

SECURITIES AND EXCHANGE COMMISSION

FORM S-8

Initial registration statement for securities to be offered to employees pursuant to employee benefit plans

Filing Date: **1999-03-26**
SEC Accession No. **0000909654-99-000221**

([HTML Version](#) on [secdatabase.com](#))

FILER

RICHMOND COUNTY FINANCIAL CORP

CIK: **1046685** | IRS No.: **061498455** | State of Incorporation: **DE** | Fiscal Year End: **0630**
Type: **S-8** | Act: **33** | File No.: **333-75077** | Film No.: **99573618**
SIC: **6036** Savings institutions, not federally chartered

Mailing Address

1214 CASTLETON AVENUE
1214 CASTLETON AVENUE
STATEN ISLAND NY 10310

Business Address

1214 CASTLETON AVENUE
STATEN ISLAND NY 10310
7184482800

As filed with the Securities and Exchange Commission on March 26, 1999
 Registration No. 333-_____

SECURITIES AND EXCHANGE COMMISSION
 WASHINGTON, D.C. 20549

FORM S-8
 REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

RICHMOND COUNTY FINANCIAL CORP.

(exact name of registrant as specified in its certificate of incorporation)

DELAWARE 06-1498455
 (state or other jurisdiction of incorporation (IRS Employer Identification No.)
 or organization)

1214 CASTLETON AVENUE
 STATEN ISLAND, NEW YORK 10310
 (718) 448-2800

(Address, including zip code, and telephone number,
 including area code, of registrant's principal executive offices)

BAYONNE BANCSHARES, INC.
 1995 STOCK OPTION PLAN, AS AMENDED AND RESTATED(1)
 and
 BAYONNE BANCSHARES, INC.
 1998 STOCK-BASED INCENTIVE PLAN
 (Full Title of the Plans)

MICHAEL F. MANZULLI CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER RICHMOND COUNTY FINANCIAL CORP. 1214 CASTLETON AVENUE STATEN ISLAND, NEW YORK 10310 (718) 448-2800 (Name, address, including zip code, and telephone number, including area code, of agent for service)	COPIES TO: MARC P. LEVY, ESQUIRE MULDOON, MURPHY & FAUCETTE LLP 5101 WISCONSIN AVENUE, N.W. WASHINGTON, D.C. 20016 (202) 362-0840
---	--

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO PUBLIC: As
 soon as practicable 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. / X /

<TABLE>
 <CAPTION>

Title of each Class of Securities to be Registered	Amount to be Registered(2)	Proposed Purchase Price Per Share	Estimated Aggregate Offering Price	Registration Fee
<S> Common Stock \$.01 Par Value	<C> 206,491 Shares (3)	<C> \$ 8.49(4)	<C> \$1,753,109	<C> \$487
Common Stock \$.01 Par Value	218,660 Shares (5)	\$15.54(6)	\$3,397,976	\$945

</TABLE>

- (1) Richmond County Financial Corp. (the "Registrant" or "Richmond") is offering shares of its common stock pursuant to these plans because in the merger of Bayonne Bancshares, Inc. into Richmond, Richmond succeeded to Bayonne Bancshares Inc.'s obligations under these plans.
- (2) Together with an indeterminate number of additional shares which may be necessary to adjust the number of shares reserved for issuance pursuant to the Bayonne Bancshares, Inc. 1995 Stock Option Plan, as amended and restated (the "Stock Option Plan") and the Bayonne Bancshares, Inc. 1998 Stock-Based Incentive (the "Incentive Plan") as the result of a stock split, stock dividend or similar adjustment of the outstanding common stock of Richmond pursuant to 17 C.F.R. Section 230.416(a).
- (3) This number represents the total number of shares of Richmond currently reserved or available for issuance upon the exercise of stock options pursuant to the Stock Option Plan, as adjusted to reflect the exchange ratio of 1.05 shares of Richmond common stock for each share of Bayonne Bancshares,

- Inc. common stock. This is pursuant to 17 C.F.R. Section 457.
- (4) Represents the weighted average price determined by the average exercise price of \$8.49 per share at which options for 206,491 shares under the Stock Option Plan have been granted to date.
- (5) Represents the total number of shares currently reserved or available for issuance upon the exercise of stock options pursuant to the Incentive Plan, as adjusted to reflect the exchange ratio of 1.05 shares of Richmond common stock for each share of Bayonne Bancshares, Inc. common stock. This is pursuant to 17 C.F.R. Section 457.
- (6) Represents the weighted average price determined by the average exercise price of \$15.54 per share at which options for 218,660 shares under the Incentive Plan have been granted to date.

THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE IMMEDIATELY UPON FILING IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933, AS AMENDED, (THE "SECURITIES ACT") AND 17 C.F.R. Section 230.462.

Number of Pages 30

Exhibit Index begins on Page 11

2

RICHMOND COUNTY FINANCIAL CORP.

PART I INFORMATION REQUIRED IN THE SECTION 10(A) PROSPECTUS

ITEMS 1 & 2. Richmond County Financial Corp. (the "Registrant" or "Richmond") is offering shares of its common stock pursuant to the Bayonne Bancshares, Inc. 1995 Stock Option Plan, as amended and restated (the "Stock Option Plan") and the Bayonne Bancshares, Inc. 1998 Stock-Based Incentive Plan (the "Incentive Plan") (collectively, the "Plans") because in the mergers of Bayonne Bancshares, Inc. into Richmond, Richmond succeeded to Bayonne Bancshares, Inc.'s obligations under the Plans. The documents containing the information for the Bayonne Bancshares, Inc. 1995 Stock Option Plan, as amended and restated and Bayonne Bancshares, Inc. 1998 Stock-Based Incentive Plan required by Part I of the Registration Statement will be sent or given to the participants in the Plan as specified by Rule 428(b)(1). Such documents are not filed with the Securities and Exchange Commission (the "SEC") either as a part of this Registration Statement or as a prospectus or prospectus supplement pursuant to Rule 424 in reliance on Rule 428.

All information contained in this Prospectus relating to Richmond and its subsidiaries has been supplied by Richmond and all pro forma information was prepared by Richmond. All information contained in this Prospectus relating to Bayonne Bancshares, Inc. and its subsidiaries has been supplied by Bayonne Bancshares, Inc.

PART II INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

ITEM 3. INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents filed or to be filed with the SEC are incorporated by reference in this Registration Statement:

(a) Richmond County Financial Corp.'s (the "Company" or the "Registrant") Annual Report on Form 10-K for the fiscal year ended June 30, 1998, which included the consolidated statements of financial condition of the Company and subsidiaries as of June 30, 1998 and 1997, and the related consolidated statements of operations, changes in stockholders' equity and cash flows for each of the years in the three-year period ended June 30, 1998, together with the related notes and the report of Ernst & Young LLP, independent auditors dated August 6, 1998 filed with the SEC on August 27, 1998 (File No. 0-23271).

(b) The Form 10-Q reports filed by the Registrant for the fiscal quarters ended September 30 and December 31, 1998 (File No. 0-23271), filed with the SEC on November 13, 1998, and February 16, 1999, respectively.

(c) The description of Registrant's common stock contained in Registrant's Form 8-A (File No. 0-23271), as filed with the SEC, pursuant to Section 12(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 12b-15 promulgated thereunder, on October 2, 1997 and declared effective on December 15, 1997.

(d) All documents filed by the Registrant pursuant to Section 13(a) and (c), 14 or 15(d) of the Exchange Act after the date hereof and prior to the filing of a post-effective amendment which deregisters all securities then remaining unsold.

ANY STATEMENT CONTAINED IN THIS REGISTRATION STATEMENT, OR IN A DOCUMENT INCORPORATED OR DEEMED TO BE INCORPORATED BY REFERENCE HEREIN, SHALL BE DEEMED TO BE MODIFIED OR SUPERSEDED FOR PURPOSES OF THIS REGISTRATION STATEMENT TO THE EXTENT THAT A STATEMENT CONTAINED HEREIN, OR IN ANY OTHER SUBSEQUENTLY FILED DOCUMENT WHICH ALSO IS INCORPORATED OR DEEMED TO BE INCORPORATED BY REFERENCE HEREIN, MODIFIES OR SUPERSEDES SUCH STATEMENT. ANY SUCH STATEMENT SO MODIFIED OR SUPERSEDED SHALL NOT BE DEEMED, EXCEPT AS SO MODIFIED OR SUPERSEDED, TO CONSTITUTE A PART OF THIS REGISTRATION STATEMENT.

ITEM 4. DESCRIPTION OF SECURITIES

The common stock to be offered pursuant to the Plan has been registered pursuant to Section 12 of the Exchange Act. Accordingly, a description of the common stock is not required herein.

ITEM 5. INTERESTS OF NAMED EXPERTS AND COUNSEL

None.

The validity of the Common Stock offered hereby has been passed upon by Muldoon, Murphy & Faucette LLP, Washington, DC, for the Registrant.

ITEM 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 145 of the Delaware General Corporation Law ("DGCL"), inter alia, empowers a Delaware corporation to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, (other than an action by or in the right of the corporation) by reason of the fact that such person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interest of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the person's conduct was unlawful. Similar indemnity is authorized for such person against expenses (including attorneys' fees) actually and reasonably incurred in connection with the defense or settlement of any such threatened, pending or completed action or suit if such person acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and provided further that (unless a court of competent jurisdiction otherwise provides) such person shall not have been adjudged liable to the corporation. Any such indemnification may be made only as adjudged liable to the corporation. Any such indemnification may be made only as authorized in each specific case upon a determination by the shareholders or disinterested directors or by independent legal counsel in a written opinion that indemnification is proper because the indemnitee has met the applicable standard of conduct.

Any such indemnification and advancement of expenses provided under Section 145 shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of such person's heirs, executors and administrators.

Section 145 further authorizes a corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the

request of the corporation as a director, officer, employee or agent of another corporation or enterprise, against any liability asserted against him, and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would otherwise have the power to indemnify him under Section 145.

The Registrant has also entered into employment agreements with certain executive officers, which agreements require that the Registrant maintain a directors' and officers' liability policy for the benefit of such officers and that the Registrant will indemnify such officers and their heirs to the fullest extent permitted by law.

In addition, pursuant to the Merger Agreement by and between the Registrant and Bayonne Bancshares, Inc., the Registrant has agreed that, for a period of six years following the effective time of the Merger, the Registrant will indemnify and hold harmless each present and former director and officer of Bayonne Bancshares, Inc. or its direct or indirect subsidiaries, and each officer or employee of Bayonne Bancshares, Inc. or its direct or indirect subsidiaries who is serving or has served as a director or trustee of another entity expressly at Bayonne Bancshares, Inc. request or direction, with respect to matters existing or occurring at or prior to the effective time of the Merger, whether asserted or claimed prior to, at or after the effective time. The Registrant has also agreed in the Merger Agreement to maintain, for a period of six years following the effective time of the Merger, the directors' and officers' liability insurance coverage maintained by Bayonne Bancshares, Inc. (or substantially equivalent coverage under substitute policies) with respect to any claims arising out of any actions or omissions occurring at or prior to the effective time of the Merger.

In accordance with the DGCL (being Chapter 1 of Title 8 of the Delaware Code), Articles 10 and 11 of the Registrant's Certificate of Incorporation provide as follows:

TENTH:

A. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she is or was a Director or an Officer of the Corporation or is or was serving at the request of the Corporation as a Director, Officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an "indemnitee"), whether the basis of such proceeding is alleged action in an official capacity as a Director, Officer, employee or agent or in any other capacity while serving as a Director, Officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgment, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith; provided, however, that, except as provided in Section C hereof with respect to proceedings to enforce rights to indemnification, the Corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation.

4

5

B. The right to indemnification conferred in Section A of this Article TENTH shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition (hereinafter and "advancement of expenses"); provided, however, that, if the Delaware General Corporation Law requires, an advancement of expenses incurred by an indemnitee in his or her capacity as a Director or Officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, services to an employee benefit plan) shall be made only upon delivery to the Corporation of an undertaking (hereinafter an "undertaking"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a "final adjudication") that such indemnitee is not entitled to be indemnified for such expenses under this Section or otherwise. The rights to indemnification and to the advancement of expenses conferred in Sections A and B of this Article TENTH shall be contract rights and such rights shall continue as to an indemnitee who has

ceased to be a Director, Officer, employee or agent and shall inure to the benefit of the indemnitee's heirs, executors and administrators.

C. If a claim under Section A or B of this Article TENTH is not paid in full by the Corporation within sixty days after a written claim has been received by the Corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty days, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall be entitled to be paid also the expenses of prosecuting or defending such suit. In (i) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) in any suit by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking the Corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met any applicable standard for indemnification set forth in the Delaware General Corporation Law. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article TENTH or otherwise shall be on the Corporation.

D. The rights to indemnification and to the advancement of expenses conferred in this Article TENTH shall not be exclusive of any other right which any person may have or

5

6

hereafter acquire under any statute, the Corporation's Certificate of Incorporation, Bylaws, agreement, vote of stockholders or Disinterested Directors or otherwise.

