to any Reserved Shares Participant or any other person with the specific intent to unlawfully influence (x) a customer or supplier of the Company to alter the customer’s or supplier’s level or type of business with the Company, or (y) a trade journalist or publication to write or publish favorable information about the Company or its products or services;

(xxxiv) Except as described in the Prospectus, there are no contractual encumbrances or restrictions or requirements or material legal restrictions or requirements required to be described therein, on the ability of the Company, or North Jersey Community Bank (the “Bank”), (1) to pay dividends or make any other distributions on its capital stock or to pay any indebtedness owed to another party, (2) to make any loans or advances to, or investments in, another party or (3) to transfer any of its property or assets to another party.

Except as described in the Prospectus, there are no restrictions, encumbrances or requirements affecting the payment of dividends or the making of any other distributions on any of the capital stock of the Holding Company.

(xxxv) The Bank is a member in good standing of the Federal Home Loan Bank (the “FHLB”) of New York. The deposit accounts of the Bank are insured by the Federal Deposit Insurance Corporation (the “FDIC”) up to applicable limits and no proceedings for the termination or revocation of such insurance are pending or, to the best knowledge of the Company, threatened.

(xxxvi) the Company and each of the Subsidiaries has conducted and are conducting their respective businesses so as to comply in all respects with all applicable statutes and regulations (including, without limitation, regulations, decisions, directives and orders of the Board of Governors of the Federal Reserve System, the FDIC, the New Jersey Department of Banking and Insurance and the Commission), except where the failure to so comply would not reasonably be expected to have a material adverse effect on the general affairs, business, prospects, management, financial position, shareholders’ equity or results of operations of the Company and the Subsidiaries, considered as one enterprise, and there is no charge, investigation, action, suit or proceeding before or by any court, regulatory authority or governmental agency or body pending or, to the knowledge of any of Company, threatened, which would reasonably be expected to materially and adversely affect the performance of this Agreement or which would reasonably be expected to result in a material adverse effect on the general affairs, business, prospects, management, financial position, shareholders’ equity or results of operations of the Company and the Subsidiaries, considered as one enterprise;

[(xxxvii) [The audiovisual presentation made available to the public by the Company at [http://www.netroadshow.com/[address]] [or Company address] is a “bona fide electronic roadshow” for purposes of Rule 433(d)(8)(ii) of the Securities Act, and such presentation, together with the Pricing Prospectus, does not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, except that the representations and warranties set forth in this paragraph do not apply to statements in or omissions from such presentation or Pricing Prospectus made in reliance upon and in strict conformity with information furnished to the Company in writing by any Underwriter through the Representative expressly for use therein; and]

[(xxxviii)] Any certificate signed by any officer of the Company delivered to the Underwriters or to counsel for the Underwriters shall be deemed a representation and warranty by the Company to the Underwriters as to the matters covered thereby.

2. Subject to the terms and conditions herein set forth, (a) the Company agrees to sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company, at a purchase price per share of \$ (the “Purchase Price”), the number of Firm Shares (to be adjusted by you so as to eliminate fractional shares) determined by multiplying the aggregate number of Firm Shares to be sold by the Company hereunder by a fraction, the numerator of which is the aggregate number of Firm Shares to be purchased by such Underwriter as set forth opposite the name of such Underwriter in Schedule I hereto and the denominator of which is the aggregate number of Firm Shares to be purchased by

all of the Underwriters from the Company hereunder and (b) in the event and to the extent that the Underwriters shall exercise the election to purchase Option Shares as provided below, the Company agrees to sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company, at the Purchase Price, the number of Option Shares (to be adjusted by you so as to eliminate fractional shares) determined by multiplying the number of Option Shares as to which such election shall have been exercised by the fraction set forth in clause (a) above.

The Company hereby grants to the Underwriters the right to purchase at their election up to _____ Option Shares, at the Purchase Price, for the sole purpose of covering over-allotments in connection with the sale of the Firm Shares. The Underwriters may exercise their option to acquire Option Shares in whole or in part from time to time only by written notice from the Representative to the Company, given within a period of 30 calendar days after the date of this Agreement and setting forth the aggregate number of Option Shares to be purchased and the date on which such Option Shares are to be delivered, as determined by the Representative but in no event earlier than the Closing Date or, unless the Representative and the Company otherwise agree in writing, earlier than two or later than ten business days after the date of such notice.

3. It is understood that the several Underwriters propose to offer the Firm Shares for sale to the public upon the terms and conditions set forth in the Prospectus.

4. The Company will deliver the Firm Shares to the Representative **[through the facilities of the Depository Trust Company (“DTC”)]** for the accounts of the Underwriters, against payment of the purchase price therefor in Federal (same day) funds by official bank check or checks or wire transfer drawn to the order of the Company at the office of **[Name, Address]**, at 10:00 A.M., New York time, on _____, _____, or at such other time not later than seven full business days thereafter as Stifel, Nicolaus & Company, Incorporated (“Stifel Nicolaus”) and the Company determine, such time being herein referred to as the “Closing Date”. For purposes of Rule 15c6-1 under the Exchange Act, the Closing Date (if later than the otherwise applicable settlement date) shall be the settlement date for payment of funds and delivery of securities for all the Firm Shares. The certificates for the Firm Shares so to be delivered will be in definitive form, in such denominations and registered in such names as the Representative requests and will be made available for checking and packaging at the above office of **[Name]** at least 24 hours prior to the Closing Date.

Each time for the delivery of and payment for the Option Shares, being herein referred to as an “Option Closing Date”, which may be the Closing Date, shall be determined by the Representative as provided above. The Company will deliver the Option Shares being purchased on each Option Closing Date to the Representative **[through the facilities of DTC]** for the accounts of the Underwriters, against payment of the purchase price therefor in Federal (same day) funds by official bank check or checks or wire transfer drawn to the order of the Company at the above office of **[Name]**, at 10:00 A.M., New York time on the applicable Option Closing Date. The certificates for the Option Securities so to be delivered will be in definitive form, in such denominations and registered in such names as the Representative requests and will be made available for checking and packaging at the above office of **[Name]** at least 24 hours prior to such Option Closing Date.

5. The Company covenants and agrees with each of the Underwriters as follows:

(a) The Company, subject to Section 5(b), will comply with the requirements of Rule 430A under the Securities Act, and will notify the Representative immediately, and confirm the notice in writing, (i) when any post-effective amendment to the Registration Statement shall become effective, or any supplement to the Prospectus or any amended prospectus shall have been filed, to furnish the Representative with copies thereof, and to file promptly all material required to be filed by the Company with the Commission pursuant to Rule 433(d) under the Securities Act, (ii) of the receipt of any comments from the Commission, (iii) of any request by the Commission for any amendment to the Registration Statement or any amendment or supplement to the Prospectus or for additional information, (iv) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or of any order preventing or suspending the use of any Preliminary Prospectus, or of the suspension of the qualification of the Shares for offering or sale in any jurisdiction, or of the initiation or threatening of any proceedings for any of such purposes; and (v) if the Company ceases to be an Emerging Growth Company at any time prior to the later of (A) completion of the distribution of the Shares within the meaning of the Securities Act and (B) completion of the 180-day restricted period referred to in Section 5(j) hereof. The Company will promptly effect the filings necessary pursuant to Rule 424(b) under the Securities Act and will take such steps as it deems necessary to ascertain promptly whether the form of prospectus transmitted for filing under Rule 424(b) was received for filing by the Commission and, in the event that it was not, it will promptly file such prospectus. The Company will make every reasonable effort to prevent the issuance of any stop order and, if any stop order is issued, to obtain the lifting thereof at the earliest possible moment.

(b) The Company will give the Representative notice of its intention to file or prepare any amendment to the Registration Statement (including any filing under Rule 462(b) under the Securities Act), or any amendment, supplement or revision to the Prospectus, or any Issuer Free Writing Prospectus, will furnish the Representative with copies of any such documents a reasonable amount of time prior to such proposed filing or use, as the case may be, and will not file or use any such document to which the Representative or counsel for the Underwriters shall reasonably object.

(c) The Company will use its best efforts to qualify the Shares for offering and sale under the securities laws of such jurisdictions as you may reasonably request and to comply with such laws so as to permit the continuance of sales and dealings therein in such jurisdictions for as long as may be necessary to complete the distribution of the Shares, provided that nothing in this Section 5(c) shall require the Company to qualify as a foreign corporation in any jurisdiction in which it is not already so qualified, or to file a general consent to service of process in any jurisdiction.

(d) The Company has furnished or will deliver to the Representative, without charge, **[two]** signed copies of the Initial Registration Statement as originally filed, any Rule 462(b) Registration Statement and of each amendment to each (including exhibits filed therewith or incorporated by reference therein) and signed copies of all consents and certificates of experts, and will also, upon your request, deliver to the Representative, without charge, a conformed copy

of the Registration Statement as originally filed and of each amendment thereto (without exhibits) for each of the Underwriters. The copies of the Registration Statement and each amendment thereto furnished to the Underwriters will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(e) The Company has delivered to each Underwriter, without charge, as many written and electronic copies of each Preliminary Prospectus as such Underwriter reasonably requested, and the Company hereby consents to the use of such copies for purposes permitted by the Securities Act. The Company will furnish to each Underwriter, without charge, prior to 5:00 P.M. on the business day next succeeding the date of this Agreement and from time to time thereafter during the period when the Prospectus is required to be delivered in connection with sales of the Shares under the Securities Act or the Exchange Act or in lieu thereof, the notice referred to in Rule 173(a) under the Securities Act, such number of written and electronic copies of the Prospectus (as amended or supplemented) as such Underwriter may reasonably request. The Prospectus and any amendments or supplements thereto furnished to the Underwriters will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(f) The Company will comply with the Securities Act and the Rules and Regulations so as to permit the completion of the distribution of the Shares as contemplated in this Agreement and in the Prospectus. If at any time when, in the opinion of counsel for the Underwriters, a prospectus is required to be delivered in connection with sales of the Shares under the Securities Act or the Exchange Act (or in lieu thereof, the notice referred to in Rule 173(a) under the Securities Act), any event shall occur or condition shall exist as a result of which it is necessary, in the opinion of counsel for the Underwriters or for the Company, to amend the Registration Statement or amend or supplement the Prospectus in order that the Prospectus will not include any untrue statements of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in the light of the circumstances existing at the time it (or in lieu thereof, the notice referred to in Rule 173(a) under the Securities Act) is delivered to a purchaser, or if it shall be necessary, in the opinion of either such counsel, at any such time to amend the Registration Statement or amend or supplement the Prospectus in order to comply with the requirements of the Securities Act or the Rules and Regulations, the Company will promptly prepare and file with the Commission, subject to Section 5(b), such amendment or supplement as may be necessary to correct such statement or omission or to make the Registration Statement or the Prospectus comply with such requirements, and the Company will furnish to the Underwriters such number of written and electronic copies of such amendment or supplement as the Underwriters may reasonably request. The Company will provide the Representative with notice of the occurrence of any event during the period specified above that may give rise to the need to amend or supplement the Registration Statement or the Prospectus as provided in the preceding sentence promptly after the occurrence of such event. If at any time following the distribution of any Written Testing-the-Waters Communication there occurred or occurs an event or development as a result of which such Written Testing-the-Waters Communication included or would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at that subsequent time, not misleading, the Company will promptly notify the Representative and will promptly amend or supplement, at its own expense, such Written Testing-the-Waters Communication to eliminate or correct such untrue statement or omission.

(g) The Company will make generally available (within the meaning of Section 11(a) of the Securities Act) to its security holders and to the Representative as soon as practicable, but not later than 45 days after the end of its fiscal quarter in which the first anniversary date of the effective date of the Registration Statement occurs, an earnings statement (in form complying with the provisions of Rule 158 under the Securities Act) covering a period of at least twelve consecutive months beginning after the effective date of the Registration Statement.

(h) The Company will use the net proceeds received by it from the sale of the Shares in the manner specified in the Pricing Prospectus under the heading “Use of Proceeds”.

(i) The Company will use its best efforts to effect and maintain the listing for quotation of the Common Stock (including the Shares) on the NASDAQ Global Market.

(j) During a period of 180 days from the date of the Prospectus, the Company will not, without the prior written consent of Stifel Nicolaus, (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock or (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of Common Stock, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise, other than (1) the Shares to be sold hereunder, (2) the issuance of options to acquire shares of Common Stock granted pursuant to the Company’s benefit plans existing on the date hereof that are referred to in the Prospectus, as such plans may be amended or (3) the issuance of shares of Common Stock upon the exercise of any such options. Notwithstanding the foregoing, if (A) during the last 17 days of the 180-day restricted period the Company issues an earnings release or material news or a material event relating to the Company occurs; or (B) prior to the expiration of the 180-day restricted period, the Company announces that it will release earnings results during the 16-day period beginning on the last day of the 180-day period, the restrictions imposed by this agreement shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event. The Company shall promptly notify the Representative of any earnings release, news or event that may give rise to an extension of the initial 180-day restricted period.

(k) If the Representative, in its sole discretion, agrees to release or waive the restrictions set forth in a “lock-up” agreement described in Section 8(l) hereof for an officer or director of the Company and provides the Company with notice of the impending release or waiver at least three business days before the effective date of the release or waiver, the Company agrees to announce the impending release or waiver by a press release substantially in the form of Exhibit C hereto through a major news service at least two business days before the effective date of the release or waiver.

(l) The Company, during the period when the Prospectus is required to be delivered in connection with sales of the Shares under the Securities Act or the Exchange Act (or in lieu thereof, the notice referred to in Rule 173(a) under the Securities Act), will file all documents required to be filed with the Commission pursuant to the Exchange Act within the time periods required by the Exchange Act and the rules and regulations of the Commission thereunder.

(m) The Company will file with the Commission such information on Form 10-Q or Form 10-K as may be required pursuant to Rule 463 under the Securities Act.

(n) During a period of five years from the effective date of the Registration Statement, the Company will furnish to you copies of all reports or other communications (financial or other) furnished to shareholders generally, and deliver to you (i) as soon as they are available, copies of any reports and financial statements furnished to or filed with the Commission or any national securities exchange on which any class of securities of the Company is listed; and (ii) such additional information concerning the business and financial condition of the Company as you may from time to time reasonably request (such financial statements to be on a consolidated basis to the extent the accounts of the Company and the Subsidiaries are consolidated in reports furnished to its shareholders generally or to the Commission).

(o) If the Company elects to rely upon Rule 462(b) under the Securities Act, the Company will file a Rule 462(b) Registration Statement with the Commission in compliance with Rule 462(b) by 10:00 P.M., Washington, D.C. time, on the date of this Agreement, and at the time of filing either to pay to the Commission the filing fee for the Rule 462(b) Registration Statement or to give irrevocable instructions for the payment of such fee pursuant to Rule 111(b) under the Securities Act.

(p) If so requested by the Representative, the Company shall cause to be prepared and delivered, at its expense, within one business day from the effective date of this Agreement, to the Representative an “electronic Prospectus” to be used by the Underwriters in connection with the offering and sale of the Shares. As used herein, the term “electronic Prospectus” means a form of the most recent Preliminary Prospectus, any Issuer Free Writing Prospectus or the Prospectus, and any amendment or supplement thereto, that meets each of the following conditions: (i) it shall be encoded in an electronic format, satisfactory to the Representative, that may be transmitted electronically by the Representative and the other Underwriters to offerees and purchasers of the Shares, (ii) it shall disclose the same information as such paper Preliminary Prospectus, Issuer Free Writing Prospectus or the Prospectus, as the case may be; and (iii) it shall be in or convertible into a paper format or an electronic format, satisfactory to the Representative, that will allow investors to store and have continuously ready access to such Preliminary Prospectus, Issuer Free Writing Prospectus or the Prospectus at any future time, without charge to investors (other than any fee charged for subscription to the Internet generally). The Company hereby confirms that, if so requested by the Representative, it has included or will include in the Prospectus filed with the Commission an undertaking that, upon receipt of a request by an investor or his or her representative, the Company shall transmit or cause to be transmitted promptly, without charge, a paper copy of such paper Preliminary Prospectus, Issuer Free Writing Prospectus or the Prospectus to such investor or representative.

[(q) The Company will use its best efforts to ensure that the Reserved Shares will be restricted as required by FINRA Rule 5131 from sale, transfer, assignment, pledge or hypothecation for a period of three months following the date of this Agreement. The Underwriters will notify the Company as to which persons, if any, will need to be so restricted. At the request of the Underwriters, the Company will direct the transfer agent to place a stop transfer restriction upon such securities for such period of time. Should the Company release, or seek to release, from such restrictions any of the Reserved Shares, the Company agrees to reimburse the Underwriters for any reasonable expenses (including, without limitation, legal expenses) they incur in connection with, or as a result of, such release.]

6. (a) The Company represents and agrees that, without the prior consent of the Representative, it has not made and will not make any offer relating to the Shares that would constitute a “free writing prospectus” as defined in Rule 405 under the Securities Act; each Underwriter represents and agrees that, without the prior consent of the Company and the Representative, it has not made and will not make any offer relating to the Shares that would constitute a free writing prospectus; any such free writing prospectus the use of which has been consented to by the Company and the Representative is listed on Schedule II hereto;

(b) The Company has complied and will comply with the requirements of Rule 433 under the Securities Act applicable to any Issuer Free Writing Prospectus, including timely filing with the Commission or retention where required and legending; the Company represents that it has satisfied and agrees that it will satisfy the conditions under Rule 433 under the Securities Act to avoid a requirement to file with the Commission any electronic road show;

(c) The Company agrees that if at any time following issuance of an Issuer Free Writing Prospectus any event occurred or occurs as a result of which such Issuer Free Writing Prospectus would conflict with the information in the Registration Statement, the Pricing Prospectus or the Prospectus or would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances then prevailing, not misleading, the Company will give prompt notice thereof to the Representative and, if requested by the Representative, will prepare and furnish without charge to each Underwriter an Issuer Free Writing Prospectus or other document which will correct such conflict, statement or omission; provided, however, that this covenant shall not apply to any statements or omissions in an Issuer Free Writing Prospectus made in reliance upon and in strict conformity with information furnished in writing to the Company by an Underwriter through the Representative expressly for use therein.

7. The Company covenants and agrees with the several Underwriters that, whether or not the transactions contemplated by this Agreement are consummated, the Company will pay or cause to be paid all expenses incident to the performance of its obligations under this Agreement, including (i) the fees, disbursements and expenses of the Company’s counsel, accountants and other advisors; (ii) filing fees and all other expenses in connection with the preparation, printing and filing of the Registration Statement, each Preliminary Prospectus, any Issuer Free Writing Prospectus and the Prospectus and amendments and supplements thereto and the mailing and delivering of copies thereof to the Underwriters and dealers; (iii) the cost of printing or producing this Agreement, closing documents (including any compilations thereof)

and such other documents as may be required in connection with the offering, purchase, sale and delivery of the Shares; (iv) all expenses in connection with the qualification of the Shares for offering and sale under state securities laws as provided in Section 5(c), including filing fees and the reasonable fees and disbursements of counsel for the Underwriters in connection with such qualification and in connection with the Blue Sky survey; (v) all fees and expenses in connection with listing the Common Stock (including the Shares) on the NASDAQ Global Market; (vi) the filing fees incident to, and the reasonable fees and disbursements of counsel for the Underwriters in connection with, securing any required review by FINRA of the terms of the sale of the Shares; (vii) all fees and expenses in connection with the preparation, issuance and delivery of the certificates representing the Shares to the Underwriters, including any stock or other transfer taxes and any stamp or other duties payable upon the sale, issuance or delivery of the Shares to the Underwriters; (viii) the cost and charges of any transfer agent or registrar; (ix) the transportation and other expenses incurred by the Company in connection with presentations to prospective purchasers of Shares; (x) all fees and expenses of the Underwriters in connection with matters relating to the Reserved Shares, including reasonable fees and disbursements of counsel for the Underwriters; (xi) all costs and expenses incurred by the Underwriters in connection with the printing (or reproduction) and delivery (including postage, air freight charges and charges for counting and packaging) of copies of information or materials relating to the Reserved Shares; (xii) all stamp duties, similar taxes or duties or other taxes, if any, incurred by the Underwriters in connection with the Reserved Shares; and (xiii) all other costs and expenses incident to the performance of its obligations hereunder which are not otherwise specifically provided for in this Section.

8. The several obligations of the Underwriters hereunder to purchase the Shares on the Closing Date or each Option Closing Date, as the case may be, are subject to the performance by the Company of its obligations hereunder and to the following additional conditions:

(a) The Prospectus shall have been filed with the Commission pursuant to Rule 424(b) under the Securities Act within the applicable time period prescribed for such filing by the Rules and Regulations and in accordance with Section 5(a); all material required to be filed by the Company pursuant to Rule 433(d) under the Securities Act shall have been filed with the Commission within the applicable time period prescribed for such filing by Rule 433 under the Securities Act; if the Company has elected to rely upon Rule 462(b) under the Securities Act, the Rule 462(b) Registration Statement shall have become effective by 10:00 P.M., Washington, D.C. time, on the date of this Agreement; no stop order suspending the effectiveness of the Registration Statement or any part thereof or the Prospectus or any part thereof or any Issuer Free Writing Prospectus shall have been issued and no proceeding for that purpose shall have been initiated or threatened by the Commission or any state securities commission; and all requests for additional information on the part of the Commission shall have been complied with to your reasonable satisfaction.

(b) The representations and warranties of the Company contained herein are true and correct on and as of the Closing Date or the Option Closing Date, as the case may be, as if made on and as of the Closing Date or the Option Closing Date, as the case may be, and the Company shall have complied with all agreements and all conditions on its part to be performed or satisfied hereunder at or prior to the Closing Date or the Option Closing Date, as the case may be.

(c) Subsequent to the execution and delivery of this Agreement and prior to the Closing Date or the Option Closing Date, as the case may be, there shall not have occurred any downgrading, nor shall any notice have been given of (i) any downgrading, (ii) any intended or potential downgrading or (iii) any review or possible change that does not indicate an improvement, in the rating accorded any securities of or guaranteed by the Company or any Subsidiary by any “nationally recognized statistical rating organization”, as such term is defined for purposes of Rule 436(g)(2) under the Securities Act.

(d) (i) Neither the Company nor any Subsidiary shall have sustained since the date of the latest audited financial statements included in the Pricing Prospectus any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the Pricing Prospectus, and (ii) since the respective dates as of which information is given in the Registration Statement and the Prospectus, (1) there shall not have been any change in the capital stock or long-term debt of the Company or any Subsidiary or (2) there shall not have been any material adverse change, or any development involving a prospective material adverse change, in or affecting the general affairs, business, prospects, management, financial position, shareholders’ equity or results of operations of the Company and the Subsidiaries, considered as one enterprise, the effect of which, in any such case described in clause (i) or (ii), is in the judgment of the Representative so material and adverse as to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Shares being delivered at such Closing Date or Option Closing Date, as the case may be, on the terms and in the manner contemplated in the Pricing Prospectus.

(e) the Representative shall have received on and as of the Closing Date or the Option Closing Date, as the case may be, a certificate of two executive officers of the Company, at least one of whom has specific knowledge about the Company’ s financial matters, satisfactory to the Representative, to the effect (1) set forth in Sections 8(b) (with respect to the respective representations, warranties, agreements and conditions of the Company) and 8(c), (2) that none of the situations set forth in clause (i) or (ii) of Section 8(d) shall have occurred and (3) that no stop order suspending the effectiveness of the Registration Statement has been issued and to the knowledge of the Company, no proceedings for that purpose have been instituted or are pending or contemplated by the Commission;

(f) On the Closing Date or Option Closing Date, as the case may be, Windels Marx Lane & Middendorf, LLP, counsel for the Company, shall have furnished to the Representative their favorable written opinion, dated the Closing Date or the Option Closing Date, as the case may be, in form and substance satisfactory to counsel for the Underwriters, to the effect set forth in Exhibit A hereto and to such further effect as counsel for the Underwriters may reasonably request.

(g) On the effective date of the Registration Statement and, if applicable, the effective date of the most recently filed post-effective amendment to the Registration Statement, Crowe Horwath LLP shall have furnished to the Representative a letter, dated the date of delivery thereof, in form and substance satisfactory to the Representative, containing statements and information of the type customarily included in accountants’ “comfort letters” to underwriters with respect to the financial statements and certain financial information contained in the Registration Statement and the Prospectus.

(h) On the Closing Date or Option Closing Date, as the case may be, the Representative shall have received from Crowe Horwath LLP a letter, dated the Closing Date or such Option Closing Date, as the case may be, to the effect that they reaffirm the statements made in the letter or letters furnished pursuant to Section 8(g), except that the specified date referred to shall be a date not more than three business days prior to the Closing Date or such Option Closing Date, as the case may be.

(i) On the Closing Date or Option Closing Date, as the case may be, Elias, Matz, Tiernan & Herrick L.L.P., counsel for the Underwriters, shall have furnished to the Representative their favorable opinion dated the Closing Date or the Option Closing Date, as the case may be, with respect to the due authorization and valid issuance of the Shares, the Registration Statement, the Prospectus and other related matters as the Representative may reasonably request, and such counsel shall have received such papers and information as they may reasonably request to enable them to pass upon such matters.

(j) The Shares to be delivered on the Closing Date or Option Closing Date, as the case may be, shall have been approved for listing on the NASDAQ Global Market, subject to official notice of issuance.

(k) FINRA shall have confirmed that it has not raised any objection with respect to the fairness and reasonableness of the underwriting terms and conditions.

(l) The Representative shall have received “lock-up” agreements, each substantially in the form of Exhibit B hereto, from **[all the shareholders who own 2% or more of the outstanding shares of the Company’ s common stock as of the date hereof and]** all **[executive]** officers and directors of the Company and such agreements shall be in full force and effect on the Closing Date or Option Closing Date, as the case may be.

(m) On or prior to the Closing Date or Option Closing Date, as the case may be, the Company shall have furnished to the Representative such further information, certificates and documents as the Representative shall reasonably request.

(n) On or after the Applicable Time there shall not have occurred any of the following: (i) a suspension or material limitation in trading in securities generally on the New York Stock Exchange, NYSE Mkt. LLC, NASDAQ Global Select Market, NASDAQ Global Market; (ii) a suspension or material limitation in trading in the Company’ s securities on the NASDAQ Global Select Market NASDAQ Global Market; (iii) a general moratorium on commercial banking activities declared by any of Federal, New Jersey or New York State authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States; (iv) the outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war or (v) the occurrence of any other calamity or crisis or any change in financial, political or economic conditions in the United States or elsewhere, if the effect of any such event specified in clause (iv) or (v) in the judgment of the Representative makes it impracticable or inadvisable to proceed with the public offering or the delivery of the Shares being delivered at such Closing Date or Option Closing Date, as the case may be, on the terms and in the manner contemplated in the Prospectus;

If any condition specified in this Section 8 shall not have been fulfilled when and as required to be fulfilled, this Agreement may be terminated, subject to the provisions of Section 12, by the Representative by notice to the Company at any time at or prior to the Closing Date or Option Closing Date, as the case may be, and such termination shall be without liability of any party to any other party, except as provided in Section 12.

9. (a) The Company agrees to indemnify and hold harmless each Underwriter and each person, if any, who controls any Underwriter within the meaning of Section 15 of the Securities Act or Section 20(a) of the Exchange Act against any and all losses, liabilities, claims, damages and expenses whatsoever as incurred (including without limitation, reasonable attorneys' fees and any and all reasonable expenses whatsoever incurred in investigating, preparing or defending against any litigation, commenced or threatened, or any claim whatsoever, and any and all amounts paid in settlement of any claim or litigation), joint or several, to which they or any of them may become subject under the Securities Act, the Exchange Act or otherwise, insofar as such losses, liabilities, claims, damages or expenses (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Initial Registration Statement, as originally filed or any amendment thereof, the Registration Statement, or any post-effective amendment thereof, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or in any supplement thereto or amendment thereof, any Issuer Free Writing Prospectus, any Written Testing-the-Waters Communication, or any "issuer information" filed or required to be filed pursuant to Rule 433(d) under the Securities Act, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, that the Company will not be liable in any such case to the extent that any such loss, liability, claim, damage or expense arises out of or is based upon any such untrue statement or alleged untrue statement or omission or alleged omission made in the Initial Registration Statement, as originally filed or any amendment thereof, the Registration Statement, or any post-effective amendment thereof, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or in any supplement thereto or amendment thereof, any Issuer Free Writing Prospectus, or any Written Testing-the-Waters Communication in reliance upon and in strict conformity with written information furnished to the Company by or on behalf of any Underwriter through Stifel Nicolaus expressly for use therein, it being understood and agreed that the only such information furnished by any Underwriter is the information described as such in Section 9(b) below.

(b) Each Underwriter severally, and not jointly, agrees to indemnify and hold harmless the Company, each of the directors of the Company, each of the officers of the Company who shall have signed the Registration Statement, and each other person, if any, who controls the Company within the meaning of Section 15 of the Securities Act or Section 20(a) of the Exchange Act, against any losses, liabilities, claims, damages and expenses whatsoever as incurred (including without limitation, reasonable attorneys' fees and any and all reasonable expenses whatsoever incurred in investigating, preparing or defending against any litigation, commenced or threatened, or any claim whatsoever, and any and all amounts paid in settlement

of any claim or litigation), joint or several, to which they or any of them may become subject under the Act, the Exchange Act or otherwise, insofar as such losses, liabilities, claims, damages or expenses (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Initial Registration Statement, as originally filed or any amendment thereof, the Registration Statement, or any post-effective amendment thereof, or any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or in any supplement thereto or amendment thereof, any Issuer Free Writing Prospectus or any Written Testing-the-Waters Communication, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that any such loss, liability, claim, damage or expense arises out of or is based upon any such untrue statement or alleged untrue statement or omission or alleged omission made therein in reliance upon and in strict conformity with written information furnished to the Company by or on behalf of such Underwriter through Stifel Nicolaus expressly for use therein, it being understood and agreed that the only such information furnished by any Underwriter consists of the following information in the Prospectus furnished on behalf of each Underwriter: **[the last paragraph at the bottom of the cover page concerning the terms of the offering by the Underwriters, the concession and reallowance figures appearing in the paragraph under the caption “Underwriting” and the information contained in the and paragraphs under the caption “Underwriting”].**

[(c) In connection with the offer and sale of the Reserved Shares, the Company agrees to indemnify and hold harmless Stifel Nicolaus, the directors, officers, employees and agents of Stifel Nicolaus and each person, who controls Stifel Nicolaus within the meaning of either the Securities Act or the Exchange Act (the “Stifel Entities”) against any losses, claims, damages, liabilities or expenses (including without limitation, reasonable attorneys’ fees and any and all reasonable expenses whatsoever incurred in investigating, preparing or defending against any litigation, commenced or threatened, or any claim whatsoever, and any and all amounts paid in settlement of any claim or litigation), to which it may become subject, under the Securities Act or otherwise, insofar as such losses, claim, damages, liabilities or expenses (or actions in respect thereof) (i) arise out of any untrue statement or alleged untrue statement of a material fact contained in any prospectus wrapper or other material prepared by or with the consent of the Company for distribution to Reserved Shares Participants in connection with the offering of the Reserved Shares or arise out of or are based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading; (ii) are caused by the failure of any Reserved Shares Participant to pay for and accept delivery of Reserved Shares which have been properly confirmed for purchase by any Reserved Shares Participant by the end of the first business day after the date of this Agreement; or (iii) are related to, or arise out of or in connection with, the offering of the Reserved Shares, except that this clause (iii) shall not apply to the extent that such loss, claim, damage or liability is finally judicially determined to have resulted solely from the gross negligence or willful misconduct of the Stifel Entities.]

[(d)] Promptly after receipt by an indemnified party under Section 9(a) or 9(b) of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such Section, notify each party

against whom indemnification is to be sought in writing of the commencement thereof (but the failure so to notify an indemnifying party shall not relieve it from any liability which it may have under this Section 9). In case any such action is brought against any indemnified party, and it notifies an indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein, and jointly with any other indemnifying party similarly notified, to the extent it may elect by written notice delivered to the indemnified party promptly after receiving the aforesaid notice from such indemnified party, to assume the defense thereof with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnified party). Notwithstanding the foregoing, the indemnified party or parties shall have the right to employ its or their own counsel in any such case, but the fees and expenses of such counsel shall be at the expense of such indemnified party or parties unless (i) the employment of such counsel shall have been authorized in writing by one of the indemnifying parties in connection with the defense of such action, (ii) the indemnifying parties shall not have employed counsel to have charge of the defense of such action within a reasonable time after notice of commencement of the action, or (iii) such indemnified party or parties shall have reasonably concluded that there may be defenses available to it or them which are different from or additional to those available to one or all of the indemnifying parties (in which case the indemnifying parties shall not have the right to direct the defense of such action on behalf of the indemnified party or parties), in any of which events such fees and expenses shall be borne by the indemnifying parties. In no event shall the indemnifying parties be liable for fees and expenses of more than one counsel (in addition to any local counsel) separate from their own counsel for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, which counsel, in the event of indemnified parties under Section 9(a), shall be selected by Stifel Nicolaus. No indemnifying party shall, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability arising out of such action or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of any indemnified party.

