SUPERIOR ENERGY SERVICES INC
Form S-8
May 24, 2016

As filed with the Securities and Exchange Commission on May 24, 2016.

Registration No. 333-

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-8

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

SUPERIOR ENERGY SERVICES, INC.

(Exact name of registrant as specified in its charter)

Delaware **(State or other jurisdiction of** **incorporation or organization)**	**75-2379388** **(I.R.S. Employer** **Identification No.)**
1001 Louisiana Street, Suite 2900	**77002**

Houston, Texas
(Address of Principal Executive Offices **(Zip Code)**
Superior Energy Services, Inc. 2016 Incentive Award Plan

(Full title of the plans)

William B. Masters

Executive Vice President and General Counsel

Superior Energy Services, Inc.

1001 Louisiana Street, Suite 2900

Houston, Texas 77002

(713) 654-2200

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copy to:

Ryan J. Maierson

John M. Greer

Latham & Watkins LLP

811 Main Street, Suite 3700

Houston, Texas 77002

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

Large accelerated filer	x	Accelerated filer	¨
Non-accelerated filer	¨ (Do not check if a smaller reporting company)	Smaller reporting company	¨

CALCULATION OF REGISTRATION FEE

Title of securities to be registered	Amount to be registered [1]	Proposed maximum offering price per share	Proposed maximum aggregate offering price	Amount of registration fee
Common Stock (par value $0.001 per share)	8,197,692 shares [2]	$16.06 [3]	$131,654,934 [3]	$4,799 [4]

(1) Upon a stock split, stock dividend, or similar transaction in the future during the effectiveness of this Registration Statement and involving our Common Stock, the number of shares registered shall be automatically increased to cover the additional securities in accordance with Rule 416(a) under the Securities Act of 1933.

(2) Represents the number of shares of Common Stock reserved for issuance pursuant to the 2016 Incentive Award Plan.

(3) Estimated solely for the purpose of calculating the registration fee pursuant to Rules 457(c) and (h) under the Securities Act of 1933, based on the average of the high and low price per share of our Common Stock on the New York Stock Exchange on May 20, 2016.

(4) Pursuant to Rule 457(p) under the Securities Act of 1933, the Registrant is offsetting the registration fee of $13,258 due under this Registration Statement against $8,459 of the registration fee from the Registration Statement on Form S-3 (Registration No. 333-204563) initially filed with the Securities and Exchange Commission on May 29, 2015 with respect to shares of common stock to be issued under Superior Energy Services, Inc. s Amended and Restated 2013 Stock Incentive Plan.

PART I

INFORMATION REQUIRED IN THE SECTION 10(a) PROSPECTUS

Documents containing the information required by Part I of this Registration Statement will be sent or given to participants in the Superior Energy Services, Inc. 2016 Incentive Award Plan in accordance with Rule 428(b)(1) of the General Rules and Regulations under the Securities Act of 1933, as amended (the Securities Act). In accordance with the Note to Part I of Form S-8, such documents are not filed with the Securities and Exchange Commission (the Commission) either as part of this Registration Statement or as prospectuses or prospectus supplements.

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Documents by Reference.

The following documents, which have been filed by Superior Energy Services, Inc. (the Company or the Registrant) with the Commission, are incorporated herein by reference:

(a) The Company s latest Annual Report on Form 10-K for the year ended December 31, 2015, filed pursuant to Section 13 of the Securities Exchange Act of 1934, as amended (the Exchange Act), on February 25, 2016;

(b) All other reports filed by us pursuant to Section 13(a) or 15(d) of the Exchange Act since the end of the fiscal year covered by the Annual Report referred to in (a); and

(c) The description of the Company s Common Stock included in its Registration Statement on Form 8-A/A filed with the Commission on May 3, 2001 under the Exchange Act, including any amendment thereto or report filed for the purpose of updating such description.

All documents filed by us with the Commission pursuant to Sections 13(a), 13(c), 14, and 15(d) of the Exchange Act subsequent to the date of this Registration Statement and prior to the filing of a post-effective amendment that indicates that all securities offered have been sold or that deregisters all securities then remaining unsold shall, except to the extent otherwise provided by Regulation S-K or any other rule promulgated by the Commission, be deemed to be incorporated by reference in this Registration Statement and to be part hereof from the date of filing of such documents. Any statements contained in a document incorporated or deemed to be incorporated by reference shall be deemed to be modified or superseded to the extent that a statement contained herein or in any other document subsequently filed or incorporated by reference herein modifies or supersedes such statement. Any 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.

Not applicable.

Item 5. Interests of Named Experts and Counsel.

Not applicable.

Item 6. Indemnification of Directors and Officers.

Our certificate of incorporation contains provisions eliminating the personal liability of our directors for monetary damages for breaches of their fiduciary duties as directors to the fullest extent permitted by the Delaware General Corporation Law (the DGCL). By virtue of these provisions and under current Delaware law, a director of the Company will not be personally liable for monetary damages for a breach of his or her fiduciary duty except for liability for (a) a breach of his or her duty of loyalty to the Company or to its stockholders, (b) acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, (c) dividends or stock repurchases or redemptions that are unlawful under Delaware law and (d) any transaction from which he or she receives an improper personal benefit. In addition, our certificate of incorporation provides that if Delaware law is amended to authorize the further elimination or limitation of the liability of a director, then the liability of the directors shall be eliminated or limited to the fullest extent permitted by Delaware law, as amended. These provisions pertain only to breaches of duty by directors as directors and not in any other corporate capacity, such as officers, and limit liability only for breaches of fiduciary duties under Delaware corporate law and not for violations of other laws such as the federal securities laws.

Our certificate of incorporation also requires us to indemnify our directors and officers to the fullest extent permitted by the DGCL against certain expenses and costs, judgments, settlements and fines incurred in the defense of any claim, including any claim brought by or in the right of the Company, to which they were made parties by reason of being or having been directors and officers.

Under Section 6 of our bylaws, we are required to defend and indemnify each person who is involved in any threatened or actual action, suit or proceeding by reason of the fact that such person is or was a director or officer of the Company, or by reason of the fact that such person was serving in a similar position with respect to another entity at our request to the fullest extent permitted by law. However, the director or officer is not entitled to indemnification if (i) the action was initiated by the director or officer and (ii) the action has not been authorized by our board of directors. The rights conferred by Section 6 of our bylaws are contractual rights and include the right to be paid expenses incurred in defending the action, suit or proceeding in advance of its final disposition.

In addition, we have entered into an indemnity agreement with each of our directors pursuant to which we have agreed under certain circumstances to purchase and maintain directors and officers liability insurance. The agreements also provide that we will indemnify the directors against any costs and expenses, judgments, settlements and fines incurred in connection with any claim involving them by reason of their position as a director that are in excess of the coverage provided by such insurance (provided that the director meets certain standards of conduct). Under the indemnity agreements, we are not required to purchase and maintain directors and officers liability insurance if our board of directors unanimously determines in good faith that there is insufficient benefit to us from the insurance.

The foregoing is only a general summary of (1) certain aspects of Delaware law, (2) the Company s certificate of incorporation and bylaws dealing with indemnification of directors and officers, and (3) the Company s indemnity agreement with each director, and does not purport to be complete. It is qualified in its entirety by reference to the detailed provisions of Sections 102 and 145 of the DGCL, the certificate of incorporation and bylaws of the Company, and the Company s form indemnity agreement with each director.

Item 7. Exemption from Registration Claimed.

Not applicable.

Item 8. Exhibits.

5.1	Opinion of Latham & Watkins LLP.
23.1	Consent of KPMG LLP.
23.2	Consent of Ryder Scott Company, L.P.
23.3	Consent of Netherland, Sewell & Associates, Inc.
23.4	Consent of Latham & Watkins LLP (included in Exhibit 5.1).
24.1	Powers of Attorney (included in the signature pages of this Registration Statement).
99.1	Superior Energy Services, Inc. 2016 Incentive Award Plan.

Item 9. Undertakings.

(a) The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) To reflect in the prospectus any facts or events arising after the effective date of this Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this 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;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in this Registration Statement or any material change to such information in this 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 reports filed with or furnished to the Commission by the Registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in this Registration Statement.

(2) That, for the purpose of determining any 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 such 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 being registered which remain unsold at the termination of the offering.

(b) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Registrant s annual report pursuant to Section 13(a) or Section 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.

(c) Insofar as indemnification for liabilities arising under the Securities Act 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 Commission such indemnification is against public policy as expressed in the Securities 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 of whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant 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 Houston, State of Texas, on May 24, 2016.

SUPERIOR ENERGY SERVICES, INC.

By: /s/ David D. Dunlap
David D. Dunlap

President and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that each person whose signature appears below constitutes and appoints David D. Dunlap and Robert S. Taylor, or either one of them, his true and lawful attorney-in-fact and agent, with full power of substitution, for him and in his name, place, and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Commission, granting unto such attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and ratifying and confirming all that such 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.

Signature	Title	Date
/s/ David D. Dunlap	President, Chief Executive Officer and Director	May 24, 2016
David D. Dunlap	*(Principal Executive Officer)*	
/s/ Robert S. Taylor	Executive Vice President, Chief Financial Officer and Treasurer	May 24, 2016
Robert S. Taylor	*(Principal Financial Officer)*	
	(Principal Accounting Officer)	
/s/ Terence E. Hall	Chairman of the Board and Director	May 24, 2016
Terence E. Hall		
/s/ Harold J. Bouillion	Director	May 24, 2016
Harold J. Bouillion		

/s/ James M. Funk	Director	May 24, 2016
James M. Funk		
/s/ Peter D. Kinnear	Director	May 24, 2016
Peter D. Kinnear		
/s/ Janiece M. Longoria	Director	May 24, 2016
Janiece M. Longoria		
/s/ Michael M. McShane	Director	May 24, 2016
Michael M. McShane		
/s/ W. Matt Ralls	Director	May 24, 2016
W. Matt Ralls		

EXHIBIT INDEX

Exhibit Number	Description of Exhibits
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Secured by non-real estate	—	—	107	107	8,300	8,407	—
Consumer	—	—	27	27	1,758	1,785	27
Total	$922	$—	$244	$1,166	$187,491	$188,657	$27

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The following table is a summary of nonaccrual loans by type:

	2017	2016
	(In Thousands)	
Commercial real estate – owner occupied	$ —	$ 110
Commercial real estate – investment	453	—
Commercial and industrial – real estate	97	—
Commercial and industrial – non-real estate	94	107
Total	$ 644	$ 217

Had these loans been performing in accordance with their original terms, the interest income recognized for the years ended December 31, 2017 and 2016 would have been approximately $38,000 and $14,000, respectively.