E. The Corporation may maintain insurance, at its expense, to protect itself and any Director, Officer, employee or agent of the Corporation or subsidiary or Affiliate or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

F. The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification and to the advancement of expenses to any employee or agent of the Corporation to the fullest extent of the provisions of this Article TENTH with respect to the indemnification and advancement of expenses of Directors and Officers of the Corporation.

ELEVENTH:

A Director of this Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a Director, except for liability: (i) for any breach of the Director's duty of loyalty to the Corporation or its stockholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) under Section 174 of the Delaware General Corporation Law; or (iv) for any transaction from which the Director derived an improper personal benefit. If the Delaware General Corporation Law is amended to authorize corporate action further eliminating or limiting the personal liability of Directors, then the liability of a Director of the Corporation shall be eliminated or limited

to the fullest extent permitted by the Delaware General Corporation Law, as so amended.

Any repeal or modification of the foregoing paragraph by the stockholders of the Corporation shall not adversely affect any right or protection of a Director of the Corporation existing at the time of such repeal or modification..

ITEM 7. EXEMPTION FROM REGISTRATION CLAIMED

Not applicable.

6

7

ITEM 8. LIST OF EXHIBITS

The following exhibits are filed with or incorporated by reference into this Registration Statement on Form S-8 (numbering corresponds generally to Exhibit Table in Item 601 of Regulation S-K):

- 4 Stock Certificate of Richmond County Financial Corp.1
- 5 Opinion of Muldoon, Murphy & Faucette LLP, Washington, DC, as to the legality of the Common Stock registered hereby.
- 10.1 Form of Richmond County Financial Corp. Stock Option Assumption Agreement for Bayonne Bancshares, Inc. 1995 Stock Option Plan, as amended and restated
- 10.2 Form of Richmond County Financial Corp. Stock Option Assumption Agreement for Bayonne Bancshares, Inc. 1998 Stock-Based Incentive Plan
- 10.3 Bayonne Bancshares, Inc. 1995 Stock Option Plan, as amended and restated
- 10.4 Bayonne Bancshares, Inc. 1998 Stock-Based Incentive Plan
- 23.1 Consent of Muldoon, Murphy & Faucette LLP (contained in the opinion included as Exhibit 5).
- 23.2 Consent of Ernst & Young LLP
- 24 Power of Attorney is located on the signature pages.

1 Incorporated herein by reference from Exhibit 4.0 contained in the Registration Statement on Form S-1 (SEC No. 333-37009), as amended and declared effective by the SEC on December 15, 1997.

ITEM 9. UNDERTAKINGS

(a) The undersigned Registrant hereby undertakes:

(1) To file, during any period in which it offers or sells securities, a post-effective amendment to this Registration Statement to:

(i) Include any Prospectus required by Section 10(a)(3) of the Securities Act;

(ii) Reflect in the Prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information in the Registration Statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in

the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective Registration Statement; and

- (iii) Include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement;

PROVIDED, HOWEVER, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the registrant pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference into this Registration Statement.

- (2) That, for the purpose of determining liability under the Securities Act, each such post-effective amendment shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of the securities at that time shall be deemed to be the initial bona fide offering thereof.
- (3) To remove from registration by means of a post-effective amendment any of the securities registered that remain unsold at the termination of the Offering.

- (b) The undersigned hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Registrant's or the Plan's annual report pursuant to Section 13(a) or 15(d) of the Exchange Act that is incorporated by reference in the Registration Statement shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

CONFORMED

SIGNATURES

THE REGISTRANT.

Pursuant to the requirements of the Securities Act of 1933, as amended, Richmond County Financial Corp. certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Staten Island, State of New York, on March 23, 1999.

By: /s/ Michael F. Manzulli

 Michael F. Manzulli
 Chairman of the Board and
 Chief Executive Officer

KNOW ALL MEN BY THESE PRESENT, that each person whose signature appears below (other than Mr. Manzulli) constitutes and appoints Michael F. Manzulli and Mr. Manzulli hereby constitutes and appoints Anthony E. Burke and Thomas R. Cangemi, as the true and lawful attorney-in-fact and agent with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities to sign any or all amendments to the Form S-8 registration statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the U.S. Securities and Exchange Commission, respectively, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and things requisite and necessary to be done as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

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.

Name -----	Title -----	Date -----
/s/ Michael F. Manzulli ----- Michael F. Manzulli	Chairman of the Board and Chief Executive Officer (principal executive officer)	March 23, 1999
/s/ Anthony E. Burke ----- Anthony E. Burke	President and Chief Operating Officer	March 23, 1999
9		
10		
/s/ Thomas R. Cangemi -----	Senior Vice President, Chief Financial Officer and Secretary (principal accounting officer)	March 23, 1999
/s/ Godfrey H. Carstens, Jr. ----- Godfrey H. Carstens, Jr.	Director	March 23, 1999
/s/ Robert S. Farrell ----- Robert S. Farrell	Director	March 23, 1999
/s/ William C. Frederick, M.D. ----- William C. Frederick, M.D.	Director	March 23, 1999
/s/ James L. Kelley ----- James L. Kelley	Director	March 23, 1999
/s/ T. Ronald Quinlan, Jr. ----- T. Ronald Quinlan, Jr.	Director	March 23, 1999
/s/ Maurice K. Shaw -----	Director	March 23, 1999

/s/ Patrick F.X. Nilan Director

March 23, 1999

Patrick F.X. Nilan

10

11

<TABLE>
<CAPTION>

EXHIBIT INDEX

Exhibit No.	Description	Method of Filing	Sequentially Numbered Page Location
<S> 4	<C> Stock Certificate of Richmond County Financial Corp.	<C> Incorporated herein by reference from the Exhibits of the Registrant's Registration Statement on Form S-1 declared effective on December 15, 1997.	<C> --
5	Opinion of Muldoon, Murphy & Faucette LLP	Filed herewith.	
10.1	Form of Richmond County Financial Corp. Stock Option Assumption Agreement for Bayonne Bancshares, Inc. 1995 Stock Option Plan, as amended and restated	Filed herewith.	
10.2	Form of Richmond County Financial Corp. Stock Option Assumption Agreement for Bayonne Bancshares, Inc. 1998 Stock-Based Incentive Plan	Filed herewith.	
10.3	Bayonne Bancshares, Inc. 1995 Stock Option Plan, as amended and restated	Filed herewith.	
10.4	Bayonne Bancshares, Inc. 1998 Stock Option Incentive Plan	Filed herewith.	
23.1	Consent of Muldoon, Murphy & Faucette LLP	Contained in Exhibit 5 hereof.	
23.2	Consent of Ernst & Young LLP	Filed herewith.	
24	Power of Attorney	Located on the signature page.	

</TABLE>

EXHIBIT 5.0 OPINION OF MULDOON, MURPHY & FAUCETTE LLP RE: LEGALITY

[MULDOON, MURPHY & FAUCETTE LETTERHEAD APPEARS HERE]

March 23, 1999

Board of Directors
Richmond County Financial Corp.
1214 Castleton Avenue
Staten Island, New York 10310

Re: Bayonne Bancshares, Inc. 1995 Incentive Stock Option Plan, as amended and restated and Bayonne Bancshares, Inc. 1998 Stock-Based Incentive Plan

Gentlemen:

We have been requested by Richmond County Financial Corp. (the "Company") to issue a legal opinion in connection with the registration under the Securities Act of 1933 on Form S-8 of 206,491 shares of the Company's common stock, \$.01 par value, that may be issued under the Bayonne Bancshares, Inc. 1995 Stock Option Plan, as amended and restated (the "Plan") and of 218,660 shares of the Company's common stock, \$.01 par value, that may be issued under the Bayonne Bancshares, Inc. 1998 Stock-Based Incentive Plan (the "Incentive

Plan") (collectively, the "Shares"). We understand that the Company has succeeded to the obligations of Bayonne Bancshares, Inc. under the Plan and the Incentive Plan upon the consummation of the acquisition of Bayonne Bancshares, Inc. by the Company on March 22, 1999.

We have made such legal and factual examinations and inquiries as we deemed advisable for the purpose of rendering this opinion. In our examination, we have assumed and have not verified (i) the genuineness of all signatures, (ii) the authenticity of all documents submitted to us as originals, (iii) the conformity with the originals of all documents supplied to us as copies, and (iv) the accuracy and completeness of all corporate records and documents and of all certificates and statements of fact, in each case given or made available to us by the Company or its subsidiary, Richmond County Savings Bank.

Based on the foregoing and limited in all respects to Delaware law, it is our opinion that the right to purchase shares of Bayonne Bancshares, Inc. common stock reserved under the Plan and the Incentive Plan upon the occurrence of the acquisition of Bayonne Bancshares, Inc. by the Company becomes the right to purchase shares of the Company, in an amount adjusted to reflect the exchange ratio of 1.05 shares of Company common stock for each share of Bayonne Bancshares, Inc. common stock (the "Exchange Ratio"), and that the exercise prices are similarly adjusted. It is our further opinion that the Shares have been duly authorized and upon payment for and issuance of the Shares in the manner described in the Plan and in the Incentive Plan and the outstanding option agreements, as duly amended to reflect the Exchange Ratio and adjusted exercise prices will be legally issued, fully paid and nonassessable.

3

Board of Directors

March 23, 1999

Page 2

The following provisions of the Certificate of Incorporation of the Company may not be given effect by a court applying Delaware law, but in our opinion the failure to give effect to such provisions will not affect the duly authorized, validly issued, fully paid and nonassessable status of the Company's common stock:

(a) Subsections C.3 and C.6 of Article FOURTH and Section D of Article EIGHTH, which grant the Board the authority to construe and apply the provisions of those Articles, subsection C.4 of Article FOURTH, to the extent that subsection obligates any person to provide to the Board the information such subsection authorizes the Board to demand, and the provision of subsection C.7 of Article EIGHTH authorizing the Board to determine the Fair Market Value of property offered or paid for the Company's stock by an Interested Stockholder, in each case to the extent, if any, that a court applying Delaware law were to

impose equitable limitations upon such authority; and

(b) Article NINTH, which authorizes the Board to consider the effect of any offer to acquire the Company on constituencies other than stockholders in evaluating any such offer.

We hereby consent to the filing of this opinion as an exhibit to the Company's Registration Statement on Form S-8, and we consent to the use of the name of our firm under the heading "Interests of Named Experts and Counsel."

Sincerely,

/s/ MULDOON, MURPHY & FAUCETTE LLP

EXHIBIT 10.1 FORM RICHMOND COUNTY FINANCIAL CORP. STOCK OPTION ASSUMPTION AGREEMENT FOR BAYONNE BANCSHARES, INC. 1995 STOCK OPTION PLAN

SAMPLE RICHMOND COUNTY FINANCIAL CORP. STOCK OPTION ASSUMPTION AGREEMENT

OPTIONEE: _____

STOCK OPTION ASSUMPTION AGREEMENT issued as of the 22nd day of March, 1999 by Richmond County Financial Corp., a Delaware corporation ("Richmond").

WHEREAS, the undersigned individual ("Optionee") holds one or more outstanding options to purchase shares of the common stock of Bayonne Bancshares, Inc., a Delaware corporation ("Bayonne"), which were granted to Optionee under the Amended and Restated Bayonne Bancshares, Inc. 1995 Stock Option Plan (the "Bayonne Option Plan") and are evidenced by one or more Award Agreements (the "Award Agreement(s)") between Bayonne and Optionee, which are incorporated by reference herein.

WHEREAS, effective as of March 22, 1999, Bayonne has merged with and into Richmond (the "Merger") pursuant to the Amended and Restated Agreement and Plan of Merger (the "Merger Agreement"), dated as of October 14, 1998 by and between Richmond and Bayonne;

WHEREAS, the Merger Agreement provides for the conversion of all outstanding stock options under the Bayonne Option Plan into options to purchase Richmond common stock ("Richmond Stock"), and to issue to the holder of each outstanding option an agreement evidencing the conversion and assumption of such option;

WHEREAS, pursuant to the provisions of the Merger Agreement, the exchange ratio (the "Exchange Ratio") in effect for the Merger is 1.05 shares of Richmond Stock for each outstanding share of Bayonne common stock ("Bayonne Stock");

WHEREAS, this Stock Option Assumption Agreement is to become effective immediately in order to reflect certain adjustments to Optionee's outstanding options under the Bayonne Option Plan, which have become necessary by reason of the assumption of those options by Richmond in connection with the Merger;

NOW, THEREFORE, it is hereby agreed as follows:

1. The number of shares of Richmond Stock subject to the stock options held by Optionee under the Bayonne Option Plan immediately prior to the Effective Time (as defined in the Merger Agreement) of the Merger (the "Bayonne Options") and the exercise price payable per share are set forth in Exhibit A hereto. Richmond hereby assumes, as of the Effective Time, all the duties and obligations of Bayonne under each of the Bayonne Options as set forth in the Bayonne Option Plan and the Optionee's Award Agreement(s) or similar documentation containing the terms and conditions of the Option Grant. In connection with such assumption, the number of shares of Richmond Stock purchasable under each Bayonne Option hereby assumed and the exercise price payable thereunder have been adjusted to reflect the Exchange Ratio in a manner consistent with the Merger Agreement. Accordingly, the number of shares of Richmond Stock subject to each Bayonne Option hereby assumed shall be as specified for that option in attached Exhibit A, and the adjusted exercise price payable per share of Richmond Stock under the assumed Bayonne Option shall be as indicated for that option in attached Exhibit A.