[(e)] If the indemnification provided for in this Section 9 is unavailable to or insufficient to hold harmless an indemnified party under Section 9(a), **[or]** 9(b) **[or]** **9(c)** in respect of any losses, liabilities, claims, damages or expenses (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, liabilities, claims, damages or expenses (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other from the offering of the Shares. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company on the one hand and the Underwriters on the other in connection with the statements or omissions which resulted in such losses, liabilities, claims, damages or expenses (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company on the one

hand and the Underwriters on the other from the offering of the Shares shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company bear to the total underwriting discounts and commissions received by the Underwriters, in each case as set forth in the table on the cover page of the Prospectus. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or the Underwriters on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company and the Underwriters agree that it would not be just and equitable if contributions pursuant to this Section 9[(e)] were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 9[(e)]. The amount paid or payable by an indemnified party as a result of the losses, liabilities, claims, damages or expenses (or actions in respect thereof) referred to above in this Section 9[(e)] shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 9[(e)], no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Shares underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission.

No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations in this Section 9[(e)] to contribute are several in proportion to their respective underwriting obligations and not joint.

[(f)] The obligations of the parties to this Agreements contained in this Section 9 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.

10. If any Underwriter or Underwriters default in its or their obligations to purchase Shares hereunder on the Closing Date or any Option Closing Date and the aggregate number of Shares that such defaulting Underwriter or Underwriters agreed but failed to purchase does not exceed 10% of the total number of Shares that the Underwriters are obligated to purchase on such Closing Date or Option Closing Date, as the case may be, the Representative may make arrangements satisfactory to the Company for the purchase of such Shares by other persons, including any of the Underwriters, but if no such arrangements are made by such Closing Date or Option Closing Date, as the case may be, the non-defaulting Underwriters shall be obligated severally, in proportion to their respective commitments hereunder, to purchase the Shares that such defaulting Underwriters agreed but failed to purchase on such Closing Date or Option Closing Date, as the case may be. If any Underwriter or Underwriters so default and the aggregate number of Shares with respect to which such default or defaults occur exceeds 10% of the total number of Shares that the Underwriters are obligated to purchase on such Closing Date or Option Closing Date, as the case may be, and arrangements satisfactory to the Representative

and the Company for the purchase of such Shares by other persons are not made within 36 hours after such default, this Agreement will terminate, subject to the provisions of Section 12, without liability on the part of any non-defaulting Underwriter or the Company, except as provided in Section 12. Nothing herein will relieve a defaulting Underwriter from liability for its default.

In the event of any such default which does not result in a termination of this Agreement, either the Representative or the Company shall have the right to postpone the Closing Date or the relevant Option Closing Date, as the case may be, for a period not exceeding seven days in order to effect any required changes in the Registration Statement or Prospectus or in any other documents or arrangements. As used in this Agreement, the term "Underwriter" includes any person substituted for an Underwriter under this Section 10.

11. Notwithstanding anything herein contained, this Agreement (or the obligations of the several Underwriters with respect to any Option Shares which have yet to be purchased) may be terminated, subject to the provisions of Section 12, in the absolute discretion of the Representative, by notice given to the Company, if after the execution and delivery of this Agreement and prior to the Closing Date or the Option Closing Date, as the case may be, (a) trading generally on the NYSE Mkt. LLC or the New York Stock Exchange or on the NASDAQ Global Select Market or the NASDAQ Global Market shall have been suspended or materially limited, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices have been required, by any of said exchanges or by such system or by order of the Commission, FINRA or any other governmental or regulatory authority, (b) trading of any securities of or guaranteed by the Company or any Subsidiary shall have been suspended on any exchange or in any over-the-counter market, (c) a general moratorium on commercial banking activities in New York or New Jersey shall have been declared by Federal, New York State or New Jersey State authorities or a new restriction materially adversely affecting the distribution of the Firm Shares or the Option Shares, as the case may be, shall have become effective, or (d) there has occurred any material adverse change in the financial markets in the United States or the international financial markets, any outbreak of hostilities or escalation thereof or other calamity or crisis or any change or development involving a prospective change in national or international political, financial or economic conditions, in each case the effect of which is such as to make it, in the judgment of the Representative, impracticable to market the Shares to be delivered on the Closing Date or Option Closing Date, as the case may be, or to enforce contracts for the sale of the Shares.

If this Agreement is terminated pursuant to this Section 11, such termination will be without liability of any party to any other party except as provided in Section 12 hereof.

12. The respective indemnities, agreements, representations, warranties and other statements of the Company or its officers and of the several Underwriters set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation, or statement as to the results thereof, made by or on behalf of any Underwriter, the Company or any of their respective representatives, officers or directors or any controlling person, and will survive delivery of and payment for the Shares. If this Agreement is terminated pursuant to Section 8, 10 or 11 or if for any reason the purchase of any of the Shares by the Underwriters is not consummated, the Company shall remain responsible for the expenses to be paid or reimbursed by it pursuant to Section 7, including the accountable out-of-pocket expenses

actually incurred by the Underwriters, the respective obligations of the Company and the Underwriters pursuant to Section 9 and the provisions of Sections 12, 13 and 16 shall remain in effect and, if any Shares have been purchased hereunder the representations and warranties in Section 1 and all obligations under Sections 5 and 6 shall also remain in effect. If this Agreement shall be terminated by the Underwriters, or any of them, under Section 8 or otherwise because of any failure or refusal on the part of the Company to comply with the terms or to fulfill any of the conditions of this Agreement, or if for any reason the Company shall be unable to perform its obligations under this Agreement or any condition of the Underwriters' obligations cannot be fulfilled, the Company agrees to reimburse the Underwriters or such Underwriters as have so terminated this Agreement with respect to themselves, severally, for all out-of-pocket expenses (including the fees and expenses of its counsel) reasonably incurred by the Underwriter in connection with this Agreement or the offering contemplated hereunder **[provided, however, the aggregate amount of such out-of-pocket expenses will not exceed \$150,000 for the Representative.]**

13. This Agreement shall inure to the benefit of and be binding upon the Company and the Underwriters, the officers and directors of the Company referred to herein, any controlling persons referred to herein and their respective successors and assigns. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any other person, firm or corporation any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained. No purchaser of Shares from any Underwriter shall be deemed to be a successor or assign by reason merely of such purchase.

14. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given upon receipt thereof by the recipient if mailed or transmitted by any standard form of telecommunication. Notices to the Underwriters shall be given to the Representative, c/o Stifel, Nicolaus & Company, Incorporated, **[237 Park Avenue, 8th Floor, New York, New York 10017]** **[(fax no.:); Attention: . Notices to the Company shall be given to it at [ConnectOne Bancorp, Inc.], 301 Sylvan Avenue, Englewood Cliffs, New Jersey 07632. (fax no.:); Attention: Frank Sorrentino III, Chairman and Chief Executive Officer.**

15. This Agreement may be signed in counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument.

16. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO SUCH STATE' S PRINCIPLES OF CONFLICTS OF LAWS.

17. The parties hereby submit to the jurisdiction of and venue in the federal courts located in the City of New York, New York in connection with any dispute related to this Agreement, any transaction contemplated hereby, or any other matter contemplated hereby.

18. The Company acknowledges and agrees that (i) the purchase and sale of the Shares pursuant to this Agreement, including the determination of the public offering price of the Shares and any related discounts and commissions, is an arm' s-length commercial transaction between the Company on the one hand, and the several Underwriters, on the other, (ii) in

connection therewith and with the process leading to such transaction each Underwriter is acting solely as a principal and not the agent or fiduciary of the Company or its respective stockholders, creditors, employees or any other party, (iii) no Underwriter has assumed an advisory or fiduciary responsibility in favor of the Company with respect to the offering contemplated hereby or the process leading thereto (irrespective of whether such Underwriter has advised or is currently advising the Company on other matters) or any other obligation to the Company except the obligations expressly set forth in this Agreement, and (iv) the Company has consulted its own legal and financial advisors to the extent it deemed appropriate. The Company agrees that it will not claim that the Underwriters, or any of them, has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the Company, in connection with such transaction or the process leading thereto.

19. The Company acknowledges that the Underwriters' research analysts and research departments are required to be independent from their respective investment banking divisions and are subject to certain regulations and internal policies, and that such Underwriters' research analysts may hold views and make statements or investment recommendations and/or publish research reports with respect to the Company and/or the offering that differ from the views of their respective investment banking divisions. The Company hereby waives and releases, to the fullest extent permitted by law, any claims that the Company may have against the Underwriters with respect to any conflict of interest that may arise from the fact that the views expressed by their independent research analysts and research departments may be different from or inconsistent with the views or advice communicated to the Company by such Underwriters' investment banking divisions. The Company acknowledges that each of the Underwriters is a full service securities firm and as such from time to time, subject to applicable securities laws, may effect transaction for its own account or the account of its customers and hold long or short positions in debt or equity securities of the companies that may be the subject of the transactions contemplated by this Agreement.

20. Notwithstanding anything herein to the contrary, the Company is authorized to disclose to any persons the U.S. federal and state income tax treatment and tax structure of the potential transaction and all materials of any kind (including tax opinions and other tax analyses) provided to the Company relating to that treatment and structure, without the Underwriters imposing any limitation of any kind. However, any information relating to the tax treatment and tax structure shall remain confidential (and the foregoing sentence shall not apply) to the extent necessary to enable any person to comply with securities laws. For this purpose, "tax structure" is limited to any facts that may be relevant to that treatment.

21. This Agreement supersedes all prior agreements and understandings (whether written or oral) between the Company and the Underwriters, or any of them, with respect to the subject matter hereof.

22. The Company and each of the Underwriters hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

[The next page is the signature page]

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Company a counterpart hereof, whereupon this instrument will become a binding agreement among the Company and the Underwriters.

Very truly yours,

[CONNECTONE BANCORP, INC.]

By: _____

Name:

Title:

Accepted as of the date hereof:

STIFEL, NICOLAUS & COMPANY, INCORPORATED

By: Stifel, Nicolaus & Company, Incorporated

By: _____

Title:

For themselves and as Representative of the
other Underwriters named in Schedule I hereto

SCHEDULE I

<u>Underwriter</u>	<u>Number of Firm Shares to be Purchased</u>
Stifel, Nicolaus & Company, Incorporated	
Keefe, Bruyette & Woods, Inc.	
Sandler O' Neill & Partners, L.P.	
Total:	

EXHIBIT A

OPINION OF COUNSEL TO THE COMPANY

(i) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of New Jersey, with power and authority (corporate and other) to own, lease and operate its properties and conduct its business as described in the Pricing Prospectus, the Pricing Disclosure Package and the Prospectus and to enter into and perform its obligations under the Agreement, and has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties or conducts any business so as to require such qualification, except where the failure so to qualify or be in good standing would not have a material adverse effect on the Company and the Subsidiaries, considered as one enterprise. From the time of initial confidential submission of the Registration Statement to the Commission (or, if earlier, the first date on which the Company engaged directly or through any person authorized to act on its behalf in any Testing-the-Waters Communication) through the date hereof, the Company has been and is an “emerging growth company,” as defined in Section 2(a) of the Securities Act;

(ii) Each Subsidiary has been duly incorporated (or organized) and is validly existing as a corporation (or other organization) in good standing under the laws of the jurisdiction of its incorporation (or other organization), with power and authority to own, lease and operate its properties and conduct its business as described in the Pricing Prospectus, the Pricing Disclosure Package and the Prospectus and has been duly qualified as a foreign corporation (or other organization) for the transaction of business and is in good standing under the laws of each other jurisdiction in which its owns or leases properties or conducts any business so as to require such qualification, except where the failure so to qualify or be in good standing would not have a material adverse effect on the Company and the Subsidiaries, considered as one enterprise; all of the issued and outstanding capital stock (or other ownership interests) of each Subsidiary has been duly and validly authorized and issued, is fully paid and non-assessable and, except as otherwise described in the Pricing Prospectus, the Pricing Disclosure Package and the Prospectus is owned by the Company, directly or through Subsidiaries, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity;

(iii) The Company has an authorized capitalization as set forth in the Pricing Prospectus, the Pricing Disclosure Package and the Prospectus and all of the issued and outstanding shares of capital stock of the Company have been duly and validly authorized and issued, are fully paid and non-assessable and conform to the descriptions thereof contained in the Pricing Prospectus, the Pricing Disclosure Package and the Prospectus; and none of the issued and outstanding shares of capital stock of the Company are subject to any preemptive or similar rights;

(iv) The Shares have been duly and validly authorized and, when issued and delivered to and paid for by the Underwriters in accordance with the terms of the Agreement,

will be duly and validly issued and fully paid and non-assessable and will conform to the description thereof contained in the Pricing Prospectus, the Pricing Disclosure Package and the Prospectus; and the issuance of such Shares is not subject to any preemptive or similar rights;

(v) The Agreement has been duly authorized, executed and delivered by the Company;

(vi) The issue and sale of the Shares, the execution of the Agreement by the Company and the compliance by the Company with all of the provisions of the Agreement and the consummation of the transactions therein contemplated will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument listed on Exhibit A hereto to which the Company or any of the Subsidiaries is a party or by which the Company or any of the Subsidiaries is bound or to which any of the property or assets of the Company or any of the Subsidiaries is subject, nor will such action result in any violation of the provisions of the certificate or articles of incorporation or bylaws, (or other organization documents) of the Company or any of the Subsidiaries or any statute or any order, rule or regulation of any court or governmental agency or body known to such counsel after reasonable investigation having jurisdiction over the Company or any of the Subsidiaries or any of their properties; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the issue and sale of the Shares or the consummation by the Company of the transactions contemplated by the Agreement, except the registration under the Securities Act of the Shares and such consents, approvals, authorizations, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Shares by the Underwriters;

(vii) To such counsel's knowledge after reasonable investigation, neither the Company nor any of the Subsidiaries is (1) in violation of its certificate or articles of incorporation or bylaws (or other organization documents), or (2) in violation of any law, ordinance, administrative or governmental rule or regulation applicable to the Company or any of the Subsidiaries, or (3) in violation of any decree of any court or governmental agency or body having jurisdiction over the Company or any of the Subsidiaries, or (4) in default in the performance of any obligation, agreement or condition contained in any bond, debenture, note or any other evidence of indebtedness or in any agreement, indenture, lease or other instrument listed on Exhibit A hereto to which the Company or any of the Subsidiaries is a party or by which any of them or any of their respective properties may be bound, except, in the case of clauses (2), (3) and (4), where any such violation or default, individually or in the aggregate, would not have a material adverse effect on the general affairs, business, prospects, management, financial position, shareholders' equity or results of operations of the Company and the Subsidiaries, considered as one enterprise;

(viii) Each of the Company and each Subsidiary has good and marketable title to all real and personal property owned by it, in each case free and clear of all liens, encumbrances and defects except such as are described in the Pricing Prospectus, the Pricing Disclosure Package and the Prospectus or such as do not materially affect the value of such property and do not interfere with the use made and proposed to be made of such property by the Company or any Subsidiary; and any real property and buildings held under lease by the

Company or any Subsidiary are held under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made and proposed to be made of such property and buildings by the Company or any Subsidiary;

(ix) Other than as set forth in the Pricing Prospectus or the Pricing Disclosure Package, to such counsel' s knowledge after reasonable investigation, there are no legal or governmental proceedings pending to which the Company or any of the Subsidiaries is or could be a party or of which any property of the Company or any of the Subsidiaries is or could be the subject which, if determined adversely to the Company or the Subsidiary, individually or in the aggregate, would have or may reasonably be expected to have a material adverse effect on the general affairs, business, prospects, management, financial position, shareholders' equity or results of operations of the Company and the Subsidiaries, considered as one enterprise, or would prevent or impair the consummation of the transactions contemplated by the Agreement, or which are required to be described in the Registration Statement, the Pricing Prospectus, the Pricing Disclosure Package or the Prospectus; and, to such counsel' s knowledge after reasonable investigation, no such proceedings are threatened or contemplated by governmental authorities or others;

(x) The Company and the Subsidiaries possess all Permits issued by the appropriate federal, state, local or foreign regulatory agencies or bodies necessary to conduct the businesses now operated by them and as described in the Pricing Prospectus or the Pricing Disclosure Package; to such counsel' s knowledge after reasonable investigation, the Company and the Subsidiaries are in compliance with the terms and conditions of all such Permits and all of the Permits are valid and in full force and effect, except, in each case, where the failure so to comply or where the invalidity of such Permits or the failure of such Permits to be in full force and effect, individually or in the aggregate, would not have a material adverse effect on the general affairs, business, prospects, management, financial position, shareholders' equity or results of operations of the Company and the Subsidiaries, considered as one enterprise;

(xi) The Company and the Subsidiaries own or possess, or can acquire on reasonable terms, all Intellectual Property material to carrying on their businesses as described in the Pricing Prospectus, the Pricing Disclosure Package and the Prospectus, and, to such counsel' s knowledge after reasonable investigation, neither the Company nor any Subsidiary has received any correspondence relating to any Intellectual Property or notice of infringement of or conflict with asserted rights of others with respect to any Intellectual Property which would render any Intellectual Property invalid or inadequate to protect the interest of the Company and the Subsidiaries and which infringement or conflict (if the subject of any unfavorable decision, ruling or finding) or invalidity or inadequacy, individually or in the aggregate, would have or may reasonably be expected to have a material adverse effect on the general affairs, business, prospects, management, financial position, shareholders' equity or results of operations of the Company and the Subsidiaries, considered as one enterprise;

(xii) Except as set forth in the Pricing Prospectus or the Pricing Disclosure Package, to such counsel' s knowledge, neither the Company nor any of the Subsidiaries is in violation of any statute or any rule, regulation, decision or order of any governmental agency or body or any court, domestic or foreign, relating to the use, disposal or release of hazardous or toxic substances or relating to the protection or restoration of the environment or human

exposure to hazardous or toxic substances (collectively, “environmental laws”), owns or operates any real property contaminated with any substance that is subject to any environmental laws, is liable for any off-site disposal or contamination pursuant to any environmental laws, or is subject to any claim relating to any environmental laws, which violation, contamination, liability or claim individually or in the aggregate would have a material adverse effect on the general affairs, business, prospects, management, financial position, shareholders’ equity or results of operations of the Company and the Subsidiaries, considered as one enterprise; and such counsel is not aware of any pending investigation which might lead to such a claim;

(xiii) The Company is not and, after giving effect to the offering and sale of the Shares as contemplated herein and the application of the net proceeds therefrom as described in the Pricing Prospectus, the Pricing Disclosure Package and the Prospectus, will not be an “investment company”, as such term is defined in the Investment Company Act of 1940;

(xiv) The information in the Pricing Prospectus, the Pricing Disclosure Package and the Prospectus under the captions [“Business - Legal Proceedings,” “Business - Property,” “Supervision and Regulation,” “Employee Benefit Plans,” “Certain Indebtedness,” “Certain Tax Matters,” “Shares Available for Future Sale,” “Description of Capital Stock”, and “Underwriting”], insofar as it constitutes matters of law, summaries of legal matters or documents, summaries of the Company’ s charter or articles of incorporation and by-laws or legal proceedings, or legal conclusions is correct in all material respects;

(xv) The Registration Statement, including any Rule 462(b) Registration Statement, has been declared effective under the Securities Act; any required filing of the Prospectus pursuant to Rule 424(b) under the Securities Act has been made in the manner and within the time period required by Rule 424(b); all material required to be filed by the Company pursuant to Rule 433(d) under the Securities Act shall have been filed with the Commission within the applicable time period prescribed for such filing by Rule 433 under the Securities Act; and to such counsel’ s knowledge after reasonable investigation, no stop order suspending the effectiveness or use of the Registration Statement, the Prospectus, any Issuer Free Writing Prospectus or any Written Testing-the-Waters Communication has been issued under the Securities Act and no proceedings for that purpose have been instituted or are pending or threatened by the Commission;

(xvi) To such counsel’ s knowledge after reasonable investigation, there are no statutes or regulations that are required to be described in the Pricing Prospectus, the Pricing Disclosure Package or the Prospectus that are not described as required;

(xvii) The Registration Statement, the Pricing Prospectus, the Pricing Disclosure Package and the Prospectus and any further amendments and supplements thereto made by the Company prior to such Closing Date or Option Closing Date, as the case may be (other than the financial statements, related schedules and other financial data therein, as to which such counsel need express no opinion), comply as to form in all material respects with the requirements of the Securities Act and the Rules and Regulations; and such counsel does not know of any amendment to the Registration Statement, the Pricing Prospectus, the Pricing Disclosure Package or the Prospectus required to be filed or of any contracts or other documents of a character required to be filed as an exhibit to the Registration Statement or required to be described in the Registration Statement or the Prospectus which are not filed or described as required;

In addition, such counsel shall state that, although they are not passing upon and do not assume any responsibility for nor have they independently verified, the accuracy, completeness or fairness of the statements contained in the Registration Statement, the Pricing Prospectus, the Pricing Disclosure Package or the Prospectus, except to the extent set forth in opinions (iii), (iv) and (xiv) above, in connection with the preparation of the Registration Statement, the Pricing Prospectus, the Pricing Disclosure Package and the Prospectus, such counsel has participated in conferences with representatives and counsel of the Representative and with certain officers and employees of, and counsel and independent certified public accountants for, the Company, at which conferences the contents of the Registration Statement, the Prospectus and related matters were discussed, and such counsel advises the Representative that nothing has come to such counsel's attention that would lead such counsel to believe that, as of its effective date, the Registration Statement or any further amendment thereto made by the Company prior to such Closing Date or Option Closing Date, as the case may be (other than the financial statements, related schedules and other financial data therein, as to which such counsel need express no opinion), contained an untrue statement of a material fact required to be stated therein or necessary to make the statements therein not misleading or that, as of its date, the Prospectus or any further amendment or supplement thereto made by the Company prior to such Closing Date or Option Closing Date, as the case may be (other than the financial statements, related schedules and other financial data therein, as to which such counsel need express no opinion) contained an untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading or that, as of the Applicable Time, such Closing Date or Option Closing Date, as the case may be, any of the Registration Statement, the Pricing Prospectus, the Pricing Disclosure Package or the Prospectus or any further amendment or supplement thereto made by the Company prior to the Applicable Time, such Closing Date or Option Closing Date, as the case may be (other than the financial statements, related schedules and other financial data therein, as to which such counsel need express no opinion) contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

In rendering such opinion, such counsel may (1) rely as to matters governed by the laws of states other than New Jersey on local counsel in such jurisdictions, provided that in such case such counsel shall state that they believe that they and the Underwriters are justified in relying on such other counsel and (2) rely as to matters of fact (but not as to legal conclusions), to the extent they deem proper on certificates of responsible officers of the Company and public officials. Such opinion shall not state that it is to be governed or qualified by, or that it is otherwise subject to, any treatise, written policy or other document relating to legal opinions, including, without limitation, the Legal Opinion Accord of the ABA Section of Business Law (1991).

EXHIBIT B

LOCK-UP AGREEMENT

[CONNECT ONE BANCORP, INC.]
301 Sylvan Avenue
Englewood Cliffs, New Jersey 07632

STIFEL, NICOLAUS & COMPANY, INCORPORATED
c/o Stifel, Nicolaus & Company, Incorporated
237 Park Avenue, 8th Floor
New York, New York 10017

Ladies and Gentlemen:

The undersigned refers to the proposed Underwriting Agreement (the “Underwriting Agreement”) among [ConnectOne Bancorp, Inc.], a New Jersey corporation (the “Company”), and the several underwriters named therein (the “Underwriters”). As an inducement to the Underwriters to execute the Underwriting Agreement in connection with the proposed public offering of shares of the Company’s common stock, no par value per share (“Common Stock”), pursuant to a Registration Statement on Form S-1, the undersigned hereby agrees that from the date hereof and until 180 days after the public offering date set forth on the final prospectus used to sell the Common Stock (the “Public Offering Date”) pursuant to the Underwriting Agreement (such 180 day period being referred to herein as the “Lock-Up Period”), to which you are or expect to become parties, the undersigned will not (and will cause any spouse or immediate family member of the spouse or the undersigned living in the undersigned’s household, any partnership, corporation or other entity within the undersigned’s control, and any trustee of any trust that holds Common Stock or other securities of the Company for the benefit of the undersigned or such spouse or family member not to) offer, sell, contract to sell (including any short sale), pledge, hypothecate, establish an open “put equivalent position” within the meaning of Rule 16a-1(h) under the Securities Exchange Act of 1934, as amended, grant any option, right or warrant for the sale of, purchase any option or contract to sell, sell any option or contract to purchase, or otherwise encumber, dispose of or transfer, or grant any rights with respect to, directly or indirectly, any shares of Common Stock or securities convertible into or exchangeable or exercisable for any shares of Common Stock, enter into a transaction which would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of the Common Stock, whether any such aforementioned transaction is to be settled by delivery of the Common Stock or such other securities, in cash or otherwise, or publicly disclose the intention to make any such offer, sale, pledge or disposition, or to enter into any such transaction, swap, hedge or other arrangement, without, in each case, the prior written consent of Stifel, Nicolaus & Company, Incorporated (“Stifel Nicolaus”), which consent may be withheld in Stifel Nicolaus’ sole discretion; provided, however, that if (i) during the last 17 days of the initial Lock-Up Period, the Company releases earnings results or material news or a material event relating to the Company occurs or (ii) prior to the expiration of the initial Lock-Up Period, the Company announces that it will release earnings results during the 16-day period beginning on the last day of the initial Lock-Up Period, then in each case the Lock-Up

Period will be automatically extended until the expiration of the 18-day period beginning on the date of release of the earnings results or the occurrence of the material news or material event, as applicable, unless Stifel Nicolaus waives, in writing, such extension.

The undersigned hereby acknowledges and agrees that written notice of any extension of the Lock-Up Period pursuant to the previous paragraph will be delivered by Stifel Nicolaus to the Company (in accordance with Section 14 of the Underwriting Agreement) and that any such notice properly delivered will be deemed to have been given to, and received by, the undersigned. The undersigned further agrees that, prior to engaging in any transaction or taking any other action that is subject to the terms of this Agreement during the period from the date of this Agreement to an including the 34th day following the expiration of the initial Lock-Up Period, it will give notice thereof to Stifel Nicolaus and will not consummate such transaction or take any such action unless it has received written confirmation from Stifel Nicolaus that the Lock-Up Period (as may have been extended pursuant to the previous paragraph) has expired.

If the undersigned is an officer or director of the Company, (i) the undersigned agrees that the foregoing restrictions shall be equally applicable to any issuer-directed or “friends and family” shares of Common Stock that the undersigned may purchase in the proposed public offering; (ii) the Representative agree that, at least three business days before the effective date of any release or waiver of the foregoing restrictions in connection with a transfer of shares of Common Stock, the Representative will notify the Company of the impending release or waiver, and (iii) the Company has agreed in the Underwriting Agreement to announce the impending release or waiver by press release through a major news service at least two business days before the effective date of the release or waiver. Any release or waiver granted by the Representative hereunder to any such officer or director shall only be effective two business days after the publication date of such press release. The provisions of this paragraph will not apply if (a) the release or waiver is effected solely to permit a transfer not for consideration and (b) the transferee has agreed in writing to be bound by the same terms described in this Agreement to the extent and for the duration that such terms remain in effect at the time of the transfer.

[The foregoing restrictions shall not apply to *bona fide* gifts by the undersigned, provided that (a) each resulting transferee of the Company’s securities executes and delivers to Stifel Nicolaus an agreement satisfactory to Stifel Nicolaus certifying that such transferee is bound by the terms of this Agreement and has been in compliance with the terms hereof since the date first above written as if it had been an original party hereto and (b) to the extent any interest in the Company’s securities is retained by the undersigned (or such spouse or family member), such securities shall remain subject to the restrictions contained in this Agreement.]

[In addition, the undersigned agrees that, during the period commencing on the date hereof and ending 180 days after the Public Offering Date, without the prior written consent of Stifel, Nicolaus & Company, Incorporated (which consent may be withheld in its sole discretion): (a) the undersigned will not request, make any demand for or exercise any right with respect to, the registration of any Common Stock or any security convertible into or exercisable or exchangeable for Common Stock and (b) the undersigned waives any and all notice requirements and rights with respect to the registration of any such security pursuant to any agreement, understanding or otherwise to which the undersigned is a party.]

Any Common Stock received upon exercise of options granted to the undersigned will also be subject to this Agreement. Any Common Stock acquired by the undersigned in the open market on or after the Public Offering Date (except Common Stock acquired pursuant to a “friends and family” or directed share program) will not be subject to this Agreement. A transfer of Common Stock to a family member or a trust for the benefit of the undersigned or a family member may be made, provided the transferee agrees in writing prior to such transfer to be bound by the terms of this Agreement as if it were a party hereto.

In furtherance of the foregoing, the Company and its transfer agent and registrar are hereby authorized to (a) decline to make any transfer of shares of Common Stock if such transfer would constitute a violation or breach of this Agreement and (b) place legends and stop transfer instructions on any such shares of Common Stock owned or beneficially owned by the undersigned.

This Agreement is irrevocable and shall be binding on the undersigned and the successors, heirs, personal representatives and assigns of the undersigned. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to choice of law rules. This Agreement shall lapse and become null and void if the Public Offering Date shall not have occurred on or before

Very truly yours,

Printed Name: _____

Date: _____

EXHIBIT C

[Form of Press Release]

[Company]

[Date]

(“[Company]”) announced today that Stifel, Nicolaus & Company, Incorporated, the lead book-running managing underwriter in the Company’ s recent public offering of shares of common stock, is [waiving] [releasing] a lock-up restriction with respect to shares of the Company’ s common stock held by [certain officers or directors] [an officer or director] of the Company. The [waiver] [release] will take effect on , 20 , and the shares may be sold on or after such date.

This press release is not an offer or sale of the securities in the United States or in any other jurisdiction where such offer or sale is prohibited, and such securities may not be offered or sold in the United States absent registration or an exemption from registration under the United States Securities Act of 1933, as amended.

**RESTATED
CERTIFICATE OF INCORPORATION
OF
NORTH JERSEY COMMUNITY BANCORP, INC.**

THIS IS TO CERTIFY THAT North Jersey Community Bancorp, Inc. does hereby adopt this Restated Certificate of Incorporation pursuant to N.J.S.A. 14A:9-5 and other applicable provisions of Title 14A of the New Jersey Revised Statutes, as it may be amended from time to time, known as the “New Jersey Business Corporation Act,” thus restating its Certificate of Incorporation filed with the New Jersey Division of Revenue on January 22, 2008, as amended from time to time.

**ARTICLE I
Corporate Name**

The name of the Corporation is North Jersey Community Bancorp. Inc.