The Bank's policies provide for the classification of loans as follows:

- Pass/Performing;

- Special Mention — does not currently expose the Bank to a sufficient degree of risk but does possess credit deficiencies or potential weaknesses deserving the Bank's close attention;

- Substandard — has one or more defined weaknesses and is characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected;

- Doubtful — has all the weaknesses inherent in substandard loans with the additional characteristic that the weaknesses present make collection or liquidation in full on the basis of currently existing facts, conditions and values questionable, and there is a high possibility of loss; and

- Loss — loan is considered uncollectible and continuance as a loan of the institution is not warranted.

Bank management and the Director's Loan Committee are responsible for establishing and monitoring risk ratings and making changes as deemed appropriate. In addition, the Bank has retained the services of a loan review firm to perform an independent 3rd party review of the asset quality of the loan portfolio twice a year.

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The following table summarizes the internal loan grades applied to the loan portfolio as of December 31, 2017 and 2016:

	2017				
	Pass	Special Mention	Substandard	Doubtful	Total
	(In Thousands)				
Commercial real estate:					
Construction	$ 39,806	$ —	$ —	$ —	$ 39,806
Owner occupied	24,035	403	444	—	24,882
Investment	110,492	—	630	—	111,122
Multi-family	22,831	—	—	—	22,831
Commercial and Industrial:					
Secured by real estate	8,694	558	—	—	9,252
Secured by non-real estate	8,112	72	94	—	8,278
Consumer	1,646	—	10	—	1,656
Total	$ 215,616	$ 1,033	$ 1,178	$ —	$ 217,827

	2016				
Commercial real estate:					
Construction	$ 31,270	$ —	$ —	$ —	$ 31,270
Owner occupied	21,855	419	567	—	22,841
Investment	94,800	—	186	—	94,986
Multi-family	21,327	—	—	—	21,327
Commercial and Industrial:					
Secured by real estate	7,451	590	—	—	8,041
Secured by non-real estate	8,300	—	107	—	8,407
Consumer	1,758	—	27	—	1,785
Total	$ 186,761	$ 1,009	$ 887	$ —	$ 188,657

Troubled debt restructuring loans outstanding at December 31, 2017 were $94,000 and at December 31, 2016 were $217,000, respectively, and these loan totals for both years are on nonaccrual. There were no troubled debt restructuring made during the year ended December 31, 2017 and one troubled debt restructuring made during the year ended December 31, 2016 in the amount of $110,000. The restructuring done in 2016 involved a change in rate and terms. In addition, there were no defaults on pre-existing troubled debt restructurings during the years ended December 31, 2017 and 2016, respectively.

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7. Premises and Equipment, Net

Premises and equipment, net, consists of the following at December 31, 2017 and 2016:

	2017	2016
	(In Thousands)	
Leasehold improvements	$ 1,127	$ 1,123
Accumulated depreciation	(926)	(892)
	201	231
Furniture, fixtures and equipment	1,301	1,254
Accumulated depreciation	(951)	(831)
	350	423
Total	$ 551	$ 654

Rental expenses related to the occupancy of premises, including the Bank's portion of common area expenses, totaled approximately $283,000 and $230,000 for the years ended December 31, 2017 and 2016, respectively. The minimum obligation under non-cancelable lease agreements are as follows (in thousands):

Years ending December 31:	
2018	$ 289
2019	292
2020	276
2021	64
2022	—
Total	$ 921

8. Interest Receivable

Interest receivable consists of the following at December 31, 2017 and 2016:

	2017	2016
	(In Thousands)	
Loans	$ 753	$ 616
Securities	12	17
Total	$ 765	$ 633

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9. Deposits

Deposits consist of the following at December 31, 2017 and 2016:

	2017	2016
	(In Thousands)	
Demand:		
Non-interest bearing	$ 29,931	$ 21,981
Interest checking	2,274	3,509
Money market	27,800	32,381
	60,005	57,871
Savings	20,311	19,006
Certificates of deposit	102,095	87,108
	122,406	106,114
Total	$ 182,411	$ 163,985

At December 31, 2017 and 2016, certificates of deposit of $100,000 or more totaled approximately $71,830,000 and $46,532,000, respectively. At December 31, 2017 and 2016, certificates of deposit in excess of $250,000 or more totaled approximately $21,819,000 and $14,841,000, respectively. Deposits in excess of $250,000 are generally not insured by the FDIC.

The scheduled maturities of certificates of deposit were as follows at December 31, 2017:

One year or less	$ 83,045
After one year to two years	15,159
After two years to three years	2,207
After three years to four years	1,410
After four years to five years	274
Total	$ 102,095

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10. Borrowings

Long-term borrowings consist of the following at December 31, 2017 and 2016:

	2017	2016
	(In Thousands)	
Federal Home Loan Bank of New York 0.77% advance matured February 17, 2017	$ —	$ 1,500
Federal Home Loan Bank of New York 1.05% advance matured June 19, 2017	—	3,000
Federal Home Loan Bank of New York 0.76% advance matured June 22, 2017	—	1,100
Federal Home Loan Bank of New York 1.25% advance matured June 30, 2017	—	1,000
Federal Home Loan Bank of New York 1.03% advance matured August 17, 2017		1,000
Federal Home Loan Bank of New York 0.78% advance matured August 21, 2017	—	700
Federal Home Loan Bank of New York 0.93% advance matured August 31, 2017	—	1,275
Federal Home Loan Bank of New York 1.30% advance maturing March 9, 2018	1,200	1,200
Federal Home Loan Bank of New York 1.30% advance maturing May 31, 2018	1,475	—
Federal Home Loan Bank of New York 0.96% advance maturing June 22, 2018	1,100	1,100
Federal Home Loan Bank of New York 1.38% advance maturing July 12, 2018	1,000	—
Federal Home Loan Bank of New York 0.94% advance maturing August 2, 2018	2,500	2,500
Federal Home Loan Bank of New York 1.36% advance maturing September 17, 2018	1,000	—
Federal Home Loan Bank of New York 1.39% advance maturing November 30, 2018	1,500	—
Federal Home Loan Bank of New York 1.45% advance maturing December 12, 2018	1,000	—
Federal Home Loan Bank of New York 1.68% advance maturing January 8, 2019	1,000	—
Federal Home Loan Bank of New York 1.70% advance maturing February 8, 2019	1,000	—
Federal Home Loan Bank of New York 1.45% advance maturing March 18, 2019	949	—
Federal Home Loan Bank of New York 1.73% advance maturing April 8, 2019	1,170	—
Federal Home Loan Bank of New York 1.91% advance maturing May 3, 2019	1,005	—
Federal Home Loan Bank of New York 1.52% advance maturing June 12, 2019	1,000	—
Federal Home Loan Bank of New York 1.05% advance maturing August 2, 2019	2,500	2,500
Federal Home Loan Bank of New York 1.69% advance maturing June 12, 2020	741	—
Total	$ 20,140	$ 16,875

At December 31, 2017 and 2016, there were no overnight borrowings outstanding and $1,000,000 outstanding at a rate of 1.00%, respectively. At December 31, 2017 and 2016, securities (available for sale and held to maturity) with aggregate carrying value of approximately $0 were pledged to secure the above Federal Home Loan Bank Advances (the “Advances”). The advances at December 31, 2017 and 2016 were secured by a blanket assignment of qualifying mortgage loans.

11. Stock Compensation Plans

Stock Options

At the annual meeting held on June 22, 2006, stockholders of the Bank approved the Enterprise National Bank N.J. 2006 Employee Stock Option and 2006 Director Stock Option Plans. The plans authorize the award of up to 450,000 and 225,000 shares, respectively, as stock options to employees and non-employee directors. At the annual meeting held May 7, 2009 stockholders approved an amendment to increase authorized awards to non-employee directors to 450,000 shares.

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As of June 22, 2016, the plans have expired and no new options will be issued from these plans. At the 2017 Annual Meeting, new options plans were approved by shareholders and the Bank will be filing for new option plans with the State of New Jersey for regulatory approval. As of December 31, 2017, the Enterprise National Bank N.J. 2006 Employee Stock Option and 2006 Director Stock Option Plans had 162,650 and 195,000 options, respectively, granted and outstanding.

During the years ended December 31, 2017 and 2016, there were no employee stock options granted and 47,450 and 10,925 employee stock options forfeited, respectively. In addition, 48,800 options for two employees were exercised on January 13, 2017 (42,850) and December 15, 2017 (5,950).

During the years ended December 31, 2017 and 2016, there were no director stock options granted and 3,000 and 10,000 director stock options forfeited, respectively. In addition, 22,000 options were exercised on February 1, 2017 and 50,000 options were exercised on September 12, 2016.

At December 31, 2017 and 2016, there were no shares available under the plans for future option grants to employees or non-employee directors.

The options granted generally vested over a five-year service period, with 20% of the award vesting on each anniversary of the date of the grant, with the exception of options granted in 2007 which vest over a seven-year period.

Management estimated the fair values of option grants using the Black-Scholes option-pricing model. Management based expectations about future volatility on the average volatility of the Bank's stock price over multiple years. Management estimated the expected life of the options as the mid-point between the vesting date and the end of the contractual term. The risk-free interest rate for periods within the contractual life of the options was based on the U.S. Treasury yield curve in effect at the time of grant. The expected dividend yield was based on the Bank's history and expectations of dividend payouts.

Management recognizes compensation expense for the fair values of the options, which have graded vesting, on a straight-line basis over the requisite service period of the options. During the years ended December 31, 2017 and 2016, the Bank recorded $51,000 and $87,000, respectively, of compensation expense for stock options.

The following is a summary of the status of the Bank's stock option plans as of December 31, 2017 and 2016 and stock option activity and related information during the years ended December 31, 2017 and 2016:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at December 31, 2015	557,075	$ 5.14		
Granted	—	—		
Exercised	(50,000)	7.50		
Forfeited	(20,925)	7.50		
Outstanding at December 31, 2016	486,150	$ 4.79	4.11 years	$ 2,046,605
Granted	—	—		
Exercised	(70,800)	5.94		
Forfeited	(50,450)	6.84		
Outstanding at December 31, 2017	364,900	$ 4.28	3.23 years	$ 1,563,535
Exercisable at December 31, 2017	357,650	$ 4.28	3.13 years	$ 1,529,170

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As of December 31, 2017, expected future compensation expense attributed to non-vested options outstanding is $2,000 over a weighted average period of 0.2 years.

Restricted Stock Awards

The Bank grants shares of restricted stock under individual agreements with employees and are not part of a formal restricted stock plan. The restricted stock awards vest over a 5 year service period, with 20% of the awards vesting on each anniversary of the date of grant. Management recognizes compensation expense for the fair value of the restricted stock awards on a straight-line basis over the requisite service period. There were no awards granted during the year ended December 31, 2017. During the years ended December 31, 2017 and 2016, the Bank recognized $12,000 and $66,000, respectively, in compensation expense for the restricted stock awards.