3

2. The following provisions shall govern each Bayonne Option hereby assumed by Richmond:

(a) Unless the context otherwise requires, all references in each Award Agreement and in the Bayonne Option Plan (as incorporated into such Option Agreement) (i) to the "Company" shall mean Richmond, (ii) to "Common Stock" shall mean shares of Richmond Stock, (iii) to the "Board of Directors" shall mean the Board of Directors of Richmond and (iv) to the "Committee" shall mean the Personnel Committee of the Richmond Board of Directors.

(b) The grant date and the expiration date of each assumed Bayonne Option and all other provisions which govern either the exercisability or the termination of the assumed Bayonne Option shall remain the same as set forth in the Award Agreement applicable to that option and the provisions of the Option Plan, and shall accordingly govern and control Optionee's rights under this Stock Option Assumption Agreement to purchase Richmond Stock.

(c) For purposes of applying any and all provisions of the Award

Agreement relating to Optionee's status as an employee, Optionee shall be deemed to continue in such status for so long as Optionee renders services as an employee of Richmond or any Richmond subsidiary (within the meaning of a "subsidiary corporation" as defined in Section 424(f) of the Internal Revenue Code of 1986, as amended). Accordingly, the provisions of the Award Agreement governing the termination of the assumed Bayonne Options upon Optionee's cessation of service as an employee of Bayonne shall hereafter be applied on the basis of Optionee's cessation of employee or nonemployee director's status with Richmond and its subsidiaries, and each assumed Bayonne Option shall accordingly terminate, within the designated time period in effect under the Award Agreement for that option, following such cessation of service as an employee of Richmond and its subsidiaries.

(d) The adjusted exercise price payable for the Richmond Stock subject to each assumed Bayonne Option shall be payable in any of the forms authorized under the Bayonne Option Plan and the Award Agreement applicable to that option.

(e) In order to exercise each assumed Bayonne Option, Optionee must deliver to Richmond a written notice of exercise in which the number of shares of Richmond Stock to be purchased thereunder must be indicated. The exercise notice must be accompanied by payment of the adjusted exercise price payable for the purchased shares of Richmond Stock and should be delivered to Richmond at the following address:

Richmond County Financial Corp.
Attn: Mr. Thomas Cangemi
Richmond County Financial Corp.
1214 Castleton Avenue
Staten Island, New York 10310

3. Except to the extent specifically modified by this Stock Option Assumption Agreement, all of the terms and conditions of each Award Agreement as in effect immediately prior to the

4

Acquisition shall continue in full force and effect and shall not in any way be amended, revised or otherwise affected by this Stock Option Assumption Agreement.

IN WITNESS WHEREOF, Richmond has caused this Stock Option Assumption Agreement to be executed on its behalf by its duly authorized officer as of the 22nd day of March, 1999.

RICHMOND COUNTY FINANCIAL CORP.

By: _____

Title: _____

ACKNOWLEDGMENT

The undersigned acknowledges receipt of this foregoing Stock Option Assumption Agreement and understands and acknowledges that all rights and liabilities with respect to each of his or her Bayonne Options hereby assumed by Richmond are as set forth only in the Award Agreement, the Bayonne Option Plan and this Stock Option Assumption Agreement and that no other agreements exist with respect to his Bayonne Options. The undersigned also acknowledges that, except to the extent specifically modified by this Stock Option Assumption Agreement, all of the terms and conditions of the Award Agreement as in effect immediately prior to the effective time shall continue in full force and effect and shall not in any way be amended, revised or otherwise affected by this Stock Option Assumption Agreement. The undersigned further acknowledges that the Bayonne Option or Options described in Exhibit A hereto constitute all of the options or other rights to purchase Bayonne Stock that he or she owned immediately prior to the effective time of the Merger.

_____, Optionee

DATED: _____, 1999

EXHIBIT A

Optionee's Outstanding Options to Purchase Shares
of Bayonne Bancshares, Inc. Common Stock
(Pre-Merger)

DATE OF OPTION GRANT	NUMBER OF OUTSTANDING OPTIONS	EXERCISE PRICE
-----	-----	-----

Optionee's Outstanding Options to Purchase Shares
of Richmond County Financial Corp. Common Stock
(Post-Merger)

DATE OF OPTION GRANT

ADJUSTED NUMBER OF OUTSTANDING OPTIONS

ADJUSTED EXERCISE PRICE

EXHIBIT 10.2 FORM OF RICHMOND COUNTY FINANCIAL CORP. STOCK OPTION ASSUMPTION AGREEMENT FOR BAYONNE BANCSHARES, INC. 1998 STOCK-BASED INCENTIVE PLAN

SAMPLE RICHMOND COUNTY FINANCIAL CORP. STOCK OPTION ASSUMPTION AGREEMENT

OPTIONEE: _____

STOCK OPTION ASSUMPTION AGREEMENT issued as of the 22nd day of March, 1999, by Richmond County Financial Corp., a Delaware corporation ("Richmond").

WHEREAS, the undersigned individual ("Optionee") holds one or more outstanding options to purchase shares of the common stock of Bayonne Bancshares, Inc., a Delaware corporation ("Bayonne"), which were granted to Optionee under the Bayonne 1998 Stock-Based Incentive Plan (the "Bayonne Incentive Plan") and are evidenced by one or more Award Agreements or similar documentation (the "Award Agreement(s)") between Bayonne and Optionee, which are incorporated by reference herein.

WHEREAS, effective as of March 22, 1999, Bayonne has merged with and into Richmond (the "Merger") pursuant to the Amended and Restated Agreement and Plan of Merger (the "Merger Agreement"), dated as of October 14, 1998 by and between Richmond and Bayonne;

WHEREAS, the Merger Agreement provides for the conversion of all outstanding stock options under the Bayonne Incentive Plan into options to purchase Richmond common stock ("Richmond Stock"), and to issue to the holder of each outstanding option an agreement evidencing the conversion and assumption of such option;

WHEREAS, pursuant to the provisions of the Merger Agreement, the exchange ratio (the "Exchange Ratio") in effect for the Merger is 1.05 shares of Richmond Stock for each outstanding share of Bayonne common stock ("Bayonne Stock");

WHEREAS, this Stock Option Assumption Agreement is to become effective immediately in order to reflect certain adjustments to Optionee's outstanding options under the Bayonne Incentive Plan, which have become necessary by reason

of the assumption of those options by Richmond in connection with the Merger.

NOW, THEREFORE, it is hereby agreed as follows:

1. The number of shares of Richmond Stock subject to the stock options held by Optionee under the Bayonne Incentive Plan immediately prior to the Effective Time (as defined in the Merger Agreement) of the Merger (the "Bayonne Options") and the exercise price payable per share are set forth in Exhibit A hereto. Richmond hereby assumes, as of the Effective Time, all the duties and obligations of Bayonne under each of the Bayonne Options as set forth in the Bayonne Incentive Plan and the Optionee's Award Agreement(s). In connection with such assumption, the number of shares of Richmond Stock purchasable under each Bayonne Option hereby assumed and the exercise price payable thereunder have been adjusted to reflect the Exchange Ratio in a manner consistent with the Merger Agreement. Accordingly, the number of shares of Richmond Stock subject to each Bayonne Option hereby assumed shall be as specified for that option in attached Exhibit A, and the adjusted exercise price payable per share of Richmond Stock under the assumed Bayonne Option shall be as indicated for that option in attached Exhibit A.

3

2. The following provisions shall govern each Bayonne Option hereby assumed by Richmond:

(a) Unless the context otherwise requires, all references in each Award Agreement and in the Bayonne Incentive Plan (as incorporated into such Option Agreement) (i) to the "Holding Company" shall mean Richmond, (ii) to "Common Stock" shall mean shares of Richmond Stock, (iii) to the "Board of Directors" shall mean the Board of Directors of Richmond, (iv) to the "Committee" shall mean the Personnel Committee of the Richmond Board of Directors; and to the "Bank" shall mean Richmond County Savings Bank.

(b) The grant date and the expiration date of each assumed Bayonne Option and all other provisions which govern either the exercisability or the termination of the assumed Bayonne Option shall remain the same as set forth in the Award Agreement applicable to that option and the provisions of the Bayonne Incentive Plan, and shall accordingly govern and control Optionee's rights under this Stock Option Assumption Agreement to purchase Richmond Stock.

(c) For purposes of applying any and all provisions of the Award Agreement relating to Optionee's status as an employee, Optionee shall be deemed to continue in such status for so long as Optionee renders services as an employee of Richmond or any Richmond subsidiary (within the meaning

of a "subsidiary corporation" as defined in Section 424(f) of the Internal Revenue Code of 1986, as amended). Accordingly, the provisions of the Award Agreement governing the termination of the assumed Bayonne Options upon Optionee's cessation of service as an employee of Bayonne shall hereafter be applied on the basis of Optionee's cessation of employee status with Richmond and its subsidiaries, and each assumed Bayonne Option shall accordingly terminate, within the designated time period in effect under the Award Agreement for that option, following such cessation of service as an employee of Richmond and its subsidiaries.

(d) The adjusted exercise price payable for the Richmond Stock subject to each assumed Bayonne Option shall be payable in any of the forms authorized under the Bayonne Incentive Plan and the Award Agreement applicable to that option.

(e) In order to exercise each assumed Bayonne Option, Optionee must deliver to Richmond a written notice of exercise in which the number of shares of Richmond Stock to be purchased thereunder must be indicated. The exercise notice must be accompanied by payment of the adjusted exercise price payable for the purchased shares of Richmond Stock and should be delivered to Richmond at the following address:

Richmond County Financial Corp.
Attn: Mr. Thomas Cangemi
Richmond County Financial Corp.
1214 Castleton Avenue
Staten Island, New York 10310

3. Except to the extent specifically modified by this Stock Option Assumption Agreement, all of the terms and conditions of each Award Agreement as in effect immediately prior to the

4

Acquisition shall continue in full force and effect and shall not in any way be amended, revised or otherwise affected by this Stock Option Assumption Agreement.

IN WITNESS WHEREOF, Richmond has caused this Stock Option Assumption Agreement to be executed on its behalf by its duly authorized officer as of the 22nd day of March, 1999.

RICHMOND COUNTY FINANCIAL CORP.

By: _____

Title: _____

ACKNOWLEDGMENT

The undersigned acknowledges receipt of this foregoing Stock Option Assumption Agreement and understands and acknowledges that all rights and liabilities with respect to each of his or her Bayonne Options hereby assumed by Richmond are as set forth only in the Award Agreement, the Bayonne Incentive Plan and this Stock Option Assumption Agreement and that no other agreements exist with respect to his Bayonne Options. The undersigned also acknowledges that, except to the extent specifically modified by this Stock Option Assumption Agreement, all of the terms and conditions of the Award Agreement as in effect immediately prior to the effective time shall continue in full force and effect and shall not in any way be amended, revised or otherwise affected by this Stock Option Assumption Agreement. The undersigned further acknowledges that the Bayonne Option or Options described in Exhibit A hereto constitute all of the options or other rights to purchase Bayonne Stock that he or she owned immediately prior to the effective time of the Merger.

_____, Optionee

DATED: _____, 1999

EXHIBIT A

Optionee's Outstanding Options to Purchase Shares
of Bayonne Bancshares, Inc. Common Stock
(Pre-Merger)

DATE OF OPTION GRANT	NUMBER OF OUTSTANDING OPTIONS	EXERCISE PRICE
----------------------	-------------------------------	----------------

Optionee's Outstanding Options to Purchase Shares
of Richmond County Financial Corp. Common Stock
(Post-Merger)

DATE OF OPTION GRANT	ADJUSTED NUMBER OF OUTSTANDING OPTIONS
----------------------	--

ADJUSTED EXERCISE PRICE

EXHIBIT 10.3 BAYONNE BANCSHARES, INC.
1995 STOCK OPTION PLAN, AS AMENDED AND RESTATED

AMENDED AND RESTATED BAYONNE BANCSHARES, INC.
1995 STOCK OPTION PLAN

1. PURPOSE

The purpose of the Amended and Restated Bayonne Bancshares, Inc. 1995 Stock Option Plan (the "Plan") is to advance the interests of Bayonne Bancshares, Inc. (the "Company") and its shareholders by providing Employees and Outside Directors of the Company and its Affiliates, including First Savings Bank of New Jersey, S.L.A. (the "Bank"), upon whose judgment, initiative and efforts the successful conduct of the business of the Company and its Affiliates largely depends, with an additional incentive to perform in a superior manner as well as to attract people of experience and ability.

2. DEFINITIONS

"AFFILIATE" "parent corporation" or "subsidiary corporation" of the Bank or the Company, as such terms are defined in Section 424(e) and (f), respectively, of the Code.

"AWARD" means an Award of Non-statutory Stock Options, Incentive Stock Options, and/or Limited Rights granted under the provisions of the Plan.