**ARTICLE II
Registered Office and Registered Agent**

The address of the Corporation’s current registered office is:

North Jersey Community Bank
301 Sylvan Avenue,
Englewood Cliffs, NJ 07632

The name of the registered agent at that address is:

Frank Sorrentino III
Chairman and Chief Executive Officer

ARTICLE III
Board of Directors and Number of Directors

A. The number of directors constituting the entire Board of Directors shall be governed by the Bylaws of the Corporation. The number of directors constituting the current Board of Directors is 8. The Board of Directors shall be divided into three (3) classes, as nearly identical in number as the then total number of directors constituting the entire board permits, with the term of office of one class expiring each year. Upon adoption of this provision, the Board shall select the class into which each Director is assigned. At the first annual meeting of stockholders after adoption of this provision, directors of the first class shall be elected to hold office for a term expiring at the next succeeding annual meeting, directors of the second class shall be elected to hold office for a term expiring at the second succeeding annual meeting and directors of the third class shall be elected to hold office for a term expiring at the third succeeding annual meeting. Any vacancies in the Board of Directors for any reason, and any directorships resulting from any increase in the number of directors, may be filled by the Board of Directors, acting by a majority of the directors then in office, although less than a quorum, and any directors so chosen shall hold office until the next election of the class for which such directors shall have been chosen and until their successors shall be elected and qualified. At each annual meeting of stockholders the successors to the class of directors whose term shall then expire shall be elected to hold office for a term expiring at the third succeeding annual meeting. The names and addresses of the current Board of Directors are as follows:

<u>Name</u>	<u>Address</u>
Frank Sorrentino III, Chairman of the Board	c/o North Jersey Community Bank 301 Sylvan Avenue, Englewood Cliffs, NJ 07632
Stephen Boswell, Director	c/o North Jersey Community Bank 301 Sylvan Avenue, Englewood Cliffs, NJ 07632
Frank Cavuoto, Director	c/o North Jersey Community Bank 301 Sylvan Avenue, Englewood Cliffs, NJ 07632
Dale Creamer, Director	c/o North Jersey Community Bank 301 Sylvan Avenue, Englewood Cliffs, NJ 07632
Steven M. Goldman, Director	c/o North Jersey Community Bank 301 Sylvan Avenue, Englewood Cliffs, NJ 07632
Frank Huttle III, Director	c/o North Jersey Community Bank 301 Sylvan Avenue, Englewood Cliffs, NJ 07632
Michael Kempner, Director	c/o North Jersey Community Bank 301 Sylvan Avenue, Englewood Cliffs, NJ 07632
Joseph Parisi, Jr., Director	c/o North Jersey Community Bank 301 Sylvan Avenue, Englewood Cliffs, NJ 07632

B. None of the present or future directors of the Corporation may be removed without cause by the shareholders of the Corporation. The term “cause” as used herein is defined to mean (i) conviction of the director of a felony, (ii) declaration by order of a court that the director is of unsound mind; (iii) breach of fiduciary duty involving personal profit which is proven by clear and convincing evidence to have been committed in bad faith; or (iv) violation of any final cease and desist order issued by any regulatory agency having jurisdiction over the Corporation or its business. The Board of Directors shall have the power to remove directors and to suspend directors pending a final determination that cause exists for removal.

ARTICLE IV

Corporate Purpose

The purpose for which the Corporation is organized is to engage in any activities for which corporations may be organized under the New Jersey Business Corporation Act.

ARTICLE V

Capital Stock

A. The total authorized capital stock of the Corporation shall be 11,000,000 shares, consisting of 10,000,000 shares of Common Stock and 1,000,000 shares of Preferred Stock which may be issued in one or more classes or series. The shares of Common Stock and the shares of Preferred Stock of each class or series shall be without nominal or par value, except that the amendment authorizing the initial issuance of any class or series of Preferred Stock, adopted by the Board of Directors as provided herein, may provide that shares of any class or series shall have a specified par value per share, in which event all of the shares of such class or series shall have the par value per share so specified.

B. The Board of Directors of the Corporation is expressly authorized from time to time to adopt and to cause to be executed and filed without further approval of the shareholders, amendments to this Certificate of Incorporation authorizing the issuance of one or more classes or series of Preferred Stock for such consideration as the Board of Directors may fix. In an amendment authorizing any class or series of Preferred Stock, the Board of Directors is expressly authorized to determine:

- (1) The distinctive designation of the class or series and the number of shares which will constitute the

class or series, which number may be increased or decreased (but not below the number of shares then outstanding in that class or above the total shares authorized herein) from time to time by action of the Board of Directors;

(2) The dividend rate of the class or series, whether dividends will be cumulative, and, if so, from what date or dates;

(3) The price or prices at which, and the terms and conditions on which, the shares of the class or series may be redeemed at the option of the Corporation;

(4) Whether or not the shares of the class or series will be entitled to the benefit of a retirement or sinking fund to be applied to the purchase or redemption of such shares and, if so entitled, the amount of such fund and the terms and provisions relative to the operation thereof;

(5) Whether or not the shares of the class or series will be convertible into, or exchangeable for, any other shares of stock of the Corporation or other securities, and if so convertible or exchangeable, the conversion price or prices, or the rates of exchange, and any adjustments thereof, at which such conversion or exchange may be made, and any other terms and conditions of such conversion or exchange;

(6) The rights of the shares of the class or series in the event of voluntary or involuntary liquidation, dissolution or winding up of the Corporation;

(7) Whether or not the shares of the class or series will have priority over, parity with, or be junior to the shares of any other class or series in any respect, whether or not the shares of the class or series will be entitled to the benefit of limitations restricting the issuance of shares of any other class or series having priority over or on parity with the shares of such class or series and whether or not the shares of the class or series are entitled to restrictions on the payment of dividends on, the making of other distributions in respect of, and the purchase or redemption of shares of any other class or series of Preferred Stock and/or Common Stock ranking junior to the shares of the class or series;

(8) Whether the class or series will have voting rights, in addition to any voting rights provided by law, and if so, the terms of such voting rights; and

(9) Any other preferences, qualifications, privileges, options and other relative or special rights and limitations of that class or series.”

ARTICLE VI
Limitation of Liability

Subject to the following, a director or officer of the Corporation shall not be personally liable to the Corporation or its shareholders for damages for breach of any duty owed to the Corporation or its shareholders. The preceding sentence shall not relieve a director or officer from liability for any breach of duty based upon an act or omission (i) in breach of such person's duty of loyalty to the Corporation or its shareholders, (ii) not in good faith or involving a knowing violation of law, or (iii) resulting in receipt by such person of an improper personal benefit. If the New Jersey Business Corporation Act is amended to authorize corporate action further eliminating or limiting the personal liability of directors or officers, then the liability of a director or officer or both of the Corporation shall be eliminated or limited to the fullest extent permitted by the New Jersey Business Corporation Act as so amended. Any amendment to this Certificate of Incorporation, or change in law which authorizes this paragraph, shall not adversely affect any then existing right or protection of a director or officer of the Corporation.

ARTICLE VII
Indemnification

The Corporation shall indemnify its officers, directors, employees and agents and former officers, directors, employees and agents, and any other persons serving at the request of the Corporation as an officer, director, employee or agent of another corporation, association, partnership, joint venture, trust, or other enterprise, against expenses (including attorneys' fees, judgments, fines and amounts paid in settlement) incurred in connection with any pending or threatened action, suit, or proceeding, whether civil, criminal, administrative or investigative, with respect to which such officer, director, employee, agent or other person is a party, or is threatened to be made a party, to the fullest extent permitted by the New Jersey Business Corporation Act. The indemnification provided herein (i) shall not be deemed exclusive of any other right to which any person seeking indemnification may be entitled under any by-law, agreement, or vote of shareholders or disinterested directors or otherwise, both as to action in his or her official capacity and as to action in any other capacity, and (ii) shall inure to the benefit of the heirs, executors, and the administrators of any such person. The Corporation shall have the power, but shall not be obligated, to purchase and maintain insurance on behalf of any person or persons enumerated above against any liability asserted against or incurred by them or any of them arising out of their status as corporate directors, officers, employees, or agents whether or not the Corporation would have the power to indemnify them against such liability under the provisions of this article.

The Corporation shall, from time to time, reimburse or advance to any person referred to in this article the funds necessary for payment of expenses, including attorneys' fees, incurred in connection with any action, suit or proceeding referred to in this article, upon receipt of a written undertaking by or on behalf of such person to repay such amount(s) if a judgment or other final adjudication adverse to the director or officer establishes that the director's or officer's acts or omissions (i) constitute a breach of the director's or officer's duty of loyalty to the corporation or its shareholders, (ii) were not in good faith, (iii) involved a knowing violation of law, (iv) resulted in the director or officer receiving an improper personal benefit, or (v) were otherwise of such a character that New Jersey law would require that such amount(s) be repaid.

ARTICLE VIII

Name and Address of Incorporator

Intentionally Deleted

ARTICLE IX

Business Combinations

A No proposed transaction resulting in a Business Combination (as defined below) shall be valid unless first approved by the affirmative vote, cast in person or by proxy, of the holders of record of at least seventy-five percent (75%) of the outstanding shares of the capital stock of the Corporation entitled to vote thereon; provided, however, that if any such action has been approved prior to the vote of shareholders by a majority of the Corporation's Board of Directors, the affirmative vote of the holders of a majority of the outstanding shares of capital stock then entitled to vote on such matters shall be required.

B. This Article IX may not be amended except by the affirmative vote, cast in person or by proxy, of the holders of record of at least seventy-five percent (75%) of the outstanding shares of the capital stock of the Corporation entitled to vote thereon.

C. "Business Combination" as used herein shall mean any of the following proposed transactions, when entered into by the Corporation or a subsidiary of the Corporation with, or upon a proposal by or on behalf of, any third party or a related entity:

- (i) the merger or consolidation of the Corporation or any subsidiary of the Corporation;
- (ii) the sale, exchange, transfer or other disposition (in one or a series of transactions) of substantially all of the assets of the Corporation or any subsidiary of the Corporation; or
- (iii) any offer for the exchange of securities of another entity for the securities of the Corporation."

ARTICLE X
Shareholders Written Consent

No action required or permitted to be taken at a meeting of the shareholders may be taken upon the written consent of the shareholders without a meeting, without prior notice and without a vote to authorize such action, except by the unanimous consent of the shareholders.”

ARTICLE X
Quorum

A quorum for the transaction of any business at an Annual or Special Meeting shall consist of Thirty Three and One-Third (1/3) Percent (33.33%) of the voting power of all shares of stock and/or other voting securities then outstanding which are present in person or by proxy, unless a separate vote by class or series or classes or series is required in which case at least Thirty Three and One-Third (1/3rd) Percent (33.33%) of the voting power of each such class or series must be present in person or by proxy to constitute a quorum for the transaction of any business.

Unless otherwise specified in the certificate or document creating the series or class, the affirmative vote of the majority of such quorum, in the aggregate or by class or by series as the case may be, will be deemed the act of the shareholders. If a statute requires that certain acts be affirmed by a vote of a majority of all outstanding stock or other voting securities, whether voting by class or series or in the aggregate, the Board of Directors may specify in the notice of the meeting that a quorum shall consist of not less than a majority of the issued and outstanding shares of stock, by class, series, or in the aggregate, as the case may be.

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IN WITNESS WHEREOF, the undersigned, the Executive Vice President of the Corporation, has hereunto signed this Amended and Restated Certificate of Incorporation on the 8th day of October, 2012.

By: /s/ Laura Criscione

Name: Laura Criscione

Title: Executive Vice President and Chief Operating
Officer

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**CERTIFICATE OF AMENDMENT
TO THE
CERTIFICATE OF INCORPORATION
OF
NORTH JERSEY COMMUNITY BANCORP, INC.**

To: Division of Revenue
State of New Jersey

In accordance with the provisions of Section 14A:9-2(4) and Section 14A:9-4(3) of the New Jersey Business Corporation Act, the undersigned Corporation executes the following Certificate of Amendment to the Certificate of Incorporation:

1. The name of the Corporation is **North Jersey Community Bancorp, Inc.**
2. Article I of the Certificate of Incorporation is deleted in its entirety and replaced as follows:

The name of the Corporation is **ConnectOne Bancorp, Inc.**

3. This Amendment to the Certificate of Incorporation was duly adopted by the shareholders of the Corporation on the 26th day of November 2012.

4. The total number of shares entitled to vote on this Amendment to the Certificate of Incorporation is 3,155,000.

5. The number of shares voting for and against such Amendment to the Certificate of Incorporation are as follows:

Article	Number of Shares Voting For the Amendment	Number of Shares Voting Against the Amendment	Number of Shares Abstaining
I	1,852,408	24,317	5,000

IN WITNESS WHEREOF, I, the Executive Vice President and Chief Operations Officer of the Corporation, have signed this Certificate of Amendment to the Certificate of Incorporation on the 26th day of November, 2012.

NORTH JERSEY COMMUNITY BANCORP, INC.

By: /s/ Laura Criscione

Name: Laura Criscione

Title: Executive Vice President &
Chief Operations Officer

BY-LAWS
OF
NORTH JERSEY COMMUNITY BANCORP INC.

Section 1. **LAW, CERTIFICATE OF INCORPORATION AND BY-LAWS**

1.1. These by-laws are subject to the certificate of incorporation of the corporation. In these by-laws, references to law, the certificate of incorporation and by-laws mean the law, the provisions of the certificate of incorporation and the by-laws as from time to time in effect.

Section 2. **SHAREHOLDERS**

2.1. Annual Meeting. The annual meeting of shareholders shall be held at such date and time as shall be designated from time to time by the board of directors and stated in the notice of the meeting, at which time the shareholders shall elect a board of directors and transact such other business as may be required by law or these by-laws or as may properly come before the meeting.

2.2. Special Meetings. A special meeting of the shareholders may be called at any time by the chairman of the board, if any, the president or the board of directors. A special meeting of the shareholders shall be called by the secretary, or in the case of the death, absence, incapacity or refusal of the secretary, by an assistant secretary or some other officer, upon application of a majority of the directors. Any such application shall state the purpose or purposes of the proposed meeting. Any such call shall state the place, date, hour, and purposes of the meeting.

2.3. Place of Meeting. All meetings of the shareholders for the election of directors or for any other purpose shall be held at such place within or without the State of New Jersey as may be determined from time to time by the board of directors. Any adjourned session of any meeting of the shareholders shall be held at the place designated in the vote of adjournment.

2.4. Notice of Meetings. Except as otherwise provided by law, a written notice of each meeting of shareholders stating the place, day and hour thereof and, in the case of a special meeting, the purposes for which the meeting is called, shall be given not less than ten nor more than sixty days before the meeting, to each shareholder entitled to vote thereat, and to each shareholder who, by law, by the certificate of incorporation or by these by-laws, is entitled to notice, by leaving such notice with him or at his residence or usual place of business, or by depositing it in the United States mail, postage prepaid, and addressed to such shareholder at his address as it appears in the records of the corporation. Such notice shall be given by the secretary, or by an officer or person designated by the board of directors, or in the case of a special meeting by the officer calling the meeting. As to any adjourned session of any meeting of shareholders, notice of the adjourned meeting need not be given if the time and place thereof are announced at the meeting at which the adjournment was taken except that if after the

adjournment a new record date is set for the adjourned session, notice of any such adjourned session of the meeting shall be given in the manner heretofore described. No notice of any meeting of shareholders or any adjourned session thereof need be given to a shareholder if a written waiver of notice, executed before or after the meeting or such adjourned session by such shareholder, in person or by proxy, is filed with the records of the meeting or if the shareholder attends such meeting, in person or by proxy, without objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any meeting of the shareholders or any adjourned session thereof need be specified in any written waiver of notice.

2.5. Quorum of Shareholders. At any meeting of the shareholders a quorum shall consist of a majority of the votes entitled to be cast at the meeting, except where a larger quorum is required by law, by the certificate of incorporation or by these by-laws. Any meeting may be adjourned from time to time by a majority of the votes properly cast upon the question, whether or not a quorum is present. If a quorum is present at an original meeting, a quorum need not be present at an adjourned session of that meeting. Shares of its own stock belonging to the corporation or to another corporation, if a majority of the shares entitled to vote in the election of directors of such other corporation is held, directly or indirectly, by the corporation, shall neither be entitled to vote nor be counted for quorum purposes; provided, however, that the foregoing shall not limit the right of any corporation to vote stock, including but not limited to its own stock, held by it in a fiduciary capacity.

2.6. Action by Vote. When a quorum is present at any meeting, a plurality of the votes properly cast for election to any office shall elect to such office and a majority of the votes properly cast upon any question other than an election to an office shall decide the question, except when a larger vote is required by law, by the certificate of incorporation or by these by-laws. No ballot shall be required for any election unless requested by a shareholder present or represented at the meeting and entitled to vote in the election.

2.7. Action without Meetings. Unless otherwise provided in the certificate of incorporation or by applicable law, any action required or permitted to be taken by shareholders for or in connection with any corporate action may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by all of the holders of outstanding stock entitled to vote thereon. The writing or writings comprising such unanimous consent shall be filed with the records of the meetings of shareholders.

Unless otherwise provided in the certificate of incorporation or by applicable law, any action required or permitted to be taken by shareholders for or in connection with any corporate action may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of that number of shares of outstanding stock which would have been entitled to cast the minimum number of votes necessary to approve the action taken at a meeting of shareholders at which all of the shareholders entitled to vote on the action were present and voting, and the provisions of N.J.S.A. §14A:5-6(2) are complied with.

2.8. Proxy Representation. Every shareholder may authorize another person or persons to act for him by proxy in all matters in which a shareholder is entitled to participate, whether by waiving notice of any meeting, objecting to or voting or participating at a meeting, or expressing consent or dissent without a meeting. Every proxy must be signed by the shareholder or by his attorney-in-fact. No proxy shall be voted or acted upon after eleven months from its date unless such proxy provides for a longer period. A duly executed proxy shall be irrevocable if it states that it is irrevocable and, if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A proxy may be made irrevocable regardless of whether the interest with which it is coupled is an interest in the stock itself or an interest in the corporation generally. The authorization of a proxy may but need not be limited to specified action, provided, however, that if a proxy limits its authorization to a meeting or meetings of shareholders, unless otherwise specifically provided such proxy shall entitle the holder thereof to vote at any adjourned session but shall not be valid after the final adjournment thereof.

2.9. Inspectors. The directors or the person presiding at the meeting may, but need not, appoint one or more inspectors of election and any substitute inspectors to act at the meeting or any adjournment thereof. Each inspector, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of his ability. The inspectors, if any, shall determine the number of shares of stock outstanding and the voting power of each, the shares of stock represented at the meeting, the existence of a quorum, the validity and effect of proxies, and shall receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the result, and do such acts as are proper to conduct the election or vote with fairness to all shareholders. On request of the person presiding at the meeting, the inspectors shall make a report in writing of any challenge, question or matter determined by them and execute a certificate of any fact found by them.

2.10. List of Shareholders. The secretary shall prepare and make, at least ten days before every meeting of shareholders, a complete list of the shareholders entitled to vote at such meeting, arranged in alphabetical order and showing the address of each shareholder and the number of shares registered in his name. The stock ledger shall be the only evidence as to who are shareholders entitled to examine such list or to vote in person or by proxy at such meeting.

Section 3. BOARD OF DIRECTORS

3.1. Number. The number of directors which shall constitute the whole board shall not be less than one nor more than twenty-five in number. Thereafter, within the foregoing limits, the Board of Directors shall determine the number of directors and the shareholders at the annual meeting shall elect the number of directors as determined. Within the foregoing limits, the number of directors may be increased at any time or from time to time by the shareholders or by the directors by vote of a majority of the directors then in office. The number of directors may be decreased to any number permitted by the foregoing at any time either by the shareholders or by the directors by vote of a majority of the directors then in office, but only to eliminate vacancies existing by reason of the death, resignation or removal of one or more directors. Directors need not be shareholders.

Nominations or other proposals, other than those made by, or at the direction of, a majority of the Board of Directors or a committee thereof shall be made only if timely written notice has been given to the Secretary of the corporation. To be timely, such notice shall be delivered to or mailed and received at the principal executive offices of the corporation not less than 50 days nor more than 75 days prior to the meeting, irrespective of any deferrals, postponements or adjournments thereof to a later date; provided, however, that in the event that less than 60 days notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder to be timely must be so received not later than the close of business on the 10th day following the day on which such notice of the date of meeting was mailed or such public disclosure was made, whichever first occurs.

Each such notice to the Secretary shall set forth: (i) the name and address of record of the stockholder who intends to make the nomination; (ii) a representation that the stockholder is a holder of record of shares of the corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (iii) the name, age, business and residence addresses, and principal occupation or employment of each nominee if the proposal is a nomination to the Board of Directors; (iv) a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder; (v) such other information regarding each nominee proposed by such stockholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission, as then in effect; (vi) the consent of each nominee to serve as a director of the corporation if so elected and (vii) the name, address, principal occupation and ownership of the corporation of any other party having an interest in the proposal. The corporation may require any proposed nominee to furnish such other information as may reasonably be required by the corporation to determine the eligibility of such proposed nominee to serve as a director of the corporation.

A majority of the Board of Directors may reject any proposal or nomination by a stockholder not timely made or otherwise not in accordance with the terms of this Section 3.1. If a majority of the Board of Directors reasonably determines that the information provided in a stockholder's notice does not satisfy the informational requirements of this Section 3.1 in any material respect, the Secretary of the corporation shall promptly notify such stockholder of the deficiency in writing. The stockholder shall have an opportunity to cure the deficiency by providing additional information to the Secretary within such period of time, not to exceed ten days from the date such deficiency notice is given to the stockholder, as a majority of the Board of Directors shall reasonably determine. If the deficiency is not cured within such period, or if a majority of the Board of Directors reasonably determines that the additional information provided by the stockholder, together with the information previously provided, does not satisfy the requirements of this Section 3.1 in any material respect, then a majority of the Board of Directors may reject such stockholder's nomination. The Secretary of the corporation shall notify a stockholder in writing whether his nomination has been made in accordance with the time and information requirements of this Section 3.1.

3.2. Tenure. Except as otherwise provided by law, by the certificate of incorporation or by these by-laws, each director shall hold office until the next annual meeting and until his successor is elected and qualified, or until he sooner dies, resigns, is removed or becomes disqualified.

3.3. Powers. The business and affairs of the corporation shall be managed by or under the direction of the board of directors who shall have and may exercise all the powers of the corporation and do all such lawful acts and things as are not by law, the certificate of incorporation or these by-laws directed or required to be exercised or done by the shareholders.

3.4. Vacancies. Vacancies and any newly created directorships resulting from any increase in the number of directors may be filled by vote of the shareholders at a meeting called for the purpose, or by a majority of the directors then in office, although less than a quorum, or by a sole remaining director. When one or more directors shall resign from the board, effective at a future date, a majority of the directors then in office, including those who have resigned, shall have power to fill such vacancy or vacancies, the vote or action by writing thereon to take effect when such resignation or resignations shall become effective. The directors shall have and may exercise all their powers notwithstanding the existence of one or more vacancies in their number, subject to any requirements of law or of the certificate of incorporation or of these by-laws as to the number of directors required for a quorum or for any vote or other actions.

3.5. Committees. The board of directors may, by vote of a majority of the whole board, (a) designate, change the membership of or terminate the existence of any committee or committees, each committee to consist of one or more of the directors; (b) designate one or more directors as alternate members of any such committee who may replace any absent or disqualified member at any meeting of the committee; and (c) determine the extent to which each such committee shall have and may exercise the powers of the board of directors in the management of the business and affairs of the corporation, including the power to authorize the seal of the corporation to be affixed to all papers which require it and the power and authority to declare dividends or to authorize the issuance of stock; excepting, however, such powers which by law, by the certificate of incorporation or by these by-laws they are prohibited from so delegating. In the absence or disqualification of any member of such committee and his alternate, if any, the member or members thereof present at any meeting and not disqualified from voting, whether or not constituting a quorum, may unanimously appoint another member of the board of directors to act at the meeting in the place of any such absent or disqualified member. Except as the board of directors may otherwise determine, any committee may make rules for the conduct of its business, but unless otherwise provided by the board or such rules, its business shall be conducted as nearly as may be in the same manner as is provided by these by-laws for the conduct of business by the board of directors. Each committee shall keep regular minutes of its meetings and report the same to the board of directors upon request.

3.6. Regular Meetings. Regular meetings of the board of directors may be held without call or notice at such places within or without the State of New Jersey and at such times as the board may from time to time determine, provided that notice of the first regular meeting following any such determination shall be given to absent directors. A regular meeting of the directors may be held without call or notice immediately after and at the same place as the annual meeting of shareholders.

3.7. Special Meetings. Special meetings of the board of directors may be held at any time and at any place within or without the State of New Jersey designated in the notice of the meeting, when called by the chairman of the board, if any, the president, or by one-third or more in number of the directors, reasonable notice thereof being given to each director by the secretary or by the chairman of the board, if any, the president or any one of the directors calling the meeting.

3.8. Notice. It shall be reasonable and sufficient notice to a director to send notice by mail at least forty-eight hours or by telegram at least twenty-four hours before the meeting addressed to him at his usual or last known business or residence address or to give notice to him in person or by telephone at least twenty-four hours before the meeting. Notice of a meeting need not be given to any director if a written waiver of notice, executed by him before or after the meeting, is filed with the records of the meeting, or to any director who attends the meeting without protesting prior thereto or at its commencement the lack of notice to him. Neither notice of a meeting nor a waiver of a notice need specify the purposes of the meeting.

3.9. Quorum. Except as may be otherwise provided by law, by the certificate of incorporation or by these by-laws, at any meeting of the directors a majority of the directors then in office shall constitute a quorum; a quorum shall not in any case be less than one-third of the total number of directors constituting the whole board. Any meeting may be adjourned from time to time by a majority of the votes cast upon the question, whether or not a quorum is present, and the meeting may be held as adjourned without further notice.

3.10. Action by Vote. Except as may be otherwise provided by law, by the certificate of incorporation or by these by-laws, when a quorum is present at any meeting the vote of a majority of the directors present shall be the act of the board of directors.

3.11. Action Without a Meeting. Any action required or permitted to be taken at any meeting of the board of directors or a committee thereof may be taken without a meeting if all the members of the board or of such committee, as the case may be, consent thereto in writing, and such writing or writings are filed with the records of the meetings of the board or of such committee. Such consent shall be treated for all purposes as the act of the board or of such committee, as the case may be.

3.12. Participation in Meetings by Conference Telephone. Members of the board of directors, or any committee designated by such board, may participate in a meeting of such board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other or by any other means permitted by law. Such participation shall constitute presence in person at such meeting.

3.13. Compensation. In the discretion of the board of directors, each director may be paid such fees for his services as director and be reimbursed for his reasonable expenses incurred in the performance of his duties as director as the board of directors from time to time may determine. Nothing contained in this section shall be construed to preclude any director from serving the corporation in any other capacity and receiving reasonable compensation therefor.

3.14. Interested Directors and Officers.

(a) No contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of the corporation's directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose, if any one of the following is true:

(1) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(2) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(3) The contract or transaction is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the shareholders.

(b) Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

Section 4. OFFICERS AND AGENTS

4.1. Enumeration; Qualification. The officers of the corporation shall be a president, a treasurer, a secretary and such other officers, if any, as the board of directors from time to time may in its discretion elect or appoint including without limitation a chairman of the board, one or more vice presidents and a controller. The corporation may also have such agents, if any, as the board of directors from time to time may in its discretion choose. Any officer may be but none need be a director or shareholder. Any two or more offices may be held by the same person. Any officer may be required by the board of directors to secure the faithful performance of his duties to the corporation by giving bond in such amount and with sureties or otherwise as the board of directors may determine.

4.2. Powers. Subject to law, to the certificate of incorporation and to the other provisions of these by-laws, each officer shall have, in addition to the duties and powers herein set forth, such duties and powers as are commonly incident to his office and such additional duties and powers as the board of directors may from time to time designate.

4.3. Election. The officers may be elected by the board of directors at their first meeting following the annual meeting of the shareholders or at any other time. At any time or from time to time the directors may delegate to any officer their power to elect or appoint any other officer or any agents.

4.4. Tenure. Each officer shall hold office until the first meeting of the board of directors following the next annual meeting of the shareholders and until his respective successor is chosen and qualified unless a shorter period shall have been specified by the terms of his election or appointment, or in each case until he sooner dies, resigns, is removed or becomes disqualified. Each agent shall retain his authority at the pleasure of the directors, or the officer by whom he was appointed or by the officer who then holds agent appointive power.

4.5. Chairman of the Board of Directors, President and Vice President. The chairman of the board, if any, shall have such duties and powers as shall be designated from time to time by the board of directors. Unless the board of directors otherwise specifies, the chairman of the board, or if there is none the chief executive officer, shall preside, or designate the person who shall preside, at all meetings of the shareholders and of the board of directors.

Unless the board of directors otherwise specifies, the president shall be the chief executive officer and shall have direct charge of all business operations of the corporation and, subject to the control of the directors, shall have general charge and supervision of the business of the corporation.

Any vice presidents shall have such duties and powers as shall be set forth in these by-laws or as shall be designated from time to time by the board of directors or by the president.

4.6. Treasurer and Assistant Treasurers. The treasurer shall be the chief financial officer of the corporation and shall be in charge of its funds and valuable papers, and shall have such other duties and powers as may be designated from time to time by the board of directors or by the president. If no controller is elected, the treasurer shall also have the duties and powers of the controller.

Any assistant treasurers shall have such duties and powers as shall be designated from time to time by the board of directors, the president or the treasurer.

4.7. Controller and Assistant Controllers. If a controller is elected, he shall be the chief accounting officer of the corporation and shall be in charge of its books of account and accounting records, and of its accounting procedures. He shall have such other duties and powers as may be designated from time to time by the board of directors, the president or the treasurer.

Any assistant controller shall have such duties and powers as shall be designated from time to time by the board of directors, the president, the treasurer or the controller.

4.8. Secretary and Assistant Secretaries. The secretary shall record all proceedings of the shareholders, of the board of directors and of committees of the board of directors in a book or series of books to be kept therefor and shall file therein all actions by written consent of shareholders or directors. In the absence of the secretary from any meeting, an assistant

secretary, or if there be none or he is absent, a temporary secretary chosen at the meeting, shall record the proceedings thereof. Unless a transfer agent has been appointed the secretary shall keep or cause to be kept the stock and transfer records of the corporation, which shall contain the names and record addresses of all shareholders and the number of shares registered in the name of each shareholder. He shall have such other duties and powers as may from time to time be designated by the board of directors or the president.

Any assistant secretaries shall have such duties and powers as shall be designated from time to time by the board of directors, the president or the secretary.

Section 5. RESIGNATIONS AND REMOVALS

5.1. Any director or officer may resign at any time by delivering his resignation in writing to the chairman of the board, if any, the president, or the secretary or to a meeting of the board of directors. Such resignation shall be effective upon receipt unless specified to be effective at some other time, and without in either case the necessity of its being accepted unless the resignation shall so state. A director (including persons elected by directors to fill vacancies in the board) may be removed from office with or without cause by the vote of the holders of a majority of the shares issued and outstanding and entitled to vote in the election of directors. The board of directors may at any time remove any officer either with or without cause. The board of directors may at any time terminate or modify the authority of any agent. No director or officer resigning and (except where a right to receive compensation shall be expressly provided in a duly authorized written agreement with the corporation) no director or officer removed shall have any right to any compensation as such director or officer for any period following his resignation or removal, or any right to damages on account of such removal, whether his compensation be by the month or by the year or otherwise; unless, in the case of a resignation, the directors, or, in the case of removal, the body acting on the removal, shall in their or its discretion provide for compensation.

Section 6. VACANCIES

6.1. If the office of the president or the treasurer or the secretary becomes vacant, the directors may elect a successor by vote of a majority of the directors then in office. If the office of any other officer becomes vacant, any person or body empowered to elect or appoint that officer may choose a successor. Each such successor shall hold office for the unexpired term, and in the case of the president, the treasurer and the secretary until his successor is chosen and qualified or in each case until he sooner dies, resigns, is removed or becomes disqualified. Any vacancy of a directorship shall be filled as specified in Section 3.4 of these by-laws.

Section 7. CAPITAL STOCK

7.1. Stock Certificates. Each shareholder shall be entitled to a certificate stating the number and the class and the designation of the series, if any, of the shares held by him, in such form as shall, in conformity to law, the certificate of incorporation and the by-laws, be prescribed from time to time by the board of directors. Such certificate shall be signed by the chairman or vice chairman of the board, if any, or the president or a vice president and may be countersigned by the treasurer or an assistant treasurer or by the secretary or an assistant secretary. Any of or

all the signatures on the certificate may be a facsimile. In case an officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed on such certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer, transfer agent, or registrar at the time of its issue.

7.2. Loss of Certificates. In the case of the alleged theft, loss, destruction or mutilation of a certificate of stock, a duplicate certificate may be issued in place thereof, upon such terms, including receipt of a bond sufficient to indemnify the corporation against any claim on account thereof, as the board of directors may prescribe.

Section 8. TRANSFER OF SHARES OF STOCK

8.1. Transfer on Books. Subject to the restrictions, if any, stated or noted on the stock certificate, shares of stock may be transferred on the books of the corporation by the surrender to the corporation or its transfer agent of the certificate therefor properly endorsed or accompanied by a written assignment and power of attorney properly executed, with necessary transfer stamps affixed, and with such proof of the authenticity of signature as the board of directors or the transfer agent of the corporation may reasonably require. Except as may be otherwise required by law, by the certificate of incorporation or by these by-laws, the corporation shall be entitled to treat the record holder of stock as shown on its books as the owner of such stock for all purposes, including the payment of dividends and the right to receive notice and to vote or to give any consent with respect thereto, regardless of any transfer, pledge or other disposition of such stock until the shares have been properly transferred on the books of the corporation.

It shall be the duty of each shareholder to notify the corporation of his post office address.

8.2. Record Date and Closing Transfer Books. In order that the corporation may determine the shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the board of directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days (or such longer period as may be required by law) before the date of such meeting, nor more than sixty days prior to any other action.

