

NORTHEAST BANCORP /ME/  
Form 10-Q  
May 13, 2016  
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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-Q**

**Quarterly report pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934**

**For the quarterly period ended March 31, 2016**

**Commission File Number: 1-14588**

**Northeast Bancorp**

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**(Exact name of registrant as specified in its charter)**

**Maine**  
**(State or other jurisdiction of incorporation or organization)**  
**500 Canal Street, Lewiston, Maine**  
**(Address of Principal executive offices)**

**01-0425066**  
**(I.R.S. Employer Identification No.)**  
**04240**  
**(Zip Code)**

**(207) 786-3245**

**Registrant's telephone number, including area code**

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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 definition of "accelerated filer", "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (check one): Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller Reporting Company

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. As of May 6, 2016, the registrant had outstanding 8,089,790 shares of voting common stock, \$1.00 par value per share and 1,227,683 shares of non-voting common stock, \$1.00 par value per share.

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## PART 1- FINANCIAL INFORMATION

## Item 1. Financial Statements (Unaudited)

**NORTHEAST BANCORP AND SUBSIDIARY****CONSOLIDATED BALANCE SHEETS**

(Unaudited)

(Dollars in thousands, except share and per share data)

	March 31, 2016	June 30, 2015
Assets		
Cash and due from banks	\$4,025	\$2,789
Short-term investments	87,427	87,061
Total cash and cash equivalents	91,452	89,850
Available-for-sale securities, at fair value	90,491	101,908
Residential real estate loans held for sale	3,475	7,093
SBA loans held for sale	1,880	1,942
Total loans held for sale	5,355	9,035
Loans		
Commercial real estate	423,234	348,676
Residential real estate	119,327	132,669
Commercial and industrial	150,217	123,133
Consumer	6,292	7,659
Total loans	699,070	612,137
Less: Allowance for loan losses	2,223	1,926
Loans, net	696,847	610,211
Premises and equipment, net	8,101	8,253
Real estate owned and other possessed collateral, net	690	1,651
Federal Home Loan Bank stock, at cost	2,571	4,102
Intangible assets, net	1,840	2,209
Bank owned life insurance	15,612	15,276
Other assets	9,730	8,223
Total assets	\$922,689	\$850,718
Liabilities and Stockholders' Equity		
Deposits		

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Demand	\$60,573	\$60,383
Savings and interest checking	104,802	100,134
Money market	234,142	168,527
Time	353,432	345,715
Total deposits	752,949	674,759
Federal Home Loan Bank advances	30,103	30,188
Wholesale repurchase agreements	-	10,037
Short-term borrowings	2,753	2,349
Junior subordinated debentures issued to affiliated trusts	8,771	8,626
Capital lease obligation	1,190	1,368
Other liabilities	12,397	10,664
Total liabilities	808,163	737,991
Commitments and contingencies	-	-
Stockholders' equity		
Preferred stock, \$1.00 par value, 1,000,000 shares authorized; no shares issued and outstanding at March 31, 2016 and June 30, 2015	-	-
Voting common stock, \$1.00 par value, 25,000,000 shares authorized; 8,103,190 and 8,575,144 shares issued and outstanding at March 31, 2016 and June 30, 2015, respectively	8,103	8,575
Non-voting common stock, \$1.00 par value, 3,000,000 shares authorized; 1,227,683 and 1,012,739 shares issued and outstanding at March 31, 2016 and June 30, 2015, respectively	1,228	1,013
Additional paid-in capital	82,983	85,506
Retained earnings	24,055	18,921
Accumulated other comprehensive loss	(1,843 )	(1,288 )
Total stockholders' equity	114,526	112,727
Total liabilities and stockholders' equity	\$922,689	\$850,718

*The accompanying notes are an integral part of these unaudited consolidated financial statements.*

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(Unaudited)

(Dollars in thousands, except share and per share data)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2016	2015	2016	2015
Interest and dividend income:				
Interest and fees on loans	\$10,904	\$10,619	\$33,413	\$32,487
Interest on available-for-sale securities	236	222	700	697
Other interest and dividend income	119	72	295	218
Total interest and dividend income	11,259	10,913	34,408	33,402
Interest expense:				
Deposits	1,566	1,271	4,356	3,681
Federal Home Loan Bank advances	255	257	774	845
Wholesale repurchase agreements	-	71	65	216
Short-term borrowings	5	5	19	21
Junior subordinated debentures issued to affiliated trusts	164	171	476	566
Obligation under capital lease agreements	15	18	49	56
Total interest expense	2,005	1,793	5,739	5,385
Net interest and dividend income before provision for loan losses	9,254	9,120	28,669	28,017
Provision for loan losses	236	44	1,301	477
Net interest and dividend income after provision for loan losses	9,018	9,076	27,368	27,540
Noninterest income:				
Fees for other services to customers	428	303	1,264	1,089
Gain on sales of residential loans held for sale	335	355	1,292	1,384
Gain on sales of portfolio loans	1,205	425	2,558	950
(Loss) gain recognized on real estate owned and other repossessed collateral, net	(54 )	357	(127 )	303
Bank-owned life insurance income	112	110	336	329
Other noninterest income	9	4	39	23
Total noninterest income	2,035	1,554	5,362	4,078
Noninterest expense:				
Salaries and employee benefits	4,846	4,316	13,956	13,586
Occupancy and equipment expense	1,327	1,278	3,937	3,662
Professional fees	348	386	1,042	1,153

Data processing fees	394	361	1,109	1,029
Marketing expense				