"BENEFICIARY" means the person or persons designated by a Recipient to receive any benefits payable under the Plan in the event of such Recipient's death. Such person or persons shall be designated in writing on forms provided for this purpose of the Committee and may be changed from time to time by similar written notice to the Committee. In the absence of a written designation, the Beneficiary shall be the Recipient's surviving spouse, if any, or if none, his estate.

"BOARD OF DIRECTORS" means the Board of Directors of the Bank and the Company, as applicable.

"CHANGE IN CONTROL" means a change in control of the Company or the Bank

of a nature that (i) would be required to be reported in response to Item 1 of the current report on Form 8-K, as in effect on the date hereof, pursuant to Sections 13 or 15(d) of the Exchange Act; (ii) results in a "change of control" or "acquisition of control" within the meaning of the regulations promulgated by the Office of Thrift Supervision ("OTS") (or its predecessor agency) found at 12 C.F.R. Part 574, as in effect on the date hereof; PROVIDED, HOWEVER, that in applying the definition of change in control as set forth under such regulations the Board of Directors shall substitute its judgment for that of the OTS; or (iii) without limitation Change in Control shall be deemed to have occurred at such time as (A) any "person" (as the term is used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Bank or the Company representing 20% or more of the Bank's or the Company's outstanding securities except for any securities of the Bank purchased by the Company and any securities purchased by any tax-qualified employee benefit plan of the Bank; or (B) individuals who constitute the Board of Directors on the date hereof (the "Incumbent Board") cease for any reason to constitute at least a majority thereof, 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 the Company's stockholders was approved by a nominating committee serving under the Incumbent Board, shall be, for purposes of this clause (B), considered as though he were a member of the Incumbent Board; or (C) a plan of reorganization, merger, consolidation, sale of all or substantially all the assets of the Bank or the Company or similar transaction occurs in which the Bank or Company is not the resulting entity; or (D) a solicitation of shareholders of the Company, by someone other than the current management of the Company, seeking stockholder approval of a plan of reorganization, merger or consolidation of the Company or Bank or similar transaction with one or more corporations, as a result of which the outstanding shares of the class of securities then subject to the plan are exchanged for or converted into cash or property or securities not issued by the Bank or the Company; or (E) a tender offer is made for 20% or more of the voting securities of the Bank or the Company.

"CODE" means the Internal Revenue Code of 1986, as amended.

3

"COMMITTEE" means the Committee designated by the Board of Directors, pursuant to Section 3 herein, to administer the Plan.

"COMMON STOCK" means the common stock of the Company, par value \$0.10 per share.

"COMPANY" means Bayonne Bancshares, Inc.

"DATE OF GRANT" means the actual date on which an Award is granted by the Committee.

"DIRECTOR" means a member of the Boards of Directors of the Company or its Affiliates.

"DIRECTOR EMERITUS" means a former Director of the Bank, who in recognition of his past contributions to the Bank, has been titled as a director emeritus of the Bank.

"DISABILITY" means the permanent and total inability by reason of mental or physical infirmity, or both, of an employee to perform the work customarily assigned to him. Additionally, a medical doctor selected or approved by the Board of Directors must advise the Committee that it is either not possible to determine when such Disability will terminate or that it appears probable that such Disability will be permanent during the remainder of such employee's lifetime.

"EMPLOYEE" means any person who is currently employed by the Bank or the Company or an Affiliate, including officers.

"FAIR MARKET VALUE" means, when used in connection with the Common Stock on a certain date, the reported closing price of the Common Stock as reported by the National Association of Securities Dealers Automated Quotation ("Nasdaq") National Market (as published by THE WALL STREET JOURNAL, if published) on the date prior to such date, or if the Common Stock was not traded on such date, on the next preceding day on which the Common Stock was traded thereon; PROVIDED, HOWEVER, that if the Common Stock is not reported on the Nasdaq National Market, Fair Market Value shall mean the average sale price of all shares of Common Stock sold during the 30-day period immediately preceding the date on which such stock option was granted, and if no shares of stock have been sold within such 30-day period, the average sale price of the last three sales of Common Stock sold during the 90-day period immediately preceding the date on which such stock option was granted. In the event Fair Market Value cannot be determined in the manner described above, then Fair Market Value shall be determined by the Committee. The Committee shall be authorized to obtain an independent appraisal to determine the Fair Market Value of the Common Stock.

"INCENTIVE STOCK OPTION" means an Option granted by the Committee to an Employee Participant, which Option is designated as an Incentive Stock Option pursuant to Section 8.

"LIMITED RIGHT" means the right to receive an amount of cash based upon the terms set forth in Section 9.

"NON-STATUTORY STOCK OPTION" means an Option granted by the Committee to (i) an Outside Director or (ii) to any other Participant and such option is either (A) not designated by the Committee as an Incentive Stock Option, or (B) fails to satisfy the requirements of an Incentive Stock Option as set forth in Section 422 of the Code and the regulations thereunder.

"NORMAL RETIREMENT" means, for an Employee, retirement at the normal or early retirement date as set forth in the Bank's Employee Stock Ownership Plan, or any successor plan. For an Outside Director, Normal Retirement means retirement from service on the Boards of Directors of the Company or an Affiliate.

"OPTION" means Award granted under Section 7 or Section 8.

"OUTSIDE DIRECTOR" means a Director who is not also an Employee.

"PARTICIPANT" means an Outside Director or an Employee of the Bank or the Company or an Affiliate chosen by the Committee to participate in the Plan.

4

"TERMINATION FOR CAUSE" means the termination of employment caused by the individual's personal dishonesty, willful misconduct, any breach of a fiduciary duty involving personal profit or intentional failure to perform stated duties, or willful violation of any law, rule or regulation (other than traffic violations or similar offenses) or final cease-and-desist order, any of which results in material loss to the Bank, the Company, or an Affiliates.

3. ADMINISTRATION

The Plan shall be administered by the Committee. The Committee shall consist of two or more disinterested directors of the Company, who shall be appointed by the Board of Directors of the Company. A member of the Board of Directors shall be deemed to be "disinterested" only if he satisfies such requirements as the Securities and Exchange Commission may establish for non-employee directors administering plans intended to qualify for exemption under Rule 16b-3 (or its successor) under the Exchange Act. The Committee is authorized, subject to the provisions of the Plan, to establish such rules and regulations as it deems necessary for the proper administration of the Plan and to make whatever determinations and interpretations in connection with the Plan it deems necessary or advisable. All determinations and interpretations made by the Committee shall be binding and conclusive on all Participants in the Plan and on their legal representatives and beneficiaries.

4. TYPES OF AWARDS

Awards under the Plan may be granted in any one or a combination of (a) Incentive Stock Options as defined in Section 7; (b) Non-statutory Stock Options as defined in Section 8; and (c) Limited Rights as defined herein in Section 9.

5. STOCK SUBJECT TO THE PLAN

There shall be 398,307 shares available for Awards under this Plan. Of those shares no more than 270,851 shares shall be available in connection with the grant of Incentive Stock Options. The shares of Common Stock represented by Options granted pursuant to this Plan may be either authorized but unissued shares or shares previously issued and reacquired by the Company. To the extent that Options together with any related rights granted under the Plan terminate, expire or are cancelled without having been exercised or, in the case of Limited Rights exercised for cash, new Awards may be made with respect to these shares. Option Awards granted to Employees and Outside Directors shall be subject to the individual and aggregate limitations imposed by the Office of Thrift Supervision regulations, as applicable.

6. ELIGIBILITY

Officers and other Employees of the Company and its Affiliates shall be eligible to receive Incentive Stock Options, Non-statutory Stock Options and/or Limited Rights under the Plan. Outside Directors shall not be eligible to receive Incentive Stock Options under the Plan. Outside Directors shall be eligible to receive only Non-statutory Stock Options.

5

7. NON-STATUTORY STOCK OPTIONS

7.1 GRANT OF NON-STATUTORY STOCK OPTIONS

(a) Grants . The Committee may, from time to time, grant Non-statutory

Stock Options to eligible Employees and Outside Directors upon such terms and conditions as the Committee may determine. Non-statutory Stock Options granted under this Plan are subject to the terms and conditions set forth in this Section 7.

(b) Option Agreement. Each Option shall be evidenced by a written option

agreement between the Company and the Award recipient specifying the number of shares of Common Stock that may be acquired through its exercise and containing such other terms and conditions that are not inconsistent with the terms of this grant. The maximum number of shares subject to a Non-statutory Option that may be awarded under the Plan to any Employee shall be 117,320.

(c) Price. The purchase price per share of Common Stock deliverable upon

the exercise of each Non-statutory Stock Option shall be determined by the Committee on the date the Option is granted. Except as provided below, such

purchase price shall not be less than 100% of the Fair Market Value of the Company's Common Stock on the date the Option is granted. The purchase price per share of Common Stock deliverable upon the exercise of each Non-statutory Stock Option granted in exchange for and upon surrender of previously granted awards shall be not less than 100% of the Fair Market Value of the Company's Common Stock on the date the Option is granted, but in no event may the purchase price of any Non-statutory Stock Option be less than the par value of the Common Stock. Shares may be purchased only upon full payment of the purchase price. Payment of the purchase price may be made, in whole or in part, through the surrender of shares of the Common Stock of the Company at the Fair Market Value of such shares determined in the manner described in Section 2.

(d) Manner of Exercise. Unless otherwise specified by the Committee,

Non-statutory Stock Options granted under the Stock Option Plan shall vest in a Participant at the rate of twenty percent (20%) per year commencing from the Date of Grant. The vested Option may be exercised from time to time, in whole or in part, by delivering a written notice of exercise to the President or Chief Executive Officer of the Company. Such notice is irrevocable and must be accompanied by full payment of the purchase price in cash or shares of previously acquired Common Stock of the Company at the Fair Market Value of such shares determined on the exercise date by the manner described in Section 2 hereof.

(e) Terms of Options. The term during which each Non-statutory Stock

Option may be exercised shall be determined by the Committee, but in no event shall a Non-statutory Stock Option be exercisable in whole or in part more than 10 years and one day from the Date of Grant. The Non-statutory Options awarded to Employees shall be exercisable in installments, as determined by the Committee. The Committee shall determine the date on which each installment shall become exercisable. The shares comprising each installment may be purchased in whole or in part at any time after such installment becomes exercisable. The Committee, in its sole discretion, may accelerate the time at which any Non-statutory Stock Option awarded to Employees and Outside Directors may be exercised in whole or in part. Notwithstanding the above, in the event of a Change in Control of the Bank or the Company, all Non-statutory Stock Options shall become immediately exercisable.

(d) Termination of Employment or Service. Upon the termination of an

Employee's employment or upon termination of an Outside Director's service for any reason other than Disability, death, Normal Retirement or Termination for Cause, the Employee's or Outside Director's Non-statutory Stock Options shall be exercisable only as to those shares that were immediately purchasable by the Employee or Outside Directors at the date of termination and only for a period of one (1) year following termination. For purposes of determining the date of termination of an Outside Director's service, service as a Director Emeritus of the Bank following termination from the Board of Directors will not cause a Participant to incur a termination of service and such Participant will continue to vest in his Award until termination of service as a Director Emeritus. In the

event of Termination for Cause, all rights under his Non-statutory Stock Options shall expire upon termination. In the event of the death or Disability of any Employee or Outside Director, all Non-statutory Stock Options held by such Employee or Outside Director, whether or not exercisable at such time, shall be exercisable by such person or his legal representatives or beneficiaries for one (1) year following the date of his death or cessation of employment or service, as applicable, PROVIDED that in no event shall the period extend beyond the expiration of the Non-statutory Stock Option term. In the event of Normal Retirement, all Non-statutory Stock Options held by an Employee, whether or not exercisable at such time, shall be exercisable for one

6

(1) year following the date of the Participant's retirement, provided, however, that in the event the Employee continues in service as a director of the Company or an Affiliate, following his Normal Retirement, the Participant's Award will continue to vest during his tenure as a Director pursuant to his original vesting schedule. Notwithstanding the above, all Non-statutory Options held by a Participant whose employment as an Employee or service as an Outside Director terminates following a Change in Control of the Bank or the Company shall be deemed earned as of the last day of employment or service with the Company or an Affiliate and shall be exercisable for one (1) year following such termination of employment or service.

8. INCENTIVE STOCK OPTIONS

8.1 GRANT OF INCENTIVE STOCK OPTIONS

The Committee, from time to time, may grant Incentive Stock Options to eligible Employees. Incentive Stock Options granted pursuant to the Plan shall be subject to the following terms and conditions:

(a) Option Agreement. Each Option shall be evidenced by a written option

agreement between the Bank and the Employee specifying the number of shares of Common Stock that may be acquired through its exercise and containing such other terms and conditions that are not inconsistent with the terms of this grant.