If no record date is fixed

(a) The record date for determining shareholders entitled to notice of or to vote at a meeting of shareholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held.

(b) The record date for determining shareholders entitled to express consent to corporate action in writing without a meeting, when no prior action by the board of directors is necessary, shall be the day on which the first written consent is expressed.

(c) The record date for determining shareholders for any other purpose shall be at the close of business on the day on which the board of directors adopts the resolution relating thereto.

A determination of shareholders of record entitled to notice of or to vote at a meeting of shareholders shall apply to any adjournment of the meeting; provided, however, that the board of directors may fix a new record date for the adjourned meeting.

8.3. Book-Entry Issuances and Transfers. Any provisions or terms contained in this Section 8 or these by-laws to the contrary notwithstanding, shares of the corporation's capital stock or other securities duly authorized and issued by the corporation may be issued in book-entry only form through the Direct Registration Program, or an equivalent system, such that no physical certificates are issued but ownership of such shares is evidenced solely by entries on the records of the corporation and/or its transfer agent kept for that purpose. Transfers of securities may also be made electronically and evidenced by book-entries only. In lieu of physical certificates, holders of such securities will receive account statements setting forth their ownership from the corporation or its transfer agent.

Section 9. CORPORATE SEAL

9.1. Subject to alteration by the directors, the seal of the corporation shall consist of a flat-faced circular die with the word "New Jersey" and the name of the corporation cut or engraved thereon, together with such other words, dates or images as may be approved from time to time by the directors.

Section 10. EXECUTION OF PAPERS

10.1. Except as the board of directors may generally or in particular cases authorize the execution thereof in some other manner, all deeds, leases, transfers, contracts, bonds, notes, checks, drafts or other obligations made, accepted or endorsed by the corporation shall be signed by the chairman of the board, if any, the president, a vice president or the treasurer.

Section 11. FISCAL YEAR

11.1. The fiscal year of the corporation shall be determined from time to time by the board of directors.

Section 12. INDEMNIFICATION

12.1. Indemnification of Directors and Officers. The corporation shall, to the fullest extent permitted by applicable law, indemnify any person (and the heirs, executors and administrators thereof) who was or is made, or threatened to be made, a party to an action, suit or proceeding, whether civil, criminal, administrative or investigative, whether involving any actual or alleged breach of duty, neglect or error, any accountability, or any actual or alleged

misstatement, misleading statement or other act or omission and whether brought or threatened in any court or administrative or legislative body or agency, including an action by or in the right of the corporation to procure a judgment in its favor and an action by or in the right of any other corporation of any type or kind, domestic or foreign, or any partnership, joint venture, trust, employee benefit plan or other enterprise, which any director or officer of the corporation is serving or has served in any capacity at the request of the corporation, by reason of the fact that he, his testator or intestate is or was a director or officer of the corporation, or is serving or has served such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise in any capacity, against judgments, fines, amounts paid in settlement, and costs, charges and expenses, including attorneys' fees, incurred therein or in any appeal thereof.

12.2. Indemnification of Others. The corporation shall indemnify other persons and reimburse the expenses thereof, to the extent required by applicable law, and may indemnify any other person to whom the corporation is permitted to provide indemnification or the advancement of expenses, whether pursuant to rights granted pursuant to, or provided by, the New Jersey Business Corporation Act or otherwise.

12.3. Advances or Reimbursement of Expenses. The corporation shall, from time to time, reimburse or advance to any person referred to in Section 12.1 the funds necessary for payment of expenses, including attorneys' fees, incurred in connection with any action, suit or proceeding referred to in Section 12.1, upon receipt of a written undertaking by or on behalf of such person to repay such amount(s) if a judgment or other final adjudication adverse to the director or officer establishes that his acts or omissions (i) constitute a breach of his duty of loyalty to the corporation or its shareholders, (ii) were not in good faith, (iii) involved a knowing violation of law, (iv) resulted in his receiving an improper personal benefit, or (v) were otherwise of such a character that New Jersey law would require that such amount(s) be repaid.

12.4. Service of Certain Entities Deemed Requested. Any director or officer of the corporation serving (i) another corporation, of which a majority of the shares entitled to vote in the election of its directors is held by the corporation, or (ii) any employee benefit plan of the corporation or any corporation referred in clause (i), in any capacity shall be deemed to be doing so at the request of the corporation.

12.5. Interpretation. Any person entitled to be indemnified or to the reimbursement or advancement of expenses as a matter of right pursuant to this Article may elect to have the right to indemnification (or advancement of expense) interpreted on the basis of the applicable law in effect at the time of the occurrence of the event or events giving rise to the action, suit or proceeding, to the extent permitted by applicable law, or on the basis of the applicable law in effect at the time indemnification is sought.

12.6. Indemnification Right. The right to be indemnified or to the reimbursement or advancement of expenses pursuant to this Article (i) is a contract right pursuant to which the person entitled thereto may bring suit as if the provisions hereof were set forth in a separate written contract between the corporation and the director or officer, (ii) is intended to be retroactive and shall be available with respect to events occurring prior to the adoption hereof, (iii) shall continue to exist after any elimination of or amendment to this Article 12 hereof with respect to events occurring prior thereto, and (iv) and shall not be deemed exclusive of any other rights to which any person claiming indemnification hereunder may be entitled.

12.7. Indemnification Claims. If a request to be indemnified or for the reimbursement or advancement of expenses pursuant hereto is not paid in full by the corporation within thirty days after a written claim has been received by the corporation, the claimant may at any time thereafter bring suit against the corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled also to be paid the expenses of prosecuting such claim. Neither the failure of the corporation (including its Board of Directors, independent legal counsel, or its shareholders) to have made a determination prior to the commencement of such action that indemnification of or reimbursement or advancement of expenses to the claimant is proper in the circumstances, nor an actual determination by the corporation (including its Board of Directors, independent legal counsel, or its shareholders) that the claimant is not entitled to indemnification or to the reimbursement or advancement of expenses, shall be a defense to the action or create a presumption that the claimant is not so entitled.

Section 13. AMENDMENTS

13.1. These by-laws may be adopted, amended or repealed by vote of a majority of the directors then in office or by vote of a majority of the stock outstanding and entitled to vote. Any by-law, whether adopted, amended or repealed by the shareholders or directors, may be amended or reinstated by the shareholders or the directors.



windelsmarx.com

January 10, 2013

ConnectOne Bancorp, Inc.
301 Sylvan Avenue
Englewood Cliffs, New Jersey 07632

Re. ConnectOne Bancorp
Registration Statement on Form S-1

Dear Sir or Madam:

We have acted as counsel for ConnectOne Bancorp, Inc., a New Jersey corporation (the "Company"), in connection with the Registration Statement on Form S-1 (the "Registration Statement") being filed by the Company with the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended (the "Act"), relating to an aggregate of up to \$57,500,000 in shares of common stock, no par value of the Company (the "Shares"). This opinion is filed pursuant to the requirements of item 601(b)(5) of Regulation S-K under the Act.

In so acting, we have examined, and relied as to matters of fact upon, the originals, or copies certified or otherwise identified to our satisfaction, of the Certificate of Incorporation and By-laws of the Company and such other certificates (including certificates of officers of the Company), records, instruments and documents, and have made such other and further investigations, as we have deemed necessary or appropriate to enable us to express the opinion set forth below. In such examination, we have assumed the genuineness of all signatures, the legal capacity of natural persons, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified or photostatic copies, and the authenticity of the originals of such latter documents.

Based upon and subject to the foregoing and the additional qualifications set forth below, we are of the opinion that the Shares, when issued by the Company as contemplated by the Registration Statement, will be legally issued, fully paid and non-assessable.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement. In giving the foregoing consent, we do not admit that we are in the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended, or the rules and regulations of the Securities and Exchange Commission promulgated thereunder.

This opinion is limited to the laws of the State of New Jersey and no opinion is expressed as to the laws of any other jurisdiction. The opinion expressed herein does not extend to compliance with federal and state securities laws relating to the sale of Shares. The opinion is rendered solely for your benefit and that of subscribers in connection with the transaction described above and may not be used or relied upon by any other person without prior written consent in each instance.

/s/ WINDELS MARX LANE & MITTENDORF, LLP

CHANGE IN CONTROL AGREEMENT

THIS CHANGE IN CONTROL AGREEMENT (the "Agreement"), is made this 7th day of May, 2008, between North Jersey Community Bank ("Bank"), a New Jersey chartered commercial bank with its principal office at 180 Sylvan Ave., Englewood Cliffs, NJ 07632 and Laura Criscione (the "Executive").

BACKGROUND

WHEREAS, the Bank wishes to employ the Executive as its Senior Vice President;

WHEREAS, the Executive wishes to accept such employment;

WHEREAS, if the BANK receives any proposal from a third person concerning a possible business combination involving the BANK, or the acquisition of voting securities of the BANK, the Board of Directors of the BANK (the "Board") believes it is imperative that the BANK and the Board be able to rely upon the Executive to continue in his position, and that they be able to receive and rely upon his advice, if they request it, as to the best interests of the BANK and its shareholders, without concern that the Executive might be distracted by the personal uncertainties and risks created by such a proposal;

WHEREAS, to achieve that goal, and to retain the Executive's services prior to any such activity, the Board and the Executive have agreed to enter into this Agreement to govern the Executive's status in the event of a Change in Control, as hereinafter defined.

NOW, THEREFORE, to assure the BANK that it will have the continued dedication of the Executive and the availability of his advice and counsel notwithstanding the possibility, threat or occurrence of a bid to take over control of the BANK, and to induce the Executive to remain in the employ of the BANK, and for other good and valuable consideration, the BANK and the Executive, each intending to be legally bound hereby agree as follows:

1. Definitions.

A. Cause. For purposes of this Agreement "Cause" with respect to the termination by Company (as defined below) of Executive's employment shall mean (i) willful and continued failure by the Executive to perform his duties for Company under this Agreement after at least one warning in writing from the Company's Board of Directors identifying specifically any such failure, (ii) the willful engaging by the Executive in misconduct which causes material injury to Company as specified in written notice to the Executive from the Company's Board of Directors; or (iii) conviction of a crime (other than a traffic violation) which is either a felony or an indictable offense or in the reasonable opinion of the Board of Directors is of such a nature that it should be cause for termination, habitual drunkenness, drug abuse, or excessive absenteeism other than for illness, after a warning (with respect to drunkenness or absenteeism only) in writing from the Company's Board of Directors to refrain from such behavior.

B. Company. "Company" shall mean the BANK and any successor in interest to the BANK, whether by means of merger, consolidation or the continuation of all or substantially all of the business of the BANK.

C. Change in Control. "Change in Control" shall mean the occurrence of any of the following events:

(1) a reorganization, merger, consolidation or sale of all or substantially all of the assets of the Bank, or any similar transaction, in any case in which the shareholders of the Bank prior to such transaction hold less than a majority of the voting power of the resulting entity; or

(2) individuals who constitute the Incumbent Board (as herein defined) of the Bank cease for any reason to constitute a majority thereof.

D. Time of Change in Control. For purposes of this Agreement, a Change in Control shall be deemed to occur on the earlier of:

(1) The date on which the members of the Incumbent Board fail to represent a majority of the Board; or

(2) The business day prior to effective date of any merger, consolidation, combination or sale of assets as defined in paragraph 1C above.

E. Incumbent Board. "Incumbent Board" means the Board of Directors of the BANK on the date hereof, provided that any person becoming a director subsequent to the date hereof whose election was approved by a vote of at least three quarters of the directors comprising the Incumbent Board, or whose nomination for election by stockholders was approved by the same nominating committee serving under an Incumbent Board, shall be considered as though such individual were a member of the Incumbent Board.

F. Contract Period. "Contract Period" shall mean the period commencing the day immediately preceding a Change in Control and ending on the earlier of (i) the date Executive turns down employment with the Company, (ii) the first anniversary of the Change in Control, (iii) the date the Executive retires from service with the Company or (iv) the death of the Executive.

G. Good Reason. When used with reference to a voluntary termination by Executive of his employment with Company, "Good Reason" shall mean any of the following actions, if taken without Executive's express written consent:

(1) The assignment to Executive of any duties inconsistent with, or the reduction of powers or functions associated with, Executive's position, title, duties, responsibilities and status with the BANK immediately prior to a Change in Control or any removal of Executive from, or any failure to re-elect Executive to, any position(s) or office(s)

Executive held with the BANK and/or its subsidiaries immediately prior to such Change in Control. A change in position, title, duties, responsibilities and status or position(s) or office(s) resulting merely from a merger of the BANK into or with another bank or company shall not meet the requirements of this paragraph if, and only if, the Executive's new title and responsibilities are accepted in writing by the Executive, in the sole discretion of the Executive.

(2) A reduction by Company in Executive's annual base compensation as in effect immediately prior to a Change in Control or the failure to award Executive annual increases in accordance herewith;

(3) A failure by Company to continue any bonus plan in which Executive participated immediately prior to the Change in Control or failure by Company to continue Executive as a participant in such plan on at least the same basis as Executive participated in such plan prior to the Change in Control;

(4) The Company's transfer of Executive to another geographic location outside of New Jersey or within New Jersey but more than 25 miles from his present office location, except for required travel on Company's business to an extent substantially consistent with Executive's business travel obligations immediately prior to such Change in Control;

(5) The failure by Company to continue in effect any employee benefit plan, program or arrangement (including, without limitation the Company's 401(k) plan, the Company's Employee Stock Ownership Plan, life insurance plan, health and accident plan, disability plan, any other insurance policies or plans covering Executive or Executive's family members or stock option plan) in which Executive is participating on the same terms and conditions (including, but not limited to, Executive's contribution and co-payment requirements) as such plan, program or arrangement was in effect for Executive immediately prior to a Change in Control (except that Company may institute, continue or provide plans, programs or arrangements providing Executive with substantially similar benefits on the same terms and conditions as they were provided to Executive prior to the Change in Control and not have such substitution qualify as "Good Reason"); the taking of any action by Company which would adversely affect Executive's participation in or materially reduce Executive's benefits under, any of such plans, programs or arrangements; the failure to continue, or the taking of any action which would deprive Executive, of any material fringe benefit enjoyed by Executive immediately prior to such Change in Control; or the failure by Company to provide Executive with the number of paid vacation days to which Executive was entitled immediately prior to such Change in Control;

(6) The failure of the BANK to obtain an assumption in writing of the obligations of Company to perform this Agreement by a successor to the BANK and to provide such assumption to the Executive prior to any Change in Control; or

(7) Any purported termination of Executive's employment by Company during the term of this Agreement which is not effected pursuant to all of the requirements of this Agreement; and, of purposes of this Agreement, no such purported termination shall be effective.

2. Employment Offer Pursuant to Change in Control. Company hereby agrees to offer employment to the Executive during the Contract Period upon the terms and conditions set forth herein, by written offer made no later than the date of the Change in Control. Failure of the Company to extend such offer shall be deemed a termination of Executive without Cause under Section 9 hereof, and Executive shall be entitled to the benefits provided for thereunder. In the event Executive fails to accept such offer of employment in writing within ten (10) days of the date it is extended, it shall be deemed a resignation for Good Reason by Executive under Section 9 hereof, and Executive shall be entitled to the benefits provided for thereunder.

3. Position. During the Contract Period, the Executive shall be employed as a senior executive officer of Company and as a senior executive officer of the subsidiary, division or profit center of the Company which is the principal successor to the business, assets and properties of the BANK. The Executive shall devote his full time and attention to the business of Company, and shall not during the Contract Period be engaged in any other business activity. This paragraph shall not be construed as preventing the Executive from managing any investments of his which do not require any service on his part in the operation of such investments.

4. Cash Compensation. Company shall pay to the Executive compensation for his services during the Contract Period as follows:

A. Base Compensation. The base compensation shall be equal to the annual compensation, including both salary and bonus, as were paid to or accrued for the Executive by the BANK, its subsidiaries and affiliates in the 12 months immediately prior to the Change in Control. The annual salary portion of base compensation shall be payable in installments in accordance with Company's usual payroll method. The bonus shall be payable at the time and in the manner which the Company paid such bonuses prior to the Change in Control. Any increase in the Executive's annual compensation pursuant to paragraph 4B below, or otherwise, shall automatically and permanently increase the base compensation.

B. Annual Increase. The Board of Directors of Company during the Contract Period shall review annually, or at more frequent intervals which the Board determines is appropriate, the Executive's compensation and shall award him additional compensation to reflect the impact of inflation, the Executive's performance, the performance of the Company and competitive compensation levels, all as determined in the discretion of the Board of Directors. Additional compensation may take any form including but not limited to increases in the annual salary, incentive bonuses and/or bonuses not geared to performance. However, in no event shall the percentage increase in compensation be less than the annual percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (New York and Northern New Jersey-ALL Items) during the preceding twelve months.

5. Expenses and Fringe Benefits. During the Contract Period, the Executive shall be entitled to reimbursement for all business expenses incurred by him with respect to the business of Company in the same manner and to the same extent as such expenses were previously reimbursed to him immediately prior to the Change in Control. If prior to the Change in Control, the Executive was entitled to the use of an automobile, he shall be entitled to the same use of an automobile at lease comparable to the automobile provided to him prior to the Change in Control, and shall be entitled to vacations and sick days, in accordance with the practices and procedures of Company, as such existed during Executive's employment with the BANK immediately prior to the Change in Control. During the Contract Period, the Executive also shall be entitled to hospital, health, medical and life insurance, and any other benefit enjoyed, from time to time, by other executive officers of Company, all upon terms as favorable as those enjoyed by Executive prior to the Change in Control. Notwithstanding anything in this section to the contrary, if Company adopts any change in the expenses allowed to, or fringe benefits provided for, executive officers of Company, and such policy is uniformly applied to all Executive officers of Company, including the Chief Executive Officer of such Company, then no such change shall be deemed to be contrary to this section.

6. Termination for Cause. Company shall have the right to terminate the Executive for Cause, upon written notice to him of the termination which notice shall specify the reasons for the termination. In the event of Termination for Cause the Executive shall not be entitled to any further benefits under this Agreement.

7. Disability. During the Contract Period, if the Executive becomes permanently disabled, or is unable to perform his duties hereunder for 6 consecutive months in any 18-month period, Company may terminate the employment of the Executive. In such event, the Executive shall not be entitled to any further benefits under this Agreement other than payments under the disability policy which Company may obtain for the benefit of senior officers generally.

8. Death Benefits. Upon the Executive's death during the Contract Period, the Executive shall be entitled to the benefits of any life insurance policy paid for by Company and naming the Estate of the Executive as the beneficiary or having allowed the Executive to name the beneficiary, but his Estate shall not be entitled to any further benefits under this Agreement.

9. Failure to Accept Employment; Termination Without Cause or Resignation for Good Reason. Company may terminate the Executive without Cause during the Contract Period by 20 business days prior written notice to the Executive, and Executive may resign for Good Reason during the Contract Period upon four weeks' prior written notice to Company specifying the Good Reason (unless Executive is deemed to have resigned for Good Reason through the failure to accept the offer of employment made by the Company under Section 2 hereof, in which case Executive shall not be required to provide any additional notice beyond the rejection of the offer of employment). If Company terminates the Executive's employment during the Contract Period without Cause or if the Executive Resigns for Good Reason, Company shall within 20 business days of the termination of employment pay the Executive a Lump Sum Payment equal to one times the highest annual compensation, including only salary and cash bonus, paid the Executive by the BANK, its subsidiaries and affiliates during any of the three

calendar years immediately prior to the Change in Control, plus an additional payment equal to one month, at the same annual rate, for every year of service to the Bank, its parent or subsidiaries. During the remainder of the Contract Period Company also shall continue to provide the Executive with and pay for medial and hospital insurance, disability insurance and life insurance, as were provided and paid for at the time of the termination of his employment with Company.

The Executive shall not have a duty to mitigate the damages suffered by him in connection with the termination by Company of his employment without Cause or a resignation for Good Reason during the Contract Period.

10. Resignation Without Good Reason. The Executive shall be entitled to resign from the employment of Company at any time during the Contract Period without Good Reason, but upon such resignation the Executive shall not be entitled to any additional compensation for the time after which he ceases to be employed by Company, and shall not be entitled to any of the other benefits provided hereunder. No such resignation shall be effective unless in writing with four weeks' notice thereof.

11. Non-Disclosure of Confidential Information.

A. Non-Disclosure of Confidential Information. Except in the course of his employment with Company and in the pursuit of the business of Company or any of its subsidiaries or affiliates, the Executive shall not, at any time during or following the Contract Period, disclose or use, any confidential information or proprietary data of Company or any of its subsidiaries or affiliates.

B. Specific Performance. Executive agrees that Company does not have an adequate remedy at law for the breach of this section and agrees that he shall be subject to injunctive relief and equitable remedies as a result of the breach of this section. The invalidity or unenforceability of any provisions of this Agreement shall not effect the force and effect of the remaining valid portions.

C. Survival. This section shall survive the termination of the Executive's employment hereunder and the expiration of this Agreement.

12. Non-Solicitation. Employee agrees that during the term of his employment hereunder and for a period of twelve (12) months after the termination of his employment or the expiration of the term of this Agreement under Section 12.A. hereof he will not:

A. Recruit for employment or induce to terminate his or her employment with Employer, any person who is, at the time of such solicitation, or who was within three months of such solicitation, an employee of Employer.

B. Directly or indirectly solicit, cause any other person to solicit, or assist any other person with soliciting any customer of Employer to become a customer, of another enterprise making products; processes or services similar to those produced or used by Employer.

In the event that the provisions of paragraphs A. and B. shall be found by a court of competent jurisdiction to be invalid or unenforceable as against public policy, such court shall exercise discretion in reforming such provision to the end that Employee shall be subject to a provisions that are reasonable under the circumstances and enforceable by Employer. Employee agrees to be bound by any such modified provisions.

13. Term and Effect Prior to Change in Control.

A. Term. Except as otherwise provided for hereunder, this Agreement shall commence on the date hereof and shall remain in effect for a period of 3 years from the date hereof (the "Initial Term") or, if a Change in Control has occurred, until the end of the Contract Period. The Initial Term shall be automatically extended for an additional one-year period on the anniversary date hereof (so that the Initial Term is always 3 years) unless the Board of Directors of the BANK, by a majority vote of the Directors then in office votes not to extend the Initial Term. The Executive shall be promptly notified of the passage of such resolution.

B. No Effect Prior to Change in Control. This Agreement shall not affect any rights of the BANK or the Executive prior to a Change in Control or any rights of the Executive granted in any other agreement, plan or arrangements. The rights, duties and benefits provided hereunder shall only become effective upon a Change in Control. If the employment of the Executive by the BANK is terminated for any reason prior to a Change in Control, this Agreement shall thereafter be of no further force and effect.

14. Certain Reductions on Payments. In no event shall any payments provided for hereunder constitute an "excess parachute payment" under Section 280G of the Internal Revenue Code of 1986, as amended or any successor thereto, and in order to avoid such a result the benefits provided for hereunder will be reduced, if necessary, to an amount which is One Dollar (\$1.00) less than an amount equal to three (3) times Executive' s "base amount" as determined in accordance with such Section 280G.

15. Severance Compensation and Benefits Not in Derogation of Other Benefits. Anything to the contrary herein contained notwithstanding, the payment or obligation to pay any monies, or granting of any benefits, rights or privileges to Executive as provided in this Agreement shall not be in lieu or derogation of the rights and privileges that the Executive now has or will have under any plans or programs of Company, except that the Executive shall not be entitled to the benefits of any other plan or program of Company expressly providing for severance or termination pay if the Executive is terminated without Cause or resigns for Good reason after the Change in Control.

16. Miscellaneous. The terms of this Agreement shall be governed by, and interpreted and construed in accordance with the provisions of, the laws of New Jersey and, to the extent applicable, federal law. This Agreement supersedes all prior agreements and understandings with respect to the matters covered hereby including the Agreement referred to in

Paragraph 13 above. The amendment or termination of this Agreement may be made only in a writing executed by Company and the Executive, and no amendment or termination of this Agreement shall be effective unless and until made in such a writing. This agreement shall be binding upon any successor (whether direct or indirect, by purchase, merge, consolidation, liquidation or otherwise) to all or substantially all of the assets of Company. This Agreement is personal to the Executive and the Executive may not assign any of his rights or duties hereunder but this Agreement shall be enforceable by the Executive' s legal representatives, executors or administrators. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

IN WITNESS WHEREOF, the Bank caused this Agreement to be signed by its duly authorized representatives pursuant to the authority of its Board of Directors, and the Executive has personally executed this Agreement, all as of the day and year first written above.

North Jersey Community Bank

/s/ Frank Sorrentino

By: /s/ Thomas DeMedici

Thomas DeMedici, President

/s/

/s/ Laura Criscione

Laura Criscione, Executive

CHANGE IN CONTROL AGREEMENT

THIS CHANGE IN CONTROL AGREEMENT (the “Agreement”), is made this 22nd day of October 2007, between North Jersey Community Bank (“Bank”), a New Jersey chartered commercial bank with its principal office at 180 Sylvan Avenue, Englewood Cliffs, NJ and Elizabeth Magennis (the “Executive”).

BACKGROUND

WHEREAS, the Bank wishes to employ the Executive as its Senior Vice President and Chief Lending Officer

WHEREAS, the Executive wishes to accept such employment;

WHEREAS, if the BANK receives any proposal from a third person concerning a possible business combination involving the BANK, or the acquisition of voting securities of the BANK, the Board of Directors of the BANK (the “Board”) believes it is imperative that the BANK and the Board be able to rely upon the Executive to continue in his position, and that they be able to receive and rely upon his advice, if they request it, as to the best interests of the BANK and its shareholders, without concern that the Executive might be distracted by the personal uncertainties and risks created by such a proposal;

WHEREAS, to achieve that goal, and to retain the Executive’s services prior to any such activity, the Board and the Executive have agreed to enter into this Agreement to govern the Executive’s status in the event of a Change in Control, as hereinafter defined.

NOW, THEREFORE, to assure the BANK that it will have the continued dedication of the Executive and the availability of his advice and counsel notwithstanding the possibility, threat or occurrence of a bid to take over control of the BANK, and to induce the Executive to remain in the employ of the BANK, and for other good and valuable consideration, the BANK and the Executive, each intending to be legally bound hereby agree as follows:

1. Definitions.

A. Cause. For purposes of this Agreement “Cause” with respect to the termination by Company (as defined below) of Executive’ s employment shall mean (i) willful and continued failure by the Executive to perform his duties for Company under this Agreement after at least one warning in writing from the Company’ s Board of Directors identifying specifically any such failure, (ii) the willful engaging by the Executive in misconduct which causes material injury to Company as specified in written notice to the Executive from the Company’ s Board of Directors; or (iii) conviction of a crime (other than a traffic violation) which is either a felony or an indictable offense or in the reasonable opinion of the Board of Directors is of such a nature that it should be cause for termination, habitual drunkenness, drug abuse, or excessive absenteeism other than for illness, after a warning (with respect to drunkenness or absenteeism only) in writing from the Company’ s Board of Directors to refrain from such behavior.

B. Company. “Company” shall mean the BANK and any successor in interest to the BANK, whether by means of merger, consolidation or the continuation of all or substantially all of the business of the BANK.

C. Change in Control. “Change in Control” shall mean the occurrence of any of the following events:

- (i) a reorganization, merger, consolidation or sale of all or substantially all of the assets of the Bank, or any similar transaction, in any case in which the shareholders of the Bank prior to such transaction hold less than a majority of the voting power of the resulting entity; or
- (ii) individuals who constitute the Incumbent Board (as herein defined) of the Bank cease for any reason to constitute a majority thereof.

D. Time of Change in Control. For purposes of this Agreement, a Change in Control shall be deemed to occur on the earlier of:

- (1) The date on which the members of the Incumbent Board fail to represent a majority of the Board; or
- (2) The business day prior to effective date of any merger, consolidation, combination or sale of assets as defined in paragraph 1C above.

E. Incumbent Board. “Incumbent Board” means the Board of Directors of the BANK on the date hereof, provided that any person becoming a director subsequent to the date hereof whose election was approved by a vote of at least three quarters of the directors

comprising the Incumbent Board, or whose nomination for election by stockholders was approved by the same nominating committee serving under an Incumbent Board, shall be considered as though such individual were a member of the Incumbent Board.

F. Contract Period. “Contract Period” shall mean the period commencing the day immediately preceding a Change in Control and ending on the earlier of (i) the first anniversary of the Change in Control, or (ii) the date the Executive retires from service with the Company or (iii) the death of the Executive.

G. Good Reason. When used with reference to a voluntary termination by Executive of his employment with Company, “Good Reason” shall mean any of the following actions, if taken without Executive’s express written consent:

(1) The assignment to Executive of any duties inconsistent with, or the reduction of powers or functions associated with, Executive’s position, title, duties, responsibilities and status with the BANK immediately prior to a Change in Control or any removal of Executive from, or any failure to re-elect Executive to, any position(s) or office(s) Executive held with the BANK and/or its subsidiaries immediately prior to such Change in Control. A change in position, title, duties, responsibilities and status or position(s) or office(s) resulting merely from a merger of the BANK into or with another bank or company shall not meet the requirements of this paragraph if, and only if, the Executive’s new title and responsibilities are accepted in writing by the Executive, in the sole discretion of the Executive.

(2) A reduction by Company in Executive’s annual base compensation as in effect immediately prior to a Change in Control or the failure to award Executive annual increases in accordance herewith;

(3) A failure by Company to continue any bonus plan in which Executive participated immediately prior to the Change in Control or failure by Company to continue Executive as a participant in such plan on at least the same basis as Executive participated in such plan prior to the Change in Control;

(4) The Company’s transfer of Executive to another geographic location outside of New Jersey or within New Jersey but more than 25 miles from his present office location, except for required travel on Company’s business to an extent substantially consistent with Executive’s business travel obligations immediately prior to such Change in Control;

(5) The failure by Company to continue in effect any employee benefit plan, program or arrangement (including, without limitation the Company’s 401(k) plan, the Company’s Employee Stock Ownership Plan, life insurance plan, health and accident plan, disability plan, any other insurance policies or plans covering Executive or Executive’s family members or stock option plan) in which Executive is participating on the same terms and conditions (including, but not limited to, Executive’s contribution and co-payment requirements) as such plan, program or arrangement was in effect for Executive immediately prior to a Change in Control (except that Company may institute, continue or provide plans, programs or

arrangements providing Executive with substantially similar benefits on the same terms and conditions as they were provided to Executive prior to the Change in Control and not have such substitution qualify as “Good Reason”); the taking of any action by Company which would adversely affect Executive’s participation in or materially reduce Executive’s benefits under, any of such plans, programs or arrangements; the failure to continue, or the taking of any action which would deprive Executive, of any material fringe benefit enjoyed by Executive immediately prior to such Change in Control; or the failure by Company to provide Executive with the number of paid vacation days to which Executive was entitled immediately prior to such Change in Control;

(6) The failure of the BANK to obtain an assumption in writing of the obligations of Company to perform this Agreement by an successor to the BANK and to provide such assumption to the Executive prior to any Change in Control; or

(7) Any purported termination of Executive’s employment by Company during the term of this Agreement which is not effected pursuant to all of the requirements of this Agreement; and, of purposes of this Agreement, no such purported termination shall be effective.

2. Employment. Company hereby agrees to employ the Executive, and the Executive hereby accepts employment, during the Contract Period upon the terms and conditions set forth herein.

3. Position. During the Contract Period, the Executive shall be employed as a senior executive officer of Company and as the senior executive officer of the subsidiary, division or profit center of the Company which is the principal successor to the business, assets and properties of the BANK. The Executive shall devote his full time and attention to the business of Company, and shall not during the Contract Period be engaged in any other business activity. This paragraph shall not be construed as preventing the Executive from managing any investments of his which do not require any service on his part in the operation of such investments.

4. Cash Compensation. Company shall pay to the Executive compensation for his services during the Contract Period as follows:

A. Base Compensation. The base compensation shall be equal to the annual compensation, including both salary and bonus, as were paid to or accrued for the Executive by the BANK, its subsidiaries and affiliates in the 12 months immediately prior to the Change in Control. The annual salary portion of base compensation shall be payable in installments in accordance with Company’s usual payroll method. The bonus shall be payable at the time and in the manner which the Company paid such bonuses prior to the Change in Control. Any increase in the Executive’s annual compensation pursuant to paragraph 4B below, or otherwise, shall automatically and permanently increase the base compensation.