The following is a summary of the status of the Bank's non-vested stock awards as of December 31, 2017 and 2016, and changes during the years ended December 31, 2017 and 2016:

	Restricted Stock Awards	Weighted Average Grant Date Fair Value
Non-vested at December 31, 2015	24,400	$ 4.44
Vested	(11,800)	4.38
Non-vested at December 31, 2016	12,600	4.50
Forfeited	(200)	4.50
Vested	(6,300)	4.50
Non-vested at December 31, 2017	6,100	$ 4.50

As of December 31, 2017, expected future compensation expense attributed to the above non-vested restricted stock awards outstanding is approximately $5,000 over a weighted average period of 0.3 years.

12. Regulatory Capital

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

The final rules implementing BASEL Committee on Banking Supervisor's Capital Guidance for U.S. banks (BASEL III rules) became effective for the Bank on January 1, 2015, with full compliance with all of the requirements being phased in over a multi-year schedule and fully phased in by January 1, 2019. Under the BASEL lll rules, the Bank must hold a capital conservation buffer above the adequately capitalized risk-based capital ratios. The capital conservation buffer is being phased in from 0.0% for 2015 to 2.50% by 2019. The capital conservation buffer for 2017 is 1.25%.

Quantitative measures, established by regulation to ensure capital adequacy, require the Bank to maintain minimum amounts and ratios of Total and Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined), Common Equity Tier 1 capital (as defined in regulations) to risk-weighted assets (as defined), and of Tier 1 capital to average total assets (as defined).

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As of December 31, 2017, the most recent notification from the FDIC categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the Bank's category.

The following table presents information as to the Bank's capital levels as of December 31, 2017 and 2016:

	2017					
	Actual		For Capital Adequacy Purposes		To be Well Capitalized under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(In Thousands)					
CET1 (to risk-weighted assets)	$ 29,557	14.67%	$ 9,065	≥4.50%	$ 13,094	≥6.50%
Total capital (to risk-weighted assets)	32,107	15.92	16,115	≥8.00	13,514	≥10.00
Tier 1 capital (to risk-weighted assets)	29,557	14.67	8,058	≥4.00	8,108	≥6.00
Tier 1 capital (to average assets)	29,557	12.92	9,148	≥4.00	8,205	≥5.00
	2016					
CET1 (to risk-weighted assets)	$ 27,482	15.10%	$ 8,190	≥4.5%	$ 11,831	≥6.5%
Total capital (to risk-weighted assets)	29,759	16.35	14,561	≥8.0	18,201	≥10.0
Tier 1 capital (to risk-weighted assets)	27,482	15.10	7,280	≥6.0	10,921	≥8.0
Tier 1 capital (to average assets)	27,482	13.21	8,320	≥4.0	10,400	≥5.0

13. Dividend Restrictions

The decision to pay, as well as the timing and amount of any dividends to be paid by the Bank will be determined by the board of directors, giving consideration to the Bank's earnings, capital needs, financial condition and other relevant factors. Under the New Jersey Banking Act of 1948, as amended, the Bank may declare and pay dividends only if, after payment of the dividend, the capital stock of the Bank will be unimpaired and either the Bank will have a surplus of not less than 50% of its capital stock or the payment of the dividend will not reduce the Bank's surplus. The FDIC prohibits the payment of cash dividends if, as a result, the Bank will be undercapitalized. The Bank is in compliance with all regulatory capital requirements related to cash dividends.

14. Income Taxes

The components of income tax expense are summarized as follows:

	2017	2016
	(In Thousands)	
Current income tax expense:		
Federal	$ 1,396	$ 949
State	369	328
	1,765	1,277
Deferred income tax (benefit):		
Federal	212	59
State	(24)	(30)

	188	29
Total	$ 1,953	$ 1,306

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

	2017	2016
	(In Thousands)	
Federal income tax at statutory rate	$ 1,205	$ 1,100
Increase in income taxes resulting from:		
State income tax, net of federal income tax effect	227	198
Stock-based compensation	25	3
Deferred tax write-down as a result of income tax rate change	426	—
Other items, net	70	5
Effective income tax	$ 1,953	$ 1,306

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

	2017	2016
	(In Thousands)	
Deferred income tax assets:		
Allowance for loan losses	$ 722	$ 927
Premises and equipment	66	—
Stock-based compensation	115	230
Uncollected interest	8	—
Other	97	66
	1,008	1,223
Deferred income tax liabilities:		
Premises and equipment	—	(27)
Unrealized gain on available for sale securities	(22)	(44)
	(22)	(71)
Net deferred income tax assets	$ 986	$ 1,152

In assessing the ability to realize deferred tax assets, management considers whether it is more-likely-than-not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which temporary differences are deductible and carry forwards are available. In addition, at December 31, 2017, the Bank has no net operating loss carryforward for federal or state income tax purposes.

At December 31, 2017, we have completed our accounting for the tax effects of enactment of the Act. As a result of the Act the Company wrote down the value of its deferred tax assets by $426,000 at year-end.

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15. Commitments and Contingencies

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

At December 31, 2017, outstanding loan related commitments were as follows (in thousands):

To originate loans	$ 7,751
Unused lines of credit	10,113
Standby letter of credit	102
Undisbursed funds on construction loans	36,926
	$ 54,892

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

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

The Bank, from time-to-time, may be a party to litigation which arises primarily in the ordinary course of business. In the opinion of management, the ultimate disposition of such litigation should not have a material effect on the consolidated financial statements. As of December 31, 2017, the Bank was not a party to any litigation.

16. Fair Value Measurement and Fair Values of Financial Instruments

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

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

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

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Level 2 — Quoted prices in markets that are not active, or inputs that are observable either directly or indirectly, for substantially the full term of the asset or liability.
Level 3 — Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported with little or no market activity).
An asset's or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.
For assets and liabilities measured at fair value on a recurring basis, the fair value measurements by level within the fair value hierarchy are as follows at December 31, 2017 and 2016:

	2017			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(In Thousands)			
Securities available for sale:				
Collateral mortgage obligations	$ 70	$ —	$ 70	$ —
Mortgage-backed securities	2,461	—	2,461	—
	$ 2,531	$ —	$ 2,531	$ —

	2016			
Securities available for sale:				
Collateral mortgage obligations	$ 92	$ —	$ 92	$ —
Mortgage-backed securities	3,243	—	3,243	—
	$ 3,335	$ —	$ 3,335	$ —

Foreclosed assets acquired through, or in lieu of, foreclosure are to be sold and are carried at fair value loss estimated cost to sell on a non-recurring basis. Fair value is based upon independent market prices or appraised value of the property. These assets are included in Level 3 fair value based upon the lowest level of input that is significant to the fair value measurement and are valued at $1,250,000 at December 31, 2017 and 2016. The fair value measurement includes discounts and liquidation expense adjustments to the appraised value of 13%.
The following information should not be interpreted as an estimate of the fair value of the entire Bank since a fair calculation is only provided for a limited portion of the Bank's assets and liabilities. Due to a wide range of valuation techniques and the degree of subjectivity used in making the estimates, comparisons between the Bank's disclosures and those of other companies may not be meaningful. The following methods and assumptions were used to estimate the fair values at December 31, 2017 and 2016:
Cash and Cash Equivalents (Carried at Cost)
The carrying amounts reported in the consolidated balance sheet for cash and cash equivalents approximate those assets' fair values. Fair values for fixed-rate time certificates of deposits are estimated using a discounted cash flow

calculation that applies interest rates currently being offered in the market on certificate to a schedule of aggregated expected monthly maturities on time deposits. The Bank generally purchases amounts below the insured limit, limiting the amount of credit risk on these time deposits. The carrying amounts reported in the consolidated balance sheet for interest-bearing demand accounts approximate those assets' fair values.

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Securities Available for Sale (Carried at Fair Value) and Held to Maturity (Carried at Amortized Cost)
The fair value of securities available for sale and held to maturity are determined by obtaining quoted market prices on nationally recognized securities exchanges (Level 1), or matrix pricing (Level 2), which is a mathematical technique used widely in the industry to value debt securities without relying exclusively on quoted market prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted prices. For certain securities, which are not traded in active markets or are subject to transfer restrictions, valuations are adjusted to reflect illiquidity and/or non-transferability, and such adjustments are generally based on available market evidence (Level 3).
Loans Receivable (Carried at Cost)
The fair values of loans, except for certain impaired loans, are estimated using discounted cash flow analyses, using market rates at the consolidated balance sheet date that reflect the credit and interest rate- risk inherent in the loans. Projected future cash flows are calculated based upon contractual maturity or call dates, projected repayments and prepayments of principal. Generally, for variable rate loans that re-price frequently and with no significant change in credit risk, fair values are based on carrying values.
Impaired Loans (Generally Carried at Fair Value)
Impaired loans are those for which the Bank has measured and recorded impairment generally based on the fair value of the loan's collateral. Fair value is generally determined based upon independent third-party appraisals of the properties, or discounted cash flows based upon the expected proceeds. These assets are included as Level 3 fair values, based upon the lowest level of input that is significant to the fair value measurements. At December 31, 2017 and 2016, the Bank had no impaired loans which required a specific allowance.
Restricted Equity Securities (Carried at Cost)
The carrying value of restricted equity securities approximates fair value given the limited marketability of such securities.
Interest Receivable and Payable (Carried at Cost)
The carrying amount of interest receivable and interest payable approximate its fair value.
Deposits (Carried at Cost)
The fair values disclosed for demand deposits (e.g., interest and non-interest checking, savings and money market accounts) are, by definition, equal to the amount payable on demand at the reporting date (i.e., their carrying amounts). Fair values for fixed-rate certificates of deposit are estimated using a discounted cash flow calculation that applies interest rates currently being offered in the market on certificates to a schedule of aggregated expected monthly maturities on time deposits.
Borrowings (Carried at Cost)
Fair values of FHLB advances are estimated using discounted cash flow analysis, based on quoted prices for new FHLB advances with similar credit risk characteristics, terms and remaining maturity. These prices obtained from this active market represent a market value that is deemed to represent the transfer price if the liability were assumed by third party.
Off-Balance-Sheet Financial Instruments (Disclosed at Cost)
Fair values for the Bank's off-balance-sheet financial instruments (lending commitments and letters of credit) are based on fees currently charged in the market to enter into similar agreements, taking into account the remaining terms of the agreements and the counterparties' credit standing. The fair value of these commitments was deemed immaterial and is not presented in the accompanying table.