(b) Price. The purchase price per share of Common Stock deliverable upon

the exercise of each Incentive Stock Option shall be not less than 100% of the Fair Market Value of the Company's Common Stock on the date the Incentive Stock Option is granted. However, if an Employee owns stock possessing more than 10% of the total combined voting power of all classes of Common Stock of the Company (or under Section 424(d) of the Code, is deemed to own stock representing more than 10% of the total combined voting power of all classes of stock of the Company or its Affiliates by reason of the ownership of such classes of common

stock directly or indirectly, by or for any brother, sister, spouse, ancestor or lineal descendant of such Employee or by or for any corporation, partnership, estate or trust or which such employee is a shareholder, partner or beneficiary), the purchase price per share of Common Stock deliverable upon the exercise of each Incentive Stock Option shall not be less than 110% of the Fair Market Value of the Company's Common Stock on the date the Incentive Stock Option is granted. Shares may be purchased only upon payment of the full purchase price. Payment of the purchase price may be made, in whole or in part, through the surrender of shares of the Common Stock of the Company. If previously acquired shares of Common Stock are tendered in payment of all or part of the exercise price, the value of such shares shall be determined as of the date of exercise of the Incentive Stock Option.

(c) Manner of Exercise. Unless otherwise determined by the Committee,

Incentive Stock Options granted under the Stock Option Plan shall vest in a Participant at the rate of twenty percent (20%) per year commencing from the date of grant. The vested Option may be exercised from time to time, in whole or in part, by delivering a written notice of exercise to the President or Chief Executive Officer of the Company, PROVIDED, HOWEVER, that no Options shall be exercisable prior to approval of the Plan by stockholders. Such notice is irrevocable and must be accompanied by full payment of the purchase price in cash or shares of previously acquired Common Stock of the Company. . If previously acquired shares of Common Stock are tendered in payment of all or part of the exercise price, the Fair Market Value of such shares shall be determined as of the date of such exercise of the Incentive Stock Option.

(d) Amount of Options. Incentive Stock Options may be granted to any

eligible Employee in such amounts as determined by the Committee; PROVIDED that the amount granted is consistent with the terms of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"). Notwithstanding the above, the maximum number of shares that may be subject to an Incentive Stock Option awarded under the Plan to any Employee shall be 117,320. In granting Incentive Stock Options, the Committee shall consider the position and responsibilities of the eligible Employee, the length and value of his or her service to the or the Company, the compensation paid to the Employee and the Committee's evaluation of the performance of the or the Company according to measurements that include, among others, key financial ratios, levels of classified assets, and independent audit findings. 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 is granted) 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 (under all plans of the Participant's employer corporation and its parent and subsidiary corporations) shall not exceed \$100,000. The provisions of this Section 8.1(d) shall be construed and applied in accordance with Section 422(d) of the Code and the regulations, if any, promulgated thereunder.

(e) Term of Options. The term during which each Incentive Stock Option may

be exercised shall be determined by the Committee, but in no event shall an Incentive Stock option be exercisable in whole or in part more than 10 years from the Date of Grant. If any Employee, at the time an Incentive Stock Option is granted to him, owns Common Stock representing more than 10% of the total combined voting power of the Company or its Affiliates (or, under Section 424(d) of the Code, is deemed to own Common Stock representing more than 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 him or her shall not be exercisable after the expiration of five years from the Date of Grant. No Incentive Stock Option granted under this Plan is transferable except by will or the laws of descent and distribution and is exercisable during his lifetime only by the Employee to which it is granted.

The Committee shall determine the date on which each Incentive Stock Option shall become exercisable and may provide that an Incentive Stock Option shall become exercisable in installments. The shares comprising each installment may be purchased in whole or in part at any time after such installment becomes purchasable, provided that the amount able to be first exercised in a given year is consistent with the terms of Section 422 of the Code. To the extent required by Section 422 of the Code, the aggregate fair market value (determined at the time the Option is granted) of the Common Stock for which Incentive Stock Options are exercisable for the first time by a Participant during any calendar year (under all plans of the Bank and its Affiliates) shall not exceed \$100,000. The Committee, in its sole discretion, may accelerate the time at which any Incentive Stock Option may be exercised in whole or in part; PROVIDED that it is consistent with the terms of Section 422 of the Code. Notwithstanding the above, in the event of a Change in Control of the Bank or Company, all Incentive Stock Options shall become immediately exercisable unless the fair market value of the amount exercisable as a result of a Change in Control shall exceed \$100,000 (determined as of the date of grant). In such event, the first \$100,000 of Incentive Stock Options (determined as of the date of grant) shall be exercisable as Incentive Stock Options and any excess shall be exercisable as Non-statutory Stock Options.

(f) Termination of Employment. Upon the termination of an Employee's

employment for any reason other than Normal Retirement, Disability, Change in Control, death or Termination for Cause, his or her Incentive Stock Options shall be exercisable only as to those shares which were immediately purchasable by him at the date of termination and only for a period of three (3) months following termination. In the event of Termination for Cause all rights under his or her Incentive Stock Options shall expire upon termination.

In the event of death, Disability, termination in the event of a Change in Control or Normal Retirement, all Incentive Stock Options held by an Employee, whether or not exercisable at such time, shall be exercisable by such Employee or his legal representatives or beneficiaries for one (1) year following the date of his or her death or cessation of employment; PROVIDED, HOWEVER, that, in the case of Normal Retirement or termination in the event of a Change in Control, such Options shall not be eligible for treatment as Incentive Stock Options in the event such Options are exercised more than three (3) months following the date of the termination in the event of a Change in Control; PROVIDED, FURTHER, that, upon a Participant's Normal Retirement, any such Options which are not eligible for treatment as Incentive Stock Options by operation of Section 422(d) of the Code (or any successor provision) shall be treated as Non-statutory Stock Options. In no event shall the exercise period extend beyond the expiration of the Incentive Stock Option term.

(g) Compliance with Code. The Options granted under this Section 8 of the

Plan are intended to qualify as Incentive Stock Options within the meaning of Section 422 of the Code, but the Company makes no warranty as to the qualification of any Option as an incentive stock option within the meaning of Section 422 of the Code. If an Option granted hereunder fails for whatever reason to comply with the provisions of Section 422 of the Code and such failure is not or cannot be cured, such Option shall be a Non-statutory Stock Option.

9. LIMITED RIGHTS

9.1 GRANT OF LIMITED RIGHTS

The Committee may grant a Limited Right simultaneously with the grant of any Option to any Employee of the Company or an Affiliate, with respect to all or some of the shares covered by such Option. Limited Rights granted under this Plan are subject to the following terms and conditions:

8

(a) Terms of Rights. In no event shall a Limited Right be exercisable in

whole or in part before the expiration of six (6) months from the date of grant of the Limited Right. A Limited Right may be exercised only in the event of a Change in Control of the Bank.

The Limited Right may be exercised only when the underlying Option is eligible to be exercised, provided that the Fair Market Value of the underlying shares on the day of exercise is greater than the exercise price of the related Option.

Upon exercise of a Limited Right, the related Option shall cease to be exercisable. Upon exercise or termination of an Option, any related Limited Rights shall terminate. The Limited Rights may be for no more than 100% of the difference between the exercise price and the Fair Market Value of the Common Stock subject to the underlying Option. The Limited Right is transferable only when the underlying Option is transferable and under the same conditions.

(b) Payment. Upon exercise of a Limited Right, the holder shall promptly

receive from the Company an amount of cash equal to the difference between the Fair Market Value on the Date of Grant of the related Option and the Fair Market Value of the underlying shares on the date the Limited Right is exercised, multiplied by the number of shares with respect to which such Limited Right is being exercised. In the event of a Change in Control in which pooling accounting treatment is a condition to the transaction, the Limited Right shall be exercisable solely for shares of stock of the Company, or in the event of a merger transaction, for shares of the acquiring corporation, or its parent, as applicable. The number of shares to be received on the exercise of such Limited Right shall be determined by dividing the amount of cash that would have been available under the first sentence above by the Fair Market Value at the time of exercise of the shares underlying the Option subject to the Limited Right.

10. SURRENDER OF OPTION

In the event of a Participant's termination of employment or termination of service as a result of death or Disability, the Participant (or his personal representative(s), heir(s), or devisee(s)) may, in a form acceptable to the Committee, make application to surrender all or part of the Options held by such Participant in exchange for a cash payment from the Company of an amount equal to the difference between the Fair Market Value of the Common Stock on the date of termination of employment and the exercise price per share of the Option on the Date of Grant. Whether the Company accepts such application or determines to make payment, in whole or in part, is within its absolute and sole discretion, it being expressly understood that the Company is under no obligation to any Participant whatsoever to make such payments. In the event that the Company accepts such application and determines to make payment, such payment shall be in lieu of the exercise of the underlying Option and such Option shall cease to be exercisable.

11. RIGHTS OF A SHAREHOLDER; NON-TRANSFERABILITY

An optionee shall have no rights as a shareholder with respect to any shares covered by a Non-statutory and/or Incentive Stock Option until the date of issuance of a stock certificate for such shares. Nothing in this Plan or in any Award granted confers on any person any right to continue in the employ of the Company or its Affiliates or to continue to perform services for the Company or its Affiliates or interferes in any way with the right of the Company or its Affiliates to terminate his or her services as an officer or other employee at any time.

No Award under the Plan shall be transferable by the optionee other than by will or the laws of descent and distribution and may only be exercised during his or her lifetime by the optionee, or by a guardian or legal representative. The designation of a beneficiary does not constitute a transfer of an Award.

12. DESIGNATION OF BENEFICIARY

A Participant, with the consent of the Committee, may designate a person or persons to receive, in the event of death, any Option or Limited Rights Award to which he or she would then be entitled. Such designation will be made upon forms supplied by and delivered to the Company and may be revoked in writing. If a Participant fails effectively to designate a Beneficiary, then his estate will be deemed to be the Beneficiary.

9

13. DILUTION AND OTHER ADJUSTMENTS

In the event of any change in the outstanding shares of Common Stock of the Company by reason of any stock dividend or split, recapitalization, merger, consolidation, spin-off, reorganization, combination or exchange of shares, or other similar corporate change, or other increase or decrease in such shares without receipt or payment of consideration by the Company, the Committee will make such adjustments to previously granted Awards, to prevent dilution or enlargement of the rights of the Participant, including any or all of the following:

(a) adjustments in the aggregate number or kind of shares of Common Stock which may be awarded under the Plan;

(b) adjustments in the aggregate number or kind of shares of Common Stock covered by Awards already made under the Plan;

(c) subject to 422 of the Code, adjustments in the purchase price of outstanding Incentive and/or Non- statutory Stock Options, or any Limited Rights attached to such Options.

No such adjustments, however, may change materially the value of benefits available to a Participant under a previously granted Award.

14. WITHHOLDING

There may be deducted from each distribution of cash and/or Common Stock under the Plan the amount of tax required by any governmental authority to be withheld.

15. AMENDMENT OF THE PLAN

The Board of Directors may at any time, and from time to time, modify or amend the Plan and Award Agreements in any respect; PROVIDED, HOWEVER, that if necessary to continue to qualify the Plan under the Securities and Exchange Commission Rule 16b-3, the approval by a majority of the shares represented in person or by proxy at an annual or special meeting of the Company shall be required for any such modification or amendment that:

(a) increases the maximum number of shares for which options may be granted under the Plan (SUBJECT, HOWEVER, to the provisions of Section 13 hereof);

(b) reduces the exercise price at which Awards may be granted (SUBJECT, HOWEVER, to the provisions of Sections 8.1(a) and 13 hereof);

(c) extends the period during which options may be granted or exercised beyond the times originally prescribed (SUBJECT, HOWEVER, to the provisions of Section 8.1(a) hereof); or

(d) changes the persons eligible to participate in the Plan.

Failure to ratify or approve amendments or modifications to subsections (a) through (d) of this Section 15 by shareholders shall be effective only as to the specific amendment or modification requiring such ratification. Other provisions, sections, and subsections of this Plan will remain in full force and effect.

No such termination, modification or amendment may affect the rights of a Participant under an outstanding Award.

16. APPROVAL BY STOCKHOLDERS

The Plan was approved by stockholders of the Bank. No Options were granted pursuant to the Plan prior to such stockholder approval. Any amendments to the Plan shall be subject to the provisions of Section 15 hereof.

10

17. EFFECTIVE DATE OF PLAN

The Plan shall become effective upon the date adopted by the Board of Directors, following the approval of stockholders (the "Effective Date").

18. TERMINATION OF THE PLAN

The right to grant Awards under the Plan will terminate upon the earlier of ten (10) years after the Effective Date of the issuance of Common Stock or the date on which the exercise of Options or related rights equaling the maximum number of shares reserved under the Plan occurs as set forth in Section 5 hereof. The Board of Directors has the right to suspend or terminate the Plan at any time; PROVIDED that no such action will, without the consent of a Participant, affect adversely his rights under a previously granted Award.

19. APPLICABLE LAW

The Plan will be administered in accordance with the laws of the State of New Jersey and federal law, to the extent applicable.

EXHIBIT 10.4 BAYONNE BANCSHARES, INC. 1998 STOCK-BASED INCENTIVE PLAN

BAYONNE BANCSHARES, INC.
1998 STOCK-BASED INCENTIVE PLAN

1. DEFINITIONS.

(a) "Affiliate" means any "subsidiary corporation" of the Holding Company, as such term is defined in Section 424(f) of the Code.

(b) "Award" means, individually or collectively, a grant under the Plan of Non-Statutory Stock Options, Incentive Stock Options, Limited Rights and Stock Awards.