B. Annual Increase. The Board of Directors of Company during the Contract Period shall review annually, or at more frequent intervals which the Board determines is

appropriate, the Executive's compensation and shall award him additional compensation to reflect the impact of inflation, the Executive's performance, the performance of the Company and competitive compensation levels, all as determined in the discretion of the Board of Directors. Additional compensation may take any form including but not limited to increases in the annual salary, incentive bonuses and/or bonuses not geared to performance. However, in no event shall the percentage increase in compensation be less than the annual percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (New York and Northern New Jersey-ALL Items) during the preceding twelve months.

5. Expenses and Fringe Benefits. During the Contract Period, the Executive shall be entitled to reimbursement for all business expenses incurred by him with respect to the business of Company in the same manner and to the same extent as such expenses were previously reimbursed to him immediately prior to the Change in Control. If prior to the Change in Control, the Executive was entitled to the use of an automobile, he shall be entitled to the same use of an automobile at lease comparable to the automobile provided to him prior to the Change in Control, and shall be entitled to vacations and sick days, in accordance with the practices and procedures of Company, as such existed during Executive's employment with the BANK immediately prior to the Change in Control. During the Contract Period, the Executive also shall be entitled to hospital, health, medical and life insurance, and any other benefit enjoyed, from time to time, by other executive officers of Company, all upon terms as favorable as those enjoyed by Executive prior to the Change in Control. Notwithstanding anything in this section to the contrary, if Company adopts any change in the expenses allowed to, or fringe benefits provided for, executive officers of Company, and such policy is uniformly applied to all Executive officers of Company, including the Chief Executive Officer of such Company, then no such change shall be deemed to be contrary to this section.

6. Termination for Cause. Company shall have the right to terminate the Executive for Cause, upon written notice to him of the termination which notice shall specify the reasons for the termination. In the event of Termination for Cause the Executive shall not be entitled to any further benefits under this Agreement.

7. Disability. During the Contract Period, if the Executive becomes permanently disabled, or is unable to perform his duties hereunder for 6 consecutive months in any 18-month period, Company may terminate the employment of the Executive. In such event, the Executive shall not be entitled to any further benefits under this Agreement other than payments under the disability policy which Company may obtain for the benefit of senior officers generally.

8. Death Benefits. Upon the Executive's death during the Contract Period, the Executive shall be entitled to the benefits of any life insurance policy paid for by Company and naming the Estate of the Executive as the beneficiary or having allowed the Executive to name the beneficiary, but his Estate shall not be entitled to any further benefits under this Agreement.

9. Termination Without Cause of Resignation for Good Reason. Company may terminate the Executive without Cause during the Contract Period by 20 business days prior written notice to the Executive, and Executive may resign for Good Reason during the Contract Period upon four weeks' prior written notice to Company specifying the Good Reason. If

Company terminates the Executive's employment during the Contract Period without Cause or if the Executive Resigns for Good Reason, Company shall within 20 business days of the termination of employment pay the Executive a lump sum equal to one times the highest annual compensation, including only salary and cash bonus, paid the Executive by the BANK, its subsidiaries and affiliates during any of the three calendar years immediately prior to the Change in Control (the "Lump Sum Payment"). During the remainder of the Contract Period Company also shall continue to provide the Executive with and pay for medial and hospital insurance, disability insurance and life insurance, as were provided and paid for at the time of the termination of his employment with Company.

The Executive shall not have a duty to mitigate the damages suffered by him in connection with the termination by Company of his employment without Cause or a resignation for Good Reason during the Contract Period.

10. Resignation Without Good Reason. The Executive shall be entitled to resign from the employment of Company at any time during the Contract Period without Good Reason, but upon such resignation the Executive shall not be entitled to any additional compensation for the time after which he ceases to be employed by Company, and shall not be entitled to any of the other benefits provided hereunder. No such resignation shall be effective unless in writing with four weeks' notice thereof.

11. Non-Disclosure of Confidential Information.

A. Non-Disclosure of Confidential Information. Except in the course of his employment with Company and in the pursuit of the business of Company or any of its subsidiaries or affiliates, the Executive shall not, at any time during or following the Contract Period, disclose or use, any confidential information or proprietary data of Company or any of its subsidiaries or affiliates.

B. Specific Performance. Executive agrees that Company does not have an adequate remedy at law for the breach of this section and agrees that he shall be subject to injunctive relief and equitable remedies as a result of the breach of this section. The invalidity or unenforceability of any provisions of this Agreement shall not effect the force and effect of the remaining valid portions.

C. Survival. This section shall survive the termination of the Executive's employment hereunder and the expiration of this Agreement.

12. Term and Effect Prior to Change in Control.

A. Term. Except as otherwise provided for hereunder, this Agreement shall commence on the date hereof and shall remain in effect for a period of 3 years from the date hereof (the "Initial Term") or , if a Change in Control has occurred,until the end of the Contract Period. The Initial Term shall be automatically extended for an additional one-year period on the anniversary date hereof (so that the Initial Term is always 3 years) unless the Board of Directors of the BANK, by a majority vote of the Directors then in office votes not to extend the Initial Term. The Executive shall be promptly notified of the passage of such resolution.

B. No Effect Prior to Change in Control. This Agreement shall not affect any rights of the BANK or the Executive prior to a Change in Control or any rights of the Executive granted in any other agreement, plan or arrangements. The rights, duties and benefits provided hereunder shall only become effective upon a Change in Control. If the employment of the Executive by the BANK is terminated for any reason prior to a Change in Control, this Agreement shall thereafter be of no further force and effect.

14. Certain Reductions on Payments. In no event shall any payments provided for hereunder constitute an “excess parachute payment” under Section 280G of the Internal Revenue Code of 1986, as amended or any successor thereto, and in order to avoid such a result the benefits provided for hereunder will be reduced, if necessary, to an amount which is One Dollar (\$1.00) less than an amount equal to three (3) times Executive’s “base amount” as determined in accordance with such Section 280G.

15. Severance Compensation and Benefits Not in Derogation of Other Benefits. Anything to the contrary herein contained notwithstanding, the payment or obligation to pay any monies, or granting of any benefits, rights or privileges to Executive as provided in this Agreement shall not be in lieu or derogation of the rights and privileges that the Executive now has or will have under any plans or programs of Company, except that the Executive shall not be entitled to the benefits of any other plan or program of Company expressly providing for severance or termination pay if the Executive is terminated without Cause or resigns for Good reason after the Change in Control.

16. Miscellaneous. The terms of this Agreement shall be governed by, and interpreted and construed in accordance with the provisions of, the laws of New Jersey and, to the extent applicable, federal law. This Agreement supersedes all prior agreements and understandings with respect to the matters covered hereby including the Agreement referred to in Paragraph 13 above. The amendment or termination of this Agreement may be made only in a writing executed by Company and the Executive, and no amendment or termination of this Agreement shall be effective unless and until made in such a writing. This agreement shall be binding upon any successor (whether direct or indirect, by purchase, merge, consolidation, liquidation or otherwise) to all or substantially all of the assets of Company. This Agreement is personal to the Executive and the Executive may not assign any of his rights or duties hereunder but this Agreement shall be enforceable by the Executive’s legal representatives, executors or administrators. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

IN WITNESS WHEREOF, the Bank caused this Agreement to be signed by its duly authorized representatives pursuant to the authority of its Board of Directors, and the Executive has personally executed this Agreement, all as of the day and year first written above.

North Jersey Community Bank.

/s/ Frank Sorrentino III

Frank Sorrentino III
Chairman

BY: /s/ Thomas DeMedici

Thomas DeMedici
President and CEO

/s/ Frank Sorrentino III

Frank Sorrentino III
Chairman

/s/ Elizabeth Magennis

Elizabeth Magennis
(EXECUTIVE)

EMPLOYMENT AGREEMENT

Employment Agreement (the "Employment Agreement") made as of this 18th day of September, 2012, by and between **WILLIAM S. BURNS** an individual residing at 11 Nottingham Road, Short Hills (the "Employee"), **NORTH JERSEY COMMUNITY BANK**, a New Jersey state chartered commercial bank with its principal place of business located at 301 Sylvan Avenue, Englewood Cliffs, NJ 07632 (the "Bank"), and **NORTH JERSEY COMMUNITY BANCORP, INC.**, a New Jersey corporation with its principal place of business located at 301 Sylvan Avenue, Englewood Cliffs, NJ 07632 (the "Company"; the Bank and the Company sometimes collectively are referred to herein as "Employer").

WHEREAS, the Board of Directors of the Bank and the Board of Directors of the Company have each determined that it is in the best interests of each of the Bank and the Company to enter into this Agreement with Employee, and each respective Board has authorized the Bank and the Company to enter into this Agreement;

WHEREAS, the Employee agrees to be employed pursuant to the terms and conditions of this Agreement;

NOW, THEREFORE, in consideration of the premises and covenants contained herein, and with the intent to be legally bound hereby, the parties hereto hereby agree as follows:

1. *Employment.* The Company and the Bank hereby jointly agree to employ the Employee, and the Employee hereby accepts such employment, upon the terms and conditions set forth herein.

2. *Position and Duties.* The Employee shall be employed as Executive Vice President and Chief Financial Officer of the Company and the Bank, to perform such services in that capacity as are usual and customary for comparable institutions and as shall from time-to-time be established by the Chief Executive Officer and/or the Board of Directors of the Company and the Bank. Employee agrees that he will devote his full business time and efforts to his duties hereunder.

3. *Compensation.* Employer shall pay to the Employee compensation for his services as follows:

(a) Base Salary. The Employee shall be entitled to receive during his service hereunder a minimum annual base salary (the “Base Salary”) of Two Hundred Forty Thousand Dollars (\$240,000), which shall be payable in installments in accordance with Employer’s usual payroll method. Annually commencing on December 31, 2012, the Board of Directors shall review the Employee’s performance, the status of Employer and such other factors as the Board of Directors or a committee thereof shall deem appropriate and shall adjust the Base Salary accordingly, which shall not be less than \$240,000 annually, unless any reduction in salary to less than \$240,000 annually is part of an overall reduction in compensation applicable to all senior executive officers of the Employer.

(b) Incentive Plans. Employee shall be entitled to participate in the Employer’s incentive plan for executive officers of the Employer, with a potential to earn a bonus of twenty five (25%) to fifty (50%) percent of the Employee’s Base Salary upon attainment of performance targets established pursuant to the Employer’s Compensation Incentive Plan; provided, however, that any payment pursuant to any incentive plan for the year ending December 31, 2012 shall be prorated based upon the period commencing on the Effective Date hereof and ending on December 31, 2012.

(c) Sign On Grant and Bonus. Effective upon the Effective Date (as defined below), Employer shall grant Employee 1,667 shares of the Company’s common stock, no par value per share (the “Sign On Grant”). The shares subject to the Sign On Grant will vest, and become non-forfeitable by Employee, on the following schedule: one half of the shares will vest on the day after the first anniversary of the Effective Date, and the final one half of the shares will vest on the day after the second anniversary of the Effective Date. Vesting will accelerate upon a Change In Control of the Company (as defined herein). The Sign On Grant will also be subject to the terms and conditions of the equity plan under which it is granted. In addition, on January 2, 2013, Employer shall pay Employee a cash bonus (the “Sign On Bonus”) of \$25,000, provided that Employee is still employed with Employer as of such payment date.

(d) IPO Grant. In the event that during the Term (as hereinafter defined) of this Agreement:

- (A) the Company shall engage in any offering of its common stock registered with the United States Securities and Exchange Commission, and
- (B) An equity option or restricted stock program (the “Equity Grant Program”) shall be made available for the Employer’s management in connection with that offering which is approved by the Compensation Committee, then

the Employee shall be entitled to an allocation of the Equity Grant Program equal to at least twenty five (25%) percent and at most forty (40%) percent of the allocation of the Equity Grant Program offered at the same time to the Chief Executive Officer of the Employer. Further, Employee shall be entitled to the second largest allocation of the Equity Grant Program (the Chief Executive Officer will be entitled to the largest allocation).

4. *Other Benefits.*

(a) Automobile. The Employee shall be entitled to a cash allowance in the amount of seven hundred fifty (\$750) dollars per month to be used for the purpose of maintaining an automobile for use in the business of the Employer.

(b) Insurance Coverage and Employee Benefit Plans. The Employee shall be entitled to receive hospital, health, medical, and life insurance of a type currently provided to and enjoyed by other senior officers of Employer, and shall be entitled to participate in any other employee benefit, incentive or retirement plans offered by Employer to its employees generally or to its senior management.

(c) Expenses. The Employee shall be entitled to reimbursement for all proper business expenses incurred by him with respect to the business of the Employer upon the provision of documentation evidencing such expenses in accordance with the Employer's expense reimbursement policies and in the same manner and to the same extent as such expenses are reimbursed to other officers of the Employer.

(d) Vacation. The Employee shall be entitled to vacations and other leave in accordance with the Employer's policy for senior executives.

5. *Term.* The term of this Agreement shall commence on the date Employee commences the position (the “Effective Date”) and continue until September 30, 2014 (the “Term”). Unless either party gives written notice at least ninety (90) days prior to the end of the Term, this Agreement shall renew for a one (1) year period, and such extended period shall be deemed to be included within the Term.

6. *Termination.* Employee may be terminated at any time, without prejudice to Employee’ s right to compensation or benefits as provided herein. Employee’ s rights upon a termination shall be as follows:

(a) Cause. For purposes of this Agreement “Cause” with respect to the termination by Employer (as defined below) of Employee’ s employment shall mean (i) willful and continued failure, for a period of at least thirty (30) calendar days, by the Employee to perform his duties for Employer under this Agreement after at least one (1) warning in writing from the Chief Executive Officer of the Employer identifying specifically any such failure, (ii) the willful engaging by the Employee in misconduct which causes material injury to Employer as specified in written notice to the Employee from the Chief Executive Officer of the Employer; or (iii) conviction of a crime (other than a traffic violation) which is either a felony or an indictable offense or Employee’ s habitual drunkenness, drug abuse, or excessive absenteeism other than due to Disability (as defined herein), after a warning (with respect to drunkenness or absenteeism only) in writing from the Chief Executive Officer of the Employer to refrain from such behavior.

(b) Termination With Cause. Employer shall have the right to terminate the Employee for “cause”. In the event of such termination, the Employee shall only be entitled to salary and benefits accrued through the date of termination.

(c) Termination Without Cause. Upon a termination of Employee’ s employment hereunder without “cause”, in recognition of such termination and Employee’ s agreement to be bound by the covenants contained in Sections 8, 9 and 10 hereof, Employee shall be entitled to receive a lump sum severance payment equal to his then current annual Base Salary. This lump sum severance payment shall be made to Employee no later than thirty (30) days after the date upon which his employment with Employer shall be terminated for other than cause as provided in this subsection (c). In addition, Employer shall continue to provide the Employee with hospital, health, medical and life insurance, and any other like benefits in effect at the time of such termination, on the terms and conditions under which they were offered to

Employee prior to such termination for a period equal to the remaining Term. In the event Employer, under its insurance and benefit plans then in effect, is unable to provide Employee with the benefits provided for above under the terms provided for herein, then in lieu of providing such benefits, Employer will pay the amount of Employee' s premium to continue such coverage pursuant to the terms of the Comprehensive Omnibus Budget Reconciliation Act. The Employee shall have no duty to mitigate damages in connection with his termination by Employer without "cause". However, if the Employee obtains new employment and such new employment provides for hospital, health, medical and life insurance, and other benefits, in a manner substantially similar to the benefits payable by Employer hereunder, Employer may permanently terminate the duplicative benefits it is obligated to provide hereunder. Following the cessation of the continuation of Employee' s hospital, health, and medical insurance, Employee shall be permitted to elect to extend such insurance coverage under the policies maintained by Employer in accordance with the applicable provisions of the Section 4980B of the Internal Revenue Code of 1986, as amended ("Code"), and/or applicable state law, to the extent eligible to do so under the Code and such state law.

(d) Death or Disability. This Agreement shall automatically terminate upon the death or Disability of Employee. Upon such termination, Employee shall not be entitled to any additional compensation hereunder, provided, however that the forgoing shall not prejudice Employee' s right to be paid for all compensation earned through the date of such termination and the benefits of any insurance programs maintained for the benefit of Employee or his beneficiaries in the event of his death or Disability. For purposes hereof, Disability shall be defined to mean a disability under any long term disability plan of the Employer then in effect.

7. Change in Control.

(a) Upon the termination of Employee' s employment upon the occurrence of a Change in Control (as herein defined), Employee shall be entitled to receive the payments provided for under paragraph (c) hereof. In addition, if within six (6) months of the occurrence of a Change in Control Employer or its successor shall (i) reassign the Employee to a position of lesser rank or status than Chief Financial Officer, (ii) relocate the Employee' s principal place of employment by more than twenty five (25) miles from its location prior to consummation of the Change in Control, or (iii) reduces the Employee' s compensation or other benefits below the

level in effect prior to the consummation of Change in Control, Employee have the right to resign his employment with the Employer or its successor and thereafter Employee shall become entitled to receive the payments provided for under paragraph (c) below.

(b) A "Change in Control" shall mean:

- (i) a reorganization, merger, consolidation or sale of all or substantially all of the assets of the Company, or a similar transaction, in any case in which the holders of the voting stock of the Company prior to such transaction do not hold a majority of the voting power of the resulting entity; or
- (ii) individuals who constitute the Incumbent Board (as herein defined) of the Company cease for any reason to constitute a majority thereof.

For these purposes, "Incumbent Board" means the Board of Directors of the Company on the date hereof, provided that any person becoming a director subsequent to the date hereof whose election was approved by a voting of at least three-quarters of the directors comprising the Incumbent Board, or whose nomination for election by members or stockholders was approved by the same nominating committee serving under an Incumbent Board, shall be considered as though he were a member of the Incumbent Board.

(c) In the event the conditions of Section (a) above are satisfied, Employee shall be entitled to receive a lump sum payment equal to the Employee's then current monthly Base Salary (i.e., Employee's then current annual Base Salary divided by twelve (12)) multiplied by fifteen; provided, however, that on each anniversary date of the Effective Date of this Agreement, the multiplier will be increased by one (i.e., as of the first anniversary of the Effective Date, the Employee's monthly Base Salary will be multiplied by sixteen (16)); provided further, however, that in no event shall any payments provided for hereunder constitute an "excess parachute payment" under Section 280G of the Internal Revenue Code of 1986, as amended or any successor thereto, and in order to avoid such a result the benefits provided for hereunder will be reduced, if necessary, to an amount which is One Dollar (\$1.00) less than an amount equal to three (3) times Employee's "base amount" as determined in accordance with such Section 280G. In addition to the foregoing, Employee shall be entitled to receive from Employer, or its successor, hospital, health, medical and life insurance on the terms and at the

cost to Employee as Employee was receiving such benefits upon the date of his termination. Employer' s obligation to continue such insurance benefits will be for a period of one (1) year from the effective date of the Change in Control.

8. Covenant Not to Compete.

(a) As consideration for the benefits conferred upon Employee hereunder, including, but not limited to Employee' s right to severance under Section 6(c), Employee agrees that during the term of his employment hereunder and for a period of one (1) year after the termination of his employment (the "Covenant Term"), provided that he is entitled to severance hereunder upon such termination, he will not in any way, directly or indirectly, manage, operate, control, accept employment or a consulting position with or otherwise advise or assist or be connected with or own or have any other interest in or right with respect to (other than through ownership of not more than five percent (5%) of the outstanding shares of a corporation whose stock is listed on a national securities exchange or on NASDAQ) any enterprise which competes with Employer in the business of banking in the counties in which Employer conducts its business on the date of Employee' s termination.

9. Non Solicitation

During the period Employee is performing services for the Employer and for a period of two (2) years following the termination of the Employee' s services for the Employer for any reason, the Employee agrees that the Employee will not, directly or indirectly, for the Employee' s benefit or for the benefit of any other person, firm or entity, do any of the following:

- (i) solicit or attempt to solicit from any customer that Employee serviced or learned of while in the employ of the Employer ("Customer"), or any potential customer of the Employer which has been the subject of a known written or oral bid, offer or proposal by the Employer, or of substantial preparation with a view to making

such a bid, proposal or offer, within twelve months prior to such Employee' s termination ("Potential Customer"), business of a similar nature or related to the business of the Employer;

- (ii) accept any business from, or perform any work or services for, any Customer or Potential Customer, which business, work or services is similar to the business of the Employer;
- (iii) cause or induce or attempt to cause or induce any Customer, Potential Customer, licensor, supplier or vendor of the Employer to reduce or sever its affiliation with the Employer;
- (iv) solicit the employment or services of, or hire or engage, or assist anyone else to hire or engage, any person who was known to be employed or engaged by or was a known employee of or consultant to the Employer upon the termination of the Employee' s services to the Employer, or within twelve months prior thereto; or
- (v) otherwise interfere with the business or accounts of the Employer.

For purposes hereof, "solicitation" shall include directly or indirectly initiating any contact or communication of any kind whatsoever for purposes of inviting, encouraging or requesting such Customer, Potential Customer, licensor, supplier, vendor, employee or consultant to materially alter its business relationship, or engage in business, with the Employer or any person, firm or entity other than the Employer.

10. Confidential Information

(a) As used herein, “Confidential Information” means any confidential or proprietary information relating to the Employer and its affiliates including, without limitation, the identity of the Employer’s customers, the identity of representatives of customers with whom the Employer has dealt, the kinds of services provided by the Employer to customers, the manner in which such services are performed or offered to be performed, the service needs of actual or prospective customers, customer preferences and policies, pricing information, business and marketing plans, financial information, budgets, compensation or personnel records, information concerning the creation, acquisition or disposition of products and services, vendors, software, data processing programs, databases, customer maintenance listings, computer software applications, research and development data, know-how, and other trade secrets.

Notwithstanding the above, Confidential Information does not include information which: (i) is or becomes public knowledge without breach of this Agreement; or (ii) is received by Employee from a third party without any violation of any obligation of confidentiality and without confidentiality restrictions; provided, however, that nothing in this Agreement shall prevent the Employee from participating in or disclosing documents or information in connection with any judicial or administrative investigation, inquiry or proceeding to the extent that such participation or disclosure is required under applicable law; provided further, however, that the Employee will provide the Employer with prompt notice of such request so that the Employer may seek (with

the cooperation of the Employee, if so requested by the Employer), a protective order or other appropriate remedy and/or waiver in writing of compliance with the provisions of this Agreement. If a particular portion or aspect of Confidential Information becomes subject to any of the foregoing exceptions, all other portions or aspects of such information shall remain subject to all of the provisions of this Agreement.

(b) At all times, both during the period of Employee' s services for the Employer and after termination of Employee' s services, the Employee will keep in strictest confidence and trust all Confidential Information and the Employee will not directly or indirectly use or disclose to any third-party any Confidential Information, except as may be necessary in the ordinary course of performing the Employees duties for the Employer, or disclose any Confidential Information, or permit or encourage any other person or entity to do so, without the prior written consent of the Employer except as may be necessary in the ordinary course of performing the Employee' s duties for the Employer.

(c) The Employee agrees to return promptly all Confidential Information in tangible form, including, without limitation, all photocopies, extracts and summaries thereof, and any such information stored electronically on tapes, computer disks, mobile or remote computers (including personal digital assistants) or in any other manner to the Employer at any time that the Employer makes such a request and automatically, without request, within five days after the termination of the Employee' s performance of services for the Employer for any reason.

11. *Miscellaneous.*

(a) Governing Law. In the absence of controlling Federal law, this Agreement shall be governed by and interpreted under the substantive law of the State of New Jersey.

(b) Severability. If any provision of this Agreement shall be held to be invalid, void, or unenforceable, the remaining provisions hereof shall in no way be affected or impaired, and such remaining provisions shall remain in full force and effect. If a court finds that any provision of this Agreement is invalid or unenforceable, but that by limiting such provision it would become valid or enforceable, then such provision shall be deemed to be written, construed, and enforced as so limited.

(c) Entire Agreement; Amendment. This Agreement sets for the entire understanding of the parties with regarding to the subject matter contained herein and supersedes any and all prior agreements, arrangements or understandings relating to the subject matter hereof and may only be amended by written agreement signed by both parties hereto or their duly authorized representatives.

(d) Successors and Assigns. This Agreement shall be binding upon and become the legal obligation of the successors and assigns of Employer and shall inure to the benefit of Employee' s estate, heirs, representatives in the event of his death or Disability.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

NORTH JERSEY COMMUNITY BANK

By: /s/ Frank Sorrentino III
Name: Frank Sorrentino III
Title: Chairman

**NORTH JERSEY COMMUNITY BANCORP,
INC.**

By: /s/ Frank Sorrentino III
Name: Frank Sorrentino III
Title: Chairman

EMPLOYEE:

/s/ William S. Burns
Name: William S. Burns

North Jersey Community Bank
2005 STOCK OPTION PLAN - A

Section 1. Purpose

The North Jersey Community Bank 2005 Stock Option Plan - A (the "Plan") is hereby established to foster and promote the long-term success of North Jersey Community Bank (the "Bank") and its shareholders by providing members of management, including employees and management officials, with an equity interest in the Bank. The Plan will assist the Bank in attracting and retaining the highest quality of experienced persons to serve as Directors and in aligning the interests of such persons more closely with the interests of the Bank's shareholders by encouraging such parties to maintain an equity interest in the Bank.

Section 2. Definitions

Capitalized terms not specifically defined elsewhere herein shall have the following meaning:

"Act" means the Securities Exchange Act of 1934, as amended from time to time, and any rules and regulations promulgated thereunder.

"Bank" means North Jersey Community Bank and any present or future subsidiary or parent corporations of North Jersey Community Bank (as defined in Section 424 of the Code) or any successor to such corporations.

"Board" means the Board of Directors of the Bank.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated thereunder.

"Common Stock" or "Stock" means the common stock, \$5.00 per share par value, of the Bank.

"Disability" shall mean, with respect to a Management Official who is an employee, a permanent disability which qualifies as total disability under the terms of the Bank's Long-Term Disability Plans and, with respect to a Management Official who is a non-employee member of the Board, permanent and total disability which if the Management Official were an employee of the Bank would be treated as a total disability under the term of the Bank's long-term disability plan for employees as in effect from time to time; provided, however, with respect to a Participant who has been granted an Incentive Stock Option such term shall have the meaning set forth in Section 422(c)(6) of the Code.

"Fair Market Value" means, with respect to shares of Common Stock, the fair market value as determined by the Board in good faith and in a manner established by the Board from time to time, taking into account such factors as the Board shall deem relevant, including the book value of the Common Stock and, to the extent there is an established trading market for the Common Stock, the market value of the Common Stock.

"Incentive Stock Option" means an option to purchase shares of Common Stock granted to a Participant under the Plan which is intended to meet the requirements of Section 422 of the Code.

“Management Official” means an employee of the Bank, a non-employee member of the Board, a member of any advisory Board or any other service provider to the Bank.

“Non-Qualified Stock Option” means an option to purchase shares of Common Stock granted to a Participant under the Plan which is not intended to be an Incentive Stock Option.

“Option” means an Incentive Stock Option or a Non-Qualified Stock Option granted hereunder.

“Participant” means a Management Official selected by the Board to receive an Option under the Plan.

“Plan” means the North Jersey Community Bank 2005 Stock Option Plan - A.

“Termination for Cause” means termination because of Participant’s intentional failure to perform stated duties, personal dishonesty, willful violation of any law, rule regulation (other than traffic violations or similar offenses) or final cease and desist order issued by any regulatory agency having jurisdiction over the Participant or the Bank.

Section 3. Administration

(a) The Plan shall be administered by the Board. Among other things, the Board shall have authority, subject to the terms of the Plan, to grant Options, to determine the individuals to whom and the time or times at which Options may be granted, to determine whether such Options are to be Incentive Options or Non-Qualified Stock Options (subject to the requirements of the Code, which provide that only employees may receive Incentive Options and subject to the limitation contained in Section 5 regarding the number of Non-Qualified Stock Options which may be granted), to determine the terms and conditions of any Option granted hereunder, including whether to impose any vesting period, and the exercise price thereof, subject to the requirements of this Plan.

(b) Subject to the other provisions of the Plan, the Board shall have authority to adopt, amend, alter and repeal such administrative rules, guidelines and practices governing the operation of the Plan as it shall from time to time consider advisable, to interpret the provisions of the Plan and any Option and to decide all disputes arising in connection with the Plan. The Board may correct any defect or supply any omission or reconcile any inconsistency in the Plan or in any option agreement in the manner and to the extent it shall deem appropriate to carry the Plan into effect, in its sole and absolute discretion. The Board’s decision and interpretations shall be final and binding. Any action of the Board with respect to the administration of the Plan shall be taken pursuant to a majority vote or by the unanimous written consent of its members.

(c) The Board may employ such legal counsel, consultants and agents as it may deem desirable for the administration of the Plan and may rely upon any opinion received from any such counsel or consultant and any computation received from any such consultant or agent.

Section 4. Eligibility and Participation

Management Officials of the Bank shall be eligible to participate in the Plan. The Participants under the Plan shall be selected from time to time by the Board, in its sole discretion, from among those eligible, and the Board shall determine in its sole discretion the numbers of shares to be covered by the Option or Options granted to each Participant. Options intended to qualify as Incentive Stock Options shall be granted only to persons who are eligible to receive such options under Section 422 of the Code; i.e., employees of the Bank.

Section 5. Shares of Stock Available for Options

(a) The maximum number of shares of Common Stock which may be issued and purchased pursuant to Options granted under the Plan is 120,000, subject to the adjustments as provided in Section 5 and Section 9, to the extent applicable. Of this amount, the maximum number of shares which may be purchased pursuant to Non-Qualified Options shall be 60,000, subject to the adjustments provided for in this Section 5 and Section 9. If an Option granted under this Plan expires or terminates before exercise or is forfeited for any reason, without a payment in the form of Common Stock being granted to the Participant, the shares of Common Stock subject to such Option, to the extent of such expiration, termination or forfeiture, shall again be available for subsequent Option grant under Plan.

(b) In the event that any stock dividend, stock split, reverse stock split or combination, extraordinary cash dividend, creation of a class of equity securities, recapitalization, reclassification, reorganization, merger, consolidation, split-up, spin-off, combination, exchange of shares, warrants or rights offering to purchase Common Stock at a price substantially below Fair Market Value, or other similar transaction affects the Common Stock such that an adjustment is required in order to preserve the benefits or potential benefits intended to be granted or made available under the Plan to Participants, the Board shall proportionately and appropriately adjust equitably any or all of (i) the maximum number and kind of shares of Common Stock in respect of which Options may be granted under the Plan to Participants, (ii) the number and kind of shares of Common Stock subject to outstanding Options held by Participants, and (iii) the exercise price with respect to any Options held by Participants, without changing the aggregate purchase price as to which such Options remain exercisable, and if considered appropriate, the Board may make provision for a cash payment with respect to any outstanding Options held by a Participant, provided that no adjustment shall be made pursuant to this Section if such adjustment would cause the Plan to fail to comply with Section 422 of the Code with regard to any Incentive Stock Options granted hereunder or fail to comply with the requirements of Rule 16b-3 under the Act or any successor or replacement regulation. No fractional Shares shall be issued on account of any such adjustment.

(c) Any adjustments under this Section will be made by the Board, whose determination as to what adjustments, will be made and the extent thereof will be final, binding and conclusive.

Section 6. Non-Qualified Stock Options

6.1 Grant of Non-Qualified Stock Options.

Subject to the provisions hereof, the Board may, from time to time, grant Non-Qualified Stock Options to Participants upon such terms and conditions as the Board may determine, and may grant

Non-Qualified Stock Options in exchange for and upon surrender of previously granted Options under this Plan. Non-Qualified Stock Options granted under this Plan are subject to the following terms and conditions:

(a) Price. The purchase price per share of Common Stock deliverable upon the exercise of each Non-Qualified Stock Option shall be determined by the Board on the date the option is granted. The purchase price shall not be less than one hundred percent (100%) of the Fair Market Value of the Common Stock on the date of grant or the par value of the Common Stock, whichever is greater. Shares may be purchased only upon full payment of the purchase price.

(b) Terms of Options. The term during which each Non-Qualified Stock Option may be exercised shall be determined by the Board, but in no event shall a Non-Qualified Stock Option be exercisable in whole or in part more than ten (10) years from the date of grant.