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Notes to Consolidated Financial Statements
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The estimated fair values of the Bank's financial instruments were as follows at December 31, 2017 and 2016:

	2017				
	Carrying Amount	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(In Thousands)				
Financial assets:					
Cash and cash equivalents	$ 10,146	$ 10,146	$ 10,146	$ —	$ —
Securities available for sale	2,531	2,531	—	2,531	—
Securities held to maturity	489	499	—	499	—
Loans receivable, gross	217,827	217,088	—	—	217,088
Restricted equity securities	1,135	1,135	—	1,135	—
Interest receivable	765	765	—	765	—
Financial liabilities:					
Deposits	182,411	183,032	—	80,317	102,715
Borrowings	20,140	20,008	—	20,008	—
Interest payable	84	84	—	84	—
	2016				
Financial assets:					
Cash and cash equivalents	$ 14,839	$ 14,839	$ 14,839	$ —	$ —
Securities available for sale	3,335	3,335	—	3,335	—
Securities held to maturity	609	625	—	625	—
Loans receivable, gross	188,657	190,227	—	—	190,227
Restricted equity securities	1,014	1,014	—	1,014	—
Interest receivable	633	633	—	633	—
Financial liabilities:					
Deposits	163,985	164,592	—	76,877	87,715
Borrowings	17,875	17,802	—	17,802	—
Interest payable	60	60	—	60	—

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ENTERPRISE BANK N.J. AND SUBSIDIARY
Consolidated Balance Sheet

(In thousands, except share and per share data)	June 30, 2018	December 31, 2017
	(Unaudited)	
ASSETS		
Cash and amounts due from depository institutions	$ 5,288	$ 4,842
Interest bearing deposits	1,690	5,304
Cash and cash equivalents	6,978	10,146
Securities available for sale, at fair value (amortized cost $2,079 at June 30, 2018 and $2,452 at December 31, 2017, respectively)	2,132	2,531
Securities held to maturity, at amortized cost (fair value of $458 at June 30, 2018 and $499 at December 31, 2017)	451	489
Loans receivable, net of unearned income	249,437	217,489
Less: allowance for loan loss	2,870	2,571
Net loans receivable	246,567	214,918
Premises and equipment, net	486	551
Restricted equity securities	2,065	1,135
Interest receivable	864	765
Foreclosed assets	1,250	1,250
Deferred income tax asset, net	996	986
Other assets	437	145
Total Assets	$ 262,226	$ 232,916
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Deposits:		
Non-interest bearing	$ 31,616	$ 29,931
Interest-bearing	157,638	152,480
Total deposits	189,254	182,411
Short-term borrowings	8,275	—
Long-term borrowings	31,980	20,140
Other liabilities	1,198	752
Total Liabilities	230,707	203,303
Stockholders' Equity:		
Preferred stock, no par value; 1,000,000 shares authorized, none issued and outstanding	—	—
Common stock, $5 par value; 10,000,000 shares authorized; 3,383,411 and 3,268,411, shares issued and outstanding at June 30, 2018 and December 31, 2017, respectively	16,917	16,342
Paid-in capital	8,010	8,078
Retained earnings	6,552	5,137
Accumulated other comprehensive income	40	56

Total Stockholders’ Equity	31,519	29,613
Total Liabilities and Stockholders’ Equity	$ 262,226	$ 232,916

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ENTERPRISE BANK N.J. AND SUBSIDIARY

Consolidated Statement of Income and Statement of Comprehensive Income

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands, except share and per share data)	2018	2017	2018	2017
INTEREST INCOME				
Loans receivable	$ 3,105	$ 2,598	$ 5,875	$ 4,927
Securities	21	25	42	51
Other interest-earning assets	31	30	67	63
Total interest income	3,157	2,653	5,984	5,041
INTEREST EXPENSE				
Deposits:				
Demand	77	48	144	100
Savings	28	33	55	52
Certificates of deposit	392	328	764	631
Borrowings	168	44	250	84
Total interest expense	665	453	1,213	867
Net interest income	2,492	2,200	4,771	4,174
PROVISION FOR LOAN LOSSES	157	57	299	98
Net interest income after provision for loan losses	2,335	2,143	4,472	4,076
NON-INTEREST INCOME				
Fees and service charges	42	56	91	109
Other	1	1	1	1
Total non-interest income	43	57	92	110
NON-INTEREST EXPENSE				
Salaries and employee benefits	676	699	1,295	1,371
Occupancy, expense of premises	101	92	212	185
Equipment	193	187	384	352
FDIC insurance	33	20	59	33
Professional fees	77	63	146	127
Merger related expenses	185	—	185	—
Other	178	177	330	339
Total non-interest expenses	1,443	1,238	2,611	2,407
Income before income tax expense	935	962	1,953	1,779
Income Tax Expense	258	387	538	716
Net income	677	575	1,415	1,063
OTHER COMPREHENSIVE LOSS				
Change in the net unrealized gain on securities available for sale	(13)	(5)	(26)	(13)

Income tax related to items of other comprehensive loss	5	2	10	5
Other comprehensive loss, net of tax	(8)	(3)	(16)	(8)
Comprehensive income	$ 669	$ 572	$ 1,399	$ 1,055
EARNINGS PER SHARE				
Net Income Per Common Share				
Basic	$ 0.21	$ 0.18	$ 0.43	$ 0.33
Diluted	$ 0.20	$ 0.17	$ 0.41	$ 0.31
Weighted Average Number of Shares Outstanding				
Basic	3,279,510	3,262,661	3,273,991	3,255,815
Diluted	3,427,094	3,461,479	3,419,668	3,453,909

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ENTERPRISE BANK N.J. AND SUBSIDIARY
Consolidated Statement of Stockholders' Equity
Six Months Ended June 30, 2018 and 2017
(Unaudited)

(In thousands, except share data)	Preferred Stock	Common Stock	Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance at December 31, 2016	$ —	$ 15,989	$ 7,948	$ 3,545	$ 66	$ 27,548
Net income	—	—	—	1,063	—	1,063
Other comprehensive loss	—	—	—	—	(8)	(8)
Exercise of stock options (64,850 shares)	—	324	71	—	—	395
Stock-based compensation	—	—	35	—	—	35
Balance at June 30, 2017	$ —	$ 16,313	$ 8,054	$ 4,608	$ 58	$ 29,033
Balance at December 31, 2017	$ —	$ 16,342	$ 8,078	$ 5,137	$ 56	$ 29,613
Net income	—	—	—	1,415	—	1,415
Other comprehensive loss	—	—	—	—	(16)	(16)
Exercise of stock options (115,000 shares)	—	575	(74)	—	—	501
Stock-based compensation	—	—	6	—	—	6
Balance at June 30, 2018	$ —	$ 16,917	$ 8,010	$ 6,552	$ 40	$ 31,519

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ENTERPRISE BANK N.J. AND SUBSIDIARY
Consolidated Statement of Cash Flows
(Unaudited)

	Six Months Ended June 30,	
(In thousands)	2018	2017
Cash Flows from Operating Activities		
Net income	$ 1,415	$ 1,063
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of premises and equipment	78	77
Accretion of deferred loan fees, premiums and discounts, net	(108)	(108)
Provision for loan losses	299	98
Stock-based compensation expense	6	35
Increase in interest receivable	(99)	(15)
Decrease (increase) in other assets	(292)	12
Increase in interest payable	46	3
Increase in other liabilities	400	334
Net cash provided by operating activities	1,745	1,499
Cash Flows from Investing Activities		
Proceeds from calls and repayments of securities available for sale	365	367
Proceeds from repayments of securities held to maturity	37	66
Net change in loans receivable	(31,831)	(16,165)
Purchases of restricted equity securities	(1,100)	(315)
Redemption of restricted equity securities	170	297
Purchases of premises and equipment	(13)	(41)
Net cash used in investing activities	(32,372)	(15,791)
Cash Flows from Financing Activities		
Net increase in deposits	6,843	15,689
Proceeds from issuance of common stock	501	395
Proceeds from short-term borrowings	17,250	—
Repayments from short-term borrowings	(8,975)	(1,000)
Proceeds from long-term borrowings	14,140	6,716
Repayments of long-term borrowings	(2,300)	(6,600)
Net cash provided by financing activities	27,459	15,200
Net (decrease) increase in cash and cash equivalents	(3,168)	908
Cash and Cash Equivalents, Beginning	10,146	14,839
Cash and Cash Equivalents, Ending	$ 6,978	$ 15,747
Supplementary Cash Flows Information		
Interest paid	$ 1,166	$ 863
Income taxes paid	$ 755	$ 651

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ENTERPRISE BANK N.J. AND SUBSIDIARY
Notes to Consolidated Financial Statements
June 30, 2018 and December 31, 2017

1. Summary of Significant Accounting Policies

Basis of Financial Statement Presentation

The accompanying unaudited consolidated financial statements include the accounts of Enterprise Bank and its wholly-owned subsidiary ("Bank") and have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information. Accordingly, they do not include all of the information and footnotes required by GAAP for complete consolidated financial statements. All intercompany accounts and transactions have been eliminated in consolidation.

In the opinion of management, all adjustments considered necessary for fair presentation have been included. Operating results for the three and six month periods ended June 30, 2018 are not necessarily indicative of the results for the year ending December 31, 2018. For further information, refer to the consolidated financial statements and notes thereto included in the accompanying Bank's financial statements for the year ended December 31, 2017.

The Bank was chartered in the State of New Jersey and commenced operations on August 19, 2002. During 2005, the Bank filed an application with the Office of the Comptroller of the Currency ("OCC") for a conversion to a national charter. On January 2, 2006, the Bank was approved for a national charter and was renamed Enterprise National Bank N.J. During 2015, the Bank filed an application with the State of New Jersey to return to a State Chartered Commercial bank. On December 18, 2015, the Bank was approved by the State of New Jersey to operate as a State Chartered Commercial Bank and was renamed Enterprise Bank NJ. The primary business of the Bank is to provide deposit and lending services for individuals, small to medium-sized businesses and professional practices in our market area.

490 Boulevard Realty ("490 Blvd") was organized in 2010. The primary business of 490 Blvd, a 100% owned subsidiary of the Bank, is to hold and manage foreclosed real estate.

As a community bank, the Bank's (which includes 490 Blvd described above) emphasis includes providing a broad range of financial products and services. The Bank offers the traditional range of retail and commercial banking services to its customers, including checking accounts, savings accounts, certificates of deposit, installment loans, commercial loans and automated teller services. The retail banking services offered by the Bank are designed to provide deposit and loan products that meet our customers' needs.

Certain reclassifications were made when compared to the December 31, 2017 financial statements to conform to quarterly reporting format and had no impact on the financial position, results of operations or cash flows.