(c) "Award Agreement" means an agreement evidencing and setting forth the terms of an Award.

(d) "Bank" means First Savings Bank of New Jersey, SLA.

(e) "Board of Directors" means the board of directors of the Holding Company.

(f) "Change in Control" means a change in control of the Holding Company or the Bank of a nature that (i) would be required to be reported in response to Item 1 of the current report on Form 8-K, as in effect on the date hereof, pursuant to Sections 13 or 15(d) of the Exchange Act; (ii) results in a "change of control" or "acquisition of control" within the meaning of the regulations promulgated by the Office of Thrift Supervision ("OTS") (or its predecessor agency) found at 12 C.F.R. Part 574, as in effect on the date hereof; PROVIDED, HOWEVER, that in applying the definition of change in control as set forth under such regulations the Board of Directors shall substitute its judgment for that of the OTS; or (iii) without limitation Change in Control shall be deemed to

have occurred at such time as (A) any "person" (as the term is used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Association or the Holding Company representing 20% or more of the Association's or the Holding Company's outstanding securities except for any securities of the Association purchased by the Holding Company and any securities purchased by any tax-qualified employee benefit plan of the Association; or (B) individuals who constitute the Board of Directors on the date hereof (the "Incumbent Board") cease for any reason to constitute at least a majority thereof, 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 the Holding Company's stockholders was approved by a nominating committee serving under the Incumbent Board, shall be, for purposes of this clause (B), considered as though he were a member of the Incumbent Board; or (C) a plan of reorganization, merger, consolidation, sale of all or substantially all the assets of the Association or the Holding Company or similar transaction occurs in which the Association or Holding Company is not the resulting entity; or (D) a solicitation of shareholders of the Holding Company, by someone other than the current management of the Holding Company, seeking stockholder approval of a plan of reorganization, merger or consolidation of the Holding Company or Association or similar transaction with one or more corporations, as a result of which the outstanding shares of the class of securities then subject to the plan are exchanged for or converted into cash or property or securities not issued by the Association or the Holding Company; or (E) a tender offer is made for 20% or more of the voting securities of the Association or the Holding Company.

(g) "Code" means the Internal Revenue Code of 1986, as amended.

(h) "Committee" means the committee designated by the Board of Directors, pursuant to Section 2 of the Plan, to administer the Plan.

(i) "Common Stock" means the Common Stock of the Holding Company, par value, \$.01 per share.

(j) "Date of Grant" means the effective date of an Award.

(k) "Disability" means any mental or physical condition with respect to which the Participant qualifies for and receives benefits for under a long-term disability plan of the Holding Company or an Affiliate, or in the absence of such a long-term disability plan or coverage under such a plan, "Disability" shall mean a physical or mental

condition which, in the sole discretion of the Committee, is reasonably expected to be of indefinite duration and to substantially prevents the Participant from

fulfilling his duties or responsibilities to the Holding Company or an Affiliate.

(l) "Effective Date" means the earlier of the date the Plan is approved by shareholders or August 23, 1998.

(m) "Employee" means any person employed by the Holding Company or an Affiliate. Directors who are employed by the Holding Company or an Affiliate shall be considered Employees under the Plan.

(n) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(o) "Exercise Price" means the price at which a Participant may purchase a share of Common Stock pursuant to an Option.

(p) "Fair Market Value" means the market price of Common Stock, determined by the Committee as follows:

(i) If the Common Stock was traded on the date in question on The Nasdaq Stock Market then the Fair Market Value shall be equal to the last transaction price quoted for such date by The Nasdaq Stock Market;

(ii) If the Common Stock was traded on a stock exchange, then the Fair Market Value shall be equal to the closing price reported by the applicable composite transactions report for such date; and

(iii) If neither of the foregoing provisions is applicable, then the Fair Market Value shall be determined by the Committee in good faith on such basis as it deems appropriate.

Whenever possible, the determination of Fair Market Value by the Committee shall be based on the prices reported in The Wall Street Journal. The

Committee's determination of Fair Market Value shall be conclusive and binding on all persons.

(q) "Holding Company" means Bayonne Bancshares, Inc.

(r) "Incentive Stock Option" means a stock option granted to a Participant, pursuant to Section 7 of the Plan, that is intended to meet the requirements of Section 422 of the Code.

(s) "Limited Right" means an Award granted to a Participant pursuant to Section 8 of the Plan.

(t) "Non-Statutory Stock Option" means a stock option granted to a Participant pursuant to the terms of the Plan but which is not intended to be and is not identified as an Incentive Stock Option or a stock option granted under the Plan which is intended to be and is identified as an Incentive Stock

Option but which does not meet the requirements of Section 422 of the Code.

(u) "Option" means an Incentive Stock Option or Non-Statutory Stock Option.

(v) "Outside Director" means a member of the Boards of Directors of the Holding Company or an Affiliate who is not also an Employee of the Holding Company or an Affiliate.

(w) "Participant" means any person who holds an outstanding Award.

(x) "Performance Award" means an Award granted to a Participant pursuant to Section 10 of the Plan.

(y) "Plan" means the Bayonne Bancshares, Inc. 1998 Stock-Based Incentive Plan.

4

(z) "Retirement" means retirement from employment with the Holding Company or an Affiliate in accordance with the retirement policies of the Holding Company or Affiliate, as applicable, then in effect. "Retirement" with respect to an Outside Director means the termination of service from the Board of Directors of the Holding Company and any Affiliate following written notice to the Board of Directors of such Outside Director's intention to retire.

(aa) "Stock Award" means an Award granted to a Participant pursuant to Section 9 of the Plan.

(bb) "Termination for Cause" shall mean, in the case of an Outside Director, removal from the Board of Directors or, in the case of an Employee, unless defined differently under any employment agreement with the Holding Company or an Affiliate, termination of employment, because of a material loss to the Holding Company or an Affiliate, as determined by and in the sole discretion of the Board of Directors or its designee(s).

(cc) "Trust" means a trust established by the Board of Directors in connection with this Plan to hold Plan assets for the purposes set forth herein.

(dd) "Trustee" means any person or entity approved by the Board of Directors to hold any of the Trust assets.

2. ADMINISTRATION.

(a) The Committee shall administer the Plan. The Committee shall consist

of two or more disinterested directors of the Holding Company, who shall be appointed by the Board of Directors. A member of the Board of Directors shall be deemed to be "disinterested" only if he satisfies (i) such requirements as the Securities and Exchange Commission may establish for non-employee directors administering plans intended to qualify for exemption under Rule 16b-3 (or its successor) under the Exchange Act and (ii) such requirements as the Internal Revenue Service may establish for outside directors acting under plans intended to qualify for exemption under Section 162(m)(4)(C) of the Code. The Board of Directors may also appoint one or more separate committees of the Board of Directors, each composed of one or more directors of the Holding Company or an Affiliate who need not be disinterested and who may grant Awards and administer the Plan with respect to Employees and Outside Directors who are not considered officers or directors of the Holding Company under Section 16 of the Exchange Act or for whom Awards are not intended to satisfy the provisions of Section 162(m) of the Code.

(b) The Committee shall (i) select the Employees and Outside Directors who are to receive Awards under the Plan, (ii) determine the type, number, vesting requirements and other features and conditions of such Awards, (iii) interpret the Plan and (iv) make all other decisions relating to the operation of the Plan. The Committee may adopt such rules or guidelines as it deems appropriate to implement the Plan. The Committee's determinations under the Plan shall be final and binding on all persons.

(c) Each Award shall be evidenced by a written agreement ("Award Agreement") containing such provisions as may be approved by the Committee. Each Award Agreement shall constitute a binding contract between the Holding Company or an Affiliate and the Participant, and every Participant, upon acceptance of the Award Agreement, shall be bound by the terms and restrictions of the Plan and the Award Agreement. The terms of each Award Agreement shall be in accordance with the Plan, but each Award Agreement may include such additional provisions and restrictions determined by the Committee, in its discretion, provided that such additional provisions and restrictions are not inconsistent with the terms of the Plan. In particular and at a minimum, the Committee shall set forth in each Award Agreement (i) the type of Award granted (ii) the Exercise Price of any Option, (iii) the number of shares subject to the Award; (iv) the expiration date of the Award, (v) the manner, time, and rate (cumulative or otherwise) of exercise or vesting of such Award, and (vi) the restrictions, if any, placed upon such Award, or upon shares which may be issued upon exercise of such Award. The Chairman of the Committee and such other directors and officers as shall be designated by the Committee is hereby authorized to execute Award Agreements on behalf of the Company or an Affiliate and to cause them to be delivered to the recipients of Awards.

(d) The Committee may delegate all authority for: (i) the determination of forms of payment to be made by or received by the Plan and (ii) the execution of any Award Agreement. The Committee may rely on the descriptions, representations, reports and estimates provided to it by the management of the Holding Company or an Affiliate for determinations to be made pursuant to the Plan, including the satisfaction of any conditions of a

Performance Award. However, only the Committee or a portion of the Committee may certify the attainment of any conditions of a Performance Award intended to satisfy the requirements of Section 162(m) of the Code.

3. TYPES OF AWARDS AND RELATED RIGHTS.

The following Awards may be granted under the Plan:

- (a) Non-Statutory Stock Options.
- (b) Incentive Stock Options.
- (c) Limited Rights.
- (d) Stock Awards.

4. STOCK SUBJECT TO THE PLAN.

Subject to adjustment as provided in Section 15 of the Plan, the maximum number of shares reserved for Awards under the Plan is 681,687, which number shall not exceed 7.53% of the outstanding shares of the Common Stock determined immediately as of the Effective Date. Subject to adjustment as provided in Section 15 of the Plan, the maximum number of shares reserved hereby for purchase pursuant to the exercise of Options and Option-related Awards granted under the Plan is 486,919, which number shall not exceed 5.38% of the outstanding shares of Common Stock as of the Effective Date. The maximum number of the shares reserved for Stock Awards is 194,768, which number shall not exceed 2.15% of the outstanding shares of Common Stock as of the Effective Date. The shares of Common Stock issued under the Plan may be either authorized but unissued shares or authorized shares previously issued and acquired or reacquired by the Trust or the Bank, respectively. To the extent that Options and Stock Awards are granted under the Plan, the shares underlying such Awards will be unavailable for any other use including future grants under the Plan except that, to the extent that Stock Awards or Options terminate, expire, or are forfeited without having vested or without having been exercised (in the case of Limited Rights, exercised for cash), new Awards may be made with respect to these shares.

5. ELIGIBILITY.

Subject to the terms of the Plan, all Employees and Outside Directors shall be eligible to receive Awards under the Plan. In addition, the Committee may grant eligibility to consultants and advisors of the Holding Company of an Affiliate.

6. NON-STATUTORY STOCK OPTIONS.

The Committee may, subject to the limitations of this Plan and the availability of shares of Common Stock reserved but not previously awarded under the Plan, grant Non-Statutory Stock Options to eligible individuals upon such terms and conditions as it may determine to the extent such terms and conditions are consistent with the following provisions:

(a) Exercise Price. The Committee shall determine the Exercise Price of

each Non-Statutory Stock Option. However, the Exercise Price shall not be less than 100% of the Fair Market Value of the Common Stock on the Date of Grant.

(b) Terms of Non-statutory Stock Options. The Committee shall determine

the term during which a Participant may exercise a Non-Statutory Stock Option, but in no event may a Participant exercise a Non-Statutory Stock Option, in whole or in part, more than ten (10) years from the Date of Grant. The Committee shall also determine the date on which each Non-Statutory Stock Option, or any part thereof, first becomes exercisable and any terms or conditions a Participant must satisfy in order to exercise each Non-Statutory Stock Option. The shares of Common Stock underlying each Non-Statutory Stock Option may be purchased in whole or in part by the Participant at any time during the term of such Non-Statutory Stock Option, or any portion thereof, becomes exercisable.

(c) Non-Transferability. Unless otherwise determined by the Committee in

accordance with this Section 6(c), a Participant may not transfer, assign, hypothecate, or dispose of in any manner, other than by will or the laws of intestate succession, a Non-Statutory Stock Option. The Committee may, however, in its sole discretion, permit transferability or assignment of a Non-Statutory Stock Option if such transfer or assignment is, in its sole

determination, for valid estate planning purposes and such transfer or assignment is permitted under the Code and Rule 16b-3 under the Exchange Act. For purposes of this Section 6(c), a transfer for valid estate planning purposes includes, but is not limited to: (a) a transfer to a revocable intervivos trust as to which the Participant is both the settlor and trustee, (b) a transfer for no consideration to: (i) any member of the Participant's Immediate Family, (ii) any trust solely for the benefit of members of the Participant's Immediate Family, (iii) any partnership whose only partners are members of the Participant's Immediate Family, and (iv) any limited liability corporation or corporate entity whose only members or equity owners are members of the

Participant's Immediate Family. For purposes of this Section 6(c), "Immediate Family" includes, but is not necessarily limited to, a Participant's parents, grandparents, spouse, children, grandchildren, siblings (including half brothers and sisters), and individuals who are family members by adoption. Nothing contained in this Section 6(c) shall be construed to require the Committee to give its approval to any transfer or assignment of any Non-Statutory Stock Option or portion thereof, and approval to transfer or assign any Non-Statutory Stock Option or portion thereof does not mean that such approval will be given with respect to any other Non-Statutory Stock Option or portion thereof. The transferee or assignee of any Non-Statutory Stock Option shall be subject to all of the terms and conditions applicable to such Non-Statutory Stock Option immediately prior to the transfer or assignment and shall be subject to any other conditions proscribed by the Committee with respect to such Non-Statutory Stock Option.