(c) Termination of Service. Except as provided herein, unless otherwise determined by the Board, upon the termination of the service of a Participant who is not an employee for any reason other than Disability, death or Termination for Cause, the Participant's Non-Qualified Stock Options shall be exercisable only as to those shares which were immediately exercisable by the participant at the date of termination and only for one (1) year from the date of such termination. In the event of death or termination of service of a Participant who is not an employee as a result of Disability of any Participant, all Non-Qualified Stock Options held by the Participant, whether or not exercisable at such time, shall be exercisable by the Participant or his legal representatives or beneficiaries of the Participant for one (1) year from the date of such termination. Upon the termination of the service of a Participant who is a common law employee of the Bank for any reason other than Disability, death or Termination for Cause, the Participant's Non-Qualified Stock Options shall be exercised only as to those shares which were immediately exercisable by the Participant at the date of termination and only for a period of three months following termination. In the event of death or termination of service of Participant who is a common law employee of the Bank as a result of Disability of any such Participant, all Non-Qualified Stock Options held by such Participant, whether or not exercisable at such time, shall be exercisable by the Participant or his legal representatives or beneficiaries of the Participant for one year or such longer period as is determined by the Board following the date of the Participant's death or termination of service due to Disability, provided and in no event shall the period extend beyond the expiration of the Non-Qualified Stock Option term. Notwithstanding any other provisions set forth herein to the contrary nor any provision contained in any agreement relating to the award of an option, in the event of a Termination for Cause, all of the Participant's Non-Qualified Stock Options shall immediately expire upon such Termination for Cause and shall not be exercisable, regardless of whether such Non-Qualified Stock Options were vested.

(d) Transferability. Except as provided for hereunder, no Option granted under the Plan shall be assignable or transferable by a Participant, and any attempted disposition thereof shall be null and void and of no effect. A Participant may transfer or assign an Option granted hereunder to an immediate family member or trust or benefit plan established for the Participant or an immediate family member. For terms of this provision, the term "immediate family member" means a Participant's spouse, parents and offspring. Nothing contained herein shall be deemed to prevent transfers by will or by the applicable laws of descent and distribution.

Section 7. Incentive Stock Options

7.1 Grant of Incentive Stock Options.

The Board may, from time to time, grant Incentive Stock Options to Management Officials who are employees of the Bank. Incentive Stock Options granted pursuant to the Plan shall be subject to the following terms and conditions:

(a) Price. The purchase price per share of Common Stock deliverable upon the exercise of each Incentive Stock Option shall be not less than one hundred percent (100%) of the Fair Market Value of the Common Stock on the date of grant or the par value of the Common Stock, whichever is higher. However, if a Participant owns stock possessing more than ten percent (10%) of the total combined voting power of all classes of Common Stock, the purchase price per share of Common Stock deliverable upon the exercise of each Incentive Stock Option shall not be less than one hundred ten percent (110%) of the Fair Market Value of the Common Stock on the date of grant or the par value of the Common Stock, whichever is greater. Shares may be purchased only upon payment of the full purchase price.

(b) Amounts of Options. Incentive Stock Options may be granted to any Management Official who is an employee of the Bank in such amounts as determined by the Board. In the case of an option intended to qualify as an Incentive Stock Option, the aggregate Fair Market Value (determined as of the time the option first becomes exercisable) of the Common Stock with respect to which Incentive Stock Options granted are exercisable for the first time by the Participant during any calendar year shall not exceed \$100,000. The provisions of this Section 7.1(b) shall be construed and applied in accordance with Section 422(d) of the Code and the regulations, if any, promulgated thereunder. To the extent an award is in excess of such limit, it shall be deemed a Non-Qualified Stock Option. The Board shall have discretion to redesignate options granted as Incentive Stock Options as Non-Qualified Options.

(c) Terms of Options. The term during which each Incentive Stock Option may be exercised shall be determined by the Board, but in no event shall an Incentive Stock Option be exercisable in whole or in part more than ten (10) years from the date of grant. If at the time an Incentive Stock Option is granted to an employee, the employee owns Common Stock representing more than ten percent (10%) of the total combined voting power of the Bank (or, under Section 422(d) of the Code, is deemed to own Common Stock representing more than ten percent (10%) of the total combined voting power of all such classes of Common Stock, by reason of the ownership of such classes of Common Stock, directly or indirectly, by or for any brother, sister, spouse, ancestor or lineal descendent of such employee, or by or for any corporation, partnership, estate or trust of which such employee is a shareholder, partner or beneficiary), the Incentive Stock Option granted to such employee shall not be exercisable after the expiration of five years from the date of grant.

(d) Termination of Service. Except as provided in Section 7.1(e) hereof, upon the termination of a Participant's service for any reason other than Disability, death or Termination for Cause, the Participant's Incentive Stock Options which are then exercisable at the date of termination may only be exercised by the Participant for a period of three months following termination. Notwithstanding any provisions set forth herein nor contained in any Agreement relating to an award of an Option, in the event of Termination for Cause all rights under the Participant's Incentive Stock Options shall expire immediately upon termination, and such Incentive Stock Options shall not be exercisable.

Unless otherwise determined by the Board, in the event of death or termination of service as a result of Disability of any Participant, all Incentive Stock Options held by such Participant, whether

or not exercisable at such time, shall be exercisable by the Participant or the Participant's legal representatives or beneficiaries of the Participant for one year following the date of the participant's death or termination of employment as a result of Disability. In no event shall the exercise period extend beyond the expiration of the Incentive Stock Option term.

(e) Transferability. No Incentive Option granted under the Plan shall be assignable or transferable by a Participant, except pursuant to the laws of descent and distribution, and any attempted distribution shall be null and void and of no effect.

(f) Compliance with Code. The options granted under this Section 7 of the Plan are intended to qualify as incentive stock options within the meaning of Section 422 of the Code, but the Bank makes no warranty as to the qualification of any option as an incentive stock option within the meaning of Section 422 of the Code. A Participant shall notify the Board in writing in the event that he disposes of Common Stock acquired upon exercise of an Incentive Stock Option within the two-year period following the date the Incentive Stock Option was granted or within the one-year period following the date he received Common Stock upon the exercise of an Incentive Stock Option and shall comply with any other requirements imposed by the Bank in order to enable the Bank to secure the related income tax deduction to which it will be entitled in such event under the Code.

Section 8. Extension

The Board may, in its sole discretion, extend the dates during which all or any particular Option or Options granted under the Plan may be exercised; provided, however, that no such extension shall be permitted if it would cause Incentive Stock Options issued under the Plan to fail to comply with Section 422 of the Code.

Section 9. General Provisions Applicable to Options

(a) Each Option under the Plan shall be evidenced by a writing delivered to the Participant specifying the terms and conditions thereof and containing such other terms and conditions not inconsistent with the provisions of the Plan as the Board considers necessary or advisable to achieve the purposes of the Plan or comply with applicable tax and regulatory laws and accounting principles.

(b) Each Option may be granted alone, in addition to or in relation to any other Option. The terms of each Option need not be identical, and the Board need not treat Participants uniformly. Except as otherwise provided by the Plan or a particular Option, any determination with respect to an Option may be made by the Board at the time of grant or at any time thereafter.

(c) In the event of a consolidation, reorganization, merger or sale of all or substantially all of the assets of the Bank, in each case in which outstanding shares of Common Stock are exchanged for securities, cash or other property of any other corporation or business entity or in the event of a liquidation of the Bank, the Board will provide for any one or more of the following actions, as to outstanding options: (i) provide that such options shall be assumed, or equivalent options shall be substituted, by the acquiring or succeeding corporation (or an affiliate thereof), provided that any such options substituted for Incentive Stock Options shall meet the requirements of Section 424(a) of the Code, (ii) upon written notice to the Participants, provide that all unexercised options will terminate immediately prior to the consummation of such transaction unless exercised (to the extent then exercisable) by the Participant within a specified period following the date of such notice, (iii) in the

event of a merger under the terms of which holders of the Common Stock of the Bank will receive upon consummation thereof a cash payment for each share surrendered in the merger (the "Merger Price"), make or provide for a cash payment to the Participants equal to the difference between (A) the Merger Price times the number of shares of Common Stock subject to such outstanding Options (to the extent then exercisable at prices not in excess of the Merger Price) and (B) the aggregate exercise price of all such outstanding Options in exchange for the termination of such Options, and (iv) provide that all or any outstanding Options shall become exercisable in full immediately prior to such event.

(d) The Participant shall pay to the Bank, or make provision satisfactory to the Board for payment of, any taxes required by law to be withheld in respect of Options under the Plan no later than the date of the event creating the tax liability. In the Board's sole discretion, a Participant may elect to have such tax obligations paid, in whole or in part, in shares of Common Stock, including shares retained from the Option creating the tax obligation. For withholding tax purposes, the value of the shares of Common Stock shall be the Fair Market Value on the date the withholding obligation is incurred. The Bank may, to the extent permitted by law, deduct any such tax obligations from any payment of any kind otherwise due to the Participant.

(e) For purposes of the Plan, the following events shall not be deemed a termination of service of a Participant:

(i) a transfer to the employment of the Bank from a subsidiary or from the Bank to a subsidiary, or from one subsidiary to another, or

(ii) an approved leave of absence for military service or sickness, or for any other purpose approved by the Bank, if the Participant's right to reemployment is guaranteed either by a statute or by contract or under the policy pursuant to which the leave of absence was granted or if the Board otherwise so provides in writing.

(f) The Board may at any time, and from time to time, amend, modify or terminate the Plan or any outstanding Option held by a Participant, including substituting therefore another Option of the same or a different type or changing the date of exercise or realization, provided that the Participant's consent to each action shall be required unless the Board determines that the action, taking into account any related action, would not materially and adversely affect the Participant, and further provided that no amendment increasing the number of shares subject to the Plan or decreasing the exercise price for any option provided for under the Plan may be effectuated without the approval of the shareholders of the Bank; provided, however, that no such amendment or modification will be effective if such amendment or modification would cause the Plan to fail to comply with the requirements of Rule 16b-3 under the Act or any successor or replacement regulation.

Section 10. Miscellaneous

(a) No person shall have any claim or right to be granted an Option, and the grant of an Option shall not be construed as giving a Participant the right to continued employment or service on the Bank's Board. The Bank expressly reserves the right at any time to dismiss a Participant free from any liability or claim under the Plan, except as expressly provided in the applicable Option.

(b) Nothing contained in the Plan shall prevent the Bank from adopting other or additional compensation arrangements.

(c) Subject to the provisions of the applicable Option, no Participant shall have any rights as a shareholder (including, without limitation, any rights to receive dividends, or non-cash distributions with respect to such shares) with respect to any shares of Common Stock to be distributed under the Plan until he or she becomes the holder thereof.

(d) Notwithstanding anything to the contrary expressed in this Plan, any provisions hereof that vary from or conflict with any applicable Federal or State securities laws (including any regulations promulgated thereunder) shall be deemed to be modified to conform to and comply with such laws.

(e) No member of the Board shall be liable for any action or determination taken or granted in good faith with respect to this Plan nor shall any member of the Board be liable for any agreement issued pursuant to this Plan or any grants under it. Each member of the Board shall be indemnified by the Bank against any losses incurred in such administration of the Plan, unless his action constitutes serious and willful misconduct.

(f) This Plan shall become effective upon its approval by the holders of two-thirds (2/3) of the Common Stock of the Bank entitled to vote and the approval of the Plan by the Commissioner of the Department of Banking and Insurance pursuant to Section 27.51 of the Banking Act of 1948, as amended. Prior to such approval, Options may be granted under the Plan expressly subject to such approval.

(g) Options may not be granted under the Plan more than ten (10) years after approval of the Plan by the Bank's Shareholders, but then outstanding Options may extend beyond such date.

(h) To the extent that State laws shall not have been preempted by any laws of the United States, the Plan shall be construed, regulated, interpreted and administered according to the other laws of the State of New Jersey.

North Jersey Community Bank**2005 STOCK OPTION PLAN - B****Section 1. Purpose**

The North Jersey Community Bank 2005 Stock Option Plan - B (the “Plan”) is hereby established to foster and promote the long-term success of North Jersey Community Bank (the “Bank”) and its shareholders by providing members of management, including employees and management officials, with an equity interest in the Bank. The Plan will assist the Bank in attracting and retaining the highest quality of experienced persons to serve as Directors and in aligning the interests of such persons more closely with the interests of the Bank’s shareholders by encouraging such parties to maintain an equity interest in the Bank.

Section 2. Definitions

Capitalized terms not specifically defined elsewhere herein shall have the following meaning:

“Act” means the Securities Exchange Act of 1934, as amended from time to time, and any rules and regulations promulgated thereunder.

“Bank” means North Jersey Community Bank and any present or future subsidiary or parent corporations of North Jersey Community Bank (as defined in Section 424 of the Code) or any successor to such corporations.

“Board” means the Board of Directors of the Bank.

“Code” means the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated thereunder.

“Common Stock” or “Stock” means the common stock, \$5.00 per share par value, of the Bank.

“Disability” shall mean, with respect to a Management Official who is an employee, a permanent disability which qualifies as total disability under the terms of the Bank’s Long-Term Disability Plans and, with respect to a Management Official who is a non-employee member of the Board, permanent and total disability which if the Management Official were an employee of the Bank would be treated as a total disability under the term of the Bank’s long-term disability plan for employees as in effect from time to time.

“Fair Market Value” means, with respect to shares of Common Stock, the fair market value as determined by the Board in good faith and in a manner established by the Board from time to time, taking into account such factors as the Board shall deem relevant, including the book value of the Common Stock and, to the extent there is an established trading market for the Common Stock, the market value of the Common Stock.

“Management Official” means an employee of the Bank, a non-employee member of the Board, a member of any advisory Board or any other service provider to the Bank.

“Non-Qualified Stock Option” means an option to purchase shares of Common Stock granted to a Participant under the Plan.

“Option” means a Non-Qualified Stock Option granted hereunder.

“Participant” means a Management Official selected by the Board to receive an Option under the Plan.

“Plan” means the North Jersey Community Bank 2005 Stock Option Plan - B.

“Termination for Cause” means termination because of Participant’s intentional failure to perform stated duties, personal dishonesty, willful violation of any law, rule regulation (other than traffic violations or similar offenses) or final cease and desist order issued by any regulatory agency having jurisdiction over the Participant or the Bank.

Section 3. Administration

(a) The Plan shall be administered by the Board. Among other things, the Board shall have authority, subject to the terms of the Plan, to grant Options, to determine the individuals to whom and the time or times at which Options may be granted, to determine the terms and conditions of any Option granted hereunder, including whether to impose any vesting period, and the exercise price thereof, subject to the requirements of this Plan.

(b) Subject to the other provisions of the Plan, the Board shall have authority to adopt, amend, alter and repeal such administrative rules, guidelines and practices governing the operation of the Plan as it shall from time to time consider advisable, to interpret the provisions of the Plan and any Option and to decide all disputes arising in connection with the Plan. The Board may correct any defect or supply any omission or reconcile any inconsistency in the Plan or in any option agreement in the manner and to the extent it shall deem appropriate to carry the Plan into effect, in its sole and absolute discretion. The Board’s decision and interpretations shall be final and binding. Any action of the Board with respect to the administration of the Plan shall be taken pursuant to a majority vote or by the unanimous written consent of its members.

(c) The Board may employ such legal counsel, consultants and agents as it may deem desirable for the administration of the Plan and may rely upon any opinion received from any such counsel or consultant and any computation received from any such consultant or agent.

Section 4. Eligibility and Participation

Management Officials of the Bank shall be eligible to participate in the Plan. The Participants under the Plan shall be selected from time to time by the Board, in its sole discretion, from among those eligible, and the Board shall determine in its sole discretion the numbers of shares to be covered by the Option or Options granted to each Participant.

Section 5. Shares of Stock Available for Options

(a) The maximum number of shares of Common Stock which may be issued and purchased pursuant to Options granted under the Plan is 60,000, subject to the adjustments as provided in Section 5 and Section 8, to the extent applicable. If an Option granted under this Plan expires or terminates before exercise or is forfeited for any reason, without a payment in the form of Common Stock being granted to the Participant, the shares of Common Stock subject to such Option, to the extent of such expiration, termination or forfeiture, shall again be available for subsequent Option grant under Plan.

(b) In the event that any stock dividend, stock split, reverse stock split or combination, extraordinary cash dividend, creation of a class of equity securities, recapitalization, reclassification, reorganization, merger, consolidation, split-up, spin-off, combination, exchange of shares, warrants or rights offering to purchase Common Stock at a price substantially below Fair Market Value, or other similar transaction affects the Common Stock such that an adjustment is required in order to preserve the benefits or potential benefits intended to be granted or made available under the Plan to Participants, the Board shall proportionately and appropriately adjust equitably any or all of (i) the maximum number and kind of shares of Common Stock in respect of which Options may be granted under the Plan to Participants, (ii) the number and kind of shares of Common Stock subject to outstanding Options held by Participants, and (iii) the exercise price with respect to any Options held by Participants, without changing the aggregate purchase price as to which such Options remain exercisable, and if considered appropriate, the Board may make provision for a cash payment with respect to any outstanding Options held by a Participant, provided that no adjustment shall be made pursuant to this Section if such adjustment would cause the Plan to fail to comply with the requirements of Rule 16b-3 under the Act or any successor or replacement regulation. No fractional Shares shall be issued on account of any such adjustment.

(c) Any adjustments under this Section will be made by the Board, whose determination as to what adjustments, will be made and the extent thereof will be final, binding and conclusive.

Section 6. Non-Qualified Stock Options

6.1 Grant of Non-Qualified Stock Options.

Subject to the provisions hereof, the Board may, from time to time, grant Non-Qualified Stock Options to Participants upon such terms and conditions as the Board may determine. Options granted under this Plan are subject to the following terms and conditions:

(a) Price. The purchase price per share of Common Stock deliverable upon the exercise of each Option shall be determined by the Board on the date the option is granted. The purchase price shall not be less than one hundred percent (100%) of the Fair Market Value of the Common Stock on the date of grant or the par value of the Common Stock, whichever is greater. Shares may be purchased only upon full payment of the purchase price.

(b) Terms of Options. The term during which each Option may be exercised shall be determined by the Board, but in no event shall an Option be exercisable in whole or in part more than ten (10) years from the date of grant.

(c) Termination of Service. Except as provided herein, unless otherwise determined by the Board, upon the termination of the service of a Participant who is not an employee for any reason other than Disability, death or Termination for Cause, the Participant's Options shall be exercisable only as to those shares which were immediately exercisable by the participant at the date of termination and only for one (1) year from the date of such termination. In the event of death or termination of service of a Participant who is not an employee as a result of Disability of any Participant, all Options held by the Participant, whether or not exercisable at such time, shall be exercisable by the Participant or his legal representatives or beneficiaries of the Participant for one (1) year from the date of such termination. Upon the termination of the service of a Participant who is a common law employee of the Bank for any reason other than Disability, death or Termination for Cause, the Participant's Options shall be exercised only as to those shares which were immediately exercisable by the Participant at the date of termination and only for a period of three months following termination. In the event of death or termination of service of Participant who is a common law employee of the Bank as a result of Disability of any such Participant, all Options held by such Participant, whether or not exercisable at such time, shall be exercisable by the Participant or his legal representatives or beneficiaries of the Participant for one year or such longer period as is determined by the Board following the date of the Participant's death or termination of service due to Disability, provided and in no event shall the period extend beyond the expiration of the Option term. Notwithstanding any other provisions set forth herein to the contrary nor any provision contained in any agreement relating to the award of an option, in the event of a Termination for Cause, all of the Participant's Options shall immediately expire upon such Termination for Cause and shall not be exercisable, regardless of whether such Options were vested.

(d) Transferability. Except as provided for hereunder, no Option granted under the Plan shall be assignable or transferable by a Participant, and any attempted disposition thereof shall be null and void and of no effect. A Participant may transfer or assign an Option granted hereunder to an immediate family member or trust or benefit plan established for the Participant or an immediate family member. For terms of this provision, the term "immediate family member" means a Participant's spouse, parents and offspring. Nothing contained herein shall be deemed to prevent transfers by will or by the applicable laws of descent and distribution.

Section 7. Extension

The Board may, in its sole discretion, extend the dates during which all or any particular Option or Options granted under the Plan may be exercised.

Section 8. General Provisions Applicable to Options

(a) Each Option under the Plan shall be evidenced by a writing delivered to the Participant specifying the terms and conditions thereof and containing such other terms and conditions not inconsistent with the provisions of the Plan as the Board considers necessary or advisable to achieve the purposes of the Plan or comply with applicable tax and regulatory laws and accounting principles.

(b) Each Option may be granted alone, in addition to or in relation to any other Option. The terms of each Option need not be identical, and the Board need not treat Participants uniformly. Except as otherwise provided by the Plan or a particular Option, any determination with respect to an Option may be made by the Board at the time of grant or at any time thereafter.

(c) In the event of a consolidation, reorganization, merger or sale of all or substantially all of the assets of the Bank, in each case in which outstanding shares of Common Stock are exchanged for securities, cash or other property of any other corporation or business entity or in the event of a liquidation of the Bank, the Board will provide for any one or more of the following actions, as to outstanding options: (i) provide that such options shall be assumed, or equivalent options shall be substituted, by the acquiring or succeeding corporation (or an affiliate thereof), (ii) upon written notice to the Participants, provide that all unexercised options will terminate immediately prior to the consummation of such transaction unless exercised (to the extent then exercisable) by the Participant within a specified period following the date of such notice, (iii) in the event of a merger under the terms of which holders of the Common Stock of the Bank will receive upon consummation thereof a cash payment for each share surrendered in the merger (the "Merger Price"), make or provide for a cash payment to the Participants equal to the difference between (A) the Merger Price times the number of shares of Common Stock subject to such outstanding Options (to the extent then exercisable at prices not in excess of the Merger Price) and (B) the aggregate exercise price of all such outstanding Options in exchange for the termination of such Options, and (iv) provide that all or any outstanding Options shall become exercisable in full immediately prior to such event.

(d) The Participant shall pay to the Bank, or make provision satisfactory to the Board for payment of, any taxes required by law to be withheld in respect of Options under the Plan no later than the date of the event creating the tax liability. In the Board's sole discretion, a Participant may elect to have such tax obligations paid, in whole or in part, in shares of Common Stock, including shares retained from the Option creating the tax obligation. For withholding tax purposes, the value of the shares of Common Stock shall be the Fair Market Value on the date the withholding obligation is incurred. The Bank may, to the extent permitted by law, deduct any such tax obligations from any payment of any kind otherwise due to the Participant.

(e) For purposes of the Plan, the following events shall not be deemed a termination of service of a Participant:

(i) a transfer to the employment of the Bank from a subsidiary or from the Bank to a subsidiary, or from one subsidiary to another, or

(ii) an approved leave of absence for military service or sickness, or for any other purpose approved by the Bank, if the Participant's right to reemployment is guaranteed either by a statute or by contract or under the policy pursuant to which the leave of absence was granted or if the Board otherwise so provides in writing.

(f) The Board may at any time, and from time to time, amend, modify or terminate the Plan or any outstanding Option held by a Participant, including substituting therefore another Option of the same or a different type or changing the date of exercise or realization, provided that the Participant's consent to each action shall be required unless the Board determines that the action, taking

into account any related action, would not materially and adversely affect the Participant, and further provided that no amendment increasing the number of shares subject to the Plan or decreasing the exercise price for any option provided for under the Plan may be effectuated without the approval of the shareholders of the Bank; provided, however, that no such amendment or modification will be effective if such amendment or modification would cause the Plan to fail to comply with the requirements of Rule 16b-3 under the Act or any successor or replacement regulation.

Section 9. Miscellaneous

(a) No person shall have any claim or right to be granted an Option, and the grant of an Option shall not be construed as giving a Participant the right to continued employment or service on the Bank's Board. The Bank expressly reserves the right at any time to dismiss a Participant free from any liability or claim under the Plan, except as expressly provided in the applicable Option.

(b) Nothing contained in the Plan shall prevent the Bank from adopting other or additional compensation arrangements.

(c) Subject to the provisions of the applicable Option, no Participant shall have any rights as a shareholder (including, without limitation, any rights to receive dividends, or non-cash distributions with respect to such shares) with respect to any shares of Common Stock to be distributed under the Plan until he or she becomes the holder thereof.

(d) Notwithstanding anything to the contrary expressed in this Plan, any provisions hereof that vary from or conflict with any applicable Federal or State securities laws (including any regulations promulgated thereunder) shall be deemed to be modified to conform to and comply with such laws.

(e) No member of the Board shall be liable for any action or determination taken or granted in good faith with respect to this Plan nor shall any member of the Board be liable for any agreement issued pursuant to this Plan or any grants under it. Each member of the Board shall be indemnified by the Bank against any losses incurred in such administration of the Plan, unless his action constitutes serious and willful misconduct.

(f) This Plan shall become effective upon its approval by the holders of two-thirds (2/3) of the Common Stock of the Bank entitled to vote and the approval of the Plan by the Commissioner of the Department of Banking and Insurance pursuant to Section 27.51 of the Banking Act of 1948, as amended. Prior to such approval, Options may be granted under the Plan expressly subject to such approval.

(g) Options may not be granted under the Plan more than ten (10) years after approval of the Plan by the Bank's Shareholders, but then outstanding Options may extend beyond such date.

(h) To the extent that State laws shall not have been preempted by any laws of the United States, the Plan shall be construed, regulated, interpreted and administered according to the other laws of the State of New Jersey.

NORTH JERSEY COMMUNITY BANK**2006 EQUITY COMPENSATION PLAN****Section 1. Purpose**

The North Jersey Community Bank 2006 Equity Compensation Plan (the “Plan”) is hereby established to foster and promote the long-term success of North Jersey Community Bank (the “Bank”) and its shareholders by providing members of management, including employees and management officials, with an equity interest in the Bank. The Plan will assist the Bank in attracting and retaining the highest quality of experienced persons to serve as Directors and in aligning the interests of such persons more closely with the interests of the Bank’s shareholders by encouraging such parties to maintain an equity interest in the Bank.

Section 2. Definitions

Capitalized terms not specifically defined elsewhere herein shall have the following meaning:

“Act” means the Securities Exchange Act of 1934, as amended from time to time, and any rules and regulations promulgated thereunder.

“Award” means the grant of Options or a Restricted Stock Award hereunder.

“Bank” means North Jersey Community Bank and any present or future subsidiary or parent corporations of North Jersey Community Bank (as defined in Section 424 of the Code) or any successor to such corporations.

“Board” means the Board of Directors of the Bank.

“Code” means the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated thereunder.

“Common Stock” or “Stock” means the common stock, \$5.00 per share par value, of the Bank.

“Disability” shall mean the Participant’s inability for a period of three (3) consecutive months, or for six (6) months during any twelve (12) month period, to perform the requirements of the Participant’s position with the Bank due to physical or mental impairment; provided, however, with respect to a Participant who has been granted an Incentive Stock Option such term shall have the meaning set forth in Section 422(c)(6) of the Code. For purposes of Restricted Stock Awards under Section 8, “Disability” shall be as defined in Section 8.3(a)(1). The determination of whether a Disability exists will be made by the Board.

“Fair Market Value” means, with respect to shares of Common Stock, the fair market value as determined by the Board in good faith and in a manner established by the Board from time to time, taking into account such factors as the Board shall deem relevant, including the book value of the Common Stock and, to the extent there is an established trading market for the Common Stock, the market value of the Common Stock.

“Incentive Stock Option” means an option to purchase shares of Common Stock granted to a Participant under the Plan which is intended to meet the requirements of Section 422 of the Code.

“Management Official” means an employee of the Bank, a non-employee member of the Board, a member of any advisory Board or any other service provider to the Bank.

“Non-Qualified Stock Option” means an option to purchase shares of Common Stock granted to a Participant under the Plan which is not intended to be an Incentive Stock Option.

“Option” means an Incentive Stock Option or a Non-Qualified Stock Option granted hereunder.

“Participant” means a Management Official selected by the Board to receive an Option or Restricted Stock Award under the Plan.

“Plan” means the North Jersey Community Bank 2006 Equity Compensation Plan.

“Restricted Stock Award” means a grant of shares of Common Stock pursuant to Section 8 hereof.

“Termination for Cause” means termination because of Participant’s intentional failure to perform stated duties, personal dishonesty, willful violation of any law, rule regulation (other than traffic violations or similar offenses) or final cease and desist order issued by any regulatory agency having jurisdiction over the Participant or the Bank.

Section 3. Administration

(a) The Plan shall be administered by the Board. Among other things, the Board shall have authority, subject to the terms of the Plan, to grant Awards, to determine the type of Award granted, to determine the individuals to whom and the time or times at which Awards may be granted, to determine whether Options are to be Incentive Options or Non-Qualified Stock Options (subject to the requirements of the Code, which provide that only employees may receive Incentive Options and subject to the limitation contained in Section 5 regarding the number of Non-Qualified Stock Options which may be granted), to determine the terms and conditions of any Award granted hereunder, including whether to impose any vesting period, and if the Award is an Option, the exercise price thereof, subject to the requirements of this Plan.

(b) Subject to the other provisions of the Plan, the Board shall have authority to adopt, amend, alter and repeal such administrative rules, guidelines and practices governing the operation of the Plan as it shall from time to time consider advisable, to interpret the provisions of the Plan and any Award and to decide all disputes arising in connection with the Plan. The Board may correct any defect or supply any omission or reconcile any inconsistency in the Plan or in any grant agreement in the manner and to the extent it shall deem appropriate to carry the Plan into effect, in its sole and absolute discretion. The Board's decision and interpretations shall be final and binding. Any action of the Board with respect to the administration of the Plan shall be taken pursuant to a majority vote or by the unanimous written consent of its members.

(c) The Board may employ such legal counsel, consultants and agents as it may deem desirable for the administration of the Plan and may rely upon any opinion received from any such counsel or consultant and any computation received from any such consultant or agent.

Section 4. Eligibility and Participation

Management Officials of the Bank shall be eligible to participate in the Plan. The Participants under the Plan shall be selected from time to time by the Board, in its sole discretion, from among those eligible, and the Board shall determine in its sole discretion the numbers of shares to be covered by the Award or Awards granted to each Participant. Options intended to qualify as Incentive Stock Options shall be granted only to persons who are eligible to receive such options under Section 422 of the Code; i.e., employees of the Bank.

Section 5. Shares of Stock Available for Options

(a) The maximum number of shares of Common Stock which may be issued under the Plan is 45,300, subject to the adjustments as provided in this Section 5 and Section 10, to the extent applicable. Of this amount, the maximum number of shares which may be purchased pursuant to Non-Qualified Options or Restricted Stock Awards granted to Participants who are not employees of the Bank shall be 30,200, subject to the adjustments provided for in this Section 5 and Section 10. If an Award granted under this Plan expires or terminates before exercise or is forfeited for any reason, without a payment in the form of Common Stock being granted to the Participant, the shares of Common Stock subject to such Award, to the extent of such expiration, termination or forfeiture, shall again be available for subsequent Award grant under Plan.

(b) In the event that any stock dividend, stock split, reverse stock split or combination, extraordinary cash dividend, creation of a class of equity securities, recapitalization, reclassification, reorganization, merger, consolidation, split-up, spin-off, combination, exchange of shares, warrants or rights offering to purchase Common Stock at a price substantially below Fair Market Value, or other similar transaction affects the Common Stock such that an adjustment is required in order to preserve the benefits or potential benefits

intended to be granted or made available under the Plan to Participants, the Board shall proportionately and appropriately adjust equitably any or all of (i) the maximum number and kind of shares of Common Stock in respect of which Awards may be granted under the Plan to Participants, (ii) the number and kind of shares of Common Stock subject to outstanding Options held by Participants, and (iii) the exercise price with respect to any Options held by Participants, without changing the aggregate purchase price as to which such Options remain exercisable, and if considered appropriate, the Board may make provision for a cash payment with respect to any outstanding Options held by a Participant, provided that no adjustment shall be made pursuant to this Section if such adjustment would cause the Plan to fail to comply with Section 422 of the Code with regard to any Incentive Stock Options granted hereunder or fail to comply with the requirements of Rule 16b-3 under the Act or any successor or replacement regulation. No fractional Shares shall be issued on account of any such adjustment.

(c) Any adjustments under this Section will be made by the Board, whose determination as to what adjustments, will be made and the extent thereof will be final, binding and conclusive.

Section 6. Non-Qualified Stock Options

6.1 Grant of Non-Qualified Stock Options.

Subject to the provisions hereof, the Board may, from time to time, grant Non-Qualified Stock Options to Participants upon such terms and conditions as the Board may determine, and may grant Non-Qualified Stock Options in exchange for and upon surrender of previously granted Options under this Plan. Non-Qualified Stock Options granted under this Plan are subject to the following terms and conditions:

(a) Price. The purchase price per share of Common Stock deliverable upon the exercise of each Non-Qualified Stock Option shall be determined by the Board on the date the option is granted. The purchase price shall not be less than one hundred percent (100%) of the Fair Market Value of the Common Stock on the date of grant or the par value of the Common Stock, whichever is greater. Shares may be purchased only upon full payment of the purchase price.