Subsequent Events

The Bank has evaluated subsequent events for recognition or disclosure through October 1, 2018, the date these consolidated financial statements were available to be issued, and the Bank determined that the following item should be disclosed.

On June 19, 2018, the Bank announced the signing of a definitive merger agreement to be acquired by SB One Bank in an all-stock transaction (the "Merger"). Pursuant to the terms of the plan of Bank merger to be entered into by the SB One Bank and the Bank, the Bank will be merged with and into SB One Bank, with SB One Bank surviving. Under the terms of the merger agreement, each outstanding share of the Bank's common stock will be converted into the right to receive 0.4538 shares of SB One Bancorp stock. The transaction is expected to close in the fourth quarter of 2018, subject to customary closing conditions, including receipt of regulatory approvals and the approval of the shareholders of the Bank.

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June 30, 2018 and December 31, 2017

New Accounting Pronouncements

Effective January 1, 2018 the Bank adopted ASU 2016-01 "Financial Instruments (Subtopic 825-10): Recognition and Measurement of Financial Assets and Liabilities". This makes significant changes in U.S. GAAP related to certain aspects of recognition, measurement, presentation and disclosure of financial instruments. The changes provided for in this Update that are applicable to the Bank are as follows: (1) require equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income; however, an entity may choose to measure equity investments that do not have readily determinable fair values at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer; (2) for equity investments without readily determinable fair values, require a qualitative assessment to identify impairment and if a qualitative assessment indicates that impairment exists, requiring an entity to measure the investment at fair value; (3) eliminate the requirement for public business entities to disclose the method(s) and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost on the balance sheet; (4) require public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes; (5) require an entity to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the entity has elected to measure the liability at fair value in accordance with the fair value option for financial instruments; (6) require separate presentation of financial assets and financial liabilities by measurement category and form of financial asset (that is, securities or loans and receivables) on the balance sheet or the accompanying notes to the financial statements; and (7) clarify that an entity should evaluate the need for a valuation allowance on a deferred tax asset related to available-for-sale securities in combination with the entity's other deferred tax assets. For the Bank the adoption of ASU 2016-01 resulted in the use of an exit price to determine the fair value of financial instruments not measured at fair value in the consolidated statement of financial condition. Accordingly, we refined the calculation used to determine the disclosed fair value of the Bank's loans held for investment as part of adopting this standard. The refined calculation did not have a significant impact on the Bank's fair value disclosures.

In February 2018, the FASB issued ASU 2018-02, "Income Statement-Reporting Comprehensive Income (Topic 220)." ASU 2018-02 permits a reclassification from accumulated other comprehensive loss to retained earnings for stranded tax effects resulting from the reduction in the corporate income tax rate to 21% with the newly enacted Tax Cuts and Jobs Act. As required by GAAP, the Bank had re-measured all deferred tax amounts at 21% at December 31, 2017 with the change included in provision for income taxes in 2017, the period of enactment. This left deferred tax items in accumulated other comprehensive loss at the old rate of 34% used by the Bank. The reclassification allows the Bank to transfer an amount equal to the change in the rate related to those deferred tax items included in accumulated other comprehensive loss to retained earnings. ASU 2018-02 is effective for the Bank in 2019 but early adoption is permitted. The Bank elected to adopt this guidance at December 31, 2017.

In May 2018, the FASB issued ASU No. 2018-06, "Codification Improvements to Topic 942, Financial Services — Depository and Lending". This update superseded outdated guidance related to the Office of the Comptroller of the Currency's Banking Circular 202, Accounting for Net Deferred Tax Charges. The Bank does not expect the new guidance to have a material impact on the consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-07, "Compensation — Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting". This update expands the scope of Topic 718 to include share-based payment transactions for acquiring goods and services from nonemployees. As a result, nonemployee share based payment awards will be measured at the grant-date fair value of the equity instruments that an entity is obligated to issue when the service has been rendered, subject to the probability of satisfying performance conditions when applicable. This update is effective for the Bank in 2019. The Bank does not expect the new guidance to have a material impact on the consolidated financial statements.

In July 2018, the FASB issued ASU No. 2018-09, “Codification Improvements” to address stakeholder suggestions for minor corrections and clarifications within the codification. The transition and effective date guidance is based on the facts and circumstances of each amendment. Some of the amendments in this update do not require transition guidance and will be effective upon issuance of this update. However, many of the amendments in this update do have transition guidance with effective dates for annual periods beginning after December 15, 2018, for public business entities. The Bank does not expect the new guidance to have a material impact on the consolidated financial statements.

In July 2018, the FASB issued ASU No. 2018-10, “Codification Improvements to Topic 842, Leases” to address certain narrow aspects of the guidance issued in ASU No. 2016-02. This guidance did not change the Bank’s assessment of the impact of ASU No. 2016-02 on the consolidated financial statements as described above.

In July 2018, the FASB issued ASU No. 2018-11, “Leases (Topic 842): Targeted Improvements”, which amends Topic 842, Leases, to (1) add an optional transition method that would permit entities to apply the new requirements by recognizing a cumulative-effect adjustment to the opening balance of retained earnings in the year of adoption, and (2) provide a practical expedient for lessors regarding the separation of the lease and non-lease components of a contract. This guidance did not change the Bank’s assessment of the impact of ASU No. 2016-02 on the consolidated financial statements as described above.

2. Merger and Acquisition

On June 19, 2018, the Bank announced the signing of a definitive merger agreement to be acquired by SB One Bancorp, a New Jersey corporation (“SBBX”), SB One Bank, a New Jersey-chartered bank (“SB One Bank”) in an all-stock transaction (the “Merger”). Under the terms and conditions of this agreement, the Bank will be merged with and into SB One Bank, with SB One Bank being the surviving entity and each outstanding share of the Bank common stock will be exchanged for 0.4538 shares of SBBX common stock. The transaction is expected to close in the fourth quarter of 2018, subject to customary closing conditions, including receipt of regulatory approvals and the approvals of the shareholders of the Bank.

Included in Bank’s second quarter and year-to-date non-interest expense was $185 thousand in non-recurring expenses related to the Merger, largely legal and other professional fees. The Bank expects to incur related non-recurring costs through the closing of the Merger.

3. Securities Available for Sale

The amortized cost and fair value of securities available-for-sale with gross unrealized gains and losses are as follows at June 30, 2018 and December 31, 2017:

	June 30, 2018			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Thousands)			
Collateralized mortgage obligations	$ 60	$ 1	$ —	$ 61
Mortgage backed securities	2,019	54	(3)	2,071
	$ 2,079	$ 55	$ (3)	$ 2,132

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	December 31, 2017			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Thousands)			
Collateralized mortgage obligations	$ 68	$ 2	$ —	$ 70
Mortgage backed securities	2,384	78	(1)	2,461
	$ 2,452	$ 80	$ (1)	$ 2,531

The amortized cost and carrying value of debt securities available for sale at June 30, 2018, by contractual maturity, are shown below. Expected maturities on debt securities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Fair Value
	(In Thousands)	
Due within one year	$ —	$ —
Due after one year through five years	—	—
Due after five years through ten years	84	90
Due after ten years	1,995	2,042
Total	$ 2,079	$ 2,132

There were no gross gains or losses on the sales of securities available for sale for the three or six months ended June 30, 2018 and 2017.

At June 30, 2018 and December 31, 2017, securities available for sale with aggregate carrying values of approximately $48,000 and $53,000, respectively, were pledged to the State of New Jersey to secure possible public funds on deposit.

The following table shows gross unrealized losses and fair value of securities with unrealized loss that are not deemed to be other than temporarily impaired, aggregated by category and length of time that individual available for sale securities have been in a continuous unrealized loss position at June 30, 2018 and December 31, 2017:

	June 30, 2018					
	Less than 12 Months		12 Months or More		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(In Thousands)					
Available for sale:						
Mortgage-backed securities	$ 268	$ (3)	$ —	$ —	$ 268	$ (3)
	$ 268	$ (3)	$ —	$ —	$ 268	$ (3)

December 31, 2017

Available for sale:						
Mortgage-backed securities	$ 48	$ —	$ 42	$ (1)	$ 90	$ (1)
	$ 48	$ —	$ 42	$ (1)	$ 90	$ (1)

Management does not believe that any individual unrealized loss at June 30, 2018 represents other-than-temporary impairment. Management believes that all unrealized losses are due to changes in interest rates rather than any credit related issues on the securities. Management has not decided to sell these securities and has concluded that it is unlikely they would be required to sell these securities prior to the anticipated recovery of the unrealized losses.

Securities Held to Maturity

The carrying value of securities held to maturity with gross unrealized gains and losses are as follows at June 30, 2018 and December 31, 2017:

	June 30, 2018			
	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Thousands)			
Held to maturity:				
Collateralized mortgage obligations	$ 8	$ —	$ —	$ 8
Mortgage-backed securities	443	11	(4)	450
	$ 451	$ 11	$ (4)	$ 458
	December 31, 2017			
Held to maturity:				
Collateralized mortgage obligations	$ 9	$ —	$ —	$ 9
Mortgage-backed securities	480	12	(2)	490
	$ 489	$ 12	$ (2)	$ 499

The carrying value and estimated fair value of debt securities held to maturity at June 30, 2018, by contractual maturity, are shown below. Expected maturities on debt securities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Fair Value
	(In Thousands)	
Due within one year	$ 4	$ 4
Due after one year through five years	9	10
Due after five years through ten years	40	39
Due after ten years	398	405
Total	$ 451	$ 458

There were no sales of securities held to maturity during the six months ended June 30, 2018 or December 31, 2017. At June 30, 2018 and December 31, 2017, securities held to maturity with aggregate carrying values of approximately $3,000, were pledged to the State of New Jersey to secure possible public funds on deposit.

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The age of unrealized losses at June 30, 2018 and December 31, 2017, and the fair value of related securities held to maturity are as follows:

	June 30, 2018					
	Less than 12 Months		12 Months or More		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(In Thousands)					
Held to maturity:						
Collateralized mortgage obligations	$ —	$ —	$ 2	$ —	$ 2	$ —
Mortgage-backed securities	83	(1)	95	(3)	178	(4)
	$ 83	$ (1)	$ 97	$ (3)	$ 180	$ (4)

	December 31, 2017					
Held to maturity:						
Collateralized mortgage obligations	$ —	$ —	$ 2	$ —	$ 2	$ —
Mortgage-backed securities	2	—	102	(2)	104	(2)
	$ 2	$ —	$ 104	$ (2)	$ 106	$ (2)

Management does not believe that any individual unrealized loss at June 30, 2018 (which related to one collateralized mortgage obligations and three mortgage-backed securities) represents other-than-temporary impairment. Management believes that all unrealized losses are due to changes in interest rates rather than any credit-related issues on the securities. Management has not decided to sell these securities and has concluded that it is unlikely they would be required to sell these securities prior to the anticipated recovery of the unrealized losses.