(d) Termination of Employment or Service (General). Unless otherwise

determined by the Committee, upon the termination of a Participant's employment or other service for any reason other than Retirement, Disability or death, a Change in Control, or Termination for Cause, the Participant may exercise only those Non-Statutory Stock Options that were immediately exercisable by the Participant at the date of such termination and only for a period of three (3) months following the date of such termination.

(e) Termination of Employment or Service (Retirement). In the event of a

Participant's Retirement, the Participant's may exercise only those Non-Statutory Stock Options that were immediately exercisable by the Participant at the date of Retirement and only for a period of one (1) year following the date of Retirement; PROVIDED, HOWEVER, that upon the Participant's Retirement, the Committee, in its discretion, may determine that all Non-Statutory Stock Options that were not exercisable by the Participant as of such date shall continue to become exercisable in accordance with the terms of the Award Agreement if the Participant is immediately engaged by the Holding Company or an Affiliate as a consultant or advisor or continues to serve the Holding Company or an Affiliate as a director or advisory director.

(f) Termination of Employment or Service (Disability or death). Unless

otherwise determined by the Committee, in the event of the termination of a Participant's employment or other service due to Disability or death, all Non-Statutory Stock Options held by such Participant shall immediately become exercisable and remain exercisable for a period one (1) year following the date of such termination.

(g) Termination of Employment or Service (Change in Control). Unless

otherwise determined by the Committee, in the event of the termination of a Participant's employment or service due to a Change in Control, the Participant may exercise only those Non-Statutory Stock Options that were immediately exercisable by the Participant at the date of such termination and only for a

period of one (1) year following the date of such termination.

(h) Termination of Employment or Service (Termination for Cause). Unless

otherwise determined by the Committee, in the event of a Participant's Termination for Cause, all rights with respect to the Participant's Non-Statutory Stock Options shall expire immediately upon the effective date of such Termination for Cause.

(i) Payment. Payment due to a Participant upon the exercise of a

Non-Statutory Stock Option shall be made in the form of shares of Common Stock.

(j) Maximum Individual Award. No individual Employee shall be granted an

amount of Non-Statutory Stock Options which exceeds 25% of all Options eligible to be granted under the Plan within any 60 month period.

7. INCENTIVE STOCK OPTIONS.

The Committee may, subject to the limitations of the Plan and the availability of shares of Common Stock reserved but unawarded under this Plan, grant Incentive Stock Options to an Employee upon such terms and conditions as it may determine to the extent such terms and conditions are consistent with the following provisions:

7

(a) Exercise Price. The Committee shall determine the Exercise Price of

each Incentive Stock Option. However, the Exercise Price shall not be less than 100% of the Fair Market Value of the Common Stock on the Date of Grant; PROVIDED, HOWEVER, that if at the time an Incentive Stock Option is granted, the Employee owns or is treated as owning, for purposes of Section 422 of the Code, Common Stock representing more than 10% of the total combined voting securities of the Holding Company ("10% Owner"), the Exercise Price shall not be less than 110% of the Fair Market Value of the Common Stock on the Date of Grant.

(b) Amounts of Incentive Stock Options. To the extent the aggregate Fair

Market Value of shares of Common Stock with respect to which Incentive Stock Options that are exercisable for the first time by an Employee during any calendar year under the Plan and any other stock option plan of the Holding Company or an Affiliate exceeds \$100,000, or such higher value as may be permitted under Section 422 of the Code, such Options in excess of such limit shall be treated as Non-Statutory Stock Options. Fair Market Value shall be

determined as of the Date of Grant with respect to each such Incentive Stock Option.

(c) Terms of Incentive Stock Options. The Committee shall determine the

term during which a Participant may exercise an Incentive Stock Option, but in no event may a Participant exercise an Incentive Stock Option, in whole or in part, more than ten (10) years from the Date of Grant; PROVIDED, HOWEVER, that if at the time an Incentive Stock Option is granted to an Employee who is a 10% Owner, the Incentive Stock Option granted to such Employee shall not be exercisable after the expiration of five (5) years from the Date of Grant. The Committee shall also determine the date on which each Incentive Stock Option, or any part thereof, first becomes exercisable and any terms or conditions a Participant must satisfy in order to exercise each Incentive Stock Option. The shares of Common Stock underlying each Incentive Stock Option may be purchased in whole or in part at any time during the term of such Incentive Stock Option after such Option becomes exercisable.

(d) Non-Transferability. No Incentive Stock Option shall be transferable

except by will or the laws of descent and distribution and is exercisable, during his lifetime, only by the Employee to whom the Committee grants the Incentive Stock Option. The designation of a beneficiary does not constitute a transfer of an Incentive Stock Option.

(e) Termination of Employment (General). Unless otherwise determined by

the Committee, upon the termination of a Participant's employment or other service for any reason other than Retirement, Disability or death, a Change in Control, or Termination for Cause, the Participant may exercise only those Incentive Stock Options that were immediately exercisable by the Participant at the date of such termination and only for a period of three (3) months following the date of such termination.

(f) Termination of Employment (Retirement). In the event of a

Participant's Retirement, the Participant may exercise only those Incentive Stock Options that were immediately exercisable by the Participant at the date of Retirement and only for a period of one (1) year following the date of Retirement; PROVIDED HOWEVER, that upon the Participant's Retirement, the Committee, in its discretion, may determine that all Incentive Stock Options that were not otherwise exercisable by the Participant as of such date shall continue to become exercisable in accordance with the terms of the Award Agreement if the Participant is immediately engaged by the Holding Company or an Affiliate as a consultant or advisor or continues to serve the Holding Company or an Affiliate as a director or advisory director. Any Option originally designated as an Incentive Stock Option shall be treated as a Non-Statutory Stock Options to the extent the Participant exercises such Option more than three (3) months following the Date of the Participant's Retirement.

(g) Termination of Employment (Disability or Death). Unless otherwise

determined by the Committee, in the event of the termination of a Participant's employment or other service due to Disability or death, all Incentive Stock Options held by such Participant shall immediately become exercisable and remain exercisable for a period one (1) year following the date of such termination.

(h) Termination of Employment (Change in Control). Unless otherwise

determined by the Committee, in the event of the termination of a Participant's employment or service due to a Change in Control, the Participant may exercise only those Incentive Stock Options that were immediately exercisable by the Participant at the date of such termination and only for a period of three (3) months following the date of such termination.

8

(i) Termination of Employment (Termination for Cause). Unless otherwise

determined by the Committee, in the event of an Employee's Termination for Cause, all rights under such Employee's Incentive Stock Options shall expire immediately upon the effective date of such Termination for Cause.

(j) Payment. Payment due to a Participant upon the exercise of an

Incentive Stock Option shall be made in the form of shares of Common Stock.

(k) Maximum Individual Award. No individual Employee shall be granted an

amount of Incentive Stock Options which exceeds 25% of all Options eligible to be granted under the Plan within any 60 month period.

(l) Disqualifying Dispositions. Each Award Agreement with respect to an

Incentive Stock Option shall require the Participant to notify the Committee of any disposition of shares of Common Stock issued pursuant to the exercise of such Option under the circumstances described in Section 421(b) of the Code (relating to certain disqualifying dispositions), within 10 days of such disposition. As of the Effective Date of this Plan, a disqualifying disposition means any disposition of the shares of Common Stock within two years from the date of the grant of the Incentive Stock Option to which such shares relate or within one year of the date such shares are transferred to the Participant pursuant to his exercise of the Incentive Stock Option.

8. LIMITED RIGHTS.

Simultaneously with the grant of any Option, the Committee may grant a Limited Right with respect to all or some of the shares of Common Stock covered by such Option, subject to the following terms and conditions:

(a) Terms of Rights. In no event shall a Limited Right be exercisable in

whole or in part before the expiration of six (6) months from the Date of Grant of the Limited Right. A Limited Right may be exercised only in the event of a Change in Control. The Limited Right may be exercised only when the underlying Option is eligible to be exercised, and only when the Fair Market Value of the underlying shares on the day of exercise is greater than the Exercise Price of the underlying Option. Upon exercise of a Limited Right, the underlying Option shall cease to be exercisable and shall be terminated. Upon exercise or termination of an Option, any related Limited Rights shall terminate. The Limited Right is transferable only when the underlying Option is transferable and under the same conditions.

(b) Payment. Upon exercise of a Limited Right, the holder shall promptly

receive from the Holding Company or an Affiliate an amount of cash equal to the difference between the Exercise Price of the underlying Option and the Fair Market Value of the Common Stock subject to such Option on the date the Limited Right is exercised, multiplied by the number of shares with respect to which such Limited Right is being exercised.

9. STOCK AWARDS.

The Committee may grants of Stock Awards, which shall consist of the grant of some number of shares of Common Stock, to a Participant upon such terms and conditions as it may determine to the extent such terms and conditions are consistent with the following provisions:

(a) Grants of the Stock Awards. Stock Awards may only be made in whole

shares of Common Stock. Stock Awards may only be granted from shares reserved under the Plan and available for award at the time the Stock Award is made to the Participant.

(b) Terms of the Stock Awards. The Committee shall determine the dates on

which Stock Awards granted to a Participant shall vest and any terms or conditions which must be satisfied prior to the vesting of any Stock Award or portion thereof. Any such terms or conditions shall be determined by the Committee as of the Date of Grant.

(c) Termination of Employment or Service (General). Unless otherwise

determined by the Committee, upon the termination of a Participant's employment or service for any reason other than Retirement, Disability or death, a Change in Control, or Termination for Cause, any Stock Awards in which the Participant

has not become vested as of the date of such termination shall be forfeited and any rights the Participant had to such Stock Awards shall become null and void.

9

(d) Termination of Employment or Service (Retirement). In the event of a

Participant's Retirement, any Stock Awards in which the Participant has not become vested as of the date of Retirement shall be forfeited and any rights the Participant had to such unvested Stock Awards shall become null and void; PROVIDED HOWEVER, that upon the Participant's Retirement, the Committee, in its discretion, may determine that all unvested Stock Awards shall continue to vest in accordance with the Award Agreement if the Participant is immediately engaged by the Holding Company or an Affiliate as a consultant or advisor or continues to serve the Holding Company or an Affiliate as a director or advisory director.

(e) Termination of Employment or Service (Disability or death). Unless

otherwise determined by the Committee, in the event of a termination of the Participant's service due to Disability or death all unvested Stock Awards held by such Participant shall immediately vest as of the date of such termination.

(f) Termination of Employment or Service (Change in Control). Unless

otherwise determined by the Committee, in the event of a termination of the Participant's service due to a Change in Control any Stock Awards in which the Participant has not become vested as of the date of such termination shall be forfeited and any rights the Participant had to such unvested Stock Awards shall become null and void.

(g) Termination of Employment or Service (Termination for Cause). Unless

otherwise determined by the Committee, or in the event of the Participant's Termination for Cause, all Stock Awards in which the Participant had not become vested as of the effective date of such Termination for Cause shall be forfeited and any rights such Participant had to such unvested Stock Awards shall become null and void.

(h) Maximum Individual Award. No individual Employee shall be granted an

amount of Stock Awards which exceeds 25% of all Options eligible to be granted under the Plan within any 60 month period.

(i) Issuance of Certificates. Unless otherwise held in Trust and

registered in the name of the Trustee, (i) reasonably promptly after the Date of Grant with respect to shares of Common Stock pursuant to a Stock Award, the

Holding Company shall cause to be issued a stock certificate, registered in the name of the Participant to whom such Stock Award was granted, evidencing such shares; provided, that the Holding Company shall not cause such a stock certificate to be issued unless it has received a stock power duly endorsed in blank with respect to such shares. Each such stock certificate shall bear the following legend:

"The transferability of this certificate and the shares of stock represented hereby are subject to the restrictions, terms and conditions (including forfeiture provisions and restrictions against transfer) contained in the Bayonne Bancshares, Inc. 1998 Stock-Based Incentive Plan and Award Agreement entered into between the registered owner of such shares and Bayonne Bancorp, Inc. or its Affiliates. A copy of the Plan and Award Agreement is on file in the office of the Corporate Secretary of Bayonne Bancorp, Inc. located at 568 Broadway, Bayonne, NJ 07002.

Such legend shall not be removed until the Participant becomes vested in such shares pursuant to the terms of the Plan and Award Agreement. Each certificate issued pursuant to this Section 9(h), in connection with a Stock Award, shall be held by the Holding Company or its Affiliates, unless the Committee determines otherwise.