(b) Terms of Options. The term during which each Non-Qualified Stock Option may be exercised shall be determined by the Board, but in no event shall a Non-Qualified Stock Option be exercisable in whole or in part more than ten (10) years from the date of grant.

(c) Termination of Service. Except as provided herein, unless otherwise determined by the Board, upon the termination of the service of a Participant who is not an employee for any reason other than Disability, death or Termination for Cause, the Participant's Non-Qualified Stock Options shall be exercisable only as to those shares which were immediately exercisable by the participant at the date of termination and only for one (1) year from the date of such termination. In the event of death or termination of service of a Participant

who is not an employee as a result of Disability of any Participant, all Non-Qualified Stock Options held by the Participant, whether or not exercisable at such time, shall be exercisable by the Participant or his legal representatives or beneficiaries of the Participant for one (1) year from the date of such termination. Upon the termination of the service of a Participant who is a common law employee of the Bank for any reason other than Disability, death or Termination for Cause, the Participant's Non-Qualified Stock Options shall be exercised only as to those shares which were immediately exercisable by the Participant at the date of termination and only for a period of three months following termination. In the event of death or termination of service of a Participant who is a common law employee of the Bank as a result of Disability of any such Participant, all Non-Qualified Stock Options held by such Participant, whether or not exercisable at such time, shall be exercisable by the Participant or his legal representatives or beneficiaries of the Participant for one year or such longer period as is determined by the Board following the date of the Participant's death or termination of service due to Disability, provided and in no event shall the period extend beyond the expiration of the Non-Qualified Stock Option term. Notwithstanding any other provisions set forth herein to the contrary nor any provision contained in any agreement relating to the award of an option, in the event of a Termination for Cause, all of the Participant's Non-Qualified Stock Options shall immediately expire upon such Termination for Cause and shall not be exercisable, regardless of whether such Non-Qualified Stock Options were vested.

(d) Transferability. Except as provided for hereunder, no Option granted under the Plan shall be assignable or transferable by a Participant, and any attempted disposition thereof shall be null and void and of no effect. A Participant may transfer or assign an Option granted hereunder to an immediate family member or trust or benefit plan or similar investment vehicle established for the Participant or an immediate family member. For purposes of this provision, the term "immediate family member" means a Participant's spouse, parents and offspring. Nothing contained herein shall be deemed to prevent transfers by will or by the applicable laws of descent and distribution.

Section 7. Incentive Stock Options

7.1 Grant of Incentive Stock Options

The Board may, from time to time, grant Incentive Stock Options to Management Officials who are employees of the Bank. Incentive Stock Options granted pursuant to the Plan shall be subject to the following terms and conditions:

(a) Price. The purchase price per share of Common Stock deliverable upon the exercise of each Incentive Stock Option shall be not less than one hundred percent (100%) of the Fair Market Value of the Common Stock on the date of grant or the par value of the Common Stock, whichever is higher. However, if a Participant owns stock possessing more than ten percent (10%) of the total combined voting power of all classes of Common Stock, the purchase price per share of Common Stock deliverable upon the exercise of each Incentive Stock Option shall not be less than one hundred ten percent (110%) of the Fair Market Value of the Common Stock on the date of grant or the par value of the Common Stock, whichever is greater. Shares may be purchased only upon payment of the full purchase price.

(b) Amounts of Options. Incentive Stock Options may be granted to any Management Official who is an employee of the Bank in such amounts as determined by the Board. In the case of an option intended to qualify as an Incentive Stock Option, the aggregate Fair Market Value (determined as of the time the option first becomes exercisable) of the Common Stock with respect to which Incentive Stock Options granted are exercisable for the first time by the Participant during any calendar year shall not exceed \$100,000. The provisions of this Section 7.1(b) shall be construed and applied in accordance with Section 422(d) of the Code and the regulations, if any, promulgated thereunder. To the extent an award is in excess of such limit, it shall be deemed a Non-Qualified Stock Option. The Board shall have discretion to redesignate options granted as Incentive Stock Options as Non-Qualified Options.

(c) Terms of Options. The term during which each Incentive Stock Option may be exercised shall be determined by the Board, but in no event shall an Incentive Stock Option be exercisable in whole or in part more than ten (10) years from the date of grant. If at the time an Incentive Stock Option is granted to an employee, the employee owns Common Stock representing more than ten percent (10%) of the total combined voting power of the Bank (or, under Section 422(d) of the Code, is deemed to own Common Stock representing more than ten percent (10%) of the total combined voting power of all such classes of Common Stock, by reason of the ownership of such classes of Common Stock, directly or indirectly, by or for any brother, sister, spouse, ancestor or lineal descendent of such employee, or by or for any corporation, partnership, estate or trust of which such employee is a shareholder, partner or beneficiary), the Incentive Stock Option granted to such employee shall not be exercisable after the expiration of five years from the date of grant.

(d) Termination of Service. Except as provided in Section 7.1(e) hereof, upon the termination of a Participant's service for any reason other than Disability, death or Termination for Cause, the Participant's Incentive Stock Options which are then exercisable at the date of termination may only be exercised by the Participant for a period of three months following termination. Notwithstanding any provisions set forth herein nor contained in any Agreement relating to an award of an Option, in the event of Termination for Cause all rights under the Participant's Incentive Stock Options shall expire immediately upon termination, and such Incentive Stock Options shall not be exercisable.

Unless otherwise determined by the Board, in the event of death or termination of service as a result of Disability of any Participant, all Incentive Stock Options held by such Participant, whether or not exercisable at such time, shall be exercisable by the Participant or the Participant's legal representatives or beneficiaries of the Participant for one year following the date of the participant's death or termination of employment as a result of Disability. In no event shall the exercise period extend beyond the expiration of the Incentive Stock Option term.

(e) Transferability. No Incentive Option granted under the Plan shall be assignable or transferable by a Participant, except pursuant to the laws of descent and distribution, and any attempted distribution shall be null and void and of no effect.

(f) Compliance with Code. The options granted under this Section 7 of the Plan are intended to qualify as incentive stock options within the meaning of Section 422 of the Code, but the Bank makes no warranty as to the qualification of any option as an incentive stock option within the meaning of Section 422 of the Code. A Participant shall notify the Board in writing in the event that he disposes of Common Stock acquired upon exercise of an Incentive Stock Option within the two-year period following the date the Incentive Stock Option was granted or within the one-year period following the date he received Common Stock upon the exercise of an Incentive Stock Option and shall comply with any other requirements imposed by the Bank in order to enable the Bank to secure the related income tax deduction to which it will be entitled in such event under the Code.

Section 8. Restricted Stock

8.1 Grant of Restricted Stock Awards

(a) Grants. The Board may grant Restricted Stock Awards entitling recipients to acquire shares of Common Stock, subject to the right of the Bank to require forfeiture of such shares from the Participant in the event that conditions specified by the Board in the applicable Restricted Stock Award are not satisfied prior to the end of the applicable restriction period or periods established by the Board for such Restricted Award. During the restricted period, shares constituting a Restricted Stock Award may not be transferred, although a Participant shall be entitled to exercise other indicia of ownership, including the right to vote such shares and receive any dividends declared on such shares.

(b) Terms and Conditions. Subject to Section 8.2, the Board shall determine the terms and conditions of any such Restricted Stock Award, including the conditions for forfeiture.

(c) Stock Certificates. The Bank may cause shares issued as part of a Restricted Stock Award to be issued in either book entry form or certificated form. Shares issued in book entry form will be maintained in an account at the Bank's transfer agent, and only released to a Participant upon satisfaction of any required restrictions. Any stock certificates issued in respect of a Restricted Stock Award shall be registered in the name of the Participant and, unless otherwise determined by the Board, deposited by the Participant, together with a stock power endorsed in blank, with the Bank (or its designee). At the expiration of the applicable restriction periods, the Bank (or such designee) shall deliver the certificates no longer subject to such restrictions to the Participant or if the Participant has died, to the beneficiary designated, in a manner determined by the Board, by a Participant to receive amounts due or exercise rights of the Participant in the event of the Participant's death (the "Designated Beneficiary"). In the absence of an effective designation by a Participant, Designated Beneficiary shall mean the Participant's estate.

8.2 Distribution of Restricted Stock Awards

(a) Restricted Stock Awards shall not be distributed and the restrictions pertaining to such award shall not expire earlier than -

(1) upon the completion or satisfaction of the conditions specified by the Board in the Award;

(2) a Participant's separation from service;

(3) the date a Participant becomes disabled (as defined in Section 8.3(b));

(4) upon the death of a Participant;

(5) a change in the ownership or effective control of the Bank, or in the ownership of a substantial portion of the assets of the Bank, as described in Section 10(c) or, if in conflict therewith, to the extent necessary, by the Secretary of Treasury under regulations issued under Code section 409A; or

(6) upon the occurrence of an unforeseeable emergency.

(b) A payment of a Participant's vested interest in a Restricted Stock Award may, in the discretion of the Board, be made in the event of a Participant's Disability, upon the occurrence of a Change-in-Control (as defined in the Grant Agreement evidencing any Award) or Unforeseeable Emergency. Payments in settlement of a Participant's vested interest in a Restricted Stock Award shall be made as soon as practicable after such occurrence or after the Participant otherwise vests in such award. For the purposes of section 409A of the Code, the entitlement to a series of installment payments will be treated as the entitlement to a single payment.

(c) Other provisions of the Plan notwithstanding, if, upon the written application of a Participant, the Board determines that the Participant has an unforeseeable emergency (as defined in Section 8.3(b)), the Board may, in its sole discretion, direct the payment to the Participant of all or a portion of the balance of his or her vested interest in a Restricted Stock Award in a lump sum payment, provided that any such withdrawal shall be limited by the Board to the amount reasonably necessary to meet the emergency, including amounts needed to pay any income taxes or penalties reasonably anticipated to result from the payment. No payment may be made to the extent that such emergency is or may be relieved through reimbursement or compensation from insurance or otherwise, by liquidation of the Participant's assets or to the extent the liquidation of such assets would not cause severe financial hardship.

(d) The Board may not otherwise permit the acceleration of the time or schedule of any vesting of a Restricted Stock award scheduled to be paid pursuant to the Plan, unless such acceleration of the time or schedule is (i) necessary to fulfill a domestic relations order (as defined in section 414(p)(1)(B) of the Code) or to comply with a certificate of divestiture (as defined in section 1043(b)(2) of the Code), (ii) de minimis in nature (as defined in regulations promulgated under section 409A of the Code), (iii) to be used for the payment of FICA taxes on amounts deferred under the Plan, or (iv) equal to amounts included in the federal personal taxable income of the Participant under section 409A of the Code.

8.3 Definitions for Restricted Stock Awards

(a) For purposes of this Section 8, the following definitions shall apply-

(1) “Disability” shall mean (i) the inability of a Participant to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (ii) if the Participant is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than 3 months under an accident and health plan covering employees of the Bank.

(2) “Unforeseeable emergency” shall mean a severe financial hardship to the Participant resulting from an illness or accident of the Participant, the Participant’s spouse, or a dependent (as defined in Code section 152(a)) of the Participant, loss of the Participant’s property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant.

Section 9. Extension

The Board may, in its sole discretion, extend the dates during which all or any particular Option or Options granted under the Plan may be exercised; provided, however, that no such extension shall be permitted if it would cause Non-Qualified Stock Options or Incentive Stock Options issued under the Plan to fail to comply with Section 409A or 422 of the Code. An election to defer the lapse of restrictions on a Restricted Stock Award shall not take effect until at least 12 months after the date on which the election is made and in the event that an election to defer the lapse of restrictions is made other than in the event of death, disability or the occurrence of an unforeseeable emergency, payment of such award must be deferred for a period of not less than 5 years from the date that restrictions would have otherwise lapsed.

Section 10. General Provisions Applicable to Options

(a) Each Award under the Plan shall be evidenced by a writing delivered to the Participant specifying the terms and conditions thereof and containing such other terms and conditions not inconsistent with the provisions of the Plan as the Board considers necessary or advisable to achieve the purposes of the Plan or comply with applicable tax and regulatory laws and accounting principles.

(b) Each Award may be granted alone, in addition to or in relation to any other Award. The terms of each Award need not be identical, and the Board need not treat Participants uniformly. Except as otherwise provided by the Plan or a particular Award, any determination with respect to an Award may be made by the Board at the time of grant or at any time thereafter.

(c) In the event of a consolidation, reorganization, merger or sale of all or substantially all of the assets of the Bank, in each case in which outstanding shares of Common Stock are exchanged for securities, cash or other property of any other corporation or business entity or in the event of a liquidation of the Bank, the Board will provide for any one or more of the following actions, as to outstanding Awards: (i) provide that such Awards shall be assumed, or equivalent Awards shall be substituted, by the acquiring or succeeding corporation (or an affiliate thereof), provided that any options substituted for Incentive Stock Options shall meet the requirements of Section 424(a) of the Code, (ii) upon written notice to the Participants, provide that all unexercised Options will terminate immediately prior to the consummation of such transaction unless exercised (to the extent then exercisable) by the Participant within a specified period following the date of such notice, (iii) in the event of a merger under the terms of which holders of the Common Stock of the Bank will receive upon consummation thereof a cash payment for each share surrendered in the merger (the "Merger Price"), make or provide for a cash payment to the Participants equal to the difference between (A) the Merger Price times the number of shares of Common Stock subject to outstanding Options (to the extent then exercisable at prices not in excess of the Merger Price) and (B) the aggregate exercise price of all such outstanding Options in exchange for the termination of such Options, or (iv) provide that all or any outstanding Awards shall become exercisable in full, or that the restrictions on such Awards shall lapse, immediately prior to such event.

(d) For purposes of the Plan, the following events shall not be deemed a termination of service of a Participant:

(i) a transfer to the employment of the Bank from a subsidiary or from the Bank to a subsidiary, or from one subsidiary to another, or

(ii) an approved leave of absence for military service or sickness, or for any other purpose approved by the Bank, if the Participant's right to reemployment is guaranteed either by a statute or by contract or under the policy pursuant to which the leave of absence was granted or if the Board otherwise so provides in writing.

(e) The Board may at any time, and from time to time, amend, modify or terminate the Plan or any outstanding Award held by a Participant, including substituting therefore another Award of the same or a different type or changing the date of exercise or realization, provided that the Participant's consent to each action shall be required unless the Board determines that the action, taking into account any related action, would not materially and adversely affect the Participant, and further provided that no amendment increasing the number of shares subject to the Plan or decreasing the exercise price for any Option provided for under the Plan may be effectuated without the approval of the shareholders of the Bank; provided, however, that no such amendment or modification will be effective if such amendment or modification would cause the Plan to fail to comply with the requirements of Rule 16b-3 under the Act or any successor or replacement regulation.

(f) The Board may, in its sole discretion, terminate the Plan (in whole or in part) with respect to one or more Participants and distribute to such affected Participants their vested interest in any Restricted Stock award in a lump sum as soon as reasonably practicable following such termination, but if, and only if, (i) all nonqualified defined contribution deferred compensation plans maintained by the Bank and its Affiliates are terminated, (ii) no payments other than payments that would be payable under the terms of the Plan if the termination had not occurred are made within 12 months of the termination of the Plan, (iii) all payments of the vested interest in Restricted Stock awards are made within 24 months of the termination of the Plan, and (iv) the Bank acknowledges to the Participants that it will not adopt any new nonqualified defined contribution deferred compensation plans at any time within five (5) years following the date of the termination of the Plan.

Section 11. Miscellaneous

(a) No person shall have any claim or right to be granted an Award, and the grant of an Award shall not be construed as giving a Participant the right to continued employment or service on the Bank's Board. The Bank expressly reserves the right at any time to dismiss a Participant free from any liability or claim under the Plan, except as expressly provided in the applicable Award.

(b) Nothing contained in the Plan shall prevent the Bank from adopting other or additional compensation arrangements.

(c) Subject to the provisions of the applicable Award, no Participant shall have any rights as a shareholder (including, without limitation, any rights to receive dividends, or non-cash distributions with respect to such shares) with respect to any shares of Common Stock to be distributed under the Plan until he or she becomes the holder thereof.

(d) Notwithstanding anything to the contrary expressed in this Plan, any provisions hereof that vary from or conflict with any applicable Federal or State securities laws (including any regulations promulgated thereunder) shall be deemed to be modified to conform to and comply with such laws.

(e) No member of the Board shall be liable for any action or determination taken or granted in good faith with respect to this Plan nor shall any member of the Board be liable for any agreement issued pursuant to this Plan or any grants under it. Each member of the Board shall be indemnified by the Bank against any losses incurred in such administration of the Plan, unless his action constitutes serious and willful misconduct.

(f) This Plan shall become effective upon its approval by the holders of two-thirds (2/3) of the Common Stock of the Bank entitled to vote and the approval of the Plan by the Commissioner of the Department of Banking and Insurance pursuant to Section 27.51 of the Banking Act of 1948, as amended. Prior to such approval, Awards may be granted under the Plan expressly subject to such approval.

(g) Awards may not be granted under the Plan more than ten (10) years after approval of the Plan by the Bank's Shareholders, but then outstanding Awards may extend beyond such date.

(h) To the extent that State laws shall not have been preempted by any laws of the United States, the Plan shall be construed, regulated, interpreted and administered according to the other laws of the State of New Jersey.

(i) A Participant in the Plan shall have no right to receive payment (in any form) with respect to his or her restricted Stock award until legal and contractual obligations of the Bank relating to establishment of the Plan and the making of such payments shall have been complied with in full. In addition, the Bank shall impose such restrictions on stock delivered to a Participant hereunder and any other interest constituting a security as it may deem advisable in order to comply with the Securities Act of 1933, as amended, the requirements of any stock exchange or automated quotation system upon which the stock is then listed or quoted, any applicable state securities laws, any provision of the Bank's certificate of incorporation or bylaws, or any other law, regulation, or binding contract to which the Bank is a party.

NORTH JERSEY COMMUNITY BANK**2008 EQUITY COMPENSATION PLAN****Section 1. Purpose**

The North Jersey Community Bank 2008 Equity Compensation Plan (the “Plan”) is hereby established to foster and promote the long-term success of North Jersey Community Bank (the “Bank”) and its shareholders by providing members of management, including employees and management officials, with an equity interest in the Bank. The Plan will assist the Bank in attracting and retaining the highest quality of experienced persons to serve as employees and Directors and in aligning the interests of such persons more closely with the interests of the Bank’s shareholders by encouraging such parties to maintain an equity interest in the Bank.

Section 2. Definitions

Capitalized terms not specifically defined elsewhere herein shall have the following meaning:

“Act” means the Securities Exchange Act of 1934, as amended from time to time, and any rules and regulations promulgated thereunder.

“Award” means the grant of Options or a Restricted Stock Award hereunder.

“Bank” means North Jersey Community Bank and any present or future subsidiary or parent corporations of North Jersey Community Bank (as defined in Section 424 of the Code) or any successor to such corporations.

“Board” means the Board of Directors of the Bank.

“Code” means the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated thereunder.

“Common Stock” or “Stock” means the common stock, \$5.00 per share par value, of the Bank.

“Disability” shall mean the Participant’s inability for a period of three (3) consecutive months, or for six (6) months during any twelve (12) month period, to perform the requirements of the Participant’s position with the Bank due to physical or mental impairment; provided, however, with respect to a Participant who has been granted an Incentive Stock Option such term shall have the meaning set forth in Section 422(c)(6) of the Code. For purposes of Restricted Stock Awards under Section 8, “Disability” shall be as defined in Section 8.3(a)(1). The determination of whether a Disability exists will be made by the Board.

“Fair Market Value” means, with respect to shares of Common Stock, the fair market value as determined by the Board in good faith and in a manner established by the Board

from time to time, taking into account such factors as the Board shall deem relevant, including the book value of the Common Stock and, to the extent there is an established trading market for the Common Stock, the market value of the Common Stock.

“Incentive Stock Option” means an option to purchase shares of Common Stock granted to a Participant under the Plan which is intended to meet the requirements of Section 422 of the Code.

“Management Official” means an employee of the Bank, a non-employee member of the Board, a member of any advisory Board or any other service provider to the Bank.

“Non-Qualified Stock Option” means an option to purchase shares of Common Stock granted to a Participant under the Plan which is not intended to be an Incentive Stock Option.

“Option” means an Incentive Stock Option or a Non-Qualified Stock Option granted hereunder.

“Participant” means a Management Official selected by the Board to receive an Option or Restricted Stock Award under the Plan.

“Plan” means the North Jersey Community Bank 2008 Equity Compensation Plan.

“Restricted Stock Award” means a grant of shares of Common Stock pursuant to Section 8 hereof.

“Termination for Cause” means termination because of Participant’s intentional failure to perform stated duties, personal dishonesty, willful violation of any law, rule regulation (other than traffic violations or similar offenses) or final cease and desist order issued by any regulatory agency having jurisdiction over the Participant or the Bank.

Section 3. Administration

(a) The Plan shall be administered by the Board. Among other things, the Board shall have authority, subject to the terms of the Plan, to grant Awards, to determine the type of Award granted, to determine the individuals to whom and the time or times at which Awards may be granted, to determine whether Options are to be Incentive Options or Non-Qualified Stock Options (subject to the requirements of the Code, which provide that only employees may receive Incentive Options and subject to the limitation contained in Section 5 regarding the number of Non-Qualified Stock Options which may be granted), to determine the terms and conditions of any Award granted hereunder, including whether to impose any vesting period, and if the Award is an Option, the exercise price thereof, subject to the requirements of this Plan.

(b) Subject to the other provisions of the Plan, the Board shall have authority to adopt, amend, alter and repeal such administrative rules, guidelines and practices governing the operation of the Plan as it shall from time to time consider advisable, to interpret the provisions of the Plan and any Award and to decide all disputes arising in connection with the Plan. The Board may correct any defect or supply any omission or reconcile any inconsistency in the Plan or in any grant agreement in the manner and to the extent it shall deem appropriate to carry the Plan into effect, in its sole and absolute discretion. The Board's decision and interpretations shall be final and binding. Any action of the Board with respect to the administration of the Plan shall be taken pursuant to a majority vote or by the unanimous written consent of its members.

(c) The Board may employ such legal counsel, consultants and agents as it may deem desirable for the administration of the Plan and may rely upon any opinion received from any such counsel or consultant and any computation received from any such consultant or agent.

Section 4. Eligibility and Participation

Management Officials of the Bank shall be eligible to participate in the Plan. The Participants under the Plan shall be selected from time to time by the Board, in its sole discretion, from among those eligible, and the Board shall determine in its sole discretion the numbers of shares to be covered by the Award or Awards granted to each Participant. Options intended to qualify as Incentive Stock Options shall be granted only to persons who are eligible to receive such options under Section 422 of the Code; i.e., employees of the Bank.

Section 5. Shares of Stock Available for Options

(a) The maximum number of shares of Common Stock which may be issued under the Plan is 108,099 subject to the adjustments as provided in this Section 5 and Section 10, to the extent applicable. Of this amount, the maximum number of shares which may be purchased pursuant to Non-Qualified Options or Restricted Stock Awards granted to Participants who are not employees of the Bank shall be 72,066, subject to the adjustments provided for in this Section 5 and Section 10. If an Award granted under this Plan expires or terminates before exercise or is forfeited for any reason, without a payment in the form of Common Stock being granted to the Participant, the shares of Common Stock subject to such Award, to the extent of such expiration, termination or forfeiture, shall again be available for subsequent Award grant under the Plan.

(b) In the event that any stock dividend, stock split, reverse stock split or combination, extraordinary cash dividend, creation of a class of equity securities, recapitalization, reclassification, reorganization, merger, consolidation, split-up, spin-off, combination, exchange of shares, warrants or rights offering to purchase Common Stock at a price substantially below Fair Market Value, or other similar transaction affects the Common

Stock such that an adjustment is required in order to preserve the benefits or potential benefits intended to be granted or made available under the Plan to Participants, the Board shall proportionately and appropriately adjust equitably any or all of (i) the maximum number and kind of shares of Common Stock in respect of which Awards may be granted under the Plan to Participants, (ii) the number and kind of shares of Common Stock subject to outstanding Options held by Participants, and (iii) the exercise price with respect to any Options held by Participants, without changing the aggregate purchase price as to which such Options remain exercisable, and if considered appropriate, the Board may make provision for a cash payment with respect to any outstanding Options held by a Participant, provided that no adjustment shall be made pursuant to this Section if such adjustment would cause the Plan to fail to comply with Section 422 of the Code with regard to any Incentive Stock Options granted hereunder or fail to comply with the requirements of Rule 16b-3 under the Act or any successor or replacement regulation. No fractional Shares shall be issued on account of any such adjustment.

(c) Any adjustments under this Section will be made by the Board, whose determination as to what adjustments, will be made and the extent thereof will be final, binding and conclusive.

Section 6. Non-Qualified Stock Options

6.1 Grant of Non-Qualified Stock Options.

Subject to the provisions hereof, the Board may, from time to time, grant Non-Qualified Stock Options to Participants upon such terms and conditions as the Board may determine, and may grant Non-Qualified Stock Options in exchange for and upon surrender of previously granted Options under this Plan. Non-Qualified Stock Options granted under this Plan are subject to the following terms and conditions:

(a) Price. The purchase price per share of Common Stock deliverable upon the exercise of each Non-Qualified Stock Option shall be determined by the Board on the date the option is granted. The purchase price shall not be less than one hundred percent (100%) of the Fair Market Value of the Common Stock on the date of grant or the par value of the Common Stock, whichever is greater. Shares may be purchased only upon full payment of the purchase price.

(b) Terms of Options. The term during which each Non-Qualified Stock Option may be exercised shall be determined by the Board, but in no event shall a Non-Qualified Stock Option be exercisable in whole or in part more than ten (10) years from the date of grant.

(c) Termination of Service. Except as provided herein, unless otherwise determined by the Board, upon the termination of the service of a Participant who is not an employee for any reason other than Disability, death or Termination for Cause, the Participant's Non-Qualified Stock Options shall be exercisable only as to those shares which were immediately exercisable by the participant at the date of termination and only for one (1) year

from the date of such termination. In the event of death or termination of service of a Participant who is not an employee as a result of Disability of the Participant, all Non-Qualified Stock Options held by the Participant, whether or not exercisable at such time, shall be exercisable by the Participant or his legal representatives, or beneficiaries of the Participant for one (1) year from the date of such termination. Upon the termination of the service of a Participant who is a common law employee of the Bank for any reason other than Disability, death or Termination for Cause, the Participant's Non-Qualified Stock Options shall be exercised only as to those shares which were immediately exercisable by the Participant at the date of termination and only for a period of three (3) months following termination. In the event of death or termination of service of a Participant who is a common law employee of the Bank as a result of Disability of any such Participant, all Non-Qualified Stock Options held by such Participant, whether or not exercisable at such time, shall be exercisable by the Participant or his legal representatives or beneficiaries of the Participant for one (1) year or such longer period as is determined by the Board following the date of the Participant's death or termination of service due to Disability, provided that in no event shall the period extend beyond the expiration of the Non-Qualified Stock Option term. Notwithstanding any other provisions set forth herein to the contrary nor any provision contained in any agreement relating to the award of an option, in the event of a Termination for Cause, all of the Participant's Non-Qualified Stock Options shall immediately expire upon such Termination for Cause and shall not be exercisable, regardless of whether such Non-Qualified Stock Options were vested.

(d) Transferability. Except as provided for hereunder, no Option granted under the Plan shall be assignable or transferable by a Participant, and any attempted disposition thereof shall be null and void and of no effect. A Participant may transfer or assign an Option granted hereunder to an immediate family member or trust or benefit plan or similar investment vehicle established for the Participant or an immediate family member. For purposes of this provision, the term "immediate family member" means a Participant's spouse, parents and offspring. Nothing contained herein shall be deemed to prevent transfers by will or by the applicable laws of descent and distribution.

Section 7. Incentive Stock Options

7.1 Grant of Incentive Stock Options

The Board may, from time to time, grant Incentive Stock Options to Management Officials who are employees of the Bank. Incentive Stock Options granted pursuant to the Plan shall be subject to the following terms and conditions:

(a) Price. The purchase price per share of Common Stock deliverable upon the exercise of each Incentive Stock Option shall be not less than one hundred percent (100%) of the Fair Market Value of the Common Stock on the date of grant or the par value of the Common Stock, whichever is higher. However, if a Participant owns stock possessing more than ten percent (10%) of the total combined voting power of all classes of Common Stock, the purchase price per share of Common Stock deliverable upon the exercise of each Incentive Stock Option

shall not be less than one hundred ten percent (110%) of the Fair Market Value of the Common Stock on the date of grant or the par value of the Common Stock, whichever is greater. Shares may be purchased only upon payment of the full purchase price.

(b) Amounts of Options. Incentive Stock Options may be granted to any Management Official who is an employee of the Bank in such amounts as determined by the Board. In the case of an option intended to qualify as an Incentive Stock Option, the aggregate Fair Market Value (determined as of the time the option first becomes exercisable) of the Common Stock with respect to which Incentive Stock Options granted are exercisable for the first time by the Participant during any calendar year shall not exceed \$100,000. The provisions of this Section 7.1(b) shall be construed and applied in accordance with Section 422(d) of the Code and the regulations, if any, promulgated thereunder. To the extent an award is in excess of such limit, it shall be deemed a Non-Qualified Stock Option. The Board shall have discretion to redesignate options granted as Incentive Stock Options as Non-Qualified Options.

(c) Terms of Options. The term during which each Incentive Stock Option may be exercised shall be determined by the Board, but in no event shall an Incentive Stock Option be exercisable in whole or in part more than ten (10) years from the date of grant. If at the time an Incentive Stock Option is granted to an employee, the employee owns Common Stock representing more than ten percent (10%) of the total combined voting power of the Bank (or, under Section 422(d) of the Code, is deemed to own Common Stock representing more than ten percent (10%) of the total combined voting power of all such classes of Common Stock, by reason of the ownership of such classes of Common Stock, directly or indirectly, by or for any brother, sister, spouse, ancestor or lineal descendent of such employee, or by or for any corporation, partnership, estate or trust of which such employee is a shareholder, partner or beneficiary), the Incentive Stock Option granted to such employee shall not be exercisable after the expiration of five (5) years from the date of grant.

(d) Termination of Service. Except as provided in Section 7.1(e) hereof, upon the termination of a Participant's service for any reason other than Disability, death or Termination for Cause, the Participant's Incentive Stock Options which are then exercisable at the date of termination may only be exercised by the Participant for a period of three (3) months following termination. Notwithstanding any provisions set forth herein nor contained in any Agreement relating to an award of an Option, in the event of Termination for Cause all rights under the Participant's Incentive Stock Options shall expire immediately upon termination, and such Incentive Stock Options shall not be exercisable.

Unless otherwise determined by the Board, in the event of death or termination of service as a result of Disability of any Participant, all Incentive Stock Options held by such Participant, whether or not exercisable at such time, shall be exercisable by the Participant or the Participant's legal representatives or beneficiaries of the Participant for one (1) year following the date of the participant's death or termination of employment as a result of Disability. In no event shall the exercise period extend beyond the expiration of the Incentive Stock Option term.

(e) Transferability. No Incentive Option granted under the Plan shall be assignable or transferable by a Participant, except pursuant to the laws of descent and distribution, and any attempted distribution shall be null and void and of no effect.

(f) Compliance with Code. The options granted under this Section 7 of the Plan are intended to qualify as incentive stock options within the meaning of Section 422 of the Code, but the Bank makes no warranty as to the qualification of any option as an incentive stock option within the meaning of Section 422 of the Code. A Participant shall notify the Board in writing in the event that he disposes of Common Stock acquired upon exercise of an Incentive Stock Option within the two-year period following the date the Incentive Stock Option was granted or within the one-year period following the date he received Common Stock upon the exercise of an Incentive Stock Option and shall comply with any other requirements imposed by the Bank in order to enable the Bank to secure the related income tax deduction to which it will be entitled in such event under the Code.

Section 8. Restricted Stock

8.1 Grant of Restricted Stock Awards

(a) Grants. The Board may grant Restricted Stock Awards entitling recipients to acquire shares of Common Stock, subject to the right of the Bank to require forfeiture of such shares from the Participant in the event that conditions specified by the Board in the applicable Restricted Stock Award are not satisfied prior to the end of the applicable restriction period or periods established by the Board for such Restricted Award. During the restricted period, shares constituting a Restricted Stock Award may not be transferred, although a Participant shall be entitled to exercise other indicia of ownership, including the right to vote such shares and receive any dividends declared on such shares.

(b) Terms and Conditions. Subject to Section 8.2, the Board shall determine the terms and conditions of any such Restricted Stock Award, including the conditions for forfeiture.