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4. Loans Receivable and Allowance for Loan Losses

Loans receivable consist of the following at June 30, 2018 and December 31, 2017:

	June 30, 2018	December 31, 2017
	(In Thousands)	
Commercial real estate mortgage:		
Commercial – owner occupied and investment	$ 146,679	$ 136,004
Multi-family	22,103	22,831
Construction	53,552	39,806
	$ 222,334	$ 198,641
Commercial and industrial:		
Secured by real estate	$ 15,236	$ 9,252
Secured by non-real estate	10,299	8,278
	$ 25,535	$ 17,530
Consumer:		
One-to-four family mortgage	$ 5	$ 10
Lines of credit	1,816	1,605
Personal unsecured	65	41
Deposit overdrafts	4	—
	$ 1,890	$ 1,656
Total loans	$ 249,759	$ 217,827
Allowance for loan losses	(2,870)	(2,571)
Deferred fees, net	(322)	(338)
Loans, net	$ 246,567	$ 214,918

At June 30, 2018 and December 31, 2017, loans serviced by the Bank for the benefit of others, which consist of participation interests in loans originated by the Bank, totaled approximately $25,085,000 and $15,364,000, respectively.

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5. Allowance For Loan Losses and Credit Quality of Financing Receivables

The following table summarizes the activity in the allowance for loan losses for the three and six months ended June 30, 2018 and 2017:

	Commercial Real Estate Loans				Commercial and Industrial			
	Construction	Owner Occupied	Investment	Multi-Family	Secured by Real Estate	Secured by Non-Real Estate	Consumer	Total
	(In Thousands)							
Three months Ended:								
June 30, 2018								
Beginning balance	$ 810	$ 215	$ 1,356	$ 163	$ 80	$ 82	$ 7	$ 2,713
Charge-offs	—	—	—	—	—	—	—	—
Recoveries	—	—	—	—	—	—	—	—
Provision	127	(26)	22	(26)	47	8	5	157
Ending balance	$ 937	$ 189	$ 1,378	$ 137	$ 127	$ 90	$ 12	$ 2,870
June 30, 2017								
Beginning balance	$ 525	$ 220	$ 1,295	$ 164	$ 56	$ 91	$ 12	$ 2,363
Charge-offs	—	—	—	—	—	—	—	—
Recoveries	—	—	—	—	—	—	—	—
Provision	35	1	(6)	7	10	8	2	57
Ending balance	$ 560	$ 221	$ 1,289	$ 171	$ 66	$ 99	$ 14	$ 2,420

	Commercial Real Estate Loans				Commercial and Industrial			
	Construction	Owner Occupied	Investment	Multi-Family	Secured by Real Estate	Secured by Non-Real Estate	Consumer	Total
	(In Thousands)							
Six months Ended:								
June 30, 2018								
Beginning balance	$ 668	$ 233	$ 1,350	$ 157	$ 64	$ 86	$ 13	$ 2,571
Charge-offs	—	—	—	—	—	—	—	—

Recoveries	—	—	—	—	—	—	—	—
Provision	269	(44)	28	(20)	63	4	(1)	299
Ending balance	$ 937	$ 189	$ 1,378	$ 137	$ 127	$ 90	$ 12	$ 2,870
June 30, 2017								
Beginning balance	$ 583	$ 226	$ 1,163	$ 171	$ 60	$ 104	$ 15	$ 2,322
Charge-offs	—	—	—	—	—	—	—	—
Recoveries	—	—	—	—	—	—	—	—
Provision	(23)	(5)	126	—	6	(5)	(1)	98
Ending balance	$ 560	$ 221	$ 1,289	$ 171	$ 66	$ 99	$ 14	$ 2,420

The allowance for loan losses is a valuation account that reflects the Bank's evaluation of the losses inherent in its loan portfolio. In order to determine the adequacy of the allowance for loan losses, the Bank estimates losses by loan type using historical loss factors, as well as other environmental factors, such as trends in loan volume and loan type, loan concentrations, changes in the experience, ability and depth of the lending management, and national and local economic conditions. The Bank also reviews all loans on which the collectability of principal may not be reasonably assured, by reviewing payment status, financial conditions and estimated value of loan collateral.

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A loan is considered impaired when, based on current information and events, it is probable that the Bank will not be able to collect the scheduled payments of principal and interest when due according to the contractual terms of the loan agreement. Factors considered in determining impairment include payment status, collateral value and the probability of collecting scheduled payments when due. Impairment is measured on a loan-by-loan basis for commercial real estate loans and commercial loans.
The following table summarizes allowance for loan losses by portfolio segments as of June 30, 2018 and December 31, 2017:

	June 30, 2018							
	Commercial Real Estate Loans				Commercial and Industrial			
	Construction	Owner Occupied	Investment	Multi-Family	Secured by Real Estate	Secured by Non-Real Estate	Consumer	Total
	(In Thousands)							
Allowance for loan losses:								
Ending balance	$ 937	$ 189	$ 1,378	$ 137	$ 127	$ 90	$ 12	$ 2,870
Ending balance:								
Individually evaluated for impairment	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Collectively evaluated for impairment	$ 937	$ 189	$ 1,378	$ 137	$ 127	$ 90	$ 12	$ 2,870
Loans receivable:								
Ending balance	$ 53,552	$ 23,678	$ 123,001	$ 22,103	$ 15,236	$ 10,299	$ 1,890	$ 249,759
Ending balance:								
Individually evaluated for impairment	$ —	$ 437	$ 624	$ 796	$ —	$ 87	$ 5	$ 1,949
Collectively evaluated	$ 53,552	$ 23,241	$ 122,377	$ 21,307	$ 15,236	$ 10,212	$ 1,885	$ 247,810

for impairment								
	December 31, 2017							
Allowance for loan losses:								
Ending balance	$ 668	$ 233	$ 1,350	$ 157	$ 64	$ 86	$ 13	$ 2,571
Ending balance:								
Individually evaluated for impairment	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Collectively evaluated for impairment	$ 668	$ 233	$ 1,350	$ 157	$ 64	$ 86	$ 13	$ 2,571
Loans receivable:								
Ending balance	$ 39,806	$ 24,882	$ 111,122	$ 22,831	$ 9,252	$ 8,278	$ 1,656	$ 217,827
Ending balance:								
Individually evaluated for impairment	$ —	$ 444	$ 630	$ —	$ —	$ 94	$ 10	$ 1,178
Collectively evaluated for impairment	$ 39,806	$ 24,438	$ 110,492	$ 22,831	$ 9,252	$ 8,184	$ 1,646	$ 216,649

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The following is a summary of information pertaining to impaired loans by loan type as of June 30, 2018 and December 31, 2017:

	June 30, 2018		
	Recorded Investment	Unpaid Principal Balance	Related Allowance
	(In Thousands)		
With no related allowance recorded:			
Commercial and industrial – secured by non-real estate	$ 87	$ 87	$ —
Total	$ 87	$ 87	$ —
	December 31, 2017		
With no related allowance recorded:			
Commercial and industrial – secured by non-real estate	$ 94	$ 94	$ —
Total	$ 94	$ 94	$ —

The following table presents the average recorded investment in impaired loans and income recorded thereon for the six months ended June 30, 2018 and the year ended December 31, 2017:

	June 30, 2018	
	Average Recorded Investment	Income Recorded
	(In Thousands)	
Commercial and industrial – secured by non-real estate	$ 90	$ —
Total	$ 90	$ —
	December 31, 2017	
Commercial real estate – owner occupied	$ 55	$ 2
Commercial and industrial – secured by non-real estate	104	—
Total	$ 159	$ 2

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The following tables provide an analysis of past due loans as of June 30, 3018 and December 31, 2017:

	June 30, 3018						
	30 – 59 Days Past Due	60 – 89 Days Past Due	Greater Than 90 Days and Nonaccrual	Total Past Due	Current	Total Loans Receivable	Loans Receivable >90 Days and Accruing
	(In Thousands)						
Commercial real estate:							
Construction	$ —	$ —	$ —	$ —	$ 53,552	$ 53,552	$ —
Owner occupied	—	—	—	—	23,678	23,678	—
Investment	—	—	453	453	122,548	123,001	—
Multi-family	—	—	796	796	21,307	22,103	—
Commercial and Industrial:							
Secured by real estate	60	—	—	60	15,176	15,236	—
Secured by non-real estate	—	—	87	87	10,212	10,299	—
Consumer	—	—	5	5	1,855	1,890	5
Total	$ 60	$ —	$ 1,341	$ 1,401	$ 248,357	$ 249,759	$ 5

	December 31, 2017						
Commercial real estate:							
Construction	$ —	$ —	$ —	$ —	$ 39,806	$ 39,806	$ —
Owner occupied	804	—	—	804	24,078	24,882	—
Investment	—	—	453	453	110,669	111,122	—
Multi-family	—	—	—	—	22,831	22,831	—
Commercial and Industrial:							
Secured by real estate	—	—	97	97	9,155	9,252	—
Secured by non-real estate	—	—	94	94	8,184	8,278	—
Consumer	—	—	10	10	1,646	1,656	10
Total	$ 804	$ —	$ 654	$ 1,458	$ 216,369	$ 217,827	$ 10

The following table is a summary of nonaccrual loans by type:

	June 30, 2018	December 31, 2017
	(In Thousands)	
Commercial real estate – owner occupied	$ —	$ —
Commercial real estate – investment	453	453

Commercial real estate – multi-family	796	—
Commercial and industrial – real estate	—	97
Commercial and industrial – non-real estate	87	94
Total	$ 1,336	$ 644

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Had these loans been performing in accordance with their original terms, the interest income recognized for the six months ended June 30, 2018 and the year ended December 31, 2017 would have been approximately $81,000 and $38,000, respectively.

The Bank’s policies provide for the classification of loans as follows:

- Pass/Performing;
- Special Mention — does not currently expose the Bank to a sufficient degree of risk but does possess credit deficiencies or potential weaknesses deserving the Bank’s close attention;
- Substandard — has one or more defined weaknesses and is characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected;
- Doubtful — has all the weaknesses inherent in substandard loans with the additional characteristic that the weaknesses present make collection or liquidation in full on the basis of currently existing facts, conditions and values questionable, and there is a high possibility of loss; and
- Loss — loan is considered uncollectible and continuance as a loan of the institution is not warranted.

Bank management and the Director’s Loan Committee are responsible for establishing and monitoring risk ratings and making changes as deemed appropriate. In addition, the Bank has retained the services of a loan review firm to perform an independent 3rd party review of the asset quality of the loan portfolio twice a year.