(j) Non-Transferability. Except to the extent permitted by the Code, the

rules promulgated under Section 16(b) of the Exchange Act or any successor statutes or rules:

- (i) The recipient of a Stock Award shall not sell, transfer, assign, pledge, or otherwise encumber shares subject to the Stock Award until full vesting of such shares has occurred. For purposes of this section, the separation of beneficial ownership and legal title through the use of any "swap" transaction is deemed to be a prohibited encumbrance.
- (ii) Unless determined otherwise by the Committee and except in the event of the Participant's death or pursuant to a domestic relations order, a Stock Award is not transferable and may be earned in his lifetime only by the Participant to whom it is granted. Upon the death of

a Participant, a Stock Award is transferable by will or the laws of descent and distribution. The designation of a beneficiary shall not constitute a transfer.

(iii) If a recipient of a Stock Award is subject to the provisions of Section 16 of the Exchange Act, shares of Common Stock subject to such Stock Award may not, without the written consent of the Committee (which consent may be given in the Award Agreement), be sold or otherwise disposed of within six (6) months following the date of grant of the Stock Award.

(k) Accrual of Dividends. To the extent Stock Awards are held in Trust and

registered in the name of the Trustee, whenever shares of Common Stock underlying a Stock Award are distributed to a Participant or beneficiary thereof under the Plan, such Participant or beneficiary shall also be entitled to receive, with respect to each such share distributed, a payment equal to any cash dividends and the number of shares of Common Stock equal to any stock dividends, declared and paid with respect to a share of the Common Stock if the record date for determining shareholders entitled to receive such dividends falls between the date the relevant Stock Award was granted and the date the relevant Stock Award or installment thereof is issued. There shall also be distributed an appropriate amount of net earnings, if any, of the Trust with respect to any dividends paid out on the shares related to the Stock Award.

(l) Voting of Stock Awards. After a Stock Award has been granted but for

which the shares covered by such Stock Award have not yet been vested, earned and distributed to the Participant pursuant to the Plan, the Participant shall be entitled to vote or to direct the Trustee to vote, as the case may be, such shares of Common Stock which the Stock Award covers subject to the rules and procedures adopted by the Committee for this purpose and in a manner consistent with the Trust agreement.

(m) Payment. Payment due to a Participant upon the redemption of a Stock

Award shall be made in the form of shares of Common Stock.

10. PERFORMANCE AWARDS.

(a) The Committee may determine to make any Award under the Plan contingent upon the satisfaction of any conditions related to the performance of the Holding Company, an Affiliate of the Participant. Each Performance Award shall be evidenced in the Award Agreement, which shall set forth the applicable conditions, the maximum amounts payable and such other terms and conditions as are applicable to the Performance Award. Unless otherwise determined by the Committee, each Performance Award shall be granted and administered to comply with the requirements of Section 162(m) of the Code and subject to the following provisions:

(b) Any Performance Award shall be made not later than 90 days after the start of the period for which the Performance Award relates and shall be made prior to the completion of 25% of such period. All determinations regarding the achievement of any applicable conditions will be made by the Committee. The

Committee may not increase during a year the amount of a Performance Award that would otherwise be payable upon satisfaction of the conditions but may reduce or eliminate the payments as provided for in the Award Agreement.

(c) Nothing contained in the Plan will be deemed in any way to limit or restrict the Committee from making any Award or payment to any person under any other plan, arrangement or understanding, whether now existing or hereafter in effect.

(d) A Participant who receives a Performance Award payable in Common Stock shall have no rights as a shareholder until the Company Stock is issued pursuant to the terms of the Award Agreement. The Common Stock may be issued without cash consideration.

(e) A Participant's interest in a Performance Award may not be sold, assigned, transferred, pledged, hypothecated, or otherwise encumbered.

(f) No Award or portion thereof that is subject to the satisfaction of any condition shall be distributed or considered to be earned or vested until the Committee certifies in writing that the conditions to which the distribution, earning or vesting of such Award is subject have been achieved.

11

11. DEFERRED PAYMENTS.

The Committee, in its discretion, may permit a Participant to elect to defer receipt of all or any part of any cash or stock payment under the Plan, or the Committee may determine to defer receipt by some or all Participants, of all or part of any such payment. The Committee shall determine the terms and conditions of any such deferral, including the period of deferral, the manner of deferral, and the method for measuring appreciation on deferred amounts until their payout.

12. METHOD OF EXERCISE OF OPTIONS.

Subject to any applicable Award Agreement, any Option may be exercised by the Participant in whole or in part at such time or times, and the Participant may make payment of the Exercise Price in such form or forms, including, without limitation, payment by delivery of cash, Common Stock or other consideration (including, where permitted by law and the Committee, Awards) having a Fair Market Value on the exercise date equal to the total Exercise Price, or by any combination of cash, shares of Common Stock and other consideration, including exercise by means of a cashless exercise arrangement with a qualifying

broker-dealer, as the Committee may specify in the applicable Award Agreement.

13. RIGHTS OF PARTICIPANTS.

No Participant shall have any rights as a shareholder with respect to any shares of Common Stock covered by an Option until the date of issuance of a stock certificate for such Common Stock. Nothing contained herein or in any Award Agreement confers on any person any right to continue in the employ or service of the Holding Company or an Affiliate or interferes in any way with the right of the Holding Company or an Affiliate to terminate a Participant's services.

14. DESIGNATION OF BENEFICIARY.

A Participant may, with the consent of the Committee, designate a person or persons to receive, in the event of death, any Award to which the Participant would then be entitled. Such designation will be made upon forms supplied by and delivered to the Holding Company and may be revoked in writing. If a Participant fails effectively to designate a beneficiary, then the Participant's estate will be deemed to be the beneficiary.

15. DILUTION AND OTHER ADJUSTMENTS.

In the event of any change in the outstanding shares of Common Stock by reason of any stock dividend or split, recapitalization, merger, consolidation, spin-off, reorganization, combination or exchange of shares, or other similar corporate change, or other increase or decrease in such shares without receipt or payment of consideration by the Holding Company, or in the event an extraordinary capital distribution is made, the Committee may make such adjustments to previously granted Awards, to prevent dilution, diminution, or enlargement of the rights of the Participant, including any or all of the following:

- (a) adjustments in the aggregate number or kind of shares of Common Stock or other securities that may underlie future Awards under the Plan;
- (b) adjustments in the aggregate number or kind of shares of Common Stock or other securities underlying Awards already made under the Plan;
- (c) adjustments in the Exercise Price of outstanding Incentive and/or Non-statutory Stock Options, or any Limited Rights attached to such Options.

No such adjustments may, however, materially change the value of benefits available to a Participant under a previously granted Award. All Awards under this Plan shall be binding upon any successors or assigns of the Holding

Company. Notwithstanding the above, in the event of an extraordinary capital distribution, any adjustment under this Section 15 shall be subject to required approval by the Office of Thrift Supervision.

12

16. TAX WITHHOLDING.

(a) Whenever under this Plan, cash or shares of Common Stock are to be delivered upon exercise or payment of an Award or any other event with respect to rights and benefits hereunder, the Committee shall be entitled to require as a condition of delivery (i) that the Participant remit an amount sufficient to satisfy all federal, state, and local withholding tax requirements related thereto, (ii) that the withholding of such sums come from compensation otherwise due to the Participant or from any shares of Common Stock due to the Participant under this Plan or (iii) any combination of the foregoing PROVIDED, HOWEVER, that no amount shall be withheld from any cash payment or shares of Common Stock relating to an Award which was transferred by the Participant in accordance with this Plan.

(b) If any disqualifying disposition described in Section 7(k) is made with respect to shares of Common Stock acquired under an Incentive Stock Option granted pursuant to this Plan, or any transfer described in Section 6(c) is made, or any election described in Section 17 is made, then the person making such disqualifying disposition, transfer, or election shall remit to the Holding Company or its Affiliates an amount sufficient to satisfy all federal, state, and local withholding taxes thereby incurred; provided that, in lieu of or in addition to the foregoing, the Holding Company or its Affiliates shall have the right to withhold such sums from compensation otherwise due to the Participant, or, except in the case of any transfer pursuant to Section 6(c), from any shares of Common Stock due to the Participant under this Plan.

17. NOTIFICATION UNDER SECTION 83(b).

The Committee may, on the Date of Grant or any later date, prohibit a Participant from making the election described below. If the Committee has not prohibited such Participant from making such election, and the Participant shall, in connection with the exercise of any Option, or the grant of any Stock Award, make the election permitted under Section 83(b) of the Code (i.e., an election to include in such Participant's gross income in the year of transfer the amounts specified in Section 83(b) of the Code), such Participant shall notify the Committee of such election within 10 days of filing notice of the election with the Internal Revenue Service, in addition to any filing and

notification required pursuant to regulations issued under the authority of Section 83(b) of the Code.

18. AMENDMENT OF THE PLAN AND AWARDS.

(a) Except as provided in paragraph (c) of this Section 18, the Board of Directors may at any time, and from time to time, modify or amend the Plan in any respect, prospectively or retroactively; provided however, that provisions governing grants of Incentive Stock Options shall be submitted for shareholder approval to the extent required by such law, regulation or interpretation. Failure to ratify or approve amendments or modifications by shareholders shall be effective only as to the specific amendment or modification requiring such ratification. Other provisions of this Plan will remain in full force and effect. No such termination, modification or amendment may adversely affect the rights of a Participant under an outstanding Award without the written permission of such Participant.

(b) Except as provided in paragraph (c) of this Section 18, the Committee may amend any Award Agreement, prospectively or retroactively; PROVIDED, HOWEVER, that no such amendment shall adversely affect the rights of any Participant under an outstanding Award without the written consent of such Participant.

(c) In no event shall the Board of Directors amend the Plan or shall the Committee amend an Award Agreement in any manner that has the effect of:

(i) Allowing any Option to be granted with an exercise below the Fair Market Value of the Common Stock on the Date of Grant.

(ii) Allowing the exercise price of any Option previously granted under the Plan to be reduced subsequent to the Date of Award.

13

19. EFFECTIVE DATE OF PLAN.

The Plan shall become effective upon approval by the Holding Company's shareholders in accordance with OTS and Internal Revenue Service ("IRS") regulations or August 23, 1998, whichever is earlier. The failure to obtain shareholder ratification for such purposes will not effect the validity of the Plan and any Awards made under the Plan; PROVIDED, HOWEVER, that if the Plan is not ratified by stockholders in accordance with IRS regulations, the Plan shall remain in full force and effect, and any Incentive Stock Options granted under the Plan shall be deemed to be Non- Statutory Stock Options and any Award

intended to comply with Section 162(m) of the Code shall not comply with Section 162(m) of the Code.

20. TERMINATION OF THE PLAN.

The right to grant Awards under the Plan will terminate upon the earlier of: (i) ten (10) years after the Effective Date; (ii) the issuance of a number of shares of Common Stock pursuant to the exercise of Options or the distribution of Stock Awards which together with the exercise of Limited Rights is equivalent to the maximum number of shares reserved under the Plan as set forth in Section 4 hereof. The Board of Directors has the right to suspend or terminate the Plan at any time, provided that no such action will, without the consent of a Participant, adversely affect a Participant's vested rights under a previously granted Award.

21. APPLICABLE LAW.

The Plan will be administered in accordance with the laws of the state of New Jersey and applicable federal law.

22. COMPLIANCE WITH OTS CONVERSION REGULATIONS.

Notwithstanding any other provision contained in this Plan:

- (e) no Award under the Plan shall be made which would be prohibited by 12 CFR Section 563b.3(g) (4) .
- (f) unless the Plan is approved by a majority vote of the outstanding shares of the total votes eligible to be cast at a duly called meeting of stockholders to consider the Plan, as required by 12 CFR ss.563b.3(g) (4) (vii), the Plan shall not become effective or implemented prior to one year from the date of the Bank's reorganization;
- (g) no Award granted prior to one year from the date of the Bank's reorganization shall become vested or exercisable at a rate in excess of 20% per year of the total number of Stock Awards or Options (whichever may be the case) granted to such Participant, provided, that Awards shall become fully vested or immediately exercisable in the event of a Participant's termination of service due to death or Disability;
- (d) no Award granted to any individual Employee prior to one year from the date of the Bank's reorganization may exceed 25% of the total amount of Awards which may be granted under the Plan;
- (e) no Award granted to any individual Outside Director prior to one year from the date of the Bank's reorganization may exceed 5% of the

total amount of Awards which may be granted under the Plan; and

- (f) the aggregate amount of Awards granted to all Outside Directors prior to one year from the date of the Bank's reorganization may not exceed 30% of the total amount of Awards which may be granted under the Plan.

EXHIBIT 23.2

ERNST & YOUNG LLP

CONSENT OF ERNST & YOUNG LLP
INDEPENDENT AUDITORS

We consent to the reference under the caption "Interests of Named Experts and Counsel" in the Registration Statement (Form S-8) pertaining to the Richmond County Financial Corp., the Bayonne Bancshares, Inc. 1995 Stock Option Plan and the Bayonne Bancshares, Inc. 1998 Stock-Based Incentive Plan, and to the incorporation by reference therein of our report dated August 6, 1998, with respect to the consolidated financial statements of Richmond County Financial Corp., included in its Form 10-K for the year ended June 30, 1998 filed with the Securities and Exchange Commission.

/s/ Ernst & Young LLP

New York, New York
March 23, 1999