(c) Stock Certificates. The Bank may cause shares issued as part of a Restricted Stock Award to be issued in either book entry form or certificated form. Shares issued in book entry form will be maintained in an account at the Bank's transfer agent, and only released to a Participant upon satisfaction of any required restrictions. Any stock certificates issued in respect of a Restricted Stock Award shall be registered in the name of the Participant and, unless otherwise determined by the Board, deposited by the Participant, together with a stock power endorsed in blank, with the Bank (or its designee). At the expiration of the applicable restriction periods, the Bank (or such designee) shall deliver the certificates no longer subject to such restrictions to the Participant or if the Participant has died, to the beneficiary designated, in a manner determined by the Board, by a Participant to receive amounts due or exercise rights of the Participant in the event of the Participant's death (the "Designated Beneficiary"). In the absence of an effective designation by a Participant, Designated Beneficiary shall mean the Participant's estate.

8.2 Distribution of Restricted Stock Awards

(a) Restricted Stock Awards shall not be distributed and the restrictions pertaining to such award shall not expire earlier than -

(1) upon the completion or satisfaction of the conditions specified by the Board in the Award;

(2) a Participant's separation from service;

(3) the date a Participant becomes disabled (as defined in Section 8.3(b));

(4) upon the death of a Participant;

(5) a change in the ownership or effective control of the Bank, or in the ownership of a substantial portion of the assets of the Bank, as described in Section 10(c) or, if in conflict therewith, to the extent necessary, by the Secretary of Treasury under regulations issued under Code section 409A; or

(6) upon the occurrence of an unforeseeable emergency.

(b) A payment of a Participant's vested interest in a Restricted Stock Award may, in the discretion of the Board, be made in the event of a Participant's Disability, upon the occurrence of a Change-in-Control (as defined in the Grant Agreement evidencing any Award) or Unforeseeable Emergency. Payments in settlement of a Participant's vested interest in a Restricted Stock Award shall be made as soon as practicable after such occurrence or after the Participant otherwise vests in such award. For the purposes of section 409A of the Code, the entitlement to a series of installment payments will be treated as the entitlement to a single payment.

(c) Other provisions of the Plan notwithstanding, if, upon the written application of a Participant, the Board determines that the Participant has an unforeseeable emergency (as defined in Section 8.3(b)), the Board may, in its sole discretion, direct the payment to the Participant of all or a portion of the balance of his or her vested interest in a Restricted Stock Award in a lump sum payment, provided that any such withdrawal shall be limited by the Board to the amount reasonably necessary to meet the emergency, including amounts needed to pay any income taxes or penalties reasonably anticipated to result from the payment. No payment may be made to the extent that such emergency is or may be relieved

through reimbursement or compensation from insurance or otherwise, by liquidation of the Participant's assets or to the extent the liquidation of such assets would not cause severe financial hardship.

(d) The Board may not otherwise permit the acceleration of the time or schedule of any vesting of a Restricted Stock award scheduled to be paid pursuant to the Plan, unless such acceleration of the time or schedule is (i) necessary to fulfill a domestic relations order (as defined in section 414(p)(1)(B) of the Code) or to comply with a certificate of divestiture (as defined in section 1043(b)(2) of the Code), (ii) de minimis in nature (as defined in regulations promulgated under section 409A of the Code), (iii) to be used for the payment of FICA taxes on amounts deferred under the Plan, or (iv) equal to amounts included in the federal personal taxable income of the Participant under section 409A of the Code.

8.3 Definitions for Restricted Stock Awards

(a) For purposes of this Section 8, the following definitions shall apply -

(1) "Disability" shall mean (i) the inability of a Participant to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, or (ii) if the Participant is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees of the Bank.

(2) "Unforeseeable emergency" shall mean a severe financial hardship to the Participant resulting from an illness or accident of the Participant, the Participant's spouse, or a dependent (as defined in Code section 152(a)) of the Participant, loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant.

Section 9. Extension

The Board may, in its sole discretion, extend the dates during which all or any particular Option or Options granted under the Plan may be exercised; provided, however, that no such extension shall be permitted if it would cause Non-Qualified Stock Options or Incentive Stock Options issued under the Plan to fail to comply with Section 409A or 422 of the Code. An election to defer the lapse of restrictions on a Restricted Stock Award shall not take effect until at least twelve (12) months after the date on which the election is made and in the event that an election to defer the lapse of restrictions is made other than in the event of death, disability or the occurrence of an unforeseeable emergency, payment of such award must be deferred for a period of not less than five (5) years from the date that restrictions would have otherwise lapsed.

Section 10. General Provisions Applicable to Options

(a) Each Award under the Plan shall be evidenced by a writing delivered to the Participant specifying the terms and conditions thereof and containing such other terms and conditions not inconsistent with the provisions of the Plan as the Board considers necessary or advisable to achieve the purposes of the Plan or comply with applicable tax and regulatory laws and accounting principles.

(b) Each Award may be granted alone, in addition to or in relation to any other Award. The terms of each Award need not be identical, and the Board need not treat Participants uniformly. Except as otherwise provided by the Plan or a particular Award, any determination with respect to an Award may be made by the Board at the time of grant or at any time thereafter.

(c) In the event of a consolidation, reorganization, merger or sale of all or substantially all of the assets of the Bank, in each case in which outstanding shares of Common Stock are exchanged for securities, cash or other property of any other corporation or business entity or in the event of a liquidation of the Bank, the Board will provide for any one or more of the following actions, as to outstanding Awards: (i) provide that such Awards shall be assumed, or equivalent Awards shall be substituted, by the acquiring or succeeding corporation (or an affiliate thereof), provided that any options substituted for Incentive Stock Options shall meet the requirements of Section 424(a) of the Code, (ii) upon written notice to the Participants, provide that all unexercised Options will terminate immediately prior to the consummation of such transaction unless exercised (to the extent then exercisable) by the Participant within a specified period following the date of such notice, (iii) in the event of a merger under the terms of which holders of the Common Stock of the Bank will receive upon consummation thereof a cash payment for each share surrendered in the merger (the "Merger Price"), make or provide for a cash payment to the Participants equal to the difference between (A) the Merger Price times the number of shares of Common Stock subject to outstanding Options (to the extent then exercisable at prices not in excess of the Merger Price) and (B) the aggregate exercise price of all such outstanding Options in exchange for the termination of such Options, or (iv) provide that all or any outstanding Awards shall become exercisable in full, or that the restrictions on such Awards shall lapse, immediately prior to such event.

(d) For purposes of the Plan, the following events shall not be deemed a termination of service of a Participant:

(i) a transfer to the employment of the Bank from a subsidiary or from the Bank to a subsidiary, or from one subsidiary to another, or

(ii) an approved leave of absence for military service or sickness, or for any other purpose approved by the Bank, if the Participant's right to

reemployment is guaranteed either by a statute or by contract or under the policy pursuant to which the leave of absence was granted or if the Board otherwise so provides in writing.

(e) The Board may at any time, and from time to time, amend, modify or terminate the Plan or any outstanding Award held by a Participant, including substituting therefore another Award of the same or a different type or changing the date of exercise or realization, provided that the Participant's consent to each action shall be required unless the Board determines that the action, taking into account any related action, would not materially and adversely affect the Participant, and further provided that no amendment increasing the number of shares subject to the Plan or decreasing the exercise price for any Option provided for under the Plan may be effectuated without the approval of the shareholders of the Bank; provided, however, that no such amendment or modification will be effective if such amendment or modification would cause the Plan to fail to comply with the requirements of Rule 16b-3 under the Act or any successor or replacement regulation.

(f) The Board may, in its sole discretion, terminate the Plan (in whole or in part) with respect to one or more Participants and distribute to such affected Participants their vested interest in any Restricted Stock award in a lump sum as soon as reasonably practicable following such termination, but if, and only if, (i) all nonqualified defined contribution deferred compensation plans maintained by the Bank and its Affiliates are terminated, (ii) no payments other than payments that would be payable under the terms of the Plan if the termination had not occurred are made within twelve (12) months of the termination of the Plan, (iii) all payments of the vested interest in Restricted Stock awards are made within twenty-four (24) months of the termination of the Plan, and (iv) the Bank acknowledges to the Participants that it will not adopt any new nonqualified defined contribution deferred compensation plans at any time within five (5) years following the date of the termination of the Plan.

Section 11. Miscellaneous

(a) No person shall have any claim or right to be granted an Award, and the grant of an Award shall not be construed as giving a Participant the right to continued employment or service on the Bank's Board. The Bank expressly reserves the right at any time to dismiss a Participant free from any liability or claim under the Plan, except as expressly provided in the applicable Award.

(b) Nothing contained in the Plan shall prevent the Bank from adopting other or additional compensation arrangements.

(c) Subject to the provisions of the applicable Award, no Participant shall have any rights as a shareholder (including, without limitation, any rights to receive dividends, or non-cash distributions with respect to such shares) with respect to any shares of Common Stock to be distributed under the Plan until he or she becomes the holder thereof.

(d) Notwithstanding anything to the contrary expressed in this Plan, any provisions hereof that vary from or conflict with any applicable Federal or State securities laws (including any regulations promulgated thereunder) shall be deemed to be modified to conform to and comply with such laws.

(e) No member of the Board shall be liable for any action or determination taken or granted in good faith with respect to this Plan nor shall any member of the Board be liable for any agreement issued pursuant to this Plan or any grants under it. Each member of the Board shall be indemnified by the Bank against any losses incurred in such administration of the Plan, unless his action constitutes serious and willful misconduct.

(f) This Plan shall become effective upon its approval by the holders of two-thirds (2/3) of the Common Stock of the Bank entitled to vote and the approval of the Plan by the Commissioner of the Department of Banking and Insurance pursuant to Section 27.51 of the Banking Act of 1948, as amended. Prior to such approval, Awards may be granted under the Plan expressly subject to such approval.

(g) Awards may not be granted under the Plan more than ten (10) years after approval of the Plan by the Bank's Shareholders, but then outstanding Awards may extend beyond such date.

(h) To the extent that State laws shall not have been preempted by any laws of the United States, the Plan shall be construed, regulated, interpreted and administered according to the other laws of the State of New Jersey.

(i) A Participant in the Plan shall have no right to receive payment (in any form) with respect to his or her restricted Stock award until legal and contractual obligations of the Bank relating to establishment of the Plan and the making of such payments shall have been complied with in full. In addition, the Bank shall impose such restrictions on stock delivered to a Participant hereunder and any other interest constituting a security as it may deem advisable in order to comply with the Securities Act of 1933, as amended, the requirements of any stock exchange or automated quotation system upon which the stock is then listed or quoted, any applicable state securities laws, any provision of the Bank's certificate of incorporation or bylaws, or any other law, regulation, or binding contract to which the Bank is a party.

NORTH JERSEY COMMUNITY BANCORP, INC.**2009 EQUITY COMPENSATION PLAN****Section 1. Purpose**

The North Jersey Community Bancorp 2009 Equity Compensation Plan (the “Plan”) is hereby established to foster and promote the long-term success of North Jersey Community Bancorp, Inc. (the “Company”) and its shareholders by providing members of management, including employees and management officials, with an equity interest in the Company. The Plan will assist the Company in attracting and retaining the highest quality of experienced persons to serve as management officials and in aligning the interests of such persons more closely with the interests of the Company’s shareholders by encouraging such parties to maintain an equity interest in the Company.

Section 2. Definitions

Capitalized terms not specifically defined elsewhere herein shall have the following meaning:

“Act” means the Securities Exchange Act of 1934, as amended from time to time, and any rules and regulations promulgated thereunder.

“Award” means the grant of Options or a Restricted Stock Award hereunder.

“Board” means the Board of Directors of the Company.

“Code” means the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated thereunder.

“Common Stock” or “Stock” means the common stock, no par value, of the Company.

“Company” means North Jersey Community Bancorp, Inc. and any present or future subsidiary or parent corporations of the Company (as defined in Section 424 of the Code) or any successor to such corporations.

“Disability” shall mean the Participant’s inability for a period of three (3) consecutive months, or for six (6) months during any twelve (12) month period, to perform the requirements of the Participant’s position with the Company due to physical or mental impairment. For purposes of Restricted Stock Awards under Section 8, “Disability” shall be as defined in Section 8.3(a)(1). The determination of whether a Disability exists will be made by the Board.

“Fair Market Value” means, with respect to shares of Common Stock, the fair market value as determined by the Board in good faith and in a manner established by the Board

from time to time, taking into account such factors as the Board shall deem relevant, including the book value of the Common Stock and, to the extent there is an established trading market for the Common Stock, the market value of the Common Stock.

“Management Official” means an employee of the Company, a non-employee member of the Board, a member of any advisory Board or any other service provider to the Company.

“Non-Qualified Stock Option” means an option to purchase shares of Common Stock granted to a Participant under the Plan which is not intended to satisfy the requirements of Section 422 of the Code.

“Option” means a Non-Qualified Stock Option granted hereunder.

“Participant” means a Management Official selected by the Board to receive an Option or Restricted Stock Award under the Plan.

“Plan” means the North Jersey Community Bancorp 2009 Equity Compensation Plan.

“Restricted Stock Award” means a grant of shares of Common Stock pursuant to Section 8 hereof.

“Termination for Cause” means termination because of Participant’s intentional failure to perform stated duties, personal dishonesty, willful violation of any law, rule regulation (other than traffic violations or similar offenses) or final cease and desist order issued by any regulatory agency having jurisdiction over the Participant or the Company.

Section 3. Administration

(a) The Plan shall be administered by the Board. Among other things, the Board shall have authority, subject to the terms of the Plan, to grant Awards, to determine the type of Award granted, to determine the individuals to whom and the time or times at which Awards may be granted, to determine the terms and conditions of any Award granted hereunder, including whether to impose any vesting period, and if the Award is an Option, the exercise price thereof, subject to the requirements of this Plan.

(b) Subject to the other provisions of the Plan, the Board shall have authority to adopt, amend, alter and repeal such administrative rules, guidelines and practices governing the operation of the Plan as it shall from time to time consider advisable, to interpret the provisions of the Plan and any Award and to decide all disputes arising in connection with the Plan. The Board may correct any defect or supply any omission or reconcile any inconsistency in the Plan or in any grant agreement in the manner and to the extent it shall deem appropriate to carry the Plan into effect, in its sole and absolute discretion. The Board’s decision and

interpretations shall be final and binding. Any action of the Board with respect to the administration of the Plan shall be taken pursuant to a majority vote or by the unanimous written consent of its members.

(c) The Board may employ such legal counsel, consultants and agents as it may deem desirable for the administration of the Plan and may rely upon any opinion received from any such counsel or consultant and any computation received from any such consultant or agent.

Section 4. Eligibility and Participation

Management Officials of the Company shall be eligible to participate in the Plan. The Participants under the Plan shall be selected from time to time by the Board, in its sole discretion, from among those eligible, and the Board shall determine in its sole discretion the numbers of shares to be covered by the Award or Awards granted to each Participant.

Section 5. Shares of Stock Available for Options

(a) The maximum number of shares of Common Stock which may be issued under the Plan is 111,133 subject to the adjustments as provided in this Section 5 and Section 10, to the extent applicable. If an Award granted under this Plan expires or terminates before exercise or is forfeited for any reason, without a payment in the form of Common Stock being granted to the Participant, the shares of Common Stock subject to such Award, to the extent of such expiration, termination or forfeiture, shall again be available for subsequent Award grant under the Plan.

(b) In the event that any stock dividend, stock split, reverse stock split or combination, extraordinary cash dividend, creation of a class of equity securities, recapitalization, reclassification, reorganization, merger, consolidation, split-up, spin-off, combination, exchange of shares, warrants or rights offering to purchase Common Stock at a price substantially below Fair Market Value, or other similar transaction affects the Common Stock such that an adjustment is required in order to preserve the benefits or potential benefits intended to be granted or made available under the Plan to Participants, the Board shall proportionately and appropriately adjust equitably any or all of (i) the maximum number and kind of shares of Common Stock in respect of which Awards may be granted under the Plan to Participants, (ii) the number and kind of shares of Common Stock subject to outstanding Options held by Participants, and (iii) the exercise price with respect to any Options held by Participants, without changing the aggregate purchase price as to which such Options remain exercisable, and if considered appropriate, the Board may make provision for a cash payment with respect to any outstanding Options held by a Participant, provided that no adjustment shall be made pursuant to this Section if such adjustment would cause the Plan to fail to comply with Section 422 of the Code with regard to any Incentive Stock Options granted hereunder or fail to comply with the requirements of Rule 16b-3 under the Act or any successor or replacement regulation. No fractional Shares shall be issued on account of any such adjustment.

(c) Any adjustments under this Section will be made by the Board, whose determination as to what adjustments, will be made and the extent thereof will be final, binding and conclusive.

Section 6. Non-Qualified Stock Options

6.1 Grant of Non-Qualified Stock Options.

Subject to the provisions hereof, the Board may, from time to time, grant Non-Qualified Stock Options to Participants upon such terms and conditions as the Board may determine, and may grant Non-Qualified Stock Options in exchange for and upon surrender of previously granted Options under this Plan. Non-Qualified Stock Options granted under this Plan are subject to the following terms and conditions:

(a) Price. The purchase price per share of Common Stock deliverable upon the exercise of each Non-Qualified Stock Option shall be determined by the Board on the date the option is granted. The purchase price shall not be less than one hundred percent (100%) of the Fair Market Value of the Common Stock on the date of grant or the par value of the Common Stock, whichever is greater. Shares may be purchased only upon full payment of the purchase price.

(b) Terms of Options. The term during which each Non-Qualified Stock Option may be exercised shall be determined by the Board, but in no event shall a Non-Qualified Stock Option be exercisable in whole or in part more than ten (10) years from the date of grant.

(c) Termination of Service. Except as provided herein, unless otherwise determined by the Board, upon the termination of the service of a Participant who is not an employee for any reason other than Disability, death or Termination for Cause, the Participant's Non-Qualified Stock Options shall be exercisable only as to those shares which were immediately exercisable by the participant at the date of termination and only for one (1) year from the date of such termination. In the event of death or termination of service of a Participant who is not an employee as a result of Disability of the Participant, all Non-Qualified Stock Options held by the Participant, whether or not exercisable at such time, shall be exercisable by the Participant or his legal representatives, or beneficiaries of the Participant for one (1) year from the date of such termination. Upon the termination of the service of a Participant who is a common law employee of the Company for any reason other than Disability, death or Termination for Cause, the Participant's Non-Qualified Stock Options shall be exercised only as to those shares which were immediately exercisable by the Participant at the date of termination and only for a period of three (3) months following termination. In the event of death or termination of service of a Participant who is a common law employee of the Company as a result of Disability of any such Participant, all Non-Qualified Stock Options held by such Participant, whether or not exercisable at such time, shall be exercisable by the Participant or his legal representatives or beneficiaries of the Participant for one (1) year or such longer period as

is determined by the Board following the date of the Participant's death or termination of service due to Disability, provided that in no event shall the period extend beyond the expiration of the Non-Qualified Stock Option term. Notwithstanding any other provisions set forth herein to the contrary nor any provision contained in any agreement relating to the award of an option, in the event of a Termination for Cause, all of the Participant's Non-Qualified Stock Options shall immediately expire upon such Termination for Cause and shall not be exercisable, regardless of whether such Non-Qualified Stock Options were vested.

(d) Transferability. Except as provided for hereunder, no Option granted under the Plan shall be assignable or transferable by a Participant, and any attempted disposition thereof shall be null and void and of no effect. A Participant may transfer or assign an Option granted hereunder to an immediate family member or trust or benefit plan or similar investment vehicle established for the Participant or an immediate family member. For purposes of this provision, the term "immediate family member" means a Participant's spouse, parents and offspring. Nothing contained herein shall be deemed to prevent transfers by will or by the applicable laws of descent and distribution.

Section 7. [Intentionally Deleted]

Section 8. Restricted Stock

8.1 Grant of Restricted Stock Awards

(a) Grants. The Board may grant Restricted Stock Awards entitling recipients to acquire shares of Common Stock, subject to the right of the Company to require forfeiture of such shares from the Participant in the event that conditions specified by the Board in the applicable Restricted Stock Award are not satisfied prior to the end of the applicable restriction period or periods established by the Board for such Restricted Award. During the restricted period, shares constituting a Restricted Stock Award may not be transferred, although a Participant shall be entitled to exercise other indicia of ownership, including the right to vote such shares and receive any dividends declared on such shares.

(b) Terms and Conditions. Subject to Section 8.2, the Board shall determine the terms and conditions of any such Restricted Stock Award, including the conditions for forfeiture.

(c) Stock Certificates. The Company may cause shares issued as part of a Restricted Stock Award to be issued in either book entry form or certificated form. Shares issued in book entry form will be maintained in an account at the Company's transfer agent, and only released to a Participant upon satisfaction of any required restrictions. Any stock certificates issued in respect of a Restricted Stock Award shall be registered in the name of the Participant and, unless otherwise determined by the Board, deposited by the Participant, together with a stock power endorsed in blank, with the Company (or its designee). At the expiration of the applicable restriction periods, the Company (or such designee) shall deliver the certificates no

longer subject to such restrictions to the Participant or if the Participant has died, to the beneficiary designated, in a manner determined by the Board, by a Participant to receive amounts due or exercise rights of the Participant in the event of the Participant's death (the "Designated Beneficiary"). In the absence of an effective designation by a Participant, Designated Beneficiary shall mean the Participant's estate.

8.2 Distribution of Restricted Stock Awards

(a) Restricted Stock Awards shall not be distributed and the restrictions pertaining to such award shall not expire earlier than -

(1) upon the completion or satisfaction of the conditions specified by the Board in the Award;

(2) a Participant's separation from service;

(3) the date a Participant becomes disabled (as defined in Section 8.3(b));

(4) upon the death of a Participant;

(5) a change in the ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, as described in Section 10(c) or, if in conflict therewith, to the extent necessary, by the Secretary of Treasury under regulations issued under Code section 409A; or

(6) upon the occurrence of an unforeseeable emergency.

(b) A payment of a Participant's vested interest in a Restricted Stock Award may, in the discretion of the Board, be made in the event of a Participant's Disability, upon the occurrence of a Change-in-Control (as defined in the Grant Agreement evidencing any Award) or Unforeseeable Emergency. Payments in settlement of a Participant's vested interest in a Restricted Stock Award shall be made as soon as practicable after such occurrence or after the Participant otherwise vests in such award. For the purposes of section 409A of the Code, the entitlement to a series of installment payments will be treated as the entitlement to a single payment.

(c) Other provisions of the Plan notwithstanding, if, upon the written application of a Participant, the Board determines that the Participant has an unforeseeable emergency (as defined in Section 8.3(b)), the Board may, in its sole discretion, direct the payment to the Participant of all or a portion of the balance of his or her vested interest in a Restricted Stock Award in a lump sum payment, provided that any such withdrawal shall be

limited by the Board to the amount reasonably necessary to meet the emergency, including amounts needed to pay any income taxes or penalties reasonably anticipated to result from the payment. No payment may be made to the extent that such emergency is or may be relieved through reimbursement or compensation from insurance or otherwise, by liquidation of the Participant's assets or to the extent the liquidation of such assets would not cause severe financial hardship.

(d) The Board may not otherwise permit the acceleration of the time or schedule of any vesting of a Restricted Stock award scheduled to be paid pursuant to the Plan, unless such acceleration of the time or schedule is (i) necessary to fulfill a domestic relations order (as defined in section 414(p)(1)(B) of the Code) or to comply with a certificate of divestiture (as defined in section 1043(b)(2) of the Code), (ii) de minimis in nature (as defined in regulations promulgated under section 409A of the Code), (iii) to be used for the payment of FICA taxes on amounts deferred under the Plan, or (iv) equal to amounts included in the federal personal taxable income of the Participant under section 409A of the Code.

8.3 Definitions for Restricted Stock Awards

(a) For purposes of this Section 8, the following definitions shall apply -

(1) "Disability" shall mean (i) the inability of a Participant to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, or (ii) if the Participant is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees of the Company.

(2) "Unforeseeable emergency" shall mean a severe financial hardship to the Participant resulting from an illness or accident of the Participant, the Participant's spouse, or a dependent (as defined in Code section 152(a)) of the Participant, loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant.

Section 9. Extension

The Board may, in its sole discretion, extend the dates during which all or any particular Option or Options granted under the Plan may be exercised; provided, however, that no such extension shall be permitted if it would cause Non-Qualified Stock Options issued under the Plan to fail to comply with Section 409A or 422 of the Code. An election to defer the lapse of restrictions on a Restricted Stock Award shall not take effect until at least twelve (12) months

after the date on which the election is made and in the event that an election to defer the lapse of restrictions is made other than in the event of death, disability or the occurrence of an unforeseeable emergency, payment of such award must be deferred for a period of not less than five (5) years from the date that restrictions would have otherwise lapsed.

Section 10. General Provisions Applicable to Options

(a) Each Award under the Plan shall be evidenced by a writing delivered to the Participant specifying the terms and conditions thereof and containing such other terms and conditions not inconsistent with the provisions of the Plan as the Board considers necessary or advisable to achieve the purposes of the Plan or comply with applicable tax and regulatory laws and accounting principles.

(b) Each Award may be granted alone, in addition to or in relation to any other Award. The terms of each Award need not be identical, and the Board need not treat Participants uniformly. Except as otherwise provided by the Plan or a particular Award, any determination with respect to an Award may be made by the Board at the time of grant or at any time thereafter.

(c) In the event of a consolidation, reorganization, merger or sale of all or substantially all of the assets of the Company, in each case in which outstanding shares of Common Stock are exchanged for securities, cash or other property of any other corporation or business entity or in the event of a liquidation of the Company, the Board will provide for any one or more of the following actions, as to outstanding Awards: (i) provide that such Awards shall be assumed, or equivalent Awards shall be substituted, by the acquiring or succeeding corporation (or an affiliate thereof), (ii) upon written notice to the Participants, provide that all unexercised Options will terminate immediately prior to the consummation of such transaction unless exercised (to the extent then exercisable) by the Participant within a specified period following the date of such notice, (iii) in the event of a merger under the terms of which holders of the Common Stock of the Company will receive upon consummation thereof a cash payment for each share surrendered in the merger (the "Merger Price"), make or provide for a cash payment to the Participants equal to the difference between (A) the Merger Price times the number of shares of Common Stock subject to outstanding Options (to the extent then exercisable at prices not in excess of the Merger Price) and (B) the aggregate exercise price of all such outstanding Options in exchange for the termination of such Options, or (iv) provide that all or any outstanding Awards shall become exercisable in full, or that the restrictions on such Awards shall lapse, immediately prior to such event.

(d) For purposes of the Plan, the following events shall not be deemed a termination of service of a Participant:

(i) a transfer to the employment of the Company from a subsidiary or from the Company to a subsidiary, or from one subsidiary to another, or

(ii) an approved leave of absence for military service or sickness, or for any other purpose approved by the Company, if the Participant's right to reemployment is guaranteed either by a statute or by contract or under the policy pursuant to which the leave of absence was granted or if the Board otherwise so provides in writing.

(e) The Board may at any time, and from time to time, amend, modify or terminate the Plan or any outstanding Award held by a Participant, including substituting therefore another Award of the same or a different type or changing the date of exercise or realization, provided that the Participant's consent to each action shall be required unless the Board determines that the action, taking into account any related action, would not materially and adversely affect the Participant, and further provided that no amendment increasing the number of shares subject to the Plan or decreasing the exercise price for any Option provided for under the Plan may be effectuated without the approval of the shareholders of the Company; provided, however, that no such amendment or modification will be effective if such amendment or modification would cause the Plan to fail to comply with the requirements of Rule 16b-3 under the Act or any successor or replacement regulation.

(f) The Board may, in its sole discretion, terminate the Plan (in whole or in part) with respect to one or more Participants and distribute to such affected Participants their vested interest in any Restricted Stock award in a lump sum as soon as reasonably practicable following such termination, but if, and only if, (i) all nonqualified defined contribution deferred compensation plans maintained by the Company and its Affiliates are terminated, (ii) no payments other than payments that would be payable under the terms of the Plan if the termination had not occurred are made within twelve (12) months of the termination of the Plan, (iii) all payments of the vested interest in Restricted Stock awards are made within twenty-four (24) months of the termination of the Plan, and (iv) the Company acknowledges to the Participants that it will not adopt any new nonqualified defined contribution deferred compensation plans at any time within five (5) years following the date of the termination of the Plan.

Section 11. Miscellaneous

(a) No person shall have any claim or right to be granted an Award, and the grant of an Award shall not be construed as giving a Participant the right to continued employment or service on the Company's Board. The Company expressly reserves the right at any time to dismiss a Participant free from any liability or claim under the Plan, except as expressly provided in the applicable Award.

(b) Nothing contained in the Plan shall prevent the Company from adopting other or additional compensation arrangements.

(c) Subject to the provisions of the applicable Award, no Participant shall have any rights as a shareholder (including, without limitation, any rights to receive dividends, or non-cash distributions with respect to such shares) with respect to any shares of Common Stock to be distributed under the Plan until he or she becomes the holder thereof.

(d) Notwithstanding anything to the contrary expressed in this Plan, any provisions hereof that vary from or conflict with any applicable Federal or State securities laws (including any regulations promulgated thereunder) shall be deemed to be modified to conform to and comply with such laws.

(e) No member of the Board shall be liable for any action or determination taken or granted in good faith with respect to this Plan nor shall any member of the Board be liable for any agreement issued pursuant to this Plan or any grants under it. Each member of the Board shall be indemnified by the Company against any losses incurred in such administration of the Plan, unless his action constitutes serious and willful misconduct.

(f) This Plan shall become effective upon its approval by the Board.

(g) Awards may not be granted under the Plan more than ten (10) years after the effective date of this Plan, but then outstanding Awards may extend beyond such date.

(h) To the extent that State laws shall not have been preempted by any laws of the United States, the Plan shall be construed, regulated, interpreted and administered according to the other laws of the State of New Jersey.

(i) A Participant in the Plan shall have no right to receive payment (in any form) with respect to his or her restricted Stock award until legal and contractual obligations of the Company relating to establishment of the Plan and the making of such payments shall have been complied with in full. In addition, the Company shall impose such restrictions on stock delivered to a Participant hereunder and any other interest constituting a security as it may deem advisable in order to comply with the Securities Act of 1933, as amended, the requirements of any stock exchange or automated quotation system upon which the stock is then listed or quoted, any applicable state securities laws, any provision of the Company's certificate of incorporation or bylaws, or any other law, regulation, or binding contract to which the Company is a party.

Exhibit 21
Subsidiaries of the Registrant

North Jersey Community Bancorp, Inc. has one subsidiary, North Jersey Community Bank, a New Jersey state chartered commercial bank.

North Jersey Community Bank has three wholly owned subsidiaries,

NJCB Investment Company, LLC, a New Jersey limited liability company;

Greenbrook Consulting LLC, a New Jersey limited liability company; and

NJCB Spec 1, LLC, a New Jersey limited liability company

North Jersey Community Bank also owns a 49% membership interest in Greenbrook Title Agency, LLC, a New Jersey limited liability company

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use in this Registration Statement of ConnectOne Bancorp, Inc. (formerly North Jersey Community Bancorp, Inc.) on Pre-effective Amendment No. 1 to Form S-1 of our report dated November 21, 2012 on the consolidated financial statements of ConnectOne Bancorp, Inc. for 2011 and 2010 and to the reference to us under the heading “Experts” in the prospectus.

Crowe Horwath LLP

Livingston, New Jersey

January 11, 2013

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each officer and director of ConnectOne Bancorp, Inc. whose signature appears below constitutes and appoints Frank Sorrentino III, his true and lawful attorney-in-fact and agent, with full power of substitution and revocation, for him and in his name, place and stead, in any and all capacities, to execute any or all amendments, including any post-effective amendments and supplements to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite or necessary to be done, as fully to all intents and purposes as he might or could do in person, thereby ratifying and confirming all that said attorney-in-fact and agent, or his or her substitutes or substitute, may lawfully do or cause to be done by virtue thereof.

/s/ William S. Burns January 7, 2012

William S. Burns
Executive Vice President and Chief Financial Officer
Principal Accounting and Principal Financial Officer

/s/ Frank Baier January 7, 2012

Frank Baier
Director

/s/ Stephen Boswell January 7, 2012

Stephen Boswell
Director

/s/ Frank Cavuoto January 7, 2012

Frank Cavuoto
Director

/s/ Dale Creamer January 7, 2012

Dale Creamer
Director

/s/ Stephen M. Goldman January 7, 2012

Stephen M. Goldman
Director

/s/ Frank Hutt III January 7, 2012

Frank Hutt III
Director

/s/ Michael Kempner January 7, 2012

Michael Kempner
Director