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The following table summarizes the internal loan grades applied to the loan portfolio as of June 30, 2018 and December 31, 2017:

	June 30, 2018				
	Pass	Special Mention	Substandard	Doubtful	Total
	(In Thousands)				
Commercial real estate:					
Construction	$ 53,552	$ —	$ —	$ —	$ 53,552
Owner occupied	22,847	394	437	—	23,678
Investment	122,377	—	624	—	123,001
Multi-family	21,307	—	796	—	22,103
Commercial and Industrial:					
Secured by real estate	14,690	546	—	—	15,236
Secured by non-real estate	10,160	52	87	—	10,299
Consumer	1,885	—	5	—	1,890
Total	$ 246,818	$ 992	$ 1,949	$ —	$ 249,759
	December 31, 2017				
Commercial real estate:					
Construction	$ 39,806	$ —	$ —	$ —	$ 39,806
Owner occupied	24,035	403	444	—	24,882
Investment	110,492	—	630	—	111,122
Multi-family	22,831	—	—	—	22,831
Commercial and Industrial:					
Secured by real estate	8,694	558	—	—	9,252
Secured by non-real estate	8,112	72	94	—	8,278
Consumer	1,646	—	10	—	1,656
Total	$ 215,616	$ 1,486	$ 725	$ —	$ 217,827

Troubled debt restructuring loans outstanding at June 30, 2018 were $87,000 and at December 31, 2017 were $94,000, respectively, and these loan totals for both years are on nonaccrual. There were no troubled debt restructuring made during the six months ended June 30, 2018 or the year ended December 31, 2017. In addition, there were no defaults on pre-existing troubled debt restructurings during the six months ended June 30, 2018 and the year December 31, 2017, respectively.

6. Net Income per Common Share

Basic net income per common share was computed by dividing net income for the year by the weighted average number of shares of common stock outstanding during the period. Diluted net income per common share reflects the potential dilution that could occur if securities or other contracts to issue common stock, such as unvested restricted stock awards and outstanding stock options, were exercised or converted into common stock of the Bank. Diluted net income per common share is calculated by adjusting the weighted average number of shares of common stock outstanding to include the effect of contracts or securities exercisable or which could be converted into common stock, if dilutive, using the treasury stock method. For the three and six months ended June 30, 3018 and 2017, the average number of options that were anti-dilutive totaled $0.

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	For the three months ended	
	June 30, 2018	June 30, 2017
	(In Thousands, except per share data)	
Net income	$ 677	$ 575
Basic weighted average of common shares outstanding	3,279,510	3,262,661
Effect of dilutive securities, Stock options	145,584	198,818
Diluted weighted average of common shares outstanding	3,427,094	3,461,479
Net income per common share:		
Basic	$ 0.21	$ 0.18
Diluted	$ 0.20	$ 0.17

	For the six months ended	
	June 30, 2018	June 30, 2017
	(In Thousands, except per share data)	
Net income	$ 1,415	$ 1,063
Basic weighted average of common shares outstanding	3,273,991	3,255,815
Effect of dilutive securities, Stock options	145,677	198,094
Diluted weighted average of common shares outstanding	3,419,668	3,453,909
Net income per common share:		
Basic	$ 0.43	$ 0.33
Diluted	$ 0.41	$ 0.31

7. Stock Compensation Plans

Stock Options

At the annual meeting held on June 22, 2006, stockholders of the Bank approved the Enterprise National Bank N.J. 2006 Employee Stock Option and 2006 Director Stock Option Plans. The plans authorize the award of up to 450,000 and 225,000 shares, respectively, as stock options to employees and non-employee directors. At the annual meeting held May 7, 2009 stockholders approved an amendment to increase authorized awards to non-employee directors to 450,000 shares.

As of June 22, 2016, the plans have expired and no new options will be issued from these plans. At the 2017 Annual Meeting, new options plans were approved by shareholders and the Bank will be filing for new option plans with the State of New Jersey for regulatory approval. As of June 30, 2018, the Enterprise National Bank N.J. 2006 Employee Stock Option and 2006 Director Stock Option Plans had 169,900 and 80,000 options, respectively, granted and outstanding.

During the six months ended June 30, 2018, there were no employee stock options granted or forfeited. During the twelve months ending December 31, 2017, there were no employee stock options granted and 47,450 employee stock options forfeited. In addition, there were no options exercised as of the six months ended June 30, 2018 and 48,800 options were exercised for the year ended December 31, 2017.

During the six months ended June 30, 2018, there were no director stock options granted or forfeited. During the year ended December 31, 2017, there were no director stock options granted and 3,000 director stock options forfeited, respectively. In addition, 115,000 options were exercise for the six months ended June 30, 2018 and 22,000 options were exercised for the year ended December 31, 2017.

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At June 30, 2018 and December 31, 2017, there were no shares available under the plans for future option grants to employees or non-employee directors.

The options granted generally vested over a five-year service period, with 20% of the award vesting on each anniversary of the date of the grant, with the exception of options granted in 2007 which vest over a seven-year period.

Management estimated the fair values of option grants using the Black-Scholes option-pricing model. Management based expectations about future volatility on the average volatility of the Bank's stock price over multiple years. Management estimated the expected life of the options as the mid-point between the vesting date and the end of the contractual term. The risk-free interest rate for periods within the contractual life of the options was based on the U.S. Treasury yield curve in effect at the time of grant. The expected dividend yield was based on the Bank's history and expectations of dividend payouts.

Management recognizes compensation expense for the fair values of the options, which have graded vesting, on a straight-line basis over the requisite service period of the options. During the six months ended June 30, 2018 and the years ended December 31, 2017, the Bank recorded $2,000 and $51,000, respectively, of compensation expense for stock options.

The following is a summary of the status of the Bank's stock option plans as of June 30, 2018 and December 31, 2017 and stock option activity and related information during the six months ended June 30, 2018 and the year ended December 31, 2017:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at December 31, 2016	486,150	$ 4.79		
Granted	—	—		
Exercised	(70,800)	5.94		
Forfeited	(50,450)	6.84		
Outstanding at December 31, 2017	364,900	$ 4.28	3.23 years	$1,563,535
Granted	—	—		
Exercised	(115,000)	4.69		
Forfeited	—			
Outstanding at June 30, 2018	249,900	$ 4.25	2.59 years	$1,062,035
Exercisable at June 30, 2018	249,900	$ 4.25	2.59 years	$1,062,035

As of June 30, 2018, there will be no expected future compensation expense on the outstanding options list above.

Restricted Stock Awards

The Bank grants shares of restricted stock under individual agreements with employees and are not part of a formal restricted stock plan. The restricted stock awards vest over a 5 year service period, with 20% of the awards vesting on each anniversary of the date of grant. Management recognizes compensation expense for the fair value of the restricted stock awards on a straight-line basis over the requisite service period. There were no awards granted during the six months ended June 30, 2018. During the six months ended June 30, 2018 and the year ended December 31, 2017, the Bank recognized $4,000 and $12,000, respectively, in compensation expense for the restricted stock awards.

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The following is a summary of the status of the Bank's non-vested stock awards as of June 30, 2018 and December 31, 2017, and changes during the years ended June 30, 2018 and December 31, 2017:

	Restricted Stock Awards	Weighted Average Grant Date Fair Value
Non-vested at December 31, 2016	12,600	$ 4.50
Forfeited	(200)	4.50
Vested	(6,300)	4.50
Non-vested at December 31, 2017	6,100	4.50
Vested	(6,100)	4.50
Non-vested at June 30, 2018	—	$ —

As of June 30, 2018, there will be no future compensation expense attributed to the above restricted stock awards.

8. Fair Value Measurement and Fair Values of Financial Instruments

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

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

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

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

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

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

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For assets and liabilities measured at fair value on a recurring basis, the fair value measurements by level within the fair value hierarchy are as follows at June 30, 2018 and December 31, 2017:

	June 30, 2018			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(In Thousands)			
Securities available for sale:				
Collateralized mortgage obligations	$ 61	$ —	$ 61	$ —
Mortgage-backed securities	2,071	—	2,071	—
	$ 2,132	$ —	$ 2,132	$ —

	December 31, 2017			
Securities available for sale:				
Collateralized mortgage obligations	$ 70	$ —	$ 70	$ —
Mortgage-backed securities	2,461	—	2,461	—
	$ 2,531	$ —	$ 2,531	$ —

Foreclosed assets acquired through, or in lieu of, foreclosure are to be sold and are carried at fair value less estimated cost to sell on a non-recurring basis. Fair value is based upon independent market prices or appraised value of the property. These assets are included in Level 3 fair value based upon the lowest level of input that is significant to the fair value measurement and are valued at $1,250,000 at June 30, 2018 and December 31, 2017. The fair value measurement includes discounts and liquidation expense adjustments to the appraised value of 13%.

The following information should not be interpreted as an estimate of the fair value of the entire Bank since a fair calculation is only provided for a limited portion of the Bank's assets and liabilities. Due to a wide range of valuation techniques and the degree of subjectivity used in making the estimates, comparisons between the Bank's disclosures and those of other companies may not be meaningful. The following methods and assumptions were used to estimate the fair values at June 30, 2018 and December 31, 2017:

Cash and Cash Equivalents (Carried at Cost)

The carrying amounts reported in the consolidated balance sheet for cash and cash equivalents approximate those assets' fair values. Fair values for fixed-rate time certificates of deposits are estimated using a discounted cash flow calculation that applies interest rates currently being offered in the market on certificate to a schedule of aggregated expected monthly maturities on time deposits. The Bank generally purchases amounts below the insured limit, limiting the amount of credit risk on these time deposits. The carrying amounts reported in the consolidated balance sheet for interest-bearing demand accounts approximate those assets' fair values.

Securities Available for Sale (Carried at Fair Value) and Held to Maturity (Carried at Amortized Cost)

The fair value of securities available for sale and held to maturity are determined by obtaining quoted market prices on nationally recognized securities exchanges (Level 1), or matrix pricing (Level 2), which is a mathematical technique used widely in the industry to value debt securities without relying exclusively on quoted market prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted prices. For certain securities, which are not traded in active markets or are subject to transfer restrictions, valuations are adjusted to reflect illiquidity and/or non-transferability, and such adjustments are generally based on available market evidence (Level 3).

Loans Receivable (Carried at Cost)

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

Impaired Loans (Generally Carried at Fair Value)

Impaired loans are those for which the Bank has measured and recorded impairment generally based on the fair value of the loan’s collateral. Fair value is generally determined based upon independent third-party appraisals of the properties, or discounted cash flows based upon the expected proceeds. These assets are included as Level 3 fair values, based upon the lowest level of input that is significant to the fair value measurements. At June 30, 2018 and December 31, 2017, the Bank had no impaired loans which required a specific allowance.

Restricted Equity Securities (Carried at Cost)

The carrying value of restricted equity securities approximates fair value given the limited marketability of such securities.

Interest Receivable and Payable (Carried at Cost)

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

Deposits (Carried at Cost)

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

Borrowings (Carried at Cost)

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

Off-Balance-Sheet Financial Instruments (Disclosed at Cost)

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

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The estimated fair values of the Bank's financial instruments were as follows at June 30, 2018 and December 31, 2017:

	Carrying Amount	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	June 30, 2018				
	(In Thousands)				
Financial assets:					
Cash and cash equivalents	$ 6,978	$ 6,978	$ 6,978	$ —	$ —
Securities available for sale	2,132	2,132	—	2,132	—
Securities held to maturity	451	458	—	458	—
Loans receivable, gross	249,759	246,982	—	—	246,982
Restricted equity securities	2,065	2,065	—	2,065	—
Interest receivable	864	864	—	864	—
Financial liabilities:					
Deposits	189,254	189,938	—	91,548	98,390
Borrowings	40,255	40,121	—	40,121	—
Interest payable	131	131	—	131	—
	December 31, 2017				
Financial assets:					
Cash and cash equivalents	$ 10,146	$ 10,146	$ 10,146	$ —	$ —
Securities available for sale	2,531	2,531	—	2,531	—
Securities held to maturity	489	499	—	499	—
Loans receivable, gross	217,827	217,088	—	—	217,088
Restricted equity securities	1,135	1,135	—	1,135	—
Interest receivable	765	765	—	765	—
Financial liabilities:					
Deposits	182,411	183,032	—	80,317	102,715
Borrowings	20,140	20,008	—	20,008	—
Interest payable	84	84	—	84	—

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 20. Indemnification of Directors and Officers.

Subsection (2) of Section 3-5, Title 14A of the New Jersey Business Corporation Act empowers a corporation to indemnify a corporate agent 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, arbitrative or investigative (other than an action by or in the right of the corporation) against reasonable costs (including attorneys' fees), judgments, fines, penalties and amounts paid in settlement incurred by him in connection with such action, suit or proceeding if he 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, with respect to any criminal proceeding, had no reasonable cause to believe his conduct was unlawful. For purposes of the Act, a "corporate agent" means any person who is or was a director, officer, employee or agent of the corporation or a person serving at the request of the corporation as a director, officer, trustee, employee or agent of another corporation or enterprise.

Subsection (3) of Section 3-5 empowers a corporation to indemnify a corporate agent against reasonable costs (including attorneys' fees) incurred by him in connection with any proceeding by or in the right of the corporation to procure a judgment in its favor which involves such corporate agent by reason of the fact that he is or was a corporate agent if he acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification may be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Superior Court of New Jersey or the court in which such action or suit was brought shall determine that despite the adjudication of liability, such person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper.

Subsection (4) of Section 3-5 provides that to the extent that a corporate agent has been successful in the defense of any action, suit or proceeding referred to in subsections (2) and (3) or in the defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) incurred by him in connection therewith.

Subsection (5) of Section 3-5 provides that a corporation may indemnify a corporate agent in a specific case if it is determined that indemnification is proper because the corporate agent met the applicable standard of conduct, and such determination is made by any of the following: (a) the board of directors or a committee thereof, acting by a majority vote of a quorum consisting of disinterested directors; (b) independent legal counsel, if there is no quorum of disinterested directors or if the disinterested directors empower counsel to make the determination; or (c) the shareholders.

Subsection (8) of Section 3-5 provides that the indemnification provisions in the law shall not exclude any other rights to indemnification that a director or officer may be entitled to under a provision of the certificate of incorporation, a by-law, an agreement, a vote of shareholders, or otherwise. That subsection explicitly permits indemnification for liabilities and expenses incurred in proceedings brought by or in the right of the corporation (derivative proceedings). The only limit on indemnification of directors and officers imposed by that subsection is that a corporation may not indemnify a director or officer if a judgment has established that the director's or officer's acts or omissions were a breach of his or her duty of loyalty, not in good faith, involved a knowing violation of the law, or resulted in receipt by the corporate agent of an improper personal benefit.

Subsection (9) of Section 3-5 provides that a corporation is empowered to purchase and maintain insurance on behalf of a director or officer against any expenses or liabilities incurred in any proceeding by reason of that person being or having been a director or officer, whether or not the corporation would have the power to indemnify that person against expenses and liabilities under other provisions of the law.

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The Registrant's Restated Certificate of Incorporation, as amended, contains the following provision:

"Subject to the following, a director or officer of the Corporation shall not be personally liable to the Corporation or its shareholders for damages for breach of any duty owed to the Corporation or its shareholders. The preceding sentence shall not relieve a director or officer from liability for any breach of duty based upon an act or omission (i) in breach of such person's duty of loyalty to the Corporation or its shareholders, (ii) not in good faith or involving a knowing violation of law, or (iii) resulting in receipt by such person of an improper personal benefit. If the New Jersey Business Corporation Act is amended to authorize corporate action further eliminating or limiting the personal liability of directors or officers, then the liability of a director or officer or both of the Corporation shall be eliminated or limited to the fullest extent permitted by the New Jersey Business Corporation Act as so amended. Any amendment to this Certificate of Incorporation, or change in law which authorizes this paragraph, shall not adversely affect any then existing right or protection of a director or officer of the Corporation."

The Registrant currently maintains directors' and officers' liability coverage which will insure the Registrant's directors and officers and the directors and officers of its subsidiaries in certain circumstances.

Item 21. Exhibits and Financial Statement Schedules.

Exhibit Number	Description
2.1	Agreement and Plan of Merger, dated as of June 19, 2018, by and between SB One Bancorp, SB One Bank and Enterprise Bank N.J. (incorporated by reference to Annex A of the proxy statement/prospectus included in this registration statement).
3.1	Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Quarterly Report on Form 10-Q filed with the SEC on August 15, 2011).
3.2	Amended and Restated By-laws (incorporated by reference to Exhibit 3.II to the Current Report on Form 8-K filed with the SEC on June 3, 2014).
4.1	Specimen common stock certificate (incorporated by reference to Exhibit 4.1 to Amendment No. 1 to the Registration Statement on Form S-1 filed with the SEC on June 3, 2013).
5.1	Opinion of Hogan Lovells US LLP as to the validity of the shares being registered.
8.1	Opinion of Hogan Lovells US LLP as to certain federal income tax matters.
8.2	Opinion of Windels Marx Lane and Mittendorf, LLP as to certain federal income tax matters.
10.1	Form of Voting Agreement, dated as of June 19, 2018, by and between certain shareholders of Enterprise Bank N.J., and SB One Bancorp (incorporated by reference to Annex A of the proxy statement/prospectus included in this registration statement).
23.1	Consent of Hogan Lovells US LLP (included in Exhibit 5.1).
23.2	Consent of Hogan Lovells US LLP (included in Exhibit 8.1).
23.3	Consent of Windels Marx Lane and Mittendorf, LLP (included in Exhibit 8.2).
23.4	Consent of BDO USA, LLP, with respect to SB One Bancorp.
23.5	Consent of BDO USA, LLP, with respect to Community Bank of Bergen County, NJ.
23.6	Consent of Baker Tilly Virchow Krause, LLP, with respect to Enterprise Bank N.J.
24.1	Power of Attorney (included on signature page).
99.1	Consent of FinPro Capital Advisors, Inc.
99.2	Form of Proxy Card of Enterprise Bank N.J.

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Item 22. Undertakings.

(a)

The undersigned registrant hereby undertakes:

(1)

To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i)

to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii)

to 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 set forth 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 Securities and Exchange Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii)

to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change in such information in the registration statement.

(2)

That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment 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.

(3)

To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b)

The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) 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.

(c) (1) The undersigned registrant hereby undertakes as follows: that prior to any public reoffering of the securities registered hereunder through use of a prospectus which is a part of this registration statement, by any person or party who is deemed to be an underwriter within the meaning of Rule 145(c), the issuer undertakes that such reoffering prospectus will contain the information called for by the applicable registration form with respect to reofferings by persons who may be deemed underwriters, in addition to the information called for by the other items of the applicable form.

(2)

The registrant undertakes that every prospectus (i) that is filed pursuant to paragraph (1) immediately preceding, or (ii) that purports to meet the requirements of Section 10(a)(3) of the Securities Act of 1933 and is used in connection with an offering of securities subject to Rule 415, will be filed as a part of an amendment to the registration statement and will not be used until such amendment is effective, and that, for purposes of determining any liability under the Securities Act of 1933, each such post-effective amendment 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.

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(d)

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 Securities Act of 1933 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 Securities Act of 1933 and will be governed by the final adjudication of such issue.

(e)

The undersigned registrant hereby undertakes to supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Rockaway, New Jersey, on October 1, 2018.

SB ONE BANCORP

By: /s/ Anthony Labozzetta
Anthony Labozzetta
President and Chief Executive Officer

KNOW ALL BY THESE PRESENTS that each individual whose signature appears below constitutes and appoints each of Anthony Labozzetta and Steven M. Fusco as such person's true and lawful attorney-in-fact and agent with full power of substitution and resubstitution, for such person in such person's name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement (or any registration statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933, as amended), and to file the same, with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission, granting unto each said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as such person might or could do in person, hereby ratifying and confirming all that any said attorney-in-fact and agent, or any substitute or substitutes of any of them, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signatures	Title	Date
/s/ Anthony Labozzetta Anthony Labozzetta	President, Chief Executive Officer and Director (Principal Executive Officer)	October 1, 2018
/s/ Steven M. Fusco Steven M. Fusco	Senior Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	October 1, 2018
/s/ Edward J. Leppert Edward J. Leppert	Chairman of the Board	October 1, 2018
/s/ Patrick E. Brady Patrick E. Brady	Director	October 1, 2018
/s/ Richard Branca Richard Branca	Director	October 1, 2018
/s/ Katherine H. Caristia Katherine H. Caristia	Director	October 1, 2018
/s/ Dominick J. D'Agosta Dominick J. D'Agosta	Director	October 1, 2018
/s/ Mark J. Hontz Mark J. Hontz	Director	October 1, 2018

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Signatures	Title	Date
/s/ Walter E. Loeffler Walter E. Loeffler	Director	October 1, 2018
/s/ Michael X. McBride Michael X. McBride	Director	October 1, 2018
/s/ Robert McNerney Robert McNerney	Director	October 1, 2018
/s/ Peter A. Michelotti Peter A. Michelotti	Director	October 1, 2018